Separate Financial Statements and

The Auditors' Report thereon

For the period ended 30 September 2015

ADIB مصرف أبوظبي الإسلامي

Translation of Financial Statements originally issued in Arabic

Separate Balance sheet as at 30 September 2015

All amounts are in thousand Egyptian pounds

	Note	30 September LE 000's	31 December LE 000's
Assets			
Cash and due from Central Bank of Egypt (CBE)	14	**698,001**	1,317,845
Due from banks	15	**1,570,858**	1,210,003
Treasury bills	16	**3,143,251**	4,126,910
Financial assets held for trading	17	**791,824**	-
Conventional loans to customers (Net)	18	**231,128**	227,952
Facilities to customers (Net)	18	**10,454,012**	8,647,545
Financial Investments:			
Available for sale	1/19	**4,025,031**	1,610,492
Held to maturity	2/19	**11,030**	12,555
Investments in associates and subsidiaries(Net)	20	**189,002**	189,002
Intangible assets(Net of accumulated amortization)	21	**8,332**	4,093
Other assets	22	**1,038,568**	1,104,520
Fixed assets (Net of accumulated depreciation)	23	**343,086**	355,576
Deferred tax asset	29	**639,065**	828,065
Total Assets		**23,143,188**	19,634,558
Liabilities :			
Due to banks	24	**1,283,581**	793,126
Customers' deposits	25	**19,270,977**	16,601,728
Subordinated financing	26	**228,478**	203,209
Other liabilities	27	**855,022**	754,513
Other provisions	28	**155,158**	74,259
Defined benefits obligation	35	**30,559**	45,020
Total Liabilities		**21,823,775**	18,471,855
Equity:			
Paid-up capital	2/30	**2,000,000**	2,000,000
Paid under capital increase	3/30	**1,861,418**	1,861,418
Reserves	31	**199,219**	197,758
Difference between face value and present value for subordinated financing		**64,806**	73,137
Accumulated losses	4/31	**(2,806,030)**	(2,969,610)
Total equity		**1,319,413**	1,162,703
Total liabilities and equity		**23,143,188**	19,634,558
Contingent liabilities and commitments	2/33	**1,232,940**	1,164,392

-The auditors' report is attached

-The accompanying notes from (1) to (38) are integral part of these separate financial statements.

Nevine Loutfy	Haythem Soliman
Chairman, Chief Executive Officer and Managing Director	**Chief Financial Officer**

Cairo 10 November 2015

ADIB مصرف أبوظبي الإسلامي

Translation of Financial Statements originally issued in Arabic

Separate statement of Income for the period ended 30 September 2015

All amounts are in thousand Egyptian pounds

	Note	**Nine Months Ended 30**	Nine Months Ended 30 September 2014	**Three Months Ended 30**	Three Months Ended 30 September
		LE 000's	LE 000's	**LE 000's**	LE 000's
Income from Murabaha, Musharaka, Mudaraba and similar income	5	**1,411,742**	1,058,714	**509,072**	378,295
Cost of deposits and similar expenses	5	**(683,866)**	(606,676)	**(243,162)**	(208,755)
NET REVENUE FROM FUNDS (NRFF)		**727,876**	452,038	**265,910**	169,540
Fees and commission income	6	**183,070**	197,559	**60,908**	62,182
Fees and commission expense	6	**(4,472)**	(11,188)	**(1,991)**	(657)
NET FEES AND COMMISSION INCOME		**178,598**	186,371	**58,917**	61,525
Dividends income	7	**3,035**	3,102	**-**	9
Net trading income	8	**94,349**	48,373	**26,099**	22,593
Administrative expenses	9	**(515,103)**	(429,595)	**(182,204)**	(155,349)
Other operating income (expenses)	10	**21,214-**	(9,980)	**66,343-**	(6,446)
Reversal of impairment credit losses	11	**(20,785)**	67,957	**17,102**	(1,423)
Gain from financial investments	3/19	**11,800**	7,759	**2,911**	437
Profits / (Losses) before income tax		**458,556**	326,025	**122,392**	90,886
Income tax	12	**(298,673)**	(110,500)	**93,741-**	(26,500)
NET PROFIT FOR THE PERIOD		**159,883**	215,525	**28,651**	64,386
EARNINGS PER SHARE	13	**0.80**	1.08	**0.14**	0.32

- The accompanying notes from (1) to (38) are integral part of these separate financial statements.

Separate statement of change in equity for the period ended 30 September 2015

All amounts are in thousand Egyptian pounds

	Paid-up capital	Paid under capital increase	Reserves					Difference between face value and present value of subordinated financing	Accumulated losses	Total
			Legal reserve	General reserve	Special reserve	Available for sale investments revaluation reserve	General banking risk reserve			
Balance at 31 December 2013 - as previously issued	2,000,000	1,861,418	22,878	42,522	26,257	61,568	61,424	53,777	(3,364,415)	765,429
Prior year adjustments	-	-	-	-	-	-	-	-	148,829	148,829
Balance at 1 January 2014 - adjusted	2,000,000	1,861,418	22,878	42,522	26,257	61,568	61,424	53,777	(3,215,586)	914,258
Adjustments due to settlement of subordinated financing granted on 27 December 2012	-	-	-	-	-	-	-	-	(7,805)	(7,805)
Transferred to general banking risk reserve	-	-	-	-	-	-	14,979	-	(14,979)	-
Net change in fair value of available for sale investments	-	-	-	-	-	(40,911)	-	-	-	(40,911)
Amortization of the difference between face value and present value for subordinated financing	-	-	-	-	-	-	-	(7,733)	7,733	-
Settlement of subordinated financing granted on 27 December 2012	-	-	-	-	-	-	-	(51,038)	-	(51,038)
Difference between face value and present value for subordinated financing provided during the year	-	-	-	-	-	-	-	80,676	-	80,676
Net profit for the year	-	-	-	-	-	-	-	-	215,525	215,525
Balance as at 31 December 2014	2,000,000	1,861,418	22,878	42,522	26,257	20,657	76,403	75,682	(3,015,112)	1,110,705
Balance at 1 January 2015 - as previously issued	**2,000,000**	**1,861,418**	**22,878**	**42,522**	**26,257**	**22,668**	**83,433**	**73,137**	**(2,969,610)**	**1,162,703**
Transferred to general banking risk reserve	-	-	-	-	-	-	**4,635**	-	**(4,635)**	-
Net change in fair value for available for sale investments	-	-	-	-	-	**(3,174)**	-	-	-	**(3,174)**
Amortization of the difference between face value and present value for subordinated financing	-	-	-	-	-	-	-	**(8,331)**	**8,331**	-
Net profit for the year	-	-	-	-	-	-	-	-	**159,883**	**159,883**
Balance as at 30 September 2015	**2,000,000**	**1,861,418**	**22,878**	**42,522**	**26,257**	**19,494**	**88,068**	**64,806**	**(2,806,031)**	**1,319,412**

- The accompanying notes from (1) to (38) are integral part of these separate financial statements

Separate statement of Cash Flows for the period ended 30 September 2015

All amounts are in thousand Egyptian pounds

	Note	**30 Sept 2015 LE 000's**	30 Sept 2014 LE 000's
Cash flows from operating activities			
Profit before tax		**458,556**	326,025
Adjustments to reconcile profit before tax to cash flows from operating activities:			
Depreciation of fixed assets	23	**34,861**	38,076
Amortization of intangible assets	21	**15,967**	11,659
Impairment losses for financing and held to maturity investments	11-2/18	**36,544**	28,194
Other provisions formed	28	**99,261**	29,895
Credit loss impairment no longer required	2/18	**(15,759)**	(96,150)
Foreign currency revaluation of credit loss allowances	21	**701**	453
Foreign currency revaluation of other provisions	28	**345**	(5)
Foreign currency revaluation of Held to Maturity Investments	19	**-**	(151)
Foreign currency revaluation of Available for Sale Investments	19	**(1,448)**	(494)
Impairment losses for assets reverted to the bank	10	**0**	-
Gain on sale of fixed assets	10	**(266)**	(2,571)
Gain on sale of assets reverted to the bank	10	**(1,567)**	-
Impairment losses of financial investment in subsidiaries and associate	3/19	**-**	(5,764)
Gain on sale of financial assets Held for Trading	8	**-**	(275)
Gain on sale of Available For Sale investments	3/19	**(10,585)**	(77)
Gain on sale of Treasury Bills	3/19	**(1,215)**	(1,918)
Dividends income	7	**(3,035)**	(3,102)
Amortization of subordinated financing using EIR method	26	**8,331**	11,737
Cash flows from operating activities before changes in operating assets and liabilities		**618,751**	335,532
Net decrease /increase in assets and liabilities			
Due from banks		**(209,979)**	608,814
Treasury bills		**956,279**	(84,149)
Financial assets Held for Trading		**(789,883)**	275
Financing to customers		**(1,813,276)**	(1,627,138)
Other assets		**55,821**	(42,075)
Due to banks		**490,455**	537,756
Customers' deposits		**2,669,249**	948,287
Other liabilities		**8,359**	121,856
Defined Benefit Obligation		**(14,461)**	11,354
Cash flows provided from operating activities		**1,971,315**	810,512
Used provisions - other than credit provision	28	**(18,707)**	(49,911)
Used provisions - credit provisions	2/18	**(5,217)**	(10,034)
Net cash flow from operations		**1,947,391**	750,567

Separate statement of Cash Flows for the period ended 30 September 2015 (Cont.)

All amounts are in thousand Egyptian pounds

	Note	30 Sept 2015 LE 000's	30 Sept 2014 LE 000's
Cash flows from investing activities			
Purchase of Available for Sale Investments	2/19	**(3,922,498)**	(517,584)
Proceeds from sale of Available for Sale Investments	2/19	**1,516,819**	122,248
Payments to acquire fixed assets	24	**(22,373)**	(158,217)
Payments to acquire Intangible assets	22	**(20,206)**	(12,413)
Proceeds from sale of fixed assets		**269**	2,653
Payments to acquire investment in subsidiaries and associate		**-**	(7,000)
Proceeds from redemption of investment Held to Maturity	2/19	**-**	5,355
Proceeds from sale of Treasury Bills	3/19	**1,215**	1,918
Dividends income	7	**3,035**	3,102
Net cash flows used in investing activities		**(2,443,739)**	(559,938)
Net change in cash and cash equivalents during the year		**(496,348)**	190,629
Cash and cash equivalents at the beginning of the year		**1,461,550**	1,090,352
Cash and cash equivalents at the end of the year		**965,202**	1,280,981
Cash and cash equivalents at end of year are represented in :			
Cash and due from CBE	14	**698,001**	1,058,266
Due from banks	15	**1,570,858**	679,471
Treasury bills	16	**3,143,251**	4,151,050
Due from banks (mature in more than 3 months)	15	**(1,299,145)**	(522,638)
Treasury bills (mature in more than 3 months)		**(3,147,763)**	(4,085,167)
Cash and cash equivalents at end of the year	32	**965,202**	1,280,982

- The accompanying notes from (1) to (38) are integral part of these separate financial statements.

1- General information

Abu Dhabi Islamic Bank – Egypt S.A.E (formerly National Bank for Development) was established in 1974 in accordance with Investment Law No. 43 of 1974 and its executive regulations and the amendments thereon and is listed on the Egyptian Stock Exchange (EGX). The bank provides a full range of banking services to corporate, retail and micro finance clients through its head office located in Cairo and its 70 branches across all governorates and are served by 2,184 employees at 30 September 2015.

Abu Dhabi Islamic Bank - Egypt is subject as a financial institution to the supervision and control of the Central Bank of Egypt (CBE). In addition, as a Shari'a compliant bank it complies with Shari'a principles in all transactions and products provided to its clients, whether such products are investment deposits, investment certificates or savings accounts as well as meeting client's various financing needs by providing options such as Murabaha (Cost-plus), Musharka (Joint Venture), Ijarah (Leasing) and cash back cards. It also offers Islamic options for letter of guarantee and letter of credit. The Bank has a Shari'a Board composed of Islamic jurists who are continually consulted regarding all aspects of new existing and banking transactions.

On April 3rd, 2013 the Bank's name was changed in the commercial register from the National Bank for Development" to "Abu Dhabi Islamic Bank - Egypt".

2- Summary of significant accounting policies

A) Basis of preparation of the separate financial statements

The separate financial statements have been prepared in accordance with the Central Bank of Egypt (CBE) basis of preparation of the Bank's financial statements and principles of recognition and measurement as approved by its Board of Directors on 16th, 2008. These separate financial statements have been prepared under the historical cost convention as modified by the revaluation of financial investment at fair value through the profit & loss account, available for sale financial assets.

There separate financial statements have been prepared in accordance with the requirements of related applicable Egyptian laws and regulations. The bank has also prepared consolidated financial statements for the bank and its subsidiaries in accordance with the central bank of Egypt (CBE) basis of preparation, which are companies in which the bank owns directly or indirectly more than half of the voting rights, or has the ability to control the financial and operational policies regardless of the type of activity.

Consolidated and separate financial statements are to be read together as of 30 September 2015 to gather sufficient information to understand the banks' activities, results, cash flows and change in equity.

B) Going concern principle

The accumulated losses were **LE 2,806mn** as of 30 September 2015 (31 December 2014: **LE 2,970mn**), which exceeds half of the paid up and issued capital which requires the calling of Extraordinary General Assembly meeting to discuss the bank's continuity as per article no. 69 of company's law no. 159 for year 1981. An Extraordinary General Assembly meeting held on 18 October 2015 which approved the bank's continuity as a going concern.

C) Associates and Subsidiary Companies

C/1 Subsidiaries

Subsidiaries are entities which the bank has the power to govern its financial and operating policies. Usually the bank's ownership exceeds half the voting power taking into consideration potential future voting power where the bank has the option to exercise or convert that option at the time of assessment.

C/2 Associates

Associates are companies where the bank owns (from 20% to 50%) either directly or indirectly enough shares to influence the financial and operating policies of the company whilst not reaching control.

- The purchase method is used to account for the acquisition of subsidiaries and associates by the Bank. The cost of an acquisition is measured at the fair value or/and asset given or/and equity instruments issued or/and liabilities assumed at the date of exchange plus costs directly attributable to the acquisition. Net assets including contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the minority interest. The excess of acquisition cost over the Banks' share of the fair value in the net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets, the difference is recognized directly in the income statement under the item "Other operating income/(expenses)".

- Associates and subsidiaries in the financial statements are accounted for using the cost basis, investments are recognized by the acquisition expenses basis, deducting any impairment loss in value and dividend income is recognized in the income statement when it is declared, and the bank's right to receive payments is established.

D) Segment Reports

A business segment is a group of assets and operations engaged in producing products and services which have similar risks and benefits; each sector is distinct from the other. Geographical sectors are related within an economic environment each with distinct characteristics.

The bank does not have any geographical sectors that operate in a different economic environment as at 30 September 2015.

E) Foreign Currency Transactions

E/1 Trade and presentation currency

The Egyptian pound is the currency of preparation and presentation of the financial statements.

E/2 Transactions and balances in foreign currency

The Banks' accounting records are maintained in Egyptian pounds whilst transactions in other currencies are recorded at rates of exchange ruling on the transaction date. Monetary assets and the liabilities in foreign currencies are revalued into Egyptian pounds at the rates of exchange ruling at the balance sheet date with any resultant gain or loss being recorded in the income statement as follows:

- Net trading income or net income from financial instruments originally classified as a change in fair value through Income Statement according to its type.
- Other operating income/loss for other items.

The changes in fair value of monetary financial instruments denominated in foreign currencies and classified as available for sale (debt instruments) are classified into:

- Differences due to change in amortized cost of the instrument; these are recognized through Income Statement in "Profit/Interest and similar income"
- Differences due to changes in foreign currencies exchange rates; these are recognized through Income Statement in "Other operating income /expense"
- Differences due to change in fair value of the instrument which are recognized through equity in "Available for sale fair value reserve".

Translation differences on non-monetary items such as equity securities held at fair value though profit or loss are reported as part of the fair value gain or loss translation difference on non-monetary items such as available for sale the income is recorded directly in equity within "Net unrealized gains and losses on available for sale assets" .

F) Financial assets

The Bank classifies its financial assets into the following groups:

- Financial assets designated at fair value through Income Statement.
- Financings and receivables.
- Financial investments held to maturity.
- Financial investments available for sale.

The management's classification depends on the purpose of the investments at the time of its purchase.

F-1 Financial assets designated at fair value through Income Statement

Financial assets include investments Held for Trading:

- Financial instrument are recorded as held for trading if they are acquired for resale in the short term, or if they represent part of a specific financial instrument or portfolio that are managed together and there is an evidence of actual recent transactions which refers to gains\losses of income in the short term.

- Under all circumstances the bank does not re-classify any financial instrument into financial instruments measured at fair value through income statement or to a group of financial assets held for trading.

F-2 Financings and receivables

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

- That the bank intends to sell immediately or in the short term, which are classified as held for trading, or are classified as financial assets designated at fair value through the income statement account.

- That the bank upon initial recognition designates the asset as available for sale.

- For which the bank may not recover substantially all of its initial investment other than because of a credit deterioration of the issuer.

- Historical probability of default for the retail portfolio was calculated according to the realized loss for the past 3 to 6 months and based on average delinquency period for each product. For corporate portfolio, Historical probability of default was calculated as per the rates issued by Moody's for the Middle East for each facility as per its facility risk rating.

F-3 Investments held to maturity

Held to maturity financial investments are non-derivative assets which carry fixed or determinable payments and where the bank has the intention and the ability to hold to maturity. All held to maturity financial investments are reclassified as available for sale in case of a sale of significant portion unless the sale is in an emergency situation.

F-4 Financial investments available for sale

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

The following principles are followed for financial assets:

- Purchases or sales of financial assets designated at fair value through the income statement account, held to maturity financial investments, and available for sale financial investments are recognized at the trade date which is the date the bank is committed to purchase or sell the financial asset.

- Financial assets that are not classified as designated at fair value through the income statement account at the initial measurement are recognized at fair value plus directly attributable costs of acquisition or issue while financial assets designated at fair value through the income statement account at initial measurement are recognized only at fair value with any directly attributable acquisition or issue costs recorded in the "Net Trading Income" in the income statement.

- Financial assets are de-recognized where the rights to receive cash flows from the asset have expired or the bank has transferred all the risks and rewards of the asset to another party, whilst a financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

- Available for sale financial investments and financial assets designated at fair value through the income statement account are subsequently measured at fair value.

- Held to maturity financial investments are subsequently measured at amortized cost.

- Profits and losses arising from changes in the fair value of financial assets designated at fair value through income statement are recorded in income statement during the period it occurred.

- Profits and losses arising from changes in fair value of available for sale financial investments are recognized directly in equity, when the asset is disposed of or impaired, the cumulative profit or loss previously recognized in equity is recognized in the income statement.

- Monetary assets' interest/profit income is recognized based on the amortized cost method in the income statement. The foreign currency revaluation differences related to available for sale investments are recognized in the income statement. Available for sale equity instruments related to dividends are recognized in the income statement when they are declared.

- Fair values are obtained from quoted market prices in liquid markets. Where no active market exists, or quoted prices are unobtainable, the fair value is estimated using a variety of valuation techniques, including discounted cash flow and other pricing models. Inputs to pricing models are generally market-based where available and taken from reliable external data sources.

- If the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity can measure the equity instrument at cost minus any impairment losses.

- Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished − that is, when the obligation is discharged, cancelled or expires.

- Available for sale financial assets, Held for Trading and financial assets at fair value through profit or loss are all subsequently measured at fair value. Financings and receivables and held to maturity investments are subsequently measured at amortized cost.
- Interest/profit calculated using the effective interest/profit method and foreign currency gains and losses on monetary assets classified as available for sale are recognized in the income statement. Dividends on available for sale equity instruments are recognized in the income statement when the banks right to receive payment is established.

- The fair values of quoted investments in active markets are based on current bid prices, If there is no active market for a financial asset, the bank measures the equity instruments that are classified as available for sale at cost net of impairment loss, if any.

- Debt instruments can be reclassified from Available for Sale Investments to Held to Maturity Investments when the bank has the intention and ability to hold to maturity including financings and bonds, Any related Income statement that were previously recognized are treated as follows:

  i. Financial assets with fixed or determinable payments and fixed maturity is valued at amortized cost, using the effective interest method in case of impairment the profit/interest and loss that have been previously recognized directly in equity is removed from equity and recognized in the income statement.

  ii. Income statement related to financial assets without fixed or determinable maturity are held in equity till sale or disposal of the asset then removed from equity and recognized in the income statement, In case of impairment the profits and losses that have been previously recognized directly in equity are removed from equity and recognized in the income statement.

- Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished − that is, when the obligation is discharged, cancelled or expired.

G) Offset of financial assets and financial liabilities

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. REPO and reverse REPO agreements are netted in balance sheet under treasury bills.

H) Profit/Interest income and expenses

G/1 Interest income and expense for all interest/profit-bearing financial instruments, except for those classified as held for trading or designated as at fair value through profit or loss, are recognized within ‘profit/interest income’ and ‘profit/interest expense’ in the income statement using the effective profit/interest rate method, The effective profit/interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the profit/interest income or profit/interest expense over the relevant period.

The effective profit/interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective profit/interest rate, the bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options), but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective profit/interest rate, transaction costs and all other premiums or discounts. Profit/interest income on financings is recognized on accrual basis except for the interest income on non-performing financings, which ceases to be recognized as revenue when the recovery of interest or principle is in doubt.

When financings or debts are classified as non-performing or impaired, related profit/interest income are not recognized but rather, are carried off balance sheet in statistical records and are recognized as revenues on the cash basis as follows:

- When collected and after recovery of all areas for retail financings, personal financings, real estate financings for personal housing and financings to small business.

- For corporate financings, profit/interest income is also recognized on the cash basis, according to which interest earned during the periods subsequent to reschedule agreements does not start to accrete on the financing principal until the bank collects 25% of the rescheduled installments and after payments of the installments continue to be regular for at least one year.

I) Fees and Commission Income

Fees and commissions charged by the bank for servicing a financing or facility that is measured at amortized cost and that are an integral part of the effective interest rate of that financial instrument are recognized as revenue as the services are provided.

H/1 Recognition of such fees and commission in profit or loss ceases when a financing becomes non-performing or is impaired in which case fees and commission income is rather marginalized and carried off the balance sheet. Recognition of such fees and commissions as revenues continues on the cash basis when the relevant profit/interest income on the financial instrument is recognized since they are generally treated as an adjustment to the effective profit/interest rate on the financial asset.

H/2 If it is probable that the bank will enter into a specific lending arrangement, the commitment fee received is regarded as compensation for an ongoing involvement with the acquisition of a financial instrument and, together with the related transaction costs, is deferred and recognized as an adjustment to the effective profit/interest rate, If the commitment expires without the bank making the financing, the fee is recognized as revenue on expiry.

H/3 a syndication fee received by the bank that arranges a financing and retains no part of the financing package for itself (or retains a part at the same effective profit/interest rate for comparable risk as other participants) is compensation for the service of syndication; such a fee is recognized as revenue when the syndication has been completed.

Fees and commissions resulting from direct negotiations or participation in such negotiations for the benefit of or on behalf of another party, such as those earned on the allotment of shares or other financial assets to a client or acquisition or disposal of entities for a client, are recognized as revenue when the specific transaction has been completed.

H/4 Administrative and other services fees are recognized as income on a time proportionate basis over the lifetime of the service.

J) Dividends

Dividends are recognized in the income statement when the right to receive dividends is established.

K) REPO and Reverse Repo agreements

Financial instruments sold in accordance to re-purchase agreements are recognized as assets added to the balance of treasury bills on the balance sheet. Liabilities under purchase and re-sale agreements are deducted from the balance of treasury bills and the difference between sale price and re-purchase price is recognized as accrued income over the term of the agreement using effective interest method.

L) Impairments of financial assets

L-1 Financial assets held with cost to depreciation

- The bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of assets is impaired. A financial asset or a portfolio of assets is impaired and impairment losses is incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet data ('a Loss Event') and that loss event or events has had an impact on the estimated cash flow of the financial asset or the portfolio of financial assets that can be reliably estimated. Objective evidence that a financial asset or a portfolio of financial assets is impaired includes observable data that comes to the attention of the bank about the following loss events:
- Significant financial difficulty of the issuer or the obligor.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- It becomes probable that the borrower will enter bankruptcy or liquidation.
- Deterioration of financial position of the borrower.
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- Impairment in the value of guarantee.
- Deterioration of creditworthiness.

A measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

The bank estimates the period between the date on which the loss event has occurred and the date on which the impairment loss has been identified for each specific portfolio, for application purposes, the bank considers this period to equal one.

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

- If the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment based on the historical loss rates.

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

- An asset that is individually assessed for impairment, but for which an impairment loss is not recognized is included in a group of other similar assets.

- If there is objective evidence that an impairment loss on financings and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

- For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (asset nature, business nature, geographical location, etc.) that are indicative of the debtors' ability to pay all amounts due according to the contractual terms. Provisions are then related to estimate future payments as an indication of the borrowers' ability to fulfill his contract.

- When assessing the impairment loss for a group of financial assets on the basis of the historical loss rates, future cash flows in the group are estimated on the basis of the contractual cash flows of the Bank's assets and the historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

- The Bank ensures that estimates of changes in future cash flow reflect changes in related observable data from period to period. The methodology and assumptions used for estimating the future cash flows are reviewed regularly by the bank to reduce any differences between loss estimates and actual loss experience.

L-2 Financial investments available for sale and held to maturity date in associates and subsidiary companies

At each balance sheet date, the bank assesses whether there is objective evidence that any financial asset or group of financial assets, that are classified as available for sale has been impaired. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment.
Such decline is presumed to be significant for the equity instruments if it reaches 10% of the cost of the financial instrument, whereas it is presumed a prolonged decline when it extends for a period of more than 9 months.

In respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity. However, if in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss for that debt instrument.

M) Intangible Assets

M-1 Software (computer programs)

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

- Upgrade costs are recognized and added to the original cost of the software, when it is likely that such costs will increase the efficiency or enhance the performance of the computers software beyond their original specification.
- Cost of the computer software recognized as an asset shall be amortized over the period of expected benefits which shall not exceed three years.

N) Fixed Assets

All fixed assets are carried at historical cost net of accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the items, subsequent costs are included in the assets carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. Repairs and maintenance expenses are recognized in profit or loss within "other operating costs" line item during the financial period in which they are incurred.

Depreciation is charged on all assets other than land so as to write off the cost of assets over their estimated useful lives. A straight-line method is used based on the following annual rates:

Buildings	20 years
Decorations and preparations	20 years
Integrated systems & equipment	5 years
Motor vehicles	5 years
Furniture and fittings	10 years
Other equipment	8 years

The bank reviews the carrying amounts of its depreciable fixed assets whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of the asset’s net realizable value or value in use, gains and losses on disposals are determined by comparing proceeds with relevant carrying amount, these are included in profit or loss in other operating income/(costs) in the income statement.

O) Impairment of non-financial assets:

Non-financial assets that do not have definite useful lives, except for goodwill, shall not be amortized. These are annually tested for impairment. Depreciable fixed assets are tested for impairment whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered.

Impairment loss is recognized and the carrying amount of an asset is reduced to the extent that such carrying amount exceeds the asset's recoverable amount.

The recoverable amount of an asset is the higher of the asset’s net realizable value or value in use. For the purpose of estimating the impairment loss, where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.
At each balance sheet date, non-financial assets for which an impairment loss is recognized shall be reviewed to assess whether or not such impairment losses should be reversed through profit or loss.

P) Leasing

This is calculated as per law no. 95 for the year 1995, about finance leasing in case the contract grants the right to the tenant to purchase the asset by a set date and a set value, in addition to contract life covers more than 75% of estimated useful life, or if the fair value of total rental payments represent payments more than 90% of the assets value. Other contracts represent operational rent contracts.

P-1 Rent

For leasing contracts the expense of rent in addition to maintenance is recognized as expenses in the income statement. If the Bank exercises its right to purchase the rented asset, the expenses of purchase is capitalized and depreciated over the remaining useful life. The payments are recognized under operational rent and decreased by the amount of any payments received within the stated period and registered in the income statement as steady installments.

Q) Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents comprise balances due within three months from date of acquisition; they include cash and balances due from central bank of Egypt, other than those within the mandatory reserve, current accounts with banks and treasury bills, certificates of deposits and other governmental notes.

R) Other provisions

Provisions for obligations are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the balance sheet date.

For obligations due, provisions are calculated based on undiscounted expected outflows unless the time value of money has a significant impact on the amount on provision, then it is measured at the present value.

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

Provisions for obligations due within more than 12 months from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the balance sheet date, An appropriate pre-tax discount rate that reflects the time value of money is used to calculate the present value of such provisions, For obligations due within less than twelve months from the balance sheet date, provisions are calculated based on undiscounted expected outflows unless the time value of money has a significant impact on the amount of provision, then it is measured at the present value.

S) Taxes

Taxes include income taxes and deferred taxes are recognized in the income statement except for income tax relating to the owners' equity which is recognized directly within the owners' equity statement.

Income tax on the period's profit or loss represents the sum of the tax currently payable and deferred tax and is recognized in the income statement.

The bank's liability for current period tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period, in addition to income tax adjustments related to previous years, Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered, However, when it is expected that the tax benefit will increase, the carrying amount of deferred tax assets shall increase to the extent of previous reduction.

I) Employees Benefits.

Employees saving insurance fund:
In the first of July 2013 the bank established a private social insurance fund (Alsondoq) according to the law number 54 for the year 1975 "private insurance funds law and the regulations", The bank has registered the fund in 14 January of 2014 with a number of registration (884), Working in this fund started on the first of April 2014, terms and modification of the fund is applied on the employees working in the head office of the bank and its branches in the Arab republic of Egypt.

The bank is committed to pay the subscriptions to the fund monthly calculated according to the rules of the fund and its modifications. Generally the fund is financed through the monthly subscriptions and some other resources specified in fund's list

Legacy staff medical benefit plan
The Bank has a Defined Benefit Medicare Plan for its legacy employees during their service period and post retirement, the liabilities of this system represent in the present value of its liabilities minus its assets at the end of each period including the actuarial loss and revenues settlements and also the prior year cost. The liability determined by independent actuarial expert using the Projected Unit Credit method. the fair value of the liabilities are determined by the projected forecasted cash outflow using discount rate of governmental bonds with maturities similar the maturity of liability. The liability recorded in other liabilities.
The actuarial revenues or losses arising from experience change in actuarial assumptions and amendments in the medical plan are hitting the income statement. The bank applies the monthly payment method to the medical plan for current employees, this payments hit the income statement in employee's benefits item.

T) Comparative figures

Comparative figures are reclassified, where necessary, for consistency with changes in the current period's presentation. (Note 35).

3- Management of financial risks

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

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

Risks are managed in accordance with preapproved policies by the board of directors; the risk management department identifies, evaluates and covers financial risks, in close collaboration with the bank's various operating units.

The board of directors provides written rules which cover certain risk areas, such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative financial instruments.

3/1 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The bank deems financings to customers, banks and financial investments in terms of bills, current accounts, deposits at banks, as financial assets exposed to credit risk of settling part or all of the dues by the concerned parties on the maturity date. Credit risk also exists on items not registered in the balance sheet such as financing commitments.

3/1/1 Measurement of Credit Risk

Financings and facilities to clients

To evaluate credit risk relating to financings and facilities to banks and/or clients.3 components are to be considered:

- Probability of default – by the client or counter party on its contractual obligations.
- Exposure at default – current exposure to the counter party and its likely future developments from which the bank derive the exposure at default.
- Loss given default

The banks daily activities include measurement of credit risk, which reflects estimated loss (expected loss model) required by Basel banking observatory committee, a conflict could generate between operational measurements and impairments as per the Egyptian Accounting Standards, which recognizes losses encountered on balance sheet "Recognized losses" rather than "Expected loss" (note 3/1/1).

The bank evaluates each client through a detailed weight categorization; these methods have been developed for internal evaluation usage and for analysis to reach the appropriate weighting. The banks' clients have been categorized to 4 categories, reflecting the delay in payment, therefore clients could move between the various categories depending on evolving circumstances. The bank frequently and periodically reviews the efficiency of this method to estimate any cases.

Internal Categories

Category	Description
1	Good debts
2	Regular follow up
3	Special follow up
4	Bad debts

-Exposure at default is based on the amounts the bank expects to be outstanding at the time of default.
-The estimated loss, is the loss incurred when delay in payment occurs, being a percentage of financing which differs depending upon client, nature of claim, available collaterals and guarantees.

Debt Instruments and Treasury Bills

The bank, in this case uses external categorization, such as standard and poor or other equivalents. If external classification is not available, the method of credit risk is followed. The investment in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirements at the same time.

3/1/2 Minimization and avoidance of risk:

The bank manages and controls the credit risk on the debt category and various circumstances, nature, country, manufacture, etc. The assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his payment track record.

Framework for categorizing debts is drawn by sub borders including on/off balance sheet figures, the daily risk relating to trade items (e.g. Foreign exchange). Actual figures are compared to daily limits.

Periodical monitor and review of credit risk through analyzing the ability of clients and estimated clients. In light of the results, amendments to the debt limitation take place as appropriate.

Several methods to eliminated risk are as follows:

Collaterals

Several rules and policies are stated by the bank to minimize credit risk, one of which is collaterals, the bank specifies guidelines for certain types of collaterals. Major types are as follows:

- Real estate mortgage
- Operating asset mortgage such as machinery and goods
- Mortgage of financial instruments such as: securities or equities

Usually the long term facilities are related to corporate, while short term facilities or credit for retail to minimize any losses to minimal. The bank seeks extra collaterals from related parties if a sign of impairment of any financing or facility occurs.

Collaterals depend mainly on type of facility, treasury bills and securities are usually with no collaterals, except for financial pools covered by asset-backed securities and similar guaranteed by financial instruments.

Master netting arrangements

The bank minimizes credit risk through arrangements made between major clients representing high portfolios and the bank, master netting arrangements doesn't result in netting between assets and liabilities within the balance sheet, because the settlement is normally set on total value. This leads to a lower risk rate for the bank, because in case of non-performing financings settlements are in favor of the bank. Due to fluctuations the bank's risk weight can differ due to circumstances.

Commitments related to credits

The major need for commitments related to credits is for the client to have liquidity when needed, Guarantees and standby letters of credit issued by the bank on behalf of the client; to grantee a third party the right to withdrawal from the clients account within a certain limit.

Usually this is guaranteed by shipped merchandise or goods therefore the risk weight is less than direct financings.

Credit commitments represent the hidden unused part of the risk tolerated by the bank such as granting financings, LCs and LGs, the Bank then is subject to losses to equal value of credits. Losses indorsed by unused credits are less than the value, due to facilities being granted for possible commitments for a specific client with certain conditions, The Bank observes the credits till maturity date (long term credits hold a higher risk weight).

3/1/3 Impairment & Provisioning Policies

Impairment loss provisions stated on the end of period balance sheet are extracted from the categorized weight risk rating. Provisions are mainly calculated for credits holding the lowest category and the following table clarifies the percentage upon which the provisions are calculated:

Banks Rating	30 Sept 2015 Financings and Facilities	30 Sept 2015 Impairment loss provisions	31 December 2014 Financings and facilities	31 December 2014 Impairment loss
Good debts	**83.71%**	**26.09%**	83.75%	20.21%
Regular follow up	**12.46%**	**12.26%**	12.11%	12.09%
Special follow up	**0.39%**	**2.07%**	0.09%	0.87%
Bad debts	**3.44%**	**59.57%**	4.05%	66.82%
	100.00%	**100.00%**	100.00%	100.00%

Internal evaluation helps to clarify if there are any significant indications existing for provisions, as per Egyptian Accounting Standards no. 26. Guided by the following points set by the bank:

- Financial problems faced by the client.
- Breaching of financing contract for example overdue installments.
- Prediction of bankruptcy or liquidation or financial restructure.
- Deterioration of competitive position.
- The Bank granting superior or extraordinary facilities that the bank could normally not agree upon.
- Impairment of the collateral.
- Deterioration of credit status

The bank's policy includes revising all the bank's assets (exceeding a certain percentage of importance) at least once per year or more if needed.

Loss is evaluated at the balance sheet date on all major accounts. Evaluation normally includes the existing collateral, verifying all payments and withdrawals from the account, impairment loss is accumulated on similar assets; historical expertise, personal judgment statistical methods.

3/1/4 Model of General Risk Measurement

In addition to the 4 categories stated in note 3/1/1, the management takes on several other detailed measurements, to comply with the CBE requirements. Assets exposed to risk are categorized as per the CBE's conditions and instructions, mainly related to the client, such as: activity, financial position, payment stability.

The bank calculates the impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the required for impairment losses as per CBE credit worthiness rules exceeds the provisions, that excess shall be debited to retained earnings and carried to the general reserve for banking risks in the equity section.

Such reserve is always adjusted on a regular basis, by any increase or decrease so that the reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution (note 31/2) and shows the movement on the general reserve for banking risks during the financial period.

As follows is the statement of credit rating for corporations as per the Bank's internal ratings as compared with those of CBE's; it also includes the percentages of provisions required for impairment of assets exposed to credit risk.

CBE rating	CBE rating Description	Required Provision %	Internal Rating	Internal Rating Description
1	Low risk	0%	1	Good debts
2	Moderate risk	1%	1	Good debts
3	Satisfactory risk	1%	1	Good debts
4	Appropriate risk	2%	1	Good debts
5	Acceptable risk	2%	1	Good debts
6	Marginally acceptable risk	3%	2	Normal watch list
7	Watch list	5%	3	Special watch list
8	Substandard	20%	4	Non-performing financing
9	Doubtful debts	50%	4	Non-performing financing
10	Bad debts	100%	4	Non-performing financing

3/1/5 Maximum limit for credit risk before guarantees

5/A Maximum limit for credit risk before guarantees

	30 September 2015	31 December 2014
Balance sheet items exposed to credit risks		
Treasury bills	**3,279,079**	4,324,478
Financing to customers		
Retail loans		
- Overdraft	**11,366**	1,407
- Covered cards	**620,909**	398,482
- Personal financing	**4,179,010**	3,928,311
- Real estate mortgage	**167**	1,164
Corporate loans:		
- Overdraft	**1,176,813**	1,097,024
- Direct financing	**5,828,463**	4,573,044
- Syndicated financing	**529,727**	270,787
Financial investments:		
Debt instruments	**4,791,380**	1,586,926
Other assets	**1,038,568**	1,104,523
Total	**21,455,482**	17,286,146
Off balance sheet items exposed to credit risks		
Letters of credit (import & confirmed export)	**308,046**	359,913
Letters of guarantee	**417,408**	423,305
Documentary credit	**76,465**	184,965
Bank guarantees	**431,021**	196,209
Total (note 32/2)	**1,232,940**	1,164,392

The above table represents the maximum limit of risk to be exposed to at the end of 30 September 2015 and without taking into consideration any guarantees, for balance sheet items, amounts stated depends on the net carrying amount shown in the balance sheet.

As shown in the preceding table **61,03** % (31 December 2014: **59.41**%) of the maximum limit exposed to credit risk results from financings and facilities to customers, while investments in debt instruments represents **11.82%**(31 December 2014: **9.18**%).

The management is confident in its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from financing portfolio, facilities, and debt instruments as follows:

- **94.27** % (31 December 2014: **95.86** %) of the financings and facilities portfolio are rated on the highest 2 levels of the internal rating.

- **79.02** % (31 December 2014:**83.75** %) of the financing portfolio and facilities having no arrears or indicators of impairment.

- Financings and facilities valued on a separate basis amounting to LE **407mn** (31 December 2014: LE **416mn**) with impairment less than **5.64** % from its value against (31 December 2014: **4.05** %).

- The bank applied more prudential selection process on granting financings and facilities during the financial Period ended at 30 September 2015

- **100** % of investments in debt instruments and treasury bills represent debt instruments due from the Egyptian government.

3/1/6 Financing and facilities to customers:
The status of balances of financings and facilities in terms of credit rating are as follows:

Value in LE 000's

	30 September 2015	31 December 2014
Financings and facilities	**Financings and facilities to customers**	Financings and facilities to customers
Neither past due nor impaired	**10,334,902**	8,601,263
Past due not impaired	**1,586,244**	1,252,618
Subject to impairment*	**425,309**	416,338
Total (note 2/17)	**12,346,455**	10,270,219
Less:		
Impairment loss provision **	**(286,995)**	(256,492)
profit in suspense	**(19,754)**	(21,918)
Deferred profits	**(1,354,566)**	(1,116,312)
Net (note 2/17)	**10,685,140**	8,875,497

Non-performing financing against guarantees and not subject to impairment after taking into consideration the collectability of the guarantees, Financings and facilities portfolio has increased by **8.28**% as of 30 September 2015 (31 December 2014: increased by **35.75**%).

*Customers financing and facilities subjected to impairment related to the period before acquisition.

** The impairment loss provision for non-performing portfolio amounted to LE 101 mm as of 30 September 2015 (31 December 2014: LE 113mn).

3/1/6 Financing and facilities to customers - Continued

Financing to banks and customers:

Value in LE '000

30 September 2015

Rating	Retail				Corporate			Total
	Overdraft	Covered cards	Personal financing	Real estate mortgage	Overdraft	Direct facilities	Syndicated financing	
Good financing	11,366	612,084	4,022,424	73	1,021,757	4,566,718	100,481	10,334,903
Regular follow up	-	6,301	53,657	59	155,039	893,592	429,246	1,537,894
Special follow up	-	1,743	11,266	17	8	35,315	-	48,349
Bad debts	-	781	91,663	18	9	332,838	-	425,309
Total	11,366	620,909	4,179,010	167	1,176,813	5,828,463	529,727	12,346,455

Value in LE '000

31 December 2014

Rating	Retail				Corporate			Total
	Overdraft	Covered cards	Personal financing	Real estate mortgage	Overdraft	Direct facilities	Syndicated financing	
Good financing	1,407	393,135	3,806,934	61	953,813	3,365,725	80,188	8,601,263
Regular follow up	-	4,395	34,057	1,053	143,159	870,436	190,599	1,243,699
Special follow up	-	801	3,930	50	52	4,086	-	8,919
Bad debts	-	151	83,390	-	-	332,797	-	416,338
Total	1,407	398,482	3,928,311	1,164	1,097,024	4,573,044	270,787	10,270,219

Financing and facilities neither past due nor impaired

The credit worthiness for financings and facilities portfolio that are neither past due nor impaired is based on the banks' internal rating.

3/1/6 Financing and facilities to customers – Continued

Financing and facilities past due but not impaired

They are financings and facilities having arrears until 90 days and they are not subject to impairment unless there is information to the contrary, Financings and facilities to customers having arrears and not subject to impairment are represented as follows:

Value in LE '000

30 September 2015	**Retail**				
	Overdraft	**Covered cards**	**Personal financings**	**Real Estate Mortgage**	**Total**
30 to 60 days arrears	**-**	**6,301**	**53,657**	**59**	**60,017**
60 to 90 days arrears	**-**	**1,743**	**11,266**	**17**	**13,026**
Total	**-**	**8,044**	**64,923**	**76**	**73,043**

31 December 2014	Retail				
	Overdraft	Covered cards	Personal financings	Real Estate Mortgage	Total
30 to 60 days arrears	-	4,395	34,057	1,053	39,505
60 to 90 days arrears	-	801	3,930	50	4,781
Total	-	5,196	37,987	1,103	44,286

Value in LE '000

30 September 2015	**Corporate**				
	Overdraft	**Direct financing**	**Syndicated financings**	**Others**	**Total**
30 to 60 days arrears	**155,039**	**893,592**	**429,246**	**-**	**1,477,877**
60 to 90 days arrears	**8**	**35,315**	**-**	**-**	**35,323**
Total	**155,047**	**928,907**	**429,246**	**-**	**1,513,200**

31 December 2014	Corporate				
	Overdraft	Direct financing	Syndicated financings	Others	Total
30 to 60 days arrears	143,159	870,436	190,599	-	1,204,194
60 to 90 days arrears	52	4,086	-	-	4,138
Total	143,211	874,522	190,599	-	1,208,332

At the initial recognition of financings and facilities, the fair value of the guarantees is determined using similar techniques for similar assets subsequently, its fair value is updated to reflect either the market price or prices of similar assets.

3/1/6 Financing and facilities to customers – Continued

Financing subject to individual impairment

Financing and facilities to customers

Value in LE '000

30 September 2015	**Retail**				**Corporate**	**Total**
	Covered cards	**Personal financing**	**Real estate mortgage**	**Overdrafts**	**Direct financing**	
Financings subject to individual impairment	**781**	**91,664**	**27**	**9**	**332,828**	**425,309**

31 December 2014	Retail				Corporate	Total
	Covered cards	Personal financing	Real estate mortgage	Overdrafts	Direct financing	
Financings subject to individual impairment	151	83,390	-	-	332,797	416,338

Re-structured financing

Restructuring activities include renegotiating, extending payment terms, applying mandatory management policies, and adjusting/postpone repayment terms. Renegotiating policies depend on indicators or standards in addition to the management personal judgment to show that regular payments are of high probability. These policies are subject to regular review. Long-term financings, especially financings to customers are usually subject to renegotiation.

Financing and facilities to customers	**Value in EGP '000**	
Corporate	**30 September 2015**	31 December 2014
Direct financing	-	208,950
	-	208,950

3/1/7 Investments in debt instruments and treasury bills

The following table represents breakdown of debt instruments and Treasury Bills, as per rating agencies at the end of the financial Period (Standard and Poors – Mercis).

		Value in LE '000	
30 September 2015	**Treasury bill**	**Investments in debt instruments**	**Total**
Less than B-	3,279,079	4,791,380	8,070,459
	3,279,079	**4,791,380**	**8,070,459**

3/1/8 Collaterals acquisition

-During the current period, assets reverted to bank are:

	30 September 2015	31 December 2014
	Book value	Book value
Asset nature		
Real estate	-	**114,412**
Total	**-**	**114,412**

-Assets reverted to bank are classified under other assets caption in the balance sheet and those assets are sold when this is practical.

3/1/9 Activities Sectors

Value in LE '000

30 September 2015	*Wholesale Banking*	*Capital Banking*	*Retail Banking*	*Other Operation*	*Total*
Revenue and expense according to activity sector					
Revenue from activity sectors	**464,466**	**238,711**	**544,361**	**(233,823)**	**1,013,715**
Expenses of activity sectors	**(61,170)**	**(7,156)**	**(413,339)**	**(73,494)**	**(555,159)**
Profit before tax for the year	**403,296**	**231,555**	**131,022**	**(307,317)**	**458,556**
Tax	**(114,248)**	**(65,635)**	**(36,919)**	**(81,871)**	**(298,673)**
Profit for the year	**289,048**	**165,920**	**94,103**	**(389,188)**	**159,883**
Assets and liabilities according to activity sectors					
Assets related to activity sectors	**7,535,003**	**8,750,169**	**4,811,452**	**-**	**21,096,624**
Non-classified assets	**-**	**-**	**-**	**2,046,564**	**2,046,564**
Total assets	**7,535,003**	**8,750,169**	**4,811,452**	**2,046,564**	**23,143,188**
Liabilities of activity sectors	**6,270,066**	**1,512,058**	**13,000,911**	**-**	**20,783,035**
Non-classified liabilities	**-**	**-**	**-**	**1,040,740**	**1,040,740**
Total liabilities	**6,270,066**	**1,512,058**	**13,000,911**	**1,040,740**	**21,823,775**

Value in LE '000

31 December 2014	*Wholesale Banking*	*Capital Banking*	*Retail Banking*	*Other Operation*	*Total*
Revenue and expense according to activity sector					
Revenue from activity sector	463,069	197,609	582,731	(239,626)	1,003,783
Expenses of activity sector	(53,910)	(6,606)	(473,001)	(44,723)	(578,239)
Profit before tax for the year	409,159	191,004	109,730	(284,349)	425,544
Tax	(114,147)	(53,528)	(31,238)	38,881	(160,032)
Profit for the year	295,012	137,476	78,492	(245,468)	265,512
Assets and liabilities according to activity sectors					
Assets related to activity sectors	5,940,855	6,959,960	4,329,364	-	17,230,179
Non-classified assets	-	-	-	2,404,379	2,404,379
Total assets	5,940,855	6,959,960	4,329,364	2,404,379	19,634,558
Liabilities of activity sectors	4,429,842	996,335	12,171,886	-	17,598,063
Non-classified liabilities	-	-	-	873,792	873,792
Total liabilities	4,429,842	996,335	12,171,886	873,792	18,471,855

3/1/10 Geographical sectors

Value in LE '000

	Arab Republic of Egypt				Other Countries	
	Cairo	Alex, Delta & Sinai	Upper Egypt	Total		Total
Treasury bills	3,279,079	-	-	3,279,079	-	3,279,079
Investments in debt instruments	3,999,556	-	-	3,999,556	-	3,999,556
Financing to customers						
Retail:						
Overdraft	10,916	334	116	11,366	-	11,366
Covered cards	620,909	-	-	620,909	-	620,909
Personal Financing	2,455,632	1,271,282	452,096	4,179,010	-	4,179,010
Realestate mortgage	167	-	-	167	-	167
Corporate financing:						
Overdraft	1,176,696	117	-	1,176,813	-	1,176,813
Direct financing	5,793,860	33,609	994	5,828,463	-	5,828,463
Syndicated financing	529,727	-	-	529,727	-	529,727
Total as of 30 September 2015	**17,866,542**	**1,305,342**	**453,206**	**19,625,090**	**-**	**19,625,090**
Total as of 31 December 2014	14,467,209	1,249,794	464,620	16,181,623	-	16,181,623

3/1/11 Activities sectors

Value in LE '000

30 September 2015	***Wholesale Banking***	***Capital Banking***	***Retail Banking***	***Other Operation***	***Total***
Revenue and expense according to activity sector					
Revenue from activity sectors	**464,466**	**238,711**	**544,361**	**(233,823)**	**1,013,715**
Expenses of activity sectors	**(61,170)**	**(7,156)**	**(413,339)**	**(73,494)**	**(555,159)**
Profit before tax for the year	**403,296**	**231,555**	**131,022**	**(307,317)**	**458,556**
Tax	**(114,248)**	**(65,635)**	**(36,919)**	**(81,871)**	**(298,673)**
Profit for the year	**289,048**	**165,920**	**94,103**	**(389,188)**	**159,883**
Assets and liabilities according to activity sectors					
Assets related to activity sectors	**7,535,003**	**8,750,169**	**4,811,452**	**-**	**21,096,624**
Non-classified assets	**-**	**-**	**-**	**2,046,564**	**2,046,564**
Total assets	**7,535,003**	**8,750,169**	**4,811,452**	**2,046,564**	**23,143,188**
Liabilities of activity sectors	**6,270,066**	**1,512,058**	**13,000,911**	**-**	**20,783,035**
Non-classified liabilities	**-**	**-**	**-**	**1,040,740**	**1,040,740**
Total liabilities	**6,270,066**	**1,512,058**	**13,000,911**	**1,040,740**	**21,823,775**

Value in LE '000

31 December 2014	*Wholesale Banking*	*Capital Banking*	*Retail Banking*	*Other Operation*	*Total*
Revenue and expense according to activity sector					
Revenue from activity sector	463,069	197,609	582,731	(239,626)	1,003,783
Expenses of activity sector	(53,910)	(6,606)	(473,001)	(44,723)	(578,239)
Profit before tax for the year	409,159	191,004	109,730	(284,349)	425,544
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Assets and liabilities according to activity sectors					
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Non-classified assets	-	-	-	2,404,379	2,404,379
Total assets	5,940,855	6,959,960	4,329,364	2,404,379	19,634,558
Liabilities of activity sectors	4,429,842	996,335	12,171,886	-	17,598,063
Non-classified liabilities	-	-	-	873,792	873,792
Total liabilities	4,429,842	996,335	12,171,886	873,792	18,471,855

3/2 Market Risk

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

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

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

3/2/1 Market Risk Measurement techniques

The following are the major measurement techniques used:

A. Value at risk

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

VAR is a statistical estimation of the expected losses on the current portfolio from adverse market movements in which it represents the 'maximum' amount the Bank expect to lose using confidence level (98%). Therefore there is statistical probability of (2%) that actual losses could be greater than the VAR estimation. The VAR module assumes that the holding period is 10 days before closing the opening position. It also assumes that market movements during the holding period will be the same as 10-days before. The Bank's assessment of past movements is based on data for the past five hundred days. The Bank applies these historical changes in rates prices indicators….etc. directly to its current positions this approach called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.

The use of this approach does not prevent losses from exceeding these limits if there are significant market movements.

As VAR considered a primary part of the Bank's market risk control technique VAR limits are established by the Board annually for all trading and non-trading transactions and allocated to business units. Actual values exposed to market risk are compared to the limits established by the bank and reviewed by the ALCO committee.

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

B. Stress Testing

Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances Stress testing are designed to match business using standard analysis for specific scenarios. The stress testing carried out by the Bank treasury. Stress testing include: risk factor stress testing where sharp movements are applied to each risk category and test emerging market stress, as emerging market portfolios are subject to sharp movements; and subject to special stress including possible stress events to specific positions or regions - for example the stress outcome to a region applying a free currency rate.

The results of the stress testing are reviewed by top management and Board of directors

3/2/2 VAR summary

Total value at risk according to type of risk:

Value in LE '000

	9 months to 30 Sept 2015			12 months to 31 December 2014		
	Average	**High**	**Low**	Average	High	Low
profit rate risk	**5,583,204**	-	-	1,586,926	-	-
Total value upon risk	**5,583,204**	-	-	1,586,926	-	-

The increase in VAR especially the interest rate risk mainly proportion to the increase in market interest rates volatility in the global financial markets.

The above three VAR results are calculated independently from the underlying positions and historical market movements. The aggregate of the trading and non-trading VAR results does not represent the bank's VAR due to correlations of risk types and portfolio types and their effect.

3/2/3 Foreign exchange volatility risk

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The Board of Directors set aggregate limits for foreign exchange in the total value (summation value) for each position at the end of the day, and during the day which is controlled on timely basis. The following table summarizes the Bank' exposure to foreign exchange volatility risk at the end of the financial period. The following table includes the carrying amounts of the financial instruments in their currencies:

30 September 2015 — Value in LE '000

	LE	USD	Euro	Sterling	Yen	Others	Total
Assets							
Cash and due from CBE	680,314	12,069	69	1,921	10	3,618	698,001
Due from banks	367,136	1,027,640	18,894	118,505	6,502	32,181	1,570,858
Treasury bills	2,917,950	309,204	-	51,925	-	-	3,279,079
Financing and facilities to customers	9,616,806	2,722,839	528	6,282	-	-	12,346,455
Financial Investments							
Available for sale	4,002,163	22,868	-	-	-	-	4,025,031
Held to maturity	11,030	-	-	-	-	-	11,030
Investment in associates and subsidiaries	189,002	-	-	-	-	-	189,002
Other assets	18,576,225	4,094,620	19,491	178,633	6,512	35,799	22,911,280
Total Financial Assets	36,360,626	8,189,240	38,982	357,266	13,024	71,598	45,030,736
Liabilities							
Due to banks	17,637,532	1,401,925	20,173	173,318	6,394	31,635	19,270,977
Customers' deposits	-	228,478	-	-	-	-	228,478
Subordinated financing	17,639,057	2,912,164	20,173	173,318	6,394	31,930	20,783,036
Total Financial Liabilities	35,276,589	4,542,567	40,346	346,636	12,788	63,565	40,282,491
Net Financial Position	1,084,037	3,646,673	(1,364)	10,630	236	8,033	4,748,245
31 December 2014							
Total Financial Assets	15,395,003	1,976,559	21,271	176,222	596	28,412	17,598,063
Total Financial Liabilities	-	-	-	-	-	-	-
Net Financial Position	15,395,003	1,976,559	21,271	176,222	596	28,412	17,598,063

3/2/4 Interest rate risk

The Bank is exposed to interest rate risk which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank is exposed to the effect of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The Board of Director sets limits on the level of mismatch of interest rate reprising that may be undertaken which is monitored daily by Bank risk department

Value in EGP '000

30 September 2015	Up to 1 Month	1-3 months	3-12 Months	1-3 years	More than years 3	Total
Financial Assets						
Cash and due from CBE	120,775	142,945	-	434,281	-	698,001
Due from banks	1,570,858	-	-	-	-	1,570,858
Treasury bills	886,231	807,966	1,584,882	-	-	3,279,079
Financing and facilities to customers	772,411	2,070,316	4,522,040	3,773,390	1,208,298	12,346,455
Financial Investments	-	-	-	-	-	
Available for sale	1,200,649	-	116,901	260,252	2,447,229	4,025,031
Held to maturity	-	-	-	-	11,030	11,030
Investments in subsidiaries and associates	-	-	-	189,002	-	189,002
Other financials assets	235,046	116,157	1,986,593	1,233,510	460,055	4,031,361
Total Financial Assets	4,785,970	3,137,384	8,210,416	6,682,259	4,126,612	26,150,817
Financial Liabilities						
Dues to banks	618,791	-	664,790	-	-	1,283,581
Customers deposits	3,172,372	1,347,988	3,448,702	9,121,167	2,180,748	19,270,977
Subordinated financing	-	-	-	-	228,478	228,478
Other financials liabilities	354,549	177,211	3,397,363	908,989	1,319,691	6,157,803
Total Financial Liabilities	4,145,712	1,525,199	7,510,855	10,030,156	3,728,917	26,940,839
Profit re-pricing	640,258	1,612,185	699,561	(3,347,897)	397,695	(790,022)

3/3 Liquidity risk

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

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

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

For monitoring and reporting purposes The Bank calculates the expected cash flow for the next day, week and month which are the main time Spain to manage liquidity

The starting point to calculate these expectations is analyzing the financial liabilities dues and expected financial assets collections.

Its' role is also to monitor the liquidity gaps between average maturity assets and the level and type of unused financing commitments, the ratio of usage of debit current accounts, and the effect of contingent liabilities such as LCs and LGs.

Funding strategy:

Liquidity resources are reviewed through a separate team at the risk department to maintain wide diversification by currencies, geographical location, sources as well as maturities.

Assets available to meet all liabilities and cover financing commitments include cash, balances with the central bank, and balances due from banks, treasury bills and financings and facilities to banks and customers. Moreover, some financing and facilities to customers may be extended during the normal course of business of the bank. The bank has the ability to meet unexpected net cash flows through selling financial papers, and finding other financing sources.

3/4 Capital Management

Basel II

The bank's objectives in managing its capital include elements in addition to equity shown in the balance sheet are represented in the following:

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

Capital adequacy ratio and capital usage is reviewed on a daily basis in accordance with regulatory authority's requirements (CBE), through set models based on Basel II instructions, the required information is presented to the CBE on a quarterly basis.

The CBE regulations require compliance with the following:

- Maintaining LE 500mn as a minimum requirement for the authorized and issued capital.
- Maintaining a ratio between capital elements, asset and contingent liability elements weighted by risk weights at 10% or more.

The capital adequacy ratio consists of the following two tiers:

Tier 1

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

Tier 2

Is the sub-ordinate capital comprising the equivalent of the general banking risk reserve in accordance with CBE credit rating deposits not more than 1.25 % of total assets and contingent liabilities (credit risk weights), subordinate deposits / financings maturing after more than 5 years (amortizing 20% of their value each year), and 45 % of the increase between the fair value and carrying amount for the available for sale investments, investments held to maturity, and investments in affiliates and subsidiaries.

The numerator of capital adequacy ratio calculation has to consider:

- Subordinated capital not exceed the basic capital.
- Subordinated financing (deposits) not exceed half basic capital.

Assets are risk weighted in a range from 0% to 100 % according to the debit party for each asset, to reflect related credit risk taking into consideration cash guarantees; the same treatment is used for the off-balance sheet amounts after making relevant adjustments to reflect the contingent nature and the potential loss for these amounts.

The bank has complied with all the local capital requirements during the last two years. Following is a table summarizing capital and capital adequacy ratio:

Basel II

	30 September 2015 EGP '000	31 December 2014 EGP '000
Tier 1 - Part A		
Going concern capital		
Capital shares	**1,999,503**	2,000,000
Paid under capital increase	**1,861,418**	1,861,418
Reserves	**65,400**	65,400
Accumulated loss	**(3,224,978)**	(3,136,166)
Dedcut: Financial institutions investment	**(8,293)**	(3,819)
Total Tier 1 - Part A - Going concern capital	**693,050**	786,833
Tier 1 - Part B Gone concern capital		
Differnce between FV and PV for subordinated financing	**64,805**	73,137
Current year Profit	**159,142**	-
Total Tier 1 - Part A - Gone concern capital	**223,947**	73,137
Total qualifying Tier 1 (Part A+B)	**916,997**	859,970
Tier 2		
Impairment losses related to financing, facilities, performing contingent liabilities	**112,297**	86,571
Subordinated financing	**228,478**	203,210
45 % of the increase in fair value compared to carrying amount of available for sale investment, investments held to maturity & investments in affiliates	**33,092**	38,541
45% of special reserve	**7,724**	7,724
Total qualifying Tier 2	**381,591**	336,046
Capital Base (Tier 2 +Tier2)	**1,298,588**	1,196,016
Contingent assets and liabilities weighted risk	**10,698,458**	8,795,255
Capital requirement for market risk	**322,706**	303,129
Capital requirement for operation risk	**1,141,608**	1,141,608
Total assets and contingent liabilities weighted risk , Market and operations	**12,162,772**	10,239,992
Capital adequacy ratio (%) *	**10.68%**	11.68%

- Based on consolidated Banking group with its financial institutions and in accordance with The CBE instructions issued on 24 December 2012.

3/5 Leverage Financial Ratio:

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 maintain a minimum level of leverage ratio of 3% to be reported in quarterly basis as following:

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

-Obligatory ratio started from year 2008.

This ratio will be included in Basel requirement tier 1 in order to maintain the Egyptian Banking System strong and safe, as long to keep up with the best international regulatory treatments.

Leverage financial ratio reflect relationship between tier 1 for capital that is used in capital adequacy ratio (After Exclusions) and other assets (on balance sheet and off-balance sheet) that are not risk weighted assets.

Ratio Elements:

I-The numerator elements

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

II-The denominator elements:

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

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

2-Derivatives contracts exposures.

3-Financing financial papers operations exposures.

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

The tables below summarize the leverage financial ratio:

	30 September 2015 EGP '000
Tier 1 capital after exclusions	**916,998**
Cash and due from Central Bank of Egypt (CBE) (Reserves and other balances)	**1,340,682**
Banks current accounts and deposits	**932,906**
Treasury bills	**3,152,392**
Financial investments held for trading	**807,929**
Financial investments available-for-sale	**4,106,023**
Financial investments held to maturity	**11,030**
Investments in subsidiaries and associates	**107,710**
Loans and credit facilities to customers	**10,656,335**
Fixed assets (Net of Accumulated depreciation & Credit loss Provsions)	**346,736**
Other assets	**1,568,531**
Deducted amounts from exposures (some of tier 1 exclusions for capital base)	**(267,889)**
Total on-balance sheet exposures, Derivatives contracts and financing financial securities	**22,762,385**
Import L/Cs	**60,643**
Export L/Cs	**966**
L/Gs	**207,690**
L/Gs according to foreign banks	**215,511**
Contingent liabilities for general collaterals for financing facilities and similar collaterals	**2,028**
Bank acceptance	**76,465**
Total contingent liabilities	**563,303**
Capital commitments	**5,897**
Operating lease commitments	**58,471**
Loan commitments to clients /banks (unutilized part) original maturity period: Revocable without any conditions at any time by the bank and without past notifications, or include conditions for self-revocable because of downgrading credit risk rating for clients	**441,562**
Total commitments	**505,930**
Total exposures off-balance sheet	**1,069,233**
Total exposures on-balance sheet and off-balance sheet	**23,831,618**
Leverage financial ratio	**3.85%**

4- Significant accounting estimates

The bank undertakes estimations and judgments that affect the value of assets and liabilities, consistently estimations and judgments are based on historical experience and other factors, including the expectations of future events that are reasonably estimated in accordance with the available information.

A) Impairment loss for financings and facilities

The bank reviews the portfolio of financings and facilities on at least a quarterly basis. The bank uses discretionary judgment on determining whether it is necessary to record impairment in the income statement using reliable data indicating measurable decline in the expected future cash flows from financing portfolio before identifying any decline at the level of one financing. This evidence include data indicating negative change in the ability of a portfolio of borrowers to repay the bank, or local and economic circumstances related to default. On scheduling future cash flows, the management use estimates based on previous experience related to impairment of assets having credit risks. Such experience refers to impairment similar to that of the portfolio in question.

The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on given experience.

B) Impairment loss of equity instruments available for sale

In the case of available for sale financial investments, a significant or prolonged decline in the fair value of the security below its cost is considered as impairment. Where such evidence exists, significant or prolonged decline needs a personal judgment. To make this judgment the bank assesses, besides other factors, the common share price volatility. In addition, impairment exists when there is objective evidence that a certain company has a financial difficulty in its cash flow from operating and financing activities, industry tool or sector or technological advances.

C) Financial Investments Held to Maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as investments held to maturity. This category requires personal judgment and therefore the bank tests whether there is a genuine intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity (except for certain tightly defined circumstance such as if an entity sells an insignificant amount of held to maturity investments close to maturity date), investments should be reclassified as available for sale, which will be measured at fair value instead of amortized cost.

5- Net revenue from fund

	Nine Months Ended 30 LE 000's	Nine Months Ended 30 September 2014 LE 000's	Three Months Ended 30 LE 000's	Three Months Ended 30 September 2014 LE 000's
Financing and facilities				
To customers	**832,623**	627,055	**299,334**	230,792
Treasury bills and bonds	**550,632**	430,501	**206,523**	147,151
Deposits and current accounts	**28,487**	1,158	**3,215**	352
Total	**1,411,742**	1,058,714	**509,072**	378,295
Cost of Deposits and similar expenses				
Deposits and Current Accounts:				
To banks	**(20,715)**	(29,880)	**(9,442)**	(7,961)
To customers	**(663,151)**	(576,796)	**(233,720)**	(200,794)
Total	**(683,866)**	(606,676)	**(243,162)**	(208,755)
Net	**727,876**	452,038	**265,910**	169,540

6- Net fees and commission income

	Nine Months Ended 30 LE 000's	Nine Months Ended 30 September 2014 LE 000's	Three Months Ended 30 LE 000's	Three Months Ended 30 September 2014 LE 000's
Fees and commissions income:				
Fees and commissions related to financing	**40,243**	23,031	**17,577**	9,575
Fees related to corporate finance	**88,769**	125,471	**25,543**	37,642
Other fees	**54,058**	49,057	**17,788**	14,965
Total	**183,070**	197,559	**60,908**	62,182
Fees and commissions expenses:				
Other fees paid	**(4,472)**	(11,188)	**(1,991)**	(657)
Net	**178,598**	186,371	**58,917**	61,525

7- DIVIDENDS INCOME

	Nine Months Ended 30 LE 000's	Nine Months Ended 30 September 2014 LE 000's	Three Months Ended 30 LE 000's	Three Months Ended 30 September 2014 LE 000's
Available for sale investments	**1306**	636	-	9
Investments in associates and subsidiaries	**1,729**	2,466	-	-
Total	**3,035**	3,102	-	9

8- Net trading income

	Nine Months Ended 30 LE 000's	Nine Months Ended 30 September 2014 LE 000's	**Three Months Ended 30 LE 000's**	Three Months Ended 30 September 2014 LE 000's
Foreign currencies operations				
Gain from foreign currencies exchange	**92,408**	48,098	**24,158**	22,447
Gain / (loss) on sale of held for trading investments	**-**	275	**-**	146
Total	**92,408**	48,373	**24,158**	22,593

9- Administrative expenses

	Nine Months Ended 30 LE 000's	Nine Months Ended 30 September 2014 LE 000's	**Three Months Ended 30 LE 000's**	Three Months Ended 30 September 2014 LE 000's
Salaries and wages*	**(236,963)**	(195,369)	**(86,043)**	(62,444)
Social insurance	**(10,965)**	(9,281)	**(3,945)**	(3,144)
Employees benefits:				
Defined contribution plan	**(16,537)**	(13,351)	**(5,787)**	(9,810)
Defined benefit plan	**(9,328)**	(5,673)	**(3,933)**	(2,707)
Depreciation and amortization	**(50,827)**	(49,735)	**(16,024)**	(16,221)
Other administrative expenses	**(190,483)**	(156,186)	**(66,472)**	(61,023)
Total	**(515,103)**	(429,595)	**(182,204)**	(155,349)

* Salaries and wages for the period ended 30 September 2015 includes an amount of LE 16,600k which represents average total top 20 salaries paid during the period.

10- Other operating expenses

	Nine Months Ended 30 LE 000's	Nine Months Ended 30 September 2014 LE 000's	**Three Months Ended 30 LE 000's**	Three Months Ended 30 September 2014 LE 000's
Gain (Loss) in revaluation of moneatry assets & liabilities in foreign currencies other than trading	**90,500**	32,416.00	**30,583**	-
(Loss) / Gain on sale of assets reverted to Bank	**1,567**	-	**1,567**	-
Gain on sale of fixed assets	**266**	2,571	**266**	119
Gain on sale of sell & lease back assets	**-**	-	**-**	-
Software cost	**(4,701)**	(4,226)	**(714)**	(2,143)
Operating lease	**(16,730)**	(14,052)	**(6,405)**	(4,879)
Early retirement costs	**-**	(1,861)	**-**	(1,861)
Impairment loss for assets reverted to Bank	**-**	-	**-**	-
Impairment of other provisions (Note 27)	**(99,261)**	(29,895)	**(94,134)**	110
Others	**7,145**	5,067	**2,494**	2,208
Total	**(21,214)**	(9,980)	**(66,343)**	(6,446)

11- Impairment loss

	Nine Months Ended 30 LE 000's	Nine Months Ended 30 September 2014 LE 000's	Three Months Ended 30 LE 000's	Three Months Ended 30 September 2014 LE 000's
Financing and facilities to customers net (17/2)	**(19,260)**	67,304	**18,019**	(1,423)
Impairment loss recovery of HTM investments	**(1,525)**	653	**(917)**	-
Total	**(20,785)**	67,957	**17,102**	(1,423)

12- Tax

	Nine Months Ended 30 LE 000's	Nine Months Ended 30 September 2014 LE 000's	Three Months Ended 30 LE 000's	Three Months Ended 30 September 2014 LE 000's
Income Tax(*)	**(109,673)**	-	**(741)**	-
Deferred tax (expense) / income	**(189,000)**	(110,500)	**(93,000)**	(26,500)
Total	**(298,673)**	(110,500)	**(93,741)**	(26,500)
The settlement actual price for income tax				
Income before tax	**458,556**	326,025	**122,392**	90,886
Current Tax rate	**22.5%**	30%	**22.5%**	30%
Income tax based on applied tax price	**103,175**	97,808	**27,538**	27,266
Taxable effect Per each of :				
Non-deductible expenses	**(506)**	1,354	**8,458**	2,737
Tax losses not previously recognized	**86,331**	11,339	**82,217**	(15,260)
Non-taxable Income	-	-	-	-
Other taxes	**109,673**	-	**740**	-
Taxable income	**298,673**	110,500	**118,953**	14,743
Income tax according to effective tax rate	**65%**	34%	**77%**	29%

Additional information about deferred tax is presented in note 28. The effective tax that has been charged to the income statement from the amount that would arise using the tax rate applied on the bank's net income.

- ON August, 20 2015, The law no. 96 for the year 2015 had been issued amending the provisions of the income tax law no. 91 for the year 2005, also amending the law no. 44 for the year 2015 with the imposition of a temporary additional income tax, And it has necessitated the re-measurement of deferred tax assets and liabilities using tax rate of (22.5%) provided in the law above-referred , And it has resulted in an additional consumption of the deferred tax assets with amount of L.E 45 million as at September 30,2015.

13- Earnings per share

Earnings per share calculated by dividing the net profit of the period by weighted average number of ordinary issued shares during the period.

	Nine Months Ended 30 LE 000's	Nine Months Ended 30 September 2014 LE 000's	**Three Months Ended 30 LE 000's**	Three Months Ended 30 September LE 000's
Net Profit for the year	**159,883**	215,525	**28,651**	64,386
Weighted average of ordinary shares	**200,000**	200,000	**200,000**	200,000
Earning per share	**0.80**	1.08	**0.14**	0.32

* For the purpose of presenting gain per share, the bank did not discounted board members and staff bonus due to accumulated loss which comply with companies' law no. 159 for 1981 article 194.

14- Cash and due from Central Bank of Egypt

	30 September 2015 EGP '000	31 December 2014 EGP '000
Cash	**122,574**	152,218
Due from Central Bank mandatory reserve requirements	**575,427**	1,165,627
Total	**698,001**	1,317,845
Non-profit bearing balances	**698,001**	1,317,845

15- Due from banks

	30 September 2015 EGP '000	31 December 2014 EGP '000
Current accounts	**271,713**	120,837
Deposits	**1,299,145**	1,089,166
Total	**1,570,858**	1,210,003
Central bank (including the required reserve percentage)	**642,578**	504,144
Local banks	**487,443**	279,659
Foreign banks	**440,837**	426,200
Total	**1,570,858**	1,210,003
Non profit bearing balances	**771,346**	120,837
Fixed profit balances	**799,512**	1,089,166
Total	**1,570,858**	1,210,003

16- Treasury bills

	30 September 2015 EGP '000	31 December 2014 EGP '000
91 days maturity	**150**	23,000
182 days maturity	**164,200**	150,700
274 days maturity	**1,118,325**	1,406,425
364 days maturity	**1,996,404**	2,744,353
	3,279,079	4,324,478
Unearned revenues	**(135,828)**	(197,568)
Total	**3,143,251**	4,126,910
Repo's		
Repo's matured during 1 week	-	-
Total (1+2)	**3,143,251**	4,126,910

17- Financial Investments held for trading

	30 September 2015 EGP '000	31 December 2014 EGP '000
Debt Instruments :		
Governmental debt investments (maturity 2016)	**791,824**	-
Other debt investments	-	-
Total Debt Instruments	**791,824**	-
	791,824	-

18- Financing and facilities customers

	30 September 2015 EGP '000	31 December 2014 EGP '000
Retail		
Overdraft	**11,366**	1,407
Covered cards	**620,909**	398,482
Personal financing	**4,179,010**	3,928,311
Real estate mortgage	**167**	1,164
Total (1)	**4,811,452**	4,329,364
Corporate (including SMEs)		
Overdraft	**1,176,813**	1,097,024
Direct financing (*)	**5,828,463**	4,573,044
Syndicated financing	**529,727**	270,787
Total (2)	**7,535,003**	5,940,855
Total financing and facilities (1 + 2)	**12,346,455**	10,270,219
Impairment loss	**(286,995)**	(256,492)
Profit in suspense (**)	**(19,754)**	(21,918)
Deferred profit	**(1,354,566)**	(1,116,312)
Net	**10,685,140**	8,875,497
Net distributed as follows:		
Conventional loans to customers (Net)	**231,128**	227,952
Financing to customers (Net)	**10,454,012**	8,647,545
Net	**10,685,140**	8,875,497

* During 2013, the bank has written off some of non-performing debts by total amount of LE 3,235,252k.

** Profit in suspense was previously formed in accordance with credit instructions issued by CBE.

	30 September 2015 EGP '000	31 December 2014 EGP '000
Impairment loss Provision		
Balance at the beginning of the year	**256,492**	233,538
Impairment loss charged during the year	**35,019**	37,686
Recoveries during the year	**15,877**	94,635
Utilized during the year	**(5,218)**	(11,757)
Transferred to other liabilities	**(118)**	3,171
Provision no longer required	**(15,759)**	(101,250)
Foreign currency revaluation differences	**702**	469
Balance at the end of year	**286,995**	256,492

18- Financing and facilities to customers – Continued

Total financing and facilities to customers (net of deferred profit)

	30 September 2015 EGP '000	31 December 2014 EGP '000
Retail		
Overdraft	**11,363**	1,407
Covered cards	**197,125**	111,036
Personal financing	**3,316,612**	3,124,576
Real estate mortgage	**167**	1,164
Total (1)	**3,525,267**	3,238,183
Corporate (including SMEs)		
Overdraft	**1,176,813**	1,097,036
Direct financing	**5,760,082**	4,547,901
Syndicated financing	**529,727**	270,787
Total (2)	**7,466,622**	5,915,724
Total financing and facilities to customers	**10,991,889**	9,153,907
Less		
Impairment losses	**(286,995)**	(256,492)
Profit in suspense *	**(19,754)**	(21,918)
Net	**10,685,140**	8,875,497
Net distributed as follows:		
Conventional financing (Net)	**231,128**	227,952
Islamic financing (Net)	**10,454,012**	8,647,545
Net	**10,685,140**	8,875,497

* Profit in suspense was previously formed in accordance with credit instructions issued by CBE.

18- Financing and facilities to customers – Continued

Movement for impairment losses for financing as per type

30 September 2015 — Value in EGP '000

Retail	**Overdraft**	**Covered Cards**	**Personal Financing**	**Real Estate Mortgage**	**Total**
Balance as at 1 January 2015	**-**	**553**	**93,578**	**236**	**94,367**
Impairment loss charged during the year	**-**	**2,046**	**17,469**	**(198)**	**19,317**
Used during the year	**-**	**(201)**	**(4,589)**	**-**	**(4,790)**
Recoveries during the year	**-**	**426**	**615**	**-**	**1,041**
Provision no longer required	**-**	**(426)**	**(615)**	**-**	**(1,041)**
Balance as at 30 September 2015	**-**	**2,398**	**106,458**	**38**	**108,894**

31 December 2014

Retail	Overdraft	Covered Cards	Personal Financing	Real Estate Mortgage	Total
Balance as at 1 January 2014	-	431	92,263	1,213	93,907
Impairment loss charged during the year	-	649	4,470	(480)	4,639
Used during the year	-	(527)	(2,838)	(497)	(3,862)
Recoveries during the year	-	110	241	-	351
Provision no longer required	-	(110)	(558)	-	(668)
Balance as at 31 December 2014	-	553	93,578	236	94,367

30 September 2015

Corporate	**Overdraft**	**Direct Financing**	**Syndicated Financing**	**Other Financing**	**Total**
Balance as at 1 January 2015	**6,651**	**150,736**	**4,738**	**-**	**162,125**
Impairment loss charged during the year	**1,870**	**9,681**	**4,151**	**-**	**15,702**
Used during the year	**-**	**(428)**	**-**	**-**	**(428)**
Recoveries during the year	**-**	**14,836**	**-**	**-**	**14,836**
Transferred to other liabilities	**-**	**(118)**	**-**	**-**	**(118)**
Provision no longer required	**-**	**(14,718)**	**-**	**-**	**(14,718)**
Foreign currency revaluation differences	**-**	**702**	**-**	**-**	**702**
Balance as at 30 September 2015	**8,521**	**160,691**	**8,889**	**-**	**178,101**

31 December 2014

Corporate	Overdraft	Direct Financing	Syndicated Financing	Other Financing	Total
Balance as at 1 January 2014	1,196	130,029	8,406	-	139,631
Impairment loss charged during the year	5,455	31,280	(3,688)	-	33,047
Used during the year	-	(7,895)	-	-	(7,895)
Recoveries during the year	-	94,284	-	-	94,284
Transferred to other liabilities	-	3,171	-	-	3,171
Provisions not required	-	(100,582)	-	-	(100,582)
Foreign currency revaluation differences	-	449	20	-	469
Balance as at 31 December 2014	6,651	150,736	4,738	-	162,125

19- Financial investments

	30 September 2015 LE 000's	31 December 2014 LE 000's
18/1 Available for sale investment		
Debt instruments - at Fair value		
Listed	**3,999,501**	1,586,871
Equity instruments - at fair value		
Unlisted	**25,530**	23,621
Total available for sale investments (1)	**4,025,031**	1,610,492
18/2 Financial Investment Held to maturity		
Debt Instruments- at amortized cost		
Listed	**55**	55
Sanabel Fund (*)	**5,975**	7,500
El-Naharda Fund (**)	**5,000**	5,000
Total Investments held to maturity (2)	**11,030**	12,555
Total Financial Investments (1 + 2)	**4,036,061**	1,623,047
Categorized as follows:		
Current	**3,999,556**	1,586,926
Non-Current	**36,505**	36,121
Total	**4,036,061**	1,623,047
Categorized as follows:		
Fixed profit debt instruments	**3,998,075**	1,584,953
Variable profit debt instruments	**12,456**	14,473
Variable profit equity instruments	**25,530**	23,621
Total	**4,036,061**	1,623,047

- **Mutual Funds**

*** Sanabel Islamic Mutual Fund**

- The investments held to maturity include the bank's investment in Sanabel Islamic mutual fund in association with ABC bank, managed by HC Company.
- The number of bank's IC's share is **75k** of par value **LE 100**. The acquisition cost amounted to LE **7,635k.**
- The redeemable value of the certificate as 30 September 2015 amounted of LE **101.82** (December 31, 2014: LE **104.51**).

**** Abu Dhabi Islamic Bank (El-Nahrda) Mutual Fund**

- The Bank has established Abu Dhabi Islamic Bank (El-Nahrda) Mutual Fund (compatible with the principles of Islamic Sharia law, the fund is managed by Beltone management of investment funds.
- The number of bank's IC's share is 50k of par value LE 100.
- The redeemable value of the certificate as 30 September 2015 amounted of LE 102.63 (31 December 2014: LE 100.96).

19- Financial investments – Continued

Value in LE 000's

	Financial Investment AFS	Financial Investment HTM	Total
Balance as at 1 January 2015	**1,610,492**	**12,555**	**1,623,047**
Additions	**3,922,498**	**-**	**3,922,498**
Disposals (sales/redemption)	**(1,506,234)**	**-**	**(1,506,234)**
Foreign currency revaluation difference	**1,448**	**-**	**1,448**
Change in the fair value	**(3,173)**	**-**	**(3,173)**
Impairment (loss) recoveries	**-**	**(1,525)**	**(1,525)**
Balance as at 30 September 2015	**4,025,031**	**11,030**	**4,036,061**
Balance as at 1 January 2014	1,177,479	12,181	1,189,660
Additions	645,472	5,000	650,472
Disposals (sales/redemption)	(174,054)	(5,429)	(179,483)
Foreign currency revaluation difference	495	150	645
Change in the fair value	(38,900)	-	(38,900)
Impairment (loss) recovery	-	653	653
Balance as at 31 December 2014	1,610,492	12,555	1,623,047

19/3 Gain from financial investment

	Nine Months Ended 30 September 2015	Nine Months Ended 30 September 2014	**Three Months Ended 30 September 2015**	Three Months Ended 30 September 2014
	LE 000's	LE 000's	**LE 000's**	LE 000's
Gain on sale of investments available for sale	**10,585**	77	**2,459**	-
Gain on sale of treasury bills	**1,215**	1,918	**452**	437
Recovery / Impairment loss of investments in associates and subsidiaries	-	5,764	-	-
	11,800	7,759	**2,911**	437

20- Financial investments in subsidiaries and associates

Value in EGP '000

(All amounts are in thousand egyptian pounds)	30 September 2015		31 December 2014	
	Value	**Share %**	Value	Share %
Investments in subsidiaries				
National Company for Crystal and Glass*	**10,036**	**5.4%**	10,036	5.4%
Cairo National Company for Investment	**76,797**	**64.8%**	76,797	64.8%
National Company for Trading and Development (Entad)	**19,206**	**40.0%**	19,206	40.0%
Assuit Islamic National for Trading and Development	**23,477**	**40.0%**	23,477	40.0%
ADI Holding Company	**4,980**	**99.6%**	4,980	99.6%
ADI Capital Company	**125**	**2.5%**	125	2.5%
ADI Properities	**13**	**5.0%**	13	5.0%
Cairo National Company for Brokerage and Securities	**538**	**32.0%**	538	32.0%
Alexandria National Company for Investments	**2,181**	**9.0%**	2,181	9.0%
ADILease Leasing Company	**31,649**	**60.1%**	31,649	60.1%
Total subsidiaries companies	**169,002**		169,002	
Investments in associates				
Youth Company For Investment and General Services (SERVICO)	**126**	**1.8%**	126	1.8%
Arab Mashriq Company for Takaful Insurance	**20,000**	**20.0%**	20,000	20.0%
Total associates companies	**20,126**		20,126	
Investment in subsidiaries and associate companies	**189,128**		189,128	
Less: impairment loss	**(126)**		(126)	
Net investment in subsidiary and associate companies (1)	**189,002**		189,002	
Investment in subsidiaries and associate companies - fully impaired	**37,852**		37,852	
Less: impairment loss	**(37,852)**		(37,852)	
Net investment in subsidiaries and associate companies - fully impaired (2)	**-**		-	
Investment in subsidiary and associated companies (Net) (1+2)	**189,002**		189,002	

*The bank sold (**77.46%**) of National Company for Crystal & Glass to Abu Dhabi Islamic Holding (Subsidiary Company) with a fair value of LE 164,185k and completed legal and formal process on 23 January 2014 .

During year of 2013 ADIB has acquired 43.08% of ADI Lease capital stock against settlement of some debts related to companies invested in ADI Lease shares, the acquisition was done with a fair value of EGP 22,906k, during 2014 the completion of the legal and formal process has completed.

As per a study by the bank's management to determine the level of control exercised over the companies, classified as associated companies, has resulted in some of these companies being reclassified to be subsidiaries.

20- Financial investments in subsidiaries and associates - Continued

The bank's contribution percentage in associates and subsidiaries reached:

Value in LE '000

	Country of company	Company's assets	Company's liabilities (without equity)	Company's revenues	Net profit/loss for company	Contribution percentage
Contribution in subsidiaries						
National Company for Crystal and Glass	**Egypt**	280,976	302,597	49,830	(14,173)	**5.4%**
Cairo National Company for Investment	**Egypt**	101,119	53	1,864	(2,310)	**64.8%**
National Company For Trade and development (ENTAD)	**Egypt**	73,517	5,349	27,604	22,349	**40.0%**
Assuit Islamic Company For Trade and Development	**Egypt**	76,654	8,579	5,075	1,365	**40.0%**
ADI Holding	**Egypt**	201,127	188,604	3,757	2,680	**99.6%**
ADI Capital	**Egypt**	5,988	7,285	344	(4,467)	**2.5%**
ADI Lease	**Egypt**	254,806	207,170	52,456	1,380	**60.1%**
ADI Properties	**Egypt**	133,923	149,541	821	(8,421)	**5.0%**
Cairo National Company for Brokerage & Securities	**Egypt**	7,464	3,632	1,092	46	**32.0%**
Alexandria National Company for Financial Investments	**Egypt**	15,988	2,124	35	(597)	**9.0%**
Contribution in associates						
Arab Mashriq Company for Takaful Insurance	**Egypt**	472,120	298,603	80,392,975	33,646	**20.0%**
Total		**1,623,680**	**1,173,537**	**80,535,852**	**31,497**	

21- Intangible assets (Net)

	30 September 2015 EGP '000	31 December 2014 EGP '000
Computer software		
Net book value at the beginning of year	**4,093**	4,501
Additions	**20,206**	20,662
Amortization for the year	**(15,967)**	(21,070)
Net book value at end of year	**8,332**	4,093

22- Other assets

	30 September 2015 EGP '000	31 December 2014 EGP '000
Accrued revenues	**269,294**	168,582
Pre-paid expenses	**82,566**	69,343
Down payments under purchase fixed assets	**11,377**	11,349
Assets reverted to the bank in settlement of debts (Net of Impairment)	**105,592**	115,137
Deposits and custody	**9,632**	4,564
Due from related Parties*	**191,675**	192,926
Due from tax authority - Debit balance **	**271,828**	398,277
Other debit balances	**96,604**	144,342
Total	**1,038,568**	1,104,520

*Due from related parties consists of

	30 September 2015 EGP '000	31 December 2014 EGP '000
Abu Dhabi Islamic Bank(Emirates)	**1,375**	734
ADI Holding ***	**187,976**	187,716
ADI Properties	**757**	-
ADI Lease	**1,050**	1,192
ADI Capital	**517**	3,284
Total	**191,675**	192,926

* On 23 September 2013, assets reverted to the bank of total book value LE 138,148 thousands and fair value of LE 154,066 thousand were sold to ADI Properties Company resulted in gain of total amount LE 15,918 thousand transferring an amount of LE 50.8mn has been transferred from general banking reserve to accumulated losses (Note 30/3).

During the fourth quarter of 2014 the debit balance was reclassified to be financing to customers, Impairment loss has been calculated using same methodology applied to financings and facilities to customers (Note 17/2).

** Represents amounts under settlements in dispute with the Tax Authority (Note 35).

*** The Bank Board of Directors approved to contribute in the capital increase of ADI Holding Company in its meeting held on 15 December 2014 after fulfilling the CBE consent.

23- Fixed assets (Net of accumulated depreciation)

Value in EGP '000

	Land & Premises	Machinery & Equipment	Other Assets	Total
Net book value at 1 January 2015	**129,947**	**1,586**	**224,043**	**355,576**
Additions	**-**	**18**	**22,355**	**22,373**
Depreciation	**(4,162)**	**(269)**	**(30,430)**	**(34,861)**
Net book value at 30 September 2015	**125,785**	**1,335**	**215,966**	**343,086**
Cost	**158,024**	**4,554**	**511,268**	**673,846**
Accumulated depreciation	**(32,239)**	**(3,219)**	**(295,302)**	**(330,760)**
Net book value at 30 September 2015	**125,785**	**1,335**	**215,966**	**343,086**

Value in EGP '000

	Land & Premises	Machinery & Equipment	Other Assets	Total
Net book value at 1 January 2014	30,863	1,774	198,789	231,426
Additions	107,159	166	71,191	178,516
Disposals	(3,198)	-	(158)	(3,356)
Depreciation	(5,547)	(354)	(45,851)	(51,752)
Depreciation related to disposals	670	-	72	742
Net book value at 31 December 2014	129,947	1,586	224,043	355,576
Cost	158,024	4,714	490,744	653,482
Accumulated depreciation	(28,077)	(3,128)	(266,701)	(297,906)
Net book value at 31 December 2014	129,947	1,586	224,043	355,576

- Fixed Assets not registered to the name of the bank amounted to LE **8.43mn** (31 December 2014: **EGP 8.43mn**) as of 30 September 2015. Legal registration procedures are under progress.

- Fully depreciated assets as of 30 September 2015 and still in use amounted to LE 108mn (31 December 2014: LE 108mn)

23- Fixed assets (Net of accumulated depreciation) - Continued

-Exercising the right to purchase the leased assets held under financial leasing.

-On 27th February 2014 the Bank exercised the right to purchase the leased assets held under the financial leasing from Al-Tawfik leasing company amounted to LE 115 million. The bank recorded it as fixed asset by total amount of unpaid installments of finance leasing contract and depreciated over the remaining estimated useful life for those assets.

-On 30th March 2009 the bank signed sale and finance leaseback contract of the Bank's 29 branches with Al-Tawfik Company for Financial Leasing of net book value amounted to LE 20 million compared to the total selling price amounted to LE 214 million resulted in deferred profit of LE 194 million.

-The bank paid LE 171 million of the total selling price representing the rental value for the first five years of financial lease agreement with Al-Tawfik company for a period of ten years starting from 30 April, 2009 of total rental value of LE 321 million to be paid ten annual installments (120 monthly installments) with the Bank’s option to buy the assets in whole or in part at any time during the duration of the contract

-Based on the CBE approval the bank used the profit to reduce its losses starting from year 2009 instead of recording it in capital reserve and amortizing it on the period of contract with a condition of not financing the finance leasing company to complete the sale process.

24- Due to banks

	30 September EGP '000	31 December 2014 EGP '000
Current accounts	**4,249**	29,641
Deposits	**1,279,332**	763,485
Total	**1,283,581**	793,126
Local banks	**179,755**	170,923
Foreign banks	**1,103,826**	622,203
Total	**1,283,581**	793,126
Non - proft balances	**4,249**	29,641
Fixed profit balances	**1,279,332**	763,485
Total	**1,283,581**	793,126

25- Customers' deposits

	30 September 2015 EGP '000	31 December 2014 EGP '000
Demand deposits	**4,487,473**	3,445,836
Time deposits and call accounts	**3,503,699**	3,035,747
Term saving certificates	**6,494,853**	5,773,466
Savings deposits	**4,243,059**	3,943,351
Other deposits	**541,893**	403,328
Total	**19,270,977**	16,601,728
Classified as follows:		
Corporate deposits	**6,270,066**	4,429,842
Retail deposit	**13,000,911**	12,171,886
Total	**19,270,977**	16,601,728
Non profit balances	**3,090,050**	2,107,506
Variable profit balances	**16,180,927**	14,494,222
Total	**19,270,977**	16,601,728
Current balances	**12,776,124**	10,828,262
Non-current balances	**6,494,853**	5,773,466
Total	**19,270,977**	16,601,728

26- Subordinated financing

	30 September 2015 EGP '000	31 December 2014 EGP '000
Balance at the beginning of financial year(face value of the loan)	**203,209**	209,023
Cost of subordinated loan using EIR	**8,331**	10,278
Foreign exchange differences	**16,938**	5,557
Closure of subordinated financing given in 27-dec-2012	-	(212,316)
Present value of subordinated financing given during the year	-	190,667
Total	**228,478**	203,209

The Bank obtained subordinated financing of total amount USD 39mn equivalent to LE 294mn from ADIB- UAE under Wakala investment agreement of tenor of seven years started on 27 March, 2014 with a profit rate of 0.125% form the investment amount and the expected profit equals to Libor USD on any extension period after those seven years.

The bank recorded the subordinated financing by its present value using discount rate of 5.17% and the difference between the face value and the present value of total amount LE 80,676k recorded in the equity caption.

27- Other liabilities

	30 September 2015 EGP '000	31 December 2014 EGP '000
Accrued revenues	**61,690**	28,426
Accrued expenses	**116,253**	97,421
Due to Tax Authority - Credit balances *	**271,828**	398,277
Other credit balances	**405,251**	230,389
Total	**855,022**	754,513

* Represents amounts under settlements in dispute with the Tax Authority (Note 36).

28- Other provisions

Value in EGP '000

	Provisions for contingent claims*	Provisions for tax	Provisions for contingent liabilities	Total
Balance as at 1 January 2015	**21,278**	**40,593**	**12,388**	**74,259**
Formed during the year	**99,421**	**-**	**(160)**	**99,261**
Used during the year	**(18,707)**	**-**	**-**	**(18,707)**
Foreign exchange difference	**-**	**-**	**345**	**345**
Balance as at 30 September 2015	**101,992**	**40,593**	**12,573**	**155,158**

Value in EGP '000

	Provisions for contingent claims	Provisions for tax	Provisions for contingent liabilities	Total
Balance as at 1 January 2014	8,805	62,723	11,965	83,493
Formed during the year	14,119	26,167	449	40,735
Used during the year	(1,646)	(48,297)	-	(49,943)
Foreign exchange difference	-	-	(26)	(26)
Balance as at 31 December 2014	21,278	40,593	12,388	74,259

* Reference to ADIB Egypt General Assembly meeting Minutes dated October,18 2015, as Abu Dhabi Islamic Bank – UAE representative stated that " Abu Dhabi Islamic Bank – UAE reserves its right to claim the repayment of its dues from ADIB Egypt SAE and any other party Based on that up until year ending 2014, ADIB Egypt's financial statements correctly reflected the translation impact on the US Dollar deposits received from ADIB UAE. However, during Q1 2015, ADIB UAE was made aware that the Central Bank of Egypt (CBE) has instructed ADIB Egypt to restate its audited financial statements for the years 2012, 2013 and 2014 by treating the US dollar deposits placed by ADIB UAE, as Egyptian Pounds deposits since inception, which might result in potential claim in case that Abu Dhabi Islamic Bank –UAE claims with the amounts mentioned above, and according to external legal Advisor opinion on probability of loss, the Bank decided to build a provision based on the loss probability.

29- Deferred tax

The deferred tax calculated on the differences based on the liability using the actual tax rate.

	30 September 2015 EGP '000	31 December 2014 EGP '000
	Assets / (Liabilities)	Assets / (Liabilities)
Fixed assets	**(25,047)**	(26,588)
Provisions (other than the impairment loss for financing)	**7,844**	8,350
Profits in suspense	**4,445**	5,479
Tax losses carried forward	**651,823**	840,824
Net tax resulted in assets	**639,065**	828,065

Movement of deferred tax assets and liabilities method:

Beginning balance	**828,065**	899,097
Additions	**1,541**	3,231
Disposals	**(190,541)**	(74,263)
Ending Balance	**639,065**	828,065

Deferred tax assets resulted from tax losses carried forward are not recognized unless there's future taxable profits is likely to happen by which the bank can benefit from on the short term.

30- Capital

30/1 Authorized capital

The authorized capital amounts to **LE 4**bn (31 December 2014: **LE 4**bn)

30/2 Issued and paid in capital:

The issued and paid in capital amounted to **LE 2**bn (31 December 2014: **LE 2**bn) represented by 200mn shares (31 December 2014: **200**mn shares) with a nominal value of LE 10 per share.

30/3 Amounts paid under capital increase

ADIB – UAE made cash deposit of **LE 1,662**k as amounts paid under capital increase up till year 2012**,** on 28 December, 2011 ADIB – UAE approved to transfer the full amount of subordinated financing of **LE 199**mn to amounts paid under capital increase, Accordingly balance of total amounts paid under capital increase reached LE **1,861**mn (31 December 2014 LE **1,861**mn).

31- Reserves and accumulated losses

Reserves	30 September 2015 EGP '000	31 December 2014 EGP '000
Legal reserves	**22,878**	22,878
General reserves	**42,522**	42,522
Special reserves	**26,257**	26,257
Fair value reserves - investments available for sale	**19,494**	22,668
General banking risk reserve	**88,068**	83,433
Total Reserves	**199,219**	197,758

31/1 Special reserves*

	30 September 2015 EGP '000	31 December 2014 EGP '000
Adjustments resulted from change in the valuation policy of AFS Investments related to prior years	**17,165**	17,165
Adjustment resulted from valuation policy of impairment loss for financing and facilities of prior years	**9,092**	9,092
	26,257	26,257

* Distribution from this reserve prohibited unless there is CBE approval.

31/2 Fair value reserve – available for sale investments

	30 September 2015 EGP '000	31 December 2014 EGP '000
Beginning balance	**22,668**	61,568
Change in fair value	**(3,471)**	(37,178)
Losses (profit) transferred to income statement related to AFS disposals	**297**	(1,722)
	19,494	22,668

31/3 General Banking Risk Reserves

	30 September 2015 EGP '000	31 December 2014 EGP '000
Beginning balance	**83,433**	61,424
Adjustments related to change in the measurement policy of impairment loss for financings and facilities	**4,167**	21,901
Transferred from reserves to accumulated losses	**468**	108
	88,068	83,433
Balance of general banking risk reserve		
General banking risk reserve for financing and facilities	**87,492**	83,325
General Banking Risk Reserve related to assets reverted to the Bank	**576**	108
	88,068	83,433

- The CBE instructions require the Bank to provide general bank reserves to guarantee any differences in impairment loss measurement methods for financings/facilities and assets reverted to the Bank.

31/4 Accumulated Losses

	30 September 2015 EGP '000	31 December 2014 EGP '000
Balance at the beginning of the year	**(2,969,610)**	(3,215,586)
prior year adjustments	**-**	(7,805)
Net profit for the year	**159,883**	265,512
Transferred to general banking risk reserve	**(4,635)**	(22,009)
Amortization of the subordinated financing using EIR	**8,331**	10,278
	(2,806,031)	(2,969,610)

32- Cash and cash equivalent

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

	30 September 2015 EGP '000	30 September 2014 EGP '000
Cash and due from CBE	**698,001**	1,058,266
Due from banks	**1,570,858**	679,471
Treasury bills	**3,143,251**	4,151,050
Due from banks maturities more than3 months	**(1,299,145)**	(522,638)
Treasury bills maturities more than 3 months	**(3,147,763)**	(4,085,167)
	965,202	1,280,982

33- Contingent liabilities and commitments

A- Capital commitments

The Banks contracts for capital commitments reached **LE 6,990k** as of 30 September 2015 (31 December 2014: **LE 4,423k**). Representing purchases of fixed assets and the management is adequately confident that finance shall be made available to cover these commitments when due.

B- Contingent Liabilities

	30 September 2015	31 December 2014
	EGP '000	EGP '000
Letters of credit	**308,046**	359,913
Letters of guarantee	**417,408**	423,305
Documentary credit	**76,465**	184,965
Bank guarantees	**431,021**	196,209
	1,232,940	1,164,392

C- Operating Lease commitment

	30 September 2015	31 December 2014
	EGP '000	EGP '000
From 1 year up to 5 years	**31,361**	27,653
More than 5 years	**27,111**	20,761
	58,472	48,414

34- Related party transactions

34/1 The related party balances included in the consolidated financial statement were as follows

	Directors	*Subsidiaries and Associates*	*Major shareholder*	*Total*
	EGP '000	*EGP '000*	*EGP '000*	*EGP '000*
30 September 2015				
Financing and facilities to customers	**-**	**516,947**	**-**	**516,947**
Due from banks	**-**	**-**	**22,224**	**22,224**
Other assets	**-**	**193,298**	**1,375**	**194,673**
	-	**710,245**	**23,599**	**733,845**
Due to banks	**-**	**-**	**667,075**	**667,075**
Customers' deposits	**-**	**104,097**	**-**	**104,097**
Subordinated financing	**-**	**-**	**228,478**	**228,478**
Paid under capital increase	**-**	**-**	**1,861,418**	**1,861,418**
Difference between face value and present value (Subordinated Financing)	**-**	**-**	**64,806**	**64,806**
	-	**104,097**	**2,821,777**	**2,925,873**
31 December 2014				
Financing and facilities to customers	-	302,562	-	302,562
Due from banks	-	-	17,961	17,961
Other assets	-	-	194,040	194,040
	-	302,562	212,001	514,563
Due to banks	-	-	635,249	635,249
Customers' deposits	-	311,016	-	311,016
Subordinated financing	-	-	203,209	203,209
Paid under capital increase	-	-	1,861,418	1,861,418
Difference between face value and present value (Subordinated Financing)	-	-	73,137	73,137
	-	311,016	2,773,013	3,084,029

34- Related party transactions - Continued

34/2 During the period significant transactions with related parties included in the consolidated income statement are as follows

	Directors EGP '000	Subsidiaries and Associates EGP '000	Major shareholder EGP '000	Total EGP '000
30 September 2015				
Profit from Murabaha, Musharaka, Mudaraba and similar income	**-**	**32,894**	**-**	**32,894**
Cost of deposits and similar expenses	**-**	**(1,043)**	**-**	**(1,043)**
Fees and commissions cost	**-**	**(3,939)**	**-**	**(3,939)**
Salaries and short term benefits	**(12,994)**	**-**	**-**	**(12,994)**
Cost of subordinated loan using the effective profit rate	**-**	**-**	**(8,331)**	**(8,331)**
30 September 2014				
Profit From Murabaha, Musharaka, Mudaraba and Other Similar Income	-	17,590	-	17,590
Cost of deposits and similar costs	-	(359)	-	(359)
Salaries and short term benefits	(6,986)	-	-	(6,986)
Cost of subordinated loan using the effective profit rate	-	-	(7,733)	(7,733)

35- Employees benefits

	30 September 2015 EGP '000	31 December 2014 EGP '000
Liabilities listed on balance sheet:		
Pension benefits	**-**	14,461
Medical benefits after retirement	**30,559**	30,559
	30,559	45,020
Amounts recognized in the income statement		
Pension benefits	**(16,537)**	(13,351)
Medical benefits after retirement	**(9,328)**	(5,673)
	(25,865)	(19,024)

35- Employees benefits - Continued

Private insurance fund

At the first of July 2013, the bank established private insurance fund (the fund) according to Law No.54 for year 1975, the fund registered in EFSA on 14 January 2014 with No. (884), on 1 July 2014 the fund started its work. The employees in the head office and all branches are committed to the fund regulations

The bank obligated to pay monthly contributions, in which, calculated according to fund regulation, generally the fund financed through monthly contributions in addition to other resources that detected in fund regulation.

Legacy staff medical benefit plan

The Bank has a Defined Benefit Medicare Plan for its legacy employees during their service period and post retirement, the bank hired independent actuarial expert to conduct the study and determine the necessary amount of the obligation to be recorded in financial statements using the (projected unit credit method).

The main assumptions are used by the actuarial expert listed as follows:-

- Death rate from British table A49-ULT52
- Discount rate 12%
- Inflation rate 15%
- (projected unit credit method)

The liability hits the accumulated losses according to Egyptian accounting standard No. 5 (change in accounting policies, errors and estimates.

36- Re-issuance of the financial statements (31 December 2014)

The financial statements of the Bank for the year ended 31 December 2014 were classified in accordance with the regulations of the preparation and presentation of financial statements as per the Central Bank of Egypt instructions issued on 16 December 2008 based on the following:
During the period from 2010 to 2012, ADIB UAE transferred amounts of USD 255 Mil under the Capital Increase account of ADIB Egypt; additionally ADIB UAE transferred an amount of USD 39 Mil for the subordinated loan to reach USD 70 Mil during the year 2014. The Increment deducted from the balance due to ADIB UAE, this balance was created to recognize the liability due to ADIB UAE as a result from the surplus of USD transferred amounts as of the balance sheet date.

Pursuant to the change in the accounting treatment regarding the USD amounts deposited by ADIB UAE under the increase in Paid up capital resulted in a material change in the financial statements to derecognize the said liability and recognize the resulting forex differences into the relevant years' income statement accounts and consequently reverse the increase in subordinated loan and all related adjustments for the financial statements of the years 2012,2014, which resulted in the following :

36- Re-issuance of the financial statements (31 December 2014) – Continue

	Item type	31 December 2013 Before adjustment 000" LE	Debit/(Credit) 000" LE	31 December 2013 After adjustment 000" LE
Deferred tax assets	Assets	**958,893**	(59,796)	**899,097**
		958,893	(59,796)	**899,097**
Other liabilities	liabilities	**724,259**	(239,184)	**485,075**
Accumulated losses	Equity	**(3,394,974)**	179,388	**(3,215,586)**
		(2,670,715)	(59,796)	**(2,730,511)**
CAR%		**10.40%**	1.65%	**12.05%**
Income statement items				
Net trading income	Income	**57,102**	163,793	**220,895**
Tax	Expense	**148,026**	(59,795)	**88,231**
		205,128	103,998	**309,126**

	Item type	31 December 2014 Before adjustment 000" LE	Debit/(Credit) 000" LE	31 December 2014 After adjustment 000" LE
Deferred tax assets	Assets	**897,392**	(69,327)	**828,065**
		897,392	(69,327)	**828,065**
Subordinated loan	liabilities	**364,736**	(161,527)	**203,209**
Other liabilities	liabilities	**798,679**	(44,166)	**754,513**
Difference between PV and FV of subordinated loan	Equity	**131,237**	(58,100)	**73,137**
Accumulated losses	Equity	**(3,164,076)**	194,466	**(2,969,610)**
		(1,869,424)	(69,327)	**(1,938,751)**
CAR%		**12.08%**	-0.40%	**11.68%**
Income statement items				
Cost of deposits and similar Costs	Expense	**(830,327)**	6,028	**(824,299)**
Net trading income	Income	**69,472**	32,415	**101,887**
Tax	Expense	**(150,500)**	(9,532)	**(160,032)**
		(911,355)	28,911	**(882,444)**

37- Tax position

Corporate Tax

- Tax inspections for the years prior 2008 have been fully completed and all due taxes have been paid and the internal committee was set and no due taxes were reported.

- The tax authority has inspected the corporate tax due for the period from 2009 till 2012 and informed the bank through form no. 19A. The bank objected the deemed tax claim at the due date.

- The bank prepared and presented the tax return for the years till 2013 to the tax authority as per law no. 91 for the year 2005.

- Starting from February 2012, and based on the Banks legal and tax advisor , the Bank raised a legal case against the unconstitutional nature of taxes on T bills for taxable loss making entities during the loss years from 2010 up to 2012 accordingly the Bank stopped paying those taxes and its related penalties. The balance is recorded under other debit balances" note (no.21) to the financial statements. As per the Bank's tax and legal advisors opinions that it is probable that the bank will win such legal case, the legal case has been postponed to 28 February 2015 till finalizing the expert reports.

- During the first quarter of 2014 the bank fully provided the tax provision shortfall amounted to LE 28MN.

Salary tax

- Tax inspections and internal committee for the years prior 2008 has been finalized and no tax due for this period
- The tax authority inspection and settlement took place for the period since 2009 till 2012 and all taxes due were paid in full.
- The bank pays the payroll taxes on monthly basis on the due dates as stated by law.

Stamp duty tax

<u>First: In light of law no. 111 for the year 1980 (before amendments)</u>

- Inspection of all 18 branches of Upper Egypt branches has been finalized starting from opening date of those branches till 31/7/2006 and with all tax liabilities has been settled.

- Inspection of 15 out of 20 of East Delta branches has been finalized from opening of the branches till 31/7/2006 with all tax liabilities settled.

- Inspections of 12 out of 14 West Delta branches have been finalized from opening of the branches till 31/7/2006 with all tax liabilities settled.

- Inspection of 12 out of 17 Cairo branches has been finalized from start of their activities to 31/7/2006. Tax liabilities for 10 branches were settled and 7 branches are still under settlement after tax disputes.

- The bank raised appeal in the court For 45 branches. The bank paid all the branches' due settlement to avoid delay penalties since the court appeal does not stop the tax liability due.

37- Tax position - Continued

Second: In light of law no. 143 for the year 2006 amended by law 111 of 1980 (after amendments)

- Inspections of the bank branches have been completed for the years starting 1/8/2006 to 31/12/2007. A tax claim has been raised and the bank objected on it, an internal committee has been formed and transferred to appeal committee.

Sales tax:

- Inspection of the bank branches from 2002 till 2006 has been finalized and all taxes due were paid.
- Year 2007 up to 2011, the tax inspection is in process till 31 December 2011, All supporting documents has been submitted to the tax authority, the bank is still waiting for tax authority claims.

Real estate Tax

- The bank received claims for real estate tax for some branches and the bank objected on these claims in the legal deadlines.

38- Translation

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