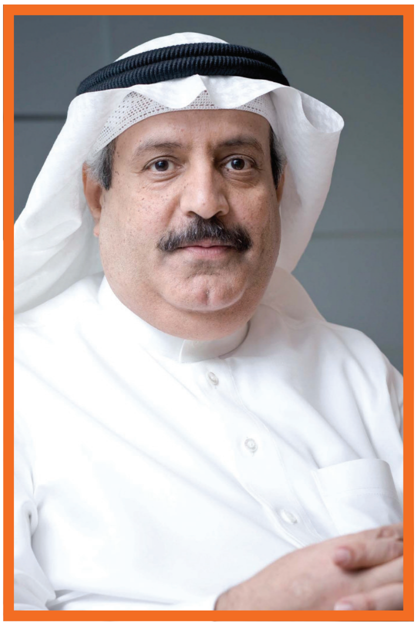
Annual Report 2015

Sheikh
Saleh Abd Allah Kamel
Chairman
Al Baraka Banking Group



His Excellency Mr.
Adnan Ahmed Yousif
Chairman

Mr. Ashraf Ahmed El Ghamrawy
Vice Chairman and Chief Executive

Contents

Introduction

The Bank has started to practice its businesses and different activities pursuant to the provisions of the tolerant Islamic Shari'a since more than twenty five years. Al Baraka Bank Egypt SAE was able as a pioneer Islamic Institution during these years to impose itself strongly in the Banking market arena in Egypt by the integrated system of Islamic developed products and services that it provides. The message of our Bank is represented in accompanying our partners along the course of success by the renewed Banking solutions that it provides via an integrated work team, complying with the principles of the magnanimous Islamic Shari'a by the guarantee of ethical and financial practices.

Under the strategy of our Bank that started with the assumption of the current executive management of the Bank, the huge positive efforts exerted and their success in implementing the strategies and policies of the Board of Directors, its plans aiming to continue the development of the activity and the volume of business to increase the market share of the Bank, the endeavor to diversify and increase its profitability position and not confining them to the returns on utilizations, the march forward in maximizing the other revenues and commissions and providing more banking services in addition to the cautious expansion in retail finance transactions in view of the current circumstances as well as the finance of small and medium enterprises in cooperation with the Social Fund and entering into syndicated finances with the biggest local and international banks for huge projects and economic feasible strategy, our Bank was capable during 2015 by the grace of Allah Almighty to achieve net profits amounting to approximately EGP 265.07 million against EGP 225.49 million during the previous year, at a rate of growth amounting to about 18%.

The total balance sheet as at 31 December 2015 amounted to EGP 28.9 billion at a rate of growth of approximately 30% above the previous year. the matter that actually reflects the positive development occurring in the volume of business of our Bank and the growth of its activities in spite of the continued non-recovery of most economic activity sectors.

The total revenues as at 31 December 2015 amounted to the sum of EGP 2500 million against EGP 1922.34 million during 2014, at an increase amounting to EGP 577.66 million at rate of growth amounting to 30% approximately which means the success of the strategy of the Bank and its policy aiming to multiply its profitability positions and diversify revenues.

The total saving pools of customers amounted to EGP 25.4 billion as at 31 December 2015 at a rate of Growth 35% above the previous year.

The Bank does not disregard its social role as a pioneer Islamic institution via endeavoring to satisfy the financial requirements of the society by practicing its business on bases of the ethics derived from the magnanimous Islamic Shari'a, together with applying the best professional standards in the manner that enables the Bank to achieve the principle of sharing the achieved gains with its partners in the society. The Social Responsibility Committee at the Bank has endorsed the determined targets by Al Baraka Banking Group and shall work within its framework during the period till 2020 through seeking to achieve the following:

- Provide new employment opportunities within the framework of the financing transactions that our bank provides.
- Provide assistance to hospitals and medical centers in all health services.
- Support and finance educational institutions and all fields related to education in Egypt.

The number of the Bank's branches currently amounts to 29 branches distributed over major Egyptian governorates and cities, in addition to the foreign currency exchange offices. There are another 2 branches that are in the construction and fitting process in New Cairo & Sheikh Zayed areas.

Moreover, the equipping of the new head office in New Cairo is currently underway. It is scheduled for the Bank to move to the new head office by the end of 2016. This will be considered a quantum and civilized leap for the Bank.

Al Baraka Bank Egypt is considered one of the tributaries of Al Baraka Banking Group (ABG) which takes Bahrain as its headquarters. The Group is considered among the pioneers in the Islamic banking business at the level of the world. It provides its distinct banking services to approximately one billion persons in the countries in which it operates. The authorized capital of the Group amounts to US$ 1.5 billion, and the total shareholders' equity amounts to US$ 2 billion. The Group has a wide and geographic propagation represented in subsidiary banking units and representative offices in three continents in fifteen states that run more than 500 branches.

Shareholders

As at 31 December 2015

Shareholders	Nationality	%
Al Baraka Banking Group	Bahrain	73.68
Misr Insurance Life Company	Egypt	5.25
Misr Insurance Company	Egypt	3.98
Dallah Company for Real Estate Investment	Egypt	3.81
Others - Individuals	Egypt	3.61
AlGabr Co. For Real Estate Investment	Qatar	2.86
Zad Holding Co.	Qatar	2.62
Others - Private Sectors	Egypt	2.11
Mohsen Badr Ali Khalafallah	Egypt	1.15
Others - Individuals	Different Nationalities	0.61
Others –Private Sectors	Different Nationalities	0.32

Report of Board of Directors
Enclosed with Financial Statements on Financial Year Ended
31 December 2015
(Prepared Pursuant to Provisions of Article 40 of Rules of Listing)

Name of company	Al Baraka Bank Egypt SAE

Basic data

Company objective	The objective of the company is to practice all banking, financial and commercial services and transactions permitted to commercial banks pursuant to amended Law Number 43/1974, amended Law Number 163/1957, Law Number 120/1975 and other Egyptian laws that regulate the business of banks, in the Egyptian currency and foreign currencies, whether to its account or the account of third party or in association with it in addition to the businesses permitted to commercial banks as well as assume all what is required by development works and projects. In general, the company carries out all banking, commercial, financial and investment business permitted to commercial banks, provided that in all cases the practice of the company to its activity would not be based on usury and would conform to the provisions of the tolerant Islamic Sharia.		
Term fixed for company	25 years expiring on 28 April 2030	**Date of listing on Stock-Exchange**	25 December1984
Governing law	Law Number 8/1997	**Nominal value of share**	EGP 7
Last authorized capital	EGP 2 000 000 000 (two billion Egyptian pounds)	**Last issued capital**	EGP 957 687 374
Last paid up capital	EGP 957 687 374	**Number & date of enrollment in Commercial Register**	143761 on 10 October 2001

Investors' relations

Name of contact person	Sabry Makin Samuel		
Address of Head Office	60 Mohy Eldin Abu El Ezz St., Dokki, Giza		
Tel. nos.	37481222/37481777	**Fax. nos**	37611436/37611437
Website	www.albaraka-bank.com.eg		
E-mail Address	financial@albaraka-bank.com.eg		

Auditors

Name of auditor	Mr. Tarek Salah Sayed Ahmed – Baker Tilly		
Date of appointment	21 April 2012		
Number of enrollment in Authority	105	**Date of enrollment in Authority**	13 November 2006

Name of auditor	Mr. Mohamed Ahmed Mahmoud Abu ElKassim–Allied for Accounting & Auditing		
Date of appointment	23 February 2013		
Number of enrollment in Authority	359	**Date of enrollment in Authority**	13 October 2008

Shareholders Structure and Ownership Percentage of Members of the Board of Directors

Holders of 5% or More of Company's Share	Number of Shares on the Financial Statements Date	Percentage %
Al Baraka Banking Group	100805613	73.68%
Misr Insurance Life company	7188997	5.25%
Total	**107994610**	**78.93%**

Ownership of Members of the Board of Directors in company's Shares	Number of Shares on the Financial Statements Date	Percentage %
Al Baraka Banking Group	100805613	73.682%
Misr Insurance Company	5449442	3.983%
Mr. Ashraf Ahmed Moustafa El- Ghamrawy	1913	0.001%
Dr. Shawky Al-Husseiny Mohamed Massoud Farag	1786	0.001%
Dr. Rokaya Riad Ismail	1399	0.001%
Dr. Hala Mohamed Saeed Mahmoud Al-Ramly	1175	0.001%
Dr. Adel Mounir Abd El-Hameed Rabeh	1175	0.001%
Total ownership of Members of the Board of Director	**106262503**	**77.67%**

Treasury Shares with Company Pursuant to Date of Purchase	Number of Shares Pursuant to Last Previous Disclosure Statement	Percentage %
N/A	N/A	N/A

Board of Directors

Last Formation of Board of Directors

Name	Post	Representation Entity	Capacity
Mr. Adnan Ahmed Yousif Abd El-Malek	Chairman	Al Baraka Banking Group	Non-executive
Mr. Ashraf Ahmed Moustafa El-Ghamrawy	Vice-Chairman & Chief Executive	Shareholders	Executive
Dr. Mohamed Nasser Salem Mohamed Abu Hamour	Member	Al Baraka Banking Group	Non-executive
Dr. Ali El-shenawy Abd El-Hady	Member	Al Baraka Banking Group	Non-executive
Mr. Sayed Ali Othman Farrag	Member	Al Baraka Banking Group	Non-executive
Dr. Shawky Al-Husseiny Mohamed Massoud Farag	Member	Al Baraka Banking Group	Non-executive
Mr. Ahmed Abu Bakr Ali Abd El-Aty	Member	Al Baraka Banking Group	Non-executive
Dr. Adel Mounir Abd El-Hameed Rabeh	Member	Shareholders	Independent Non-executive
Misr Insurance Company represented by Mr. Hussein Attallah Hussein Mohamed Shams	Member	Shareholders	Non-executive
Dr. Rokaya Riad Ismail	Member	Shareholders	Executive
Dr. Hala Mohamed Saeed Mahmoud Al-Ramly	Member	Shareholders	Independent Non-executive
Mr. Mohamed Salah El-Din Mohamed Othman	Member	Experienced	Independent Non-executive

Changes undergone on Board formation during year

The formation of the Board of Directors did not undergo any changes since the convening of the last Ordinary General Assembly of Shareholders of the Bank.

Board of Directors Meetings

The Board of Directors convened 6 times during the year.

Audit Committee

Last formation of Audit Committee:

Mr. Ahmed Abu Bakr Ali	Board Member	Head
Mr. Hussein Attallah Hussein	Board Member	Member
Dr. Adel Mounir Abd El-Hameed	Board Member	Member
Dr. Ali El-shenawy Abd El-Hady	Board Member	Member

Statement of competencies of committee and tasks entrusted thereto

Committee Objective

Assist the Board of Directors in running its supervisory responsibilities, supervise the internal audit process and audit the financial data that are scheduled to be presented to the Bank's shareholders and investors.

Committee tasks & Competencies

- Direct supervision on the Internal Audit and Follow Up Sectors and evaluation of their performance. This include the endorsement of the audit programs, the annual working plans, the periodic reports system, the type of reports and the administrative levels tabled before it drawing the attention to the major risks that the Bank faces; observing its obligations with the professional practice standards of the audit processes.

- Propose the appointment of the two auditors and fix their fees, and look into the issues related to their resignation or discharge in the manner that does not contradict the provisions of law number 88/2003 and the Law of the Accountability State Authority.

- Express the opinion with regards to the permit to entrust the two auditors to perform services in favor of the Bank apart from auditing the financial statements, and in connection with the fees assessed for them in the manner that does not prejudice the requirements of their independence.

- Discuss the subjects that the Committee deems with the CEO Assistant for Internal Audit & Follow Up and the Compliance Responsible at the Bank, the two auditors and the competent officials as well as whatever any of them deems to discuss with the Committee.

- Study the annual financial statements before submitting to the Board of Directors to ratify them.

- Peruse the annual financial statements prepared for publishing before being published and ensure that they conform to the data of the financial statements and rules of publishing issued by the Central Bank.

- Coordinate between the tasks of the internal and external audit and ensure the nonexistence of restrictions that obstruct communication between the Internal Inspection Manager, and the Two Auditors, and between the Board of Directors and the Audit Committee.

- Review and endorse the annual internal audit plan .

- Review the reports prepared by the internal audit and follow up sectors including reports related to the efficiency extent of the internal control systems at the Bank and the compliance extent with what is mentioned in them as well as follow up the recommendations of this department and the response extent of the Bank's Management to them.

- Review the reports prepared by the Compliance Responsible at the Bank, especially what relates to the breach of the legislation in force, the internal regulations of the Bank in addition to the instructions issued by the Central Bank.

- Study the obstacles that face the internal audit processes or the work of the Compliance Responsible, and propose the means guaranteeing their elimination.

- Review the report of the Internal Audit & Follow Up Sectors of the Bank with regard to the availability extent of the qualified staff at this department, the qualification level of the Compliance Responsible at the Bank and their level of training and qualification.

- Ensure that the Executive Management of the Bank audits the values of collaterals submitted by customers against the finance and credit facilities granted to them periodically and determine the procedures that should be taken to face any impairment in such values and report them to the Board of Directors of the Bank to make a decision in their concern.

- Review the procedures adopted by the management of the Bank to comply with the supervisory guidelines and standards that the Central Bank lays down and verify that the corrective procedures are taken if they are breached.

- Verify that the Bank has established a control system and has taken executive procedures for anti-money laundering transactions.

- Study the notes of the Central Bank mentioned in the reports on the inspection carried out to the Bank and its notes on the financial statements of the Bank, and furnish them to the Board of Directors accompanied by the recommendation of the Committee.

- Study the notes of the two auditors mentioned in their reports on the financial statements of the Bank and their other reports sent to the management of the Bank during the year, and furnish them to the Board of Directors accompanied by the recommendation of the Committee.

- Study the adopted accounting policies and the changes resulting from applying new accounting standards.

- Scrutinize and audit the periodic administrative reports submitted to the different administrative levels, their systems of preparation and presentation timing.

- **Examine the procedures adopted in preparing and reviewing the following:**

  * Securities' prospectuses, and public and private offers.

  * Estimates Budgets among which are cash flows statement and estimated income statement.

  - Ensure that an independent financial advisor prepares a report that is submitted to the Board of Directors on the transactions with related parties before endorsing such transactions.

Committee meetings

- The committee holds a meeting at least every quarter which is attended by the two auditors of the Bank pursuant to an invitation from its head or by a request from either one of them. The committee may seek the assistance of whoever it deems in its work. The head of the committee shall table the minutes of its meetings and its recommendations before the Board of Directors to take the decisions it deems in their concern.

- The meetings of the committee is attended by the CEO Assistant for internal Audit & follow up and the Compliance Responsible at the bank in addition to whoever the committee deems inviting from among the other members of the Board of Directors or the executive managers at the Bank without having a countable vote.

- The secretariat of the committee is assumed by the CEO Assistant for Internal Audit & Follow Up. It is imperative upon the committee to prepare an annual report on its works and its recommendations to be submitted to the Board of Directors of the Bank.

Works of committee during the year

Number of convening times of Audit Committee	6 sessions during 2015
Were the reports of the committee put forward before the Board of Directors of the Bank?	Yes, they were put forward before the Board of Directors.
Did the reports of the Committee include substantial notes that should be rectified?	There are no substantial notes that represent risk to the bank's assets, but notes pertaining to the executive and procedural aspects. The Committee issues its recommendations and the results of following up the implementation of its recommendations are put forward before the committee
Did the Board of Directors deal with the substantial notes?	No, as there are no substantial notes that represent risk to the assets of the Bank which is also reflected by the external supervisory entities, the matter that was praised by the Board of Directors.

Data on company's staff

Average number of staff at company during the year	929 employee
Average basic salary of the employee during the year	EGP 90,454 /employee

System of rewarding & inciting to employees & managers at company

Total shares available pursuant to rewarding & inciting system for employees and managers	N/A
Total rewarding & inciting shares granted to employees and managers during year	N/A
Number of beneficiaries from rewarding & inciting system for employees and managers	N/A
Total rewarding & inciting shares granted to the employees and managers since applying the system	N/A
Names & capacities of those obtained 5% or more of total shares available (or 1% of company's capital) pursuant to system	N/A

Breaches & procedures related to Law of Capital Market & Rules of Listing : N/A

Contribution of company during the year in developing the community and preserving the environment

The Bank does not disregard its social role as a pioneer Islamic institution via endeavoring to satisfy the financial requirements of the society by practicing its business on bases of the ethics derived from the magnanimous Islamic sharia, together with applying the best professional standards in a manner that enables the Bank to achieve the principle of participation in the achieved gains with its partners in the society. The Social Responsibility Committee at the Bank has ratified the determined targets by Al Baraka Banking Group (major investor) and shall work in its framework during the period till 2020 through seeking to achieve the following:

- Provide new job opportunities within the framework of financing transactions provided by our bank.
- Provide support to hospitals and medical centers in all health services.
- Support and finance educational institutions and all fields related to education in Egypt.

Honorable Shareholders

Allah's peace and blessings upon you

On my behalf and on behalf of the Board of Directors of your Bank it pleases me to submit to your excellencies the annual report on the activity of Al Baraka Bank Egypt, S.A.E. for the financial year ended 31 December 2015. In this concern I point out that in spite of the continued non-recovery of most economic activities due to the continued tough economic conditions that Egypt is witnessing, yet our Bank was able by the grace of Allah Almighty, and the efforts of its sincere Executive machinery, the strategy of its Board of Directors and follow up of the committees branching off it to maintain its share in the market, but even increase it, where the deposits of its customers rose by a rate within the limits of 35% above the previous year for their value to become EGP 25.4 billion. So was the case with the murabaha transactions, the investment operations and financial investments which increased by growth rate of 29% above the previous year for their value to become approximately EGP 25 billion. And so was the balance sheet's total rose to EGP 28.9 billion in 2015 at a rate of growth of 30% above the previous year. Such rates are considered very good if compared to similar banks.

The Bank has achieved net profits for 2015 amounting to approximately EGP 265.07 million against EGP 225.49 million in 2014 at a rate of growth of approximately 18% and a rate of growth in the net distributable profits amounting to approximately 24%, for our Bank to be able to prepare dividends draft proposed before your esteemed Assembly at a rate of 15% for 2015 of the issued and paid up capital in a value amounting to EGP 143.7 million (at the rate of 10% as cash dividends and 5% as dividend shares used in increasing the capital of the Bank).

It is worth mentioning that the average market value of the share price of our Bank during 2015 amounted to EGP 10.83/share at a rate of increase above the nominal value of the share EGP 7.00 amounting to 55% in spite of the continued decline in Egyptian and Global Exchanges.

It is also worth mentioning in this concern the good quality of the Bank's utilizations portfolio in general and the adequacy of the provisions in spite of the recession and deflation factors and their negative effect on a wide base of the banks' customers among which is included our Bank.

This report will deal with the most important results that your Bank has achieved during the financial year 2015 which reflect the positive efforts exerted on part of the Board of Directors and the executive management of the Bank.

Most Significant Indicators of Balance Sheet as at 31 December 2015

Total Balance Sheet

The total balance sheet as at 31 December 2015 amounted to EGP 28.9 billion at a rate of growth of approximately 30% above the previous year. the matter that actually reflects the positive development occurring in the volume of business of our Bank and the growth of its activities in spite of the continued non-recovery of most economic activity sectors.

Murabaha Transactions & Investments Operations & Financial Investment

The Murabaha transactions, investment operations & financial investments as at 31 December 2015 amounted to a sum within the limits of EGP 25 billion against EGP 19.4 billion by the end of the previous year, at a rate of growth of approximately 29%. This reflects the strategy of the Bank and its executive plans in continuing its strong trend to invest mainly with good customers that enjoy high credit worthiness, observing the preservation of the rates of liquidity prescribed by the Central Bank of Egypt and the cautiousness that necessitates the maintenance of high liquidity under the current economic conditions..

Fixed Assets

The balances of fixed assets – after depreciation – as at 31 December 2015 amounted to EGP 323.6 million against EGP 334.3 million as at 31 December 2014, at a decrease amounting to EGP 10.7 million as a result of the year's depreciation in the sum of EGP 22.7 million and an increase by a sum of EGP 12 million mostly represented in the value of the branch of our Bank (Al- Haram) that was inaugurated for actual operation during the financial year 2015.

Customers' Deposits

The total saving pools of customers amounted to EGP 25.4 billion as at 31 December 2015 at a rate of growth of 35% above the previous year in spite of the hard exceptional circumstances.This came in spite of what was witnessed by the Egyptian banking sector by the end of 2015 when the public sector Bank's owned by the State issued saving certificates for individuals at fixed and very high rates of return as a prior defensive step from the point of view of the Central Bank of Egypt to fight the dollarization, which was followed by some other banks among which investment banks issuing similar certificates with high return to face the competition of governmental banks in order to maintain their customers. However, the effect of issuing such certificates on the saving pools at our Bank was very limited by the grace of Allah Almighty and as a direct effect of the prompt effective procedures that were taken on part of the executive management of the Bank to maintain the base of its customers and its competitive position in the banking sector among most important of which was raising the rates of returns of some saving pools at a rate incomparable to the rates of such pools via assigning part of the share of the Bank as mudarib as well as taking the required steps towards issuing a new saving certificate (Al Barakat Certificate) whose term is 3 years at competitive rates of return and different return issuing periodicities via the assignment of the Bank of its share as mudarib ... etc. and focusing by a larger degree on the deposits of (legal) entities by increasing their attraction to the Bank .. . etc.

The growth occurring in the deposits of customers at the Bank is attributable to the presence of a wide base of customers, especially from the family sector that is distinguished by firmness and constancy reflecting the large confidence on part of the public customers with our Bank as a pioneer Islamic institution backed by a strong investor, namely "Al Baraka Banking Group".We also point out to the variety of the saving and investment pools of our Bank that satisfies the needs of wide sectors of the community with regards to the term and the periodicity of return that are constantly renewed to keep pace and to be competitive and comprehensive to all saving pools available in the Egyptian banking market (deposits, certificates, sukuk ...)

It is worth mentioning that the balance of uncostly accounts as at 31 December 2015 amounted to EGP 3198 million against EGP 2460 million as at 31 December 2014 at a rate of growth of 30%. This is attributable to the success of the policy of our Bank to implement its strategy that aims to develop uncostly and low cost deposits in view of their direct positive effect on increasing the profitability of the Bank.

Business Results
Of Financial Year Ended 31 December 2015

Under the strategy of our Bank that started with the assumption of the current executive management of the Bank, the huge positive efforts exerted and their success in implementing the strategies and policies of the Board of Directors, its plans aiming to continue the development of the activity and the volume of business to increase the market share of the Bank, the endeavor to diversify and increase its profitability position and not confining them to the returns on utilizations, the march forward in maximizing the other revenues and commissions and providing more banking services in addition to the cautious expansion in retail finance transactions in view of the current circumstances as well as the finance of small and medium enterprises in cooperation with the Social Fund and entering into syndicated finances with the biggest local and international banks for huge projects and economic feasible strategy, our Bank was capable during 2015 by the grace of Allah Almighty to achieve net profits amounting to approximately EGP 265.07 million against EGP 225.49 million during the previous year, at a rate of growth amounting to about 18% above the previous year, at a rate of growth in divisible profits compared to the previous year amounting to 24% which is a very high rate compared to the market under the current events and the unstable economic conditions that the country is witnessing; the matter that enabled our Bank to propose dividends to shareholders at the rate of 15% for financial year 2015 whose value amounts to approximately EGP 143.7 million (at the rate of 10% as cash dividends and 5% as dividend shares to be used in increasing the capital of the Bank) pending the approval of the Central Bank of Egypt and the General Assembly of the shareholders of our Bank; taking into account the following negative factors during 2015 :

- The continued unstable conditions locally and globally as well as the successive economic, political and security variables whose adverse effect extent on economic activity sectors could not be expected and the reflection of the foregoing on the banking sector

- The decrease in the margin profitability of banks in general as a result of the recent rise in the credit rates of return and the lack of clear vision with regards to debit returns in view of the inability to raise them by the same rate due to the conditions of investors in addition to the rarity of the dollar as well as the reduction occurring in the rates of banking commissions as a result of the fierce competition among banks to attract good customers in such circumstances.

- The continued support of provisions during the year of the budget under the continued negative economic repercussions due to the unstable political and security conditions that the country is experiencing and their negative effect on customers; taking into account that there is a ratio of the provisions for good debts that is being deducted. We point out in this concern to the strict instructions of the Central Bank of Egypt to create new provisions in such circumstances to face the defaulters in the settlement of indebtedness for three months and more.

- The cautious and relatively reserved credit policies at our Bank pursuant to its strategy with regards to the credit worthiness and the terms for granting finances, and the direct effect of the foregoing on the curtailment of the credit granted by our Bank to customers and consequently its reflection on the drop in the returns collected from it and profitability.

- The assets whose property has devolved to our Bank from the settlements of bad debts that are difficult to dispose of and liquidate under the current circumstances and the stillness of the real estate market which means the presence of frozen fund that do not yield return and the negative effect of the foregoing on the profitability of our Bank, in addition to supporting the banking risks reserve for such assets in implementation to the instructions of the Central Bank of Egypt in this concern.

- The lease installments of the new head office, their charge to expenses and the negative effect of the foregoing on profitability.

- The rise in the value of depreciation in light of the increase in the assets that our Bank owns.

Total Revenues

The total revenues as at 31 December 2015 amounted to the sum of EGP 2500 million against EGP 1922.34 million during 2014, at an increase amounting to EGP 577.66 million at rate of growth amounting to 30% approximately which means the success of the strategy of the Bank and its policy aiming to multiply its profitability positions and diversify revenues.

Expenses

1. Returns Expenses

The Returns Expenses during 2015 amounted to the sum of EGP 1378.46 million against EGP 1072.37 million for 2014. It is worth mentioning the severe competition among banks to attract deposit customers, especially under the issuance of public sectors banks owned by the State saving certificates to individuals at fixed and very high rates of return.

2. Administrative and Other Operating Expenses

The administrative and other operating expenses as at 31 December 2015 amounted to the sum of EGP 424.46 million. It is worth mentioning in this concern the progressive increase in the volume and cost of the operating requirements, the services, the cost of guarding and others as a result of the current conditions as well as the inauguration of a branch for our Bank (Al-Haram Branch) and the growing volume of activity of our Bank's existing branches which entails a rise in the cost of all items of general expenses in addition to the cost of the lease of the new head office in the Fifth Settlement in addition to supporting the other provisions as a result of the increase in the activity of the bank and the expansion of its business

Net Profits

Our bank achieved net profits during 2015 amounting to EGP 265.07 million against EGP 225.49 million during the previous year at a growth rate of 18% and a growth rate in the divisible profits compared to the previous year amounting to 24% for our bank to be able to propose dividends to the shareholders at the rate of 15% for financial year 2015 whose value amounts to approximately EGP 143.7 million (at the rate of 10% as cash dividends and 5% as dividend shares to be used in increasing the capital of the Bank) pending the approval of the Central Bank of Egypt and the General Assembly of the shareholders of our Bank.

Pursuant to the strategy of the Bank that agrees with the directives of the Central Bank of Egypt a rate of 5% of the issued and paid up capital of our Bank from the share of the shareholders in the profits distribution for the financial year 2015 shall be directed to increase the capital of the Bank to face the growing expansion occurring in the volume of its activity and business in general and in the field of utilization and investment in particular, and in order to maintain the capital adequacy standard as well as continue in the branching plan and the ambitious geographic propagation of our Bank.

Rates of Growth Achieved During Financial Year 2015

Item	Rate of Annual Growth During 2015
Total assets	30%
Customers' deposits	35%
Total utilizations & investments	29%
Total equity	12%
Net profit	18%
Net divisible profit	24%

It is also worth mentioning that the rate of non-performing debts amounted by the end of financial year 2015 to 5.2% of the total utilizations portfolio of customers; taking into account that such debts are covered in full by provisions in addition to the collaterals kept with the Bank.

Social Responsibility of the Bank

The Bank does not disregard its social role as a pioneer Islamic institution via endeavoring to satisfy the financial requirements of the society by practicing its business on bases of the ethics derived from the magnanimous Islamic law, together with applying the best professional standards in the manner that enables the Bank to achieve the principle of sharing the achieved gains with its partners in the society. The Social Responsibility Committee at the Bank has endorsed the determined targets by Al Baraka Banking Group and shall work within its framework during the period till 2020 through seeking to achieve the following:

- Provide new employment opportunities within the framework of the financing transactions that our bank provides.
- Provide assistance to hospitals and medical centers in all health services.
- Support and finance educational institutions and all fields related to education in Egypt.

Training & Optimum Employment of Human Resources

The human element is considered the most important asset that our Bank owns; accordingly, our Bank continuously takes several procedures and steps in order to support its human resources and raise its efficiency, where the staff is enlightened by the Islamic guidelines for banking transactions and is trained on the modern systems and technology in addition to the advanced banking industry. The staff is also trained on applying the best professional standards and practices at the highest possible skill. In addition, the administrative, job and financial structure of the Bank is constantly developed and modified, and a second strong line is formed, capable of assuming the responsibility and bearing it with efficiency in the coming phase, while aspiring to maintain a low labor turnover to keep the efficiencies available at the Bank.

Future Outlook on The Strategies of Our Bank's Business during 2016

We hereby review a summary of the most important strategies of our Bank's business during 2016

Financial Strategies

- Maximizing profitability and the return on equity.
- Diversifying profitability positions.
- Continuing to increase the capital of our Bank.
- More improvement of quality of assets.

Market Share Maximization Strategy

- Expanding in the customers' utilizations portfolio.
- Geographic expansion and propagation
- Innovating products and providing the best services
- Continuing media campaigns
- More development of relations with units of the group

Technological development & procedural policies support strategies

- Continuing the technological advancement plan.
- Risk policies and governance
- Work procedures and centralizations

Customers & Staff Satisfaction Strategies

- Achieving the maximum degrees of satisfaction to the Bank's customers.
- The optimal employment of human resources
- The role of the Bank in the field of social responsibility

Finally, we are all looking forward to the near future hoping by the Will of Allah for the conditions to stabilize, the economic circumstances in our beloved Egypt to improve and the continued success of the Bank's victorious march and the support of its boom and the leap occurring in its activity, business and profitability by your support and the efforts of the Board of Directors and the executive management of the bank.

We are full of confidence and belief in our ability to continue increase the share of our bank in the market and achieve the sought targets and hopes during the coming phase by sincerity and dedication to work; together with the collaboration of all efforts so that our Bank could occupy the position that it deserves among other banks working in Egypt.

May Allah guide us and you to prosperity and success by His Will.

Allah's peace and blessings upon you all.

Adnan Ahmed Yousif

Chairman

Board of Directors

The Board of Directors is set up of a group of members who are qualified for their posts from among individual acquiring various potentials, skills and experiences. They are fully aware, knowledgeable and understandable of the tasks of the Board of Directors, the committees in which they participate and the supervisory and legal environment surrounding the Bank.

The Board of Directors pays special attention to control and apply the rules of governance. It issues several decisions that guarantee the compliance with the requirements of governance in all aspects of work at the Bank. It also endeavors to propagate and consolidate the culture of governance, whether among its members or among all staff of the Bank.

The Board of Directors endorses and follows up the implementation of strategies and policies that determine the current and future targets and govern the work of the main activities at the Bank within the framework of the accurate specification of the trend of risks and their acceptable levels pursuant the business circumstances and environment surrounding the Bank and within the framework of specified procedures to determine, measure and control the different risks pursuant to the activities of the targeted sector; together with endorsing the limits, competencies and exceptions accepted for each type of them.

The Board of Directors assumes its specified and endorsed competencies directly either by itself and/or via the authorizations issued to the committees branching off it. It follows up continuously their work and ensures their effectiveness.

The Members of Board of Directors

H.E. Mr. Adnan Ahmed Yousif
Chairman

Mr. Adnan Ahmed Yousif is a highly regarded senior banker with over 38 years of international banking experience. He holds a Master of Business Administration degree from University of Hull, UK. He was earlier with Arab Banking Corporation, for over 20 years and last served as Director on its Board. As President & Chief Executive, Mr. Yousif has lead Al Baraka Banking Group (ABG) since inception, developing the Group into one of the largest and most diversified Islamic banking group in the world. He is also the Chairman of Al Baraka Turk Participation Bank, Banque Al Baraka D'Algerie, Al Baraka Bank Ltd. South Africa, Al Baraka Bank Lebanon, Jordan Islamic Bank, Al Baraka Bank Egypt, Al Baraka Bank Syria, Al Baraka Bank Sudan, Al Baraka Bank Pakistan Ltd, Vice Chairman of Al Baraka Islamic Bank, Bahrain and a Board member of Al Baraka Bank Tunisia. Mr. Yousif was the Chairman of the Union of Arab Banks, Lebanon for two terms (2007-2013). Besides having received many international awards including twice the Islamic Banker of the year award (2004 and 2009), he is the recipient of the Medal of Efficiency, a unique honor conferred by His Royal Highness — King Hamad Bin Isa Al Khalifa, the King of the Kingdom of Bahrain during the year 2011. Mr. Adnan Ahmed Yousif was honored with the Tatweej Award for Excellence in leadership and institutional performance in the category —"Wise Leadership in the field of Arab banking for 2012" granted by the Arab Administrative Development Organization - an Organization affiliated to the Arab league — in cooperation with the Tatweej Academy. In addition, he was awarded by LARIBA American Finance House the 2012 "LARIBA Award for Excellence in Achievement", in recognition of his leadership role in consolidating and operating the largest diversified Islamic Banking Group in the world.

H.E. Mr. Ashraf Ahmed Moustafa El-Ghamrawy
Vice Chairman and Chief Executive

Bachelor of Commerce, 1977, Ein Shams University; Professional Diploma in Advanced Bank Credit, 2000. Currently, Chairman of the Egyptian Saudi Finance Company for Real-Estate Investment; Board Member and Chairman of the Audit Committee of the Egyptian Takaful (Property & Liability); Board Member of the Egyptian Company for the Shopping Centers Development; and of Al-Tawfeek Leasing Co., and Board Member of Trustees and Treasurer of the Egyptian Zakat Institution. Board Member and Member of the Risk Committee of Al Baraka Islamic Bank -Bahrain; and Member of the Faculty of Commerce (Males) Council, Al-Azhar University; Member of the Accounting and Auditing Organization for Islamic Financial Institutions, and Member of the General Council for Islamic Banks and Financial Institutions. Member of the Union of Arab Banks; Member of Arab Academy for Banking and Financial Sciences; Member of the Islamic Financial Services Board; and Representative of Al Baraka Bank Egypt in the Federation of Egyptian Banks (FEB)

H.E. Dr. Mohamed Nasser Salem Abu Hamour

PHD Economics, UK 1997; Occupied position of Minister of Finance, Jordan, 2009-2011; and Minister of Industry and Trade, Jordan, 7/2003 - 10/2003; Secretary General of the Ministry of Finance, 2000 -2003. Worked at the Central Bank of Jordan from 1987 to 1998. Part time Lecturer at University of Jordan, 1988. Occupying the Post of Chairman of the Board of Directors of a number of Jordanian Companies and Corporations, such as: (Arab Potash Company Ltd.; Irbid District Electricity Co; Free-Zone Corporation; Industrial Estates Corporation, Jordan Institution for Investment).

H.E. Mr. Mohamed Salah El-Din Mohamed Othman

Bachelor of Commerce 1968; He served as General Manager of Arab International Bank. Currently, Member of the Board of Directors of Sues Canal Company for Technology Settling since 2008; Trustees of 6th of October University since 2008, Société des Études et Développement -Tunisia since 2004; Board Member of Suez Canal Bank from 2004 to 2007.

H.E. Dr. Shawky Al-Husseiny Mohamed Massoud Farag

PHD in Accounting, 1967 from the U.S.A; worked as Professor and Head of the Accounting Section at the Faculty of Business Administration - American University, Cairo, and Board Member of National Bank of Egypt, 1991-2002; and as Advisor to the Governor of the Central Bank of Egypt and Executive Manager of the Egyptian Banking Institute, 1992-2002; Board Member of National Bank of Egypt, (UK) Limited, London, 2000-2002; as well as of the Metal Industries Holding Company, 1992-2005

H.E. Mr. Sayed Ali Othman

Bachelor of Commerce Business Administration, 1971; Post Graduate Diploma in Accountancy and Auditing, 1979; He Served as Member of the Board of Directors of the National Company for Maize Products; as well as of the National Company for the [Railways] Sleeping-Cars' & Touristic Services; Advisor, Debts and Private Investments Processing, Banque Misr, 2006-2010. Formerly, Board Member of Export Development Bank of Egypt; Arab Contractors Company, Gulf Egypt for Hotels and Tourism and Egyptian Workers Bank

H.E. Mr. Ahmed Abu Bakr Ali Abd EL-Aty

Bachelor of Commerce, 1964; and joined the service of the National Bank of Egypt since graduation till 2001. Appointed as Vice- Chairman for Dream Land Group, and as, Vice-Chairman of the National Bank of Egypt 2002-2005

H.E. Dr. Ali El Shenawy Abd El-Hady

Dr. Ali Hady is distinguished University Professor at the American University in Cairo. Head of the Department of Mathematics and Actuarial science. Director and founder of the Actuarial Science program. President of the statistical Association in the Islamic Countries. Formerly Deputy Director of the American University in Cairo and Emeritus Professor at Cornell University USA. Bachelor of Commerce Accounting section in 1972 Ein Shams University. Holds PHD with honors in statistics and master of philosophy in statistics and master of science in statistics. Has won numerous awards in scientific research. Member of the board of directors in several institutions and companies. occupies many academic position at Egyptian and Foreign universities, has many scientific writings and is a lecturer at International and scientific conferences.

H.E. Mr. Hussein Atallah Hussein (Misr Insurance Company Representative)

Bachelor of Commerce Accounting section, Ein Shams University 1983, Post Graduate Diploma in Insurance, Cairo University 1990, Advanced Insurance Post Graduate Diploma - Chartered Insurance Institute -London (Grade Rafik) 2004. Mr. Hussein worked in all fields of business insurance since 1986 especially domestic and external aviation insurance , compensation aviation and special risks. He received specialized training courses in the fields of aviation insurance, specialized re-insurance and subscription training course in aviation insurance. In addition of a specialized course in satellite engineering industrial during the period from 15/12/2013 to 19/12/2013 at University of Southampton. He succeeded in representing Misr Insurance Company in many aviation and aerospace insurance conferences, occupied various positions in the company, currently he is Head of Special Risk Sector.

H.E. Dr. Adel Mounir Abd EL-Hameed Rabeh

He holds Bachelor of Commerce, Division of Insurance from Cairo University, Ph.D. in philosophy from the University of Pennsylvania, USA and Master of Insurance. Occupies the post of Deputy Chairman of Misr Insurance Holding Co. and Vice Chairman of the General Committee for Financial Supervision and a Member of the Executive Committee of the International Association of Insurance Supervisors and Chairman of the World Commission for the application of the principles of Practice proper behavior of the market and is assigned part-time at the Faculty of Commerce, Cairo University as well as occupying many functions in bodies and universities in his field . He participates in many committees, seminars and specialized workshops locally and internationally .He also took part in the preparation of many of the bills and has many research and specialized studies

H.E. Dr. Rokaya Riad Ismail

She holds Bachelor of Law, Cairo University, doctorate in public law in addition to the post-graduate diploma in public law and administrative sciences .Occupied the position of Member of the Board of Directors of several companies - member of Union Internationale des Avocats and certified International Arbitrator. Participates as a lecturer in specialized institutes as well as local and international seminars and has many studies and researches. Dr. Rokaya occupies the position of legal adviser for the Federation of Egyptian Banks (part-time) as well as a legal adviser to the Bank and supervising the Legal Sector

H.E. Dr. Hala Mohamed Saeed Mahmoud Al- Ramly

Dr. Hala Al-Ramly is Associate Professor of economics and the former Chair of the Department of Economics at the American University in Cairo (AUC).She received her Ph.D. (1993) in economics from The University of Houston, and her BA in economics from AUC (1985). Al-Ramly joined AUC in 1999.Before joining AUC, she worked at the University of Houston and Team International Management Consultants. Her research interests are in the area of macroeconomics and international monetary economics. She has several publications and gave several conference presentations. She also served as a consultant for the African Development Bank

Top Executive Management

The Board of Directors always endeavors to keep attracting a unique group of members of the top management for the Bank that enjoys distinct experiences, high potentials and future vision for practicing good management and leadership for the staff of the Bank; together with determining the methods and means of communication via appropriate opened channels to achieve the required harmony between the top management of the Bank and the Board of Directors and its committees in the manner that achieves to the Board the constant supervision and the follow up of the work of the executive management at the Bank.

This is achieved by an organization chart with specific responsibilities that guarantee the presence of an effective system for internal control of all banking transactions continuously, based on segregating the tasks and avoiding conflict of interests.

The top management of the Bank applies strategies and policies that are ratified by the Board of Directors and ensures their activation. Its submits proposals for their development or amendment and implements the required steps and procedures to determine, measure, follow up, control and reduce risks and their minimizing methods.

Governance & compliance

Our Bank has complied and concurred with the instructions of governance starting from Feb. 2011 in the wake of the ratification of our Bank to the institutional system guide and the rules of good governance. The Bank continued applying the rules and standards of governance in the manner mentioned in the Governance Guide (Supervisory Instructions) which was endorsed in Aug. 2012 which agrees with the instructions of the Central Bank of Egypt. It also complied with the best international practices in the field of internal control systems and anchored the concept of governance at the banking sector issued by the Central Bank of Egypt in Sept. 2014.

During 2014 the Board of Directors adopted several decisions pertaining to the aspects of applying governance, whether related to the Board itself or the committees branching off it, including determining the tasks, duties and responsibilities that guarantee the harmony of the administrative structure of the Bank and the correlated relationships among the Board, its committees, the executive management and the other parties pursuant to the rules of governance that regulate such relationships within the framework of the general strategy of the Bank that determines the targets, the means of achieving them and following up their implementation on part of the executive management and ensuring the effectiveness of the internal control systems and risk management in the manner that guarantees that the activity of the Bank is conducted in a safe and sound approach within the framework of complying with the laws and guidelines in force and applying the principles of disclosure and transparency.

The Board evaluates its performance as a whole and at the level of each member of the Board separately, including the evaluation of the performance of the committees branching off it.

Major shareholder of the Bank - Al Baraka Banking Group

Al Baraka Banking Group is a Bahraini joint-stock company licensed as an Islamic Wholesale Bank by the Central Bank of Bahrain. It is listed on Bahrain Stock-Exchange and on Dubai NASDAQ Stock-Exchange. Al Baraka Banking Group is considered among the pioneers in the Islamic banking business at the level of the world, as it provides its distinctive banking services to approximately one billion persons in the countries wherein it operates. The Group has earned a credit rating of BB+ for long term liabilities and B for short term liabilities by Standard & Poor's International Company. Al Baraka banks provide their banking and financial products and services pursuant to the principles of the provisions of the magnanimous Islamic Shari'a in the fields of retail banking, trade and investment in addition to treasury services.
The authorized capital of the Group amounts to US$ 1.5 billion and total equity amounts to approx. US$ 2 billion.

Performance evaluation

Coping with the approved policy of governance ratified for our Bank, our Bank has taken official procedures with the objective of enabling the Board of Directors to officially evaluate its performance as a whole, its members as individuals and the committees branching off it pursuant to authenticated models.

Disclosure and transparency

The bank applies the principle of disclosure and transparency in all its businesses within the framework of complying with the governance instructions, the rules issued by supervisory entities and the requirements of banking standards by providing the data and information that it is authorized to publish via the different mass media on the webpage of the official website of the Bank (www.Albaraka- bank.com.eg) in a full manner that agrees with the requirements of Al Baraka Banking Group (main investor of the Bank) in the manner that guarantees giving access to all visitors and concerned persons to all what relates to conformity, compliance and anti-money laundering and combating the finance of terrorism to the competent entities. They also include an overview of the compliance of our Bank with the Foreign Account Tax Compliance Act (FATCA) of America.

Conflict of interests

The Board of Directors endorses policies related to the management of any conflict of interests and applies them to the Board of Directors, the executive management, the staff and direct or indirect related entities.

The annual financial report of the Bank shows a detailed explanation of any transactions that could represent conflict of interests. Any transactions that could represent conflict of interests whether with regards to the members of the Board of Directors, the executive management, the staff of the Bank and other related entities are put forward and endorsed by the Board of Directors.

Preserving rights of shareholders

The Board of Directors adopts the policy of opening communication channels with the shareholders within the framework of learning of the opinions of major shareholders with regards to the performance of the Bank. This is carried out via the meetings of the general assembly of the Bank's shareholders that are held annually to encourage their effective participation in such meetings. Shareholders are provided with sufficient information at the right time with regards to the date, venue and the agenda of the assembly, and they are given the opportunity and are enabled to address their questions, whether oral or written within the framework of the compliance with Corporate Law no. 159/1981.

Social responsibility

This is one of the strategic determinants that the Bank adopts with the aim of attaining the best practices at the local and regional level. The Bank endeavors to provide high quality financial and banking services to all categories and all type of sectors/segments of the community. Its work is governed by complying with the principles of the magnanimous Islamic Shari'a that prompt paying attention to the environment and the community. The Bank endeavors to achieve continued results based on the trust emanating from the content of the Bank's customers and shareholders, deepening the sense of allegiance and belonging for all employees of the Bank and the watchful follow up of the requirements of the community and the environment.

Our Bank complies with protecting human rights, admitting the principles of employees' rights and the contribution to fighting financial crimes.

Within the framework of activating the role of the Bank in the field of social responsibility, the Board of Directors established a committee branching off it (Social Responsibility Committee) and determined for it the powers, responsibilities and competencies to look after the activities of the social responsibility programs addressed to the surrounding environment as determined by the Board of Directors and as agreed upon pursuant the sums of the budget appropriated for this activity during each financial year. In addition, it established the Social Responsibility Committee (internally) to cooperate with the committee branching off the Board of Directors in performing its tasks.

Spreading the culture of governance at our Bank

Our Bank endeavors to spread the culture of governance and encourage the top management, all employees as well as the customers of the Bank to apply the practices of governance. Such rules are established via the training courses that the employees at the Bank obtain from specialized training entities with the aim to spread the culture and raise the knowledge of all employees of the principles and applications of good governance through ambitious plans to lay the rules of governance and the constant intensification of the training courses in this field for all employees at the Bank and the top management; the matter that will have a good turnout for the comprehension and the good application of such rules.

Compliance with applying conformity & compliance policies

Since 2008 our bank has laid down policies for conformity and compliance aiming to document the tasks and responsibilities correlated to them. Such policy was updated based on the principles mentioned in the legislation, laws, decisions and instructions issued by the supervisory authorities, in addition to the policies and procedures of the Bank and the trends of Al Baraka Banking Group, the main investor of the Bank that influence the transactions implemented at the Bank in the manner that conforms to the banking customs, international rules and the principles of corporate governance and the compliance of the ethical standards and the practices of good business together with complying with transparency in the manner that maintains the highest amount of good reputation to our Bank. What consolidates such policies is that all employees at the Bank are responsible and are committed to the rules, procedures and responsibilities of conformity and compliance in all their work and they are shared in doing so by all managers including the top management of the Bank.

A periodic quarterly report is submitted on the activity of conformity and compliance to the Audit Committee branching off the Board of Directors after furnishing the Vice-Chairman of the Board of Directors and the CEO with a copy of it at the same time to take the required rectifying procedures (if need may be), together with putting it forward before the Audit Committee in its first following meeting in the manner that guarantees the following :

- The implementation of the transactions of the Bank via an integrated framework of internal and external instructions, the compliance with the banking rules (such as the rules of Know Your Customer "KYC"), controlling the money laundering and combating the finance of terrorism operations as well as international trends such as the Foreign Account Tax Compliance Act (FATCA) for Americans.
- Notifying the Compliance Chief/Officer with the default of any manager or employee in his duties towards the process of complying with the laws and regulations.

Islamic Shari'a operating risks

Our Bank, Al Baraka Bank Egypt practices all banking services and transactions, businesses and investments authorized to commercial banks on a non-usurious basis in the manner that agrees with the provisions and principles of the magnanimous Islamic Shari'a under the laws that regulate the foregoing.

Our bank belongs to Al Baraka Banking Group (main investors of the bank) considering it one of its units, where the group represents one of the biggest banking entities in the world that complies with applying the provisions and principles of the Islamic Shari'a in all its transactions.

This is consolidated by the fact that the organization chart of the Bank includes the Shari'a Supervisory Board that reports directly to the Board of Directors. It comprises three individuals from among the biggest scientists specialized in Islamic financial transactions and Shari'a well known for their sound Islamic opinion and profound knowledge of the transactions jurisprudence. The Board studies and scrutinizes the models of practical contracts and agreements, the procedural and technical evidences and the models used in the activities of the Bank, as well as any new products from the Islamic aspect. It issues decisions, recommendation and opinions that form to the Islamic Shari'a "Fatwa" in their final form. Its decisions are considered binding.

The Board through the endorsed mechanism inspects and audits the transactions of the Bank and audits and inspects the revenues of the Bank and their sources through the quarterly financial positions before their endorsement. It submits reports through its periodic meetings, in addition to its annual independent report on the compliance extent of the Bank with all requirements of the Islamic Shari'a which it publishes within the annual financial report of the Bank.

In deepening this role, the Bank has appointed an internal Islamic Shari'a auditor that follows up and implements all Religious opinions, "Fatwa" provisions and recommendations issued by the Shari'a Supervisory Board pays field visits to all branches of the Bank to ensure the compliance with the foregoing in the daily businesses that the Bank performs, explains and draws the points of view of the Islamic Shari'a visions and the problems of application closer to each other. He puts forward the reports before the Shari'a Supervisory Board and the top management of the Bank. He has the authority to direct the competent entities to rectify the detected faults that do not conform to the Islamic Shari'a that could be corrected immediately.

Board of Directors' Committees

The Board of Directors issues its decisions on establishing and forming committees branching off it as stipulated by the supervisory instructions of governance, in addition to the other committees that branch off it which contribute to managing and controlling the bank's activities and sectors; together with correlating the formation of the committees and their competencies to the experiences of their members with regards to the financial, banking, economic and legal aspects pursuant to the competencies issued to such committees.

The committees branching off the Board of Directors practice their responsibilities and duties within the framework of the competencies, powers and authorizations issued to them by the Board of Directors which agree with the requirements of governance by adopting the latest and best banking methods in following up and controlling the banking businesses entrusted to them. The formation of the committees and convening number of times also agrees with the requirements of governance and the Laws and guidelines in force.

1. Governance & Nominations Committee

The committee comprises three non-executive members of the Board of Directors. It is basically concerned, in addition to the other tasks, with the periodic evaluation of the governance system at the Bank, the proposal of the appropriate changes in the ratified governance policies, the submittal of proposals, the periodic supervision of the governance policies and practices in addition to ensuring the compliance of the Bank with the optimum practice standards, the local laws and legislation, the supervisory instructions and the directives of Al Baraka Banking Group in this concern as well as all what relates to nominating the independent members of the Board of Directors, the appointment or renewal of the membership or the dismissal of one of the members of the Board of Directors.

2. Executive Committee

The committee is set up pursuant to what is mentioned in Article no. 82 of law no. 88/2003 from 7 members and is chaired by the Vice-Chairman of the Board of Directors and the CEO. It is particularly competent, pursuant to what is mentioned in Article no. 29 of the Executive Regulations of the same law in addition to the other competencies entrusted to it by the Board of Directors, to study and make decisions in connection with the financing and the facilities that the Bank grants within the framework of the competencies granted by the Board of Directors, express the opinion with regards to the customers' internal credit rating reports and express the opinion with regards to the organization chart and the job structure at the Bank.

3. Audit Committee

The committee is set up pursuant to what is mentioned in Article no. 82 of Law no. 88/2003 from three non-executive members. Its competencies, pursuant to what is mentioned in Article no. 27 of the Executive Regulations of the same law, is represented mainly in assisting the Board of Directors in managing its supervisory responsibilities, verifying the independence of the internal audit at the Bank as well as the Bank's external auditors, evaluating the integrity of the financial data of the Bank and guaranteeing the compliance of the Bank with effective internal audit procedures in addition to the other competencies entrusted to it by the Board of Directors. Its meetings are attended by the Head of the Internal Audit and Follow up Sectors at the bank.

4. Risk Committee

The committee is set up from three non-executive members. Its meetings are attended by the Head of the Risk Sector at the Bank. The committee is competent to follow up the compliance extent with the strategies and policies endorsed for the Bank, submits proposals in their concern and in particular what relates to the strategies of the capital, the Credit Risks Department, the liquidity risks, the market risks and the compliance and reputation risks. It lays down and implements a framework for the Risk and Control Departments at the Bank, follow up their work and evaluate the effects of such risks on achieving the targets of the Bank; together with guaranteeing the application of effective work policies, systems and evidences to manage all types of risks that the Bank faces and ensuring the effectiveness and efficiency of the Risk Department at the Bank with regards to determining, monitoring, measuring, following-up, controlling and reducing, minimizing the Bank's overall exposures to risks.

5. Payrolls Committee

The committee is set up from three non-executive members of the Board of Directors (in addition to the CEO of the Bank). The committee is chaired by an independent non-executive member. It is competent to ensure the independent supervision of all elements of the payrolls and the other incentives structure agreed upon in addition to determining the remunerations of the senior executives at the Bank, submitting its proposals with regards to the remunerations of the members of the Board of Directors, together with its concern with the supervisory jobs at the Bank (Risk Department — Compliance Department — Internal Audit) so that their variable salaries would reflect the performance level of the Bank and the risks to which it was exposed, and in general audit, develop and update the nominations and remunerations' policies at the Bank with the objective of evaluating them, measuring the extent of their appropriateness with other institutions and ensuring the ability of the Bank to attract and maintain the best elements.

The succession plan at the Bank which covers the labor turnover risk and which aim to provide a second and third row of leaders acquiring the potential and the efficiency to run the business in an effective way in case a job is vacated from its original occupant has been endorsed.

6. Social Responsibility Committee

The general targets of the Committee is represented in submitting recommendations to the Board of Directors with regards to any and all issues that arise from the program of Al Baraka Bank Egypt for social responsibility in addition to taking along other relevant issues. Moreover, the targets of the Committee includes as well guaranteeing that Al Baraka Bank Egypt's social responsibility program would be a pioneer in the social responsibility in its vision and strategy.

A decision is issued by the Board of Directors on the set up of the Committee, the capacity of its members, its convening periodicity, its responsibilities, duties and powers.

7. Credit Committee

The Committee verifies that the handling of the executive management of the Bank to the credit risks conforms to the decisions of the Board of Directors of the Bank in connection with the degrees of the accepted risk appetite, the minimum levels of credit rating and the utilization and financing policies at the Bank.

It verifies and ensures that the executive management of the Bank adopts the appropriate procedure to identify — and determine — the problems existing in the utilization and investment portfolio at an early stage in order to take the required rectifiable procedures and to form the sufficient volume of provision to face the utilization and investment losses and the preservation of this provision.

The Committee also decides whether or not the systems of controlling the utilization and investment risks are carried out according to what is required in the manner that guarantees the compliance with the laws, instructions and systems correlated to credit.

The Committee also evaluates the credit applications (pursuant to the powers granted to it by the Board) and evaluates the credit risks in all other business activities such as trading in securities, transactions of the foreign market exchange and borrowing by the collateral of shares.

A decision is issued by the Board of Directors on the set up of the Committee, the capacity of its members, its convening periodicity, its responsibilities, duties and powers.

8. Branches Committee

This Committee is entrusted with the process of purchasing, fitting, preparing for new Branches and the renovation of the Bank's new headquarter and its Branches that needs improvements, ratifying the spending of the amounts prescribed in the items of the ratified budget as well as the special and/or determined approvals issued by the Board of Directors for establishing, fitting and renovating branches, Foreign currencies exchange outlets and service offices. The preparation of the required studies on the foregoing for opening new branches, Foreign exchange outlets , and offices, including required budgets and cost estimation along with their recommendation to the Board of Directors for examination and ratification.

The Committee also reviews the tenders and mutual practices' policies at the Bank in the manner that guarantees verifying that the Bank adopts the best approaches with regards to tenders' procedures in the manner that also guarantees the compliance with all laws and the regulations of the Bank during looking into such tenders.
A decision is issued by the Board of Directors on the set up of the Committee, the capacity of its members, its convening periodicity, its responsibilities, duties and powers.

9. Top Management Committee

The Top Management Committee branching off the Board of Directors (Board Committee) represents the highest administrative authority after the Board of Directors. It is the main entity in charge of the detailed audits of the operating activities and information. The committee practices its work within the framework of the competencies and authorities prescribed for it by the Board of Directors. It acts on behalf of the Board and delegates by its powers in cases of necessity, hastiness and the difficult convening of the Board in full for any reason. This Committee is chaired by the Chairman of the Board of Directors and its formation includes the majority of members of the Board of Directors; consequently, its decisions acquire the force of the decisions of the Board of Directors by the majority.

A decision is issued by the Board of Directors on the set up of the Committee, the capacity of its members, its convening periodicity, its responsibilities, duties and powers.

10. Zakah Fund Committee

The main task of the Zakah Fund Committee is to look into spending the Zakah due on the Financial results of the Bank's activity achievement in its legal outlets pursuant to what is determined in the work system ratified for the Fund and in light of what is ratified and approved by the Islamic Shari'a advisor to Al Baraka Bank Egypt.

11. Shari'a Supervisory Board

The Shari'a Supervisory Board of Al Baraka Bank Egypt in an independent body comprising scientists specialized in the Islamic Shari'a and the transactions jurisprudence. It is entrusted with directing the activities of the Bank, controlling and supervising them to ensure that they comply — in all fields of business, services and products — with the principles and provisions of the Islamic Shari'a.

12. Internal Islamic Audit

An independent unit that reports directly to the Shari'a Supervisory Board from the technical aspect. It comprises one person or more entrusted with the task and responsibility of inspecting, rectifying and ensuring the compliance extent of the Bank with the Islamic Shari'a application in its transactions pursuant to the decisions and Religious opinions "Fatwa" of the Shari'a Supervisory Board.

The Board directs the internal Islamic auditor to assume auditing and controlling the compliance with the decisions issued by the Shari'a Supervisory Board and the requirements of the compliance with the Islamic Shari'a at the Bank upon carrying out, processing transactions and the immediate amendment, correction of any deficiency aspects that does not comply with Islamic Shari'a. It prepares a bi-annual report on the results of the foregoing to be tabled before the Board, together with furnishing the Audit Committee branching off the Board of Directors with a summary of this report.

13. Members of the Top Executive Management of the Bank

Mrs. Zeinab Mohamed El Bahey El Safty,
CEO Consultant

Mr. Samy Fathy Mohamed Abd El Gawwad,
Deputy CEO

Mr. Salah Hassan Sweify Ali,
CEO Assistant for Internal Audit & Follow Up.

Mr. Hazem Mohamed Moustafa,
CEO Assistant of Marketing, Finance & Investment.

Mr. Mohamed Reda Ahmed Mostafa,
In Charge of Foreign Operations Sector.

Mrs. Mushira Mohamed Fathy Dakroury,
In Charge of Risk Sector

Mr. Ali Ismail Ali Ismail,
In Charge of International Relations & Financial Investments Accounts Sector

Mr. Tarek Salah Eldin El Dafrawy,
In Charge of Branches and Centralization Sector

Mr. Mahmoud Mohamed Saad Maher,
In Charge of Legal Affairs Sector

Dr. Adel Mohamed Ahmed El Alem,
In Charge of Information Systems Sector

Mr. Emad Mohamed Shalaby Mohamed,
In Charge of General Department for Compliance

Report of the Shari'a Supervisory Board

To The Shareholders of Al Baraka Bank Egypt

Allah's peace and blessings upon you all

Pursuant to Article 29 of the Articles of Association of the Bank, the Shari'a Supervisory Board hereby submits its following report to the shareholders of Al Baraka Bank Egypt.

We have monitored the principles used and the contracts related to the dealings and the applications that the Bank has launched during and until the end of December 2015. Our monitoring was carried out to ensure that the Bank has complied with the provisions and principles of the Islamic Shari'a as well as the specific Fatwas, decisions and recommendations that we have issued.

We have carried out our monitoring that included documentation bases and the procedures adopted by the Bank on basis of testing each kind of transaction.

It is the responsibility of the management to ensure that the Bank operates pursuant to the provisions and principles of the Islamic Shari'a. Our responsibility is confined in expressing an independent opinion pursuant to our monitoring to the Bank's transactions and in preparing a report to you.

We have planned and implemented our monitoring in order to obtain all information and interpretations that we have considered necessary to provide us with sufficient evidences to give reasonable confirmation that the bank did not violate the provisions and principles of the Islamic Shari'a.

We believe that

A. The contracts, transactions and dealings that the Bank concluded during the year ended 31 December 2015 were carried out pursuant to the provisions and principles of the Islamic Shari'a.

B. That the distribution of profits agrees with the basis that was accredited and that the dividends distributed among the holders of equity and the owners of investment accounts were paid according to the contracts concluded with them.

C. In view of the fact that the Articles of Association compels the Bank to pay the Zakah, it was calculated and paid in its legitimate outlets.

We pray to Allah Almighty to guide us to victory and prosperity.
Allah's peace and blessing upon you.

Dr. Abdul Sattar Abu Ghudah	Dr. Ahmed Mohiyeldin	Dr. Hassanein Abdulmonem Hassanein
Chairman **Shari'a Supervisory Board**	**Member &Vice Chairman** **Shari'a Supervisory Board**	**Member** **Shari'a Supervisory Board**

Cairo: 12 January 2016

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
TOGETHER WITH AUDITORS' REPORT

Auditors' Report

To the Shareholders of Al Baraka Bank Egypt

Report on the financial statements

We have audited the accompanying financial statements of Al Baraka Bank Egypt(S.A.E) which comprise of the balance sheet as at 31 December 2015 and the related statements of income, changes in equity and cash flows 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 a fair and clear manner in accordance with the rules of preparing and presenting the financial statements issued by the Central Bank of Egypt on 16 December 2008 and in light of the prevailing Egyptian laws .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; this responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Al Baraka Bank Egypt (S.A.E) as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the rules of preparing and presenting the financial statements issued by the Central Bank of Egypt on 16 December 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Legal and Other Regulatory Requirements

According to the information and explanations given to us during the financial year ended 31 December 2015, no contravention of the Central Bank, banking and monetary institutions Law no. 88 of 2003 and articles of incorporation were noted.

The bank maintains proper books of account, which include all that is required by law and by the statutes of the bank; the financial statements are in agreement thereto.

The financial information included in the Board of Directors' report which is prepared according to law no 159 of 1981 and its executive regulations , is in agreement with the books of the Bank insofar as such information is recorded therein.

Cairo: 23 January 2016

Auditors

Mohamed Ahmed Abu Elkassim

Allied for Accounting & Auditing - EY

Public Accountants & Consultants

Tarek Salah

Wahid Abdel Ghaffar & Co. - BT

Public Accountants & Consultants

BALANCE SHEET

For The Year Ended 31 December 2015

LE

	Note	31 December 2015	31 December 2014
Assets			
Cash and due from Central Bank of Egypt	(15)	**2 482 752 096**	1 850 297 395
Due from banks	(16)	**2 812 246 329**	1 398 087 568
Governmental notes	(17)	**4 594 798 660**	3 604 639 048
Investment operations with banks	(18)	**627 528 802**	626 177 462
Murabaha, Mudaraba and Musharka for customers	(19)	**9 277 145 185**	8 462 499 124
Al Ahram Bank loans	(19)	**-**	-
Financial Investments			
Available -for- sale	(20)	**45 934 100**	136 690 160
Held -to- maturity	(20)	**7 913 950 245**	5 303 203 454
Investments in subsidiaries and associates	(21)	**2 275 000**	2 275 000
Other assets	(22)	**819 797 266**	561 805 970
Fixed assets	(24)	**323 601 905**	334 271 033
Total assets		**28 900 029 588**	22 279 946 214
Liabilities and Equity			
Liabilities			
Due to banks	(25)	**669 688 136**	928 870 415
Customers' deposits	(26)	**25 351 887 647**	18 828 036 360
Other finances	(27)	**175 413 252**	184 530 329
Other liabilities	(28)	**1 028 277 602**	901 859 192
Other provisions	(29)	**85 562 354**	49 636 420
Current income tax liabilities		**98 751 197**	58 162 765
Deferred tax liabilities	(23)	**1 764 832**	1 239 475
Total liabilities		**27 411 345 020**	20 952 334 956
Equity			
Paid-in capital	(30)	**957 687 374**	895 034 931
Reserves	(31)	**283 312 435**	232 122 519
Retained earnings	(32)	**247 684 759**	200 453 808
Total equity		**1 488 684 568**	1 327 611 258
Total liabilities and equity		**28 900 029 588**	22 279 946 214

Ashraf Ahmed El Ghamrawy

Vice Chairman and Chief Executive

Adnan Ahmed Yousif

Chairman

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

STATEMENT OF INCOME

For The Year Ended 31 December 2015

LE

	Note	31 December 2015	31 December 2014
Return on Murabaha, Mudaraba, Musharka and similar revenues	(6)	**2 310 214 322**	1 784 855 856
Cost of deposits and similar costs	(6)	**(1 378 455 723)**	(1 072 367 673)
Net income from return		**931 758 599**	712 488 183
Fees and commissions income	(7)	**134 551 917**	114 758 518
Fees and commissions expenses	(7)	**(5 132 384)**	(4 322 730)
Net income from fees and commissions		**129 419 533**	110 435 788
Dividends income	(8)	**5 134 277**	5 441 454
Net trading income	(9)	**36 349 342**	16 770 001
Financial investments gains	(20)	**13 781 229**	516 450
Impairment reversal of credit losses	(12)	**(192 792 493)**	(102 332 541)
Administrative expenses	(10)	**(316 599 959)**	(266 885 738)
Zakah and Charity Donations Fund support		**(5 140 820)**	(8 830 230)
Other operating revenues (expenses)	(11)	**(107 857 589)**	(96 694 768)
Profit before income tax		**494 052 119**	370 908 599
Income tax (expenses)	(13)	**(228 985 656)**	(145 423 235)
Net profit for the year		**265 066 463**	225 485 364
Earnings per share	(14)	**1.66**	1.42

Ashraf Ahmed El Ghamrawy

Vice Chairman and Chief Executive

Adnan Ahmed Yousif

Chairman

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

STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2015

LE

	Note	31 December 2015	31 December 2014
Cash flows from operating activities			
Net profit before income tax		**494 052 119**	370 908 599
Adjustments to reconcile net profit to cash flows from operating activities			
Fixed assets depreciation	(24)	**22 666 384**	18 060 010
Bonds premium / discount amortization	(20)	**(18 752 965)**	(27 466 918)
Impairment of assets	(12)	**192 792 493**	102 332 541
Other provision burden	(11)	**37 400 835**	19 548 801
Foreign exchange revaluation differences of other provisions	(29)	**336 627**	79 182
(Gain) from sale of financial investments	(20)	**(14 061 229)**	(2 373 498)
Impairment of available for sale equity / debt instruments	(20)	**280 000**	1 857 048
Foreign exchange revaluation differences of financial investments	(20/31E)	**(50 437 308)**	(11 147 508)
(Gain) from sale of fixed assets	(11)	**(1 371 463)**	(413 451)
Dividends income	(8)	**(5 134 277)**	(5 441 454)
Used from the other provisions	(29)	**(1 811 528)**	(1 074 680)
Evaluation difference of subordinated finance	(27B)	**11 800 000**	4 030 000
Operating profit before changes in assets and liabilities provided from operating activities		**667 759 688**	468 898 672
Net decrease (increase) in assets and liabilities			
Balances with Central Banks within the mandatory reserve percentage	(15)	**(618 425 352)**	(433 826 115)
Due from banks for more than three months maturity	(16)	**(298 003 085)**	-
Governmental notes of more than three months maturity	(17)	**(990 159 612)**	1 180 989 512
Investment operations with banks	(18)	**(1 351 340)**	78 142 156
Murabaha, Mudaraba and Musharka for customers	(19)	**(1 017 925 907)**	(1 561 469 662)
Other assets	(22)	**(244 812 372)**	(67 230 623)
Due to banks	(25)	**(259 182 279)**	380 447 652
Customers' deposits	(26)	**6 523 851 287**	3 287 696 101
Other liabilities	(28)	**126 418 410**	160 555 140
current income tax payments		**(187 871 867)**	(138 496 797)
Net cash flow provided from operating activities		**3 700 297 571**	3 355 706 036
Cash flows from investing activities			
(Payments) to purchase fixed assets and preparing branches	(24)	**(11 198 139)**	(22 834 125)
Proceeds from sale of fixed assets		**1 865 446**	413 455
Proceeds from recovery of financial investments other than financial assets held -for - trading	(20)	**1 391 793 000**	573 947 297
(Payment) to purchase financial investments other than financial assets held - for - trading	(20)	**(3 834 187 256)**	(2 791 753 396)
Collected dividends	(8)	**5 134 277**	5 441 454
Net cash flow (used in) investing activities		**(2 446 592 672)**	(2 234 785 315)
Cash flows from Financing activities			
Proceeds from long term restricted finance	(27A)	**-**	25 000 000
(Payments) of long term restricted finance	(27A)	**(20 917 077)**	(7 467 280)
Paid dividends	(32)	**(102 602 797)**	(63 913 408)
Net cash flow (used in) financing activities		**(123 519 874)**	(46 380 688)
Net increase in cash and cash equivalents		**1 130 185 025**	1 074 540 033
Cash and cash equivalents at the beginning of the year		**1 617 570 500**	543 030 467
Cash and cash equivalent at the end of the year		**2 747 755 525**	1 617 570 500
Cash and cash equivalent are represented in the following:			
Cash and due from Central Bank of Egypt		**2 482 752 096**	1 850 297 395
Due from banks		**2 812 246 329**	1 398 087 568
Governmental notes		**4 594 798 660**	3 604 639 048
Balances with Central Bank within the mandatory reserve percentage		**(2 249 239 815)**	(1 630 814 463)
Deposits with banks with maturity more than three months		**(298 003 085)**	-
Governmental notes with maturity more than three months		**(4 594 798 660)**	(3 604 639 048)
Cash and cash equivalents	(33)	**2 747 755 525**	1 617 570 500

Non-monetary transactions

For the purpose of preparing the cash flows statement the effect resulted from the transfer of LE 10 612 515 from payments under purchase and fixing new branches (other assets) item and LE 1 535 000 from assets reverted to the bank in settlement of debts to fixed assets were eliminated, also the effect resulted from the transfer of LE 10 854 415 from fixed assets to other assets was eliminated as it represents the value of land reclassified as non-current assets available for sale.

The bank adjusted the change in Murabaha, Mudaraba & Musharka for customers item by the change in the value of assets reverted to bank in settlement of debts (within other assets item) amounted L.E 12 937 024, foreign exchange differences amounted to L.E 7 558 435 and write-off debts amounted L.E 69 594 952 , recoveries from previously written off debts amounted L.E 437 562.

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

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2015

LE

	Note	Paid-in Capital	Reserves	Retained earnings	Total
Balances as of 1 January 2014		813 668 121	175 548 367	175 639 330	1 164 855 818
Net change in available for sale investments		-	(745 611)	-	(745 611)
Fair value reserve reversal resulting from impairment		-	1 857 048	-	1 857 048
Foreign currencies revaluation differences		-	72 047	-	72 047
Net profit for the year		-	-	225 485 364	225 485 364
Total income for the year		813 668 121	176 731 851	401 124 694	1 391 524 666
Dividends (employees and BODs)		-	-	(23 230 000)	(23 230 000)
Dividends (shareholders)		-	-	(40 683 408)	(40 683 408)
Shareholders' dividends (used in increasing capital)		81 366 810	-	(81 366 810)	-
Transferred to legal reserve		-	16 222 015	(16 222 015)	-
Transferred to capital reserve		-	300 147	(300 147)	-
Transferred to general banking risk reserve		-	38 868 506	(38 868 506)	-
Balances as of 31 December 2014		895 034 931	232 122 519	200 453 808	1 327 611 258

LE

	Note	Paid-in Capital	Reserves	Retained earnings	Total
Balances as of 1 January 2015		895 034 931	232 122 519	200 453 808	1 327 611 258
Net change in available for sale investments	(31E)	-	(1 996 214)	-	(1 996 214)
Fair value reserve reversal resulting from impairment		-	280 000	-	280 000
Foreign currencies revaluation differences	(31E)	-	325 858	-	325 858
Net profit for the year		-	-	265 066 463	265 066 463
Total income for the year		895 034 931	230 732 163	465 520 271	1 591 287 365
Dividends (employees and BODs)	(32)	-	-	(31 000 000)	(31 000 000)
Dividends (shareholders)	(32)	-	-	(71 602 797)	(71 602 797)
Shareholders' dividends (used in increasing capital)	(32)	62 652 443	-	(62 652 443)	-
Transferred to legal reserve	(31B)	-	18 620 341	(18 620 341)	-
Transferred to capital reserve	(31C)	-	413 451	(413 451)	-
Transferred to general banking risk reserve	(31A)	-	33 546 480	(33 546 480)	-
Balances as of 31 December 2015		957 687 374	283 312 435	247 684 759	1 488 684 568

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

STATEMENT OF PROFIT APPROPRIATION

For The Year Ended 31 December 2015

	31 December 2015	31 December 2014
		LE
Net profit for the year (as per income statement)	**265 066 463**	225 485 364
Transferred (to) general banking risk reserve	**(33 546 480)**	(38 868 506)
Transferred (to) capital reserve	**(1 371 463)**	(413 451)
	230 148 520	186 203 407
Add: Retained earnings at the beginning of the year	**16 164 776**	13 836 950
Total	**246 313 296**	200 040 357
Distributed as follows:		
Legal reserve	**23 014 852**	18 620 341
Conservation Buffer*	**40 000 000**	-
Shareholders' first portion	**47 884 368**	44 751 747
Employees' share	**33 500 000**	27 000 000
Board of Directors remuneration	**5 000 000**	4 000 000
Shareholders' second portion	**95 768 736**	89 503 493
Retained earnings at the end of the year	**1 145 340**	16 164 776
Total	**246 313 296**	200 040 357

- The shareholders' dividends for the year ended 31 December 2015 are equivalent to 15% of the Bank's issued and paid in capital as stock dividends to be used in capital increase.
- Conservation Buffer formatted according to Central Bank of Egypt regulations.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2015

1. GENERAL INFORMATION

Al Ahram Bank (S.A.E) was established as a commercial bank on 19 March 1980 under law no. 43 for year 1974 and its amendments, which was replaced by the Investment law.

According to the decree of Extraordinary General Assembly held on 21 September 1988 the bank's name was changed to the Egyptian Saudi Finance Bank. The Bank provides corporate and retail banking and investment services under the provisions of the Islamic Sharia in the Arab Republic of Egypt through 29 branches. It employs 927 employees on the date of the balance sheet.

The head office of the bank is located at 60 Mohy El Din Abu El Ezz St., Dokki, Giza. The Bank is listed in Cairo and Alexandria Stock-Exchanges.

The Extraordinary General Assembly of the Bank held on 30 April 2009 decided to change the bank's name to Al Baraka Bank Egypt.

The bank does not engage in financial derivatives transactions, forward contracts or loans according to its Islamic business system. This applies to such terms whenever mentioned in the notes to the financial statements.

The board of directors meeting held on 22 January 2016 approved the financial statement.

2. SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise is disclosed:

A. Basis of Preparation of Financial Statements

Financial statements have been prepared in accordance with Egyptian Accounting Standards issued in 2006 and its amendments, and in accordance with the Central Bank of Egypt instructions approved by its Board of Directors on 16 December 2008 complying with the mentioned standards, and on the historical cost basis modified by the revaluation of financial assets and liabilities held for trading, and financial investments available for sale.

The financial statements of the Bank are prepared under the provisions of the relevant local laws.

The following is a summary of the significant changes in the accounting policies and financial statements consequent to the application of these accounting amendments:

- Disclosure requirements regarding the financial risks management objectives, policies and methods, and the capital adequacy management in addition to some of other notes.

- Related parties are identified according to the amended requirements and the relative new notes for those parties.

- Measurement of impairment losses of Murabaha, Musharka, Mudaraba transactions and other debt instruments at amortized cost has changed. Consequently, the general provision for Murabaha, Musharka, Mudaraba transactions is replaced with either aggregate provisions for groups of assets that bear credit risk and have similar specifications; or individual provision. The change in the applied method of charging provisions resulted in increase in the specific provisions charged for specific items by LE 46 635 245 for direct liabilities and LE (4 226 483) for contingent liabilities. The total increase in provisions charged for direct liabilities as of 1 January 2009 were transferred from the provisions according to the new method to a special reserve in shareholder`s equity. The opening balance of other provisions was adjusted by the differences in contingent liabilities provisions.

- When determining the effective rate of return in order to apply the amortized cost method in calculating income and cost of return of debt instruments, fees and commissions related to debt instruments acquisition or issuance are identified and added or subtracted from the value of acquisitions/issuance as a part of the transaction cost. This has resulted in changing the effective rate of return for these instruments.

- The bank has reviewed the assets reverted to the bank in settlement of debts to confirm the compliance with the rules for classifying these assets as non current assets held for sale in "Other Assets". No differences in the reclassification or the value at which those assets are measured occurred, only the reclassification of the assets sold in installments was changed along with its effective rate of return.

- The bank reclassified the subordinated finance from the main shareholder and changed its value as it recognized the balance at present value. The cost of the subordinated finance was charged to the income statement and the difference between the nominal value and present value is amortized annually against increasing the retained earnings.

B. Subsidiaries and Associates

B-1 Subsidiaries

Companies - including special purpose entities (SPEs) - over which the bank has a direct or indirect power to control their financial and operational policies, generally the bank has ownership of more than one half of the voting rights. The existence of influence on the future voting right exercised or transferred in the present time is taken into consideration during the evaluation of whether the bank has a control over the entity or not.

B-2 Associates

- The associates are entities which the bank has direct or indirect influence over them without reaching the extent of control. Normally the bank has ownership ranging between 20% and 50% of the voting rights.

- The purchase method is used in accounting for the bank's acquisition of companies and the acquisition cost is measured by fair value or the equivalent value which the bank offered from its assets for purchase and/or issued shareholders' equity's instruments and/or obligations the bank incurred and/or obligations the bank accepted on behalf of the acquired company to complete the acquisition process and that on the date of the exchange process plus any costs that can be directly attributed to the acquisition process. Net assets including acquired potential obligations that can be defined are measured at fair value on the acquisition date regardless of the existence minority's rights, the increase in the acquisition cost over the fair value of the bank share in the net assets is considered goodwill, if there is a decrease in the acquisition cost below the fair value of the said net, the difference is to be recorded immediately in the income statement within the item of "Other operating income" (expenses).

- The accounting for the subsidiaries in the bank's financial statements is made using the cost method. These investments are recorded by the acquisition cost including any goodwill deducted from it any impairment losses of its value. The profits appropriations are recorded in the income statement at its approval and when the bank has the right to collect it.

C. Segment Reports

A business segment is a group of assets and operations related to providing products or services subjected to risks and rewards that differs from those of other business segments. The geographical segment is related to providing products and services in a particular economic environment subjected to risks and rewards that differs from those of other geographical segments operating in a different economic environment.

D. Foreign Currencies Translation

D-1 Functional and presentation currency

- Items included on the financial statements of foreign branches of the Bank are measured using the currency of the basic economic environment in which the foreign branch operates its business (functional currency).

- The bank's financial statements are presented in Egyptian pounds which represent the bank's functional and presentation currency

D-2 Foreign currencies transactions and balances

- The bank's accounts are maintained in the Egyptian pound and foreign currencies transactions are translated during the year using the prevailing exchange rates at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at year-end using the prevailing exchange rates on that date. Foreign currencies exchange gains and losses resulted from settlement of such transactions and revaluation differences are recorded in the income statement in the following items:

  * Net trading income or net income from financial instruments held at fair value through the profit or loss for assets/ liabilities held for trading or at fair value through profit or loss at inception according to its type.

  * Other operating income (expenses) for remaining items.

- Changes in the fair value of monetary financial instruments held in foreign currencies and classified as investments available for sale (debt instruments) are analyzed to either as revaluation differences resulting from changes in the amortized cost of the instruments, differences resulting from changes in the prevailing exchange rates, or differences resulted from changes in the fair value of the instrument. Differences resulted from changes in the amortized cost are recognized in the income statement in "Return on Murabaha, Musharka, or Mudaraba and similar revenues", while differences related to changes in the prevailing exchange rates are recognized in "Other operating income (expenses)" Differences resulted from changes in the fair value (fair value reserve/financial investments available for sale) are recognized in shareholders' equity.

- The evaluation differences resulted from items other than those with the monetary nature include the profits and losses resulted from the change of the fair value such as the equity instruments held in fair value through profits and losses. The evaluation differences resulted from equity instruments classified as financial investments available for sale are recognized within the fair value reserve in the shareholders' equity.

D-3 Foreign branches

Operating results and the financial position of foreign branches are translated to the presentation currency (if not operating in a hyperinflationary economy) for which functional currency differs from the bank's presentation currency is accounted for as follows:

- Assets and liabilities for each balance sheet presented for the foreign branch are translated using closing rates at the balance sheet date.

- Revenues and expenses for each income statement presented are translated using the average exchange rate, and in case the average rate does not represent acceptable proximity for the cumulative effect of the rates prevailing at the transactions dates; revenues and expenses are translated using the exchange rates of the transactions' dates.

Revaluation differences are recognized as separate item (Foreign currencies translation differences) in equity. Exchange differences resulting from the translation of the net investment in foreign branches, loans and other foreign currency instruments designated as hedge of such investment are also recognized in equity section in the same item. Such differences are recognized in the income statement when the foreign branch is sold in "Other operating revenues (expenses)"

E. Financial Assets

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

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

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

Financial instrument is classified as held for trading when it is acquired primarily for the purpose of selling it in the near term or if it represents a part of a specific financial instruments portfolio that is managed together and there is an evidence of a recent actual transactions that indicates that short-term profits will be obtained, Derivatives are categorized as for trading unless they were designated as hedging instruments.

Financial assets are designated at their fair value through profit or loss at inception when:

- This reduces the measurement inconsistency that may arise when the derivative is classified as held for trading at the time in which the derivative is embedded in the financial instrument, and is carried at amortized cost with regards to loan, facilities for banks and customers and issued debt instruments.

- Some investments in equity instruments are managed and their performance is evaluated on a fair value according to investment strategy or risk management and information about such investments is provided internally on that basis to the top management. Such investments are to be classified as at fair value through profit or loss.

- Financial instruments such as debt instruments held to maturity include one or more embedded derivatives that significantly affect the cash flow. Such instruments are classified as at fair value through profit or loss.

Profits and losses resulting from changes in fair value of the financial derivatives managed in correlation with financial assets or liabilities designated at fair value through profit or loss at inception in income statement on the item "Net income from financial instruments classified at fair value through profit or loss at inception".
Any financial derivative from the group of financial instruments recognized at fair value through profit or loss is not reclassified during the retention period or its maturity, Any financial instrument transferred from the group of financial instruments is not recognized at fair value through profit or loss if such instrument was classified by the bank at initial recognition as an instrument at the fair value through profit or loss.

E-2 Facilities and debts

Facilities and debts are non-derivative financial assets with fixed or determinable amount and they are not quoted in an active market with the exception of:

- Assets which the bank intends to sell immediately or in the short term are classified as assets held for trading.
- Assets the bank classified as available for sale at initial recognition.
- Assets of which the bank will not be able to substantially recover the value of its original investment in them for reasons other than credit deterioration.

E-3 Financial investments held to maturity

Financial investments held to maturity are non-derivative financial assets with fixed or determinable amount of payment and fixed maturity and while the bank management has the intention and the ability to hold to maturity. The whole group is to be reclassified as available for sale when the bank sells a significant amount of financial assets held to maturity except in cases of necessity.

E-4 Financial investments available for sale

Financial investments available for sale are non-derivative financial assets the bank has intention to hold for an indefinite period of time, which can be sold in response to the liquidity requirement or due to changes in return rates, exchange rates or equity prices.

The following is to be applied with regards to financial assets:

- Regular - way purchase and sale of financial assets is recognized using trade date accounting which is the date the bank is committed to purchase or sell the asset and this applies to assets classified at fair value through profit or loss, financial investments held to maturity and available for sale.

- Financial assets not recognized at fair value through profit or loss at inception are initially recognized at fair value plus direct attributable transaction costs whereas financial assets designated at fair value through profit or loss at inception are recognized at fair value only while the transaction costs are charged onto the income statement in the Net Trading Income item.

- Financial assets are derecognized when contractual rights to receive cash flows from the financial asset expires or when the bank transfers most of the risks and reward associated with ownership to another party. Liabilities are derecognized when discharged either by disposal, cancelation or expiry.

- Financial investments available for sale and financial assets classified at fair value through profit or loss are subsequently carried at fair value while facilities, debts and financial investments held to maturity are subsequently carried at amortized cost.

- Profits and losses resulting from changes in fair value of the financial assets classified at fair value through profit or loss are recognized in the income statement in the period in which they occur. Profits and losses resulting from changes in fair value of the financial investments available for sale are directly recognized in equity, until the asset is derecognized or its value impaired upon which the accumulated profits and losses previously recognized in equity are recognized in the income statement.

- Returns calculated using amortized costs in addition to foreign currency revaluation gains or losses of monetary assets classified as available for sale are recognized in income statement. Dividends on equity instruments classified as available for sale are recognized in the income statement when the bank's right to receive payments is established.

- The fair value of the quoted investments in active markets is determined according to the current Bid Price. If the market for the assets is not active or the current Bid prices are unavailable, the bank determines the fair value using one of the valuation techniques. This includes recent arm length transactions, discounted cash flow analysis, options pricing models or other valuation techniques commonly used by market participants. If the bank is unable to estimate the fair value of equity instruments classified as available for sale it should be valued at cost after net of any impairment losses.

- The bank reclassifies the financial asset within the group of financial instruments available for sale - debts (bonds); transferred from the group of financial instruments available for sale to the group of financial assets held to maturity - whenever the bank has the intention and ability to hold these assets for the foreseeable future or until maturity. Reclassification is carried at fair value on that date, and any profits or losses related to these assets which were previously recognized in equity are treated as follows:

  1- In case of reclassified financial assets with fixed maturity, the profits or losses are amortized over the remaining life of the investment held to maturity using the effective return rate. Any difference between the amortized cost and maturity amount is to be amortized over the remaining life of the asset using the effective return rate. In case of subsequent impairment in the assets value any profits and losses previously recognized as directly in shareholders equity will be recognized in the profits and losses.

  2- In case of financial asset with no fixed maturity, the profits or losses remain in shareholders' equity till the asset is sold or disposed only then they are recognized in profits and losses. In case of subsequent impairment in the asset's value any profits or losses previously recognized as directly in equity will be recognized in the profits and losses as well.

- If the bank changed its estimates representing payments and receipts, then the book value of the financial asset (or group of financial assets) is adjusted to reflect the actual cash flow and the change in estimates through calculating the present value of future cash flow estimated using the effective rate of return of the financial instrument. The adjustment is recognized as revenue or expenses in the profits and losses.

- In all cases, if the bank reclassifies a financial asset as referred to above, and the bank subsequently increased its estimates of future cash receipts due to increase of the recoverable amount from these cash receipts, this increase is recognized as an adjustment to the effective rate of return from the date of the change in estimates and not as adjustment of the asset's book value on the date of estimates change.

F. Offsetting Financial Instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.
Treasury bills with repos and reverse repos agreements are netted in the balance sheet under "Governmental notes".

G. Return Income and Expenses

Return on Murabaha transactions is recognized on accrual basis. Unearned return on Murabaha is recorded and proportionately amortized on Murabaha account over the Murabaha period along the year as from the date of cashing of funds till the date of repayment. The unearned portion of Murabaha returns is recorded at year-end in "Other Liabilities" item on the liabilities side of the balance sheet as it represents deferred revenues; such balance is deducted from the total Murabaha transactions presented in the balance sheet. Recognizing the return on Murabaha transactions as revenues is ceased when there is uncertain of recovering the value of such returns or the Murabaha principal.

H. Fees and Commission Income

Fees due for Murabaha, Musharka, or Mudaraba services are recognized as income when the service is rendered while the fees and commissions related to non-performing or impaired debts are suspended and recorded off balance sheet. Then they are recognized as income on a cash basis when the return income is recognized according to Note (2-G), as for fees which represent an integral part of the effective rate of return of the financial assets, they are recorded as an adjustment to the effective rate return.

Commitments fees on Murabaha, Musharka, or Mudaraba are to be suspended if there is a probability that these Murabaha, Musharka, or Mudaraba will be withdrawn on the ground that the bank receives these fees as a compensation for the continues intervention to acquire the financial instrument. Then they are recognized as adjustments to the effective rate of return on Murabaha, Musharka, or Mudaraba, when the period of commitment expire without the bank's issuance of Murabaha, Musharka, or Mudaraba, fees are recognized as revenue after the commitment expiry.

Fees on debt instruments held at fair value are recognized in income at the initial recognition. Fees on promoting syndicated Murabaha, Musharka, or Mudaraba are recognized as revenue upon the promotion completion and the bank doesn't retain any portion of the Murabaha, Musharka, ,Mudaraba or if the bank retains a portion for itself earning the rate of actual return that is made available to other participants as well.

Fees and commission resulting from negotiations or participating in negotiation on a transaction in favor of other party are recognized within the income statement- such as arranging the acquisition of shares or other financial instruments and acquiring or selling premises- at the completion of the relevant transaction. The administrative consultations' fees and other services are normally recognized on the basis of distribution over time relative to the service performance period whereas the financial planning management fees and custody services fees which are provided for long periods of time are recognized over the period during which the service is performed.

I.Dividends Income

Dividends are recognized in the income statement when there is a right to collect them.

J. Impairment Of Financial Assets

J-1 Financial assets recorded at amortized costs

On the balance sheet date the bank estimates whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists.

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

The indicators that the bank uses in determining the presence of objective evidence on impairment losses include the following:

- Significant financial difficulty of the issuer or obligor.
- A breach of contract, such as a default or delinquency in return or principal payments.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.
- Deterioration of the competitive position of the debtor.
- The bank, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the bank would not otherwise consider.
- The impairment of the collateral's value.
- The deterioration of the credit situation and positions.

Among the objective evidence on the impairment loss of a group of financial assets is the presence of clear data indicating a decline that can be measured in the expected cash flow of the group since the initial recognition though it is not possible to determine the decline of each individual asset separately, for example, the increase in cases of default payment for one or more of the banking products.

The bank estimates the period between the loss occurrence and its identification for each specific portfolio. This period normally ranges between three to twelve months.

Initially, the bank estimates whether there is objective evidence of impairment of each individual asset that has significance of its own whereas assets which do not possess individual significance are assessed at either aggregate or individual level. In this regard the following is to be taken into consideration:

- If the bank identifies the non presence of an objective evidence on the impairment of a financial asset studied separately whether it has a significance of its own or not then this asset will be added to the group of financial assets with similar credit risk features to be assessed together to estimate impairment according to historic default ratios.

- If the bank identifies the presence of objective evidence on the impairment of a financial asset studied separately then this asset is not included in the group of assets which impairment losses are assessed on a consolidated basis.

- If the aforementioned study resulted in the non presence of impairment losses then the asset is included in the group.

The amount of impairment losses provision is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective return rate, (excluding future credit losses that have not been incurred). The carrying amount of the asset shall be reduced either directly or through use of impairment losses provision's account. The amount of the loss shall be recognized in income statement.

If the Murabaha, Mudaraba, Musharka or investment held to maturity bears a variable return rate then discount rate applied to measure any impairment losses is considered the actual rate of return according to the contract on determining the existence of objective evidence on the impairment of the asset. For practical purposes the bank may measure impairment losses on the basis of the instrument's fair value by applying the quoted market rates, as for guaranteed financial assets, the present value of the future cash flows expected from the financial asset is to be credited besides these flows which result from the implementation and selling the collateral after deducting the expenses related thereto.

For the purposes of estimating impairment at a gross level financial assets are pooled in groups of similar characteristics in terms of credit risk i.e. on the basis of classification process conducted by the bank taking into consideration the type of asset, industry, geographical location, type of collateral, position of delays and other related factors. These characteristics are related to the assessment of future cash flows of the groups of these assets being an indicator of the debtor's ability to repay the amounts due according to the contractual conditions of the assets under consideration.

In estimating the impairment of a group of financial assets on the basis of historical default ratios, future cash flows of the group are estimated on the basis of the contractual cash flows of the banks' assets and the amount of historical losses of these assets with credit risk characteristics similar of these assets held by the bank. The amount of losses is adjusted on the basis of current disclosed data in a way to reflect the impact of the current conditions which were not available in the period over which the amount of historical losses has been identified besides canceling the effects of the conditions that existed in the historical periods but no longer exists.

The bank seeks that the forecasts of changes in cash flows of a group of assets are reflected in line with these changes in relevant reliable data which occur from time to time, for example changes in unemployment rates, real estate prices, repayment's position and any other factors indicating the changes in the likelihood of loss in the group and its amount. The bank is conducting a periodic review of the method and assumptions used to estimate future cash flows.

J-2 Available for sale investments

On the balance sheets date the bank estimates whether there is any objective evidence on the impairment of an asset or a group of assets classified within financial investments available for sale. In the case of investments in equity instruments classified available for sale it is to be taken into consideration the significant or prolonged decline in the fair value of the instrument below its book value when estimate whether there is impairment in the asset or not.

During the period that starts from 1st of January 2009 the decline shall be considered significant when it reaches 10% of the cost of book value. The decline shall be considered prolonged if it continues for more than 9 months. If said evidences are available then the accumulated loss should be carried over from shareholders' equity to be recognized in the income statement. The impairment in value recognized in the income statement concerning equity's instruments will not be reversed if a later rise in the fair value occurs. Meanwhile in case the fair value of debt instruments classified available for sale rose, and it is found possible to objectively link said rise to an event taking place after recognition of impairment in the income statement then the impairment will be reversed through the income statement.

K. Real Estate Investments

Real estate investments are represented in the land and buildings that the bank owns in order to obtain rent returns or capital increase; consequently, they do not include real estate assets through which the bank practices its business or those that devolved to bank in fulfillment of debts. The method of accounting for real estate investments is carried out by the same accounting method applied to fixed assets.

L. Intangible Assets

L-1 Goodwill

Goodwill represents the rise in the cost of acquisition above the fair value of the share of the bank in net assets, including the determinable acquired probable liabilities of the subsidiary or associate company on the date of acquisition on the independent financial statement of the bank.

The goodwill impairment extent is tested annually, provided that the income statement would be debited by the value of goodwill depreciation at the rate of 20% annually or the value of impairment in its value, whichever is greater. The goodwill related to subsidiary and associate companies is included in determining the profits and losses from the sale of such companies (Note 2/B).

The goodwill is distributed over the cash generating units for purposes of testing the impairment. Cash generating units are represented in the main sectors of the bank (Note 2/C)

L-2 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 three years.

L-3 Other intangible assets

They are represented in intangible assets other than goodwill and computer software (for example trademarks, licenses and lease contracts' benefits).

Other intangible assets are established at the cost of their acquisition and are depreciated by straight line method or on the basis of economic benefits expected to be achieved from them along the production life assessed thereto. Regarding assets that have no determined production life, they are not depreciated. However, the impairment in their value is tested annually and the value of impairment (if any) is charged to the income statement.

M. Fixed Assets

Lands and buildings are mainly represented in head office premises, branches and offices. All fixed assets are disclosed at historical cost less depreciation and impairment losses. The historical cost includes expenses directly related to the acquisitions of the fixed assets' items.

Subsequent expenditures are recognized within the book value of the outstanding asset or as an independent asset, if appropriate, this is the case when it is possible to generate future economic benefits to the bank from the concerned asset and it is also possible to reliably determine its cost. Any maintenance and fixing expenses during the period in which they are incurred are carried over to other operating expenses.

Land is not subject to depreciation while depreciation of other fixed assets is calculated by adopting the straight line method to spread the cost in such a way to reach scrap value over the useful life of the asset as follows:

Buildings and facilities	20 years
Rented real estate improvements	According to nature of assets (4-20) years
Office furniture & safes	4 years
Means of transport	4 years
Computers / integrated automated systems	2 years
Fixtures and fittings	20 years

The residual value and useful lives of the fixed assets are reviewed on the balance sheet date and they are adjusted whenever it is necessary. Assets to be depreciated are reviewed for purposes of determining extent of impairment when an event or change in conditions occurs suggesting that the book value may not be redeemed. Consequently the book value of the asset is reduced immediately to the asset's redemption value in case increasing the book value over the redeemable value.

The redemption value represents the net selling value of the asset or its utilization value whichever is greater. Gains and losses from the disposal of fixed assets are defined by comparing the net receipts at book value. Gains (losses) are included within other operating income (expenses) in the income statement.

N. Non-Financial Assets Impairment

Assets which do not have fixed useful lives are not subject to amortization, except for goodwill, and its impairment is assessed annually. Impairment of assets which are amortized is studied whenever there are events or changes in conditions suggesting that the book value may not be recoverable.

The impairment loss is then recognized and the asset's value has to be reduced by the excess in the asset's book value over its recoverable value. The recoverable value represents the net selling value of assets or its value in use which is higher. For purposes of estimating impairment, the asset should join the smallest possible currency generating unit. Non financial assets being impaired are to be reviewed to study reversal of impairment or allocation of impairment provision in the income statement on the date of preparing the financial statements. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable value, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years

O. Leases

Financial lease is accounted for according to law 95 for the year 1995 on leasing:

a) If the lease contract gives the lessee the right to purchase the asset on a fixed date for a fixed amount and the contract's period represents at least 75% of the asset's expected useful life.

b) The present value of total rental payments is not less than 90% of the asset value.

Other leasing contracts are considered operational leasing ones.

O-1 Rentals

With regard to financial lease contracts, the lease cost including the maintenance cost of leased assets is recognized within the expenses in the income statement for the period in which it was incurred. If the bank decides to exercise the right of purchasing leased assets then the cost of purchasing right is capitalized being one of the fixed assets and is amortized over the expected remaining useful life of the asset in the same way applied on similar assets.

Payments under the account of operating lease minus any discounts that were obtained from the lessor are recognized among expenses on the income statement by the straight line method along the period of the contract.

O-2 Lease out

Regarding assets leased out, they are recorded among the fixed assets in the balance sheet and are depreciated along the useful life expected for this asset by the same method adopted for similar assets. Lease revenues are recognized on basis of the rate of return on lease contract in addition to a sum equivalent to the cost of depreciation for the year.

The difference between the revenue of the lease recognized on the income statement and the total accounts of leasing customers is charged to the balance sheet until the lease contract expires, where it is used for netting with the net book value of the leased out asset. The maintenance expenses and the security deposit are charged to the income statement when it bears them to the extent that is not borne by the lessee. When there are objective evidences that the Bank will not be able to collect all balances of leasing debtors, they are reduced to the value whose redemption is expected.

Regarding operating lease assets, they appear among the fixed assets on the balance sheet and are depreciated along the production life expected for the asset by the same method adopted with similar assets. The lease revenue is established minus any discounts granted to the lessee by straight line method along the contract duration.

P. Cash And Cash Equivalent

The cash flow statement shows cash and cash equivalent balances, not exceeding three months from the date of acquisition. The above include cash, balances at Central Bank of Egypt other than required reserve ratio, due from banks and treasury bills and other governmental notes.

Q. Other Provisions

The restructuring costs and legal claims' provision is recognized when there is a legal obligation or a present indicative due to previous events while it is also very likely that the situation shall require the utilization of the bank's resources to settle said liabilities with the presence of the possibility of providing a reliable estimation of this liability's value.

When there are similar liabilities the cash outflow that can be used in settlement is to be identified taking into consideration this set of liabilities. The provision should be recognized even if there is a small possibility in the presence of cash outflow regarding an item from within this set.

Provisions wholly or partially no longer required are reversed within the item of other operating income (expenses).

The present value of payments estimated as settlement for obligations for which a term is fixed to settle one year from the date of the balance sheet is measured by using appropriate rate for the same obligation settlement term without being affected by the prevailing tax rate the matter that reflects the time value of money ,if the term is less than one year, the estimated value of the obligation is calculated, unless its effect is substantial in which case it is considered at the present value.

R. Financial Collateral Contracts

Financial collateral contracts are those contracts that are issued by the bank as collateral for Murabaha, Musharka and Mudaraba transactions or overdrafts granted to its customers from other entities. They require the bank to carry out specific settlements to compensate their beneficiary for the loss that he incurred as a result of the default of the debtor in settling them to banks, financial institution and other entities on behalf of bank's customers.

The fair value is primarily recognized on the financial statement on the date of granting the collateral, which may reflect the charges of collateral. Subsequently, the obligation of the bank by virtue of the collateral is measured on basis of the first measurement amount minus the amortization calculated to recognize the collateral or the best forecast for the payments required to settle any financial obligation resulting from the financial collateral on the experience in similar transactions and historical losses supported by judgment of management.

Any increase in the liabilities resulting from the financial collateral is recognized in the income statement among the item "Other Operating Revenues (Expenses)"

S. Income Taxes

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

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

Deferred taxes arising from temporary timing differences between the book value of assets and liabilities according to accounting bases and their values according to tax rules are to be recognized. So the value of the deferred tax is defined according to the method expected to realize or adjusted the value of assets and liabilities by applying the tax rates at the date of preparing the balance sheet.

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

T. Borrowing

Facilities which the bank obtains are recognized at inception at fair value less the cost of obtaining the facilities. Later the facilities are measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the rate of effective return method is to be charged to the income statement.

U. Capital

U-1 Cost of capital

The issuance expenses which are directly related to the issuance of new shares or shares against acquiring an entity or issuance of options are to be presented as debited from the shareholder's equity in net proceeds after taxes.

U-2 Dividends

Dividends are charged to shareholders' equity in the year the shareholders general assembly approves these dividends and they include the employees' share in profits and the remuneration of the board of directors prescribed by the articles of association of the bank and the law.

U-3 Treasury shares

If the bank purchases capital Shares, the purchase sum is debited to total equity, where they represent the cost of treasury shares until they are revoked. If such shares are sold or reissued in a subsequent period, all amounts received are credited to equity.

V. Trust Activities

The bank does not practice custody activities. If it practices this activity the matter that may give rise to the acquiring or managing assets of third party, the assets and earnings resulting from them shall be excluded from the financial statements of the bank, as they are not assets of bank.

W. Comparative Figures

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

3. FINANCIAL RISK MANAGEMENT

The bank is exposed to a variety of financial risks while it practices its business and activities; Acceptance of risks is considered the basis of financial business. Some of the risks or a set of risks combined together are to be analyzed evaluated and managed. The bank targets at achieving the adequate balance between the risk and return as well as minimizing possible negative impacts on its financial performance, The most important types of risks are credit risk, market risk, liquidity risk and other operating risks, Market risk includes the risks of foreign exchange rates, return rates and the other rate risks.

The bank has established risk management policies to define, analyze, set the limits of and control risk. Controlling risks and complying with limits are done through a variety of reliable methods and updated information systems plans. The bank conducts periodical reviews and amendments of the risk management policies and plans so as to reflect changes in the markets, products and services besides the best modern applications as well.

Risk management is conducted through risk sector in the light of policies approved by the board of directors; Risk sector defines, assesses and hedges against the financial risks in close cooperation with the different operating units of the bank. The board of directors provides written principles for risk management as a whole in addition to written policies which cover defined risk areas such as credit risk, foreign exchange risk, return rate risks and the use of derivatives and non-derivatives financial instruments, Also, risk sector is responsible for the periodic review of risk management and control environment in an independent way.

A. Credit Risk

The bank is exposed to credit risk which is the risk of failure of one party to fulfill its obligations. Credit risk is considered the most important among the bank's risks thus the management carefully manages the exposure to this risk. Credit risk is mainly represented in lending business and activities which result in extending Murabaha, Musharka, or Mudaraba and investment activities and thus leading to the inclusion of debt instruments in the bank's assets. Credit risk is also found in off- balance sheet financial instruments such as Murabaha, Musharka, or Mudaraba commitments. The credit risk management team in the sector conducts all operations related to management and controls of the credit risk meanwhile the team of management periodically reports to the board of directors, top management as well as heads of business units.

A-1 Measuring credit risk

Murabaha, Musharka, or Mudaraba for customers

To measure credit risk related to Murabaha, Musharka, or Mudaraba extended to banks and customers the bank examines the following three components:

- Probability of default of the customer or others in fulfilling their contractual obligations.
- The current position and the likely expected future development from which the bank can conclude the balance exposed to default (Exposure at default).
- Loss given default

The daily activities of the bank's business involves the above measures for credit risk which reflect the expected loss (The Expected Loss Model) required by the Basel Committee on Banking Supervision. The operating measures may interfere with the impairment charge according to the Egyptian Accounting Standard no. (26), which depend on losses realized at the balance sheet's date (realized losses model) and not on expected losses (note A/3).

The bank estimates the probability of default at the level of every customer by applying internal rating methods to classify the creditworthiness in details of the different categories of customers. These internal methods for evaluation have been developed and the statistical analysis is to be taken into account together with the personal discretion reasoning of credit officials so as to reach the adequate creditworthiness classification. The bank's customers are divided into four categories for purposes of creditworthiness classification. The structure of creditworthiness adopted by the bank as illustrated in the following table reflects the extent of the probability of default of each category which mainly means that credit positions move between said categories according to change in the assessment of the extent of default probability. The assessment methods are reviewed and developed whenever it is necessary. The bank also periodically assesses the performance of the creditworthiness classification methods and the extent of their capacity on prediction of default cases.

The bank's internal classifications' categories:

Classification	The classification's meaning
1	Performing debts
2	Regular watching
3	Watch list
4	Non performing debts

The position exposed to default depends on the amounts, the bank expects to be outstanding when the default takes place, for example, as for a Murabaha, Mudaraba and Musharka this position is the nominal value while for commitments the bank enlists all already drawn amounts besides these amounts expected to be withdrawn till the date of default, if it happens.

The given or severe loss each represents the bank's expectations of the loss extent when claiming repayment of debt if the default occurs. This is expressed by the percentage of loss to the debt; this certainly differs in accordance with category of the debtor, the claim's priority and extent of the provision of guarantees or other methods for securing the credit.

Debt instruments, treasury bills and other bills

As for debt instruments and bills, the bank adopts external ratings such as Standard and Poor's or similar ratings in order to manage credit risk. If such assessments are not available then the bank applies methods similar to those applied on credit customers. Investment in securities and governmental papers are considered a method of obtaining a better credit quality and at the same time provide an available source to meet financing requirements.

A-2 Risk mitigation and evasion policies

The bank manages, mitigates and controls credit risk concentration at the debtor, groups, industries and countries level.

The bank also manages acceptable credit risk levels by setting limits for the risk to be accepted at the level of each borrower or a group of borrowers, and at the level of economic activities and geographical sectors. These risks are continuously monitored and are subject to annual or frequent reviews or more if necessary. Lines of credit risks are approved quarterly at the level of borrower, group, producer, sector and country by the board of directors.

Lines of credit for any borrower including banks are divided into sub-lines which include amounts in and off the balance sheet and daily risk line related to trading items such as forward foreign exchange contracts. Actual amounts are compared daily with said lines.

Credit risk exposure is also managed through periodic analysis of the borrower and possible borrower's ability on fulfilling their obligations and also by amending the lending lines whenever appropriate.

The following are some means of mitigating risk:

Collaterals

The bank lays down a number of policies and controls to mitigate credit risk. Among the methods is to obtain collaterals against the granted funds. The bank sets guiding rules for defined types of acceptable collaterals. Main types of collaterals to Murabaha, Musharka and Mudaraba are:

- Real estate mortgage.
- Mortgage of business assets such as machinery and goods.
- Mortgage of financial instruments such as debt and equity instruments.

Usually corporate lending is for a longer term and secured whereas credit facilities granted to individuals are unsecured. To reduce credit loss to its minimum, the bank seeks to get additional collaterals from the concerned parties as soon as indicators of impairment of Murabaha, Musharka and Mudaraba or facility appear.

Collaterals taken as a security for assets other than Murabaha, Musharka and Mudaraba are determined according to the nature of the instrument and usually debt instruments and treasury bills are unsecured, with the exception of asset-backed securities and similar instruments which are secured by a portfolio of financial instruments.

The settlement risk arises in situations in which payment is by cash, equity instruments, or other securities or against expecting the obtainment of cash, equity instrument or other securities. Daily settlement limits are laid down for each other party to back up the consolidated settlement risk resulting from the transactions of the bank in any day.

Master netting arrangements

The Bank mitigates credit risk through entering into master liquidation agreements with parties that represent a significant portion of transactions. Master liquidation agreements do not generally give rise to netting between the assets and liabilities appearing on the balance sheet because the settlement is usually carried out on an aggregate basis. However credit risk accompanying contracts that are in favor of the Bank are reduced through master liquidation agreements in view of the fact that if there is default, all amounts with the other party are terminated and settled by netting. It is possible for the amount of exposure of the Bank to credit risk resulting from derivatives' instruments that are subject to master liquidation agreement to change in a short period as it is affected by each transaction that is governed by such agreements.

Credit related commitments

The main purpose of credit related commitments is to ensure the availability of funds to the customer at demand. Guarantees and stand by letters of credit also carry the same credit risk related to Murabaha, Musharka and Mudaraba. Documentary and commercial letters of credit issued by the bank on behalf of its customer to grant a third party the right to withdraw from the bank within the limit of certain amounts and according to defined terms and conditions usually guaranteed by goods that are shipped and consequently carry a lesser degree of risk than direct Murabaha, Musharka and Mudaraba.

Commitments for granting credit represent the unutilized part of the authorized limit to grant Murabaha, Musharka and Mudaraba, guarantees or documentary letters of credit. The bank is exposed to a potential loss which is equal to the amount equal to the total of unutilized commitments as concerning credit risk arising from credit granting commitments. However, the amount of loss which is likely to occur is actually below the unutilized commitments considering that most of the credit granting commitments represents potential liabilities of customers who have defined credit terms. The bank monitors the duration till maturity date of credit commitments as long term commitments usually carry a higher degree of credit risk compared to short term commitments.

A-3 Impairment and provisions policies

The internal systems of assessment mentioned in (note A-1) focuses to a large degree on the planning of credit quality right from the starting point of lending and investment activities, other than that the impairment losses incurred at the balance sheet's date are only recognized for purposes of preparing financial reports based on objective evidence that refers to impairment according to what is mentioned in the following disclosure. And due to the implementation of different methods, the credit losses carried on the financial statements are usually less than the expected loss resulted from using the expected loss module used on balance sheet date for purposes of the Central Bank of Egypt's rules (note A - 4).
The impairment loss provision included in the balance sheet at the end of the fiscal year is derived from the four internal assessment categories. The following table shows the percentage to items within the balance sheet related to Murabaha, Musharka and Mudaraba and the impairment associated with them for each of the bank's internal assessment categories:

31 December 2015				LE
Bank's Assessment	**Murabaha, Musharka and Mudaraba for customers**	**%**	**Impairment loss Provisions**	**%**
Performing debts	**8 909 792 839**	**83.2%**	**17 723 431**	**2.3%**
Regular watching	**1 102 404 929**	**10.3%**	**224 887 361**	**29.2%**
Watch List	**135 252 058**	**1.3%**	**43 533 009**	**5.7%**
Non performing debts	**561 897 119**	**5.2%**	**484 196 967**	**62.8%**
	10 709 346 945	**100%**	**770 340 768**	**100%**

31 December 2014				LE
Bank's Assessment	Murabaha, Musharka and Mudaraba for customers	%	Impairment loss Provisions	%
Performing debts	7 884 640 073	82.1%	17 177 102	2.7%
Regular watching	966 487 418	10.1%	67 082 220	10.4%
Watch List	234 032 511	2.4%	76 111 132	11.8%
Non performing debts	515 542 390	5.4%	482 761 447	75.1%
	9 600 702 392	100%	643 131 901	100%

Internal assessment tools helps management to define whether there is objective evidence of impairment according to the Egyptian Accounting Standard no. 26 and depending on the following indicators the bank has defined:

- Great financial difficulties facing the borrower or debtor.
- Breach of Murabaha, Musharka and Mudaraba agreement's terms such as default in payment.
- Expectation of the debtor's bankruptcy, liquidation claim or restructuring the finance granted.
- Deterioration of the competitive position of the borrower.
- For economic or legal reasons related to the borrower's financial difficulties the bank is obliged to grant him privileges and concessions which the bank may not approve of granting in normal circumstances.
- Impairment of the collateral's value.
- Deterioration of the credit position.

The bank's policies require review of all financial assets that exceed a defined relative importance at least annually or more if necessary. The impairment charge to accounts that have been assessed on an individual basis is to be defined by evaluating the loss realized at the balance sheet's date on each individual case separately and is to be applied individually on all accounts that have relative importance, the evaluation usually includes the outstanding collateral, with a reconfirmation of the possibility to realize the collateral as well as the expected collections from these accounts.
The impairment loss provision is formed on basis of a group of homogeneous assets by using the available historical expertise, personal discretion and statistical methods.

A-4 Model for measuring the general banking risks

In addition to the four creditworthiness classification categories shown in (note A-1), the management also prepares classifications in the form of more detailed subgroups which cope with the requirements of the Central Bank of Egypt. Assets exposed to credit risk are classified in these subgroups according to detailed rules and terms which depend to a great extent on customer related information, his business and activities, financial position and the extent of his regularity in payment.

The bank calculates the provisions required for the impairment of these assets exposed to credit risk including credit related commitments on the basis of defined ratios set by the Central Bank of Egypt. In case of the increase in the impairment loss provision, required according to the Central Bank of Egypt's rules, over that required for purposes of preparing the financial statements according to Egyptian accounting standards, the general banking risks reserve is to be set aside within the shareholders' equity debited to retained earnings within this increase. This reserve is periodically adjusted by increase or decrease as to be equaled to the amount of increase between the two provisions. And this reserve is un-distributable. As note No. (33-A) illustrates the movement on the general bank risk reserve during the financial year.

The following is an indication of corporate credit worthiness categories according to internal assessment bases compared to the assessment bases of The Central Bank of Egypt and the required provision ratios for the impairment of assets exposed to credit risk:

Central Bank Of Egypt Classification	Classification Description	Required provision rate	Internal Classification	Internal Classification Description
1	Low risks	Zero	1	Performing loans
2	Average risks	1%	1	Performing loans
3	Satisfactory risks	1%	1	Performing loans
4	Reasonable risks	2%	1	Performing loans
5	Acceptable risks	2%	1	Performing loans
6	Marginally acceptable risks	3%	2	Regular follow up
7	Watch List	5%	3	Special follow up
8	Sub Standard	20%	4	Non performing loans
9	Doubtful	50%	4	Non performing loans
10	Bad debt	100%	4	Non performing loans

A-5 Maximum limit for credit risk before collaterals

LE

	31 December 2015	31 December 2014
Credit risk exposures in the Balance Sheet (Net)		
Governmental notes	**4 594 798 660**	3 604 639 048
Financial assets held -for- trading		
Debt instruments	**-**	-
Investment with banks	**627 528 802**	626 177 462
Murabaha, Musharka and Mudaraba for customers		
Individuals		
Current debit accounts	**-**	-
Credit cards	**9 948 984**	4 704 935
Personal Murabaha, Musharka and Mudaraba transactions	**755 659 231**	666 275 072
Real estate Murabaha, Musharka and Mudaraba transactions	**150 317 525**	179 220 367
Corporate		
Current debit accounts	**-**	-
Direct Murabaha, Musharka and Mudaraba transactions	**7 264 026 868**	6 491 357 941
Joint Murabaha, Musharka and Mudaraba transactions	**1 068 388 607**	1 097 101 327
Other Murabaha, Musharka and Mudaraba transactions	**28 803 970**	23 839 482
Financial investments		
Debt instruments	**7 898 335 956**	5 374 453 967
Total	**22 397 808 603**	18 067 769 601
Credit risk exposures of off-balance sheet items (Net)		
Discounted commercial paper	**78 861 773**	94 997 117
Letters of guarantee	**991 957 999**	1 059 312 344
Letters of credit	**265 033 492**	199 745 367
Total	**1 335 853 264**	1 354 054 828

The previous table represents the maximum limit of exposure 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 41% of the maximum Limit exposed to credit risk arises from (Murabaha, Musharka and Mudaraba) customers against 47% as at 31 December 2014 whereas investments in the debt instruments represent 35% against 30% as at 31 December 2014.

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

93 % of (Murabaha, Musharka and Mudaraba) portfolio is classified in the two higher categories of the internal assessment against 92% as at31 December 2014.

93% of (Murabaha, Musharka and Mudaraba) portfolio is free from any delays or impairment indicators against 94% as at 31 December 2014.

Murabaha, Musharka and Mudaraba that have been assessed on an individual basis reach L.E 561 897 119 against LE 515 542 390 as at 31 December 2014, in which impairment was found at less than 86% against 94% as at 31 December 2014.

All investments in debt instruments and governmental notes represent investments in debt instruments on the Egyptian Government.

A-6 Murabaha, Musharka and Mudaraba transaction

The following is the position of Murabaha, Musharka and Mudaraba transaction balances regarding creditworthiness:

31 December 2015 — LE

Bank's evaluation	Murabaha, Musharka and Mudaraba to customers	Investment operations with banks
With no delays or impairment	**9 953 331 826**	**627 528 802**
With delays but not subject to impairment	**194 118 000**	**-**
Subject to impairment	**561 897 119**	**-**
Total	**10 709 346 945**	**627 528 802**
Less:		
Returns under settlement	**(661 860 992)**	**-**
Impairment losses provision	**(770 340 768)**	**-**
Net	**9 277 145 185**	**627 528 802**

31 December 2014 — LE

Bank's evaluation	Murabaha, Musharka and Mudaraba to customers	Investment operations with banks
With no delays or impairment	9 035 890 002	626 177 462
With delays but not subject to impairment	49 270 000	-
Subject to impairment	515 542 390	-
Total	9 600 702 392	626 177 462
Less:		
Returns under settlement	(495 071 367)	--
Impairment losses provision	(643 131 901)	--
Net	8 462 499 124	626 177 462

The total of Murabaha, Musharka and Mudaraba transaction impairment charge reached L.E 770 340 768 against L.E 643 131 901 as at 31 December 2014 including L.E 484 196 967 against L.E 482 761 447 at 31 December 2014 which represents the impairment of individual Murabaha, Musharka and Mudaraba transaction and the rest amounting to L.E 286 143 801 represents the impairment charge on a group basis of the credit portfolio

The Bank's Murabaha, Musharka and Mudaraba transaction portfolio increased by 12% during the year as a result of the expansion in lending activities. The bank concentrates on dealing with big corporations, banks or individual enjoying credit solvency.

Murabaha, Musharka and Mudaraba with no past dues and not subject to impairment

The creditworthiness of Murabaha, Musharka and Mudaraba transaction portfolio with no delays or impairment is evaluated with reference to the internal evaluation used by the bank.

Murabaha and Musharka and mudaraba for banks and customers (Net)

31 December 2015	Retail			Corporate				LE
	Credit Cards	Personal Murabaha, Musharka and Mudaraba	Real Estate Murabaha, Musharka and Mudaraba	Direct Murabaha, Musharka and Mudaraba	Joint Murabaha, Musharka and Mudaraba	Other Murabaha, Musharka and Mudaraba	Total Murabaha, Musharka and Mudaraba for customers	Investment Operations with Banks
Performing	3 916 441	175 901 625	147 076 282	7 064 569 163	1 068 388 607	-	8 459 852 118	627 528 802
Regular Watching	5 857 779	561 580 241	-	111 444 599	-	27 389 514	706 272 133	-
Watch List	-	-	-	78 716 818	-	-	78 716 818	-
Non-Performing	174 764	18 177 365	3 241 243	9 296 288	-	1 414 456	32 304 116	-
Total	9 948 984	755 659 231	150 317 525	7 264 026 868	1 068 388 607	28 803 970	9 277 145 185	627 528 802

The guaranteed Murabaha, Musharka and Mudaraba are not considered subjected to impairment for the non performing categories after taking into consideration the probability of collecting this guarantees.

31 December 2014	Retail			Corporate				LE
	Credit Cards	Personal Murabaha, Musharka and Mudaraba	Real Estate Murabaha, Musharka and Mudaraba	Direct Murabaha, Musharka and Mudaraba	Joint Murabaha, Musharka and Mudaraba	Other Murabaha, Musharka and Mudaraba	Total Murabaha, Musharka and Mudaraba for customers	Investment Operations with Banks
Performing	2 406 921	168 702 451	175 206 798	6 122 855 271	1 097 101 327	-	7 566 272 768	626 177 462
Regular Watching	2 298 014	479 070 711	-	228 171 307	-	22 298 982	731 839 014	-
Watch List	-	-	-	140 331 363	-	-	140 331 363	-
Non-Performing	-	18 501 910	4 013 569	-	-	1 540 500	24 055 979	-
Total	4 704 935	666 275 072	179 220 367	6 491 357 941	1 097 101 327	23 839 482	8 462 499 124	626 177 462

A-6 Murabaha, musharka and mudaraba transaction (Cont.)

Murabaha, Musharka and Mudaraba transaction with past dues but are not subject to impairment:

These are Murabaha, Musharka and Mudaraba with delays up to 90 days but are not subject to impairment unless there is other information to the contrary. Murabaha, Musharka and Mudaraba and advances to customers with delays but not subject to impairment and the fair value of their collaterals are represented in the following:

31 December 2015	Retail			LE
	Credit Cards	Personal Murabaha, Musharka and Mudaraba	Real Estate Murabaha, Musharka and Mudaraba	Total
Past dues up to 30 days	-	14 217 000	-	14 217 000
Past dues more than 30 days to 60 days	-	1 997 000	795 000	2 792 000
Past dues more than 60 days to 90 days	-	228 000	565 000	793 000
Total	-	16 442 000	1 360 000	17 802 000
Collaterals fair value	-	12 647 000	-	12 647 000

	Corporate			LE
	Direct Murabaha, Musharka and Mudaraba	Joint Murabaha, Musharka and Mudaraba	Other Murabaha, Musharka and Mudaraba	Total
Past dues up to 30 days	4 661 000	-	1 580 000	6 241 000
Past dues more than 30 days to 60 days	25 062 000	-	1 836 000	26 898 000
Past dues more than 60 days to 90 days	143 177 000	-	-	143 177 000
Total	172 900 000	-	3 416 000	176 316 000
Collaterals fair value	152 911 000	-	58 000	152 969 000

A-6 Murabaha, musharka and mudaraba transaction (Cont.)

At initial recognition of Murabaha, Musharka and Mudaraba transaction, the fair value of collaterals is evaluated on the basis of the same financial assets evaluation methods used, and in subsequent period to the fair value will be updated by the market prices or the similar assets' prices.

31 December 2014 — **Retail** — **LE**

	Credit Cards	Personal Murabaha, Musharka and Mudaraba	Real Estate Murabaha, Musharka and Mudaraba	Total
Past dues up to 30 days	-	7 557 000	3 115 000	10 672 000
Past dues more than 30 days to 60 days	-	4 103 000	1 205 000	5 308 000
Past dues more than 60 days to 90 days	-	2 227 000	1 418 000	3 645 000
Total	-	13 887 000	5 738 000	19 625 000
Collaterals fair value	-	8 755 000	-	8 755 000

Corporate

	Direct Murabaha, Musharka and Mudaraba	Joint Murabaha, Musharka and Mudaraba	Other Murabaha, Musharka and Mudaraba	Total
Past dues up to 30 days	-	-	528 000	528 000
Past dues more than 30 days to 60 days	28 905 000	-	212 000	29 117 000
Past dues more than 60 days to 90 days	-	-	-	-
Total	28 905 000	-	740 000	29 645 000
Collaterals fair value	18 834 000	-	620 000	19 454 000

Murabaha, musharka and mudaraba transaction subject to impairment on an individual basis

The balance of Murabaha, Musharka and Mudaraba transaction which are subject to impairment on an individual basis, before taking into consideration the cash flow from collaterals, amounted to L.E 561 897 119 against L.E. 515 542 390 as at 31 December 2014.

Below is the analysis of the total value of murabaha, musharka and mudaraba transaction subject to impairment on individual basis including the fair value of collaterals the bank has obtained against these Murabaha, Musharka and Mudaraba transactions.

A-6 Murabaha, musharka and mudaraba transaction (Cont.)

LE

	31 December 2015		31 December 2014	
	Murabaha, Musharka and Mudaraba subject to impairment on an individual basis	**Collaterals fair value**	Murabaha, Musharka and Mudaraba subject to impairment on an individual basis	Collaterals fair value
Retail				
Debit current accounts	**-**	**-**	-	-
Credit cards	**174 764**	**-**	-	-
Personal Murabaha, Musharka and Mudaraba	**22 032 655**	**-**	21 497 914	-
Real Estate Murabaha, Musharka and Mudaraba	**3 582 255**	**-**	4 306 001	-
Corporate				
Debit current accounts	**1 249 489**	**-**	1 249 489	-
Direct Murabaha, Musharka and Mudaraba	**448 420 563**	**-**	409 557 994	71 276 806
Joint Murabaha, Musharka and Mudaraba	**84 737 799**	**-**	77 091 056	-
Other Murabaha, Musharka and Mudaraba	**1 699 594**	**-**	1 839 936	-
Total	**561 897 119**	**-**	515 542 390	71 276 806

A-7 Debt instruments, 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 according to the rating of Standard & Poor's and its equivalents:

31 December 2015 LE

	Governmental notes	Trading Securities	Investments in Securities	Total
AAA	--	--	--	--
AA-to AA+	--	--	--	--
A- To A+	--	--	--	--
Less than A–	4 727 776 400	--	7 898 335 956	12 626 112 356
Unrated	--	--	--	--
Total	**4 727 776 400**	**--**	**7 898 335 956**	**12 626 112 356**

A-8 Acquisition of collaterals

During the current year, the bank obtained legal title of assets by acquiring some collateral as follows:

Nature of the assets	Book value (LE)
Land	2 926 000
Units	42 648 033

The acquired assets are classified within other assets item in the balance sheet and are sold whenever possible.

A-9 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.

31 December 2015	Egypt						LE
	Greater Cairo	Alexandria, Delta and Sinai	Upper Egypt	Total	Arabian Gulf Counrtries	Other Countries	Total
governmental notes	4 727 776 400	-	-	4 727 776 400	-	-	4 727 776 400
Financial assets held -for- trading							
Debt Instruments	-	-	-	-	-	-	-
Investments with banks	312 481 251	-	-	312 481 251	219 865 876	95 181 675	627 528 802
Murabaha, Mudaraba and Musharka with customers:							
Retail							
Debit current accounts	-	-	-	-	-	-	-
Credit cards	7 584 232	2 364 752	-	9 948 984	-	-	9 948 984
Personal Murabaha, Musharka and Mudaraba	781 416 681	162 809 731	-	944 226 412	-	-	944 226 412
Real Estate Murabaha, Musharka and Mudaraba	121 727 651	47 585 154	-	169 312 805	-	-	169 312 805
Corporate							
Debit current accounts	1 249 489	-	-	1 249 489	-	-	1 249 489
Direct Murabaha, Musharka and Mudaraba	6 857 539 242	1 536 542 444	-	8 394 081 686	-	-	8 394 081 686
Joint Murabaha, Musharka and Mudaraba	1 156 568 984	-	-	1 156 568 984	-	-	1 156 568 984
Other Murabaha, Musharka and Mudaraba	30 047 778	3 910 807	-	33 958 585	-	-	33 958 585
Financial Investments							
Debt instruments	7 898 335 956	-	-	7 898 335 956	-	-	7 898 335 956
Total	21 894 727 664	1 753 212 888	-	23 647 940 552	219 865 876	95 181 675	23 962 988 103
31 December 2014	17 340 613 021	1 654 724 194	-	18 995 337 215	231 363 033	88 851 773	19 315 552 021

A-9 Concentration of financial assets risks exposed to credit risk (Cont.)

Business Segments

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

31 December 2015								LE
	Financial Institutions	Industrial Institutions	Real estate Activity	Wholesale & retail business	Governmental sector	Other activities	Retail	Total
Governmental notes	-	-	-	-	4 727 776 400	-	-	4 727 776 400
Financial assets held - for- trading								
Debt Instruments	-	-	-	-	-	-	-	-
Investments with banks	627 528 802	-	-	-	-	-	-	627 528 802
Murabaha, Musharka and Mudaraba transaction with customers:								
Retail								
Current debit accounts	-	-	-	-	-	-	-	-
Credit cards	-	-	-	-	-	-	9 948 984	9 948 984
Personal Murabaha, Musharka and Mudaraba transaction	-	-	-	-	-	-	944 226 412	944 226 412
Real estate Murabaha, Musharka and Mudaraba transaction	-	-	-	-	-	-	169 312 805	169 312 805
Corporate								
Current debit accounts	-	-	-	-	-	1 249 489	-	1 249 489
Direct Murabaha, Musharka and Mudaraba transaction	41 828 490	3 179 225 222	197 579 916	2 143 839 257	403 310 021	2 428 298 780	-	8 394 081 686
Joint Murabaha, Musharka and Mudaraba transaction	84 737 799	494 216 062		-	90 857 143	486 757 980	-	1 156 568 984
Other Murabaha, Musharka and Mudaraba transaction	-	-	-	-	-	33 958 585	-	33 958 585
Financial Investments								
Debt instruments	-	-	-	-	7 898 335 956	-	-	7 898 335 956
Total	754 095 091	3 673 441 284	197 579 916	2 143 839 257	13 120 279 520	2 950 264 834	1 123 488 201	23 962 988 103
31 December 2014	899 304 545	3 476 900 462	201 115 168	1 887 741 340	9 458 490 699	2 372 080 101	1 019 919 706	19 315 552 021

B. Market Risk

The bank is exposed to market risk represented in volatility in fair value or in future cash flows resulted from changes in market prices. The market risk is due to the open positions of return rates, currency rates and the products of shareholders' equity as each of them is exposed to the market's public and private movements as well as to the changes in the sensitivity level of market prices or rates such as return rates, foreign exchange rates and the prices of equity instruments. The bank separates the level of its exposure to market risk to portfolios either held for trading or portfolios held for a non-trading purpose.

The trading portfolios include these positions resulting from the bank's direct dealing with customers or with the market. Whereas, the portfolios held for a non-trading purpose, arise mainly from management of the return rate of assets and liabilities related to retail transactions. These portfolios include the foreign exchange risks and shareholders' equity instruments resulted from investments held to maturity and available for sale.

B-1 Methods of measuring market risk

The following are the most important measurement methods used to control the market risk:

Value at risk

The bank applies a "value at risk" for trading and non trading portfolios to estimate the market risk of positions and the maximum of expected loss based on a number of assumptions for the various changes of market conditions. The board of directors sets limits for "value at risk" that may be classified separately by the bank for trading or non trading portfolios.

Value at risk is a statistical expectation of the potential loss of the current portfolio due to market's adverse moves. It is an expression of the maximum value the bank can lose using a defined confidence factor (98%) consequently there is a statistical probability of (2%) that the actual loss may be greater than the expected value at risk. The value at risk model assumes a defined retention period (ten days) before closing of the open positions. It also assumes that the market movement during the retention period will follow the same pattern of movement that occurred during the previous 10 days. The bank should assess the past movement based on the data of the previous five years and applies these historical changes in rates, prices and indicators directly on current positions, a method known as historical simulation. Actual outputs should also be monitored and controlled on a regular basis to measure the appropriateness of assumptions and factors used to calculate value at risk.

The use of this approach does not prevent losses outside these limits in the event of more significant market movement.

As value at risk constitutes an integral part of bank's market risk control, the value at risk limits are established by the board annually for all trading and non trading portfolio operations and allocated to business units, the actual values at risk are compared with limits put by the bank.

The quality of value at risk model is controlled on a continuous basis through tests that reinforce the results of value at risk of the trading portfolio and the results of such tests are usually reported to top management and board of directors.

Stress testing

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

B-2 Summary of values at risk

Total Value at risk according to type of risk

LE

	31 December 2015			31 December 2014		
	Average	**Higher**	**Lower**	Average	Higher	Lower
Exchange rate risk	**14 795 820**	**78 824 000**	**2 820 000**	3 940 990	27 092 000	584 000
Return rate risk	**-**	**-**	**-**	-	-	-
Total value at risk	**14 795 820**	**78 824 000**	**2 820 000**	3 940 990	27 092 000	584 000

Total Value at risk for trading portfolio according to kind of Risk

LE

	31 December 2015			31 December 2014		
	Average	**Higher**	**Lower**	Average	Higher	Lower
Exchange rate risk	**-**	**-**	**-**	-	-	-
Return rate risk	**-**	**-**	**-**	-	-	-
Total value at risk	**-**	**-**	**-**	-	-	-

Total Value at risk for non trading portfolio according to kind of Risk

LE

	31 December 2015			31 December 2014		
	Average	**Higher**	**Lower**	Average	Higher	Lower
Exchange rate risk	**14 795 820**	**78 824 000**	**2 820 000**	3 940 990	27 092 000	584 000
Return rate risk	**-**	**-**	**-**	-	-	-
Total value at risk	**14 795 820**	**78 824 000**	**2 820 000**	3 940 990	27 092 000	584 000

The Bank is not exposed to the rate of return risk since it distributes variable returns to customers related to the revenues and returns achieved quarterly. The rise in the value at risk, especially the rate of return is related to the rise in the sensitivity of the rate of return in global financial markets.

The Previous three results for the value at risk were calculated independently of the concerned positions and historical movements of markets. The total value at risk for the trading and non-trading does not constitute the value exposed to risk at the bank in view of the correlation between the kinds of risks and the kinds of portfolios, and the various impact entailing.

B-3 The Risk of fluctuations in foreign exchange rates

The bank is exposed to the risk of fluctuations in foreign exchange rates in 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 monitored 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 year. The below table includes the book value of financial instruments broken down into its component currencies:

						Equivalent in LE
31 December 2015	**EGP**	**USD**	**EUR**	**GBP**	**Other**	**Total**
Financial assets						
Cash and due from Central Bank of Egypt	1 941 434 437	519 358 712	15 745 150	2 536 209	3 677 588	2 482 752 096
Due from banks	2 276 201 537	464 522 676	54 036 755	4 600 556	12 884 805	2 812 246 329
Governmental notes	3 691 825 000	850 311 000	185 640 400	-	-	4 727 776 400
Financial assets held -for- trading	-	-	-	-	-	-
Investment with Banks	-	473 956 574	71 732 436	24 306 016	57 533 776	627 528 802
Murabaha, Musharka and Mudaraba to customers	8 666 684 325	2 004 823 631	37 838 989	-	-	10 709 346 945
Financial Investments						
Available for sale	40 422 216	-	-	-	5 511 884	45 934 100
Held to maturity	7 609 724 173	304 226 072	-	-	-	7 913 950 245
Total financial assets	24 226 291 688	4 617 198 665	364 993 730	31 442 781	79 608 053	29 319 534 917
Financial liabilities						
Due to banks	265 700 000	398 585 933	5 402 203	-	-	669 688 136
Customers' deposits	20 979 589 154	3 916 045 171	349 609 016	32 048 444	74 595 862	25 351 887 647
Other finances	20 811 252	154 602 000	-	-	-	175 413 252
Total financial liabilities	**21 266 100 406**	**4 469 233 104**	**355 011 219**	**32 048 444**	**74 595 862**	**26 196 989 035**
Net financial position	**2 960 191 282**	**147 965 561**	**9 982 511**	**(605 663)**	**5 012 191**	**3 122 545 882**
31 December 2014						
Total financial assets	17 640 329 394	4 416 969 426	469 784 914	33 446 982	68 845 915	22 629 376 631
Total financial liabilities	15 205 986 206	4 165 174 800	474 838 384	31 734 355	63 703 359	19 941 437 104
Net financial position	2 434 343 188	251 794 626	(5 053 470)	1 712 627	5 142 556	2 687 939 527

B-4 Return rate risk

The bank is exposed to the impact of fluctuations in the levels of return rates that are prevailing in the market which is the cash flow risk of return rate represented in the volatility of future cash flow of a financial instrument due to changes in the return rate of the instrument. Whereas the return rate's fair value risk is the risk of fluctuations in the value of the financial instrument due to changes in return rates in the market. The return margin may rise due to these changes but still the profit may decrease if unexpected movements occur. The board of directors sets limits for the level of difference in the re-pricing of return rate which the bank can maintain.

The following table summarizes the extent of the bank's exposure to the risk of fluctuations in return rates which includes the book value of financial instruments distributed on the basis of the price of re-pricing dates or maturity dates whichever is sooner:

LE

31 December 2015	Up to 1 month	More than 1 month - 3 months	More than 3 months – 1 year	More than 1 year – 5 years	More than 5 years	Without Return	Total
Financial assets							
Cash and due from Central Bank of Egypt	-	427 451 340	-	-	-	2 055 300 756	2 482 752 096
Due from banks	2 543 610 359	-	-	-	-	268 635 970	2 812 246 329
Governmental notes	260 000 000	1 675 775 000	2 792 001 400	-	-	-	4 727 776 400
Financial assets held -for-trading	-	-	-	-	-	-	-
Investment operations with Banks	284 324 796	238 746 212	47 926 620	34 785 450	-	21 745 724	627 528 802
Murabaha, Musharka and Mudaraba to customers	4 847 303 429	909 036 058	2 055 697 025	1 742 340 959	1 154 969 474	-	10 709 346 945
Financial Investments							
Available for sale	-	-	-	-	-	45 934 100	45 934 100
Held to maturity	-	-	270 927 161	4 539 858 171	3 087 550 624	15 614 289	7 913 950 245
Total financial assets	7 935 238 584	3 251 008 610	5 166 552 206	6 316 984 580	4 242 520 098	2 407 230 839	29 319 534 917
Financial liabilities							
Due to banks	194 630 666	183 681 600	251 307 590	-	-	40 068 280	669 688 136
Customers' deposits	8 151 007 495	14 002 964 549	-	-	-	3 197 915 603	25 351 887 647
Other finances	-	20 811 252	-	-	154 602 000	-	175 413 252
Total financial liabilities	8 345 638 161	14 207 457 401	251 307 590	-	154 602 000	3 237 983 883	26 196 989 035
re pricing gap	(410 399 577)	(10 956 448 791)	4 915 244 616	6 316 984 580	4 087 918 098	(830 753 044)	3 122 545 882
31 December 2014							
Total financial assets	6 827 874 875	2 317 269 362	5 676 752 169	3 580 743 115	2 559 299 206	1 667 437 904	22 629 376 631
Total financial liabilities	7 503 786 032	9 298 359 063	397 543 584	-	-	2 741 748 425	19 941 437 104
re pricing gap	(675 911 157)	(6 981 089 701)	5 279 208 585	3 580 743 115	2 559 299 206	(1 074 310 521)	2 687 939 527

C. Liquidity Risk

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

Liquidity risk management

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

- Daily funding are managed by monitoring future cash flows to ensure that all requirements can be fulfilled when due. This includes availability of liquidity as they due or to be lent 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 assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.
- Monitoring liquidity ratios in relation with internal requirements and Central Bank of Egypt requirements.
- Managing concentrating and declaring facilities' maturities.

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

Liquidity risk management department monitors the mismatch between medium term assets, the level and nature of unused Murabaha, Musharka and Mudaraba limits and the effect of contingent liabilities such as letters of guarantees and letters of credit.

Financing approach

Sources of liquidity are regularly reviewed by a separate team in the liquidity risk management department in order to maintain a wide diversification in currency, geographical areas, sources, products and maturities.

Non - Derivative Cash flows

The following table represents the cash flows paid by the bank by the non- derivative financial liabilities method distributed on basis of remaining of contractual maturities on the date of the balance sheet. The amounts mentioned in the table represent the contractual undiscounted cash flows. The bank manages liquidity risk on basis of expected undiscounted cash flows and not the contractual undiscounted cash flows:

LE

31 December 2015	Up to 1 month	More than 1 month - 3 months	More than 3 months – 1 year	More than 1 year – 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	234 698 946	183 681 600	251 307 590	-	-	669 688 136
Customers' deposits	6 178 726 006	3 330 193 207	6 556 520 691	5 177 577 631	4 108 870 112	25 351 887 647
Other finances	-	-	-	175 413 252	-	175 413 252
Total financial liabilities	6 413 424 952	3 513 874 807	6 807 828 281	5 352 990 883	4 108 870 112	26 196 989 035
Total financial assets	18 179 256 989	2 823 557 270	4 895 625 045	2 266 126 138	1 154 969 475	29 319 534 917

LE

31 December 2014	Up to 1 month	More than 1 month - 3 months	More than 3 months – 1 year	More than 1 year – 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	362 645 631	168 681 200	397 543 584	-	-	928 870 415
Customers' deposits	4 388 794 279	2 474 812 328	4 834 385 776	4 062 333 530	3 067 710 447	18 828 036 360
Other finances	-	-	-	184 530 329	-	184 530 329
Total financial liabilities	4 751 439 910	2 643 493 528	5 231 929 360	4 246 863 859	3 067 710 447	19 941 437 104
Total financial assets	12 569 124 273	1 618 162 233	4 501 132 946	3 284 893 240	656 063 939	22 629 376 631

The assets available to meet all liabilities and to cover commitments related to Murabaha, Musharka and Mudaraba transactions include cash, balances with central banks, balances with banks, treasury bills and other governmental securities and Murabaha, Musharka and Mudaraba transactions for banks and customers. The term of percentage of Murabaha, Musharka and Mudaraba transactions for customers that mature within one year in extended during the ordinary activity of the bank. In addition, there is a pledge for some debt instruments, treasury bills and other governmental securities to guarantee the liabilities. The bank has the ability to face the unexpected net cash flows through the sale of securities and finding other funding source.

Off-Balance Sheet Items (Gross)

LE

31 December 2015	Not more than 1 year	More than 1 year& less than 5 years	More than 5 years	Total
Acceptances	**92 814 696**	**-**	**-**	**92 814 696**
Letters of guarantee	**1 277 901 291**	**159 820 905**	**227 814**	**1 437 950 010**
Letters of credit (Import)	**335 750 738**	**46 534 885**	**-**	**382 285 623**
Letters of credit (Export)	**36 569 240**	**-**	**-**	**36 569 240**
Capital commitments	**59 458 389**	**-**	**-**	**59 458 389**
Total	**1 802 494 354**	**206 355 790**	**227 814**	**2 009 077 958**
31 December 2014				
Acceptances	113 947 119	-	-	113 947 119
Letters of guarantee	1 138 136 840	71 184 738	69 218	1 209 390 796
Letters of credit (Import)	428 926 303	8 819 637	-	437 745 940
Letters of credit (Export)	1 315 786	-	-	1 315 786
Capital commitments	97 333 127	-	-	97 333 127
Total	1 779 659 175	80 004 375	69 218	1 859 732 768

D. The Fair Value Of Financial Assets And Liabilities

D-1 Financial instruments measured at fair value using Evaluation Methods

None of the items of financial assets and liabilities were evaluated using evaluation methods at the balance sheet date.

D-2 Financial instruments not measured at fair value

The following table summarizes the present value and the fair value of financial assets and liabilities which are not presented in the bank's balance sheet at fair value.

	Book value		Fair value	LE
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
Financial Assets				
Due from banks	**2 812 246 329**	1 398 087 568	**2 814 533 949**	1 398 857 094
Investment operations with banks	**627 528 802**	626 177 462	**631 791 452**	628 282 622
Murabaha, Musharka and Mudaraba transactions to customers				
Retail	**915 925 740**	850 200 374	**915 925 740**	850 200 374
Corporates	**8 361 219 445**	7 612 298 750	**8 361 219 445**	7 612 298 750
Financial investments				
Held -to- maturity	**7 913 950 245**	5 303 203 454	**7 939 245 895**	5 362 291 480
Financial liabilities				
Due to banks	**669 688 136**	928 870 415	**698 576 428**	953 994 435
Customers' deposits	**25 351 887 647**	18 828 036 360	**25 904 776 569**	19 341 131 029
Other finances	**175 413 252**	184 530 329	**179 325 992**	187 329 092

Due from banks

The value of deposits and overnight deposits with variable return represents their present value. The fair value expected for deposits with variable return is forecasted according to the discounted cash flows using the rate of return prevailing in credit risk and similar maturity debts financial markets.

Investment Operations with Banks

The investment operations with banks are represented in facilities other than deposits with banks. The expected fair value of investment operations with banks represents the discounted value of future expected cash inflows. Cash flows are discounted using the present rate of return in the market to determine the fair value.

Murabaha, musharka & mudaraba transactions for Customers

They are represented in net Murabaha, Musharka and Mudaraba transactions after deducting the provision for impairment losses. The fair value expected from Murabaha, Musharka and Mudaraba transactions for customers represent the discounted value of expected cash inflows. Cash flows are discounted using the present rate of return in market to determine the fair value.

Investment in Securities

Investment in Securities in the previous table includes only assets that bear a return for held to maturity, where available for sale assets are evaluated at fair value apart from equity instruments which the bank could not assess their fair value at a reliable degree. The fair value of held to maturity financial assets in determined according to market prices or prices obtained from brokers. If such data are not available, the fair value is assessed using the prices of capital markets for traded securities that enjoy similar credit characteristics, maturity date and rates.

Due to other banks and customers

The fair value assessed for deposits with no fixed maturity date which included deposits with no return represents the amount that will be paid at request. The fair value of deposits that bear fixed return and other finances that are not traded in active markets are determined according to discounted cash flows using the rate of return on new debts of similar maturity.

E. Capital Management

The bank's objectives, when managing capital that includes other elements besides the shareholders' equity disclosed in the balance sheet, are represented in the following:

- Compliance with the capital's legal requirements in The Arab Republic of Egypt, and in countries in which the branches of bank operate.
- Protection of the bank's ability on continuity and enabling it to continue in generating return to shareholders and other parties that deals with the bank.
- Maintenance of a sound strong capital base that supports the growth of business.

Capital adequacy and capital utilizations according to the requirements of regulators (the Central Bank of Egypt) are reviewed and monitored daily by the bank's management through models which depend on the guidelines of Basel Committee for Banking Supervision. Required data are submitted to the Central Bank of Egypt on a quarterly basis.

Central Bank of Egypt requires the following from the bank:

- Maintaining an amount of L.E 500 million as a minimum limit of issued and paid in capital.
- Maintaining a percentage between capital items and risk-weighted assets and contingent liabilities equals to or exceeds 10%.

The branches of bank that operate outside the Arab Republic of Egypt are subject to the rules of supervision that regulate the banking business in countries in which they operate.

The numerator of the capital adequacy ratio consists of the following two tiers:

- **Tier one:** The first tier consists of two parts: the basic and the basic supplementary capital.
- **Tier two :** is the subordinated capital and consists of the following:
    - 45% of the reserve value of positive foreign exchange revaluation differences.
    - 45% of the value of special reserve.
    - 45% of the increase of fair value over book value of financial investments (If positive).
    - 45% of the fair value reserve balance of financial statements available for sale.
    - 45% of the increase in fair value over the book value of held to maturity financial investments.
    - 45% of the increase in the fair value over the book value for financial investments in subsidiaries and associates.
- Loans (supported deposits with amortization of 20% of their value for each year of the last five years of its term)
- Provision for impairment losses for loans, facilities and regular contingent liabilities not exceeding 1.25% of credit losses of assets and regular contingent liabilities weighted by risk weights.

The denominator of the capital adequacy ratio consists of the following:

Credit risk.
Market risk.
Operating risk.

- The weighting of assets by risks ranges between zero up to 200% classified in accordance with the nature of the debit side of each asset so as to reflect the related credit risks, while taking into consideration cash collaterals. Same treatment is applied on off-balance amounts after making adjustments to reflect the contingent nature and probable losses of these amounts.

- The bank has complied with all local capital requirements. The following table summarizes the components of basic and supplementary capital and capital adequacy ratios as at the ending year.

E. Capital Management (Cont.)

	31 December 2015	31 December 2014
Capital	**LE'000**	LE'000
Tier one (Basic capital)		
Issued and paid in capital	**957 687**	895 035
Reserve (legal and capital)	**99 717**	81 880
Retained earnings	**112 043**	97 850
Total basic capital	**1 169 447**	1 074 765
Basic supplementary capital	**-**	-
Differences of nominal value from present value of subordinated finance	**-**	-
Total of disposals from basic capital	**(706)**	(181)
Total tier one after disposals	**1 168 741**	1 074 584
Tier two		
45% of the value of specific reserve	**-**	-
45% of the increase in the fair value over book value of financial investments	**38 552**	34 936
Subordinated fund from main investor/ subordinated deposits	**154 602**	114 242
Provision for impairment losses for loans, facilities and regular contingent liabilities	**142 846**	137 138
Total tier two	**336 000**	286 316
Total capital	**1 504 741**	1 360 900
Total market, operating and credit risk weighted assets and contingent liabilities	**12 747 764**	12 042 339
Capital adequacy ratio (%)	**11.80%**	11.30%

* The Capital adequacy standard was added according to what was sent to the Central Bank of Egypt.

Financial leverage :

Central Bank of Egypt Board of Directors had approved in its meeting held on July 7, 2015 on special supervisory instructions related to leverage ratio which maintaining a minimum level of leverage ratio of 3% to be reported in quarterly basis as follow:
Guidance ratio started from reporting period September 2015 till December 2017.
Obligatory ratio started from year 2018.

Ratio Elements
The numerator elements
The numerator consists of tier 1 for capital that are used in capital adequacy ratio (after Exclusions) in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE)
The denominator elements
The denominator consists of all bank assets (on and off-balance sheet) according to financial statements called "Bank exposures" which include total the following:
On balance sheet exposure items after deducting some of Tier I Exclusions for capital base.
Derivatives contracts exposures.
Exposures resulting from the securitization of securities operations.
Off-balance sheet exposures.
The table below summarizes the leverage financial ratio:

	31 December 2015
	LE'000
First: the numerator leverage	
Total Basic Capital	**1 168 741**
Second: denominator	
On balance sheet exposures, financial derivatives operations and securities finance	**28 900 029**
Total Off-balance sheet items	**1 349 347**
Total on balance sheet & off balance sheet	**30 249 376**
Financial leverage ratio (%)	**%3.9**

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The bank applies estimates and assumptions which affect the amounts of assets and liabilities to be disclosed during the following financial year. Estimates and assumptions are continuously assessed on the basis of historical expertise and other factors as well, including the expectations of future events which are considered to be logical or reasonable in the light of available information and surrounding circumstances.

A. Impairment Losses on Murabaha, Musharka & Mudaraba Transactions

The bank reviews (murabaha, musharka & mudaraba transactions) portfolio on at least a quarterly basis to assess impairment. The bank applies personal judgment when deciding the necessity of posting the impairment charges to the income statement so as to know if there is any reliable data which refer to the existence of a measurable decline in the expected future cash flows of (Murabaha, Musharka & Mudaraba Transactions) portfolio even before being acquainted with the decline at the level of each Murabaha, Musharka & Mudaraba in the portfolio. These evidences may include existing data which refer to the occurrence of a negative change in the ability of a portfolio of borrowers to repay the bank or local or economic circumstances related to default in the bank's assets. When scheduling the future cash flows, the management applies estimates based on prior experience of assets losses having credit risk characteristics in the presence of objective evidences of impairment similar to those in the portfolio. The method and assumptions applied in estimating the amount and timing of future cash flows are reviewed on a regular basis to eliminate any differences between estimated and actual losses according to experience.

B. Impairment in Equity Instruments Investments Available For Sale

The bank defines impairment in equity's instruments' investments available for sale when there is a significant or prolonged decline in their fair value below their cost. Determining whether the decrease is significant or prolonged depends on personal judgment. To reach this judgment the bank estimates- among other factors- the usual volatility of the share price. Additionally, there could be impairment if there is evidence on the existence of deterioration in the financial position of the company, the bank invested in, or in its operating and financing cash flows or if there is deterioration in the industry's or sector's performance or in case of changes in technology.

C. Financial Investments Held To Maturity

The un-derivative financial assets with payments and maturity dates that are fixed or determinable are classified as financial investments held to maturity, and this classification requires to a great extent the application of personal judgment and to reach such decision the bank evaluates the intention and ability to hold these investments till maturity. If the bank fails to hold these investments till maturity date, with the exception of very special cases such as selling an insignificant amount near maturity, then these investments which were classified held to maturity should be reclassified available for sale investments. Consequently these investments shall be measured by fair value and not by amortized cost in addition to suspension of classifying any investments under the said item.

If using the classification of investments as held to maturity is suspended, the book value shall be raised by a sum of L.E. 25 295 650 to reach the fair value by recording a corresponding entry in the fair value reserve among equity.

D. Income Tax

Due to the issuance of the law of income tax No 91/2005 and its executive regulations, the income tax is calculated on net taxable earnings as per the tax return issued according to the law, using the taxation rates prevailing on the date of preparing the financial statements, provided that they would be charged to the income statement.

5. Sectorial Reports

A.Sectorial Analysis Of Activities:

Sectorial activity includes the operational transactions and assets used in providing banking services, managing their surrounding risks and the return correlated to this activity which may differ from other activities. Sectorial analysis of transactions according to bank business includes the following:

- Bank's head office.
- Cairo Governorate branches
- Giza Governorate branches
- Alexandria Governorate branches
- Other branches

31 December 2015 LE

	Head office	Cairo Branches	Giza Branches	Alexandria Branches	Others	Total
Income and expenses according to Sector activity						
Sectorial activity income	1 544 092 950	1 053 165 408	570 943 650	264 605 840	310 168 421	3 742 976 269
Sectorial activity expenses	(1 675 812 178)	(760 318 762)	(403 317 030)	(172 406 801)	(237 069 379)	(3 248 924 150)
Profit before tax	(131 719 228)	292 846 646	167 626 620	92 199 039	73 099 042	494 052 119
Tax	(228 985 656)	--	-	-	-	(228 985 656)
Profit after tax	(360 704 884)	292 846 646	167 626 620	92 199 039	73 099 042	265 066 463
Assets and liabilities according to Sector activity						
Total Sectorial activity's assets	1 957 836 714	13 986 541 191	6 508 957 072	2 570 420 336	3 876 274 275	28 900 029 588
Total Sectorial activity's liabilities	469 152 146	13 986 541 191	6 508 957 072	2 570 420 336	3 876 274 275	27 411 345 020
Sectorial activity's other items						
Capital expenses	11 198 139					
Depreciation	22 666 384					
Impairment (burden) of credit losses	(192 792 493)					

31 December 2014 LE

	Head office	Cairo Branches	Giza Branches	Alexandria Branches	Others	Total
Income and expenses according to Sector activity						
Sectorial activity income	1 058 950 694	799 940 200	450 156 955	235 396 250	244 108 433	2 788 552 532
Sectorial activity expenses	(1 218 215 540)	(538 861 610)	(317 159 142)	(158 473 424)	(184 934 217)	(2 417 643 933)
Profit before tax	(159 264 846)	261 078 590	132 997 813	76 922 826	59 174 216	370 908 599
Tax	(145 423 235)	-	-	-	-	(145 423 235)
Profit after tax	(304 688 081)	261 078 590	132 997 813	76 922 826	59 174 216	225 485 364
Assets and liabilities according to Sector activity						
Total Sectorial activity's assets	1 935 114 376	9 452 458 374	5 596 300 123	2 461 174 056	2 834 899 285	22 279 946 214
Total Sectorial activity's liabilities	607 503 118	9 452 458 374	5 596 300 123	2 461 174 056	2 834 899 285	20 952 334 956
Sectorial activity's other Items						
Capital expenses	22 834 125					
Depreciation	18 060 010					
Impairment (burden) of credit losses	(102 332 541)					

B. Geographical Segment Analysis

31 December 2015 | **LE**

	Cairo	Alex., Delta and Sinai	Upper Egypt	Total
Income and expenses according to geographical segments				
Geographical revenues	3 360 472 467	382 503 802	-	3 742 976 269
Geographical expenses	(3 002 087 948)	(246 836 202)	-	(3 248 924 150)
Profit before tax	358 384 519	135 667 600	-	494 052 119
Tax	(228 985 656)	-	-	(228 985 656)
Profit after tax	129 398 863	135 667 600	-	265 066 463
Assets and liabilities according to geographical segments				
Geographical segments assets	25 076 080 030	3 823 949 558	-	28 900 029 588
Geographical segments liabilities	23 587 395 462	3 823 949 558	-	27 411 345 020
Geographical segments other Items				
Capital expenditures	11 198 139			
Depreciation	22 666 384			
Impairment (burden) for credit losses	(192 792 493)			

31 December 2014 | **LE**

	Cairo	Alex., Delta and Sinai	Upper Egypt	Total
Income and expenses according to geographical segments				
Geographical revenues	2 455 587 017	332 965 515	-	2 788 552 532
Geographical expenses	(2 197 924 709)	(219 719 224)	-	(2 417 643 933)
Profit before tax	257 662 308	113 246 291	-	370 908 599
Tax	(145 423 235)	-	-	(145 423 235)
Profit after tax	112 239 073	113 246 291	-	225 485 364
Assets and liabilities according to geographical segments				
Geographical segments assets	18 832 662 411	3 447 283 803	-	22 279 946 214
Geographical segments liabilities	17 505 051 153	3 447 283 803	-	20 952 334 956
Geographical segments other Items				
Capital expenditures	22 834 125			
Depreciation	18 060 010			
Impairment (burden) for credit losses	(102 332 541)			

6. NET INCOME FROM RETURN

LE

	31 December 2015	31 December 2014
Returns on Murabaha, Musharka , Mudaraba and similar revenues from:		
Murabaha, Musharka and Mudaraba:		
Banks	**176 818 161**	83 492 524
Customers	**898 518 686**	820 997 905
	1 075 336 847	904 490 429
Governmental notes	**436 575 562**	399 745 720
Investments in debt instruments held to maturity and available for sale	**798 301 913**	480 619 707
	2 310 214 322	1 784 855 856
Cost of deposits and similar costs from		
Current accounts and deposits		
Banks	**(39 498 728)**	(45 453 135)
Customers	**(1 333 566 743)**	(1 023 882 626)
	(1 373 065 471)	(1 069 335 761)
Other finances	**(5 390 252)**	(3 031 912)
Total	**(1 378 455 723)**	(1 072 367 673)
Net	**931 758 599**	712 488 183

The bank holds debt instruments to cover the prescribed liquidity ratio of the customers' deposits pursuant to the requirements of competent entities. We recommend that depositors observe the foregoing with regard to the returns on such instruments.

7. NET FEES AND COMMISSIONS INCOME

LE

	31 December 2015	31 December 2014
Fees and commissions income		
Fees and commissions related to credit	**59 587 400**	52 333 297
Fees on the corporate financing services	**724 762**	449 331
Custody fees	**436 987**	632 338
Other fees	**73 802 768**	61 343 552
	134 551 917	114 758 518
Fees and commissions expenses		
Other paid fees	**(5 132 384)**	(4 322 730)
	(5 132 384)	(4 322 730)
Net	**129 419 533**	110 435 788

8. DIVIDEND INCOME

LE

	31 December 2015	31 December 2013
Investments available for sale	**4 694 122**	3 529 474
Investments held to maturity – Mutual funds certificates	**440 155**	1 911 980
	5 134 277	5 441 454

9. NET TRADING INCOME

	31 December 2015	31 December 2014
		LE
Foreign Currencies Operations		
Profit from dealing in foreign currencies	**36 349 342**	16 770 001
	36 349 342	16 770 001

10. ADMINISTRATIVE EXPENSES

	31 December 2015	31 December 2014
		LE
Employees cost		
Salaries and wages	**(161 920 915)**	(152 523 029)
Social Insurance	**(5 516 361)**	(5 056 680)
	(167 437 276)	(157 579 709)
Other administrative expenses	**(149 162 683)**	(109 306 029)
	(316 599 959)	(266 885 738)

During the year 2015 the monthly average of net salaries, bonuses, and remunerations for the top twenty key personnel in the bank combined net of tax and social insurance amounts to LE 1,376,262 compared to LE 1,208,596 during year 2014.

11. OTHER OPERATING REVENUES (EXPENSES)

	31 December 2015	31 December 2014
		LE
Profit (loss) from revaluation of monetary assets and liabilities denominated in foreign currencies other than held for trading or designated at fair value through profit and loss	**457 406**	(395 146)
Gain on sale of fixed assets	**1 371 463**	413 451
Operating and finance lease (burden)	**(64 491 892)**	(75 037 461)
Other provisions (burden)	**(37 400 835)**	(19 548 801)
Others	**(7 793 731)**	(2 126 811)
	(107 857 589)	(96 694 768)

12. IMPAIRMENT REVERSAL OF CREDIT LOSSES (BURDEN)

	31 December 2015	31 December 2014
		LE
Murabaha, Musharka and Mudaraba for customers	**(188 807 822)**	(104 106 169)
Financial investments held to maturity	**(3 984 671)**	1 773 628
	(192 792 493)	(102 332 541)

13. INCOME TAX (EXPENSES)

LE

	31 December 2015	31 December 2014
Current income taxes	**(228 460 299)**	(144 403 510)
Deferred taxes (note 23)	**(525 357)**	(1 019 725)
	(228 985 656)	(145 423 235)

14. EARNINGS PER SHARE

LE

	31 December 2015	31 December 2014
Net profits available for distribution to the bank's shareholders	**226 566 463**	194 485 364
Weighted average of shares outstanding	**136 812 482**	136 812 482
Earnings per share	**1.66**	1.42

15. CASH AND DUE FROM CENTRAL BANK OF EGYPT

LE

	31 December 2015	31 December 2014
Cash	**233 512 281**	219 482 932
Balances at Central Bank of Egypt within the mandatory reserve ratio	**2 249 239 815**	1 630 814 463
	2 482 752 096	1 850 297 395
Non-bearing balances	**2 055 300 756**	1 468 237 784
Bearing balances	**427 451 340**	382 059 611
	2 482 752 096	1 850 297 395

16. DUE FROM BANKS

LE

	31 December 2015	31 December 2014
Current accounts	**251 243 244**	109 087 568
Deposits	**2 561 003 085**	1 289 000 000
	2 812 246 329	1 398 087 568
Central Bank of Egypt other than the mandatory reserve ratio	**2 561 003 085**	1 289 000 000
Local banks	**40 211 985**	25 570 318
Foreign banks	**211 031 259**	83 517 250
	2 812 246 329	1 398 087 568
Non-bearing balances	**268 635 969**	109 087 568
Bearing balances	**2 543 610 360**	1 289 000 000
	2 812 246 329	1 398 087 568
Current balances	**2 812 246 329**	1 398 087 568
	2 812 246 329	1 398 087 568

17. GOVERNMENTAL NOTES

LE

	31 December 2015	31 December 2014
Treasury bills due 182 days	**272 475 000**	16 025 000
Treasury bills due273 days	**1 460 000 000**	556 925 000
Treasury bills due 364 days	**1 959 350 000**	1 879 225 000
Treasury bills due 364 days -USD	**850 311 000**	1 071 015 000
Treasury bills due 364 days -EUR	**185 640 400**	191 028 200
	4 727 776 400	3 714 218 200
Unearned revenues	**(132 977 740)**	(109 579 152)
	4 594 798 660	3 604 639 048

The bank holds debt instruments to cover the prescribed liquidity ratio of the customers' deposits in local currency pursuant to the requirements of competent entities. We recommend that depositors observe the foregoing with regard to the returns on such instruments.

18. INVESTMENT OPERATIONS WITH BANKS

LE

	31 December 2015	31 December 2014
Investment operation with banks	**627 528 802**	626 177 462
	627 528 802	626 177 462
Current balances	**592 743 352**	594 047 012
Non-current balance	**34 785 450**	32 130 450
	627 528 802	626 177 462

The balance includes LE 21,644,280 which represents investment operations with Al Baraka Banking Group – the main shareholder in the bank – (against L.E 41,412,580 as of 31 December 2014). Revenue from these operations during the year amounted to LE 395,613 (against LE 507,094 as of 31 December 2014).

19. MURABAHA, Musharka AND MUDARABA FOR CUSTOMERS

LE

	31 December 2015	31 December 2014
Retail		
Debit current accounts	-	-
Credit cards	9 948 984	4 704 935
Personal Murabaha, Musharka, and Mudaraba	944 226 412	813 488 872
Real estate Murabaha, Musharka and Mudaraba	169 312 805	201 725 899
Total (1)	1 123 488 201	1 019 919 706
Corporate		
Debit current accounts	1 249 489	1 249 489
Direct Murabaha, Musharka and Mudaraba	8 394 081 686	7 373 083 621
Syndicated Murabaha, Musharka and Mudaraba	1 156 568 984	1 175 745 022
Other Murabaha, Musharka and Mudaraba	33 958 585	30 704 554
Total (2)	9 585 858 744	8 580 782 686
Total Murabaha, Musharka and Mudaraba transactions for customers (1+2)	10 709 346 945	9 600 702 392
Less: returns under settlement	(661 860 992)	(495 071 367)
Less: provisions for impairment losses	(770 340 768)	(643 131 901)
Net	9 277 145 185	8 462 499 124
Current balances	7 064 569 164	6 122 855 271
Non-current balances	2 212 576 021	2 339 643 853
	9 277 145 185	8 462 499 124

	31 December 2015	31 December 2014
Al Ahram Bank Customer's loans		
loans to customers	5 024 651	5 042 477
Loans provision	(4 997 694)	(5 017 577)
Suspended returns	(26 957)	(24 900)
	-	-

Al Ahram Bank Customer's loans represents the balances of old debts for which a 100% provision is charged pertaining to Al Ahram Bank customers prior to converting into a bank that operates pursuant to the provision of the Islamic Sharia.

Provisions for impairment losses

An analysis of the movements in the provision for impairment loss for Murabaha, Musharka and Mudaraba for customers according to the following types:

Retail — LE

31 December 2015	Debit current accounts	Credit Cards	Personal Murabaha, Musharka and Mudaraba	Real Estate Murabaha, Musharka and Mudaraba	Total
Balance as of 1 January 2015	-	-	11 380 071	1 066 530	12 446 601
Impairment burden	-	-	3 325 051	551 554	3 876 605
Write offs	-	-	(103 401)	-	(103 401)
Balance as of 31 December 2015	-	-	14 601 721	1 618 084	16 219 805

Corporate

	Debit current accounts	Direct Murabaha, Musharka and Mudaraba	Syndicated Murabaha, Musharka and Mudaraba	Other Murabaha, Musharka and Mudaraba	Total
Balance as of 1 January 2015	1 249 489	546 093 263	78 419 686	4 922 862	630 685 300
Impairment burden	-	176 672 462	9 760 691	(1 501 936)	184 931 217
Write-offs	-	(69 220 776)	-	(270 775)	(69 491 551)
Recoveries	-	437 562	-	-	437 562
Foreign currency revaluation differences	-	7 558 435	-	-	7 558 435
Balance as of 31 December 2015	1 249 489	661 540 946	88 180 377	3 150 151	754 120 963

Retail — LE

31 December 2014	Debit current accounts	Credit Cards	Personal Murabaha, Musharka and Mudaraba	Real Estate Murabaha, Musharka and Mudaraba	Total
Balance as of 1 January 2014	-	-	8 111 062	1 446 578	9 557 640
Impairment burden (reverse)	-	-	3 359 489	(486 048)	2 873 441
Write offs	-	-	(90 480)	-	(90 480)
Recoveries	-	-	-	106 000	106 000
Balance as of 31 December 2014	-	-	11 380 071	1 066 530	12 446 601

Corporate

	Debit current accounts	Direct Murabaha, Musharka and Mudaraba	Syndicated Murabaha, Musharka and Mudaraba	Other Murabaha, Musharka and Mudaraba	Total
Balance as of 1 January 2014	1 249 489	468 981 407	77 239 217	1 849 080	549 319 193
Impairment burden	-	96 515 127	1 643 819	3 073 782	101 232 728
Write-offs	-	(22 806 168)	(463 350)	-	(23 269 518)
Recoveries	-	648 533	-	-	648 533
Foreign currencies revaluation differences	-	2 754 364	-	-	2 754 364
Balance as of 31 December 2014	1 249 489	546 093 263	78 419 686	4 922 862	630 685 300

20. FINANCIAL INVESTMENTS

LE

	31 December 2015	31 December 2014
Financial investments available for sale		
Debt instruments at fair value		
Quoted	-	90 849 473
Debt instruments at cost		
Unquoted	-	-
Equity instruments at fair value		
Quoted	**5 511 884**	5 296 203
Unquoted	**40 422 216**	40 544 484
Total available for sale financial investments (1)	**45 934 100**	136 690 160
Financial investments held to maturity		
Mutual funds certificates (originating bank must hold)	**26 929 846**	26 929 846
Debt instruments at amortized cost		
Quoted	**7 898 335 956**	5 283 604 494
Unquoted	-	-
Less: provision for Impairment losses	**(11 315 557)**	(7 330 886)
Total Financial investments held to maturity (2)	**7 913 950 245**	5 303 203 454
Total of Financial investments(1+2)	**7 959 884 345**	5 439 893 614
Current balances	**316 861 262**	1 244 517 140
Non-current balances	**7 643 023 083**	4 195 376 474
	7 959 884 345	5 439 893 614
Debt instrument with fixed return	**7 898 335 956**	5 141 452 643
Debt instrument with variable return	-	233 001 324
	7 898 335 956	5 374 453 967

The bank holds debt instruments to cover the prescribed liquidity ratio of the customers' deposits pursuant to the requirements of competent entities. We recommend that depositors observe the foregoing with regard to the returns on such instruments.

20.FINANCIAL INVESTMENTS (CONT.)

LE

31 December 2015	Available for sale financial investments	Held to maturity financial investments	Total
Balance as of 1 January 2015	**136 690 160**	**5 303 203 454**	**5 439 893 614**
Additions during the year	**167 732**	**3 834 019 524**	**3 834 187 256**
Disposals during the year	**(96 674 900)**	**(1 281 056 871)**	**(1 377 731 771)**
Revaluation differences of monetary assets denominated in foreign currency	**7 924 588**	**42 838 578**	**50 763 166**
Amortization of premium and discount	**(177 266)**	**18 930 231**	**18 752 965**
Loss from changes in fair value – Note 31 (E)	**(1 996 214)**	**-**	**(1 996 214)**
Provision (burden) for impairment losses	**-**	**(3 984 671)**	**(3 984 671)**
Balance as of 31 December 2015	**45 934 100**	**7 913 950 245**	**7 959 884 345**

LE

31 December 2014	Available for sale financial investments	Held to maturity financial investments	Total
Balance as of 1 January 2014	133 741 616	3 046 257 911	3 179 999 527
Additions during the year	3 883 118	2 787 870 278	2 791 753 396
Disposals during the year	(4 831 179)	(568 913 000)	(573 744 179)
Revaluation differences of monetary assets denominated in foreign currency	2 744 762	8 474 793	11 219 555
Amortization of premium and discount	(272 926)	27 739 844	27 466 918
Gain from changes in fair value – Note 31 (E)	1 424 769	-	1 424 769
Provision reverse for impairment losses	-	1 773 628	1 773 628
Balance as of 31 December 2014	136 690 160	5 303 203 454	5 439 893 614

Financial investments gains (losses)

LE

	31 December 2015	31 December 2014
Gain on sale of financial investments available for sale	**14 061 229**	2 373 498
Impairment losses on equity instruments available for sale	**(280 000)**	(2 285 850)
Impairment reverse on debt instruments available for sale	**-**	428 802
	13 781 229	516 450

Provision for impairment losses settlement of financial investment Held to maturity

LE

	31 December 2015	31 December 2014
Beginning balance	**(7 330 886)**	(9 104 514)
Reverse (burden) impairment for credit losses	**(3 984 671)**	1 773 628
Ending balance	**(11 315 557)**	(7 330 886)

21. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

LE

	31 December 2015	31 December 2014
Egyptian Saudi Finance Company for Real Estate Investment *	**2 275 000**	2 275 000
	2 275 000	2 275 000
Country of the company's head office	**Egypt**	Egypt
Company's total assets **	**6 719 434**	6 719 434
Company's total liabilities without equity **	**202 585**	202 585
Company's revenues **	**668 698**	668 698
Company's profit **	**150 127**	150 127
Bank's ownership percentage	**40%**	40%

*The company is not listed in the Egyptian stock market.
** The latest audited financial statements of the company were used dated 31 December 2014.

22. OTHER ASSETS

LE

	31 December 2015	31 December 2014
Accrued revenues	**349 864 264**	185 154 955
Prepaid expenses	**84 549 355**	85 205 660
Down payments to purchase fixed assets	**-**	665 590
Down payments to purchase and prepare new branches	**67 995 861**	32 849 332
Assets reverted to the Bank in settlement of debts (after deducting impairment)	**247 314 246**	234 377 222
Deposits and custody	**3 397 443**	1 457 496
Other	**66 676 097**	22 095 715
	819 797 266	561 805 970

23. DEFERRED INCOME TAX

Deferred income taxes were calculated on deferred tax differences according to the liabilities method.

Deferred tax assets resulting from tax losses brought forward are recognized only if probable future tax benefits exist through which brought forward losses could be utilized.

Deferred tax assets and liabilities are offset if there is reasonable legal ground for offsetting the current tax on assets against current tax on liabilities and also when the deferred income tax appending to the same tax administration.

Deferred Tax assets and liabilities balances

LE

31 December 2015	Deferred tax assets	Deferred tax liabilities	31 December 2015
Fixed assets	**-**	**(5 233 157)**	**(5 233 157)**
Provisions	**3 468 325**	**-**	**3 468 325**
	3 468 325	**(5 233 157)**	**(1 764 832)**

LE

31 December 2014	Deferred tax assets	Deferred tax liabilities	31 December 2014
Fixed assets	-	(5 122 752)	(5 122 752)
Provisions	3 883 277	-	3 883 277
	3 883 277	(5 122 752)	(1 239 475)

Movements in deferred tax assets and liabilities

LE

31 December 2015	Deferred tax assets	Deferred tax liabilities	31 December 2015
Balance at 1 January 2015	**3 883 277**	**(5 122 752)**	**(1 239 475)**
Additions during the year	**-**	**(110 405)**	**(110 405)**
Disposals during the year	**(414 952)**	**-**	**(414 952)**
Balance at 31 December 2015	**3 468 325**	**(5 233 157)**	**(1 764 832)**

LE

31 December 2014	Deferred tax assets	Deferred tax liabilities	31 December 2014
Balance at 1 January 2014	3 682 577	(3 902 327)	**(219 750)**
Additions during the year	200 700	(1 220 425)	**(1 019 725)**
Balance at 31 December 2014	3 883 277	(5 122 752)	**(1 239 475)**

24. FIXED ASSETS

LE

	Lands and Buildings	leasehold Improvements	Machinery and Equipment	Other	Total
Balance as of 1 January 2014					
Cost	234 795 922	4 895 364	16 621 522	113 138 434	369 451 242
Accumulated depreciation	(33 380 675)	(1 055 419)	(11 234 348)	(71 152 623)	(116 823 065)
Net book value	201 415 247	3 839 945	5 387 174	41 985 811	252 628 177
Additions	71 908 986	-	1 747 398	26 046 486	99 702 870
Disposals	-	-	-	(662 900)	(662 900)
Depreciation expense	(10 736 834)	(95 615)	(2 068 693)	(5 158 868)	(18 060 010)
Disposals accumulated depreciation	-	-	-	662 896	662 896
Net book value as of 31 December 2014	262 587 399	3 744 330	5 065 879	62 873 425	334 271 033
Balance as of 1 January 2015					
Cost	306 704 908	4 895 364	18 368 920	138 522 020	468 491 212
Accumulated depreciation	(44 117 509)	(1 151 034)	(13 303 041)	(75 648 595)	(134 220 179)
Net book value	262 587 399	3 744 330	5 065 879	62 873 425	334 271 033
Additions	9 725 000	-	1 856 523	11 764 131	23 345 654
Disposals	(11 571 046)	-	-	(1 621 510)	(13,192,556)
Depreciation expense	(12 393 624)	(116 124)	(2 256 658)	(7 899 978)	(22 666 384)
Disposals accumulated depreciation	244 766	-	-	1 599 392	1 844 158
Net book value as of 31 December 2015	248 592 495	3 628 206	4 665 744	66 715 460	323 601 905
Balance as of 31 December 2015					
Cost	304 858 862	4 895 364	20 225 443	148 664 641	478 644 310
Accumulated depreciation	(56 266 367)	(1 267 158)	(15 559 699)	(81 949 181)	(155 042 405)
Net book value	248 592 495	3 628 206	4 665 744	66 715 460	323 601 905

25. DUE TO BANKS

LE

	31 December 2015	31 December 2014
Current accounts	**40 068 280**	139 143 112
Deposits	**629 619 856**	789 727 303
	669 688 136	928 870 415
Local banks	**420 302 000**	396 518 681
Foreign banks	**249 386 136**	532 351 734
	669 688 136	928 870 415
Non-return bearing balances	**40 068 280**	139 143 112
Return bearing balances	**629 619 856**	789 727 303
	669 688 136	928 870 415
Current balances	**669 688 136**	928 870 415
	669 688 136	928 870 415

26. CUSTOMERS' DEPOSITS

LE

	31 December 2015	31 December 2014
Demand deposits	**2 608 218 659**	1 921 998 814
Time and notice deposits	**11 851 095 305**	7 075 833 967
Certificates of deposit and saving	**5 215 895 124**	4 454 039 627
Savings deposits	**5 086 981 616**	4 838 359 453
Other deposits	**589 696 943**	537 804 499
	25 351 887 647	18 828 036 360
Corporate deposits	**14 067 567 327**	8 331 113 135
Retail deposits	**11 284 320 320**	10 496 923 225
	25 351 887 647	18 828 036 360
Non-return bearing balances	**3 197 915 603**	2 459 803 313
Variable return balances	**22 153 972 044**	16 368 233 047
	25 351 887 647	18 828 036 360
Current balances	**17 816 260 450**	14 998 063 178
Non-current balances	**7 535 627 197**	3 829 973 182
	25 351 887 647	18 828 036 360

27. OTHER FINANCES

A. Restricted Long Term Finances

Represents the Musharka contract between the bank and the Social Fund of Development (SFD) which amounted to LE 200 million (is amended to become L.E 100 million only) to finance small enterprises with a finance form according to Islamic Sharia. The contract is to be implemented on four equal installments each of which amounted to LE 50 million with a portion of 50% for both parties for a period of 6 years starting from the transfer of the first installment from the SFD to the bank on 28 February 2013.

The Musharka profit (resulted from the finance operations returns) is distributed to the bank and the SFD equally after deducting 30% in favor of the bank as a fund manager.

The bank also has an obligation to pay a return equals the return applied in the bank for 3 months deposits on the lowest credit balance for the unused balance from the SFD share in the Musharka capital.

LE

	31 December 2015	31 December 2014
Balance as of 1 January	**41 728 329**	24 195 609
Additions during the year	**-**	25 000 000
Payments during the year	**(20 917 077)**	(7 467 280)
Balance as of 31 December	**20 811 252**	41 728 329

B. Subordinated Finance From Main Shareholder

On 16 March 2008 an agreement (investment Mudaraba deposit contract) was executed with Al Baraka Banking Group (main shareholder of the bank)to support the subordinated capital of the bank by a sum of US $ 20 million. This deposit matured on 31 March 2013.

On 31 March 2013, Al Baraka Banking Group deposited US $20 million – through performing a set-off between the amount of the old and new contracts – as a (Deposit Investment Mudaraba) to reinforce the bank's subordinate capital. The deposit to be matured on 30 June 2018. The deposit's return is calculated according to the return rates applied for the depositors in USD in the bank for 5 years in which its return is paid annually, and that is after wavering a portion of the bank's share as Mudarib estimated by 10%. Al Baraka Banking Group cannot withdraw the deposit unless by Central Bank of Egypt approval.

LE

	31 December 2015	31 December 2014
Balance as of 1 January	**142 802 000**	138 772 000
Foreign currencies revaluation differences	**11 800 000**	4 030 000
Balance as of 31 December	**154 602 000**	142 802 000
Total other finances (A+B)	**175 413 252**	184 530 329

28. OTHER LIABILITIES

LE

	31 December 2015	31 December 2014
Accrued return	**706 689 955**	541 017 451
Unearned revenues	**43 033 941**	34 008 788
Accrued expenses	**50 689 930**	38 220 779
Creditors	**7 575 001**	3 361 122
Other credit balances	**220 288 775**	285 251 052
	1 028 277 602	901 859 192

29. OTHER PROVISIONS

LE

	31 December 2015	31 December 2014
Balance as of 1 January	**49 636 420**	31 083 117
Charged to income statement	**37 400 835**	19 548 801
Utilized during the year	**(1 811 528)**	(1 074 680)
Foreign currencies revaluation differences	**336 627**	79 182
Balance as of 31 December	**85 562 354**	49 636 420
The other provision balances consists of:		
Contingent liabilities provision	**21 865 930**	16 875 539
Potential claims and legal provision	**3 828 141**	3 946 471
Tax provision	**48 281 645**	17 227 772
Assets reverted to the bank provision before 2010	**11 586 638**	11 586 638
Total	**85 562 354**	49 636 420

30. CAPITAL

The authorized capital amounted to LE 2 billion, the issued and paid up capital amounts to LE 957 687 374 as of the date of the financial statement at par value of L.E 7 per share. All issued shares are fully paid.

LE

31 December 2015	No. of shares	Ordinary shares	Total
Balance as of 1 January 2015	**127 862 133**	**895 034 931**	**895 034 931**
The Shareholders share in prior year profit Used in increasing paid in capital	**8 950 349**	**62 652 443**	**62 652 443**
Balance as of 31 December 2015	**136 812 482**	**957 687 374**	**957 687 374**

LE

31 December 2014	No. of shares	Ordinary shares	Total
Balance as of 1 January 2014	116 238 303	813 668 121	813 668 121
The Shareholders share in prior year profit Used in increasing paid in capital	11 623 830	81 366 810	81 366 810
Balance as of 31 December 2014	127 862 133	895 034 931	895 034 931

On March12, 2014 the General Assembly of the bank approved the capital increase in an amount of L.E 81 366 810 through the distribution of stock dividends to shareholders. It had been registered in the commercial register on 28 August 2014 and the amount was added to issued and paid in capital of the bank.

On February 24, 2015 the General Assembly of the bank approved the capital increase in an amount of LE 62 652 443 through the distribution of stock dividends to shareholders. It had been registered in the commercial register on 16 November 2015 and the amount was added to issued and paid in capital of the bank.

31. RESERVES

LE

Reserves are represented in	31 December 2015	31 December 2014
General banking risk reserve	**138 511 388**	104 964 908
Legal reserve	**96 474 914**	77 854 573
Capital reserve	**4 438 099**	4 024 648
Special reserve	**41 212 327**	41 212 327
Fair value reserve - financial investments available for sale	**2 675 707**	4 066 063
	283 312 435	232 122 519

A. General Banking Risk Reserve

The Central Bank of Egypt instructions require forming a general banking risk reserve to face any unexpected risks, no distribution from the reserve shall be carried out except by the approval of the Central Bank of Egypt.

LE

	31 December 2015	31 December 2014
Balance as of 1 January	**104 964 908**	66 096 402
Transferred from retained earnings	**33 546 480**	38 868 506
Balance as of 31 December	**138 511 388**	104 964 908

B. Legal Reserve

Pursuant to the statute of the bank, 10% of the year's net profit is transferred to a non-distributable reserve until the balance of such reserve reaches 100%of the capital.

LE

	31 December 2015	31 December 2014
Balance as of 1 January	**77 854 573**	61 632 558
Transferred from retained earnings	**18 620 341**	16 222 015
Balance as of 31 December	**96 474 914**	77 854 573

C. Capital Reserve

This reserve is reinforced using gains from sale of the bank's fixed assets for the purpose of supporting and enhancing the financial position of the bank

LE

	31 December 2015	31 December 2014
Balance as of 1 January	**4 024 648**	3 724 501
Transferred from retained earnings	**413 451**	300 147
Balance as of 31 December	**4 438 099**	4 024 648

D. Special Reserve

In accordance with the rules of preparing and presenting the financial statements issued by the Central Bank of Egypt's Board of Directors on 16 December 2008, the special reserve represents the impact of the change in accounting treatments.

LE

	31 December 2015	31 December 2014
Balance as of 1 January	**41 212 327**	41 212 327
Balance as of 31 December	**41 212 327**	41 212 327

E. Fair Value Reserve- Financial Investment Available For Sale:

In accordance with the rules of preparing and presenting the financial statements issued by the Central Bank of Egypt's Board of Directors on 16 December 2008, profits and losses resulting from changes in the fair value of financial investments available for sale are directly recognized in equity in this account until the asset is disposed or its value is impaired, upon which time profits and losses previously recognized in equity are charged to the income statement.

	31 December 2015	31 December 2014
Balance as of 1 January	**4 066 063**	2 882 579
Net profits/(losses) from change in fair value	**(1 996 214)**	1 424 769
Excluded from reserve as a result of sale	**-**	(2 170 380)
Losses transferred to income statement as a result of impairment	**280 000**	1 857 048
Foreign currencies evaluation differences	**325 858**	72 047
Balance as of 31 December	**2 675 707**	4 066 063

32. RETAINED EARNINGS

LE

	31 December 2015	31 December 2014
Balance as of 1 January	**200 453 808**	175 639 330
Prior year dividends (employees and BODs)	**(31 000 000)**	(23 230 000)
Transferred to legal reserve	**(18 620 341)**	(16 222 015)
Transferred to capital reserve	**(413 451)**	(300 147)
Shareholder's Dividends	**(71 602 797)**	(40 683 408)
Shareholder's Dividends used in capital increase	**(62 652 443)**	(81 366 810)
Net profit for the year	**265 066 463**	225 485 364
Transferred (to) banking risk reserve	**(33 546 480)**	(38 868 506)
Balance as of 31 December	**247 684 759**	200 453 808

33. CASH AND CASH EQUIVALENT

For purposes of cash flow statement presentation, cash and cash equivalent include the following balances which dates of maturity do not exceed three months from acquisition date

LE

	31 December 2015	31 December 2014
Cash and Due from Central Bank of Egypt (included in note 15)	**233 512 281**	219 482 932
Due from banks (included in note 16)	**2 514 243 244**	1 398 087 568
	2 747 755 525	1 617 570 500

34. CONTINGENT LIABILITIES AND COMMITMENTS

A. Legal Claims

There are a number of existing cases filed against the bank at the date of the financial statement and the provision charged for these cases amounts to LE 3 828 141 against L.E 3 280 871 as of 31 December 2014.

B. Capital Commitments

LE

	31 December 2015	31 December 2014
Capital commitments represented in contracts for the purchase of fixed assets and branches' fixtures	**46 333 389**	84 044 127
Capital commitments represented in financial investments	**13 125 000**	13 289 000
	59 458 389	97 333 127

C. Finance, Guarantees And Facilities Commitments (Net)

The bank's commitments for finance, guarantees and facilities represented in the following:

LE

	31 December 2015	31 December 2014
Acceptances	**78 861 773**	94 997 117
Letters of guarantees	**991 957 999**	1 059 312 344
Letters of credits	**265 033 492**	199 745 367
	1 335 853 264	1 354 054 828

35. TAX POSITION

A- Corporate Income Tax :

- The bank has been inspected from operation commence till 31/12/2002and the assessed tax were paid.
- Years: 2003/ 2004 they were inspected and presented to internal committee and will be expected to result in tax losses.
- Years 2005 and 2006 they were inspected and resulted in tax losses.
- Years 2007 to 2014 the bank hasn't been inspected till date, note that the tax return of these years were presented to tax authority at due date and no obligation shown on our bank.

B- Salaries Tax

- The bank has been inspected from operation commence till 31/12/2008 and the assessed tax were paid
- Years 2009 till 2014 the bank were not inspected taking into consideration that the amount due is paid on monthly bases.

C- Stamp Duty Tax

- The bank's branches were inspected till 31/7/2006 and there weren't any obligation on the bank .
  The bank has been inspected from 1 August 2006 to 31 December 2010 and approved difference was paid and the other differences transferred to appeal committee.
  The period from 1 January 2011 to 31 December 2014 not inspected yet.

36. RELATED PARTIES TRANSACTIONS

Al Baraka Banking group (Bahrain)- main shareholder - owns 73% of ordinary shares. As for the remaining 27%, it is owned by other shareholders.
Related parties transactions are carried at arm length through the bank's ordinary activity.
Transactions carried out with members of the board of directors, subsidiaries and associates companies are represented in the following:

A. Deposits From Related Parties

LE

	Members of top management and Close family members		Subsidiary and associate companies	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
Due to customers				
Balance as of 1 January	**443 015 295**	499 999 906	**1 065 981**	1 078 460
Deposits transactions executed during the year	**70 904 826**	144 832 958	**2 686**	142 571
Deposits matured during the year	**(30 330 020)**	(201 817 569)	**-**	(155 050)
Balance as of 31 December	**483 590 101**	443 015 295	**1 068 667**	1 065 981
Cost of deposits during the year	**13 359 203**	19 381 041	**66 724**	67 413

B. Other Finances (Subordinated Finance From Main Shareholder)

On March 16, 2008 an agreement (investment Mudaraba deposit contract) was executed with Al Baraka Banking Group (main shareholder of the bank) to support the subordinated capital of the bank by a sum of US $ 20 million. This deposit matured on 31 March 2013.

On 31 March 2013, Al Baraka Banking Group deposited US $20 million – through performing a set-off between the amount of the old and new contracts – as a (Deposit Mudaraba) to reinforce the bank's subordinate capital. The deposit to be matured on 30 June 2018. The deposit's return is calculated according to the return rates applied for the depositors in USD in the bank for 5 years in which its return is paid annually, and that is after wavering a portion of the bank's share as Mudarib estimated by 10%. Al Baraka Banking Group cannot withdraw the deposit unless by Central Bank of Egypt approval.

LE

	31 December 2015	31 December 2014
Balance as of 1 January	**142 802 000**	138 772 000
Foreign currency revaluation differences	**11 800 000**	4 030 000
Balance as of 31 December	**154 602 000**	142 802 000

C. Other Related Parties Transactions

LE

	Members of top management and Close family members		Subsidiary and associate companies	
	31 December 2015	31 December 2014	**31 December 2015**	31 December 2014
Fees and commission revenues during the year	**355**	844	**45 670**	45 326
	355	844	**45 670**	45 326

D. Board Of Directors and Top Management Benefits

LE

	31 December 2015	31 December 2014
Salaries and short term benefits during the year	**10 096 247**	8 621 953
	10 096 247	8 621 953

37. MUTUAL FUNDS

31 December 2015	Al Baraka Bank Egypt Fund (Al Baraka)	National Bank of Egypt and Al Baraka Bank Egypt Fund (Bashayer)	Al Baraka Bank Egypt Fund (Al Motawazen)
Date of foundation	30 March 2006	31 March 2009	10 May 2010
License	No. 246 issued by the Capital Market Authority (CMA)	No. 432 issued by the Capital Market Authority (CMA)	No. 580 issued by the Egyptian Financial Supervisory Authority (EFSA)
Managed by	Hermes Fund Management Company	the National Fund Management Company	Al Tawfik Company for Portfolio Management
Total no. of certificates (certificate)	961 289	2 438 751	647 915
Par value amounts (LE)	96 128 900	243 875 100	64 791 500
Redemption value amounts (LE)	58 302 178	139 569 720	49 941 288
The share of the bank in the fund (certificate)	147 630	45 403	52 700
Par value amounts of the share of the bank in the fund (LE)	14 763 000	4 540 300	5 270 000
Redemption value amounts of the share of the bank in the fund (LE)	8 953 759	2 598 414	4 062 116
Fees & commissions included in fees and comm./other fees revenues in income statement (LE)	375 888	361 093	298 493
Returns from the contribution included in dividends caption in income statement (LE)	147 630	81 725	210 800

Fund of Zakah and Charity Donations

Financial Statements
For the year ended 31 December 2015
&
Auditors' Report

al Baraka

Auditors' Report

To The Shareholders of Al Baraka Bank Egypt

Report on the Financial Statements

We have audited the enclosed financial statements of Zakah Fund at Al Baraka Bank Egypt represented in the balance sheet as at 31 December 2015 as well as the income & expenses accounts for financial year ended on this date, as well as a summary of the significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Fund Management .The Management is responsible for preparing and presenting the financial statements in a fair and clear manner pursuant to the standards of Egyptian accounting and in light of Egyptian laws in force. The responsibility of the management includes designing, implementing and maintaining internal control related to the preparation and presentation of the financial statements in a fair and clear manner free from any significant and effective misstatements whether resulting from falsification or error. This responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is confined in expressing the opinion with regards to such financial statements in light of our audit thereto. Our audit was carried out pursuant to the Standards of Egyptian Auditing and in light of the Egyptian laws in force. Such standards require planning and performing the audit to obtain appropriate confirmation that the financial statements are free from any significant and effective errors.

The works of audit include the performance of procedures to obtain audit evidence in connection with the values and disclosures in the financial statements. The procedures selected depend on the personal judgment of the auditor. This includes the assessment of the risk of significant and effective misstatements in the financial statements, whether resulting from falsification or error. At the time of assessing such risk, the auditor puts into his consideration the internal control related to the preparation of the Fund to the financial statements and their fair and clear presentation in order to design appropriate audit procedures that agree with the circumstances, but not with the objective of expressing opinion with regards to the efficiency of the internal control at the Fund. The process of audit also includes an assessment of the extent of appropriateness of the accounting policies and significant accounting estimates that were prepared by the management as well as the right presentation by which the financial statements were submitted.

We deem that the audit evidences that we have obtained are sufficient and appropriate, and are considered suitable grounds to express our opinion with regards to the financial statements.

Opinion

We believe that the abovementioned financial statements fairly and clearly express from all their significant aspects the financial position of Zakah Fund at Al Baraka Bank Egypt as at 31 December 2015, income & expenses for the financial year ending on this date pursuant to the Standards of Egyptian Accounting and in light of Egyptian laws in force related to the preparation of such financial statements.

Report on Legal & Other Regulatory Requirements

The fund keeps proper financial accounts that include all what is required by its statutes, and the figures of the balance sheet and income & expenses account agree with what is mentioned in such accounts.

The financial data mentioned in the report of the fund committee agree with what is mentioned in the books of the fund within the limits such data are recorded in the books.

Cairo: 23 January 2016

Auditors

Mohamed Ahmed Abu Elkassim	Tarek Salah
Allied for Accounting & Auditing - EY	Wahid Abdel Ghaffar & Co. - BT
Public Accountants & Consultants	Public Accountants & Consultants

BAKER TILLY
WAHID ABDEL GHAFFAR & CO.
PUBLIC ACCOUNTANTS & CONSULTANTS

Ernst & Young Global

BALANCE SHEET

For the year ended 31 December 2015

LE

	Note No	31 December 2015	31 December 2014
Cash & Balances with the Bank:			
Investment current account		**84 398**	444
Limited term investment current account		**1 029 351**	1 082 864
Total Current Accounts		**1 113 749**	1 083 308
Charitable investment account with return on Fund (running alms)	(4)	**1 622 850**	1 622 850
Total		**2 736 599**	2 706 158
Income exceeds expenses		**1 113 749**	1 083 308
Against charitable investment		**1 622 850**	1 622 850
Total		**2 736 599**	2 706 158

Ashraf El Ghamrawy
Vice-Chairman & Chief Executive
Vice Chairman of Zakah Committee

Adnan Ahmed Yousif
Chairman
Chairman of Zakah Committee

- Enclosed notes are an integral part of financial statements.
- Report of auditors enclosed.

INCOME & EXPENSES

For the year ended 31 December 2015

LE

	31 December 2015	31 December 2014
Income		
Opening balance	**1 083 308**	8 346 645
Zakah Collected		
Islamically due on Bank's funds for previous year	**8 830 230**	3 159 853
Total Zakah Collected	**9 913 538**	11 506 498
Investment account return (current/limited term)	**207 312**	464 914
Returns on charitable investment accounts "running alms"	**28 838**	50 711
Support of bank to Fund of Zakah and Charity Donations	**-**	226 214
Total Income	**10 149 688**	12 248 337
Expenses		
Zakah Spent		
Students & Individuals	**-**	(750 000)
Hospitals, Foundations & Charitable Associations	**(8 790 973)**	(9 934 563)
Total Zakah Spent	**(8 790 973)**	(10 684 563)
Administrative & general expenses	**(244 966)**	(480 466)
Total Expenses	**(9 035 939)**	(11 165 029)
Excess of Income above Expenses	**1 113 749**	1 083 308

- Enclosed notes are an integral part of financial statements.

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. Fund of Zakah and Charity Donations of Al Baraka Bank Egypt was established pursuant to the decision of the Board of Directors held on 29 April 1994 with its head office located at the head office of the Bank. The funds of the Fund and its accounts are independent of the funds of the Bank and its accounts. The resources of the Fund comprise the following:

- Zakah imposed by Islam on the funds of the Bank.
- Donations, and monetary and in-kind grants that depositors or third part from among individuals or authorities provide as approved by the Fund Management Committee.

2. The Fund complies in all cases with spending Zakah in its Shari'a outlets.

3. The monetary basis is adopted at the time of establishing the Income and Expenses of the Fund.

4. The item "against charitable Investment "as at 31 December 2015 is represented in the following:

L.E 1 622 850 value of charity deposits donated by third party to the Fund, of which the principal should not be touched, provided that its return would be spent pursuant to the system of the Bank as running alms by the knowledge of Zakah and Charity Donations Fund at the Bank.

Head Office & Branches

Head office
Address: 60 Mohy El-Din Abu El-Ezz Str., Dokki, Giza, Egypt
Postal Code: 12311 Dokki
P.O.Box: 455 Dokki, Giza, Egypt
Tel.: (02)37481222-37481777(10 lines)
Fax: (02) 37611436-37611437-37611453
Swift: ABRKEGCA
e-mail: centeral@albaraka-bank.com.eg
Internet:www.albaraka-bank.com.eg

Mohy El-din Abu El-Ezz Branch
Address: 62 Mohy El-Din Abu El-Ezz Str., Dokki, Giza, Egypt
P.O.Box: 504 Dokki
Postal Code: 12311 Dokki
Tel.: (02)33383482-33383490 -33383494
Fax: (02) 37611438-37617305
Swift: ABRKEGCAEZZ
e-mail: mohyeldin@albaraka-bank.com.eg

Cairo Branch
Address: 12 Ettehad El-Mohamien El-Arab Str., Garden City, Cairo, Egypt.
P.O.Box: 75 Maglesse El-Shaab, Cairo, Egypt.
Postal Code: 11516
Tel.: (02) 27947112 -27950673
Fax: (02) 27949641
Swift: ABRKEGCACAI
e-mail: cairo@albaraka-bank.com.eg

Adly Branch
Address: 9 Adly Street, Down Town Cairo, Egypt
P.O.Box: 1994 Attaba, Cairo, Egypt
Postal Code: 11511
Tel.: (02) 23919304-23919250-23919209
Fax: (02) 23919059
Swift: ABRKEGCAALF
e-mail: adly@albaraka-bank.com.eg

Zakat Department
Address: Address of Adly Branch

Heliopolis Branch
Address: 76 El-Sayed El-Merghany Str., Heliopolis, Cairo, Egypt.
P.O.Box: 5986 Heliopolis West Cairo, Egypt
Postal Code: 11757
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Fax: (02) 24140013
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e-mail: heliopolis@albaraka-bank.com.eg

Mohandessien Branch
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P.O.Box: 409 Imbaba, Giza, Egypt.
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Tel.: (02) 33037840-33037842
Fax: (02) 33037841
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e-mail: mohandessien@albaraka-bank.com.eg

Akkad Branch
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Fax: (02) 24146519
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Maadi Branch
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Fax: (02) 27509885
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6th of October Branch
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P.O.Box: 349 (6th of October), Egypt
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Fax: (02) 38313963
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Faisal Branch
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Nasr City Branch
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P.O.Box: 20 Embaba
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e-mail: semuha@albaraka-bank.com.eg

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Fax: (03) 4869930
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e-mail: alexandria@albaraka-bank.com.eg

Stanley Branch
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e-mail: stanley@albaraka-bank.com.eg

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El-Manial Branch
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Al-Hadika Al-Dawlia Branch
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Fax: (02) 27756016
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Fax: (02) 26842825
Swift: ABRKEGCAABS
e-mail: abasia@albaraka-bank.com.eg

Al- Haram Branch
Address: 48 Al-Haram Street ,Giza, Egypt
P.O.Box: 26 Al-Haram
Postal Code: 12556
Tel.: (02) 37713262- 37713263 -37713293
Fax: (02) 37713283
Swift: ABRKEGCAHRM
e-mail: haram@albaraka-bank.com.eg

Underfoundation:
New Head Office – New Cairo
AlSheikh Zayed Branch – 6 October