Suez Canal Bank
"Egyptian Joint Stock Company"

Financial Statements
For the year ended 31 December 2017
&
Auditors Report Thereon

EY

Allied for Accounting & Auditing
Public Accountants & Consultants

BDO

BDO Khaled & Co
Public Accountants & Advisers

Suez Canal Bank (S.A.E)
Financial statements
For the year ended 31 **December** 2017

Index

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Translation of financial statements originally issued in Arabic

Auditors' Report

To the Shareholders of
Suez Canal Bank (S.A.E)

Report on the financial statements

We have audited the accompanying financial statements of Suez Canal Bank (S.A.E) which comprise the statement of financial position as of 31 December 2017 and the related statements of income, cash flows, and change in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suez Canal Bank (S.A.E) as of 31 December 2017, and of its financial performance and its cash flows for the year then ended, in accordance with Central Bank of Egypt's rules pertaining to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008 and in light of the prevailing Egyptian laws and regulations.

Report on Legal and Other Regulatory Requirements

No contravention of the Central Bank of Egypt, Banking and Monetary Institutions Law No. 88 of 2003 were noted during the financial year ended 31 December 2017.

The bank keeps proper records, which include all that is required by law and the statues of the bank, and the accompanying financial statements are in agreement therewith.

The financial information contained in the Board of Directors' report prepared in confirmity with Law No. 159 of 1981 and its Executive Regulations, is in agreement with the bank's accounting records within the limits that such information is recorded therein.

Auditors

Ashraf Ismail
Fellow of ESAA
Fellow of ETS
R.A.A. 9380
EFSA No. 102

Allied for Accounting & Auditing

Mohanad T. Khaled
Fellow of ACCA
Fellow of ESAA
Fellow of ETS
R.A.A. 22444
FRA No. 375
BDO Khaled & Co.

BDO Khaled & Co.
BDO
Public Accountants & Advisors

Cairo, 4 March 2018

	Note.No	31 December 2017 LE.000	31 December 2016 LE.000
Assets			
Cash and balances at Central Bank of Egypt	(15)	3 681 513	1 667 376
Due from banks	(16)	10 385 396	6 336 114
Treasury bills and other governmental notes	(17)	8 697 294	8 746 888
Financial assets - held for trading	(18)	148 803	146 484
Loans and facilities to customers	(19)	10 234 487	8 631 595
Financial investments			
Available -for- sale	(20)	2 616 222	1 677 575
Held -to- maturity	(20)	2 837 414	3 113 074
Investments in subsidiaries& associates	(21)	24 789	18 568
Intangible assets	(22)	15 872	17 358
Other assets	(23)	803 658	607 328
Fixed assets	(24)	510 903	468 708
Total assets		39 956 351	31 431 068
Liabilities and Equity			
Liabilities			
Due to banks	(25)	5 449 179	4 706 777
Customers' deposits	(26)	31 328 322	24 120 775
Other loans	(27)	40 000	34 000
Other liabilities	(28)	588 416	467 870
Other provisions	(29)	109 428	78 022
Deferred tax liabilities	(30)	14 674	12 144
Total liabilities		37 530 019	29 419 588
Equity			
Issued and Paid-up capital	(31)	2 000 000	2 000 000
Reserves	(31-c)	221 272	10 169
Net profit of the year and retained earnings	(31-d)	205 060	1 311
Total equity		2 426 332	2 011 480
Total liabilities and equity		39 956 351	31 431 068

The attached notes from Page (8) to Page (47) form part of these financial statements and are to be read therewith.

Auditor s report "attached"

Omar Mohamed El.Seghayer
Deputy Chairman &
Managing Director

Hussein Ahmed Refaie
Chairman &
Managing Director

Suez Canal Bank (Egyptian Joint Stock Company)
Statement of income
For the year ended 31 December 2017

Translation of financial statements
Originally issued in Arabic

	Note No.	31/12/2017 LE 000	31/12/2016 LE 000
Interest income from loans and similar income	(6)	3 375 770	1 913 210
Cost of deposits and similar charges	(6)	(2 363 938)	(1 105 028)
Net interest income		**1 011 832**	**808 182**
Fees and commissions income	(7)	150 059	122 852
Fees and commissions expenses	(7)	(1 405)	-
Net fees and commissions income		**148 654**	**122 852**
Dividends income	(8)	16 151	14 443
Net trading income	(9)	94 051	101 261
Gains on financial investments	(20)	29 836	1 355
Impairment losses of customer's loans	(13)	(107 615)	(229 802)
Administrative expenses	(10)	(588 706)	(443 681)
Other operating revenues (expenses)	(11)	2 487	18 615
Net profit before income tax		**606 690**	**393 225**
Income tax expenses	(12)	(250 913)	(183 556)
Net profit for the year		**355 777**	209 669
Earnings per share (LE/share)- Basic	(14)	1.78	1.05 0

The attached notes from Page (8) to Page (47) form part of these financial statements and are to be read therewith.

	Note.No	Issued & Paid up capital LE.000	general Reserve LE.000	private Reserve LE.000	fair value reserve available for sale investments LE.000	general banking reserve LE.000	other Reserves LE.000	IFRS 9 reserve LE.000	Retained earnings LE.000	Total LE.000
31 December 2016										
Balance as at 1/1		2 000 000	24 117	45 158	(55 722)	854	-	-	(208 358)	1 806 049
Net (losses)change in fair value of the financial instruments available -for- sale		-	-	-	(4 105)	-	(133)	-	-	(4 238)
Net profit for the year		-	-			-	-		209 669	209 669
Balance at 31 December 2016		**2 000 000**	**24 117**	**45 158**	**(59 827)**	**854**	**(133)**	**-**	**1 311**	**2 011 480**
31 December 2017										
Balance as at 1/1		2 000 000	24 117	45 158	(59 827)	854	(133)	-	1 311	2 011 480
Net gain in fair value of the available -for- sale investments	(31-c-3)	-	-	-	59 051	-	-	-		59 051
Change in other reserves							24			24
Net profit for the year									355 777	355 777
IFRS 9 reserve*		-	-	-	-	-	-	152 028	(152 028)	-
Balance at 31 December 2017		**2 000 000**	**24 117**	**45 158**	**(776)**	**854**	**(109)**	**152 028**	**205 060**	**2 426 332**

The bank formed areservefor implementation of IFRS9 by 1% of total credit weighted by risk deducted from the profit of the year according to CBE rules dated 28 january 2018

The attached notes from Page (8) to Page (47) form part of these financial statements and are to be read therewith.

	For the year ended 31/12/2017 LE.000	For the year ended 31/12/2016 LE.000
Cash flows from operating activities		
Net profit before income tax	606 689	393 226
Adjustments to reconcile net profit to cash flow from operating activities		
Depreciation and amortization	30 606	24 874
Impairment of credit losses	107 615	229 802
Revaluation differences of financial assets held -for- trading	(2 948)	(49 713)
Profit from Financial assets held-for-trading was written-off	(7 709)	(1 641)
Provision used (other than loans provision)	(12 469)	(2 674)
other provisions	43 712	-
proceeds from Investments in associates&subsidiaries	(6 934)	(4 000)
profit from sale of fixed assets	(29 034)	(364)
Profit from Financial assets other than held-for-trading	(22 102)	-
Foreign currencies revaluation differences of other provision	(586)	10 306
Revaluation differences of financial investments (other than financial assets held -for- trading)	4 277	(588 743)
Dividends income	(16 151)	(14 443)
Amortization of preimum&discount of financial investments(other than financial assets held -for- trading)	2 355	3 202
Gain of financial investments(other than financial assets held -for- trading)	(801)	(1355)
Operating profit before changes in assets & liabilities provided from(used in) operating activities	**696 520**	**(1 523)**
Net (increase) decrease in assets and increase (decrease) in liabilities		
Due from Central Bank of Egypt within mandatary reserve percentage	(1 939 679)	(420 792)
Due from banks	(1 543 860)	(1 334 349)
Treasury bills and other governmental notes	245 904	(3 190 772)
Financial assets held -for- trading	629	(10 740)
Loans and advances to customers	(1 724 440)	(3 937 314)
Other assets	(182 455)	(48 040)
Due to banks	742 403	2 530 802
Customers' deposits	7 207 547	5 487 798
Other liabilities	120 546	215 061
Income Taxes paid	(248 383)	(181 109)
Net cash flow provided by (used in) operating activities	**3 374 732**	**(890 978)**
Cash flows from investing activities		
Payments to purchase fixed assets & fixtures branches	(81 510)	(44 032)
proceeds from sale of fixed assets	40 040	364
proceeds from sale of Financial investments other than financial assets held-for-trading	22 101	
Proceeds from financial investments other than financial assets held -for- trading	1 273 890	1 645 588
Payment to purchase financial investments other than financial assets held -for- trading	(1 883 659)	(1 004 867)
Dividends proceeds	16 151	14 443
Profit from Financial assets held-for-trading was written off	7 709	1 641
proceeds from Investments in associates	736	-
Net cash flow (used in) provided by investing activities	**(604 542)**	**613 137**
Cash flows from financing activities		
other loans	6 000	34 000
Net cash flow provided by financing activities	**6 000**	**34 000**
Net changes in cash and cash equivalent during the year	2 776 190	(243 842)
Cash & cash equivalent at the beginning of the year	3 806 135	4 049 977
Cash & cash equivalent at the end of the year	**6 582 325**	**3 806 135**
Cash and cash equivalent are represented in(Note no.32):		
Cash and due from Central Bank of Egypt	3 681 513	1 667 376
Due from banks	10 385 396	6 336 115
Treasury bills and other governmental notes	8 697 293	8 746 889
Due to Central Bank within reserve percentage	(3 319 087)	(1 379 409)
Deposits with banks with maturity more than three months*	(4 457 950)	(2 914 090)
Treasury bills and other governmental notes (with maturity more than three months)	(8 404 840)	(8 650 746)
Cash & cash equivalents	**6 582 325**	**3 806 135**

Non- cash transactions are represented in:

- An amount of LE 812 Thousands represents additions of fixed assets have been transferred from debit balances to fixed assets during the year , this amount was excluded from both debit balances and fixed assets.
- An amount of LE 59 075 Thousands represents the valuation differences of available for sale investments, this amount was excluded from both fair value reserve and available for sale investments,investments held to maturity and investments in associates
- An amount of LE14 683Thousands represents Assets reverted to the Bank in settlement of debts, this amount was excluded from both Loans and advances to customers and other assets.

*From acquisition date.

The attached notes from Page (8) to Page (47) form part of these financial statements and are to be read therewith.

Suez Canal Bank (Egyptian Joint Stock Company)
proposed appropriation account
For the year ended 31 December 2017

	31/12/2017
	LE 000
Net profit for the year	355 777
Profits selling property , plant equipement trassfered to capital reserve according to law	(29 034)
General banking risk reserve	(16 077)
Available Net profit for distributing	**310 666**
IFRS 9 risk reserve	(152 028)
Retained earning	1 311
Total	**159 949**

To be distributed as follow:

Legal reserve	16 337
Retained earnings	143 612
Total	**159 949**

The attached notes from Page (8) to Page (47) form part of these financial statements and are to be read

The bank formed areservefor implementation of IFRS9 by 1% of total credit weighted by risk deducted from the profit of the year according to CBE rules dated 28 january 2018

1- Background

Suez Canal Bank (S.A.E) provides retail, corporate and investment banking services in Arab Republic of Egypt through 38 branches and employees 1 182 staff member at financial statements.

Suez Canal Bank (an Egyptian Joint stock company) established as a Commercial Bank in pursuance of the Ministerial Decree no. 55 of 1978, issued in the official Gazette on 4 March 1978 and in accordance with provisions of investment law no. 43 of 1974 and its amendments, which was superseded by law No. (8) Of investment guarantees and incentives.

The head office is on 7 & 9 Abd El Kader Hamza St., Garden city, Cairo and the bank is listed in the Egyptian stock exchanges.

2- Summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied for all presented year unless otherwise will be stated

A- Basis of preparation of financial statements

The financial statements are prepared in accordance with Egyptian Accounting Standards issued during 2006 and its amendments and in accordance with Central Bank of Egypt instructions approved by its Board of Directors on 16 December 2008 in addition to the historical cost convention basis, modified by the revaluation of the trading financial assets and liabilities, the financial assets and liabilities at fair value through profit or loss and the available for sale financial investments and all financial derivatives contracts.

These financial statements have been prepared according to the Egyptian laws and regulations.

B- Subsidiaries and Associates

B-1 Subsidiary firms

Subsidiaries are all companies (including special purpose entities) over which the bank has owned directly or indirectly the power to govern the financial and operating policies, generally the bank owns more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the bank has the ability to control the entity.

B-2 Associate firms

Associates are all companies over which the bank has owned directly or indirectly a major influence, but it doesn't control them, generally the bank owns between 20% and 50% of the potential voting rights.

The purchase method is used to account for the acquisition of subsidiaries by the bank. The cost of an acquisition is measured as the fair value of the assets, or/and asset given or/and equity instruments issued and loans assumed at the date of exchange, plus costs directly attributable to the acquisition. Net assets including contingent liabilities assumed in a business combination are measured initially at their fair values 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 of the net assets, the difference is recognized directly in the income statement under the item "Other operating income/ (expenses)".

Accounting for subsidiaries and subsidiaries in the financial statements is recorded by using cost method. According to this method, investments recorded at cost of acquisition including goodwill if any and deducting impairment losses. Dividends are recorded in the income statement when adoption of the distribution has been occurred and affirming the bank's right in collecting them has been 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 a segment by which, provide products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

D - Foreign currency translation

D-1 Functional and presentation currency

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

D-2 Transactions and balances in foreign currencies

The bank maintains its accounting records in Egyptian pound. Foreign currency transactions are translated into Egyptian pound using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the end of each year at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement of such transactions and valuation differences are recognized in the income statement under the following items:

- Net trading income or net income, if resulting from financial instruments designated as at fair value through profit or loss at initial recognition, for financial assets/liabilities held for trading or designated as at fair value through profit or loss at initial recognition.
- Other operating income (expenses) for the other items.

Changes in the fair value of monetary financial instruments in foreign currencies classified as investments available for sale (debt instruments) are classified as valuation differences resulting from changes in amortized cost of the instrument and differences resulted from changes in applicable exchange rates and differences resulted from changes in the instrument fair value. Valuation differences relating to changes in amortized cost are recognized in income statement under "Interest and similar income" while differences relating to changes in exchange rates are recognized under item "other operating income (expenses)". Differences resulting from changes in fair value are recognized under "fair value reserve – available for sale investments" in the equity caption.

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

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

This category consists of financial assets held for trading and financial assets designated at fair value through profit or loss at inception.

Financial assets are classified as held for trading if they are acquired or incurred principally for the purpose of selling in the near term or if is part financial instruments portfolio that are managed together and there is evidence resulted from recent actual transaction that profit can be recognized.

E-2 Loans and receivables

Loans and receivables 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 recorded as at fair value through profit or loss.
- Those that the bank upon initial recognition designates as available for sale.
- Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

E-3 Financial investments held to maturity

Held to maturity financial investments are non-derivative assets which carry fixed or determinable payments and where the bank has the intention and the ability to hold to maturity. Any sale of a significant amount, not close to the date of its maturity, would result in the reclassification of all held to maturity investments as available for sale except in the emergency cases.

E-4 Financial investments available for sale

Available for sale financial investments are non-derivatives financial assets that are intended to be held for unspecified period and may be sold to provide liquidity or due to changes in shares prices, foreign exchange currencies, or interest rate.

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 facilities 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 period it occurred. 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 and will be subject to impairment test.

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

1. Financial assets with fixed 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. In case of financial asset's impairment any profits or losses previously recognized in equity is recognized in profit and loss.

2. 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 is 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.

F - Netting 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 bills and other governmental notes.

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 rate method.

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

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

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

- For loans granted to corporate, interest income is recognized on cash basis after the bank collects 25 % of the scheduling installments and after the installments continued to be regular for at least one year. In case the client is continuing in performing the payment, the calculated interest is added to the loan's balance without the marginal interest not included in the income until after paying the loan's balance in the balance sheet before the reschedule.

H - Fees and commission income

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

Commitment fees are recognized as revenue when there is probability that this loan will be used by the customer, as commitment fees represent compensation for the continuing interference to own the financial asset. Subsequently its recognized as adjustments to the effective interest rate of the loan. If the commitment period passed without issuing the loan, commitment fees is recognized as income at the end of the commitment period.

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

Fees and commission arising from negotiation, or participating in a negotiation to the favor of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized as income when the transaction is completed. Commission and fees related to management advisory and other services are recognized as income based on the contract terms, usually on a time-appropriation basis. Asset management fees are recognized over the period in which the service is provided.

I - Dividends income

Dividends are recognized in the profit and loss when the bank's right to receive those dividends is established.

J- Impairment of financial assets

J-1 Financial assets at amortized cost

At each financial statements date, the bank assesses whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognized (a "loss event") and whether that loss event has impacted the future cash flows of the financial asset or group of financial assets that can be reliably estimated.
The bank considers the following indicators to determine the existence of substantive evidence for impairment losses:

- Great financial troubles facing the borrower or debtor.
- Breach of the loan agreement, e.g. default.
- Expected bankruptcy of borrower or subject to liquidation lawsuit or re-structuring the finance granted to it.
- Deterioration of competitive position of borrower.
- Granting privileges or assignments by the bank to the borrower, due to economic or legal reasons, which are not granted by the bank in the normal course of business.
- Impairment of guarantee.
- Deterioration of creditworthiness.

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

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

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

- In case there is no objective evidence that an impairment loss has been incurred on a financial instrument considered individually, be it significant or not, the bank includes that financial asset in a group of financial assets having similar characteristics in terms of credit risk and tests the whole group for impairment.
- A separate impairment test is made for a financial asset if there is objective evidence that this asset is impaired. If the impairment occurred then this asset will be separated from group of financial assets that are collectively evaluated for impairment.
- If the result of the previously test did not recognized impairment loss, then this asset will be added to the group.

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

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

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics according to the bank classification taking into consideration type of asset, industry, geographical location, collateral, past-dues and other relevant factors. Those characteristics are relevant to the estimation of future cash flows for those groups of assets as they are indicators of the debtors' ability to pay all amounts due according to its contract terms for assets under study.

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

The bank has to ensure that the estimates of changes in future cash flows for groups of assets are in consistence with changes in relative data from period to period, such as , changes in unemployment rates, real estate prices, settlement status, or other factors that may affect the probability and magnitude of losses. The bank reviews the basis and methods of estimation regularly.

J-2 Available for sale financial investments

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

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

K- Computer software

Expenses related to development or maintenance of computer software are recognized as expenses on Income Statement at the time of incurring them. They are recognized as intangible assets in the expenses correlated directly to specific software that are under the control of the Bank from which the generation of economic benefits is expected whose cost exceeds more than one year. Direct expenses include the cost of employees on the software team in addition to appropriate share in related general expenses.

It is recognized as development cost in expenses if it leads to increasing or expanding the performance of the computer software above its original specifications, and is added to cost of the original software.

The cost of computer software recognized as assets is depreciated along the year from which it is expected to make use of in the manner not exceeding five years.

L- Fixed assets

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

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

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

Buildings and constructions	50	year
Computers / core banking system	5	year
Means of transport	5	year
Machines	8	year
Fixtures and fittings	5	year
Office furniture	10	year

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

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

M- Impairment of non-financial assets

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

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

N -Leases

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

N-1 Leasing

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

O -Cash and cash equivalents

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

P- 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 is required to settle an obligation is determine taking into consideration the group of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.
The provision no longer required is recorded with other operating revenues (expenses)

Q - Income tax

The income taxes on the year's profits or losses include the tax of the current year and the deferred tax and they are recognized in the income statement with the exception of the income tax on the items of shareholder's equity which is directly recognized within equity.
The income tax is recognized on the basis of the net profit subject to tax through the application of enacted tax rates at the date of preparing the balance sheet in addition to the tax adjustments related to previous years.

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

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

R- Borrowing

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

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

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

S- Capital

S-1 Cost of capital

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

S-2 Dividends

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

T - Comparative figures

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

3- Financial Risk Management:

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

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

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

A- Credit risk

The bank is exposed to the credit risk which is the risk resulting from failure of one party to meet its contractual obligations towards the bank. The credit risk is considered to be the most significant risks for the bank. The bank set specific procedures to manage that risk. The credit risk is in the lending and investments activities which are represented bank's assets contain debt instruments. The credit risk is also found in off balance sheet financial instruments, like loan commitment. The managing and monitoring process on credit risk is centralized at credit risk team management at credit risk department that prepare reports to Board of Directors and Head units on regular basis.

Credit risk measurement
Loans and facilities to banks and customers

In measuring credit risk of loans and facilities to customers and to banks at a counterparty level, the bank reflects three components:

- The 'probability of default' by the client or counterparty on its contractual obligations.
- (Current exposures to the counterparty and its likely future development, from which the bank 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 'expected loss model') and are required by the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee), are embedded in the bank's daily operational management.
The operational measurements can be contrasted with impairment allowances required under IAS 26, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses (note 3/A) .

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

Bank's internal ratings scale

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

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

Debt instruments, treasury bills and other bills

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

A-1 Limiting and preventing risks 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 borrower /group, 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.

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

Collaterals

The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and facilities are:
• Mortgages over residential properties.
• Mortgage business assets as machines and goods.
• Mortgage financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.
Collateral held as security for financial assets other than loans and facilities is determined by the nature of the instrument. Debt securities, treasury and other governmental notes are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

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

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

A-2 Impairment and provisioning policies
The internal rating systems described in note (A-1) focus more on credit-quality at the inception of lending and investment activities. Otherwise, impairment provisions recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below. Due to the different methodologies applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the expected amount determined by the expected loss models used at 31 December 2017 for Central Bank of Egypt's regulations (note A-4).

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

A-3 Bank's Assessment

31 December 2017	Loans & facilities %	Impairment loss Provisions %
1-Performing loans	54.16	1.86
2-Regular watching	2.29	.13
3-Watch List	5.45	.46
4-Non performing loans	38.10	97.55
	100	100

31 December 2016	Loans & facilities %	Impairment loss Provisions %
1-Performing loans	41.34	0.81
2-Regular watching	1.59	0.01
3-Watch List	4.64	0.22
4-Non performing loans	52.43	98.96
	100	100

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

- Great financial troubles facing the borrower or debtor.
- Breach of the loan agreement, e.g. default.
- Expected bankruptcy of borrower or upon being subject to liquidation lawsuit or to re-structuring the finance granted to it.
- Deterioration of competitive position of borrower.
- Granting privileges or assignments by the bank to the borrower, due to economic or legal reasons related to the financial troubles, which are not granted by the bank in the normal course of business.
- Impairment of guarantee.
- Deterioration of creditworthiness

The bank policies require review of all financial assets (that exceed specific materiality) at least once a year or more when required, the impairment loss is determined on individual basis by determining case by case actual losses. These policies applied on all accounts have specific materiality on individual basis. Valuation usually includes the existing collateral, the related enforcements on these collaterals and the expected collections from those accounts.
Impairment loss provision is formed based on group of similar assets using the historical experience available, personal judgment and statistical methods.

A-4 General model to measure banking general risk

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

The bank calculates the provisions required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by Central Bank of Egypt. In case, the provision required for impairment losses as per Central Bank of Egypt regulations exceeds the provision required for financial statements preparation purposes according to the Egyptian Accounting Standards, this increase shall be debited from the retained earnings to and credited to the "general banking risk reserve" under the equity caption.
This reserve is regularly adjusted with this increase and decrease, to equal the amount of increase in the two provisions. This reserve is not distributable. note (31-c) shows the "general banking risk reserve" movement during the financial period.

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

CBE rating	Description	Required Provision %	Internal Rating	Internal Description
1	Low risk	0	1	Good debts
2	Moderate risks	1	1	Good debts
3	Satisfactory risks	1	1	Good debts
4	Appropriate risks	2	1	Good debts
5	Acceptable risks	2	1	Good debts
6	Marginally acceptable risks	3	2	Regular Follow-up
7	Risk needs special care	5	3	Special Follow-up
8	Substandard	20	4	Non-performing loans
9	Doubtful debts	50	4	Non-performing loans
10	Bad debts	100	4	Non-performing loans

A/5 Maximum limits for credit risk before collaterals

Credit Risk exposures in the Balance Sheet:

	31/12/2017 LE. 000	31/12/2016 LE. 000
Treasury bills and other governmental notes	9 183 958	9 139 778
Financial assets held -for- trading :		
Debt instruments	5 594	6 713
Loans and facilities to customers		
Loans to individuals:		
-Current debit accounts	336 950	334 994
-Credit cards	15 327	13 892
Corporate loans :		
-Current debit accounts	3 504 610	3 130 497
-Direct loans	1 720 673	1 212 207
-Syndicated loans	3 130 437	1 970 938
-Other loans	6 657 441	9 348 202
Financial investments :		
Debt instruments	4 243 937	3 644 766
The total	**28 798 927**	**28 801 987**

Credit risk exposures of off-balance sheet items:

	31/12//2017 LE. 000	31/12/2016 LE. 000
Letter of credit	2 016 131	2 294 822
Letter of guarantee	2 841 150	2 298 286
The total	**4 857 281**	**4 593 108**

- The previous table represents the maximum limit of exposure as at 31 December 2017and as at 31 December 2016 without taking into consideration any financial guarantees. As for the balance sheet items, the listed amounts depend on the net book value presented in the balance sheet.

- As illustrated in the previous table 53.35 % as at 31 December 2017of the maximum Limit exposed to credit risk arises from loans and facilities to banks and customers against 55,59 % at the end of 31 December 2016whereas investments in the debt instruments represent 14,76 % as at 31 December 2017against 12,68 % as at 31 December 2016.

- The management has confidence in its abilities to continue of controlling and maintaining the minimum limit of credit risk resulted from loans, facilities and debt instruments portfolios on the basis of the following:

- 56.45% as 31 December 2017of the loans and advances' portfolio is classified in the two higher categories of the internal assessment against 42.93 % at the end of the 31 December 2016.

- 61.90% as at 31 December 2017of the loans and advances' portfolio is free from any delays or impairment indicators against 47.57 % as at 31 December 2016.

- The loans and facilities that have been assessed on an individual basis reach L.E 854 million at 31 December 2017 against LE. 1 083 million as at 31 December 2016.

- The bank has applied more conservative choosing processes when extending loans and facilities during the year ended 31 December 2017.

- More than 30.41 % as 31 December 2017against 28.55 % at as 31 December 2016, of the investments in debt instruments and treasury bills represents debt instruments on the Egyptian Government

A/6 Loans and advances

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

Loans and facilities to customers	**31/12/2017 LE. 000**	**31/12/2016 LE. 000**
With no delays or impairment	9 493 523	7 613 555
Subject to impairment	5 354 960	7 873 937
The total	**14 848 483**	**15 487 492**
Less:		
Impairment losses provision	(4 613 996)	(6 855 897)
Net	**10 234 487**	**8 631 595**

- The total of loans and facilities impairment charge reached thousand L.E 4 613 996 at 31 December 2017 against thousand L.E 6 855 897 as at 31 December, 2016 including thousand L.E 4 501 411 as at 31 December 2017against thousand L.E 6 791 121 at 31 December, 2016 which represents the impairment of individual loans and the rest amounting to thousand L.E 112 585 represent the impairment charge on a group basis of the credit portfolio Illustrations no. (19) Include further information on the impairment losses provision of loans and facilities to customers.

Loans and facilities to banks and customers:

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

31/12/2017

In LE 000

	Retail		**Corporate**				
Assessment	**Current debit account**	**Credit Cards**	**Current debit account**	**Direct Loans**	**Syndicated Loans**	**Other loans**	**Total**
1- Performing	299 986	14 862	3 121 499	1 701 476	3 096 642	--	8 234 465
2-Regular Watching	--	300	340 335	621	--	--	341 256
3-Watch List	--	--	--	--	--	805 217	805 217
Total	**299 986**	**15 162**	**3 461 834**	**1 702 097**	**3 096 642**	**805 217**	**9 380 938**

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

31/12/2016

In LE 000

	Retail		Corporate				
Assessment	**Current debit account**	**Credit Cards**	**Current debit account**	**Direct Loans**	**Syndicated Loans**	**Other loans**	**Total**
1- Performing	290 457	13 570	3 106 927	1 202 480	1 956 098	--	6 569 532
2-Regular Watching	--	217	--	600	--	251 978	252 795
3-Watch List	--	--	--	--	--	726 453	726 453
Total	**290 457**	**13 787**	**3 106 927**	**1 203 080**	**1 956 098**	**978 431**	**7 548 780**

- Loans and facilities subject to individual impairment

*** Loans and facilities to customers**

The balance of loans & advances which are subject to impairment on an individual basis, before taking into account the cash flow from collaterals, amounted to thousand L.E 853 549 as at 31 December 2017against thousand L.E. 1 082 815 as at 31December, 2016.

Below is the analysis of the total value of loans and advances subject to impairment on individual basis including fair value of collaterals obtained against these loans:

In LE 000

31/12/2017

	Retail	Corporate	
	Debit current account	**Other Loans**	**Total**
Impairment provision (an individual basis)	4 912	848 637	853 549
The fair value of collaterals	--	**646 684**	**646 684**

In LE 000

31/12/2016

	Retail	Corporate	
	Debit current account	**Other Loans**	**Total**
Impairment provision (an individual basis)	5 461	1 077 354	1 082 815
The fair value of collaterals	--	**749 146**	**749 146**

A-7 Debt instruments, treasury bills and other governmental notes

The following table represents an analysis of debt instruments, treasury bills and other governmental notes according to evaluation agencies at the end of the financial period.

LE. 000

	Treasury bills and other governmental notes	Trading Securities	Investments in Securities	Total
Less than –B Treasury bills and bonds	8 697 294	5 594	4 236 537	12 939 425
Total	**8 697 294**	**5 594**	**4 236 537**	**12 939 425**

A/8 Acquisition of collaterals

The bank - during the present period –acquired legal title of assets by obtaining some collaterals as follow.

In LE 000

Nature of the assets	Book value
Building	14 683

The obtained assets are classified within other assets item in the balance sheet. these assets shall be sold when it is practical.

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

Geographical segments

The following table represents an analysis of the bank's most important boundaries of credit risk at book value, Risks distributed on geographical segments in accordance with areas related to the bank customers.

In LE 000

	Greater Cairo	Alex., Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	9 183 958	--	--	**9 183 958**
Financial assets held -for- trading				
- Debt Instruments	5 594	--	--	**5 594**
Loans & advances to customers				
- Loans to individuals (Retail)				
Debit current accounts	213 253	118 066	5 631	**336 950**
Credit cards	12 880	2 297	150	**15 327**
Loans to corporate				
Debit current accounts	2 346 356	1 157 172	1 082	**3 504 610**
Direct loans	1 704 665	16 008	--	**1 720 673**
Syndicated loans	2 811 294	319 143	--	**3 130 437**
Other Loans	6 186 602	470 839	--	**6 657 441**
Financial Investments :				
Debt instruments	4 243 937	--	--	**4 243 937**
Total at 31/12/2017	**26 708 539**	**2 083 525**	**6 863**	**28 798 927**
Total at 31/12/2016	**27 262 348**	**1 535 513**	**4 126**	**28 801 987**

Business Segment

The following represents an analysis of the most important boundaries of credit risk at book value, distributed according to the customers' business and activities.

In LE 000

	Financial Institutions	Industrial Institutions	Real estate Activity	Governmental sector	Other activities	Total
Treasury bills and other governmental notes	--	--	--	9 183 958	--	**9 183 958**
Financial assets held -for-trading						
- Debt Instruments	--	--	--	5 594	--	**5 594**
Loans & advances to customers						
Loans to individuals (Retail)						
Current debit accounts	--	--	--	--	336 950	**336 950**
Credit cards	--	--	--	--	15 327	**15 327**
Loans to Corporate						
Current debit accounts	--	1 785 289	4 060	86 003	1 629 258	**3 504 610**
Direct loans	390 373	273 891	--	--	1 056 409	**1 720 673**
Syndicated loans	--	269 582	558 447	--	2 302 408	**3 130 437**
Other Loans	--	1 749 043	218 201	--	4 690 197	**6 657 441**
Financial Investments						
Debt instruments	165 000	--	--	4 078 937	--	**4 243 937**
Total as at 31/12/2017	**555 373**	**4 077 805**	**780 708**	**13 354 492**	**10 030 549**	**28 798 927**
Total as at 31/12/2016	**90 197**	**4 474 970**	**1 156 466**	**13 810 989**	**9 269 365**	**28 801 987**

B- Market risk

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

Bank risk division is responsible for managing the market risks arising from trading and non-trading activities of which monitored by two separate teams. Regular reports are submitted to the Board of Directors and each business unit head.

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

B-1 Market risk measurement techniques

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

Value at Risk

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

VAR is a statistical estimation of the expected losses on the current portfolio from adverse market movements in which it represents the 'maximum' amount the bank expect to lose using confidence level (98%). Therefore there is statistical probability of (2%) that actual losses could be greater than the VAR estimation. The VAR module assumes that the holding period is ten days before closing the opening position. It also assumes that market movements during the holding period will be the same as ten days before. The bank's assessment of past movements is based on data for the past five years. The bank applies these historical changes in rates prices indicators. directly to its current positions - this approach called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.
The use of this approach does not prevent losses from exceeding these limits if there are significant market movements.
As VAR considered a primary part of the bank's market risk control technique, VAR limits are established by the Board of Directors annually for all trading and non-trading transactions and allocated to business units. Actual values exposed to market risk are compared to the limits established by the bank and reviewed by the bank risk division on daily basis. The quality of the VAR model is continuously monitored through examining the VAR results for trading portfolio and results are reported to the top management and Board of Directors.

Stress testing

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions.therefore, the bank computes on daily basis trading stress VAR , combined with trading normal VAR, to capture the abnormal movements in the financial markets and to give more comprehensive picture of risk .the results of the stress tests are reviewed by executive management and Board of Directors.

B-2 Foreign exchange rates fluctuations risk

The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows. The board of directors has set limits of foreign currencies in total value for each position at the end of the day and also intraday which are controlled on the spot. The following table summarizes the extent of the bank's exposure to fluctuations in exchange rates risk at the end of the fiscal period. The said table includes the book value of financial instruments broken down into its component currencies:

The concentration of currency risk of financial instruments

In LE 000

31/12/2017	**L.E**	**USD**	**Euro**	**GBP**	**Other Currencies**	**Total**
Financial assets						
Cash and due from Central Bank of Egypt	2 699 514	951 128	19 609	2 070	9 192	**3 681 513**
Due from banks	5 825 208	2 256 423	2 181 720	112 139	9 906	**10 385 396**
Treasury bills and governmental notes	4 989 408	3 182 332	525 554	--	--	**8 697 294**
Financial assets held -for- trading	121 079	27 724	--	--	--	**148 803**
Loans and advances to customers	7 694 476	7 443 388	225 678	1 773	124	**15 365 439**
Financial Investments						
- Available for sale	1 629 827	986 395	--	--	--	**2 616 222**
- Held to maturity	2 658 673	178 741	--	--	--	**2 837 414**
Other financial assets	1 335 684	15 659	3 870	9	--	**1 355 222**
Total financial assets	26 953 869	15 041 791	2 956 431	115 991	19 222	**45 087 303**
Financial liabilities						
Due to banks	57	3 707 233	1 727 687	14 181	21	**5 449 179**
Customers' deposits	22 214 200	7 813 592	1 164 140	101 592	34 798	**31 328 322**
Other loans	40 000	--	--	--	--	**40 000**
Other financial liabilities	4 717 922	3 482 791	67 955	990	144	**8 269 802**
Total financial liabilities	26 972 179	15 003 616	2 959 782	116 763	34 963	**45 087 303**
Net of balance sheet financial position	(18 310)	38 174	(3 351)	(772)	(15 741)	--
31/12/2016						
Total financial assets	20 996 769	15 521 878	2 099 428	143 581	48 547	38 810 203
Total financial liabilities	21 003 362	15 517 340	2 095 996	143 666	49 839	38 810 203
Net of balance sheet financial position	(6 593)	4 538	3 432	(85)	(1 292)	--

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. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate reprising that may be undertaken which is monitored daily by bank risk division.

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

L E 000

31/12/2017	**Up to 1 month**	**More than 1 month -3 months**	**More than 3 months – 1 year**	**More than 1 year – 5 year**	**More than 5 years**	**No Interest**	**Total**
Financial assets							
Cash and balances at Central Bank of Egypt	2 519 533	799 555	--	--	--	362 425	3 681 513
Due from banks	8 160 131	--	1 722 554	--	--	502 711	10 385 396
Treasury bills and other Governmental notes	543 810	2 506 720	5 646 764	--	--		8 697 294
Financial assets held -for- trading	--	--	--	--	5 594	143 209	148 803
Loans and advances to customers	5 229 444	2 197 762	1 787 585	123 025	1 009 257	--	10 347 073
Financial Investments							
- Available for sale	--	--	--	1 111 045	310 578	1 194 599	2 616 222
- Held to maturity	--	538 190	1 177 013	1 061 680	38 031	22 500	2 837 414
Other financial assets	--	--	--	--	--	24 789	24 789
Total financial assets	**16 452 918**	**6 042 227**	**10 333 916**	**2 295 750**	**1 363 460**	**2 250 233**	**38 738 504**
Financial liabilities							
Due to banks	2 750 453	886 385	1 722 554	--	--	89 787	5 449 179
Customers' deposits	10 563 626	9 709 093	6 280 124	1 634 797	--	3 140 682	31 328 322
Other loans	--	--	--	40 000	--	--	40 000
Total financial liabilities	**13 314 079**	**10 595 478**	**8 002 678**	**1 674 797**	--	**3 230 469**	**36 817 501**
The interest gab re-pricing	**3 138 838**	**(4 553 251)**	**2 331 238**	**620 953**	**1 363 460**	**(980 235)**	**1 921 003**
31/12/2016							
Total financial assets	**10 882 465**	**6 450 959**	**7 759 378**	**2 427 304**	**1 152 295**	**1 733 364**	**30 405 766**
Total financial liabilities	**6 655 277**	**8 309 296**	**8 495 509**	**2 359 922**	--	**3 041 415**	**28 861 419**
The interest gab re-pricing	**4 227 187**	**(1 858 338)**	**(736 131)**	**67 382**	**1 152 295**	**(1 308 051)**	**1 544 347**

C- Liquidity risk

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

Liquidity risk management process

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

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

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

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

Funding approach

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

D- Fair value of financial assets and liabilities

D-1 financial instruments not measured at fair value

The table below summarizes the carrying amounts and fair values for those financial assets and liabilities not presented on the bank's balance sheet at their fair value:

	In LE 000	
31/12/2017	**Book value**	**Fair value**
Financial Assets		
Financial investments		
Equity instruments available for sale (unlisted)	1 022 345	1 022 345
Other assets	803 658	803 658
Financial liabilities		
Customers' deposits		
-Retail	5 684 478	5 684 478
-Corporations	25 643 844	25 643 844

E Capital management

The bank's objectives behind managing capital include elements other than equity shown in the balance sheet are represented in the following:

- Compliance with capital legal requirements in Arab Republic of Egypt and the other countries the bank is operating in.
- Protecting the bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth.

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

Central Bank of Egypt requires the following from the bank:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid up capital.
- Maintaining a ratio between capital elements and asset and contingent liability elements weighted by risk weights at 10 % or more.

The numerator in capital adequacy comprises the following 2 tiers:

- **Tier 1**: It is the basic capital comprising of paid up capital (after deducting the carrying amount of the treasury stocks), retained earnings and reserves resulting from profit appropriations except the general reserve for banking risks less any goodwill previously recognized and any carried forward losses.

- **Tier 2**: It is the subordinate capital comprising of the equivalent of the general reserve according to Central Bank of Egypt credit rating bases issued by Central Bank of Egypt not exceeding 1.25% of total assets and contingent liabilities applying the risk weights subordinate loans/deposits of maturing over more than 5 years (20% amortization of its value each year of the last five years of their maturity term) and 45 % of the increase between the fair value and carrying amount for the available for sale investments, held to maturity investments, and investments in associates and subsidiaries.

On calculating the total numerator of capital adequacy it is to be considered that subordinate cap ital should not be greater than basic capital and the subordinate loans (deposits) should not be greater than half of basic capital. Assets are weighted by risk in a range from zero to 100 %. Classification is made according to the debit party for each asset to reflect the related credit risk taking into consideration cash guarantees. Same treatment is used for the off-balance sheet amounts after making relevant adjustments to reflect the contingent nature and the potential loss for these amounts. The bank complied with all internal requirements during the last 2 years. The following schedule shows the calculation of capital adequacy ratio at the end of those two years:

CAPITAL ADEQUACY RATIO ACCORDING TO BASEL 2

	31/12/2017 L.E 000	31/12/2016 L.E 000
Capital		
Tier one (Basic capital)		
Share Capital (in net after excluding treasury shares)	2 000 000	2 000 000
Reserves	221 556	24 117
Accumulated profit	1 311	--
Total basic capital	**2 222 867**	**2 024 117**
Additional basic capital		
Profit of the year	143 572	1311
Total Additional basic capital	**143 572**	**1 311**
Exclusions of Tier (1)		
value greater than 10%of issued capital for bank investments in companies,mutual fund and Intangible assets	(87 468)	(71 482)
Balance of available for sale investments reserve .		
Balance of held to maturity reserve which covert to held to maturity investments	(11 562)	(26 684)
50% of value greater than 15% of basic capital for bank s investments in non financial companies	(104 484)	(165 873)
50% of what's related to assets reverted to the bank in the general banking reserve	--	(16 926)
Total Tier (1)	**2 162 925**	**1 744 463**
Tier two (Supplementary capital)		
45%Balance of available for sale investments reserve	4 804	5 968
45% of private reserve	20 321	--
The total of loans and facilities impairment charge	145 305	90 857
45%of value greater than booking value of investments subsidiaries&associates	2 740	2 716
Total Tier (2) before Exclusions	**173 170**	**99 541**

Exclusions of Tier (2)

	31/12/2017 L.E 000	31/12/2016 L.E 000
50% of what's related to assets reverted to the bank in the general banking reserve	--	(16 926)
value greater than 15% of basic capital for bank s investments in non financial companies	(104 484)	(165 873)
Total supplementary capital	**68 686**	**(83 258)**
Total capital	**2 231 611**	**1 661 205**
Surplus/ shortage in basic capital after exclusions over 4.5 %	**1 463 016**	**1 205 115**
Conservation buffer from surplus in basic capital after exclusions	**223 443**	**100 298**
Capital requirements for credit risk	15 202 753	12 886 032
Override of biggest 50 clients over determined risk weighted limits	718 524	1 485 385
Capital requirements for market risk	413 759	417 183
Capital requirements for operational risk	1 540 411	1 259 105
Total risk weighted assets and contingent liabilities	**17 875 447**	**16 047 705**
Total capital base without conservation buffer/ Total risk weighted assets and contingent liabilities	**11.23 %**	**10.72 %**
Total capital base with conservation buffer/ Total risk weighted assets and contingent liabilities	**12.48%**	**11.41%**

Leverage ratio	**31/12/2017 L.E 000**	**31/12/2016 L.E 000**
Total basic capital	2 162 926	1 744 463
Total balance sheet exposures and financial derivatives' operations	39 870 615	31 262 746
Total off- balance sheet exposures	2 015 595	1 486 169
Total balance sheet exposures and off- balance sheet exposures	**41 886 210**	**32 748 915**
Ratio	5 .16%	5.26%

4- Significant accounting estimates and assumptions

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

A) Impairment losses for loans and facilities

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

B) Impairment of available for sale equity investments

The bank recognizes impairment loss relating to available for sale equity investments when there is a significant or prolonged decline in the fair value below its cost. A judgment is required to determine that the decline is significant or prolonged. In making this judgment, the bank evaluates among other factors the volatility in share price. In addition, impairment loss recognized when there is evidence of deterioration in the investee financial position or operating and finance cash flow or industry and sector performance or technology changes.

C) Held-to-maturity investments

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

D) Income tax

The bank is subject to income tax which requires the use of important estimates to calculate the income tax provision.

There are a number of complicated processes and calculations to determine the final income tax, the bank records a liability related to the tax inspection estimated results ,according to estimates of probabilities of extra taxes, when there is a difference between the final result of the actual tax inspection and amounts previously recorded by the bank such difference affect the income and deferred tax provision at the year where the differences were noted

5 - Sectors segment analysis

a- Geographical Segment Analysis

In LE 000

31/12/2017	Great cairo	Alex.,Delta and Sinai	Upper Egypt	Total
Income and expenses according				
To geographical segment				
Geographical segment income	3 022 735	619 603	26 016	3 668 354
Geographical segment expense	(2 633 192)	(406 463)	(22 009)	(3 061 664)
Results of segment work	389 543	213 140	4 007	606 690
Tax	(202 056)	(47 955)	(902)	(250 913)
Profit for the year	**187 487**	**165 185**	**3 105**	**355 777**
Assets and liabilities according				
To geographical segment				
Geographical segment assets	37 655 472	2 284 321	16 558	39 956 351
Total of assets	37 655 472	2 284 321	16 558	39 956 351
Geographical segment liabilities	33 239 191	6 508 638	208 522	39 956 351
Total of liabilities	33 239 191	6 508 638	208 522	39 956 351

In LE 000

31/12/2016	**Great cairo**	**Alex.,Delta and Sinai**	**Upper Egypt**	**Total**
Income and expenses according To geographical segment				
Geographical segment income	1 807 617	348 477	15 642	2 171 736
Geographical segment expense	(1 480 255)	(285 051)	(13 205)	(1 778 511)
Results of segment work	**327 362**	**63 426**	**2 437**	**393 225**
Tax	**(145 659)**	**(36 776)**	**(1 121)**	**(183 556)**
Profit (loss) for the year	**181 703**	**26 650**	**1 316**	**209 669**

31/12/2016				**In LE 000**
Assets and liabilities according to geographical segment				
Geographical segment assets	29 047 911	2 372 077	11 080	31 431 068
Total of assets	29 047 911	2 372 077	11 080	31 431 068
Geographical segment liabilities	26 611 806	4 645 135	174 127	31 431 068
Total of liabilities	26 611 806	4 645 135	174 127	31 431 068

6 - Net Interest Income

	31/ 12 /2017	**31/12/2016**
Interest income on loans and similar income	**LE 000**	**LE 000**
Loans and advances to:		
- Customers	963 082	504 886
	963 082	**504 886**
Treasury bills and bonds	1 234 673	1 127 057
- Banks	1 178 015	281 267
Total	**3 375 770**	**1 913 210**

Interest expenses on deposits and similar charges		
Current accounts & deposits to:		
- Banks	(92 401)	(39 995)
- Customers	(2 271 537)	(1 065 033)
Total	(2 363 938)	(1 105 028)
Net	**1 011 832**	**808 182**

7 - Net Fees & Commissions Income

	31/ 12 /2017	31/12/2016
Fees & commissions income:		
Fees & commissions related to credit	5 495	6 322
Fees on the financing services (corporate)	132 631	109 896
Trust & custody fees	1 631	1 294
Other fees	10 302	5 340
Total	**150 059**	**122 852**
Fees & commissions expenses:		
Paid brokerage fees	(1 405)	--
Total	(1 405)	--
Net	**148 654**	**122 852**

8 – Dividends

	31/ 12 /2017	31/12/2016
	LE 000	**LE 000**
Held for trading securities	1 214	93
Available for sale securities	14 937	13 492
Subsidiaries and associates securities	--	858
Total	**16 151**	**14 443**

9 - Net Trading Income

	31/ 12 /2017	31/12/2016
	LE 000	**LE 000**
Profits from foreign currencies deals	83 382	49 907
Trading debt instruments	(1 119)	--
Trading equity instruments	11 788	51 354
Total	**94 051**	**101 261**

10 - Administrative expenses

	31/ 12 /2017	31/12/2016
	LE 000	LE 000
Employees cost		
Wages and salaries	311 236	257 201
Social Insurance	79 358	63 385
	390 594	320 586
Other administrative expenses	198 112	123 095
Total	**588 706**	**443 681**

During 2017the monthly average of highest 20 employees salaries and bonus after deduction of taxes and social insurance is amounted to LE 2 032 057 .

11- Other operating income

	31/ 12 /2017	31/12/2016
	LE 000	LE 000
Other operating income	47 578	19 823
Other provisions	(43 712)	--
Other operating expense	(1 379)	(1 208)
Total	**2 487**	**18 615**

12 - Income tax expenses

	31/ 12 /2017	31/12/2016
	LE 000	LE 000
Current taxes	(248 383)	(181 109)
Deferred taxes (note no. 30)	(2 530)	(2 447)
Total	**(250 913)**	**(183 556)**

13 - Impairment losses on customers' loans

	31/ 12 /2017	31/12/2016
	LE 000	LE 000
Loans & advances to customers (note no. 19)	(107 615)	(229 802)
Total	**(107 615)**	**(229 802)**

14 - Earnings per share (LE/share)- Basic

	31/ 12 /2017	31/12/2016
	LE 000	LE 000
Net profit for the year	355 777	209 669
The weighted average of the ordinary shares issued	200 000	200 000
Basic profit per share	1 .78	1 .05

15- Cash and balances at Central Bank of Egypt

	31/12/2017	31/ 12/2016
	LE 000	**LE 000**
Cash	362 425	287 967
Balances at central banks within the required reserve ratio	3 319 088	1 379 409
Balance	**3 681 513**	**1 667 376**
Balances without interest	2 881 958	769 230
Balances with variable interest	799 555	898 146
Balance	**3 681 513**	**1 667 376**

16 - Due from banks

	31/12/2017	31/ 12 /2016
	LE 000	**LE 000**
Current accounts	502 445	110 024
Deposits	9 882 951	6 226 090
Balance	**10 385 396**	**6 336 114**
Central bank other than the required reserve ratio	5 425 000	3 312 000
Local banks	2 612 802	2 660 530
Foreign banks	2 347 594	363 584
Balance	**10 385 396**	**6 336 114**
Balances without interest	502 445	110 024
Balances with variable interest	9 882 951	6 226 090
Balance	**10 385 396**	**6 336 114**
Current balances	**10 385 396**	**6 336 114**

17 - Treasury bills and other governmental notes

	31/12/2017	31/ 12 /2016
	LE 000	LE 000
Treasury bills		
Treasury bills due 91 days	300 375	99 125
Treasury bills due 182 days	1 097 000	1 008 725
Treasury bills due 273 days	2 161 225	2 211 049
Treasury bills due 364 days	5 625 358	5 820 879
Total	**9 183 958**	**9 139 778**
less: unearned income	(486 664)	(392 890)
Net	**8 697 294**	**8 746 888**

18 - Financial assets held for trading

	31/12/2017	31/ 12 /2016
	LE 000	LE 000
Debt instruments		
Government bonds	5 594	6 713
Total Debt instruments	**5 594**	**6 713**
Equity instruments quoted in the stock market		
Foreign companies	27 724	19 548
Mutual funds	115 485	120 223
Total Equity instruments	**143 209**	**139 771**
Total Financial assets held -for- trading	**148 803**	**146 484**

19 - Loans & facilities to customers

	31/12/2017	31/12/2016
	LE 000	LE 000
Individuals (retail)		
Debit current accounts	336 950	334 994
Credit cards	15 327	13 892
Total (1)	**352 277**	**348 886**
Corporate including small loans for economic activities		
Debit current accounts	3 504 611	3 130 497
Direct loans	1 720 673	1 212 207
Syndicated loans	3 130 437	1 970 938
Other loans	6 657 441	9 348 202
Total (2)	**15 013 162**	**15 661 844**

	31/12/2017	31/12/2016
	LE 000	LE 000
Total loans facilities to customers (1+2)	**15 365 439**	**16 010 730**
Less: impairment loss provision	(4 613 996)	(6 855 897)
Suspended interests	(514 869)	(519 923)
Settlement interest	(2 087)	(3 315)
	10 234 487	**8 631 595**
Distributed to:		
Current balances	5 262 403	5 031 282
Non-current balances	4 972 084	3 600 313
	10 234 487	**8 631 595**

Impairment loss provision

An analysis of the movement of the impairment loss provision for loans and facilities to customers according to types:

	Retail				
	Debit current accounts	Credit Cards	Personal Loans	Mortgage	Total
31/12/2017	LE 000	LE 000	LE 000	LE 000	LE 000
Balance at the beginning of the year	32 167	--	--	--	32 167
Balance at the end of the year	**32 167**	--	--	--	**32 167**

	Corporate				
	Debit current accounts	Direct Loans	Syndicated Loans	Other Loans	Total
31/12/2017	LE 000	LE 000	LE 000	LE 000	LE 000
Balance at the beginning of the financial year	390 006	3 315	9 407	6 421 002	6 823 730
Impairment losses	--	--	--	107 615	107 615
Amounts written-off during the year	--	--	--	(2 214 565)	(2 214 565)
Transfer from other provisions	--	--	--	(749)	(749)
Foreign currencies valuation differences (+/-)	--	--	--	(134 202)	(134 202)
Balance at the end of the financial year	**390 006**	**3 315**	**9 407**	**4 179 101**	**4 581 829**

	Retail				
	Debit current accounts	Credit Cards	Personal Loans	Mortgage	Total
31/12/2016	LE 000	LE 000	LE 000	LE 000	LE 000
Balance at the beginning of the financial year	32 167	--	--	--	**32 167**
Balance at the end of the financial year	**32 167**	--	--	--	**32 167**

Corporate

31/12/2016	Debit current accounts	Direct Loans	Syndicated Loans	Other Loans	Total
	LE 000	LE 000	LE 000	LE 000	LE 000
Balance at the beginning of the financial year	390 006	3 315	9 407	3 687 663	**4 090 391**
Impairment losses	--	--	--	229 802	**229 802**
Amounts written-off during the year	--	--	--	(115 805)	**(115 805)**
Transferred from other provisions	--	--	--	(36 810)	**(36 810)**
Foreign currencies valuation differences (+/-)	--	--	--	2 656 152	**2 656 152**
Balance at the end of the financial year	**390 006**	**3 315**	**9 407**	**6 421 002**	**6 823 730**

20 -Financial investments

	31/12 /2017	31/12/2016
	LE 000	**LE 000**
Available for sale financial investments		
Debt instruments at fair value	1 421 623	517 505
Equity instruments at fair value		
Listed in the market	172 254	106 207
Unlisted in the market	1 022 345	1 053 863
Total available for sale financial investments (1)	**2 616 222**	**1 677 575**
Financial investments held to maturity		
Debt instruments		
Listed in the market	2 814 914	3 091 375
Unlisted in the market	25 000	25 000
Less: loss Impairment provision	(2 500)	(3 301)
Total Financial investments held to maturity (2)	**2 837 414**	**3 113 074**
Total of Financial investments (1+2)	**5 453 636**	**4 790 649**
Current balances	4 408 791	3 715 087
Non-current balances	1 044 845	1 075 562
	5 453 636	**4 790 649**
Debt instrument with fixed interest	4 071 537	3 608 880
Debt instrument with variable interest	165 000	--
	4 236 537	**3 608 880**

	Available-for-sale investments	Held-to-maturity investments	Total
	LE 000	LE 000	LE 000
Balance as at 1/1/2017	1 677 575	3 113 074	**4 790 649**
Additions	1 429 287	454 371	**1 883 658**
Disposals (sale/redeemed)	(531 034)	(742 856)	**(1 273 890)**
Valuation difference of monetary assets dominated in foreign currencies	49	(4 326)	**(4 277)**
Changes in fair value(Note no.31)	40 584	18 467	**59 051**
Amortization of premium &discount	(239)	(2 117)	**(2 356)**
Less: Impairment losses provision	--	801	**801**
Balance as at 31/12/2017	**2 616 222**	**2 837 414**	**5 453 636**
Balance as at 1/1/2016	4 868 256	19 256	**4 887 512**
Additions	1 004 868	3 085 461	**4 090 329**
Disposals (sale/redeemed)	(4 731 048)	--	**(4 731 048)**
Valuation difference of monetary assets dominated in foreign currencies	588 743	--	**588 743**
Changes in fair value(Note no.31)	(10 373)	6 268	**(4 105)**
Amortization of premium &discount	(2 848)	(354)	**(3 202)**
Rebate: Impairment losses provision	(40 023)	2 443	**(37 580)**
Balance as at 31/12/2016	**1 677 575**	**3 113 074**	**4 790 649**

B profits (Losses) of financial investments

	For the Year ended 31/ 12 /2017	31/ 12 /2016
	LE 000	LE 000
Profits on sale of financial investments available -for- sale	22 101	--
Less : impairment of available -for- sale	--	(1 088)
Proceeds from Investments in associates	6 934	--
Balance at the end of year	**29 035**	**(1 088)**
Adjustments for investments held to maturity impairment losses		
Balance at the beginning of the year	**(3 301)**	(5 744)
Less : impairment of investments held to maturity	801	2 443
Balance at the end of the year	**(2 500)**	**(3 301)**
	29 836	**1 355**

21- Investments in subsidiaries &associates

The percentage of the bank share in the subsiiaries & associates companies as follows:

	31/12/2017		31/12/2016	
	Amount	**Sharing Percentage**	**Amount**	**Sharing Percentage**
	LE.000	**%**	**LE.000**	**%**
Suez Canal Co. for development& trade	4 161	20	160	20
Suez Canal Co. for development and real estate	2 453	20	2 015	20
Alexandria Co. for financial investments	8 389	20	8 080	20
Al Maadi Co. for touristic & Entertainment Investments.	9 786	29.7	8 313	29.7
Total	**24 789**		**18 568**	

22 - Intangible assets

	31/12 /2017	31/12/2016
	IT programs LE 000	**IT programs LE 000**
Cost at the beginning of the year	46 247	36 398
Additions	4 510	9 849
Total cost	**50 757**	**46 247**
Accumulated amortization at the beginning of the year	(28 889)	(24 224)
Amortization for the year	(5 996)	(4 665)
Accumulated amortization	**(34 885)**	**(28 889)**
Net book value at the end of the year	**15 872**	**17 358**

23 - Other assets

	31/12/2017	31/12/2016
	LE 000	**LE 000**
Accrued revenues	242 417	150 822
prepaid interest	94	
Prepaid expenses	43 253	30 902
Advanced Payments for purchase of fixed assets	77 489	8 741
Assets reverted to the Bank in settlement of debts	382 975	371 064
Insurance and custodies	11 947	10 667
Others	45 483	35 132
Total	**803 658**	**607 328**

24 - Fixed Assets

Description	**Land & Buildings**	**Improvements on leased assets**	**Machinery & Equipments**	**Others**	**Total**
	LE 000	**LE 000**	**LE 000**	**LE 000**	**LE 000**
Balance as at 1/1/2016					
Cost	422 294	16 403	74 219	54 729	**567 645**
Accumulated depreciation	(43 096)	(14 966)	(63 908)	(39 330)	**(161 300)**
Net book value as at 1/01//2016	**379 198**	**1 437**	**10 311**	**15 399**	**406 345**
Additions	51 944	2 883	18 374	9 371	**82 572**
Disposals	--	--	(618)	--	**(618)**
Depreciation for the year	(9 932)	(444)	(3 792)	(6 041)	**(20 209)**
Disposals accumulated depreciation	--	--	618	--	**618**
Net book value as at 31/12/2016	**421 210**	**3 876**	**24 893**	**18 729**	**468 708**
Balance as at 1/1/2017					
Costs	474 238	19 286	91 975	64 100	**649 599**
Accumulated depreciation	(53 028)	(15 410)	(67 082)	(45 371)	**(180 891)**
Net book value as at 1/01/2017	**421 210**	**3 876**	**24 893**	**18 729**	**468 708**
Additions	28 174	876	44 369	4 393	**77 812**
Disposals	(11 006)	--	(2 301)	--	**(13 307)**
Depreciation for the year	(9 947)	(1 010)	(8 074)	(5 580)	**(24 611)**
Disposals accumulated depreciation	--	--	2 301	--	**2 301**
Net book value as at 31/12/2017	**428 431**	**3 742**	**61 188**	**17 542**	**510 903**
Costs	491 406	20 162	134 043	68 493	**714 104**
Accumulated depreciation	(62 975)	(16 420)	(72 855)	(50 951)	**(203 201)**
Net book value as at 31/12/2017	**428 431**	**3 742**	**61 188**	**17 542**	**510 903**

- Fixed assets at the balance sheet date include an amount of LE. 95.4million represent assets not registered in bank name and legal procedures to register these assets are currently taking place of which L.E 54235 thoushand represent amount of three branches that had been purchased on 2016 &2017.

25 – Balances due to banks

	31/12 /2017	**31/12/2016**
	LE 000	**LE 000**
Current accounts	89 787	60 969
Deposits	5 359 392	4 645 808
Balance	**5 449 179**	**4 706 777**
Central banks	83 465	57 749
Local banks	93 945	1 238
Foreign banks	5 271 769	4 647 790
Balance	**5 449 179**	**4 706 777**

Balances without interest	89 787	60 969
Balances with fixed interest	5 359 392	4 645 808
Balance	**5 449 179**	**4 706 777**
Current balances	**5 449 179**	**4 706 777**

26- Customers' deposits

	31/12 /2017	31/12/6
	LE 000	LE 000
Demand deposits	6 022 669	5 229 219
Term and notice deposits	19 069 560	13 067 187
Certificates of deposits and savings	3 026 473	2 471 913
Savings deposits	1 934 523	1 870 821
Other deposits	1 275 097	1 481 635
	31 328 322	**24 120 775**
Corporate deposits	25 643 844	18 459 964
Retail deposits	5 684 478	5 660 811
Balance	**31 328 322**	**24 120 775**
Balances without interest	3 141 374	2 993 036
Balances with fixed interest	1 755 729	2 271 063
Balances with variable interest	26 431 219	18 856 676
Balance	**31 328 322**	**24 120 775**
Current balances	7 957 192	7 100 040
Non current balances	23 371 130	17 020 735
Balance	**31 328 322**	**24 120 775**

27 - Other Loans

Description	Interest Rate %	Maturity date	Due During The year LE.000	Balance as at 31/12/2017 LE.000	31/12/2016 LE.000
Commercial International Bank Loan	8	July.2018	-	8 000	--
Commercial International Bank Loan	8	July.2018	-	8 000	--
Commercial International Bank Loan	8	Jan.2019	-	8 000	--
Commercial International Bank Loan	8	Jan.2019	-	8 000	--
Commercial International Bank Loan	8	Jan.2019	-	8 000	--

Commercial International Bank Loan	8	Mar.2017	-	--	8 000
Commercial International Bank Loan	8	Mar. 2017	-	--	8 000
Commercial International Bank Loan	8	Mar. 2017	-	--	8 000
Commercial International Bank Loan	7.5	May. 2017	-	--	2 000
Commercial International Bank Loan	7	June. 2017	-	--	8 000
Total of long term loans				40 000	34 000

A loan contract had been signed with the Commercial International Bank (CIB) to obtain a stack in loans that have been executed in cooperation with the Agriculture & Land Reform Ministry and the European Committee to develop the private sector and small, medium and long term agriculture projects. The loan bears interest paid to CIB with a repayment period ranging from 3-5 years & a grace period from 1 to 2 years in order to provide low cost finance for the bank's client according to agreed upon contract.

28 - Other liabilities

	31/12 /2017	31/12/2016
	LE 000	**LE 000**
Accrued interest	401 786	218 033
unearned revenues	15 027	8 908
Accrued expenses	52 121	42 870
Creditors	2 500	3 729
Other credit balances	116 982	194 330
Balance	**588 416**	**467 870**

29 - Other Provisions

	31/12 /2017	31/12/2016
	LE 000	**LE 000**
Balance at the beginning of the year	78 022	72 515
Foreign currencies valuation differences	(586)	10 306
Charged to income statement	43 712	--
Transfer from loans provisions	749	36 810
Used during the year	(12 469)	(41 609)
Balance at the end of the year	**109 428**	**78 022**

30 - Deferred tax liabilities

The balance of deferred tax assets & liabilities are as follows:

	31/12 /2017		31/12/2016	
	Asset	**Liability**	**Asset**	**Liability**
	LE 000	**LE 000**	**LE 000**	**LE 000**
Fixed assets (Depreciation)	--	(17 311)	--	(15 247)
Other provisions (other than loan provision, contingent liabilities and taxes requires)	2 637	--	3 103	--
Total deferred tax asset (liability)	**2 637**	**(17 311)**	**3 103**	**(15 247)**
Net deferred tax liability	---	**(14 674)**	---	**(12 144)**

31- Equity

A. Authorized Capital

Authorized capital amounted to LE. 2 billion.

B. Issued and paid - up capital

Issued and paid – up capital amounted to LE 1 billion distributed on 100 million shares with nominal value of LE 10 each

- According to the bank Board of Director meeting NO. (6/2009) held on July 16/2009, the board agreed to recall the authorized capital unpaid portion with an amount of 1 billion Egyptian pound, as the issued and paid up capital will become the same as the authorized capital with an amount of 2 billion Egyptian pounds and the cash was paid and the commercial register reflected this increase of capital on 31 March 2010.the issued and paid-in capital LE.2 billion

C- Reserves

	31/12/2017	31/12/2016
	LE 000	**LE 000**
General bank risk reserve (note no.1)	854	854
General reserve *	24 117	24 117
Private reverse(revaluations differences of financial investments available -for- sale)	45 158	45 158
Fair value reserve financial investments available -for- sale note no. (c-3)	(776)	(59 827)
Other reserves	(109)	(133)
IFRS9 risk reserve**	152 028	--
Total reserves at the end of the year	**221 272**	**10 169**

* The value of residual amount from issuing expenses of increasing capital from LE. 1 billion to LE. 2 billion.

**IFRS 9 reserve has been formed(1% of Capital requirements for total credit weighted by risk)deducted of 2017 Net profit after income tax and to be used after central bank of Egypt approval.

C/1- General banking risk Reserve

	31/12/2017	31/12/2016
	LE 000	LE 000
Balance at 1/1	854	854
Balance at the end of the year	**854**	**854**

C/2- Private reverse(revaluations differences of financial investments available -for- sale)

	31/12/2017	31/12/2016
	LE 000	LE 000
Balance at 1/1	45 158	45 158
Balance at the end of the year	**45 158**	**45 158**

C/3- Fair Value reserve –investments available for sale

	31/12/2017	31/12/2016
	LE 000	LE 000
Balance at 1/1	(59 827)	(55 722)
Net (losses) / gains from change in fair value (note no.20)	59 051	(4 105)
Balance at the end of the year	**(776)**	**(59 827)**

D- Net profit of the year and retained earnings

	31/12/2017	31/12/2016
	LE 000	LE 000
Balance at the beginning of the year	1 311	(208 358)
Net profits of the current year	355 777	209 669
IFRS9 risk reserve	(152 028)	
Balance at the end of the year	**205 060**	**1 311**

32- Cash and cash equivalents

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

	31/12/2017	31/12/2016
	LE 000	LE 000
Cash and Due from Central Bank Of Egypt (included in note no. 15)	362 426	287 967
Due from banks (included in note no. 16)	5 927 446	3 422 025
Treasury bills and other Governmental notes (included in note no. 17)	292 453	96 143
	6 582 325	**3 806 135**

33 - Commitment and contingent liabilities

A- Legal claims

There are a number of existing cases filed against the bank on 31 December 2017and the provision Formed for these cases amounted to LE 6 796 thousand.

B- Fixed assets and preparation of branches

This amount represents the value of the commitments related to fixed assets purchase contracts and branches preparations which have not been completed yet amounted to LE. 18 561 thousand.

C- Commitments for loans guarantees and facilities

Bank Commitments for loans guarantees and facilities are represented as follows:

	31/12/2017	31/12/2016
	LE 000	**LE 000**
Letters of guarantees	2 841 150	2 298 286
Documentary credits "import & export"	2 016 131	2 294 822
Total	**4 857 281**	**4 593 108**
Less: cash covers	(771 749)	(1 358 189)
Net	**4 085 532**	**3 234 919**

34- Related party transactions

The bank deals with its related party on the same basis as with others in compliance with accepted banking rules and regulations.The nature of these transactions and its balances are represented on the balance sheet date as follows:

A) Loans and facilities to related parties:

	31/12 /2017	31/12/2016
	LE 000	**LE 000**
Due from customers		
Loans at the beginning of the year	--	770
Loans given during the year	17 223	--
Loans received during the year	--	(770)
Revaluation differences	--	--
Loans at the end of the year	**17 223**	--

B) Deposits from related parties:

	31/12/2017	31/12/2016
	LE 000	LE 000
Due to customers		
Deposits at the beginning of the year	45 349	53 236
Deposits attached during the year	482 017	24 646
Deposits redeemed during the year	(24 288)	(33 241)
Revaluation differences	(26)	708
Deposits at the end of the year	**503 052**	**45 349**

C) Other

	31/12 /2017	31/12/2016
	LE 000	LE 000
Due from banks	125 846	513 501
Investment in subsidiaries & associates	24 789	18 701
Due to banks	5 268 681	4 608 411
Other credit balances	1 395	1 426

35- Mutual funds

A) The First Mutual Fund of the bank (with cumulative return and periodical dividends)

It is an activity authorized for the Bank by virtue of Capital Market Law No. 95/1992 and its Executive Regulations. These funds is managed by H C Fund Management Company, The certificates of the fund reached 190 thousand with an amount of LE 95 million ,10 thousand certificate of them allocated to the bank(with nominal value LE. 5 million) for fund active operation.

The Bank has purchased a number of 61 800 certificates, their redeemable value as at balance sheet date amounted to LE 32 724 thousand.

The redeemable value of the certificate as at balance sheet date amounted to LE 529.52 and the certificates outstanding at that date reached to 77 538 certificates

According to the fund's management contract and its prospectus, the Bank shall obtain fee and commission for supervision on the fund and other managerial services rendered by the Bank. Total commission for the period ended on 31 December 2017amounted to LE 844 355 presented under the item of "Banking fees and commissions revenue" caption in the profit and loss statement and the sharing of the bank did not achieve any returns.

B) The Second Mutual Fund of the bank-Agial (with accumulative and periodic return)

It is an activity authorized for the Bank by virtue of Capital Market Law No. 95/1992 and its Executive Regulations. These funds is managed by Billiton Fund Management Company, The certificates of the fund reached 9 500 thousand with an amount of LE. 95 million500 thousand certificate of them allocated to the bank(with nominal value LE. 5 million) for fund active operation.

The redeemable value of the certificate as at balance sheet date amounted to LE 15.19 and the certificates outstanding at that date reached to 956 743 certificates

The Bank has purchased a number of 209 671 certificates, their redeemable value as at balance sheet date amounted to LE 3 186 thousand..

According to the fund's management contract and its prospectus, the Bank shall obtain fee and commission for supervision on the fund and other managerial services rendered by the Bank. Total commission for the period ended on 31 December 2017 amounted to LE 560 thousand presented under the item of "Banking fees and commissions revenue" caption in the profit and loss statement and the sharing of the bank did not achieve any returns.

36 -Tax status

A. Income tax :

- As to years 1978/2004, the bank has reconciled with the Tax Authority and paid the due tax.
- As to years 2005/2006 they were inspected and resulted in tax losses
- As to year 2007/2014 they were inspected, Bank paid all accrued taxes concerned the agreed items and banks obligations relating posting of accumulated tax losses are still inspecting by Authority committee but required provisions are set these items.
- As to year 2015 bank had presented its tax return and there is no accrued taxes
- As to year 2016the bank had presented its tax return and there is no accrued taxes

B- Salaries tax:

- Inspection is done till the end of year 2015 , no tax differences are due till the end of the year 2015.
- As to year 2016/2017 the salary tax is deducted & paid to the authority according to law

c-.stamp tax :

- As for period from 1 Aug 2006 till 31December2007, actual inspection has finished with the Tax Authority and banks objections were provided in legal times and. are still conducting by Authority committee according to agreement between Egypt banking union and Authority committee

- As for period from1 Jan 2008 till 31Mar2013, actual inspection has finished with the Tax Authority and banks objections were provided in legal times- and still conducting by Authority committee according to agreement between Egypt banking union and Authority committee

- As for period from1 APR2013 till 31 Dec,2015, actual inspection has finished with the Tax Authority and banks objections were provided in legal times and. are still conducting by Authority committee according to agreement between Egypt banking union and Authority committee ,bank paid to the authority stamp tax on base of the highest used debit balance for customer during each 3 months.

- As for period from1Jan2016 till 31 December,2017, Each 3month, bank paid to the authority stamp tax on base of the highest used debit balance for customer during each 3 month and this according to tax law no. 9 for 2013.

37 – subsequent events

- On 28 Jan 2018, central bank of Egypt issued instructions concerning implementation of international financial reporting standard no.9-financial instruments- which will be applied from Jan 2019.from Mar 2018 up to 31Dec 2018, banks will issue audited financial statements according to current CBE regulations in addition to issuing experimentally financial statements in compliance with new instructions received from CBE regarding IFRS9.

IFRS 9 reserve has been formed(1% of Capital requirements for total credit weighted by risk)deducted of 2017 Net profit after income tax and to be used after central bank of Egypt approval.

-On 13 Feb 2018 the Economic court issued a judicial rule of invalidation of board of directors elections which were held on 30 April 2017.The bank hasn t been informed by executive form till the date of issuance of the auditor s report on the financial statement for the year ended 31December 2017 on 4 march 2018. According to disclosure rules,
on15 feb 2018 bank inform the Egyptian stock market with this judicial rule so ,Board with its preceding members –after adjusting some members who act as representative parties –follow up bank's business and delegate Board chairman to invite general assembly meeting to elect new Board of directors

38 - Comparative figures

Comparative figures are reclassified whenever it is necessary to conform with the presentation of the current year.