Bank Audi

ANNUAL REPORT **2015**

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STATEMENT OF THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

In 2015, Bank Audi continued to have an undisputed leadership position among Lebanese banking groups in terms of most business criteria, and to reinforce its position among the top 20 Arab banks, while maintaining a strong financial standing and moving forward on its main strategic orientations in its various markets of presence.

The Bank actually maintained in 2015 a sound activity growth in a tough operating environment, coupled with a growing contribution of foreign entities. Its consolidated assets recorded a nominal increase of USD 310 million in 2015, reaching a total of USD 42.3 billion at end-December 2015 and USD 52.1 billion when accounting for fiduciary deposits, security accounts and assets under management. When adjusting to the devaluation of the exchange rates of both the Turkish Lira and the Egyptian Pound relative to the US Dollar of respectively 25.6% and 9.5% in 2015, consolidated assets of Bank Audi would have increased by USD 2.1 billion over the same period, due to the nominal growth in assets of the Bank's entities in Turkey and Egypt by USD 1.3 billion and USD 0.8 billion respectively, with assets of Lebanese entities increasing slightly by USD 242 million. Based on the above, the contribution of entities outside Lebanon to consolidated assets increased from 48.1% as at end-December 2014 to 48.6% as at end-December 2015, while the share of assets booked in investment grade countries reached 33.3%, an unprecedented level among Lebanese banking groups.

In parallel, consolidated customers' deposits sustained the same level during 2015, reaching USD 35.6 billion at end-December 2015, of which 45.1% from entities outside Lebanon. When adjusting on the basis of constant exchange rates for both Turkish Lira and Egyptian Pound as at end-December 2014, consolidated deposits would have increased by USD 1.1 billion, corresponding to a growth of 3%, deemed a good performance given the weak 1.5% deposits' growth in the region following the sharp deterioration of oil prices. Likewise, Bank Audi's consolidated loan portfolio sustained its growth over the period registering a nominal growth of 4.4% (equivalent to a nominal increase of USD 758 million), reaching 10.4% in real terms when adjusting on the basis of constant exchange rates for Turkish Lira and Egyptian Pound as at end-December 2014, corresponding to a real increase of USD 1.8 billion, mainly stemmed from the entities in Lebanon, Turkey and Egypt.

The Bank's growth was not realised at the detriment of its financial standing which continued to bear witness to a strong financial soundness at the level of liquidity, asset quality, capitalisation or profitability. In fact, the Bank maintained its highly liquid status, with consolidated primary liquidity placed with central banks and foreign banks continuing to increase, reaching USD 16.4 billion at end-December 2015, the equivalent of 46.1% of customers' deposits, a high level when compared to regional and global averages.

At the asset quality level, a reinforcement of the Bank's loan quality was realised through the allocation of USD 133 million of consolidated net loan loss provision charges during 2015. Subsequently, loan loss reserves on doubtful loans reached USD 371 million, translating into a coverage ratio of 68.4% at end-December 2015. In parallel, collective provisions reached USD 162 million, representing 0.9% of net loans, while the ratio of net doubtful loans to gross loans improved from 3.05% at end-December 2014 to 2.94% at end December 2015. The ratio of gross doubtful loans to gross loans of Bank Audi remains low when compared to the sector averages in Lebanon (3.6%), the MENA region (3.9%), the emerging markets (6.9%), and the world (7.5%).

At the capitalisation level, consolidated shareholders' equity reached USD 3.29 billion at end-December 2015, accounting for 18% of the total shareholders' equity in the Lebanese banking sector. In parallel, Bank Audi's regulatory capital reached USD 3.35 billion, reinforcing the Bank's capital adequacy ratio as per Basel III, to 13.4%.

At the profitability level, Bank Audi's net earnings after provisions and taxes amounted to USD 403 million in 2015, as compared to USD 350 million in 2014, growing by 15.1% year-on-year. Entities outside Lebanon contributed up to 50.5% of the consolidated net earnings' growth, driving an increase in the share of these entities in consolidated net earnings from 41.6% in 2014 to 42.8% in 2015. The increase in net profits primarily stems from a USD 87.3 million increase in total revenues, corresponding to a growth of 6.6% exceeding the 5.3% growth in consolidated general operating expenses, equivalent to USD 38.8 million, translating into an improvement in overall efficiency. Based on such results, the Bank's return on average assets ratio improved from 0.9% in 2014 to 0.96% in 2015, while the return on average common equity maintained the same level as in 2014 of 13.63%, as a result of the full impact of the USD 300 million common equity increase at end-September 2014.

Since the outset of the Arab Spring early 2011, Bank Audi has refocused its strategy around three main growth pillar markets: Lebanon, Egypt and Turkey, as well as the Private Banking business line. Supported by solid performances, those pillars drive the significant developments across the Group.

In Lebanon, Bank Audi has a strong leadership in the Lebanese banking sector, as witnessed by the largest retail accounts portfolio with an 18% market share supported by innovative technologies, products and services, and its dominant share in Corporate and Commercial Banking activities, banking with the top 100 corporates. Going forward, the Bank aims at leveraging on existing corporate relationship, expertise and regional presence to grow the regional business with a focus on trade. With the support of the IFC, It is upgrading the SME financing proposition which is on track to become a high value driver for the Bank, capturing growth opportunities. On the retail front, the Bank is focusing on a customer-centric model supported by innovative delivery channels, state-of-the-art technologies and tailor-made products and services.

As to Turkey, established from scratch in 2012, our subsidiary Odea Bank which was the first financial institution in the last 12 years to be granted deposit-taking and operational licenses from the Banking Regulatory and Supervisory Authority, is now recognised as a leading challenger bank with a universal banking model and market leading productivity levels, as well as strong brand recognition and customer awareness. As of 31 December 2015, Odea Bank had USD 11 billion of assets, USD 8.6 billion of deposits and USD 7.5 billion of loans, ranking 9th, 8th and 9th respectively, amongst non-state owned Turkish banks. Odea Bank achieved breakeven by the second quarter of 2014, 19 months after launch, posting USD 23.2 million of net earnings in 2015, highlighting a strong performance that Management is looking to turn into an exponential growth. This robust growth is even more important when considering that it was achieved by a green field operation, without incurring any goodwill expense.

This performance is attributed to the fact that Turkey is a sizeable emerging country with a track record of sustained economic growth, reaching on average 4.2% per annum over the last 5 years, but also to the best-in breed talent pool of Odea Bank and its pioneering role in terms of innovation, granting it significant market competitive advantages. Building on the above, our plan in Turkey is to develop a value-added SME and consumer lending segment while leveraging on the wide footprint in the MENA region to benefit from the expected growth of trade, financial and human flows between Turkey and Arab countries to further develop Corporate and Commercial Banking.

Likewise, Bank Audi sae, the Bank's subsidiary in Egypt, has been resilient to successive political transitions since 2011, sustaining solid growth trajectory outpacing peers with 19% CAGR in assets and 29% in net profits over the 2010-2015 period. It has sound credit policies focusing on defensive businesses translating into a NPL ratio of 1.4%, well below the sector average. Bank Audi sae represents an efficient and profitable growing bank with an average ROAA and ROACE of 1.4% and 17.4% over the 2010-2015 period. Its new development plan encompasses the expansion of the network and extension of the scope of products and services to cover new business segments such as Islamic Banking, mass influent, mortgages and others, building on a visible and highly regarded brand.

At the level of Private Banking, the recent restructuring of the business line is likely to improve intergroup synergies and efficiencies. The partnership with Crossbridge Capital based in London would create a centralised and specialised wealth management platform. The plan to establish a footprint in the United Kingdom would support the Private Banking development strategy and future expansion to Sub-Saharan Africa and Latin America where Audi Private Bank sal already holds AuMs of USD 588 million and USD 745 million respectively through dedicated desks and RMs.

The results of the past year and the strategic directions of our Group are being supported by significant developments in support functions, such as HR and IT. At the HR level, the year 2015 was concluded with various successful accomplishments around areas of Recruitment and Selection, Training and Development, Relationship Management and Organisational Development. Bank Audi continued to own up to its position as the largest employer in the Lebanese private sector at large and the most significant contributor to job creation in Lebanon. It has the most advanced recruitment processes fully recognised in Lebanon and the region for being a benchmark in the selection strategy with a comprehensive talent attraction strategy (87% of staff being university graduates). The Recruitment and Selection efforts for 2015 resulted in the engagement of circa 500 new employees from diverse backgrounds for different positions within the Group that now counts around 6,900 employees in total. In parallel, the Bank continued to be supported by wide full fledged training activities which were intensively focusing on academy courses and managerial and behavioural trainings over the past year.

At the IT level, Bank Audi's IT continued the implementation of multiple transformational business projects across many of its affiliates. Analysis, selection and high-level design have been completed – and the implementation work initiated – on several strategic projects: Core Banking replacement, a new Omni-channel banking platform, a new automated Business Process Management system, and a new Customer Relationship Management system. When operational, these systems together will redefine the way the Bank produces and delivers state-of-the-art services to its customers. In all entities, new systems are being deployed while leveraging Bank Audi's IT strategy of service-based architecture, with the Enterprise Service Bus being at the core of the environment, orchestrating and integrating the different components together. Bank Audi's IT has dedicated sizable efforts and resources throughout the past year to research and develop the latest trends of technology, the future of banking, and the means to implement those findings in existing and potential new entities.

The development initiatives of the Group aim at establishing the preferred financial partner in the MENAT region, connecting customers to available opportunities at large. Beyond the financial and business aspect, Bank Audi is also keen on developing and strengthening its engagement in Corporate Social Responsibility. The Group's Corporate and Social Responsibility activities extend to five core pillars: Corporate Governance which is at the heart of our decision-making process, Economic Development through job creation and financing of small businesses, Human Development, Community Development and Environmental Protection.

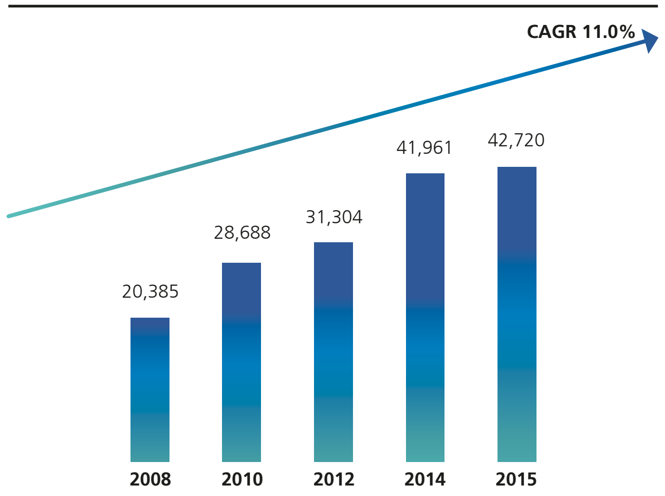
In closing, we would like to express our gratitude to all our staff who helped move Bank Audi forward to the point where we stand today, and to all our customers who continuously bless us with their confidence and trust.

Raymond W. Audi
Chairman and General Manager

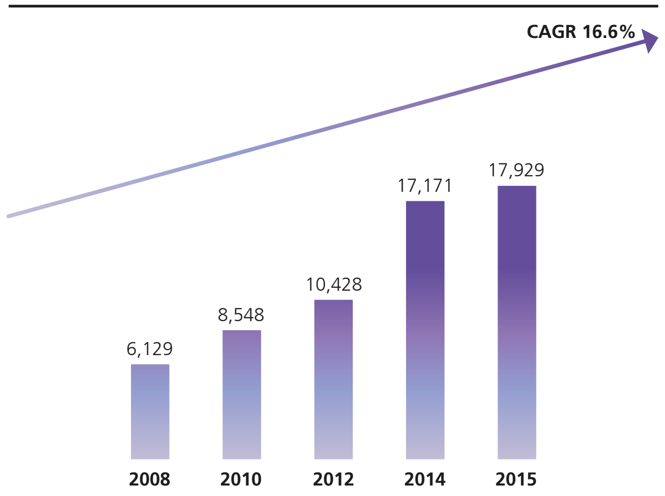
Samir N. Hanna
Group Chief Executive Officer

FINANCIAL HIGHLIGHTS

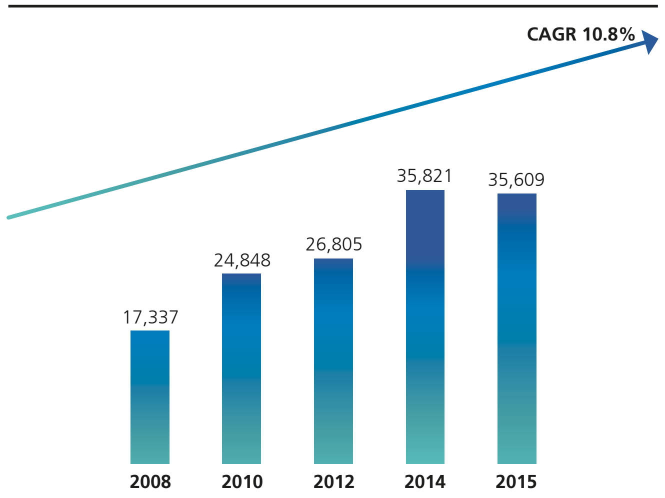
ASSETS (USD MILLION)



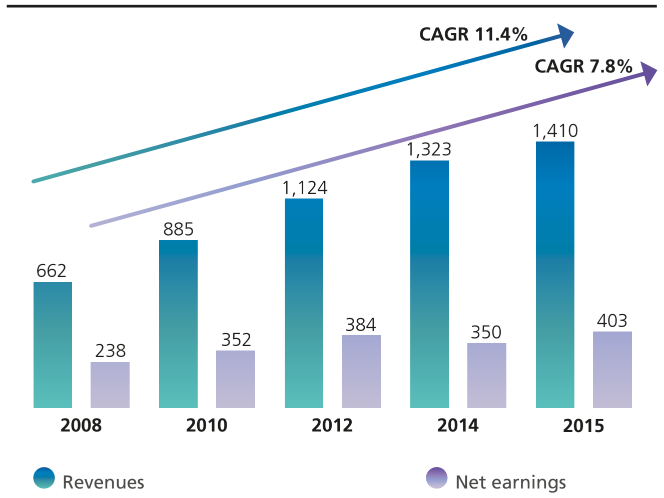
LOANS TO CUSTOMERS (USD MILLION)



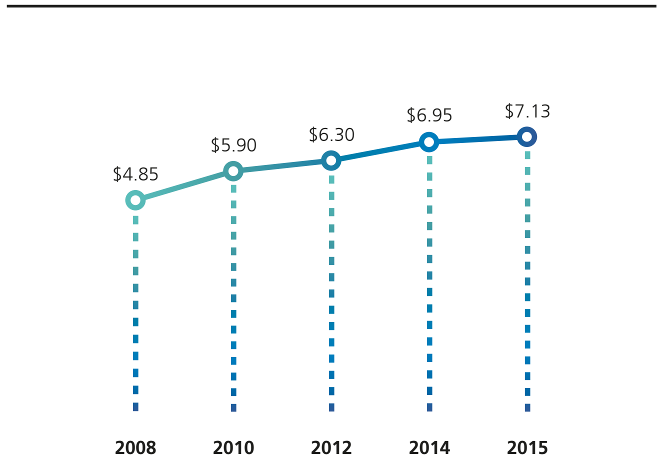
CUSTOMERS' DEPOSITS (USD MILLION)



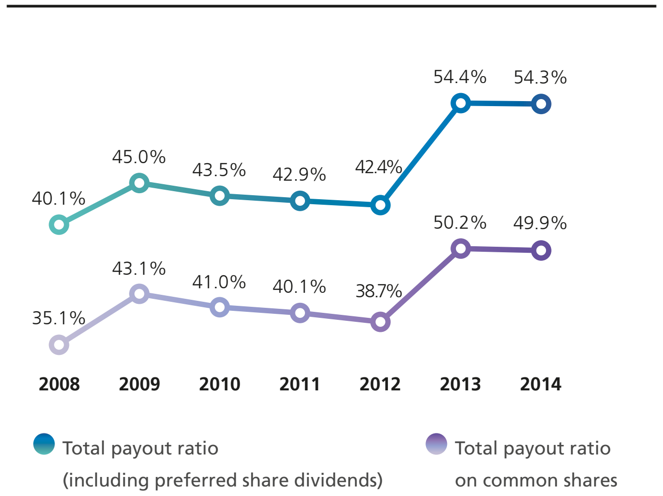
REVENUES AND NET EARNINGS (USD MILLION)



COMMON BOOK PER SHARE (USD)

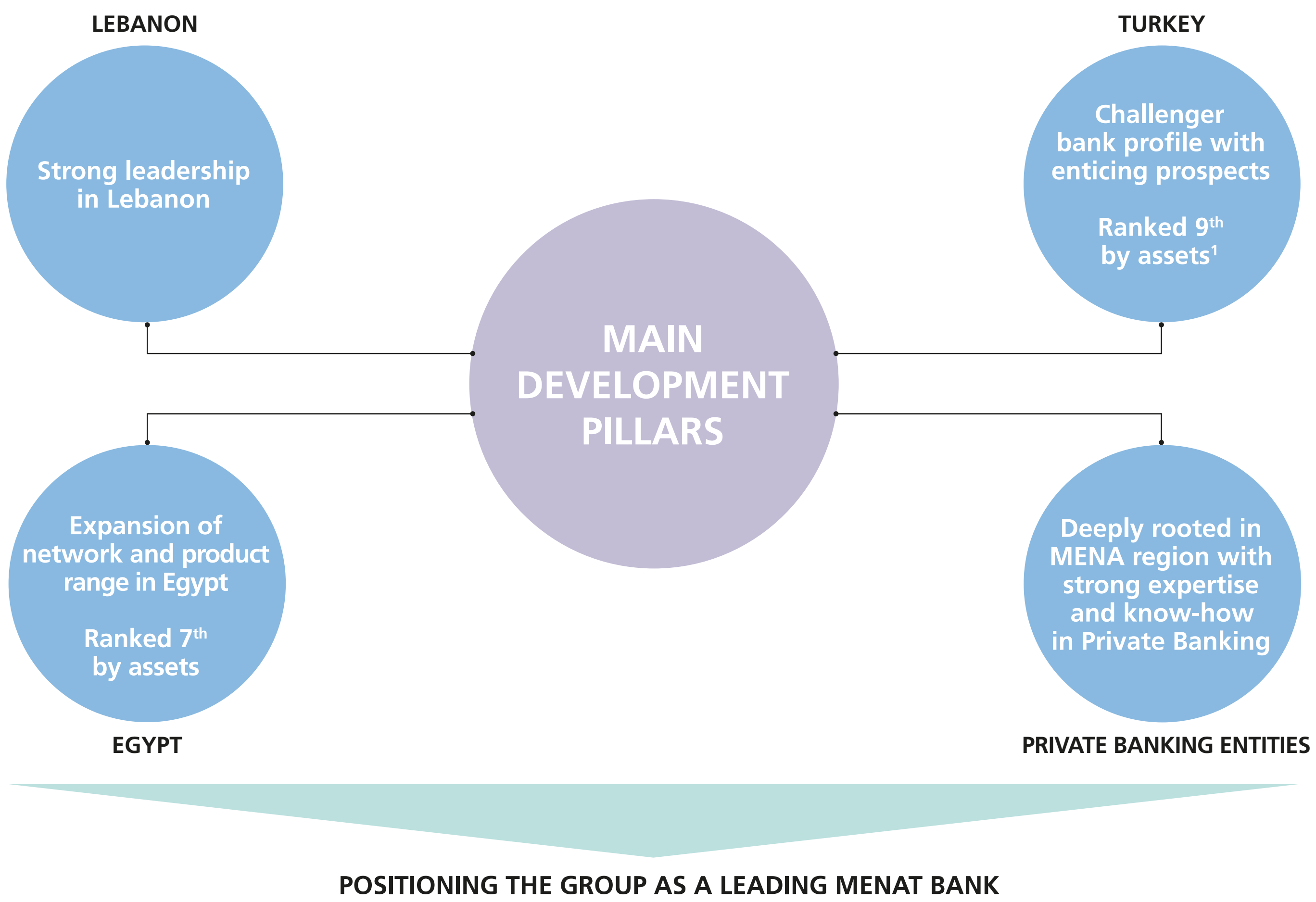


PAYOUT RATIOS



BANK AUDI sal SELECTED CONSOLIDATED FINANCIAL DATA (USD MILLION)

	2010	2011	2012	2013	2014	2015	CAGR (%) 10 - 15
Assets	28,688	28,737	31,304	36,191	41,961	42,270	8.06%
Loans to customers	8,548	8,594	10,428	14,713	17,171	17,929	15.97%
Customers' deposits	24,848	24,798	26,805	31,095	35,821	35,609	7.46%
Shareholders' equity	2,420	2,357	2,669	2,696	3,348	3,287	6.31%
Net earnings	352	365	384	305	350	403	2.74%
Number of branches	157	154	162	189	207	217	6.69%
Number of staff	4,838	4,808	5,070	5,894	6,408	6,891	7.33%
Liquidity and asset quality							
Liquid Assets/Deposits	77.25%	77.20%	74.51%	65.67%	64.84%	64.00%	
Loans/Deposits	34.40%	34.66%	38.91%	47.32%	47.94%	50.35%	
Net doubtful loans/Gross loans	0.61%	0.66%	0.64%	1.00%	0.86%	0.93%	
Loan loss provisions/Gross doubtful loans *(including collective provisions)*	104.17%	116.07%	114.38%	95.31%	97.38%	98.32%	
Net doubtful loans/Equity	-0.34%	2.50%	2.58%	5.60%	4.57%	5.21%	
Collective provisions/Net loans	0.72%	1.17%	1.06%	0.89%	0.81%	0.90%	
Capital adequacy							
Equity/Assets	8.44%	8.20%	8.53%	7.45%	7.98%	7.78%	
Capital adequacy ratio	11.42%	10.69%	13.67%	12.09%	13.49%	13.36%	
Profitability							
Cost/Income	47.28%	44.71%	45.96%	56.07%	55.08%	54.43%	
ROAA	1.28%	1.27%	1.32%	0.91%	0.90%	0.96%	
ROACE	16.02%	16.73%	16.51%	12.59%	13.63%	13.63%	



[1] *Among private commercial banks.*

01
CORPORATE GOVERNANCE

INNOVATION
DRIVEN BY
DETERMINATION

1.0. | CORPORATE GOVERNANCE FRAMEWORK

INTRODUCTION

In line with its long standing commitment to sound governance, the Board of Directors of Bank Audi continued, in 2015, to give significant consideration to the Bank and the Group's Governance practices. As in previous years, it monitored the genuine implementation of the Governance Guidelines and revisited a number of governance related policies and charters, further articulating some and adopting new ones as necessary to continuously enhance the effectiveness of the framework. Changes introduced to the Governance framework of the Bank during 2015 (and 2016 to date) include the adoption, review and/or update of a number of Governance, Compliance and Risk-related policies, notably the adoption of a new "Nomination Policy and Process for Board Directors", a new "Induction and Continuing Director Development Process", a "Director Disclosure and Conflicts of Interest Policy", a new "Whistle blowing Policy", a "Group Sanctions Policy", an "Operational Risk Policy", in addition to the "Charter and Policy of the Quality Control and Assurance unit", and others.

As usual, the Bank also continued to monitor the evolution in Governance-related regulations and best practices in order to ensure that the necessary changes are introduced to its own guidelines and processes.

Bank Audi's Board is satisfied that the Bank's Governance framework conforms to applicable directives and guidelines and is adapted to the Bank's needs and to the high expectations of its stakeholders. The Board is also satisfied that, in 2015, it has fully discharged all its responsibilities, as mapped in its yearly rolling agenda, and has acted on the recommendations of its committees that also substantially discharged all of their own responsibilities.

GOVERNANCE FRAMEWORK

Bank Audi is governed by a Board of Directors consisting of up to 12 members (currently 10) elected by the General Assembly of shareholders for terms not exceeding 3 years. The responsibility of the Board is to ensure strategic direction, Management supervision and adequate control of the company, with the ultimate goal of increasing the long term value of the Bank.

Bank Audi's Governance framework and that of its major banking subsidiaries encompass a number of policies, charters, and terms of reference that shape the Group's Governance framework over a wide range of issues including risk supervision, compliance, audit, remuneration, evaluation, succession planning, ethics and conduct, budgeting, and capital management. Clear lines of responsibility and accountability are in place throughout the organisation with a continuous chain of supervision for the Group as a whole, including effective channels of communication of the Group Executive Committee's guidance and core group strategy.

Strategic objectives setting corporate values and promoting high standards of conduct have been established and widely communicated throughout the Group, providing appropriate incentives to ensure professional behaviour.
The Bank's Corporate Governance Guidelines are accessible on the Bank's website at www.bankaudigroup.com

The Board is supported in carrying out its duties by the Audit Committee, the Risk Committee, the Remuneration Committee, the Corporate Governance and Nomination Committee, and the Executive Committee.

- The mission of the Group Audit Committee is to assist the Board in fulfilling its oversight responsibilities as regards (i) the adequacy of accounting and financial reporting policies, internal control and the compliance system; (ii) the integrity of the financial statements and the reliability of disclosures; (iii) the appointment, remuneration, qualifications, independence and effectiveness of the external auditors; (iv) and the independence and effectiveness of the internal audit function[1].

- The mission of the Group Risk Committee is to assist the Board in discharging its risk-related responsibilities. The Committee is expected to (i) consider and recommend the Group's risk policies and risk appetite to the Board, (ii) monitor the Group's risk profile for all types of risks, and (iii) oversee the management framework of the aforementioned risks and assess its effectiveness.

- The mission of the Remuneration Committee is to assist the Board in maintaining a set of values and incentives for Group executives and employees that are focused on performance and promote integrity, fairness, loyalty and meritocracy.

- The mission of the Corporate Governance and Nomination Committee is to assist the Board in maintaining an effective institutional and Corporate Governance framework for the Group, an optimal Board composition, and effective Board processes and structure.

- The mission of the Group Executive Committee is to develop and implement business policies for the Bank and to issue guidance for the Group within the strategy approved by the Board. The Group Executive Committee also supports the Group Chief Executive Officer in the day-to-day running of the Bank and in guiding the Group.

[1] *It is not the duty of the Audit Committee to plan or to conduct audits or make specific determinations that the Bank's statements and disclosures are complete and accurate, nor is it its duty to assure compliance with laws, regulations and the Bank's Code of Ethics and Conduct. These are the responsibilities of Management and of external auditors.*

2.0. | SHAREHOLDING STRUCTURE

The following table sets out the composition of the holders of common shares as at 31 December 2015:

Shareholders/Groups of Shareholders	Country (Ultimate Economic Ownership)	Percentage Ownership[1] (%)
FRH Investment Holding sal	Lebanon	9.65
Audi family[2]	Lebanon	6.90
Sheikha Suad Hamad Al Saleh Al Homaizi[2]	Kuwait	5.94
Sheikh Dhiab Bin Zayed Al Nehayan	United Arab Emirates	4.97
Levant Finance 2 Limited	Lebanon	4.74
Al Sabbah family[2]	Kuwait	4.71
Investment and Business Holding sal	Lebanon	3.44
Al Hobayb family[2]	Kingdom of Saudi Arabia	2.55
International Finance Corporation I.F.C.	—	2.50
Ali Ghassan El Merhebi family	Lebanon	2.35
Said El-Khoury family	Lebanon	2.22
Kel (Cayman) Limited	Lebanon	2.15
Executives and employees[3]	Lebanon	4.27
Others	—	14.53
Deutsche Bank Trust Company Americas[4]	—	29.08
Total shareholding[5]		100.00

[1] *Percentage ownership figures represent common shares owned by the named shareholders and are expressed as a percentage of the total number of common shares issued and outstanding.*

[2] *Sheikha Suad Hamad Al Saleh Al Homaizi is a member of the Board. The Audi family, Al Sabbah family and Al Hobayb family include the following members of the Board: (i) Raymond Wadih Audi and Marc Jean Audi, (ii) Mariam Nasser Sabbah Al Nasser Al Sabbah, and (iii) Abdullah Al Hobayb, respectively.*

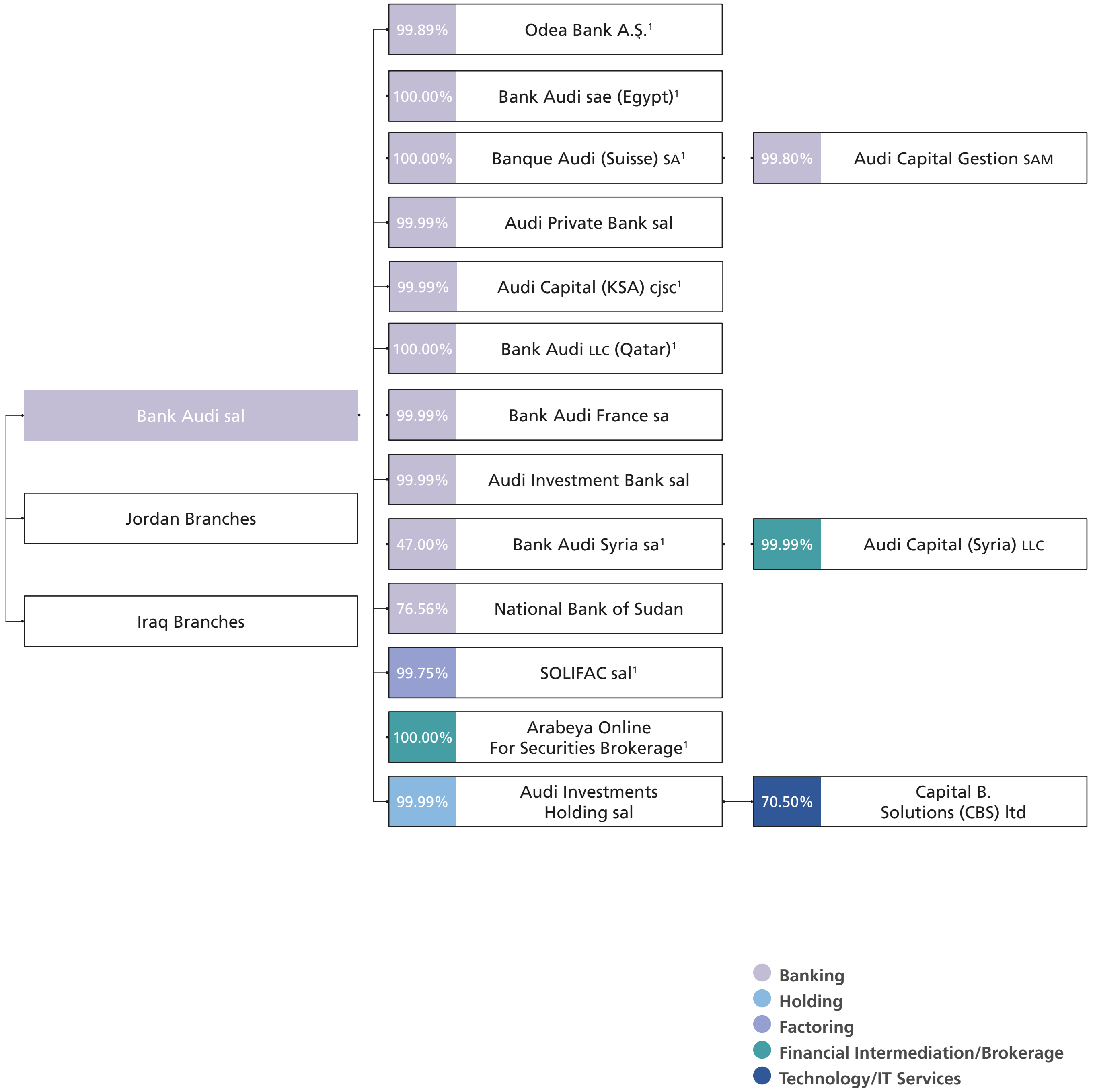
[3] *Excluding members of the Audi family accounted for in a separate row above.*

[4] *Deutsche Bank Trust Company Americas holds common shares in its capacity as depositary under the Bank's GDR Program.*
In addition to the ownership of common shares mentioned above, 10.6% of the Bank's common shares are held through GDRs by each of FRH Investment Holding Company sal, the Audi family, Sheikha Suad H. Al Homaizi, Sheikh Dhiab Bin Zayed Al Nehayan, and the Al Hobayb family (respectively 2.30%, 0.92%, 1.81%, 3.13% and 2.44%). Information on GDR ownership is based on self declarations (pursuant to applicable Lebanese regulations) as GDR ownership is otherwise anonymous to Bank Audi.

[5] *As at the date hereof, the total number of common shares was 399,749,204. The Bank (and its affiliates) is the custodian of shares and/or GDRs representing 70.67% of the Bank's common shares.*

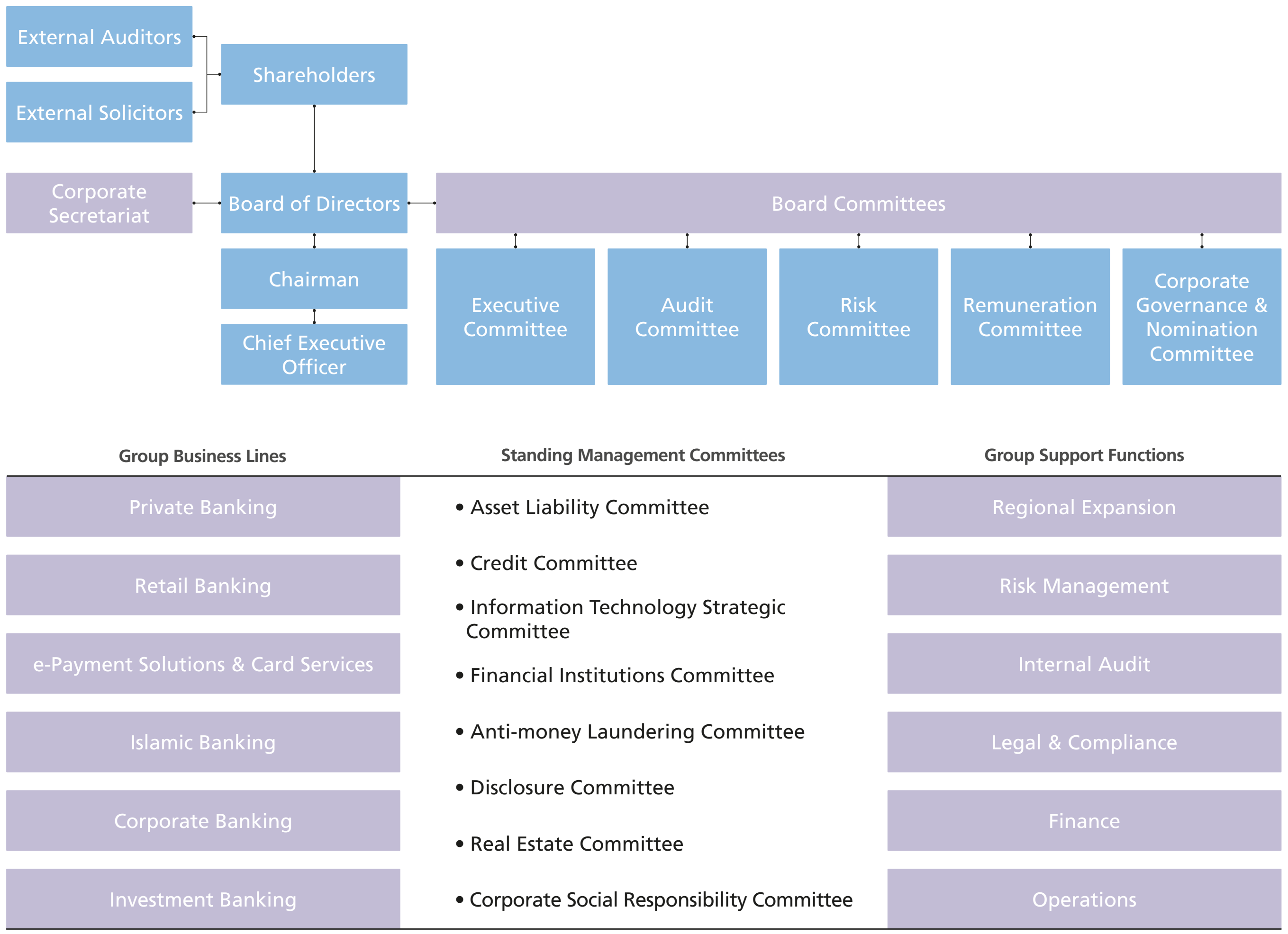
3.0. | CORPORATE STRUCTURE

The major subsidiaries and branches abroad of Bank Audi sal as at 31 December 2015 are:



[1] Represents the economic ownership of the Bank with direct and/or indirect ownership through subsidiaries.

4.0. | GROUP HIGH LEVEL CHART



5.0. | BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

Members of the Board of Directors serving throughout the year 2015 were elected by a resolution of the Ordinary General Assembly of shareholders held on 8 April 2013 for a three-year term expiring on the date of the annual Ordinary General Assembly meeting (expected to be held in April 2016) that will examine the accounts and activity of the year 2015.

The names of Directors[2] serving at the date of this report are the following:

The Ordinary General Assembly expected to be held in April 2016 will consider the election of a new Board of Directors and will determine the term of its mandate.

MEMBERS	Independent (as per the Bank's Corporate Governance Guidelines[3])	Member of the Group Executive Committee	Member of the Group Audit Committee	Member of the Board Group Risk Committee	Member of the Remuneration Committee	Member of the Corporate Governance & Nomination Committee
H.E. Mr. Raymond W. AUDI *(Chairman)*						Chair •
Dr. Marwan M. GHANDOUR *(Vice-chairman)*	•		Chair •	•	Chair •	•
Dr. Freddie C. BAZ *(Vice-chairman)*		Deputy Chair •		•		
Mr. Samir N. HANNA		Chair •				•
Sheikha Suad H. S. AL HOMAIZI						
Mr. Marc J. AUDI		•				
Sheikha Mariam N. AL SABBAH	•		•			
Dr. Imad I. ITANI		•				
Mr. Abdullah I. AL HOBAYB	•		•		•	
Dr. Khalil M. BITAR	•			Chair •	•	
Secretary of The Board						
Mr. Farid F. LAHOUD *(Group Corporate Secretary)*						

The Board is advised, for Audit Committee matters, by **Mr. Maurice H. Sayde** (who served as a member of the Board and Chairman of its Group Audit Committee from June 2006 until July 2008).

[2] Listed according to their dates of appointment (beyond the Group CEO).
[3] Definition of "Director independence" as per the Bank' s Governance Guidelines (summary):
"In order to be considered independent Director by the Board, a Director should have no relationship with the Bank that would interfere with the exercise of independent judgment in carrying out responsibilities as a Director. Such a relationship should be assumed to exist when a Director (him/her self or in conjunction with affiliates):
- *is occupying, or has recently occupied an executive function in the Bank or the Group;*
- *is providing, or has recently provided advisory services to the Executive Management;*
- *is a major shareholder (i.e. owns, directly or indirectly, more than 5% of outstanding Audi common stock), or is a relative of a major shareholder;*
- *has, or has recently had a business relationship with any of the Senior Executives or with a major shareholder;*
- *is the beneficiary of credit facilities granted by the Bank;*
- *is a significant client or supplier of the Bank;*
- *has been, over the 3 years preceding his appointment, a partner or an employee of the Bank's external auditor;*
- *is a partner with the Bank in any material joint venture.*

In addition to the above, the Board of Directors is satisfied with the ability of the independent Directors to exercise sound judgment after fair consideration of all relevant information and views without undue influence from Management or inappropriate outside interests."

FREQUENCY OF MEETINGS

In 2015, the Board of Directors held 6 meetings, the Group Audit Committee held 4 meetings, the Group Risk Committee held 4 meetings, the Remuneration Committee held 3 meetings, the Corporate Governance and Nomination Committee held 2 meetings, and the Group Executive Committee held 27 meetings.

CHANGES TO THE BOARD OF DIRECTORS DURING THE YEAR 2015:

In June 2015, the Board of Directors resolved to appoint Dr. Freddie Baz as Vice-chairman of the Board of Directors.

GROUP SHARIA' SUPERVISORY BOARD

Dr. Mohamed A. ELGARI *(Chair)*

Sheikh Nizam M. YAQOOBI

Dr. Khaled R. AL FAKIH

LEGAL ADVISORS

Law Offices of Ramzi Joreige & Partners

AUDITORS

BDO, Semaan, Gholam & Co.

Ernst & Young p.c.c.

6.0. | BIOGRAPHIES OF BOARD MEMBERS

RAYMOND W. AUDI

CHAIRMAN OF THE BOARD – GENERAL MANAGER
Age: 83 – Lebanon
Director since February 1962
Term expires at the 2016 annual General Assembly of shareholders
- Chairman of the Corporate Governance and Nomination Committee

Raymond Audi acts as Chairman of the Board of Directors and General Manager since December 2009. He had also served as Chairman of the Board of Directors and General Manager from 1998 to 2008, resigning from this position when he was appointed Minister of the Displaced in the Lebanese government. Mr. Audi resumed his position as Chairman of the Board of Directors effective December 22, 2009.

He started his banking career in 1962, when, together with his brothers and with prominent Kuwaiti businessmen, he founded Bank Audi, building on a successful long standing family business. Raymond Audi has played an active role in leading Bank Audi through both prosperous and challenging times to its current status as a widely recognised leading Lebanese and regional bank. He served as President of the Association of Banks in Lebanon in 1994.

Raymond Audi is the recipient of several honours and awards, including, in July 2007, an Honorary Doctorate in Humane Letters from the Lebanese American University.

MARWAN M. GHANDOUR

VICE-CHAIRMAN OF THE BOARD
Age: 72 – Lebanon
Director since March 2000
Term expires at the 2016 annual General Assembly of shareholders
- Independent Non-executive Director
- Chairman of the Group Audit Committee
- Chairman of the Remuneration Committee
- Member of the Board Group Risk Committee
- Member of the Corporate Governance and Nomination Committee

Marwan Ghandour is an independent member of the Board of Directors since March 2000 and the Vice-chairman of the Board of Directors since December 2009. He is a previous Vice-governor of the Central Bank of Lebanon. He held this position between January 1990 and August 1993, with primary responsibilities in the area of monetary policy. During this period, he was also a member of the Higher Banking Commission and various other government committees involved in economic policy. In this capacity, he liaised with renowned international institutions such as the International Monetary Fund (IMF), the World Bank and the Bank for International Settlements (BIS). From 1995 until July 2011, Marwan Ghandour served as Chairman and General Manager of Lebanon Invest sal, a leading financial services group in the region whose holding company merged with Bank Audi in 2000. He chaired the Board of Directors of Banque Audi (Suisse) SA from March 2011 until December 2015. He also served as Chairman of the Board of Directors of Audi Investment Bank sal, a fully owned subsidiary of Bank Audi, from 2005 until December 2011. Marwan Ghandour is also the Vice-chairman of the Board of Directors of Odea Bank A.Ş., Bank Audi's subsidiary in Turkey, since June 2012, and serves as member of the Board of Directors of several affiliates of Bank Audi.

Marwan Ghandour holds a PhD in Economics (Econometrics) from the University of Illinois (Post-doctorate research at Stanford University).

FREDDIE C. BAZ

VICE-CHAIRMAN OF THE BOARD
GENERAL MANAGER – GROUP STRATEGY DIRECTOR
Age: 63 – Lebanon
Director since March 1996
Term expires at the 2016 annual General Assembly of shareholders
- Executive Director
- Deputy Chairman of the Group Executive Committee
- Member of the Group Risk Committee

Freddie Baz joined the Bank in 1991 as Advisor to the Chairman and founded the Secretariat for Planning and Development at the Bank. As Group Strategy Director, he is now responsible for the development of the Group strategy and for its oversight and communication, internally and externally. In addition to his duties as Group Strategy Director, Freddie Baz held the position of Group Chief Financial Officer from 2006 to 2015, with overall authority over the finance and accounting, MIS and budgeting functions throughout the Group. In March 2015, he decided, jointly with the Group CEO, to hand over his Group CFO responsibilities to his deputy, in conclusion of five years of cooperation and of common efforts to achieve that objective.

Freddie Baz was appointed Vice-chairman of the Board of Directors of Bank Audi sal in June 2015. He is also the Chairman of the Board of Directors of Bank Audi France sa, a fully owned subsidiary of Bank Audi, and a member of the Board of Directors of several affiliates of Bank Audi. Furthermore, he is the General Manager of Bankdata Financial Services WLL which publishes Bilanbanques, the only reference in Lebanon that provides an extensive structural analysis of all banks located in Lebanon, in addition to other specialised periodicals and reports.

Freddie Baz holds a State PhD degree in Economics from the University of Paris I (Panthéon – Sorbonne).

SAMIR N. HANNA

GENERAL MANAGER – GROUP CHIEF EXECUTIVE OFFICER
Age: 71 – Lebanon
Director since August 1990
Term expires at the 2016 annual General Assembly of shareholders
- Executive Director
- Chairman of the Group Executive Committee
- Member of the Corporate Governance and Nomination Committee

Samir Hanna joined Bank Audi in January 1963. He held several managerial and executive positions across various departments of the Bank. He was appointed General Manager of Bank Audi in 1986 and member of its Board of Directors in 1990. In the early 1990s, he initiated and managed the restructuring and expansion strategy of Bank Audi, transforming it into a strong banking powerhouse offering universal banking products and services including Corporate, Commercial, Retail, Investment, and Private Banking.

He grew the Bank to its current position as the largest bank in Lebanon (and among the top 20 Arab banking groups), with a presence in 12 countries, consolidated assets exceeding USD 42 billion, consolidated deposits exceeding USD 35 billion and a group staff headcount exceeding 6,000 employees. Samir Hanna is also the Chairman of Odea Bank A.Ş., Bank Audi's subsidiary in Turkey, and member of the Board of Directors of several other affiliates of Bank Audi.

He currently serves as the Group Chief Executive Officer and the Chairman of the Group Executive Committee, and heads all aspects of the Bank's Executive Management.

SUAD H. S. AL HOMAIZI

BOARD MEMBER
Age: 74 – Kuwait
Director since February 1962
Term expires at the 2016 annual General Assembly of shareholders
- Non-executive Director

Sheikha Suad Al Homaizi is the wife of late Sheikh Jaber Ali Salem Al Sabbah, a prominent member of the ruling family of Kuwait. She is one of the founders of Bank Audi. Sheikha Suad Al Homaizi is one of the largest Kuwaiti private real estate developers and is active in many business sectors in Kuwait and overseas, notably representing multinational corporations in the fields of infrastructure, construction, pharmaceuticals and others.

She is a member of the Board of Directors of Bank Audi since February 1962.

MARC J. AUDI

GENERAL MANAGER – COUNTRY MANAGER LEBANON
Age: 58 – Lebanon
Director since March 1996
Term expires at the 2016 annual General Assembly of shareholders
- Executive Director
- Member of the Group Executive Committee

Marc Audi started his banking career at Bank Audi France sa in 1981. He then moved to Banque Audi California where he was appointed Director and Executive Vice-president. He later returned to Lebanon to join Bank Audi in 1993, and was appointed member of its Board of Directors in 1996. He held executive responsibilities successively in Commercial Lending and Capital Markets divisions. Marc Audi served as General Manager of Banque Audi (Suisse), the Private Banking arm of the Audi Group of Banks until 2005, and remains a member of its Board of Directors. He also serves as member of the Board of Directors of several affiliates of Bank Audi, and has been General Manager of the Bank since 2004, where he currently acts as the Lebanon Country Manager.

Marc Audi holds a Master's of Business Administration from the University of Paris IX – Dauphine.

MARIAM N. AL SABBAH

BOARD MEMBER
Age: 67 – Kuwait
Director since March 2001
Term expires at the 2016 annual General Assembly of shareholders
- Independent Non-executive Director
- Member of the Group Audit Committee

Sheikha Mariam Al Sabbah is the daughter of late Sheikh Nasser Sabah Al Nasser Al Sabbah and the widow of late Sheikh Ali Sabah Al Salem Al Sabbah, who was the son of the former Prince of Kuwait and who held several ministerial positions in Kuwait, notably the Ministry of Interior. Sheikh Nasser Al Sabbah was one of the founders of Bank Audi. Sheikha Mariam Al Sabbah is a member of the Board of Directors of several Kuwaiti companies.

She is a member of the Board of Directors of Bank Audi since March 2001.

IMAD I. ITANI

GENERAL MANAGER – HEAD OF GROUP RETAIL BANKING
Age: 54 – Lebanon
Director since June 2002
Term expires at the 2016 annual General Assembly of shareholders
- Executive Director
- Member of the Group Executive Committee

Prior to joining the Bank, **Imad Itani** held several key positions in Corporate Finance for major energy companies in Canada. In parallel, he taught Economics and Finance to graduate students at the American University of Beirut. He joined Bank Audi in 1997 and headed the team that successfully launched the Bank's Retail business line, today a major pillar of the Bank's innovative and leading position. In 2002, Imad Itani was appointed Deputy General Manager and Member of the Board of Directors. He was later appointed General Manager – Head of Group Retail Banking. Imad Itani is also the Chairman of Audi Investment Bank sal, a fully owned subsidiary of Bank Audi, and a member of the Board of Directors of Odea Bank A.Ş., Bank Audi's subsidiary in Turkey, in addition to his responsibilities as Head of Group Retail Banking and Head of Group Islamic Banking.

Imad Itani holds a PhD in Economics from the University of Chicago.

ABDULLAH I. AL HOBAYB

BOARD MEMBER
Age: 73 – Saudi Arabia
Director since April 2010
Term expires at the 2016 annual General Assembly of shareholders
- Independent Non-executive Director
- Member of the Group Audit Committee
- Member of the Remuneration Committee

Abdullah Al Hobayb is the Chairman of Audi Capital (KSA) (an Investment Banking subsidiary of Bank Audi, incorporated in the Kingdom of Saudi Arabia) and was, until July 2014, a member of the Board of Directors of Bank Audi sae in Egypt and of Odea Bank A.Ş., Bank Audi's subsidiary in Turkey. He was also an advisor to the previous Board of Directors of Bank Audi. He is the Chairman of several leading companies in Saudi Arabia, comprising ABB Saudi Arabia (a leader in power and automation technologies), General Lighting Company Ltd (one of the largest manufacturers in the Middle East lighting industry), Ink Products Company Ltd (manufacturer of industrial ink) and United Industrial Investments Company Ltd (a leading paint manufacturing company).

Abdullah Al Hobayb holds a Master's degree in Electrical Engineering from Karlsruhe University in Germany.

KHALIL M. BITAR

BOARD MEMBER
Age: 73 – Lebanon
Director since April 2010
Term expires at the 2016 annual General Assembly of shareholders
- Independent Non-executive Director
- Chairman of the Board Group Risk Committee
- Member of the Remuneration Committee

Khalil Bitar is a current Professor of Physics and a former Dean of the Faculty of Arts and Sciences of the American University of Beirut (AUB). He held this last position from 1997 until 2009, playing an instrumental role in advocating AUB's strengths and regional position as the premier centre for higher education, and in re-establishing its PhD programs. Throughout his career, he held several academic and administrative positions, including Associate Director of the Supercomputer Computations Research Institute – Florida State University (between the years 1994 and 1997) and visiting Professor at leading academic institutes in Europe and North America (including the European Organisation for Nuclear Research in Geneva, the International Centre for Theoretical Physics in Italy, The Institute for Advanced Study in New Jersey, the Fermi National Accelerator Laboratory (Fermilab) in Illinois, the University of Illinois, Brookhaven National Lab. in New York, the Max Planck Institute in Munich, and the Rockefeller University in New York). He also served two mandates as member of The Institute for Advanced Study in Princeton, New Jersey, between 1968 and 1972.

Khalil Bitar is also a member of the Board of Directors of Audi Private Bank sal and the Chairman of its Risk Committee. He also served as member of the Board of Directors of Audi Investment Bank sal and Chairman of its Risk Committee from March 2012 until November 2013, and continues to serve as advisor to its Board for Risk Committee matters.

Khalil Bitar holds a Bachelor of Science degree in Physics from the American University of Beirut, a Master's of Science degree in Physics, and a PhD in Theoretical Physics from Yale University in the United States.

7.0. | GROUP EXECUTIVE COMMITTEE[1]

VOTING MEMBERS

Mr. Samir N. HANNA *(Chair)*	Group Chief Executive Officer
Dr. Freddie C. BAZ *(Deputy Chair)*	Group Strategy Director
Mr. Marc J. AUDI	Country Manager Lebanon
Dr. Imad I. ITANI	Head of Group Retail Banking
Mr. Huseyin V. ÖZKAYA	Chief Executive Officer - Odea Bank A.Ş.
Mr. Hatem A. SADEK	Chairman & Managing Director - Bank Audi sae (Egypt)
Mr. Philippe R. SEDNAOUI	Group Head of Private Banking
Mr. Khalil I. DEBS	Group Head of Corporate Banking
Mr. Tamer M. GHAZALEH	Group Chief Financial Officer

NON-VOTING MEMBERS

Mr. Chahdan E. JEBEYLI	Group Chief Legal & Compliance Officer
Mr. Adel N. SATEL	Group Chief Risk Officer
Mrs. Ayşe Ö. KORKMAZ	Head of Internal Systems - Odea Bank A.Ş.
Mr. Mohamad A. FAYED	Deputy Chairman & Managing Director - Bank Audi sae (Egypt)

INVITEES

Mr. Elia S. SAMAHA	Group Chief Credit Officer
Mr. Michel E. ARAMOUNI	AGM - Group Capital Markets

SECRETARY

Mr. Farid F. LAHOUD	Group Corporate Secretary

[1] *As at 21 March 2016.*

8.0. | REMUNERATION POLICY AND PRACTICES

Based on the recommendation of its Remuneration Committee, the Board has approved a "Group Compensation and Benefits Policy" founded on the following principles:

1. The objective of the Policy is to establish coherent and transparent Compensation and Benefits practices in the Bank and the Group that are consistent with the Bank's culture, business, long-term objectives, risk strategy, performance, and control environment, as well as with legal and regulatory requirements.

2. The aggregate consolidated amount of compensation and benefits paid by the Bank is included in the annual budget approved by the Board and is set in a way not to affect the Group's medium and long term capacity to sustain such levels of compensation nor its financial position or its interests.

3. Core Compensation and Benefits include basic salary and performance-based bonus (in addition to a number of ancillary benefits including individual and family medical coverage, education allowances, and others). Individual compensation and benefits are based principally on the achievement of objectives that are effectively aligned with prudent risk taking. In addition, the compensation and benefits of Control Functions are determined in a way that preserves their objectivity and independence.

4. There is currently no outstanding stock-related compensation. And there are no compensation arrangements encompassing claw backs or deferrals of payments, save for matters resulting from applicable laws and regulations.

Amounts of compensation paid annually are disclosed in accordance with the International Financial Reporting Standards and with the provisions of Article 158 of the Lebanese Code of Commerce. As reported in the Bank's financial statements, salaries, bonuses, attendance fees and other short-term benefits awarded to the members of the Bank's Board of Directors and Group Executive Committee during the year 2015 amount to LBP 47 billion, in addition to post-employment benefits aggregating LBP 4 billion.

02

MANAGEMENT DISCUSSION & ANALYSIS

GROWTH FROM RESILIENCE

1.0. | INTRODUCTION

Founded in 1830, Bank Audi was incorporated in its present form in 1962 as a private joint stock company with limited liability ("société anonyme libanaise") with a term of 99 years. Bank Audi is licensed by the Central Bank of Lebanon (BDL) and registered on the Lebanese List of Banks under number 56 and on the Beirut Commercial Registry under number 11347. The Central Bank of Lebanon is the lead supervisor of Bank Audi and its subsidiaries. Bank Audi's head office and registered address is Bank Audi Plaza, Omar Daouk Street, Bab Idriss, P.O. Box: 11-2560, Beirut, Lebanon.

The initial shareholders of Bank Audi were members of the Audi family, together with certain Kuwaiti investors. Since 1983, the shareholder base has expanded with an aim to build a divesified shareholders base in support of the growth story of the Group. At end-December 2015, 399,749,204 of total common shares, ordinary shares and Global Depositary Receipts (GDRs) were held by more than 1,450 shareholders varying between individual investors, institutional investors, and a supranational agency. Ordinary shares are listed on the Beirut Stock Exchange, while its Global Depositary Receipts (GDRs) are listed on both the Beirut Stock Exchange and the London Stock Exchange.

Today, Bank Audi is a leading bank from the Middle East with extensive operations in Lebanon, Turkey, Egypt, France, Switzerland, Jordan, Saudi Arabia, Qatar, Abu Dhabi (through a representative office) and Monaco. The Group operates principally through 11 banks and 2 financial companies in 12 countries, offering a full range of products and services that cover principally Commercial and Corporate Banking, Retail and Individual Banking, Private Banking, as well as ancillary activities such as Investment Banking and on-line brokerage. Throughout a network of 217 branches, 444 ATMs and 6,891 employees, the Bank draws on its experience and expertise in providing more than 950,000 customers with a full range of financial products and solutions. Its main purpose is to achieve quality growth by efficiently meeting the needs of both businesses and individuals in the various countries of presence and ensuring long-term sustainable value to all stakeholders.

Bank Audi ranks first among Lebanese banking groups and is positioned among the top Arab banking groups. Its strategy over the medium term is focused on three geographic development pillars, Lebanon, Turkey and Egypt, in addition to the continued development of its Private Banking business. The Group expects to launch its operation in Iraq during the course of 2016.

The discussion and analysis that follows covers the consolidated performance of Bank Audi in 2015, based on the audited consolidated financial statements of the Bank as at and for the fiscal years ended 31 December 2014 and 31 December 2015. Terms such as "Bank Audi", "the Bank" or "the Group" refer to Bank Audi sal and its consolidated subsidiaries, principally Audi Private Bank sal, Audi Investment Bank sal, Banque Audi (Suisse) SA, Bank Audi France sa, Audi Capital Gestion SAM, Bank Audi sal - Jordan Branches, Bank Audi Syria sa, Bank Audi sae (Egypt), National Bank of Sudan, Audi Capital (KSA), Bank Audi LLC (Qatar), Arabeya Online Brokerage (AoLb) and Odea Bank A.Ş. (Turkey).

Main development pillars metioned in the disussion and analysis refer to the following: Lebanese entities (consist of Bank Audi sal, Audi Investment Bank, SOLIFAC, other minor Lebanese entities and consolidation adjustments), Turkey (represents Odea Bank), Egypt (represents Bank Audi (Egypt)), Private Banking entities (consist of Audi Private Bank, Banque Audi (Suisse), Audi Capital (KSA), Bank Audi (Qatar) and Audi Capital Gestion (Monaco)), other entitites (consist of Bank Audi - Jordan Branches, Bank Audi Syria, National Bank of Sudan, Arabeya Online Brokerage (AoLb), and other European and MENA entities).

In parallel, investment grade countries mentioned in this document are the countries with a sovereign credit rating of BBB- or above at end-December 2015, and conversly sub-investment grade countries are those with a sovereign credit rating below BBB-. Among the 12 countries where the Bank is currently present, Turkey, Switzerland, France, Saudi Arabia and Qatar had investment grade rating at end-December 2015.

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

All figures are presented in US Dollars ("USD"), unless otherwise stated, since the Bank transacts and funds the large majority of its business in US Dollars and functional currencies linked to the US Dollar. US Dollar amounts are translated from Lebanese Pounds (LBP) at the closing rate of exchange published by the Central Bank of Lebanon, (1,507.5 as of each of 31 December 2014 and 31 December 2015). References to foreign currency translation differences or changes reflect the impact of the movement of functional currencies in countries of presence against the US Dollar.

All references to the Lebanese banking sector are to the 52 commercial banks operating in Lebanon, as published by the Central Bank of Lebanon ("BDL"). All references to the Bank's peer group in Lebanon are to the Alpha Bank Group consisting of 14 banks with total deposits in excess of USD 2.0 billion each, as determined by Bankdata Financial Services WLL (publishers of Bilanbanques). All references to the Bank's peer group in the MENA region are to the top regional Arab banking groups, as compiled by Bank Audi's Research department.

Lebanon's economic and banking data is derived from the International Monetary Fund, the Central Bank of Lebanon, various Lebanese governmental entities, and the Bank's internal sources. The region's economic and banking data is derived from the International Monetary Fund, the Economist Intelligence Unit, Bloomberg, the region's central banks, and the Bank's internal sources.

This discussion and analysis starts with an overview of the Bank's strategy, followed by a review of the operating environment and a comparative analysis of the Group's financial conditions and results of operations for the periods ended 31 December 2014 and 31 December 2015. An overview of risk management comes next, followed by an extensive coverage of share information and dividend policy, resources deployed, investors' relations, compliance, environmental and social management system, and corporate social responsibility.

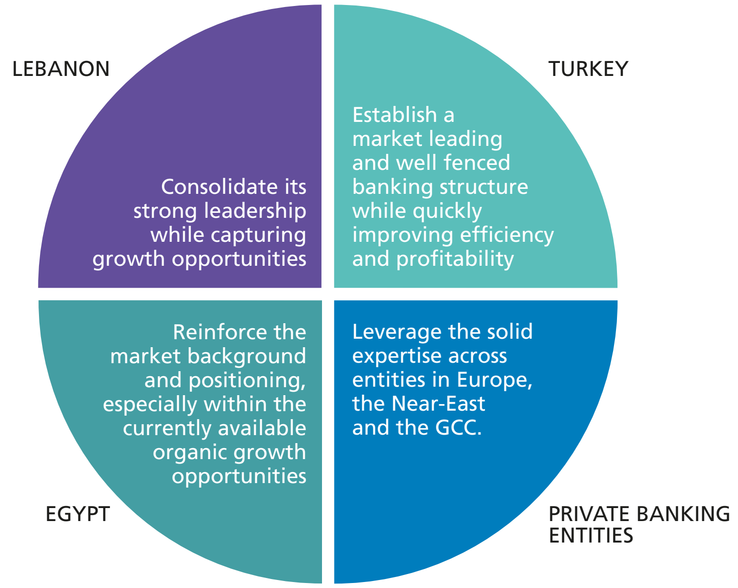
2.0. | STRATEGY

Over the last decade, Bank Audi has successfully expanded in the MENA region, achieving a sound and steady growth, and delivering a solid financial performance. Consolidated assets reported a CAGR of 16.0%, moving from USD 7.1 billion at end-December 2003 to USD 42.3 billion at end-December 2015, with net profits reporting a CAGR of 18.2%. This performance bears witness to the Group's strong resilience against adverse developments including, most importantly, the 2008 financial crisis and the 2011 Arab uprisings. A key turning point was, in November 2012, the launching of the Group's activity in the Turkish market after having obtained the first banking license granted by the Turkish authorities in more than 14 years. Since then, in just 3 years of activity, the Group succeeded in building USD 11.0 billion of assets in Turkey (driven by USD 8.6 billion of customers' deposits), ranking the subsidiary 9th among 31 operating private commercial banks.

In parallel with this business performance, and over the same period, the Group's governance practices have also evolved, in line with the evolution of international best practice, to accompany the expansion plan with effective independent controls and risk-based oversight by the Board and its committees.

Today, the Group continues to shape itself as a large regional bank in the MENAT region with Commercial, Retail and Private Banking being its main business lines. The Group's main strategic orientations evolve around the following main development pillars:

POSITIONING THE GROUP AS A LEADING MENAT BANK



2.1. | STRONG LEADERSHIP IN LEBANON

Bank Audi's roots in its home market go back to 1830 when it started as a financial company, underscoring a long history of tradition and experience. Today, the Bank has the most universal banking profile among peers with leading domestic market shares. Going forward, Lebanon will remain a pivotal part of the Group's overall activity in spite of the prevailing challenging environment. In particular, the Bank will leverage on existing corporate relationship, expertise and regional presence to grow the regional business with a focus on trade. It will continue to build on its strengths in the SME sector where it is currently in the process of upgrading its value proposition to become a high value driver for the Bank. It is also reinforcing its internal capabilities in order to improve the service it gives to entrepreneurs and small businesses. On the Retail Banking front, the Bank recently introduced a customer-centric model supported by innovative delivery channels, state-of-the-art technologies, and a wide range of tailored products and services to improve customers' experience, retention and profitability.

2.2. | EXPANSION OF NETWORK AND OF PRODUCT RANGE IN EGYPT

Over the last 5 years, from end-December 2010 to end-December 2015, and despite the many turnarounds and setbacks of the Egyptian environment, Bank Audi Egypt has reported a total assets' CAGR of 19% and a net profits' CAGR of 29%, with assets reaching USD 4.8 billion at end-December 2015 and net profits reporting USD 57.6 million in 2014 and USD 69.5 million in 2015. The Bank has also adopted sound credit policies focusing solely on defensive businesses translating into an NPLs ratio of 1.4%, well below the sector's average.

On the backdrop of these achievements, the Group decided to launch a new development plan in Egypt for the 2014-2019 period, focusing on doubling the size of the franchise with a corollary improvement in net profits. This would allow Bank Audi Egypt to rank 6th among the 33 private banks at the horizon. This would be achieved through the expansion of the network, rolling up 26 new branches over the coming 4 years, and extending the scope of products and services to cover new business segments such as Islamic, mass affluent, mortgages and others.

2.3. | FRANCHISE BUILDING IN TURKEY

The expansion strategy in Turkey was initially determined by the exponential growth of trade, financial, and human flows between Turkey and the Arab world where the Group is present in 6 countries. In fact, trade flows between the 2 regions increased from USD 3 billion in 2002 to USD 39 billion in 2015, still representing less than 2% of the combined trade turnover of Turkey and the Arab world, bearing witness to the significant additional growth prospects. Accordingly, acquiring a captive market share in this business would ensure yearly growing recurrent revenues for the Group.

Nonetheless, the opportunity that Bank Audi had to obtain a license for a greenfield operation, rather than pay a premium to acquire a Turkish bank, provided it with an increased flexibility to hire top talents in the Turkish banking industry, allowing it also to cover the domestic market. Odea Bank has subsequently established a leading challenger bank franchise with a universal banking model and market leading productivity levels as well as a strong brand recognition and customer awareness during this three-year period. As of 31 December 2015, Odea Bank had a 1.4% market share in assets, 2% in customers' deposits and 1.5% in net loans, respectively, ranking 9th, 8th and 9th amongst non-state owned commercial Turkish banks. Odea Bank's operations achieved breakeven by the second quarter of 2014, highlighting the Bank's strong performance and underlying profitability, notwithstanding the required start-up and marketing costs. Based on this remarkable growth performance, the Group is looking to replicate and develop, over the coming 4 years, a market leading banking footprint allowing a successful listing before May 2019, as mentioned in the Offering Circular related to the USD 300 million capital increase closed by Bank Audi in September 2014. The development plan will focus on a value-added SME and consumer lending segment while leveraging on the wide footprint in the MENA region to benefit from the expected growth of trade, financial and human flows between Turkey and Arab countries to further develop Corporate and Commercial Banking.

2.4. | CONSOLIDATING PRIVATE BANKING AND WEALTH MANAGEMENT ACTIVITIES

With over 37 years of presence in Switzerland where the Group holds the second largest Arab private bank in terms of AuMs, the Private Banking business line is one of the strategic key development pillars of the Group, alongside its three key geographies (Lebanon, Turkey, and Egypt). In addition to Banque Audi (Suisse), it operates through 3 main subsidiaries in Lebanon, Saudi Arabia and Qatar, with additional offices in Monaco, Jordan and Abu Dhabi.

Following the successful implementation of a revised business model aiming at improving intergroup synergies and efficiencies, the Private Banking net profits reached USD 46.9 million in 2015. Consolidated AuMs and custody accounts reached USD 9.8 billion at end-December 2015, a level which compares competitively with portfolios managed by regional banks. The Private Banking strategy over the coming 4 years consists of increasing significantly AuMs and custody accounts, generating on average 10 to 12% of the Group's total revenues and net profits at the horizon. The plan is also to establish a footprint in the United Kingdom (through a light structure) to support the Private Banking development strategy and future expansion to Sub-Saharan Africa and Latin America.

At the level of other entities, the Group is adopting a consolidation mode in Jordan. In Syria and Sudan, it is sustaining a minimum operating activity in those markets while maintaining the footprint ready to grab primarily reconstruction opportunities should the countries succeed their political transitions. The Group continues to retain a large flexibility in those markets to adjust to whatever off-putting trends in the environment. Following being granted a license for 7 branches, Bank Audi is also expecting to launch its operations in Iraq during the course of 2016.

These above mentioned objectives would provide the Group, by 2019, with an improved competitive regional positioning and higher visibility. Consolidated assets and net profits would increase by 1.4 times, along with an almost 2-fold increase in net profits relative to the current annual level. Lebanon, Turkey and Egypt would contribute for more than 90% of the targeted increases in assets and net profits over the period.

On the longer term, Management is exploring further regional expansion opportunities, including a presence in Sub-Saharan Africa and Latin America, capitalising on its existing turnover in those regions.

3.0. | OPERATING ECONOMIC ENVIRONMENT

In 2015, the economic scene in the MENA region, where Bank Audi has extensive presence, was dominated by geopolitical and oil price developments. Regional uncertainties arising from the complex conflicts in a number of countries of the region have been weighing on overall confidence, while low oil prices have been taking a toll on economic activity. Overall, MENA growth last year was estimated to be modest, at 2.3% in 2015, according to IMF estimates, compared to a previous 5-year average of 4%. The MENA banking sectors remained at the image of economic developments at large. Measured by the consolidated assets of MENA banks, banking activity reported a retreat in growth from 8% in 2014 to 4.5% in the 2015 corresponding period. Likewise, deposit growth retreated from 7.7% to 1.5% over the same periods, while loan growth was almost maintained at 7.5%. MENA banks' net banking profitability was thus under the burden of relatively low activity growth and tough operating conditions underlined by narrowing net interest margins, growing provisioning requirements and slow fee income growth generation at large. Below is the year 2015 analysis of the economic environment and banking operating conditions in the main markets of presence in the broad region, namely Lebanon, Egypt and Turkey.

3.1. | OPERATING ENVIRONMENT IN LEBANON

The Lebanese economic scene was at the image of domestic political uncertainties amid broad regional conflicts in 2015. The real economy reported one of its worst years in more than a decade, with most real sector indicators contracting or reporting mild growth. Domestic demand was sluggish, mainly in its private and public investment components, adding to a contracting foreign demand, as witnessed by forgone exports.

The evolution of real sector indicators in 2015 confirms the sluggishness in growth. Among indicators that reported net contractions, we mention exports that dropped by 10.9%, imports that declined by 11.8%, value of property sales that contracted by 10.6%, construction permits that decreased by 8.9%, cement deliveries that fell by 9.4%, and merchandise at the port that inched down by 0.8%. Among indicators that reported net increases, we mention passengers at the airport with an increase of 9.9%, the number of tourists with a surge by 12.1%, and new car sales with a rise of 4.1%.

As a reflection of weak aggregate spending in the economy, cleared checks declined by 6.6% in 2015. They moved from USD 74.5 billion to USD 69.5 billion. Accordingly, the velocity of money contracted by 11.5% over the period, suggesting that the 5% average yearly growth in deposits is not reflected in a similar expansion of the circulation of money within the context of a cautious politico-economic environment.

Mirroring the set of real sector indicators, the 2015 BDL average coincident indicator recorded 278.6, rising by 2.0% relative to the previous year. Comparatively, the average coincident indicator grew at a higher pace in 2013 and 2014, reporting a growth of 3.2% per annum for both years. It is worth recalling that the BDL coincident indicator represents a weighted average of a number of indices that should coincide with economic activity, but is not a measurement of the magnitude of real GDP growth in the economy. Its evolution is still a barometric indication of the behaviour of the domestic economy at large.

At the fiscal level, public finance statistics for the first nine months of 2015 show a 17.4% growth in public finance deficit year-on-year. The deficit expansion comes within the context of an 8.6% drop in public revenues, along with a 2.9% decline in public expenditures. As a percentage of GDP, the public finance deficit slightly rose from 5.9% over the first nine months of 2014 to 6.4% over last year's corresponding period. Still, public debt to GDP did not deteriorate, reaching 130% at end-December 2015 against 133% at end-2014.

At the foreign sector level, foreign trade figures for 2015 reported a 12.0% contraction in the trade deficit relative to the previous year. As such, the trade deficit contracted to 27% of GDP (a historical low) from 34% of GDP in 2014. In dollar terms, the trade deficit was cut by USD 2.1 billion, moving from USD 17.2 billion in 2014 to USD 15.1 billion in 2015. It is yet important to mention that the decline in the trade deficit over the period did not lead to an improvement in the balance of payments. On the contrary, the balance of payments saw its deficit widening from USD 1.4 billion in 2014 to USD 3.4 billion in 2015, a record high for Lebanon. The increase in the balance of payments deficit is tied to contracting financial inflows that dropped by 25.4% over the period.

Within the context of a net contraction of financial inflows, a modest growth in bank deposits was reported, valued at USD 7.2 billion year-to-December, against USD 8.2 billion over the previous year, though still somehow sufficient to meet the borrowing needs of the economy in its private and public sector components. When looking at deposits by currency, we witness that the LBP deposits accounted for the equivalent of 52% of deposit growth, leading to a contraction in deposit dollarisation from 65.7% in December 2014 to 64.9% in December 2015, its lowest level in almost three years. Bank lending to the private sector slowed further down in 2015, amidst slowing down economic conditions in the country and the lack of lending opportunities domestically and regionally. Bank loans to the private sector, which had risen by USD 3.5 billion in 2014, grew by USD 3.3 billion in 2015.

Financial soundness indicators were maintained at satisfactory levels. NPLs to total loans ratio stuck to 3.6% as at end-December 2015, and provisioning hovered around the adequate 70% mark. Similarly, liquidity remains sufficient, with primary liquidity in FC at a high 48.2% of FC deposits at end-December 2015. Banks remain adequately capitalised, with the Basle II ratio at 14.4% at end-June 2015, thus providing them with adequate cushions should capital pressures arise. At the profitability level, an 11% rise in net profits was reported in 2015, yet bearing in mind that banks' return ratios remain squeezed with the annualised ROA at 1% and the annualised ROE at 11%, below the cost of equity of Lebanese banks at large.

LEBANON MACRO AND BANKING INDICATORS

LBP BILLION	Dec-14	Dec-15	% Growth
Nominal GDP	75,417	82,000	8.7%
Real GDP growth	2.0%	1.0%	-1.0%
Domestic banks' assets	264,863	280,378	5.9%
Domestic banks' deposits	217,721	228,514	5.0%
Domestic banks' loans	76,730	81,744	6.5%
USD BILLION	Dec-14	**Dec-15**	% Growth
Nominal GDP	50.0	54.4	8.7%
Real GDP growth	2.0%	1.0%	-1.0%
Domestic banks' assets	175.7	186.0	5.9%
Domestic banks' deposits	144.4	151.6	5.0%
Domestic banks' loans	50.9	54.2	6.5%

Sources: IMF, Central Bank of Lebanon and Bank Audi's Group Research department.

3.2. | OPERATING ENVIRONMENT IN EGYPT

Over the past year, the Egyptian economy has considerably recovered after four years of slow activity. The Ministry of Planning issued real GDP figures for 2014/15, showing that the economy grew by 4.2% at market prices, the best performance since 2009/10. There is a reasonable chance of a similarly strong growth performance in 2015/16 if the government can address the hard-currency shortage which has weakened business sentiment in recent months. The government will be assisted in this task by an influx of multilateral assistance from the IMF and the World Bank, which will help offset some of the recent setbacks to tourism, following the bombing of a Russian airliner in Sinai in October. Egypt's economic outlook remains positive for the years to come, with this optimism reinforced by the Zohr gas discovery. The recent major gas recovery by the Italian firm ENI, together with improved terms, has encouraged development of previously discovered fields.

At the monetary level, headline inflation remains stubbornly high at 11.1% in December 2015 due largely to supply bottlenecks. Egypt did not seemingly benefit from lower international oil prices, as prices continue to trend upwards, especially within the context of the Egyptian Pound depreciation against the US Dollar. Increased downward pressure on the pound has prompted state-owned banks to increase interest rates on some of their local-currency savings products, in an indication of significant changes in monetary policy that are likely to be made under the newly appointed Central Bank governor. The increase in deposit rates offered by state-owned banks appears to be a signal that the Central Bank is likely to announce a noticeable rise in rates in the coming months.

The tightly managed currency is coming under increasing scrutiny. Ongoing security concerns and economic uncertainty continue to provide a challenging backdrop for the Central Bank. Under the leadership of the former CBE governor whose term ended on 26 November, the pound was allowed to depreciate against the US Dollar, crossing the EGP/USD 8 line for the first time, in mid-October, before strengthening slightly thereafter. This was the third time so far in 2015 that the CBE had effected a limited devaluation, and comes only weeks after the IMF urged the authorities to adopt a more flexible approach towards exchange-rate policy. The Egyptian Pound has accordingly depreciated by 9.6% in 2015, moving from EGP/USD 7.15 at end-December 2014 to EGP/USD 7.83 at end-December 2015, while the black market rate is quoted at EGP/USD 8.50. Foreign currency reserves have fallen from USD 36 billion before the 2011 uprising to USD 16.4 billion (3.4 months of imports) in December, leaving the Central Bank with little scope to defend the pound from mounting downward pressure.

At the public finance level, fiscal reforms pave the way for narrower deficits. The fiscal deficit narrowed to 11.5% of GDP, helped by lower fuel subsidies and tight limits on wages and employment. The sharp fall in oil prices is providing some further breathing space to the 2015/16 budget. The introduction of the smart card last year was successful in monitoring consumption and limiting smuggling. In addition, a draft VAT law is ready and officials are hopeful that this will be ratified by the new Parliament so that it can be launched by July 2016. With these measures, it is hoped that the deficit would narrow further to less than 10% of GDP in FY2015/16.

Egypt's capital markets were at the image of regional tensions and the adverse effects of the drop in oil prices. Egypt's 5-year CDS spread, a reflection of market perception of country risks, reported a 197 basis points expansion to reach 479 basis points. The Egyptian Stock Exchange saw a 27.5% drop in prices in 2015, driven by weaker investor sentiment across the region, some adverse local security developments, and lingering geopolitical concerns after the terrorist act that brought down the Russian passenger plane in Egypt on 31 October 2015. The latter, according to Moody's, would have credit negative implications for the country's balance of payments and pose downside risks to the country's outlook. These unfavourable market spillovers were partly offset by Saudi Arabia's pledge, towards the end of 2015, to raise its investments in Egypt and to contribute to providing Egypt with petroleum needs for the next five years.

At the banking sector level, the banking system has been relatively resilient to the regional turmoil amidst a tough operating environment. In details, over the first eleven months of 2015, bank assets grew by the equivalent of 27.6% in local currency terms (16.4% in USD terms), while deposits grew by 20.6% in local currency terms (10.1% in USD terms). In parallel, bank loans to the private sector grew by 24.7% in local currency terms (13.9% in USD terms), suggesting growing lending opportunities in a recovering economy. Net profits for 10 listed banks reported a yearly growth of 35% over the first nine months of 2015 (25% in USD terms). Financial soundness indicators remain satisfactory, with a non-performing loan ratio of 7.6% of total loans, along with a provisioning ratio of 99.2% of non-performing loans, a capital adequacy ratio of 13.2%, a return on average assets of 1.3% and a return on average equity of 18.9%. The anticipated sound economic growth in Egypt is likely to translate into a double-digit growth in monetary and banking aggregates over the years ahead, supporting the improvement of earnings growth of banks operating in Egypt.

EGYPT MACRO AND BANKING INDICATORS

EGP BILLION	Dec-14	Nov-15	% Growth
Nominal GDP[1]	1,997.6	2,310.5	15.7%
Real GDP growth[1]	2.2%	4.2%	2.0%
Domestic banks' assets	1,968.4	2,510.9	27.6%
Domestic banks' deposits	1,559.8	1,880.9	20.6%
Domestic banks' loans	629.2	784.8	24.7%

USD BILLION	Dec-14	Nov-15	% Growth
Nominal GDP[1]	286.4	314.4	9.8%
Real GDP growth[1]	2.2%	4.2%	2.0%
Domestic banks' assets	275.4	320.6	16.4%
Domestic banks' deposits	218.2	240.2	10.1%
Domestic banks' loans	88.0	100.2	13.8%

[1] *IMF full-year estimates.*

Sources: IMF, Central Bank of Egypt and Bank Audi's Group Research department.

3.3. | OPERATING ENVIRONMENT IN TURKEY

Turkey's macroeconomic performance in 2015 was satisfactory on the overall, exceeding preset expectations. A number of favourable developments in Turkey took place in the last quarter of 2015, as a new government was formed by the Justice and Development Party (AKP), starting to translate positively on the economy. Manufacturing PMI increased to above 50 in the last two months of the year, reporting 50.9 in November and 52.2 in December. Turkey's consumer confidence index has improved in the last quarter of 2015, namely post-elections, reaching an average of 71 against an average of 64 in the first nine months of 2015. The recent rebound in confidence indicators (business survey data, consumer confidence, investment and employment prospects) eases the downside risks to economic activity.

It is worth mentioning that new national account figures were released for the third quarter that show that Turkey's gross domestic product (GDP) increased by 4.0% on a year-on-year (YoY) basis, considerably higher than the market consensus of 2.7%. Accordingly, the 9-month real growth was realised at 3.4%. Consequently, 2015 yearly growth may come in at above the initially forecasted 3.0%, thanks to the strong domestic demand, bearing in mind that the last quarter was favourable post elections.

Such a performance is realised within the context of net economic benefits generated by the decrease in oil prices leading to lower external deficits and improved economic efficiency, on the backdrop of sustained volatility in the exchange rate and reference rates resulting from the impact of the US Federal Reserve policies on the emerging markets at large. In parallel, consumer price inflation has remained stubbornly high, well above the official 5% medium-term target, as a weaker Lira has, for the most part, offset the disinflationary effects of plunging global oil prices. The 12-month headline inflation remained high at 7.7% on average in full-year 2015, reaching 8.8% at end-December 2015.

At the foreign sector level, Turkey's current account deficit, the soft spot of the Turkish economy, according to many, continued to decline towards sustainable levels thanks to the plunge in oil prices and underling a benign trend in trade balance. The IMF forecasts a current account deficit of 4.5% of GDP in 2015 against 5.7% in 2014.

At the public finance level, Turkey is still witnessing an ongoing fiscal discipline. The overall government balance sheet remains strong and the commitment to fiscal discipline appears to benefit from considerable consensus across the political spectrum. Turkey continues to have a strong fiscal framework, including a track record of primary fiscal surpluses and low government debt levels that allow for flexible policy responses. The IMF forecasts a primary government surplus of 1.43% of GDP in 2015, close to its previous year's level. Government debt to GDP continues falling and is set to hit 32.41% at end-2015, its lowest level in more than two decades.

At the monetary level, although the Central Bank of Turkey reduced its key policy interest rate – the one-week repurchase lending rate – by a total of 175 bps in May-July 2014 to 8.25% and by 75 bps in January-February 2015, to 7.5%, liquidity has been kept relatively tight. The yield curve is flat, with short-term interest rates at a similar level to long-term rates. It is worth noting that the Turkish Lira lost 6.7% of its value in real terms in 2015.

While the country is facing tough challenges related to its domestic and external environments resulting in monetary drifts, its financial sector is continuing to grow steadily amidst favourable financial soundness indicators on the overall. The banking sector has proved resilient against the headwinds in 2015 due to heightened global and domestic risks. Bank assets grew by 18.2% in TRY terms in 2015, driven by an 18.3% growth in deposits, while loans grew by 19.7% over the year. Resilience in bank spreads was observed, partly owed to the sector's ability to maintain a strong net interest margin (reaching circa 4.2% in by year end-2015) in spite of interest rate volatility, generating satisfactory profit metrics on the overall. Financial soundness indicators for the sector in aggregate are still reasonable in terms of asset quality, liquidity and capitalisation at large.

TURKEY MACRO AND BANKING INDICATORS

TRY BILLION	Dec-14	Dec-15	% Growth
Nominal GDP	1,747.4	1,985.7	13.6%
Real GDP growth	2.9%	3.0%	0.1%
Domestic banks' assets	1,994.3	2,357.5	18.2%
Domestic banks' deposits	1,052.7	1,245.4	18.3%
Domestic banks' loans	1,240.7	1,484.9	19.7%

USD BILLION	Dec-14	Dec-15	% Growth
Nominal GDP	798.3	722.2	-9.5%
Real GDP growth	2.9%	3.0%	0.1%
Domestic banks' assets	859.8	813.4	-5.4%
Domestic banks' deposits	454.3	429.8	-5.4%
Domestic banks' loans	535.5	512.3	-4.3%

Sources: IMF, BRSA and Bank Audi's Group Research department.

4.0. | 2015 ACTIVITY AND PERFORMANCE ANALYSIS

4.1. | BUSINESS OVERVIEW IN 2015

Despite the tough operating conditions both domestically and regionally throughout 2015, Bank Audi achieved relatively good performances in most of its entities within continued control on risk and costs as a precautionary measure against persisting regional uncertainties and volatility. The Group registered a growth in its consolidated net earnings after provisions and taxes by 15.1%, reaching USD 403 million, as compared to USD 350 million in 2014. This performance stemmed in particular from the reinforcement of the earnings generation capacity in main development pillars of the Group, mainly in Lebanon, Turkey, Egypt, and Private Banking entities. It encompasses the allocation of USD 133 million of net loan loss provision charges, strengthening the Bank's asset quality. In parallel, consolidated assets of Bank Audi increased to USD 42.3 billion.

At the business level, both the number of customers and the total number of accounts continued to increase, with 155,371 new customers and 311,303 new accounts in 2015. At end-December 2015, the Bank's franchise counted 994,643 customers and 1,907,918 accounts.

Although this consolidated performance continued to be hampered by the depreciation of the exchange rates in main countries of presence versus the US Dollar, in particular the Turkish Lira, the Egyptian Pound and the Euro by respectively 25.6%, 9.5% and 11.4% over the year, it nonetheless confirms the Group's resilience, driven by diversified sources of assets and earnings which enable it to maintain its financial standing, to reinforce its leading positioning among top regional banking groups in a persisting challenging environment, and to add value to all stakeholders .

4.2. | CONSOLIDATED BALANCE SHEET MANAGEMENT

As in previous years, the management of the balance sheet at Bank Audi continues to favour placements in asset classes that have the highest impact on profitability while taking into consideration an optimum diversification of risks and a conservative approach to asset quality. Balance sheet allocation is, as such, determined by specific limits set internally and based on Management's risk appetite and underlying volumes. These limits are applied by all entities over and above the abidance to local regulations requirements, and are monitored on a day-to-day basis by the Group Risk department. Changes to those limits relative to business or market conditions are proposed by Management for the approval of the Board of Directors which, as per the Group's Corporate Governance guidelines (Article 2.8.), review them annually.

Consolidated assets recorded a nominal increase of USD 310 million in 2015 (representing a growth of 0.7%), reaching a total of USD 42.3 billion at end-December 2015 (from USD 42.0 billion at end-December 2014) and USD 52.1 billion when accounting for fiduciary deposits, security accounts and assets under management. When adjusting to the depreciation of the exchange rates of both the Turkish Lira and the Egyptian Pound relative to the US Dollar, consolidated assets of Bank Audi would have increased by USD 2.1 billion to USD 44.1 billion (corresponding to a growth of 5.1%), driven by an increase in assets in Turkey and Egypt by USD 1.3 billion and USD 0.8 billion respectively, with assets of entities operating in Lebanon increasing slightly by USD 242 million (excluding consolidation adjustments). Based on the above, the contribution of entities outside Lebanon to consolidated assets moved from 48.1% as at end-December 2014 to 48.6% as at end-December 2015, while the share of assets booked in investment grade countries reached 33.3%.

SUMMARISED BALANCE SHEET (USD MILLION)

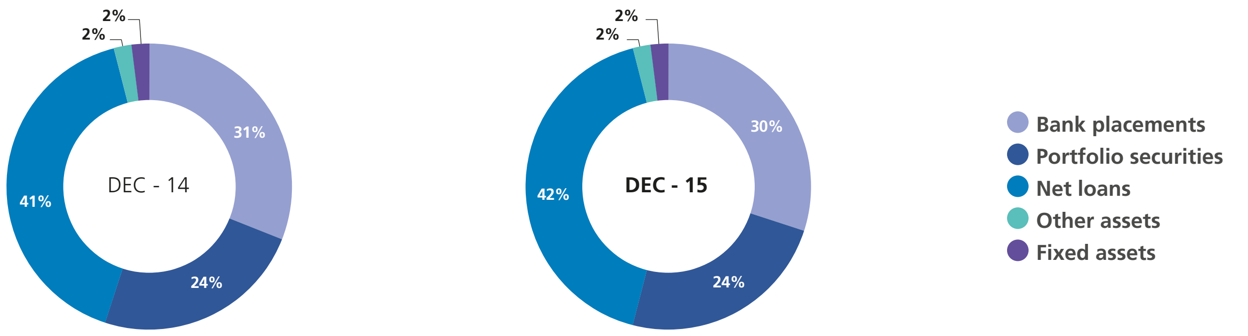
			Change	
	Dec-14	Dec-15	Volume	%
Liquid assets	13,124	12,633	-491	-3.7%
Portfolio securities	10,100	10,158	57	0.6%
Loans to customers	17,171	17,929	758	4.4%
Other assets	862	796	-66	-7.6%
Fixed assets	703	755	52	7.3%
Assets = Liabilities	41,961	42,270	310	0.7%
Banks' deposits	1,475	1,931	455	30.9%
Customers' deposits	35,821	35,609	-212	-0.6%
Subordinated debt	507	646	138	27.3%
Other liabilities	809	797	-12	-1.5%
Shareholders' equity (profit included)	3,348	3,287	-60	-1.8%
AUMs + Fiduciary + Custody accounts	9,734	9,849	115	1.2%
Assets + AuMS	51,694	52,119	425	0.8%

ASSETS, DEPOSITS AND LOANS BREAKDOWN BY GEOGRAPHY AND RATING

	Assets			Deposits			Loans		
	Dec-14	Dec-15	Change	Dec-14	Dec-15	Change	Dec-14	Dec-15	Change
By region									
Foreign	51.9%	51.4%	-0.5%	54.5%	54.9%	0.4%	33.6%	34.8%	1.2%
Abroad	48.1%	48.6%	0.5%	45.5%	45.1%	-0.4%	66.4%	65.2%	-1.2%
By rating									
Sub-investment grade	66.7%	66.7%	-0.1%	69.2%	69.8%	0.6%	47.5%	50.8%	3.3%
Investment grade	33.3%	33.3%	0.1%	30.8%	30.2%	-0.6%	52.5%	49.2%	-3.3%

At end-December 2015, Bank Audi continued to report a highly liquid balance sheet with primary liquidity reaching USD 16.4 billion (including Central Bank CDs) and representing 46.1% of customers' deposits, a high level when compared to regional and global averages. In parallel, Bank Audi boosted its loan to deposits ratio by 2.4% to stand at 50.3% at end-December 2015. In parallel, portfolio securities as a percentage of deposits moved from 28.2% as at end-December 2014 to 28.5% as at end-December 2015, whereby the net exposure to Lebanese sovereign Eurobonds as a percentage of net customers' deposits contracted by 3.5% to stand at 1.5%, the lowest level among Lebanese banks' portfolios.

BREAKDOWN OF ASSETS

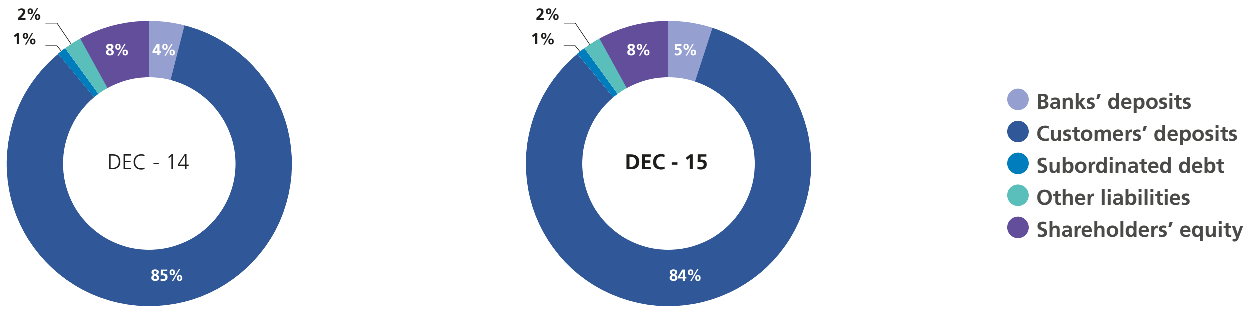


The following discussion covers an analysis of the evolution of funding sources and their uses in 2015 at a consolidated level.

FUNDING SOURCES

At end-December 2015, consolidated deposits represented 84% of total funding sources, down by 1% relative to the corresponding period of last year, while banks' deposits, subordinated debt and other liabilities had similar shares in total funding, reaching 5%, 1% and 2% respectively. Shareholders' equity represented, at the same date, 8% of the funding sources.

BREAKDOWN OF LIABILITIES



Consolidated Customers' Deposits

Consolidated customers' deposits recorded in 2015 a nominal decrease of USD 212 million (representing a contraction by 0.6%), moving from USD 35.8 billion at end-December 2014 to USD 35.6 billion at end-December 2015. When adjusting to the devaluation of the Turkish Lira and the Egyptian Pound against the US Dollar of 25.6% and 9.5% respectively, consolidated deposits would have increased by USD 1.1 billion, equivalent to 3.0% growth, deemed a good performance given the weak 1.5% deposits growth in the region in 2015 following the sharp deterioration of oil prices. At end-December 2015, 45.1% of customers' deposits were sourced from foreign entities, and 30.2% were booked in investment grade countries.

Customers' Deposits by Business Segment

Corporate deposits increased by USD 929 million from USD 7.8 billion at end-December 2014 to USD 8.7 billion at end-December 2015, increasing its share in total deposits from 21.8% to 24.6%. Similarly, retail deposits increased by USD 539 million to reach USD 10.5 billion at end-December 2015, accounting for 29.5% of consolidated deposits as compared to 27.8% the previous year. On the other hand, SME, personal and public deposits decreased by USD 1.1 billion, USD 488 million and USD 48 million respectively, totally offsetting the increase in corporate and retail deposits.

BREAKDOWN OF CUSTOMERS' DEPOSITS BY BUSINESS SEGMENT (USD MILLION)

	Dec-14		Dec-15		Change	
	Volume	Structure	Volume	Structure	Volume	Structure
Deposits from customers	35,821	100.0%	35,609	100.0%	-212	0.0%
Corporate	7,824	21.8%	8,753	24.6%	929	2.7%
SME	2,821	7.9%	1,672	4.7%	-1,149	-3.2%
Retail	9,952	27.8%	10,490	29.5%	539	1.7%
Personal	14,914	41.6%	14,426	40.5%	-488	-1.1%
Public	299	0.8%	251	0.7%	-48	-0.1%
Other deposits	11	0.0%	16	0.0%	4	0.0%

Customers' Deposits by Type

The breakdown of consolidated customers' deposits by type somehow remained unchanged and skewed toward time deposits which, although decreasing by USD 388 million to USD 23.7 billion at end-December 2015, still accounted for 66.7% of customers' deposits. In parallel, sight deposits made up for the 0.7% share lost by time deposits, increasing by USD 217 million from USD 5.2 billion at end-December 2014 to USD 5.4 billion at end-December 2015. Saving deposits, certificates of deposits, margin deposits and other deposits represented 14.2%, 2.6%, 1.0% and 0.4% of total deposits respectively at end-December 2015, almost the same level as at end-December 2014.

BREAKDOWN OF CUSTOMERS' DEPOSITS BY TYPE (USD MILLION)

	Dec-14		Dec-15		Change	
	Volume	Structure	Volume	Structure	Volume	Structure
Deposits from customers	35,821	100.0%	35,609	100.0%	-212	0.0%
Sight deposits	5,197	14.5%	5,414	15.2%	217	0.7%
Time deposits	24,135	67.4%	23,746	66.7%	-388	-0.7%
Saving accounts	5,147	14.4%	5,046	14.2%	-101	-0.2%
Certificates of deposits	881	2.5%	913	2.6%	31	0.1%
Margin deposits	373	1.0%	354	1.0%	-19	0.0%
Others deposits	88	0.2%	136	0.4%	48	0.1%

Subordinated Debt

At end-December 2015, Bank Audi had 4 unsecured subordinated loans with a nominal value of USD 638 million, representing 1.81% of consolidated customers' deposits, up from 1.42% at end-December 2014. The subordinated loans bear an average interest rate of 6.85% with an average maturity of 8.1 years.

SUBORDINATED DEBT INFORMATION

	Dec-14	Dec-15	Change
Nominal amount (USD million)	500	638	138
Weighted average remaining maturity	8.9	8.1	-0.8
Weighted average cost	6.80%	6.85%	0.05%
Subordinated debt/Customers' deposits	1.42%	1.81%	0.40%

On 31 October 2014, Bank Audi extended a subordinated loan to Odea Bank, its wholly owned subsidiary in Turkey, amounting to USD 150 million, bearing an interest of 6.5% and maturing on 30 September 30 2024. As per the applicable capital regulation of the BRSA, the Bank Regulation and Supervision Agency in Turkey, this loan was considered as part of the Tier 2 capital of Odea Bank. It was nonetheless eliminated on consolidated level, along with other intra group adjustments. In the first half of 2015, Bank Audi sal carried on a securitisation of this loan, with third parties qualified investors subscribing to USD 138 million, while the remaining USD 8 million and USD 4 million were subscribed respectively by Bank Audi Egypt and Audi Capital (KSA). Subsequently, the USD 138 million subscribed by third parties became accounted for in the consolidated Tier 2 capital, as per applicable regulation.

Moreover, on 27 March 2014, Bank Audi closed the issuance of USD 150 million of subordinated loans with the IFC, a member of the World Bank Group, and the IFC Capitalisation Fund, which are expected to be repaid on 11 April 2024, unless previously redeemed by the Bank or accelerated with such early redemption or acceleration being subject to the approval of the Central Bank of Lebanon. The loans bear an interest rate spread of 6.55% over 6-month LIBOR and applicable fees per annum payable on a semi-annual basis, subject to the availability of free profits in accordance with Central Bank's Basic Circular No. 6830, as applicable at the time of the issuance.

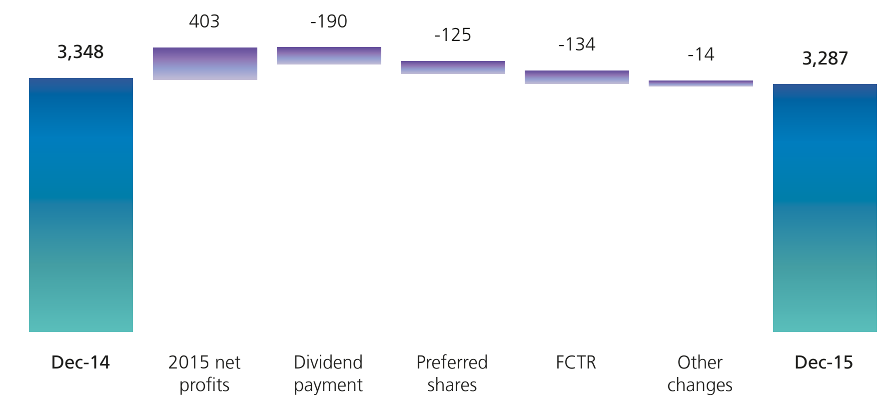
This issuance comes over and above the issuance by the Bank in September 2013 of USD 350 million of subordinated unsecured bonds which are expected to be repaid on 16 October 2023, unless previously accelerated or redeemed by the Bank. Those bonds carry an annual interest rate of 6.75% payable on a quarterly basis and subject to the same conditions as mentioned above.

The above two issuances are also accounted for as regulatory Tier 2 capital. Please refer to Note 37 in the Consolidated Financial Statements for further details.

Shareholders' Equity

At end-December 2015, consolidated shareholders' equity reached USD 3,287 million, down from USD 3,348 million at end-December 2014. The USD 60 million decrease was mainly driven by USD 190 million of dividends payment for the 2014 exercise, the redemption of the USD 125 million series "E" preferred shares, and a negative change in foreign currency translation reserves by USD 134 million, as well as USD 14 million of other changes which totally offset the USD 403 million of net profits generated during the year.

SHAREHOLDERS' EQUITY MOVEMENT (USD MILLION)



Differences in the foreign currency translation reserves over the period arouse as a result of translating the investment of the holding bank in its subsidiaries from their respective functional currency into Lebanese Pounds (or USD) using the exchange rate at end-December 2015, which differed from the rate in effect at end-December 2014. In fact, the Turkish Lira, Egyptian Pound and Syrian Pound, devalued against the US Dollar over the period by 25.6%, 9.5% and 70.1% respectively, driving the USD 134 million of negative change in foreign currency translation reserves, split over USD 61 million from Odea Bank, USD 40 million from Bank Audi Egypt and USD 26 million for Bank Audi Syria. Foreign currency translation reserves could be reversed following a potential appreciation of the respective currencies of Bank Audi's markets of presence versus the US Dollar.

Meanwhile, in January 2014, the Bank opted to hedge a large part of the capital invested in Odea Bank, which has been converted into Turkish Lira, to protect itself against the depreciation of the currency against the US Dollar. The hedging strategies that were entered into are a combination of capped calls and rolling collars which would provide adequate levels of protection while minimising the impact of their cost on the net income of the Bank. As a result, the Bank bore an annual cost of hedge of USD 15 million in 2015, as compared to USD 17.6 million in 2014.

In parallel, regulatory equity moved from USD 3,176 million at end-December 2014 to USD 3,347 million at end-December 2015, translating into a capital adequacy ratio of 13.4% as per Basel III, as compared to an 12% regulatory minimum requirement (including the capital conservation buffer). Please refer to section 4.6. for a detailed analysis of the evolution of capitalisation ratios in 2015.

ASSET ALLOCATION

In what follows, we analyse the evolution of the various asset classes and their respective key indicators at end-December 2015 relative to end-December 2014.

Consolidated Loan Portfolio

Bank Audi's loan portfolio consists of direct lending such as term loans, residential and commercial mortgages, and overdrafts. The Bank offers a wide range of traditional banking products and services to large corporate clients, namely working capital finance by way of credit lines, overdraft facilities and short-term loans (with terms of less than one year) and trade finance, while also being active in syndications. In addition, the Bank continuously provides support and financing to small and medium enterprises (SMEs), and aims to increase their share in the total loan portfolio across main entities. To that end, the Bank has mandated the IFC to conduct an in-depth assessment of its SME proposition in Lebanon and Egypt, and develop an enhanced program allowing this segment to become a value driver. At the retail level, the Bank adopted a new customer-centric focused model across entities which boosted the contribution of retail lending in the total portfolio.

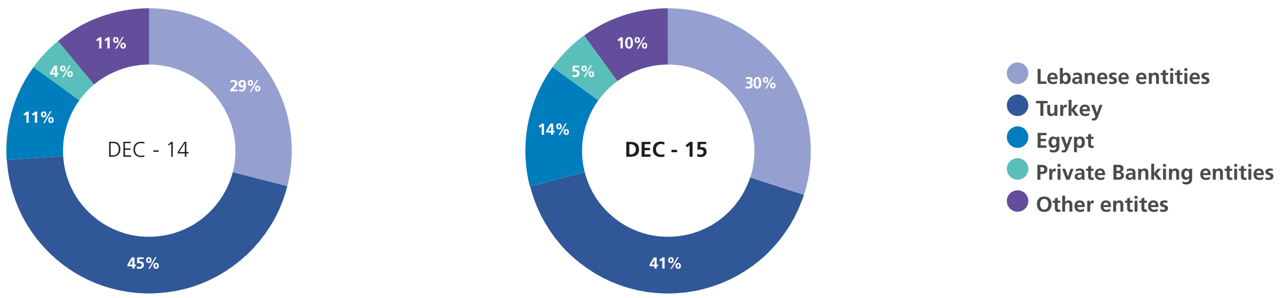
In 2015, Bank Audi continued to build its consolidated loan portfolio, registering a nominal growth of 4.4% (equivalent to a nominal increase of USD 758 million), reaching 10.4% in real terms on the basis of constant exchange rates for the Turkish Lira and Egyptian Pound as at end-December 2014, corresponding to a real increase of USD 1.8 billion, mainly attributed to entities in Lebanon, Turkey and Egypt. At end-December 2015, consolidated net loans reached USD 17.9 billion of which 65.2% accounted for by entities outside Lebanon (while 49.2% were booked in investment grade countries).

The following covers the analysis of net exposures by development pillars, as well as the breakdown of net loans by customer type, economic sector, maturity, currency and collaterals.

Net Loans Breakdown by Net Exposure to Development Pillars

At end-December 2015, the largest share of net funded exposure was still accounted for by Turkey, an investment grade country, with a share of 41%, witnessing to the overall quality of the portfolio. In second comes the net lending exposure to Lebanon sustained at 30%, followed by 14% net exposure to Egypt, rising from 11% last year. This evolution underscores the availability of growth lending opportunities across markets of presence, in line with the Bank's risk appetite and its standing objective to reach an optimal risk diversification level impacting positively on revenue generation.

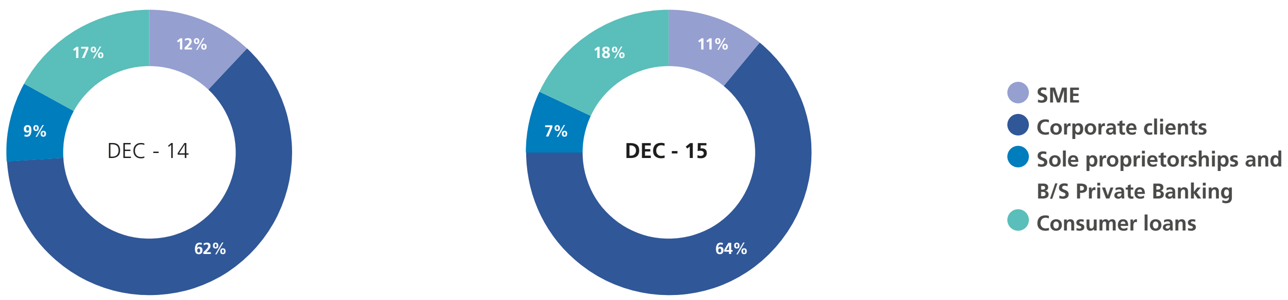
BREAKDOWN OF NET LOANS BY NET EXPOSURE TO DEVELOPMENT PILLARS



Net Loans Breakdown by Customer Type

At the same date, corporate clients continue to contribute most to the consolidated loan portfolio, accounting for 64% of the total (62% at end-December 2014), followed by consumer loans with 18% (17% in 2014), loans to SMEs with 11% (11% at end-December 2014), and finally loans to individuals and Private Banking with 7% (9% at end-December 2014). This remains in line with the Group's strategy to strengthen its presence within the corporate business line in all three main markets of the Group, namely Turkey, Egypt and Lebanon.

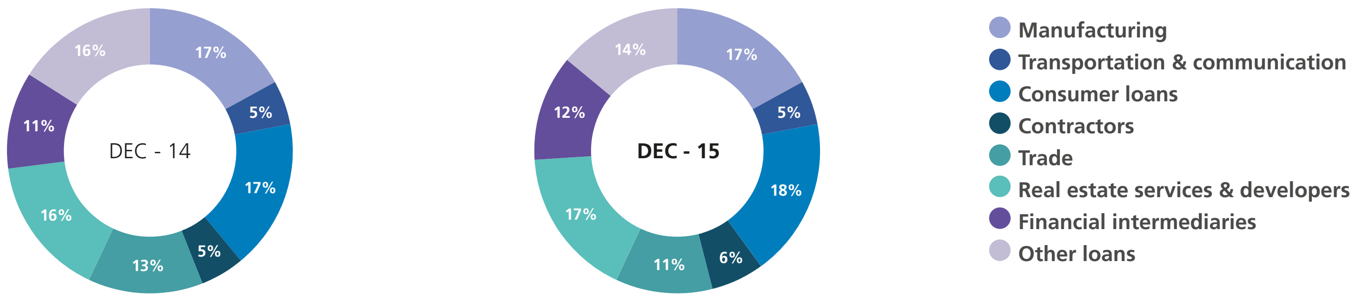
BREAKDOWN OF NET LOANS AND ADVANCES BY TYPE OF CUSTOMER



Net Loans Breakdown by Economic Sector

Loan portfolio concentration by economic sector remains within the Board of Directors' approved concentration limits relative to each of the loan portfolio and consolidated equity. At end-December 2015, the largest concentrations by sector were consumer loans (18%), real estate services and developers (17%), manufacturing (16%), other loans (14%), and financial intermediaries (12%).

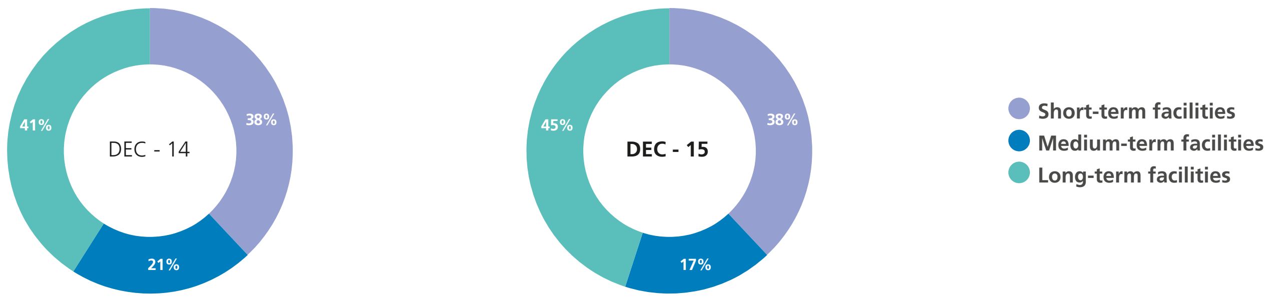
BREAKDOWN OF NET LOANS AND ADVANCES BY ECONOMIC SECTOR



Net Loans Breakdown by Maturity

The maturity profile of the consolidated loan portfolio continues to be skewed to the advantage of long-term facilities, accounting for 45% of the total at end-December 2015, up by 41% at end-December 2014, followed by short-term loans and facilities with maturities below 1 year, representing 37% of the total, while medium-term facilities shares in total loans decreased by 4%, reaching 17% of the consolidated loan portfolio at end-December 2015.

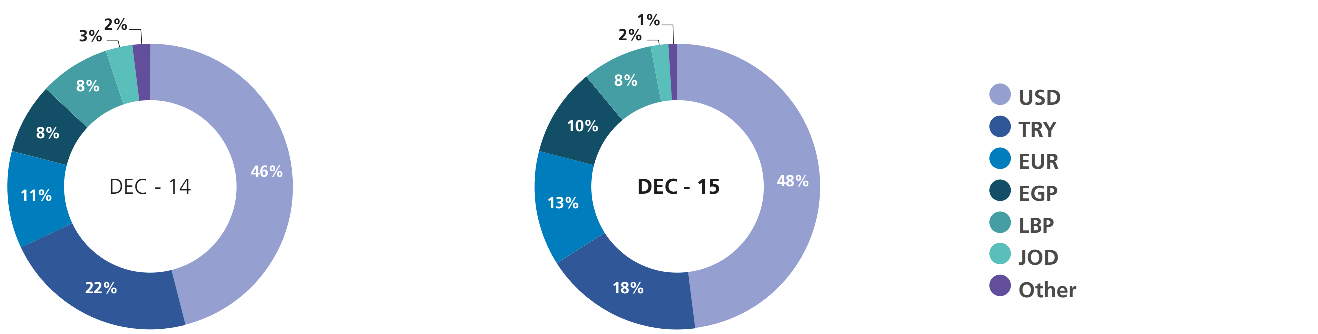
BREAKDOWN OF NET LOANS AND ADVANCES BY MATURITY



Net Loans Breakdown by Currency

By currency, the consolidated loan portfolio remains highly skewed towards the US Dollar which accounted for 48% of the loan portfolio, rising to USD 8.6 billion at end-December 2015. In parallel, the share of the Turkish Lira decreased by 4% to 18% at end-December 2015, as a result mainly of the devaluation of Turkish Lira against the US Dollar. On the other hand, despite a devaluation of the Egyptian Pound versus the US Dollar by 9.5% in 2015, the share of loans denominated in Egyptian Pounds increased by 2%, reaching 10% at end-December 2015, underscoring a growth momentum outpacing the devaluation impact. On this backdrop, the contribution of loans denominated in Lebanese Pounds was sustained at the same 8% level as at end-December 2014.

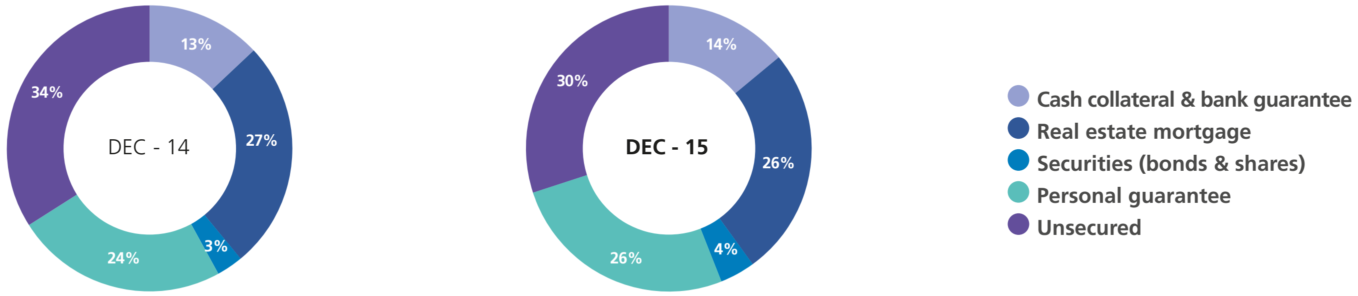
BREAKDOWN OF NET LOANS AND ADVANCES BY CURRENCY



Net Loans Breakdown by Collateral

Notwithstanding the fact that lending decisions rely primarily on the availability and sustainability of cash flows as a first source of repayment, Bank Audi also relies on the availability and enforceability of collaterals. As at end-December 2015, Bank Audi's loan portfolio remains adequately collateralised, as secured loans represented more than 43% of the total loan portfolio of which real estate mortgages (26%) and cash and bank guarantees (13%). Loans covered by personal guarantees represented 26% of the portfolio as compared to 24% at end-December 2014.

BREAKDOWN OF NET LOANS AND ADVANCES BY CURRENCY BY COLLATERAL



Loan Quality

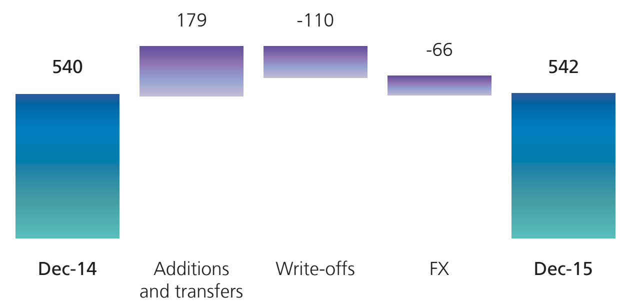
ASSET QUALITY (USD MILLION)

	Dec-14	Dec-15	Change
Gross NPLs	539.8	542.3	2.5
o.w. Corporate	439.6	436.4	-3.2
o.w. Retail	100.2	105.9	5.7
Gross SLs	5.2	38.1	32.9
Net loans	17,171	17,929	758
o.w. Corporate	14,326	14,681	355
o.w. Retail	2,845	3,247	403
Specific provisions[1]	386.7	371.0	-15.8
o.w. Corporate	313.0	293.0	-20.0
o.w. Retail	73.8	78.0	4.2
Collective provisions	138.9	162.2	23.3
o.w. Corporate	112.9	126.5	13.6
o.w. Retail	26.1	35.8	9.7
Gross NPLs/Gross loans	3.05%	2.94%	-0.11%
o.w. Corporate	2.98%	2.89%	-0.09%
o.w. Retail	3.40%	3.15%	-0.25%
Net DLs/Gross loans	0.86%	0.93%	0.06%
o.w. Corporate	0.86%	0.95%	0.09%
o.w. Retail	0.90%	0.83%	-0.07%
Coverage (specific)	71.64%	68.40%	-3.24%
o.w. Corporate	71.18%	67.13%	-4.05%
o.w. Retail	73.67%	73.65%	-0.02%
Collective provisions/Net loans	0.81%	0.90%	0.10%
o.w. Corporate	0.79%	0.86%	0.07%
o.w. Retail	0.92%	1.10%	0.19%

[1] *Including interest in suspense on doubtful loans.*

On the asset quality level, a detailed analysis of doubtful loans movement in 2015 underscores the tight credit risk management adopted in light of the challenging operating environment. Additions of new doubtful loans reached USD 179 million in 2015, and were met by USD 110 million of loans written off amid USD 66 million of FX effect. Subsequently, gross doubtful loans increased in net terms by USD 2.5 million to USD 542 million at end-December 2015.

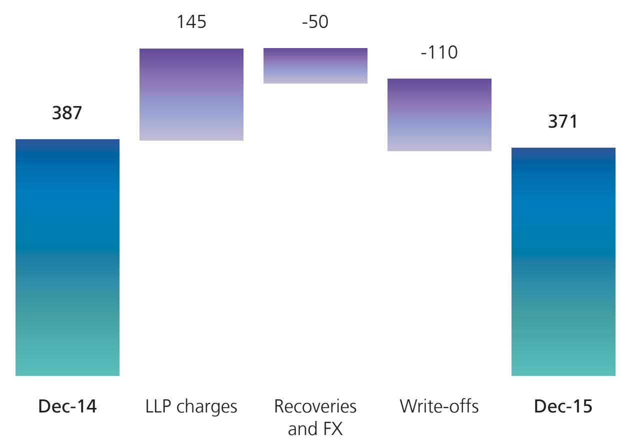
DOUBTFUL LOANS MOVEMENT (USD MILLION)



With gross loans growing at a faster pace than gross doubtful loans, the ratio of gross doubtful loans to gross loans ratio improved from 3.05% at end-December 2014 to 2.94% at end-December 2015, a low level when compared to the industry averages in Lebanon (3.5%), the MENA region (3.9%), the emerging markets (6.9%) and the world (7.5%).

In parallel, specific loan loss reserves, including interest in suspense, decreased from USD 387 million at end-December 2014 to USD 371 million at end-December 2015, representing a contraction by USD 15.8 million. This contraction is mainly driven by the USD 110 million of write-offs mentioned, in addition to a USD 24 million negative differences in foreign currency translation and transfers totally offsetting the USD 145 million of net specific loan loss reserves taken during the year. Subsequently, the coverage ratio of doubtful loans by specific provisions reached 68.4% at end-December 2015. The below chart highlights the movement of specific provisions on doubtful loans.

SPECIFIC PROVISIONS ON DOUBTFUL LOANS MOVEMENT (USD MILLION)



Total collective provisions increased in 2015 by USD 23 million, from USD 139 million at end-December 2014 to USD 162.2 million at end-December 2015, growing by 16.8%, outpacing the growth of the loan portfolio, in support of Management's commitment to gradually increase the ratio of collective provisions to 1% over the medium term. Collective provisions represented 0.90% of net loans at end-December 2015, as compared to 0.86% at end-December 2014. When accounting collective provisions and real guarantees, the coverage of gross doubtful loans would reach 118%.

The table below highlights the evolution of loan quality indicators in main development pillars: Lebanon, Egypt, Turkey and Private Banking entities.

ASSET QUALITY BY DEVELOPMENT PILLARS (USD MILLION)

	Dec-14						Dec-15						Change					
	Lebanese Entities	Turkey	Egypt	Private Banking Entities	Other Entities	**Total**	Lebanese Entities	Turkey	Egypt	Private Banking Entities	Other Entities	**Total**	Lebanese Entities	Turkey	Egypt	Private Banking Entities	Other Entities	**Total**
Gross loans	5,857.4	7,827.3	1,820.1	993.4	1,199.9	**17,698.2**	6,368.2	7,564.2	2,405.3	1,100.4	1,025.1	**18,463.3**	510.8	-263.2	585.3	107.0	-174.8	**765.1**
Net loans	5,587.5	7,755.1	1,775.1	978.6	1,074.8	**17,171.0**	6,080.5	7,465.2	2,365.4	1,084.3	933.1	**17,928.6**	493.0	-289.8	590.3	105.8	-141.7	**757.5**
Gross DLs	269.4	114.1	47.0	12.2	97.1	**539.8**	273.9	167.8	33.1	13.5	54.0	**542.3**	4.5	53.7	-13.9	1.3	-43.2	**2.5**
LLRs on DLs	215.0	46.5	31.6	11.9	81.9	**386.7**	220.2	64.8	25.0	13.2	47.8	**371.0**	5.2	18.3	-6.6	1.3	-34.1	**-15.8**
Net DLs *(predominantly covered by real guarantees)*	54.4	67.7	15.4	0.3	15.3	**153.1**	53.8	103.0	8.1	0.3	6.2	**171.4**	-0.7	35.3	-7.3	0.0	-9.0	**18.3**
Collective provisions	54.8	25.8	13.3	2.1	42.9	**138.9**	67.2	34.1	14.9	2.1	43.9	**162.2**	12.5	8.3	1.5	0.0	1.0	**23.3**
Gross DLs/Gross loans	4.60%	1.46%	2.58%	1.23%	8.10%	**3.05%**	4.30%	2.22%	1.38%	1.23%	5.27%	**2.94%**	-0.30%	0.76%	-1.20%	0.00%	-2.83%	**-0.11%**
LLRs on DLs/DLs *(specific provisions excluding real guarantees)*	79.79%	40.71%	67.29%	97.19%	84.29%	**71.64%**	80.37%	38.62%[1]	75.62%	97.80%	88.48%	**68.40%**	0.58%	-2.09%	8.33%	0.61%	4.19%	**-3.24%**
Collective/Net loans	0.98%	0.33%	0.75%	0.22%	3.99%	**0.81%**	1.11%	0.46%	0.63%	0.19%	4.70%	**0.90%**	0.13%	0.12%	-0.12%	-0.02%	0.71%	**0.10%**

[1] *A level deemed adequate in view of the solid collaterals through first degree mortgages and other securities having satisfactory LTVs.*

Changes in Primary Liquidity

Consolidated primary liquidity, comprised principally of balances held at the Central Bank (excluding Central Bank certificates of deposits) and placements with banks, continued to stand at at USD 12.6 billion at end-December 2015, representing 35.5% of customers' deposits. Nonetheless, primary liquidity funded the increase in consolidated net loans, decreasing from USD 13.1 billion as at end-December 2014, corresponding to 36.6% of customers' deposits. Including BDL certificates of deposits, consolidated primary liquidity reached USD 16.4 billion at end-December 2015, representing 46.1% of customers' deposits, one of the highest levels in the region.

By currency, primary liquidity in Lebanese Pounds is essentially composed of cash and deposits with the Central Bank. The ratio of Lebanese Pound-denominated liquid assets to Lebanese Pound-denominated customers' deposits increased to 20.1% as at end-December 2015 from 13.5% as at end-December 2014, underscoring Management's decision to favour the Central Bank's risk over sovereign exposure.

In foreign currencies, primary liquidity consists of cash and short-term deposits placed at central banks, excluding certificates of deposits, and placements at prime banks (rated A3 and above) in OECD countries. Primary liquidity in foreign currencies decreased from USD 12.5 billion as at end-December 2014 to USD 11.8 billion as at end-December 2015, representing 37.6% of consolidated deposits in foreign currencies, as compared to 40% as at end-December 2014.

LIQUIDITY BREAKDOWN (USD MILLION)

	LBP	USD	EUR	SYP	EGP	TRY	JOD	OTHERS	TOTAL
Central banks	802	6,975	585	30	293	182	94	164	9,124
o.w. Reserves requirements	278	3,628	6	4	255	160	87	2	4,419
o.w. Cash deposits	524	3,347	579	25	38	22	7	162	4,705
Placements with banks	78	1,203	423	7	6	1,399	22	372	3,509
o.w. Deposits with banks	54	951	381	7	6	2	22	372	1,794
o.w. Reverse repurchase agreements	24	252	42			1,397			1,715
Total liquidity	880	8,178	1,008	36	300	1,581	116	535	12,633

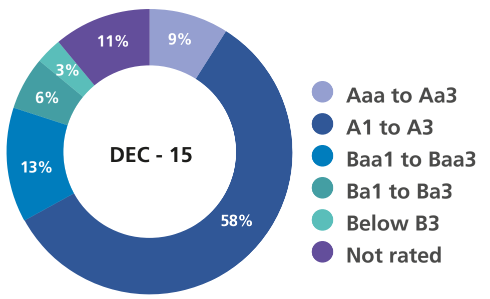
Primary liquidity remains mainly concentrated on central banks' placements, with their share in the total increasing from 67.0% as at end-December 2014 to 72.2% as at end-December 2015. Bank placements, composed of money market deposits and short-term loan participations and reverse repo balances, accounted for the remaining 27.8%.

Total money markets placements and nostros with banks reached USD 1.8 billion at end-December 2015, as compared to USD 2.4 billion as at end-December 2014. These are mainly based in low risk OECD and GCC countries that show high levels of solvency and financial and monetary stability. Over 70% of the placements denominated in hard currency are held in banks rated A- or better.

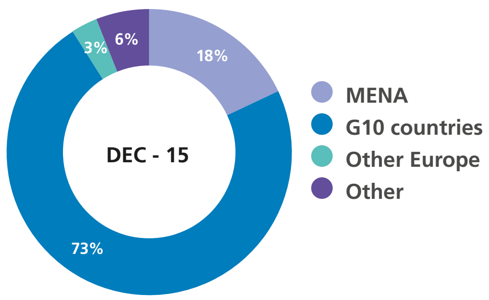
Exposures to banks are continuously monitored by the Risk Management department in close coordination with the Group Financial Institutions and Correspondent Banking department (Group FI). Regular portfolio reviews are conducted throughout the year to assess the banks' risk profiles and ensure that related positions remain within the overall risk appetite of the Group. During these reviews, specific attention is paid to concentration risk levels to ensure that these remain well under control.

The charts below show the breakdown of money markets placements held with banks as at end-December 2015 by ratings and geographic location. These continue to show a well balanced split, concentrated in regions of low risk countries and high rating categories.

BREAKDOWN OF PLACEMENTS WITH BANKS BY RATING AT END-DECEMBER 2015



BREAKDOWN OF PLACEMENTS WITH BANKS BY REGION AT END-DECEMBER 2015



Changes in Portfolio Securities

Consolidated portfolio securities increased by USD 57 million in 2015, moving from USD 10,100 million at end-December 2014 to USD 10,158 million as at end-December 2015, corresponding to a growth of 0.6%. As a percentage of total assets, the Bank's securities portfolio represented 24.0% as at end-December 2015, as compared to 24.1% as at end-December 2014.

The following table shows the distribution of the Bank's securities portfolio by type and currency of security as at end-December 2015.

PORTFOLIO SECURITIES BREAKDOWN (USD MILLION)

	Volume		Change		Share in total		
	Dec-14	Dec-15	Vol.	%	Dec-14	Dec-15	Change
Central Bank certificates of deposits	**3,038**	**3,797**	**759**	**25.0%**	**30.1%**	**37.4%**	**7.3%**
LBP-denominated	3,007	2,664	-343	-11.4%	29.8%	26.2%	-3.5%
Foreign currency-denominated	31	1,133	1,102	3512.8%	0.3%	11.2%	10.8%
Net Lebanese Treasury bills and Eurobonds	**2,182**	**1,702**	**-481**	**-22.0%**	**21.6%**	**16.8%**	**-4.9%**
LBP-denominated	1,115	1,251	137	12.3%	11.0%	12.3%	1.3%
Foreign currency-denominated	1,067	450	-617	-57.8%	10.6%	4.4%	-6.1%
Risk-ceded government Eurobonds	**1,489**	**1,547**	**58**	**3.9%**	**14.7%**	**15.2%**	**0.5%**
LBP-denominated							
Foreign currency-denominated	1,489	1,547	58	3.9%	14.7%	15.2%	0.5%
Other non-Lebanese sovereign securities	**2,662**	**2,540**	**-122**	**-4.6%**	**26.4%**	**25.0%**	**-1.4%**
LBP-denominated							
Foreign currency-denominated	2,662	2,540	-122	-4.6%	26.4%	25.0%	-1.4%
Other fixed income securities	**600**	**436**	**-164**	**-27.3%**	**5.9%**	**4.3%**	**-1.6%**
LBP-denominated							
Foreign currency-denominated	600	436	-164	-27.3%	5.9%	4.3%	-1.6%
Equity securities	**129**	**135**	**6**	**5.1%**	**1.3%**	**1.3%**	**0.1%**
LBP-denominated	41	42	1	2.3%	0.4%	0.4%	0.0%
Foreign currency-denominated	88	93	6	6.3%	0.9%	0.9%	0.0%
Total portfolio securities	**10,100**	**10,158**	**57**	**0.6%**	**100.0%**	**100.0%**	

Lebanese Bond Portfolio

The composition of the Lebanese portfolio securities in foreign currencies changed in 2015 to the advantage of Central Bank CDs in foreign currencies, increasing by USD 1,102 million at the detriment of the Group's net exposure on Lebanese sovereign Eurobonds, decreasing by USD 559 million (including risk-ceded government Eurobonds) over the same period. Management's preference to place BDL Certificates of Deposits is justified by the lower capital consumption tied with those instruments (50% of risk weights on placements at the BDL) relative to Lebanese Eurobonds carrying 100% risk weights with equivalent yields. At end-December 2015, Bank Audi's exposure to Lebanese sovereign Eurobonds in foreign currency stood at USD 1,997 million (as compared to USD 2,557 million as at end-December 2014), of which USD 1,547 million of bonds whose risk has been ceded to customers (as compared to USD 1,489 million as at end-December 2014). Subsequently, the net exposure to sovereign Eurobonds reached, at the same date, USD 450 million, representing 4.4% of the Bank's total portfolio securities and 1.5% of foreign currency denominated customers' deposits (as compared to respectively 10.6% and 3.6% as at end-December 2014), accounting for the lowest level among Lebanese banks.

Non-Lebanese Sovereign Securities

In parallel, the Bank also bears a significant exposure to non-Lebanese sovereign risk, particularly that of Turkey and Egypt in consideration to the Group's sizeable operations in those markets. As at end-December 2015, the non-Lebanese sovereign bonds portfolio reached USD 2,540 million, down from USD 2,662 million as at end-December 2014 and underscoring a year-on-year decrease by USD 122 million. The Bank's exposure to the sovereign risk of Egypt reached USD 1,543 million at end-December 2015, while its exposure to the sovereign risk of Turkey amounted to USD 177 million. In relative terms, the portfolio of non-Lebanese sovereign bonds represented 25.0% of the total securities portfolio and 8.1% of foreign currency denominated customers' deposits (as compared to 26.4% and 8.5%, respectively, as at end-December 2014).

Other International Fixed Income Securities

Well diversified across sectors, placements in other international fixed income securities contracted by 27.3% in 2015, moving from USD 600 million at end-December 2014 to USD 436 million at end-December 2015. These placements continue to favour highly rated financial institutions which accounted for 74.5% of the total international bond portfolio at end-December 2015 (as compared to 69% as end-December 2014), while corporate issuers accounted for 25.5% (31.0% in the previous year). This portfolio is spread across sectors. Corporate issuers accounted for 19% and sovereign names for 6% of the total. The relatively high concentration on banks is mitigated by good issuer diversification and relatively short tenor bond maturities (under 2 years), making these investments somewhat similar to ordinary placements with banks in terms of implied risk profile and market risk exposure.

In terms of geographical allocation, exposure is allocated as follows: 47% in GCC markets, 22% in Europe, 13% in the Far East, 10% in Australia and 7% in the USA, showing very little change from the previous year.

In term of ratings, the international bond portfolio enjoys a high average rating, with the major part of the total exposure being invested in bond issues rated A+ or better. The portfolio is also characterised by a good level of diversification, with the highest single issuer position representing 10% of the total portfolio and the second largest representing 6.6%.

4.3. | RESULTS OF OPERATIONS

In 2015, Bank Audi's performance remains broad-based, supported by the reinforcement of the earnings generation capacity in main development pillars of the Group, mainly in Lebanon, Turkey, Egypt, and Private Banking entities. Bank Audi's net earnings after provisions and taxes grew by 15.1% in 2015, reaching USD 403 million, as compared to USD 350 million in 2014. This follows the allocation of USD 133 million of net loan loss provision charges, strengthening the Bank's asset quality and USD 15 million of expenses tied to the hedge of the Group's investment in Turkey.

Entities outside Lebanon contributed up to 50.5% of the consolidated net earnings' growth, driving an increase in the share of these entities in consolidated net earnings from 41.6% in 2014 to 42.8% in 2015.

NET PROFITS BREAKDOWN BY DEVELOPMENT PILLARS (USD MILLION)

	2014		2015		Change		
	Volume	Share in Total	Volume	Share in Total	Volume	%	Share in Change
Lebanese entities	184.5	52.7%	209.6	52.0%	25.1	13.6%	47.5%
Turkey	15.8	4.5%	23.2	5.7%	7.3	46.4%	13.9%
Egypt	57.6	16.4%	69.5	17.2%	11.9	20.7%	22.6%
Private Banking entities	43.7	12.5%	46.9	11.6%	3.1	7.2%	5.9%
Other entities	48.7	13.9%	54.0	13.4%	5.3	10.9%	10.0%
Total	**350.3**	**100.0%**	**403.1**	**100.0%**	**52.8**	**15.1%**	**100.0%**

The increase in net profits primarily stems from a USD 87.3 million increase in total revenues, corresponding to a growth of 6.6% exceeding the 5.3% growth in consolidated general operating expenses, equivalent to USD 38.8 million, translating into an improvement in overall efficiency. The table below presents an overview of Bank Audi's consolidated financial results in 2015 as compared to 2014:

INCOME STATEMENT (USD MILLION)

			Change	
	2014	**2015**	Volume	%
Net interest income	815.2	900.3	85.1	10.4%
Non-interest income	507.9	510.1	2.2	0.4%
Total revenues	**1,323.1**	**1,410.4**	**87.3**	**6.6%**
Operating expenses	728.8	767.6	38.8	5.3%
Loans loss provisions	139.6	133.0	-6.6	-4.8%
Net other provisions	-0.5	-0.3	0.2	-38.1%
Tax	104.8	106.9	2.1	2.0%
Total cost	**972.8**	**1,007.2**	**34.5**	**3.5%**
Net profits	**350.3**	**403.1**	**52.8**	**15.1%**

The increase in total revenues from USD 1.3 billion in 2014 to USD 1.4 billion in 2015 was predominantly driven by an improved spread by 5 basis points amid an increase in recurrent fee income totally offsetting the decrease in net profits from financial instruments. By development pillars, the share of Lebanese entities in total revenues declined to 44.2% (versus 48.9% in 2014) as a result of lower revenues from financial investment in the absence of market opportunities totally offsetting the widening interest income. In parallel, the share of Private Banking entities in total revenues also declined to 9.3% from 9.9% in 2014, an evolution triggered by stronger revenues growth in other entities. In fact, entities in Turkey, Egypt and other jurisdictions made up for the decrease generating revenues representing respectively 22.6%, 14.6% and 9.3% of total revenues in 2015, as compared to 20.2%, 12.2% and 8.8% in 2014.

EVOLUTION OF INTEREST INCOME

While the Bank believes that it has the ability to increase net interest income over time, it can be significantly affected by variety of factors such as the mix and overall size of earning assets portfolio, cost of funding and foreign currency exchange rates as well as the evolution of international reference rates. In 2015, net interest income growth continues to be challenged by the persisting low international interest rate environment, as well as by the volatile macroeconomic conditions in some countries of presence.

Net interest income accounted for 63.8% of the consolidated total operating income rising from 61.6% in 2014. In fact, net interest income grew by 10.4% during the year, from USD 815.2 million in 2014 to USD 900.3 million, driven by an improvement in consolidated spread by 5 basis points from 2.10% to 2.15%. Entities in Lebanon, Turkey and Egypt accounted for respectively 42.8%, 27.6% and 15.6% of the total net interest income in 2015.

The below table showcases the contribution of main entities to the improvement in consolidated net spread based on the evolution of their relative weights in total average assets:

CONTRIBUTION TO CHANGE IN CONSOLIDATED SPREAD BY DEVELOPMENT PILLARS IN 2015

Total change	0.05%
Lebanese entities	0.00%
Turkey	0.05%
Egypt	0.04%
Private Banking entities	-0.02%
Other entities	-0.01%

Lebanese entities: net interest income of Lebanese entities increased from USD 357.2 million in 2014 to USD 385.0 million in 2015, corresponding to a growth of 7.8%. The USD 27.9 million increase was generated by a quantity effect with average assets growing by 4.5% over the period reaching USD 16.1 million, coupled with a price effect of USD 11.7 million, highlighting an improvement in the spread by 6 basis points from 1.80% in 2014 to 1.86% in 2015. Lebanese entities contributed to 32.7% of the total increase in the consolidated interest margin.

Turkey: the political crisis before the parliamentary election early November 2015, as well as the exacerbating regional uncertainties, weighed on the financial markets conditions in Turkey during 2015, dictating a tight follow-up on a daily basis of asset and liability management at Odea Bank to ensure, at any given time and on a best effort basis, the most optimal yield on assets at the lowest cost of deposits. This increased volatility translated in a steep hike in the cost of deposits in Turkish Lira from 10% at year-end 2014 to close to 12% at year-end 2015, corresponding to a 2% increase. This increase was met by a corollary increase in yields on loans in Turkish Lira, albeit on a lower magnitude moving from 13.86% at year-end 2014 to 14.53%, corresponding to a 0.7% increase. This evolution primarily impacted Odea Bank's spread on assets which moved from 2.78% in the month of December 2014 (as per IFRS) to reach 2.34% in the month of December 2015, after reaching a low of 1.80% in the month of October. On average, net spread of Odea Bank increased by 5 basis points from 2.29% in 2014 to 2.34% in 2015. On the backdrop of an increase in assets in Turkish Lira by 25.3%, this translated in a corollary increase in interest income in functional currencies by 45% during the year.

Egypt: the contribution of Bank Audi Egypt to the consolidated interest income increased by USD 24.6 million from USD 115.7 million in 2014 to USD 140.3 million in 2015, accounting for 15.6% of the total. This increase is mainly attributable to a quantity effect with average assets growing by 26.2%, offsetting a negative price effect with net spread of Bank Audi Egypt contracting by 12 basis points from 3.13% in 2014 to 3.01% in 2015.

EVOLUTION OF NON-INTEREST INCOME

In 2015, consolidated non-interest income increased by a mere USD 2.2 million, corresponding to a growth by 0.4%. In details, this increase was mainly driven by a USD 22 million increase in recurrent net fees and commission income and a USD 24.8 million in net profits on foreign exchange, both increases making up for the lower net profits on financial instruments by USD 42.9 million relative to 2014. The increase in net fees and commissions is principally accounted for by corporate finance, credit-related fees, and electronic cards increasing in the aggregate by USD 10 million, USD 5.1 million and USD 3.4 million respectively. The increase in foreign exchange was mainly driven by the revaluation of structural capital position of Bank Audi Egypt and Bank Audi Syria, by respectively USD 6.4 million and USD 13.4 million. Subsequently, non-interest income reached USD 510.1 million in 2015, representing 36.2% of total income as compared to 38.4% in 2014.

In spite of the depreciation of mainly the Turkish Lira and Egyptian Pounds versus the US Dollar, all development pillars reported increases in their contribution to consolidated non-interest income, except for Lebanese entities whose contribution decreased by 18.1% from USD 290.3 million to USD 237.9 million mainly due to lower net profits on financial instruments by USD 41.1 million in the absence of market opportunities. Consequently, the share of Lebanese entities in the consolidated non-interest income fell by 10.6% in 2015 to 46.6%.

In parallel, the contribution of Odea Bank increased by 27.9%, reaching USD 70.1 million, representing 13.8% of the total in 2015, up from 10.8% in 2014, while the contribution of Bank Audi Egypt moved from USD 45.9 million in 2014 to USD 65.2 million in 2015, with its share in total rising from 9% to 12.8%. Notwithstanding, Private Banking entities continued to post the 2nd highest contribution to consolidated non-interest income, reaching USD 79.1 million in 2015 corresponding to a 15.5% share.

The table below presents a breakdown of non-interest income by main development pillars:

NON-INTEREST INCOME BREAKDOWN BY DEVELOPMENT PILLARS (USD MILLION)

	2014		2015		Change		
	Volume	Share in Total	Volume	Share in Total	Volume	%	Share in Change
Lebanese entities	290.3	57.2%	237.9	46.6%	-52.4	-18.1%	-10.5%
Turkey	54.9	10.8%	70.1	13.8%	15.3	27.9%	3.0%
Egypt	45.9	9.0%	65.2	12.8%	19.3	42.1%	3.7%
Private Banking entities	73.5	14.5%	79.1	15.5%	5.6	7.6%	1.0%
Other entities	43.4	8.5%	57.7	11.3%	14.4	33.2%	2.8%
Total	507.9	100.0%	510.1	100.0%	2.2	0.4%	0.0%

EVOLUTION OF GENERAL OPERATING EXPENSES

In 2015, consolidated general operating expenses reported a moderate growth of 5.3%, moving from USD 728.8 million in 2014 to USD 767.6 million in 2015. In details, the USD 38.8 million increase is broken down over a decrease of USD 1.6 million of staff expenses and increase of USD 11.5 million of depreciation and amortisation charges, and USD 28.9 million of other operating expenses. The increase in consolidated general operating expenses is mainly driven by Odea Bank (USD 11.8 million) and Bank Audi Egypt (USD 13.8 million), hiring respectively 150 and 212 employees, while rolling out 7 and 3 branches. Meanwhile, general operating expenses of Lebanese entities increased by USD 4.9 million, driven by higher rent charges with the new IT head office and higher depreciation costs amid a decrease in staff expenses.

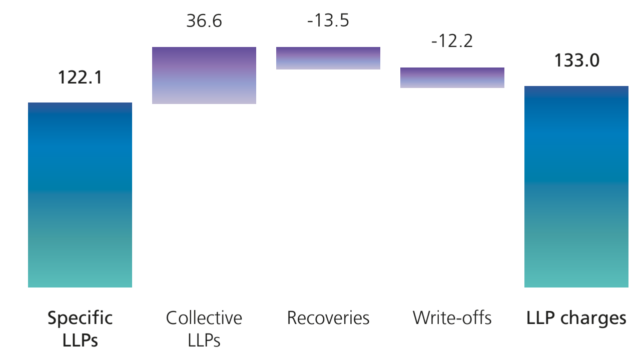
On the backdrop of a faster growth in total revenues than in general operating expenses, the cost to income ratio improved by 66 basis points, from 55.1% in 2014 to 54.4% in 2015.

EVOLUTION OF LOAN LOSS PROVISION CHARGES

Net loan loss provisions decreased by USD 6.6 million, from USD 139.6 million in 2014 to USD 133.0 million in 2015, accounting for 9.4% of total income in 2015 against 10.6% in 2014. By development pillars, the allocation of net loan loss provisions in 2015 is broken down over USD 17.0 million in Lebanese entities, USD 94.1 million in Turkey, USD 13.9 million in Egypt, and USD 8.9 million in other entities, while in Private Banking entities recoveries exceeded the allocated loan loss provisions. The increase in provisions at Odea Bank is partly explained by the seasoning of the portfolio and an increase in provisioning on the retail portfolio within the context of an increasing allocation of collective provisions in order to gradually book collective reserves representing a targeted 1% of the net loan portfolio over the medium term.

The USD 133.0 million of net loan loss provision in 2015 is broken down over USD 122.1 million of specific provisions, USD 36.6 million of collective provision, and negative contribution of write-off and other recoveries by USD 12.2 million and USD 13.5 million respectively.

BREAKDOWN OF LOAN LOSS PROVISION CHARGES IN 2015 (USD MILLION)



Subsequently, the consolidated cost of risk ratio reached 0.74%, in line with the global and MENA averages of 0.7%. By development pillars, the cost of risk ratio reached 0.28% in Lebanese entities (1.09% in 2014), 1.26% in Odea Bank (0.81% in 2014), 0.59% in Bank Audi Egypt (0.36% in 2014), and 0.95% in other entities (0.99% in 2014), within a slight negative ratio in Private Banking entities.

EVOLUTION OF INCOME TAX

Consolidated income tax (including deferred and other taxes) grew by 2.0%, moving from USD 104.8 million in 2014 to USD 106.9 million in 2015. Relative to net profits before tax, the income tax increased at a slower pace, allowing for a lower effective tax rate reaching 21.0% in 2015 versus 23.0% in 2014. Bank Audi Egypt drove the increase in income tax, reporting an increase of USD 10.5 million, while the income tax of Lebanese entities decreased by USD 10.7 million coming for a higher base in 2014, grossed up by one-time taxes on capital repatriation. As a result, Bank Audi Egypt registered an effective tax rate of 37.3%, as compared to a statutory tax rate of 22.5%, with the difference justified by the a tax on portfolio securities excised at the source .

KEY PERFORMANCE METRICS

The evolution of activity and results in 2015 relative to 2014 turned the following key performance metrics:

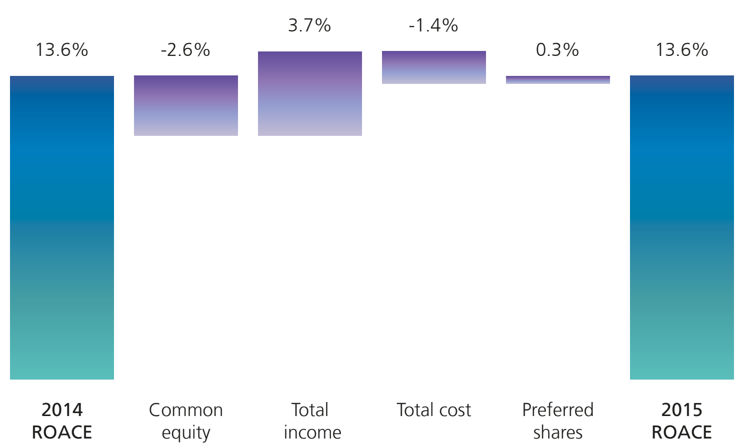
KEY PERFORMANCE INDICATORS

	2014	2015
Spread	2.10%	2.15%
+ Non-interest income/AA	1.31%	1.22%
= Asset utilisation	3.41%	3.37%
X Net operating margin	26.48%	28.58%
o.w. Cost to income	55.08%	54.43%
o.w. Credit cost	10.55%	9.43%
o.w. Provisions on impairment of financial instruments	-0.04%	-0.02%
o.w. Tax cost	7.92%	7.58%
= ROAA	0.90%	0.96%
* Leverage	13.55	12.96
= ROAE	12.23%	12.47%
ROACE	13.63%	13.63%

In sum, the return on average assets ratio increased from 0.90% to 0.96%, driven by 15.1% growth in net earnings, outpacing the 8% growth in average assets. Notwithstanding, the return on average common equity ratio maintained the same level of 13.63%, as in 2014, as a result of the full impact of the USD 300 million common equity increase at end-September 2014. Adjusting to the latter, the Group's return on average common equity ratio would have reached 15.3%, exceeding the weighted average cost of equity of the Group. Management target remains to achieve a sustainable ROE across entities, in excess of 20% of the cost of equity of each entity.

The chart below details the contribution of the various components to the evolution of the return on average common equity ratio during 2015:

ROACE MOVEMENT



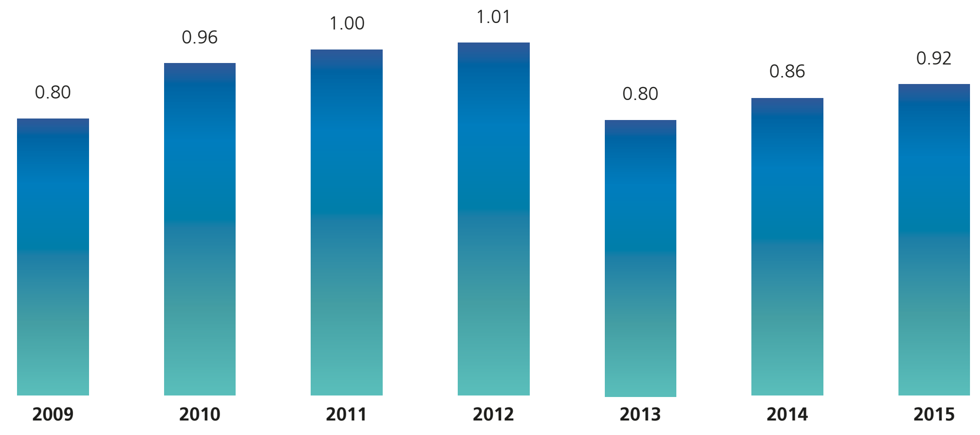
INVESTMENT CONSIDERATIONS

Earnings per Share

Basic earnings per share is calculated based on the weighted number of common shares actually issued and net profits after tax. On this basis, Bank Audi's basic common earnings per share reached USD 0.92 in 2015, as compared to USD 0.86 in 2014, corresponding to an increase of 7.1%.

The table below represents the evolution of Bank Audi's common earnings per share, including net profits from discontinued operations over the past 5 years:

EARNING PER COMMON SHARE GROWTH (USD)



COMMON BOOK PER SHARE

Common equity represents total equity less minority shares and preferred shares. Common equity per share is based on the outstanding number of common shares net of Treasury stocks at the end of the period. The table below presents the evolution of common equity per share between end-December 2014 and end-December 2015:

EQUITY METRICS (USD THOUSANDS)

			Change	
	Dec-14	Dec-15	Vol.	%
Shareholders' equity	3,347,615	3,287,398	-60,217	-1.8%
- Minority shares	41,965	39,658	-2,306	-5.5%
= Shareholders' equity group share	3,305,651	3,247,740	-57,911	-1.8%
- Preferred stock (including dividends)	530,375	397,875	-132,500	-25.0%
= Common shareholders' equity	2,775,276	2,849,865	74,589	2.7%
Outstanding number of shares (net of Treasury stock)	399,252,869	399,749,204	496,335	0.1%
Common book per share	6.95	7.13	0.18	2.6%
Share price at 31 December	6.00	6.05	0.05	0.8%
P/Common book	0.86	0.85	-0.01	-1.7%

Common equity per share of Bank Audi increased from USD 6.95 at end-December 2014 to exceed the USD 7 mark reaching USD 7.13 at end-December 2015. On the basis of a closing price of USD 6.05 at end-December 2015 for ordinary shares, the common share is traded at 0.85 times the common book value, reflecting very low multiples with respect to regional peers, trading at an average of 1.3 times book value.

4.4. | ANALYSIS BY GEOGRAPHY AND MAIN DEVELOPMENT PILLARS

The Group's activity and earnings growth in 2015 were driven by its main development pillars, in particular Turkey, but also Lebanon, Egypt and the Private Banking entities.

What follows is a brief discussion of the overall growth trends across those pillars:

LEBANESE ENTITIES (EXCLUDING AUDI PRIVATE BANK)

USD MILLION	Dec-14	Dec-15	Change
Balance sheet data			
Assets	24,324	24,594	270
Deposits	18,523	18,528	4
Loans	5,563	6,163	600
Equity	3,348	3,286	-62
Outstanding LCs + LGs	983	839	-144
Earnings data	2014	2015	Change
Total income	649.0	624.8	-24.2
Net profits	184.5	209.6	25.1
Spread	1.8%	1.9%	0.1%
ROAA	0.9%	1.0%	0.1%
RORRC[1]	13.4%	14.4%	1.0%

[1] *Return on required regulatory capital.*

The Lebanese banking sector reported, on the overall, a modest activity growth steered by a slumped economic scene as a result of the persisting domestic uncertainties and broad regional conflicts. Within this context, assets of Lebanese entities increased in 2015 by USD 270 million. With deposits stabilising across the same period, the increase in assets was primarily funded by a USD 129 million increase in dues to banks and subsidiaries, and a USD 36 million increase in equity. Deposits in foreign currency, representing the main source of funding, increased by USD 76 million, while Lebanese Pounds deposits decreased by USD 72 million.

Notwithstanding, loans to customers increased by USD 600 million, driven primarily by loans in foreign currencies rising by USD 489 million, while Lebanese Pounds loans increased by USD 111 million, mainly in the form of subsidised mortgage loans. Amid a slight increase in gross doubtful loans, this increase drove an improvement in the gross doubtful loans to gross loans ratio by 37 basis points to 4.25%, while coverage of those loans increased to 80.4%, with collective provisions representing 1.1% of net loans.

Based on those performances, Bank Audi in Lebanon continues to benefit from a strong leadership positioning across business line, ensuring an 11.7% market share in assets, 11.2% in loans, and 12.7% in customers' deposits.

In 2015, Lebanese entities reported USD 209.6 million of net profits, rising by USD 25.1 million relative to 2014. Amid a decrease in total revenues by USD 24.2 million triggered by lower revenues from financial investment in the absence of market opportunities totally offsetting the widening interest income, the increase in net profits is mainly driven by USD 43.9 million of lower loan loss provision charges, justified by stable credit risk profile in spite of the tough environment. At the cost level, general operating expenses increased by USD 5.3 million over the same period, mainly driven by USD 7.6 million of depreciation and amortisation charges, the USD 6.9 million rent of new premises amid a USD 9.2 million contraction in staff expenses.

ODEA BANK - TURKEY

TRY MILLION	Dec-14	Dec-15	Change
Balance sheet data			
Assets	25,614	32,077	6,463
Deposits	21,084	25,103	4,019
Loans	17,953	21,708	3,755
Equity	2,147	2,388	241
Outstanding LCs + LGs	1,415	2,216	801
Earnings data	2014	2015	Change
Total income	586.9	861.2	274.3
Net profits	37.7	62.6	24.9
Spread	2.5%	2.3%	-0.2%
ROAA	0.2%	0.2%	0.0%
ROACE	2.2%	2.7%	0.5%

In Turkey, macro-economic conditions remained stable despite the volatility, within a slight improvement in prospects following the results of the parliamentary elections last October. The Turkish economy recorded a real growth of more than 3% during 2015, driving a double-digit growth in the banking sector's activity with assets, deposits and loans growing respectively by 18.2%, 18.3% and 19.7% in 2015.

Over the same period, the contribution of Odea Bank to consolidated assets' increase was flat, justified by the impact of the 25.6% depreciation of the Turkish Lira which totally shielded the real growth actually registered by Odea Bank. In fact, assets, deposits and loans of Odea Bank expressed in Turkish Lira grew by respectively 25.2%%, 19.1% and 20.9%, outpacing the sector's performance over the period.

Subsequently, Odea Bank's assets market share reinforced by 8 basis points to 1.36%, while those for deposits and loans were reached respectively 2% and 1.46%. Those performances continue to confirm the established challenger bank profile of Odea Bank, which allows it to rank, in less than 3 years of activity, 9th by assets and loans among non-state conventional banks in the competitive Turkish market and 8th by deposits.

Gross doubtful loans of Odea Bank increased by TRY 224 million, principally from retail loans as the portfolio seasons. Accordingly, the ratio of gross doubtful loans to gross loans moved from 1.46% at end-December 2014 to 2.22% at end-December 2015. Coverage ratio of those loans by specific provisions reached 38.62%. Collective provisions represented, at end-December 2015, 0.46% of performing loans, as compared to 0.33% at end-December 2014, on the back of a 20.5% growth in performing loans over the year.

At the profitability level, despite the impact of the FX fluctuations, Odea Bank's contribution to consolidated net profits increased from USD 15.8 million in 2014 to USD 23.2 million in 2015, while taking into account the allocation of USD 31.1 million of additional net loan loss provision charges. Operating profits before taxes and provisions, witnessing to the earnings capacity of Odea Bank, rose by 79.2% to TRY 332.5 million. Management's target is to sustain the positive jaws to quickly improve efficiency and profitability.

BANK AUDI EGYPT

EGP MILLION	Dec-14	Dec-15	Change
Balance sheet data			
Assets	31,089	37,680	6,591
Deposits	27,403	32,300	4,897
Loans	12,692	18,521	5,829
Equity	2,696	3,215	519
Outstanding LCs + LGs	2,043	2,456	413
Earnings data	2014	2015	Change
Total income	1,144.2	1,552.0	407.8
Net profits	407.7	534.9	127.2
Spread	3.3%	3.1%	-0.2%
ROAA	1.6%	1.5%	-0.1%
ROACE	18.9%	19.8%	0.9%

The Egyptian economy has considerably recovered after four years of slow activity, with growth estimated at 4.2% over the past year, matched with a 27.6% growth in banking assets, 20.6% in deposits and 24.7% in loans in the first 11 months of the year. Within this context, Bank Audi Egypt reported a nominal increase in assets by USD 464 million in 2015, driven by an increase in deposits by USD 293 million and USD 590 million in loans. Adjusting to the impact of the 9.5% depreciation of the EGP versus the US Dollar over the year, assets, deposits and loans of Bank Audi Egypt increased in real terms by USD 818 million, USD 616 million and USD 754 million respectively, largely exceeding the set targets, underscoring a solid performance.

Based on a faster assets and deposits growth in the sector, Bank Audi Egypt's assets and deposits market share decreased by 13 basis points and 8 basis points respectively in the 11 months of the year, to reach 1.45% and 1.68% at end-November. On the other hand, Bank Audi Egypt achieved a 35.3% growth in net loan, exceeding that of the sector, and driving an increase in loans market share from 2.02% as at end-December 2014 to 2.19% as at end-November 2015.

In parallel, the ratio of gross doubtful loans to gross loans improved significantly from 2.58% as at end-December 2014 to 1.38% as at end-December 2015, justified in part by the increase in gross loans and by a contraction in doubtful loans by USD 13.9 million, following the write-off of a number of corporate and retail loans.

On the profitability level, Bank Audi Egypt registered net profits of USD 69.5 million in 2015, rising by 20.7% relative to 2014 and outperforming the set target. Based on the above, Bank Audi Egypt continued to report solid profitability ratios, with an ROAA of 1.5% and ROAE of 19.8%.

PRIVATE BANKING ENTITIES

USD MILLION	Dec-14	Dec-15	Change
Balance sheet data			
Assets	3,104	3,250	146
Deposits	2,418	2,569	152
Loans	979	1,084	106
Equity	405	444	39
AUMs & custody accounts	5,604	6,225	621
Earnings data	2014	2015	Change
Total income	130.8	131.7	0.9
Net profits	43.7	46.9	3.1
Spread	1.8%	1.7%	-0.1%
ROAA	1.3%	1.5%	0.1%
ROAE	9.0%	10.9%	1.8%

Assets under management of Private Banking entities (including fiduciary deposits and custody accounts) increased from USD 5.6 billion at end-December 2014 to USD 6.2 billion at end-December 2015, representing an increase by USD 621 million, of which USD 797 million of new money (USD 393 million in Banque Audi (Suisse), USD 262 million in Audi Capital (KSA), and USD 142 million in Audi Private Bank) offset by an estimated USD 250 million of FX and market effects and USD 74 million of consolidation adjustments. Within this context, Private Banking entities generated, in 2015, net revenues of USD 131.7 million, growing by 0.7% relative to 2014, translating in net earnings of USD 46.9 million, in line with the set budget for the year, and growing by 7.2% relative to 2014.

4.5. | ANALYSIS BY BUSINESS SEGMENTS

Bank Audi is managed on the basis of a cross-sectional organisation matrix of business lines and markets, reflecting the following four major business segments: Corporate and Commercial Banking, Retail and Individual Banking, Private Banking, and Treasury and Capital Markets Activities. Those business segments are determined based on the products and services provided or the type of customers served, and constitute the basis for Management's evaluation of financial results. Results of each business segment are intended to reflect the performance of each business line, namely in terms of total assets and total revenues. Senior Management sets the business segment reporting methodology, which is approved by the Group Executive Committee. A detailed description of the business segment reporting methodology is provided in Note 4 of the consolidated financial statements.

The performance of the four principal business segments of Bank Audi in 2015 is discussed and analysed in what follows:

CORPORATE AND COMMERCIAL BANKING

Bank Audi provides integrated Corporate and Commercial Banking solutions, with a coverage span entailing the Middle East, GCC, Africa and Europe through its established headquarters in Lebanon and its entities operating in Turkey, Egypt, Jordan, Saudi Arabia, Qatar, France and Switzerland. Despite the continuing challenging economic and political conditions prevailing in several key markets that triggered a slow down in new lending in some markets and a decrease in exposure in other markets, Bank Audi still managed to consolidate its regional Corporate and Commercial Banking franchise.

Total assets generated by the corporate and commercial segment at group level reached USD 13,365 million at end-December 2015, almost the same level as at end-December 2014 (USD 13,409 million).

In Turkey, Bank Audi (via its subsidiary Odea Bank) further initiated and developed relationships with top tier corporate and commercial clients in a wide range of sectors including healthcare and education, construction and real estate, textile and other manufacturing industries, oil and gas, energy, retail and commercial development, tourism, as well as transportation and logistics. The corporate and commercial loan portfolio of Odea Bank stood at USD 6,755 million as at end-December 2015.

Egypt remains a key focus for growth at the corporate and commercial levels. Bank Audi Egypt's lending activity covers a wide range of corporations in the fields of infrastructure, power generation, higher education, fertilizer production, oil and gas, real estate development, steel manufacturing, pharmaceuticals, and airlines. The corporate and commercial loan portfolio of Bank Audi Egypt stood at USD 1,537 million as at end-December 2015, up 14.2% from the level achieved as at end-December 2014 (USD 1,346 million).

In Lebanon, Bank Audi continued supporting the growth of many local businesses by building a strong relationship with the existing customers and increasing penetration to large corporates. Bank Audi continues to be the largest commercial and corporate lender in the Lebanese sector, with a corporate and commercial loan portfolio standing at USD 4.6 billion at end-December 2015, up 12.2% from the level achieved as at end-December 2014 (USD 4.1 billion).

Based on the above, the corporate and commercial business generated total revenues of USD 521.4 million in 2015, as compared to USD 493.6 million in 2014, corresponding to a growth of 5.6%. The USD 27.7 million increase in total revenues is mainly attributed to a USD 22.9 million increase in non-interest income.

During 2015, Bank Audi continued, at group level, the implementation of its updated Environmental and Social Management System (ESMS) to actively manage environmental and social risks and to promote environmental business opportunities.

RETAIL AND INDIVIDUAL BANKING

We believe that growing portfolio and rising market shares represent the most telling indicators for customer endorsement and customer satisfaction, underscoring daily votes by customers at branch level. In fact, consolidated retail loans reached USD 3.2 billion at end-December 2015, achieving a year-on-year growth of 13.8%. This growth reflects an 8.7% growth in housing loans, a 16.1% growth in personal loans, an 18.7% growth in credit cards, and a 19.6% growth in car loans. The growth of the consolidated retail portfolio was not achieved at the detriment of its quality, with gross doubtful retail loans to retail loans reaching 3.5% at end-December 2015, a level still below the Group's risk limit, with coverage of those loans by specific provisions of 60.2%, while collective provisions represented 0.9% of retail loans.

The retail business line continues to position Bank Audi as a retail bank of choice through the constant efforts accompanying the strategy of transforming the business to become a truly customer-centric organisation. The Bank offers more than 150 retail products and services to more than 1.2 million retail clients across the region. The product ranges include conventional checking and savings accounts, fixed-term deposits, loans and residential mortgages, credit cards, bank insurance products, as well as a host of innovative retail products developed in association with leading partners across the region. Customers are being served through an omni-channel network of more than 400 advanced self-service machines (ITM, ATM and Novo), digital channels (online and mobile), and more than 180 branches.

In **Lebanon**, the Bank's main objective was to focus on customer centricity to improve customers' retention and enhance customers' experience and profitability. To do so, new customer-centric services are being implemented, which focus on convenience and transparency. At the level of behavioural segmentation, many products offered and promoted in 2015 aimed at satisfying increasingly differentiated client demands. Those include "Aman Al Madkhoul", a personal accident insurance program for salaried employees, the "Wedding Account" new online platform for couples and guests, and the USD 5 offer on mobile phones for our "Spring Account" customers between 18 and 24 years old.

Moreover, new service models are emerging to satisfy new client demands. Bank Audi Lebanon initiated a transformation program tackling the increase of functionalities on Alternative Delivery Channels (ADC) and improving both accessibility and customer experience. Customer transactions over ADCs have exceeded transactions over the counter as a result of last year's introduction of new features in the online banking platform (such as the internal/external transfer options), combined with the Novo e-branch which opens 7/7 from 10am till 10pm, the ITM (Interactive Teller Machine) and the extensive ATM network across the nation.

The e-Payments and Card Solutions (EPCS) activity continued to be focused on building the foundation for a cashless society, the objective being to implement pioneering payment landscapes and business solutions evolving with customers' needs and international market trends.

The launch of the highly innovative "Tap2Pay NFC series of contactless payment" payment devices won Bank Audi two distinctive awards at the Smart Card and Payment Awards Middle East 2015. Bank Audi was the only Lebanese bank that was granted both the "Best Payment Initiative Middle East" and "Best Contactless Solution 2015" prizes. The Bank was also recognised for its Gift Card Vending Machine which won the "Best Use of Technology" award at the annual MasterCard Innovation Forum 2015.

Bank Audi **Egypt** maintained its efforts to implement the new branch operating model by believing in the strength and integrity of relationship management and service excellence, and by launching new products and innovative alternative channels for the first time in Egypt ("Novo by Bank Audi").

In **Turkey**, Odea Bank continues to operate with the "Not Everyone's Bank but Yours" vision in mind. Odea Bank has acquired more than 50,000 time deposit and investment customers, nearly TRY 14.5 billion of retail account balances and TRY 44 billion of retail investment volume.

PRIVATE BANKING AND WEALTH MANAGEMENT

Bank Audi Group enjoys strong expertise and know-how in Private Banking and wealth management. Audi Private Bank offers a full and diversified range of services to high net-worth clients, with full access to major markets worldwide and global investment products, including discretionary portfolio management, investment advisory, trade execution in all asset classes, Lombard credit, and other Private Banking services such as estate planning, fiduciary deposits, safe custody and credit cards. Deeply-rooted in the MENA region, it operates through four main booking centres based in Switzerland (2^{nd} largest Arab private bank in Switzerland with an established footprint since the 70s), Lebanon (accounting for by far the largest Private Banking entity), Saudi Arabia and Qatar, with additional representative offices in Monaco, Jordan and the United Arab Emirates. Audi Private Bank also covers Sub-Saharan Africa and Latin America through dedicated relationship managers.

As mentioned earlier, and despite erratic market conditions worldwide, assets under management of Private Banking entities (including fiduciary deposits and custody accounts) increased from USD 5.6 billion at end-December 2014 to USD 6.2 billion at end-December 2015, representing an increase of USD 621 million, of which USD 797 million of new money (USD 393 million in Banque Audi (Suisse), USD 262 million in Audi Capital (KSA) and USD 142 million in Audi Private Bank) offset by an estimated USD 250 million of FX and market effects and USD 74 million of consolidation adjustments. Within this context, Private Banking entities generated, in 2015, net revenues of USD 131.7 million, growing by 0.7% relative to 2014, translating in net earnings of USD 46.9 million, in line with the set budget for the year, and growing by 7.2% relative to 2014.

TREASURY AND CAPITAL MARKETS

Bank Audi's financial services include Capital Markets, Investment Banking, asset management and securities services. The Bank is leveraging its regional presence to further develop its securities services and brokerage platform, consolidating the business towards increased intra-group synergies.

In Lebanon, Bank Audi remains the leading international market maker in Lebanese securities, namely in the Republic of Lebanon Eurobonds and Lebanese Treasury notes, with a turnover of USD 5.3 billion in 2015. Bank Audi has maintained its existing institutional coverage of Lebanese securities to international non-bank financial institutions, despite regional uncertainties emanating from the ongoing wars. Funds outflows from emerging markets fixed income managers have also negatively affected our business. Nevertheless, Lebanon has continued to outperform its emerging markets peers in regards to Eurobond prices, and continues to trade at yields a few notches above its credit ratings. As for equities, Bank Audi's market share on the Beirut Stock Exchange represented 17.75% of traded value in 2015. Those activities, in Lebanon and the MENA region, are supported by an extensive research coverage business.

In Capital Markets activities, Bank Audi issued, in February 2015, certificates of participation in a subordinated loan that it had granted to Odea Bank in October 2014. The certificates constitute undivided beneficial interests in all amounts of principal, interest, and certain other amounts (if any) paid by Odea Bank to the Bank. The issued amount was USD 150 million, with a 6.50% interest payable quarterly, maturing in October 2024. USD 138 million worth of those certificates were sold to qualified investors through the Bank's branch network in Lebanon, and have since been accepted in the consolidated regulatory Tier 2 equity.

In line with the consolidated position, assets of the Treasury and Capital Market activities increased by 2.7% in 2015, reaching USD 20.7 billion at end-December 2015. In parallel, total revenues of this business segment increased by 7.4% year-on-year, moving from USD 419.5 million in 2014 to USD 450.8 million in 2015.

4.6. | CAPITAL MANAGEMENT

Bank Audi adopts a holistic view on capital focusing on: i) ensuring that capital sufficiently covers all material risks generated by the Bank's activities; ii) protecting depositors in case of stress events; iii) factoring in the requirements of various stakeholders including regulators, rating agencies, depositors and shareholders; and iv) optimising the capital usage while providing support for the expansion of business segments and entities. Changes in shareholders' equity, net earnings of the year and dividend policies are inter-linked with the preservation of capital strength.

EVOLUTION OF SHAREHOLDERS' EQUITY

At end-December 2015, consolidated shareholders' equity reached USD 3,287 million, down from USD 3,348 million at end-December 2014. The USD 60 million decrease was mainly driven by USD 190 million of dividends payment for the 2014 exercise, the redemption of the USD 125 million series "E" preferred shares, and a negative change in foreign currency translation reserves by USD 134 million, as well as USD 14 million of other changes which totally offset the USD 403 million of net profits generated during the year.

In parallel, regulatory equity moved from USD 3,176 million at end-December 2014 to USD 3,347 million at end-December 2015, corresponding to an increase by USD 171 million, broken down over an increase of USD 43 million in core Tier 1 capital and USD 254 million of Tier 2 capital, mainly driven by the USD 138 million subordinated loans issuance in Odea Bank sold to third parties. In parallel, regulatory Tier 2 equity also increased by USD 113 million, following the approval of the Central Bank of Lebanon, granted in October 2015, to include 50% of the revaluation variance of fixed assets. The latter totally weighed out the decrease of USD 125 million, in additional Tier 1 capital (due to redemption of the series "E" preferred shares).

REGULATORY REQUIREMENTS – CENTRAL BANK OF LEBANON CIRCULAR NO. 44

31 December 2015 marked the end of the transitional arrangements set by the Central Bank of Lebanon in its amendments to Basic Circular No. 44 for minimum capital requirements. The minimum capital adequacy ratios as at 31 December 2015 stand at 8% for common equity Tier 1, 10% for Tier 1 capital, and 12% for total capital (Pillar I), including a capital conservation buffer of 2.5% which must be met with common equity Tier 1 (CETI).

Bank Audi's common equity Tier 1, Tier 2 and total capital adequacy ratios at a consolidated level moved from respectively 8.8%, 2.2% and 13.0% as at end-December 2014 (post-adjustment to the revaluation of real estate assets) to 8.7%, 3.1% and 13.4% respectively, which are above the above mentioned minimum BDL required ratios.

Whilst the increase in Tier 2 capital offset the decrease in additional Tier 1, the slight change in total capital adequacy ratio is mainly attributed to a limited increase in risk-weighted assets, from USD 24.4 billion at end-December 2014 to USD 25.0 billion at end-December 2015.

CAPITAL ADEQUACY RATIO AS PER BDL CIRCULAR 358 (USD MILLION)

	Dec-14	Dec-15	Change
Risk-weighted assets	24,366	25,049	683
o.w. Credit risk	22,137	22,617	479
o.w. Market risk	451	464	14
o.w. Operational risk	1,778	1,968	190
Tier 1 capital (including net profit less proposed dividends)	2,140	2,182	43
Common Tier 1 ratio	8.8%	8.7%	-0.1%
Additional Tier 1 ratio	2.1%	1.5%	-0.6%
Tier 1 ratio	10.8%	10.2%	-0.6%
Tier 2 ratio	2.2%	3.1%	1.0%
Total ratio	13.0%	13.4%	0.3%

REGULATORY REQUIREMENTS – BANKING CONTROL COMMISSION MEMORANDUM 283 ON ICAAP

In October 2015, the Banking Control Commission issued a memorandum requiring banks to conduct an Internal Capital Adequacy Assessment Process (ICAAP) on a yearly basis starting end-December 2015. The Bank views the ICAAP as an important internal initiative rather than just a regulatory one, by consistently calculating both regulatory and economic capital. This is reflected by how the ICAAP has become an integral part of Bank Audi's decision-making process and an essential tool used by Management and the Board for capital planning. The Internal Capital Adequacy Assessment Process report is prepared annually and is submitted to Senior Management, the Board Group Risk Committee, and the Board of Directors.

ICAAP also acts as an important exercise that drives the Bank to develop and better use risk measurement techniques. Bank Audi continues to build on the approaches used in previous ICAAP submissions to further develop and refine various risk methodologies and include more sensitive risk measures able to capture risk more adequately. In preparation for moving towards more advanced methods in the Basel framework, the Bank adopted the Foundation-IRB approach within the internal credit risk capital charges calculations for certain asset classes in order to better capture the quality and riskiness of the portfolios. Bank Audi also continued to improve the stress tests and scenario analyses prepared in the ICAAP and covering a variety of plausible scenarios of different severity levels.

The ICAAP is conducted for the Group on a consolidated basis and on an individual basis for material entities to ensure that standalone capital remains adequate.

5.0. | DIVIDEND POLICY

Since 1996, it has been the policy of the Bank's Board of Directors to recommend the distribution to holders of common shares of a dividend payment of at least 30% of after-tax profits for each year, subject to the approval of the Bank's shareholders and to the availability of distributable net income for the year, after payment of distributions to holders of preferred shares.

Pursuant to the Bank's by-laws and applicable Lebanese law, the Bank's annual net profits (which are payable from the Bank's standalone available-for-distribution net income) shall be distributed in the following order of priority:

- To the legal reserve, in amounts equivalent to 10% of the Bank's net profits after tax, to be transferred each year until such reserve reaches one third of the Bank's share capital. The legal reserve is distributable only upon the liquidation of the Bank. In 2015, the Bank and its subsidiaries transferred LBP 48,748 million to the legal reserve in accordance with applicable law;
- To the general banking risks reserve, pursuant to BDL's decision No. 7129, the Bank is required to set aside a minimum of 0.2% and a maximum of 0.3% of its risks-weighted assets as a reserve for unspecified banking risks, which forms an integral part of the Bank's Tier 1 capital. The aggregate of this reserve must be equivalent to 1.25% of risk-weighted assets within ten years from the date of Decision No. 7129 and 2.0% of risk-weighted assets. The Bank has already reached the regulatory 2% threshhold but will continue to book 0.2% of the applicable risk weighted assets in its banking risks reserves. In addition, the Bank is required to establish a special reserve for properties acquired in satisfaction of debts and not liquidated within the required delays;
- To the payment of dividends in respect of the series "F", "G" and "H" preferred shares (or any other series of preferred shares), as approved by the Ordinary General Assembly of the Bank's shareholders. In its meeting held on 19 March 2015, the Board of Directors of the Bank resolved to redeem and cancel the series "E" preferred shares. The Bank has confirmed that all conditions precedent to the redemption of the series "E" preferred shares were fulfilled;
- To the Bank's general or special reserve or profits carried forward; and
- To holders of the Bank's common shares.

The determination to pay any dividend in respect of the common shares, and the amounts thereof, will depend upon, among other things, the Bank's earnings, its financial condition and cash requirements, priority rights for distribution, government regulations and policies, and such other factors as may be deemed relevant by the Board of Directors and shareholders from time to time.

The common dividend distributions are made annually on the dates specified by the General Assembly. Under Lebanese law, dividends not claimed within five years of the date of payment become barred by statute of limitations. Half of these unclaimed dividends revert to the Bank, while the balance is paid over to the Lebanese government.

The table below highlights the dividends distribution practices at Bank Audi for the 2008 exercise till that of 2015. The Board of Directors, in its meeting held on 21 March 2016, resolved to recomend to the General Assembly expected to meet on 8 April 2016, the payment of dividends on preferred shares of respectively USD 6 and USD 6.5 respectively per "F","G" and "H" preferred shares, and a common dividend per share of LBP 603 (before the 5% withholding tax), the equivalent of USD 0.4 for the 2015 excersise. Total dividends paid for the exercise would then represent 45.3% of consolidated net earnings in 2015. On the basis of a share price of listed shares and GDRs of respectively USD 6.05 and USD 6.00 as at 30 December 2015, the dividend yield would reach 6.6% for listed shared and 6.7% for GDRs compared to banks' average dividend yields in the MENA, emerging markets and globally of 4.38%, 3.86% and 2.45% respectively as per Bank Audi's Research department.

CONSOLIDATED PAYOUT RATIO[1] (USD THOUSANDS)

	2009	2010	2011	2012	2013	2014	2015[2]
Common earnings	279,263	337,560	348,021	360,420	278,681	319,956	380,260
Dividends on common shares	120,466	138,422	139,776	139,420	139,900	159,701	159,900
Dividends per common shares (USD)	0.35	0.40	0.40	0.40	0.40	0.40	0.40
Payout ratio on common shares	43.1%	41.0%	40.2%	38.7%	50.2%	49.9%	42.1%
Dividends on preferred shares	9,687	14,687	17,188	23,188	25,875	30,375	22,875
Total dividends	130,153	153,109	156,964	162,608	165,775	190,076	182,775
Net earnings	288,950	352,247	365,208	383,608	304,556	350,331	403,135
Total payout ratio	45.0%	43.5%	43.0%	42.4%	54.4%	54.3%	45.3%

[1] Adjusted to the 10:1 stock split approved by the Extraordinary General Assembly held on 02/03/2010, and the Central Bank of Lebanon on 21/04/2010, and in effect since 24/05/2010.

[2] Proposed.

6.0. | RISK MANAGEMENT

6.1. | THE MAIN THEME FOR 2015

Sound risk management continued to be a top strategic priority at Bank Audi in 2015, and the year was characterised by a stronger integration of risk and finance management.

The efforts towards closer integration between Risk and Finance culminated this year in a joint forum organised in Turkey with the participation of CEOs, CROs and CFOs of all entities of the Group. The forum resulted in the endorsement by Senior Management of the Group and entities of the strategic plan common for Risk and Finance.
Bank Audi continued to strengthen its risk oversight in all areas by maintaining close portfolio monitoring, enhancing its stress testing methodologies, and further institutionalising the Bank's risk management framework.

The Bank continued to accompany the business' growth of the Turkish subsidiary, Odea Bank, to maintain the same high standards of risk management. With close monitoring of Odea Bank's loan portfolio, as well as the constant enhancement of its risk management framework and its alignment with that of the Group, the Bank ensured that the strategic expansion in Turkey was consistent with the Group's conservative risk appetite.

In Egypt, the Bank continued to expand its franchise while maintaining good asset quality.

As for the Lebanese operations, Bank Audi maintained its strong internal controls while persistently looking for ways to enhance risk management practices. The Bank focused on further expanding the retail portfolio, and on preserving its good corporate and SME asset quality by reinforcing existing relationships, while ensuring optimal risk-reward balance.

Bank Audi continues to provide risk management coverage for the Private Banking business line, both in Lebanon and overseas, and ensures that this activity is managed and conducted within the overall risk appetite framework of the Group. The underlying business maintains a strong franchise and reputation within its target markets.

6.2. | INTEGRATING RISK AND FINANCE MANAGEMENT

In 2015, Bank Audi continued to improve and harmonise its risk and finance management infrastructure and processes, in line with its commitment to constantly protect the interest of its stakeholders and ensure optimal risk and reward, in line with the Bank's risk appetite.

RISK APPETITE

Bank Audi initiated, during 2015, a project to revamp its existing risk appetite framework based on a top-down approach whereby risk appetite is directly connected to the Bank's strategy.

The new risk appetite framework is set to include both qualitative statements and quantitative indicators, along four interrelated dimensions: solvency, profitability, liquidity and franchise value. This new framework will allow Senior Management and the Board to ensure that all material risks resulting from the Bank's strategy are properly and easily monitored and controlled. The Bank will continue to use the existing bottom-up framework to monitor risks at the most granular levels. Once defined at the Group level, the new risk appetite framework will be cascaded down to legal entities and business lines.

INTEGRATED MIS

During 2015, Bank Audi maintained its efforts towards integrating its risk and finance system to ensure one sole source of information for accurate, uniform and timely decision-making. The Bank went forward with the implementation of the Integrated Finance and Risk Management System (IFRMS) for Bank Audi's three major entities in Lebanon, Egypt and Turkey.
In 2015, Bank Audi Lebanon reached Phase II of the project which includes implementing analytical applications for Asset Liability Management (ALM), as well as Profitability and Funds Transfer Pricing (FTP), and which is expected to go live by mid-2016.

STRESS TESTING

Bank Audi continued to improve and upgrade its stress testing methodology. Stress testing is used by Bank Audi to measure the Bank's vulnerability to severe and plausible events.
Bank Audi has formalised stress testing within a Board of Director-approved document and conducts regular stress testing for material risks to which it is exposed and resulting from both on and off-balance sheet transactions.
The selection of stress testing scenarios is the result of the discussion between Group Risk, Group Finance and business lines, in consultation with the Group Research department. The results are reported to the Group Executive Committee, the Board Group Risk Committee, and the Board of Directors, depending on the materiality and relevance of the stress test at hand.
Stress tests are forward-looking and incorporate Bank Audi's business plan. Sets of Management actions are designed in response to different stress test scenarios to ensure that the risk profile remains within regulatory and internal limits.

UNIFIED PROFITABILITY AND RAROC

To ensure proper risk and rewards, Bank Audi has developed a framework that enables Management to make better-informed business decisions. This framework, which includes tools and methodologies such as Funds Transfer Pricing (FTP), cost allocation and RAROC models, allows Management to calculate performance levels at business activity, product line, customer and facility level, relative to capital consumed.

PROVISIONS: IFRS9 IMPAIRMENT

The Banking Control Commission of Lebanon (BCC) issued, on 13 August 2015, a memo on the application of the IFRS 9 standard by Lebanese banks, whereby it requested that banks start preparing for the implementation of this standard which will become fully effective at a consolidated basis starting 1 January 2018.
Bank Audi has already formed working groups across entities and has drawn a roadmap for implementation. The Bank sees the adoption of this standard as an important initiative as it will allow the alignment of provisions requirements with risk management practices, unification of provisioning approaches between Risk and Finance, as well as the adoption of a common provisioning methodology across all entities of the Group, while taking into account local regulatory requirements.
In support of the IFRS9 initiative, Bank Audi further enhanced its risk rating system for corporate, commercial and retail portfolios, devising new risk rating models such as the Individual Risk Rating model and a risk rating model for the SME portfolio in Odea Bank.

ICAAP

During 2015, the Internal Capital Adequacy Assessment Process (ICAAP) was further integrated in the budgeting and capital planning process, and institutionalised stress testing as part of this process. ICAAP, which is performed on a yearly basis, complements Pillar 1 regulatory capital calculations and allows Management and the Board of Directors to assess the capital adequacy of the Group by taking into account all material risks that the Bank is facing under normal, but also severe, stress scenarios. It also enables the use and reporting of economic capital which reflects the Bank's own views of capital requirements.

DATA GOVERNANCE

Along with the implementation of the Integrated Finance and Risk Management System (IFRMS) solution, a data governance initiative was launched to ensure data quality, accuracy, consistency and completeness across all entities of the Group.
In this regard, a data governance team was formed to formulate a data governance strategy for the Group, as well as a data governance operating model, and data governance organisation, policies and technological principles.

6.3. | PRIORITIES FOR 2016

The Bank, in its continuous effort to be the leader in risk management, is always looking for ways to improve its risk management framework. Priorities for 2016 are as follows:

- Achieve progress in IFRS 9 implementation and continue to enhance the scope and accuracy of the credit rating system.
- Expand scope of IFRMS to include other group entities.
- Ensure optimal capital allocation.
- Widen the scope of utilisation of the return on capital measures to include more businesses and entities to ensure proper risk-reward balance.
- Continuously improve data quality.
- Maintain and strengthen the Group's Risk culture.
- Continue to enhance the Bank's stress testing framework.
- Move towards further standardisation of risk management processes across the Group.
- Increase integration of capital planning and risk management.
- Constantly reinforce the Bank's security posture, increase the efficiency of the business continuity plan, and keep it abreast of upcoming changes.

6.4. | CREDIT RISK

CORPORATE CREDIT RISK

Total consolidated loan portfolio of the Group increased between December 2014 and December 2015 from USD 17.6 billion to USD 18.4 billion (i.e. a growth of 4.5%). This increase was mainly due to the growth noted in the loan portfolios of Bank Audi Lebanon and Bank Audi (Egypt), at a rate of 10% and 32% respectively, which was partially offset by a decrease in the portfolios of Odea Bank and Bank Audi - Jordan Branches portfolios (calculated in foreign currency terms) at a rate of 3.3% and 13.2%, respectively.

Asset quality on the whole remains healthy, with all key related risk indicators falling broadly within their respective internal risk limits.

A decrease in Gross NPL to gross loans ratio was noted from 3.05% as of end 2014 to 2.94% in December 2015. Specific provision coverage ratio remains adequate, despite decreasing from 71% at end-December 2014 down to 68% at end-December 2015. This small drop was mainly due to NPL write-offs performed mostly in the second half of 2015 at various group entities.

On the whole, the Group's consolidated loan portfolio continues to exhibit a satisfactory profile as asset quality metrics remain sound.

CROSS BORDER COUNTRY RISK

Country risk credit exposure is mainly concentrated in the markets where Bank Audi holds material local operations, i.e. Lebanon, Turkey, Egypt and Jordan. Bank Audi also places part of its foreign currency liquidity with banks, mainly in G10 and highly rated GCC countries. This generates additional cross border exposure.

Outside the above markets, there is a limited amount of cross border credit exposure captured as part of transactions conducted by a number of Group Audi clients. Such exposures are not normally significant and are in general spread across several countries. Exposures in countries that are considered high risk (sub-investment grade) are not material (USD 802 million) and represent manageable size as percentage of shareholders' equity of the Group (USD 3.2 billion). Note that this exposure is diversified (see below), and hence, would be relatively easy to absorb in a major stress scenario in one or several countries (collateral that may be held in different countries, hence providing country risk mitigating factors, are not included in the figures).

The table below shows the breakdown of cross border credit exposure by region/market of operation of Bank Audi:

BREAKDOWN OF CROSS BORDER CREDIT EXPOSURE BY REGION/MARKET OF OPERATION (USD MILLION)

	Exposure
G10 (mainly USA, UK, Germany and France)	2,034
GCC (mainly KSA and UAE)	1,089
Markets with significant local presence for Bank Audi (Lebanon, Egypt, Turkey and Jordan)	1,592
Other investment grade rated countries	316
Non-investment grade countries	802
Total	5,835

The above table shows the well diversified portfolio of cross border exposure with highly rated countries (G10, GCC and Investment grade), and countries of strategic importance for Group Audi representing the bulk of the exposure (over 85%). The cross border exposure to non-investment grade countries with no material presence for Bank Audi (USD 802 million) is itself well diversified, with single largest country exposure (excluding collateral that may be held in different countries) standing at USD 107 million and the next largest market standing at USD 61 million.

RETAIL CREDIT RISK

The development and implementation of multiple underwriting scorecards in several geographies has transitioned Bank Audi's credit decision platforms to more reliable and consistent ones. The predictability of retail credit portfolios' performance has and will enable businesses to proactively manage risk and capitalise on business opportunities.

As more scorecards are being developed and rolled out across all countries, emphasis continues to be placed on data capturing and governance. Bank Audi has initiated a data governance framework project to ensure that secure, comprehensive and consistently accurate data is captured and maintained at all times. Tools for quick dissemination and access to data by decision makers are being deployed throughout 2016 in multiple entities and at group level for faster and better informed credit decisions.

Parallel to the enhancement of the underwriting mechanisms, portfolio management and oversight remain at the core of the retail risk activities. Group Retail Risk, along with Group Retail, have conducted portfolio reviews for all Bank Audi entities and will maintain the same rigour in 2016. Portfolios' performance reviews provide the entities with objective views, with the purpose of balancing risk and reward.

In addition to the underwriting, data governance, analytics process upgrades, and portfolio reviews, the Bank has started a review of its impairment policy in 2015. Various policies and methodologies are being developed, tested and simulated for IFRS9 compliance. A final policy is expected to be in place in 2016, for implementation in 2017.

6.5. | OPERATIONAL RISK

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. Operational risk exists in all activities and can materialise in various ways such as errors, frauds or business interruptions that can result in direct and indirect lost income, such as reputational damage.

At Bank Audi, the primary responsibility for the Management of operational risk resides in the business. To monitor and control operational risk so as to maintain it within Board-approved risk tolerances, operational risks are assessed on a regular basis by evaluating the effectiveness of the control design against risk scenarios mapped to internal risk registries and implementing corrective actions where needed.

These internal risk registries are mapped to seven standardised categories used for reporting to Management and to the Board of Directors: internal and external fraud, employment practices and workplace safety, clients, products and business practices, damage to physical assets, business disruption and system failures, and execution, delivery and process management. In addition, a system of incident reporting and a set of risk indicators together help confront ex-ante risk assessments to reality and improve controls before a situation develops into lost income exceeding tolerances. In recent years, most of Bank Audi's operational losses have been caused by external fraud.

The Bank has rolled out a special purpose operational risk management tool which allows users to log risk assessments, key risk indicators, incidents, action plans, and follow up on their resolution. This tool is designed to ensure a more efficient group-wide implementation of the operational risk policy. As an additional layer of mitigation against operational events, the Bank purchases comprehensive insurance coverage from highly-rated reinsurers. This coverage is purchased wherever economically feasible, and includes coverage against certain types of fraud and political violence, strikes, riots and terrorism in some countries that experienced unrest. Notwithstanding its efforts to control operational risks, Bank Audi does incur operational losses, in particular as the sum of losses incurred below the insurance deductible, losses that are neither insured nor so predictable as to be priced, as well as setbacks to budgeted revenue (lost income). When these happen, they are escalated to the relevant Manager or Management committee, and followed up for possible recoveries and process improvements. The Bank applies the basic indicator approach for the calculation of its capital charge for operational risk, while complying with the qualifying standards of Basel II's standardised approach (Paragraph 663 of the Basel II Capital Accord). Finally, the operational risk framework is audited yearly, as per regulatory requirements and standard industry practice.

BUSINESS CONTINUITY AND INFORMATION SECURITY RISK

Bank Audi is constantly committed to protect the interest of its stakeholders and to maintain a high quality of service to its customers with minimum disruption. Several initiatives were implemented during the past year to enhance the Bank's Information Security posture and to improve crisis management and handling of security incidents. Several initiatives were also implemented to ensure the continuity of business operations.

INFORMATION SECURITY

The Bank is adopting a proactive risk management approach to protect its information assets, prevent data loss, reduce its vulnerability to cyber attacks, and improve the security of its systems and network services. Accordingly, a risk assessment was conducted during the past year to identify threats and vulnerabilities to information assets, and appropriate measures were implemented to reduce identified risks to an acceptable level. Necessary measures are also taken on a continuous basis to raise the awareness level of staff, enhance the governance framework, and improve the monitoring of critical activities, as well as the effectiveness of Information security controls.

BUSINESS CONTINUITY

The Bank has established a world-class business continuity site, along with a disaster recovery site that was awarded the Tier 4 - Fault Tolerant Certification of Design Documents and Constructed Facility. A Business Continuity Plan (BCP) was developed and implemented to counteract interruptions to business activities and to protect critical business processes from the effects of major failures of information systems or disasters, and to ensure their timely resumption. This plan is updated on an annual basis and upon major changes. Several tests were conducted during the past year to evaluate the effectiveness of the Bank's Business Continuity readiness. In addition, the Bank is updating the evacuation procedures and conducting fire drills for its headquarters' facilities on regular basis to ensure the safety of its personnel.

6.6. | LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances.

Liquidity risk can manifest in the following two forms:

- Funding liquidity risk is the risk that the Bank's financial condition is adversely affected as a result of its inability to meet both expected and unexpected current and future cash flow and collateral needs in a timely and cost efficient manner.

- Market liquidity risk is the risk that the Bank cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption ultimately leading to loss.

The Bank addresses these risks in two distinct environments:

1. Normal conditions where the Bank must satisfy daily liquidity needs (flows) and the liquidity risk associated with those needs (e.g. in conjunction with expanding product or business mix, settlement, deposit/loan growth, etc.).
2. Stressed conditions where the Bank is facing liquidity strains due to idiosyncratic or systemic conditions, and may invoke the Contingency Funding Plan (CFP) as a result.

LIQUIDITY ADEQUACY

Management considers the Bank's liquidity position to be strong, based on its liquidity metrics as of 31 December 2014, and believes that the Bank's funding capacity is sufficient to meet its on and off-balance sheet obligations.

The Bank's funding strategy is intended to ensure sufficient liquidity and diversity of funding sources to meet actual and contingent liabilities through both normal and stress periods.

The Bank continues to source funds by relying on a stable customer deposit base constituting 84% of its funding (liabilities + equity), which was USD 35.8 billion at 31 December 2015, stable since last year. The Bank maintains its franchise in Retail and Individual Banking at 70% of deposits, while about 29% are Corporate/SME. The large Retail and Individual Banking base highlights the Bank's reliance on sources of funding that are considered to be the most stable, evidenced by their treatment under the Basel III liquidity standards, as part of the Liquidity Coverage Ratio (LCR). Local rules in Lebanon have not been published yet for the LCR, but the Bank's internal continued assessment of the LCR reveals healthy levels above the final target of 100%, to be adhered to starting 2019.

The Bank's consolidated short-term liquidity ratios (defined as current accounts and maturing placements with central banks plus banks and financial institutions relative to maturing deposits over 1 month and 3-month horizons) are at healthy levels. For example, the 1-month ratio is 21.4%.

The Bank maintains pools of liquid unencumbered securities and short-term placements with highly rated bank counterparts or the central bank in the relevant jurisdiction, and engages in short-term reverse repo agreements whose underlying securities' risk-weighing is equal or better than the sovereigns where the liquidity risk is being taken. The Bank also actively monitors the availability of funding across various geographic regions and in various currencies. Its ability to generate funding from a range of sources in a variety of geographic locations and in a range of tenors is intended to enhance financial flexibility and limit funding concentration risk. However, the ability to transfer cash/liquid assets between entities is given thorough consideration. As mentioned later under Liquidity Management, the Bank's liquidity management strategy promotes self-sufficiency of legal entities, most especially across borders.

The Bank monitors daily its liquidity position in new markets. Its fund-raising ability in Turkey has been tested and found reliable in several instances during unsettled periods.

GOVERNANCE

The Bank's governance process is designed to ensure that its liquidity position remains strong at both entity and parent levels. The Asset-Liability Committee (ALCO) formulates and oversees execution of the Bank's liquidity policy at the level of each entity (which essentially lays down the Bank's liquidity management strategy). The liquidity risk policy for identifying, measuring, monitoring and reporting of liquidity risk, and the contingency funding plan are recommended by Risk Management, reviewed by ALCO, approved by the Executive Committee and finally ratified by the Board of Directors. Measurement, monitoring and reporting are performed for the most part by either Treasury or Risk Management, each of which inform and may escalate to ALCO based on key risk indicators and both regulatory and internal limits.

Treasury is responsible for executing the Bank's liquidity policy and maintaining its liquidity risk profile according to ALCO directives, all within the risk appetite set by the Board of Directors.

The parent bank's Treasury and Capital Markets division communicates with entity Treasury departments to ensure adequate liquidity conditions at the group level.

LIQUIDITY MONITORING AND RISK APPETITE

Monitoring and setting of risk appetite for liquidity occur independently for each entity. Given the Bank's operating environment, the Bank monitors liquidity adequacy in each currency separately, especially for significant currency positions.

The Bank employs a variety of metrics to monitor and manage liquidity. One set of analyses used by the Bank relates to the timing of liquidity sources versus liquidity uses (e.g. liquidity gap analysis). A second set of analyses focuses on ratios of funding and liquid assets/collateral (e.g. measurements of the Bank's reliance on short-term unsecured funding as a percentage of total liabilities, as well as analyses of the relationship of short-term unsecured funding to highly-liquid assets, the loans-to-deposits ratio and other balance sheet measures). The Bank also uses methods like Basel's liquidity coverage ratio to measure and monitor liquidity under different conditions, which is not confined to the regulatory weighting, but reflects Management's own view under different scenarios in the relevant jurisdiction.

The Bank performs liquidity stress tests as part of its liquidity monitoring. The purpose is to ensure sufficient liquidity for it under both idiosyncratic and systemic market stress conditions. They are produced for the parent and major bank subsidiaries.

LIQUIDITY MANAGEMENT

Liquidity management at the parent level takes into account regulatory restrictions that limit the extent to which bank subsidiaries may extend credit to the parent and vice-versa, and to other non-bank subsidiaries. The Bank's liquidity management strategy promotes self-sufficiency of legal entities, most especially across borders.

Although considered as a source of available liquidity, the Bank does not view borrowing capacity at central bank discount windows in the jurisdictions it operates in as a primary source of funding, but rather as a secondary one. In addition, the Bank holds high-quality, marketable securities available to raise liquidity, such as corporate and sovereign debt securities.

6.7. | MARKET RISK MANAGEMENT

Market risk is defined as the potential loss in both on and off-balance sheet positions resulting from movements in market risk factors, such as foreign exchange rates, interest rates and equity prices.

The Bank maintains low appetite to market risk stemming from changes in equity prices and foreign exchange rates. However, operations in Turkey open revenue-generating opportunities from trading activities in FX and interest rates which the Bank is willing to make use of.

The Bank's main exposure to changes in FX rates at year-end 2015 stems mainly from its structural FX positions resulting from its equity investments in banking subsidiaries in currencies that cannot be hedged against, except for the Turkish Lira where derivatives can be used.

IRRBB

Interest rate risk in the banking book arises out of the Bank's interest-sensitive asset, liability and derivative positions. The mismatch in the repricing dates of these positions creates interest rate risk for the Bank, which is inherent in its banking activities.

The sensitivity of net interest income for major currencies is listed below at the consolidated group level:

INTEREST RATE SENSITIVITY - 2015 (LBP MILLION)

Currency	Change (Basis Points)	Increase	Decrease
EUR	± 25	-6,029	6,029
USD	± 50	2,419	-2,419
LBP	±100	-2,980	2,980

It is important to note that interest rates on assets do not change in tandem with liability rates. The stickiness of customer deposit rates in Lebanon, an observed phenomenon in the Lebanese market, has been incorporated in the above table. It has been quantified for the Lebanese USD customer deposit market, whereby a relationship between changes in deposit rates has proven statistically reliable and reflects historical behaviour. For LBP, the estimated relationship is based on relatively recent history, which Management believes is more relevant in the current economic environment. The relationship, along with Senior Management's view of current market dynamics, are incorporated for customers' deposits in Lebanese entities only, whereas other entities are calculated on purely contractual terms. It is worth noting that the relationship also incorporates the lag in the response of deposit rate changes to changes in market rates. These relationships are reviewed annually to ensure they still hold.

The interest rate risk profile of the Bank is within acceptable bounds. The impact of a fall in USD rates (50 bps), as indicated above, constitutes less than 1% of net interest income for the Group. In LBP, the stated rate (100 bps) increase takes away less than 1% of net interest income as well.

Using the same method above, a shock of +3% on TRY interest rate sensitive positions affects net interest income by nearly -5.5% of annual net interest income from a purely contractual perspective. On a separate note, the Turkish regulator imposes a limit for 5% and 2% shocks on TRY and FX interest sensitive balance sheets of banks in Turkey respectively, to assess the change in the economic value of equity relative to capital. The Bank's end-of-year 2015 position was within the limit of 20%.

7.0. | DEPLOYED RESOURCES

7.1. | OPERATIONS

In 2015, the Bank continued to make progress in its transformation plan whose aim is to implement an operational model based on industrialisation and digitisation of business operations, with the core objective of enhancing customer experience and operations efficiency. To support this change process, the Bank launched, in March 2015, a bank-wide communication initiative called "Audi Upgrade" reaching to all stakeholders, branches and head office through the intranet and a periodical newsletter. Below is a list of achievements completed throughout 2015 in Lebanon under the umbrella of the "Audi Upgrade" initiative.

REACHING OUT TO CUSTOMERS

The Bank continued its channel expansion strategy to reach out to customers through the following:

- Opening New Branches with an Innovative Model: two new branches – Neighbourhood and Lounge – were opened. These branches are designed to improve customer relationships and business development, and to improve servicing through an advanced self-service area.
- Strengthening the Bank's Electronic Services through the deployment of new electronic branches and the roll-out of Interactive Teller Machines enabling the customers to do all counter transactions through video banking and after hours.
- Rebranding Branches: the Bank rebranded its branches' exterior and interior architecture to provide a better customer experience and journey.

Our alternative delivery channel (ADC) offering is key for operational efficiency and customer satisfaction. During 2015, a large number of transactions shifted from counter to digital channels, surpassing the number of transactions at the counter for the first time.

IMPROVING PERFORMANCE

New Monthly Automated Incentive Model Linked to KPIs: following the successful roll-out of the improved performance management system in branches in 2014, the Bank continued this project in 2015 by providing the staff with a visibility on their monthly incentive, directly linked to individual and team KPIs. This model ties KPIs to the Bank's strategy.
KPIs and Collaboration Tools in the Head Office: the Bank rolled out KPIs and collaboration tools in back office departments, such as Consumer Lending and Central Operations. To enhance communication and performance, whiteboard performance meetings were introduced, boosting results through clear objectives, tactical plans and a continuous improvement culture.

Staff Relocation/Regrouping in Bab Idriss Head Office: to ease communication between head office employees and enable efficient collaboration, the Bank relocated the employees that were operating from Ashrafieh to a new building near Bank Audi Plaza, the M1 Building in Bab Idriss – downtown Beirut. Six floors were fully equipped to welcome the workforce, while providing room for growth.

DIGITISATION AND OPERATIONS EFFICIENCY

Technology transformation is a strategic priority for Bank Audi. During 2015, the Bank launched new technology projects to complement what was started 3 years ago.
Core Banking System: during 2015, the Bank launched a key project to deploy a new, state-of-the-art core banking solution that will enable it to improve its operations' customer-centricity and reporting. This is a long-term project that will be deployed over the coming years.
Business Process Management: to enhance turnaround time, process efficiency, and internal control and reporting through automation, the Bank launched a project to implement a business process management tool that will eventually cover most of the Bank processes. It also continued to work on the Document Management System (DMS) solution roll-out to cover all the Bank's departments and move closer to a paperless environment.
Omni-channel: during 2015, the Bank initiated the development of a true Omni Channel Model through the inception of a set of new projects involving mobile banking and a contact centre that will facilitate customers' relations with the Bank anytime and anywhere.

DATA ANALYTICS AND CUSTOMER-CENTRICITY

The Bank is still working on growing its data analytics capabilities, and tools were incorporated to provide customers with insight and control. In that line, several analytical models producing real time dashboards and views were developed and implemented in 2015, namely, a Customer 360 View dashboard, AML-enhanced Due Diligence analytical reports providing key highlights on customers in few seconds, Consumer Lending Risk and Fraud Monitoring improving risk lending criteria, and identifying early warning signs of possible fraudulent actions, in addition to enhanced capabilities and monitoring through real time dashboards at the level of central and group departments

CUSTOMER CARE AND TRANSPARENCY

Transparency Initiative: in line with BDL's initiative to promote transparency and fair treatment of customers, Bank Audi engaged in a multi-discipline project to align with the requirements set in the related circulars. A Transparency unit was created to promote and control transparency throughout the institution.
Trainings for all front liners were provided to increase awareness and promote transparent dealing and suitability, as well as new processes (complaints handling, documentation, etc.).
Customer Satisfaction: in addition, "Happy or Not" machines are now installed in most of our branches, and the Bank continued engaging customers through phone surveys whose results showcase a 10% improvement year on year. These initiatives reflect Bank Audi's commitment to continuously improve customer retention through the quality of service. As for the complaint management process, complaint boxes were placed in all branches, in addition to the online complaint channel. All complaints were followed up on and solved by Bank Audi.

INTERNAL CONTROL AND COMPLIANCE

Deployment of Compliance Officer: in line with the request of the Central Bank of the Banking Control Commission to have dedicated compliance officers in each branch and to improve AML/CFT compliance control, the Bank deployed this function in every branch with a key objective to ensure its adherence to compliance requirements. Moreover, a Regional Compliance Manager function was created to monitor the work of compliance officers and of branches, with a focus on AML/CFT compliance and internal controls.

7.2. | INFORMATION TECHNOLOGY

In 2015, Bank Audi's IT continued the implementation of multiple transformational business projects across many of its affiliates.

In Lebanon, Phase 2 of the new Enterprise Resource Planning system went live, namely the Asset Liability Management System and Human Resources Management System, while work is still in progress on subsequent phases of this project, covering risk management and profitability management systems. Eventually, this system will be the central information control portal for the Bank, and will play an intrinsic role in the strategic business decision making process.

In addition, analysis, selection and high-level design have been completed – and the implementation work initiated – on several strategic projects: Core Banking replacement, new Omni-channel banking platform, new automated Business Process Management system, and a new Customer Relationship Management system. When operational, these systems will redefine the way the Bank produces and delivers state-of-the-art services to its customers.

In Egypt, a new online banking solution was made available to all the Bank's customers, which allows for the serving of the customers efficiently by catering to the needs of the growing number of technology-aware customers through capabilities that significantly improve their online experience.

Furthermore, Bank Audi Egypt has joined other entities in using Murex for its trading activities and management of its Foreign Exchange position, liquidity and credit risk in real time. Phase 1 of this project, covering foreign exchange and money markets (with limit checks and credit risk management), went live in 2015; Phase 2 has been initiated and is expected to cover Capital Markets, securities, FX options and interest rate swap modules.
Work is also underway on replacing the Core Banking system and implementing a new Enterprise Resource Planning system covering financial management, central bank regulatory reporting, and asset and procurement management.

In all entities, new systems are being deployed while leveraging Bank Audi IT's strategy of service-based architecture, with the Enterprise Service Bus being at the core of the environment, orchestrating and integrating the different components together.

From the technology side, Bank Audi's IT is achieving additional milestones across several entities, in its strategic journey towards IT-as-a-service, whereby all components of the IT services stack – compute, networking, storage, security, data, and application logic – are provisioned, operated, and managed through software and automation, and delivered as a service. This will allow the Bank to provide fast, reliable and secure services to its customers, while driving IT costs down. Bank Audi has also adopted the latest software development methodologies (namely DevOps) that emphasise flexibility, agility and fast time-to-market, while ensuring quality and security. For that reason, a new IT organisational structure was put in place to ensure the support of the new method of producing and serving.

Lastly, Bank Audi IT has dedicated sizable efforts and resources in 2015 to research and develop the latest trends of technology, the future of banking, and the means to implement those findings in existing and potential new entities.

7.3. | HUMAN RESOURCES

HR DEVELOPMENTS

The year 2015 can by far be described as the year of change since it marked the achievement of several milestones and projects related to organisational development, recruitment and selection, relationship management, and training and development.

Bank Audi has always been a pioneer in constantly exploring the newest trends on international markets and carefully selecting those that will drive the business into an even better future, setting high standards for other institutions in the banking sector to follow. The Bank's profound interest in acquiring and implementing the latest technologies within its different operational levels has become a second nature. Technology is at the core of its various functions and the Human Resources (HR) department is not excluded.

Driven by the same spirit, the HR department took a big leap forward in the information and communication technologies and held its own in the overall Audi Upgrade culture: the Human Resources Management System (HRMS) was set for launching beginning 2016. The shift from previously used systems – PeopleSoft and Logos – to a one unified system was neither simple nor easy. Considerable effort was deployed from different parties involved in order to meet the set deadline.

The new system will transform the way HR and employees interact on a daily basis: as major component of e-Business Suite directly linked to the finance system, the adoption of HRMS aimed at ensuring greater efficiency in service delivery through the implementation of several modules. HRMS will lead the HR team and the business into a paperless environment and a new era where HR data has an immense and direct impact on the Bank's systems.

A full-fledged supporting operation was set in motion to guarantee smooth and successful go-Live: (1) user manuals were developed; (2) a detailed launch campaign was planned in coordination with the Marketing and Communications team; and (3) introductory presentations were carefully prepared for both Senior Management and employees. HR processes and procedures were completely reengineered to incorporate the changes brought about by HRMS.

On another note, HR has always believed in the importance of revolutionising the selection methodologies used and offering both internal and external candidates a chance to grow within the Bank. For that, the "Branch Management Program", a selective developmental program providing qualified employees with equal opportunity to assume managerial positions within branches, was designed and launched to identify, train and develop future branch managers and assistant branch managers through exposure to an intensive learning environment.

Throughout 2015, the Recruitment and Selection (R&S) team was able to successfully hire over 280 new employees in Lebanon within the branch network and head office departments. Same as every year, R&S also participated in job fairs, locally and internationally, with the aim to connect with graduating students and attract potential talent for various positions.

In order to obtain a fresh view on the HR's applied methodologies, the "New Recruit Survey" and "One-Year Employment Survey" were designed and launched. Results allowed the HR team to identify and tackle areas for improvement, notably in the on-boarding, training and employee relations fields.

Honoring Civic Role as one of Bank Audi's core value and adhering to all that it entails, the Bank, through its HR team continued playing a role in its commitment to social and cultural environment by further developing the "Student Internship Program" in the aim of offering selected interns the opportunity to learn within the assigned departments/branches, in addition to acquiring soft skills through weekly trainings offered at the head office. As such, 474 university students were able to live an internal banking experience during 2015.

Bank Audi's perpetual dedication to its human capital can be sensed in its strong belief in offering employees diversified learning opportunities throughout their careers, which allow them to grow and move upwards and/or laterally within the organisation. This has set the Bank apart, time and time again, from its peers. In fact, investments – monetary and/or in working hours – continued to be hugely placed to ensure that the Bank's employees remain up-to-date with global market trends related to their fields, while developing their soft skills.

As such, Bank Audi delivered over 115,000 training hours and 280,000 on-the-job training hours during 2015. These aimed at upgrading the human capital's technical and behavioural skills for enhanced individual and organisational performance, benefiting both new recruits and existing employees.

Training activities were mainly centered on academy courses, as well as managerial and behavioural trainings:

Within the context of the Training Academy, more than 230 sessions covering specialised technical/behavioural courses were offered to approximately 950 registered employees, allowing them to advance in their careers.

Moreover, the Risk Training Program under the Risk Academy offered over 250 head office employees the opportunity to participate in a series of internal courses aimed at strengthening awareness of risk management, fostering the Bank's risk culture, and providing a common and consistent learning approach to risk issues.

As a result of the strategic partnership created with the American University of Beirut, the first cohort of 20 participants graduated from the "Advanced Management Program" (AMP). The program, also initiated during 2015, saw a group of potential participants go through an intensive assessment program with the aim to select the second cohort of employees.

With compliance being an important subject that the Bank is constantly foscusing on, it is worth mentioning that, in addition to the regular compliance trainings delivered to employees, the Compliance Forum was created and attended by Top and Senior Management, and brought together 140 branch managers, assistant branch managers, regional managers, as well as concered head office Managers, to raise awareness on compliance issues, locally and regionally. Bank Audi's prominent figures gave some opening remarks and interactions to draw the audience's attention on the importance of compliance at the Bank, depicting the many risks and drawbacks of non-compliance.

Moreover, Group Risk Management and Group Finance teams conducted a joint offsite in Turkey to which all heads of countries and of departments were invited to discuss various in common strategic projects, with the objective to draw a roadmap for the year ahead.

Supporting and encouraging employees' continuous education remains a high priority for the Bank. In the year 2015, Bank Audi sponsored over 50 employees to further pursue their education in both local top-tiered universities and international ones such as Harvard Business School, INSEAD, IMD Business School, Instituto Empresa in Spain, and SOAS University of London.

In addition, "Enrich" sessions were re-launched and employee wellness schemes were enhanced to tap into new areas, aiming at relieving employees from work-related stress and encouraging them to maintain a good work-life balance. The Bank's leisure clubs continued to promote a variety of activities covering different employee interests.

The year 2015 brought change and transformation at the Bank's operational level as well. The branch network was revamped and 7 additional regional managers were appointed. This led the way for an optimised provision of service to clients, while opening development and growth opportunities for employees.

As part of the Bank's commitment to transparency and removing subjectivity from the incentive scheme, while taking into consideration sound and effective risk management, a new branch incentive model was designed. Variable compensation became directly linked to the branch's carefully identified financial and qualitative key performance indicators, as well as to individual targets defined for branch employees. The new incentive model is calculated and viewed by employees on a monthly basis.

The Relationship Management team continued to provide support to stakeholders in branches and head office departments through field visits and follow-ups. A total of 300 promotions and 500 transfers took place throughout 2015.

As part of HR's belief in transparent communication, the HR team continued delivering "Ask your HR" sessions to network and branch managers, for the second consecutive year, with the aim to listen to branch employees' concerns while discussing the latest HR goals and current projects, and assessing solutions, exploring needs and disclosing future action plans.

In addition, throughout the year 2015, HR kept on providing the needed support and assistance in the implementation of the New Branch Operating Model project within branches in different regions.

Since the Bank fully recognises the importance of constantly being prepared, 2015 was characterised by the design of the Bank's Succession Planning Process and Model (SP) which was successfully implemented on a list of identified key positions. The objectives of SP are to: (1) plan strategically for the future; (2) identify risk ke positions where no immediate or potential successors exist; (3) increase the availability of experienced and capable employees; (4) have in place contingencies that will help the Bank stay afloat if, in fact, immediate vacancies in key positions occur; and (5) comply with local regulations.

The Bank's human capital remains the focal point around which the Human Resources department evolves with the aim to continuously offer the latest services for a better working experience.

8.0. | INVESTOR RELATIONS

8.1. | INVESTOR RELATIONS ACTIVITY IN 2015

Bank Audi endeavours to provide institutional and individual investors, rating agencies, analysts, media and financial markets authorities with systematic and symmetric information on timely and regular basis, in accordance with best market practices. The Investor Relations function aims to develop and sustain the Bank's relationship with all stakeholders and investment community through bilateral communication and sharing the Group's strategy, operating environment, major events and financial results, as well as any data deemed necessary to deliver complete information in an efficient and effective manner that will address their concerns.

The ongoing political turmoil within the Middle East and North Africa region, coupled with the emerging market sell-off by investors, have reduced the investor relations activity in 2015 where it weighed down the number of equity conferences hosted within the region.

During 2015, Bank Audi participated in 5 equity conferences, fulfilling 71 meetings with 56 institutional investment companies represented by 75 fund managers based principally in the United States, the United Kingdom, the MENA region and Turkey. Many of these investor relations meetings involved members of the Group Executive Committee and Senior Executives from key subsidiaries, providing the audience with transparent and prompt information relevant to the Bank's activities. In addition, many of the sell-side and buy side communities were constantly updated through mass mails dispatched on regular basis, with the Bank's quarterly earnings releases and related corporate actions, as well as through constant updates of the Investor Relation webpage (including the Investor Relation presentation).

In the first quarter of 2016, the Bank launched the Investor Relations application that will allow the investment community to stay informed on the latest information relative to the Bank, its shares, key milestones and events through their smart phones and tablets. Furthermore, Bank Audi's IR application provides users with important information, such as daily share prices and calculator, annual reports, key figures and ratios, press releases, IR presentations and an IR calendar. The application is available on Apple Store and Google Play. Within that scope, Management remains committed to investing in new strategic initiatives and implementing best practices that will support the investment community in understanding the Bank's activities and assessing it.

While somehow underscoring the limited equity institutional investors' appetite prevailing in 2015 as a result of global and regional woes, Bank Audi's investor relations activity in 2015 only reflects an extension of the Bank's long standing track record since 1995. The table below illustrates Bank Audi's participation, since 2005, in equity conferences, highlighting Management's commitment to Investor Relations:

PARTICIPATION IN EQUITY CONFERENCES/NON-DEAL ROADSHOWS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total	Yearly avg.
Equity conferences	4	3	6	2	10	13	14	7	7	5	5	**76**	**7**
Number of meetings	87	66	139	68	201	207	170	68	72	83	71	**1,232**	**112**
Number of companies met with	74	54	120	66	141	151	116	60	61	65	56	**964**	**88**
Number of portfolio managers met with	122	88	171	94	244	248	185	73	95	102	75	**1,497**	**136**

Several site visits were also scheduled for institutional investors who were not able to secure meetings during the equity conferences and for those investors interested in visiting the corporate head offices to complement their knowledge on Bank Audi.

8.2. | BANK AUDI'S STOCK RESEARCH COVERAGE

Since 2010, several London-based banks and regional financial institutions initiated coverage of Bank Audi's stock. The table below lists institutions that cover the Bank's stock till December 2015:

BANK AUDI'S STOCK COVERAGE

Institutions	Country	Analyst	Initiation Date
EFG Hermes	Egypt	Elena Sanchez-Cabezudo	Jan-06
FFA Private Bank sal	Lebanon	Nadim Kabbara	Oct-09
HSBC	United Kingdom	Vikram Viswanathan	Feb-10
Arqaam Capital	United Arab Emirates	Jaap Meijer	Feb-12

Management was always keen on providing all necessary resources for in-house meetings or conference calls with the sell-side community, and on answering all information requests in a transparent, effective and timely manner, in full compliance with the Bank's disclosure policy.

9.0. | COMPLIANCE

The Board of Directors and Senior Management of Bank Audi sal consider the Group's integrity, reputation and franchise to be key assets. Compliance and Business functions are entrusted with preserving these assets, constantly identifying improvement areas and rising up to the challenges imposed by compliance requirements. All business lines are therefore required to have a good understanding of and to comply with the letter, spirit and intent of applicable laws, regulations and standards in each of the jurisdictions in which the Group operates, and of the ongoing implementation of and adherence to group compliance policies. Their contents are mandatory and represent minimum standards that apply throughout the Group. They are, of course, adapted at local level to be in line with local requirements as well, the general principle being that the stringer requirement applies as long as it does not contradict with local laws and regulations.

Moreover, it is within the Group's policy for all its subsidiaries to be fully informed of the laws and regulations governing their foreign correspondents, and deal with the latter in conformity with these laws, regulations, procedures, sanctions and restrictive measures imposed by their respective governments. The Group considers this to be a matter of sound banking practices and reflects its commitment to remain compliant with all applicable laws and regulations, and stay abreast of industry standards and best practices observed by the global banking community, whether at international or local levels.

Since the 2008 global financial crisis and the turmoil in the Middle East that started in 2011, the banking industry has been subject to increasing compliance requirements and heightened regulatory scrutiny. Standards and regulatory requirements have substantially increased over the last few years and are continuing to do so. While these touch on broadly all areas of compliance and anti-money laundering, hot topics mainly include financing of terrorism, economic and trade sanctions, anti-bribery and corruption, and last but not least, global initiatives to fight tax evasion (OECD Common Reporting Standard and FATCA). All represent challenges facing the Group, as well as banks and financial institutions worldwide. As a result, regulatory authorities worldwide are becoming more stringent, and relationships with global correspondent banks are now more demanding.

In 2015, the Compliance function Group-wide continued to ensure that risks deriving from local and global developments are appropriately monitored and managed with suitable mitigating measures effectively implemented. The desired objective is to avoid failures or mistakes with adverse impact on the Group on the one hand, and missing out on good business opportunities on the other, while operating in high risk geographies. The Compliance function also worked on improving itself, its governance, policies, procedures and measurement methods, so as to keep succeeding in this balancing act, promoting a compliance culture at group level, remaining a trusted and skilled business partner, and helping achieve durable earnings. Current arrangements have proven to be satisfactory, as witnessed by results of internal/external audit reports and regulatory examinations that showed no major breaches or violations. We have succeeded in maintaining very positive relationships with regulators (both local and international) and correspondent banks. We consider those valuable assets and testimonies of the soundness of our compliance practices that translate into: continuous Senior Management involvement in compliance, a clear, risk-based approach to AML/CFT, compliance policies embedded within the business, compliance procedures applied consistently, a robust procedure for reporting suspicious transactions, and a clear lack of complacency. This places the Group today in a leadership position in the Middle East region in terms of efficiency and effectiveness of its compliance program.

As the diverse nature of our group's business and geographic distribution of our subsidiaries and client base are leading to increasing exposure to compliance risks and require sustained efforts from all the concerned at group and entity levels (business and compliance) to meet the requirements at all times, the Group Compliance function has launched, in 2015, a major initiative towards enterprise-wide compliance management.

Enterprise-wide compliance management requires stakeholders at all group entities to further work together in a coherent manner and upgrade the levels of business and compliance controls aiming at protecting our franchise. To that effect, a roadmap for an Enterprise-Wide Compliance Program was set along the following headlines:

1. Review of the Governance and Operating model of the Compliance function at group level.
2. Integration of Compliance Risk as a major component of target market definition.
3. Improvement of group-level monitoring of the implementation of compliance programs within group entities.
4. Upgrade of group standards on major elements of AML/CFT programs in place within group entities (mainly: Know Your Customer process, risk-based approach and AML/CFT monitoring systems, among others).
5. Increase of the level of coordination with other control functions to achieve compliance.
6. Enhancement of the Compliance Training and Awareness Program managed and executed at group level.

10.0. | ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

Subsequent to the execution of Bank Audi Group's subordinated debt agreement with the International Finance Corporation in March 2014, the Bank embarked on the process of formalising an Environmental and Social Management System (ESMS). This was in an effort to further ensure that, beyond Bank Audi's existing commitments and procedures to manage E&S risks in our lending portfolio, Environmental and Social Risk Management (ESRM) considerations would be formally integrated into the Bank's existing credit approval and risk management procedures. To support in formalising the Bank's ESMS, a consultant was commissioned, in April 2014, and March 2015 marked the formal implementation of the ESMS across the Group. Throughout 2015, the Bank worked towards full integration of the ESMS into the credit approval process.

Bank Audi's ESMS consists broadly of a set of commitments and procedures, and a dedicated organisational structure covering the entire Group which has the responsibility of overseeing, supporting and monitoring the effective implementation of the ESMS and ensuring compliance. The ESMS organisational structure of Bank Audi Group is organised under the Bank's Group Environmental and Social Management System Officer (ESMS Officer) who reports to the Group CEO. Country ESMS officers are designated in each of the Bank's subsidiaries to ensure the effective implementation of the ESMS at entity level.

The ESMS ensures that the Bank conducts its Corporate and Commercial Banking activities in conformity with environmental and social best practice standards. It helps us avoid and manage loans with potential environmental and social risks by conducting environmental and social due diligence prior to loan disbursement, and adequate supervision of projects during the term of the loan agreement, where required. This E&S Risk Review is built on the approach and criteria of the International Finance Corporation (IFC) Performance Standards 1[1]. It helps determine the scope of review required for any given transaction, by taking into consideration both the client's industry, as well as size, tenor, type and use of funds.

All transactions falling within the scope of an E&S Risk Review are at minimum subject to an exclusion list screening for industries that we would decline to finance, and E&S due diligence confirming that clients are operating in compliance with all relevant E&S rules and regulatory frameworks, and are in possession of all relevant licenses and permits required to operate from an E&S perspective. Depending on the size, tenor and use of funds, we may further conduct due diligence on the client's alignment with IFC Performance Standards 1 (assessment and management of environmental and social risks and impacts) and 2 (Labour and working conditions). For project finance and project-related corporate loans, we may require review of the project against all applicable IFC performance standards.

In 2015, 679 transactions across the Group were subject to an E&S Risk Review, as per requirements set out by our ESMS.

[1] The IFC Performance Standards have become globally recognised as a benchmark for environmental and social risk management in the private sector.

11.0. | CORPORATE SOCIAL RESPONSIBILITY

At Bank Audi, integrating social responsibility within our core business has been a growing step through engaging multiple stakeholders in the economic, social and environmental areas. In this respect, Management acknowledged the role of the Bank in spreading Corporate Social Responsibility (CSR) culture, and thus expanded CSR strategies to further reach key indicators of community interest by consulting inclusive stakeholders groups. Bank Audi organised an annual stakeholders panel grouping industry representatives, suppliers, regulatory bodies, correspondents, managers, employees and competitors, thus creating a communication sphere where the Bank's strategy was assessed, ideas to enhance CSR nationally were proposed, and room for collaboration between stakeholders was identified.

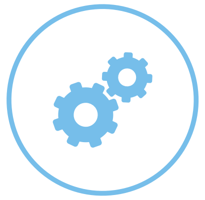
The year 2015 was marked by major achievements related to Corporate Governance aimed at sustaining transparency. Bank Audi continued to comply with the ISO 26000 Social Responsibility standard, and reporting according to internationally recognised Global Reporting Initiative (GRI) G4 indicators. The Bank maintains its position as the first Lebanese Institution to join the GRI Organisational Stakeholders Network. Additionally, it pledged its commitment to the United Nations Global Compact (UNGC) 10 principles and participated in founding the UNGC Lebanon Network aiming at engaging other institutions to adhere.

Furthermore, community and human development projects helped maintain the Bank's position as a non-discriminatory and equal opportunity employer of choice in the Lebanese private sector with empowerment to youth and entrepreneurs. Sustaining its commitment, Bank Audi collaborated with the ILO in a special project shedding the light on domestic workers, where respect for Human Rights was highlighted and embedded in day-to-day practices.
Similarly, and also aiming at engaging stakeholders, Bank Audi's CSR unit organised two major competitions: the first initiated within the Human Development Pillar and targeted at university students, aimed at exposing the latter to the concept of Social Responsibility within corporations in general, and to Bank Audi's CSR strategy. It inspired this particular stakeholder group to explore their creativity and innovative minds in order to set impactful CSR initiatives. The second competition was within the Environmental Protection Pillar and consisted in allowing school students to measure their households' environmental impact and find means to reduce their energy consumption with the help of a micro-site called "My Carbon Footprint"

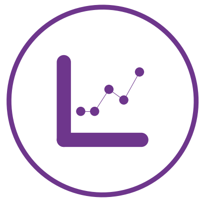
Again in the realm of Human Development, hosting more than 300 tenth graders for the Global Money Week and engaging them in Financial Literacy and compliances issues was devised as an annual uptake.
Moreover, the employees' community engagement through the corporate Volunteer Program reached out to over 3,500 beneficiaries and extended a helpful hand to numerous NGOs.

Aspiring to communicate on its progress in the field, Bank Audi's CSR unit participated in major national and regional CSR conferences and workshops, thus becoming a benchmark among CSR practitioners.
The various activities and different measures taken by Bank Audi are available in a separate CSR Report published and released on the Bank's website, including further details on CSR-related projects and their effect on the Bank's stakeholders and on society at large.

CSR PILLARS



CORPORATE GOVERNANCE
Ethical conduct, compliance, anti-corruption, risk management, non-discrimination, Environmental & Social Management System (ESMS)



ECONOMIC DEVELOPMENT
Product portfolio, economic performance, indirect economic impacts, procurement practices, market presence

COMMUNITY DEVELOPMENT
Local community development, local community support

HUMAN DEVELOPMENT
Employment practices, diversity & equal opportunity, training, education, talent development, external human development

ENVIRONMENTAL PROTECTION
Emissions, effluents & waste, energy consumption, ESMS

A WORLD
NURTURED
BY BOLD IDEAS

03
FINANCIAL STATEMENTS

RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL ASSEMBLY

EXCERPTS OF RESOLUTIONS PROPOSED TO THE ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS OF 8 APRIL 2016

PROPOSAL NO. 1

The Ordinary General Assembly of shareholders of the Bank is invited to approve the Bank's accounts, in particular the balance sheet and the profit and loss statement as at and for the year ended on 31 December 2015, and to grant full discharge to the Chairman and members of the Board of Directors in respect of their management of the Bank's activities during the year 2015.

PROPOSAL NO. 2

The Ordinary General Assembly of shareholders of the Bank is invited to appropriate the stand alone profits of Bank Audi sal for the year 2015 as follows:

	Amounts in LBP Thousands	
Net profits for the year 2015[1]		457,760,365
Less:		
- Appropriation of 10% to the legal reserve	45,776,036	
- Appropriation for general banking risks	40,238,000	
- Unrealised profits from revaluation of financial instruments classified at fair value – not distributable in accordance with Circular No. 270 issued by the Banking Control Commission	9,655,838	
- Transfer to the retail collective reserves in accordance with Circular No. 81 issued by the Central Bank of Lebanon	6,629,703	
- Transfer to the reserves for fixed assets earmarked for liquidation and acquired in settlement of debt	1,199,960	
- Transfer to reserves appropriated to capital increase resulting from the liquidation of fixed assets acquired in settlement of debt in accordance with Circular No. 173 issued by the Banking Control Commission	74,403	
		354,186,424
Add:		
- Net release from the reserve for unrealised gains on financial instruments fair value revaluation – available for distribution	1,121,250	
- Transfer from previous retained earnings	111,588,920	
Net profits available for distribution		466,896,594
Less:		
- Distribution to holders of 1,500,000 series "F" preferred shares on the basis of USD 6.00 per share at the exchange rate of LBP 1,507.50 per USD	13,567,500	
- Distribution to holders of 1,500,000 series "G" preferred shares on the basis of USD 6.00 per share at the exchange rate of LBP 1,507.50 per USD	13,567,500	
- Distribution to holders of 750,000 series "H" preferred shares on the basis of USD 6.50 per share at the exchange rate of LBP 1,507.50 per USD	7,349,063	
Less:		
- Dividends to holders of 399,749,204 common shares on the basis of LBP 603 per common share	241,048,770	
Profits carried forward to 2016		191,363,762

PROPOSAL NO. 3

In line with the aforementioned proposed resolutions, the Ordinary General Assembly of shareholders of the Bank is invited to announce a series "F" preferred shares distribution of USD 6.00 per share, a series "G" preferred shares distribution of USD 6.00 per share, a series "H" preferred shares distribution of USD 6.50 per share, and a dividend to common shares of LBP 603 per share, all subject to the withholding of distribution tax, and is invited to resolve that all distributions and dividends will be paid starting 14 April 2016 to the holders of shares on record as at 13 April 2016 ("Record Date") as per the records of Midclear sal.

[1] *On a stand alone basis.*

CONSOLIDATED FINANCIAL STATEMENTS

Bank Audi
INVESTOR RELATIONS

You can view the Bank Audi 2015
Annual Report on our Investor Relations app

Get it on Google play

Available on the App Store

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BANK AUDI SAL

We have audited the accompanying consolidated financial statements of Bank Audi SAL ("the Bank") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

BDO, Semaan, Gholam & Co

21 March 2016
Beirut, Lebanon

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 LBP Million	2014 LBP Million
CONTINUING OPERATIONS			
Interest and similar income	5	3,771,447	3,401,120
Interest and similar expense	6	(2,307,795)	(2,150,881)
Net interest income		**1,463,652**	1,250,239
Fee and commission income	7	503,438	458,795
Fee and commission expense	8	(96,773)	(85,356)
Net fee and commission income		**406,665**	373,439
Net gain on financial assets at fair value through profit or loss	9	73,397	52,189
Net gain on sale of financial assets at amortised cost	10	123,426	262,026
Revenues from financial assets at fair value through other comprehensive income	26	23,107	32,120
Share of profit of associates under equity method	27	3,307	373
Other operating income	11	33,370	23,307
Total operating income		**2,126,924**	1,993,693
Net credit losses	12	(200,009)	(209,748)
Net operating income		**1,926,915**	1,783,945
Personnel expenses	13	(630,131)	(632,571)
Other operating expenses	14	(418,378)	(374,789)
Depreciation of property and equipment	28	(74,413)	(64,674)
Amortisation of intangible assets	29	(28,827)	(23,602)
Impairment of goodwill	32	(5,457)	(3,015)
Total operating expenses		**(1,157,206)**	(1,098,651)
Operating profit		**769,709**	685,294
Net (loss) gain on disposal of fixed assets		(794)	816
Profit before tax from continuing operations		**768,915**	686,110
Income tax	15	(161,188)	(158,025)
Profit after tax from continuing operations		**607,727**	528,085
DISCONTINUED OPERATIONS			
Profit from discontinued operations, net of tax	16	-	40
Profit for the period		**607,727**	528,125
ATTRIBUTABLE TO:			
Equity holders of the Bank:		**587,948**	513,500
Profit for the year from continuing operations		587,948	513,460
Profit for the year from discontinued operations		-	40
Non-controlling interest:		**19,779**	14,625
Profit for the year from continuing operations		19,779	14,625
		607,727	528,125
EARNINGS PER SHARE:			
		LBP	LBP
Basic and diluted earnings per share	17	1,387	1,297
Basic and diluted earnings per share from continuing operations	17	1,387	1,297

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 LBP Million	2014 LBP Million
Profit for the year from continuing operations		**607,727**	528,085
Discontinued operations		-	40
Profit for the year		**607,727**	528,125
OTHER COMPREHENSIVE INCOME			
Items to be reclassified to the income statement in subsequent periods:			
Exchange differences on translation of foreign operations		(330,337)	(174,327)
Net gain on hedge of net investments	21	124,318	6,580
	47	**206,019**	(167,747)
Effect of change in time value of hedging instruments	21	**(53,500)**	348
		(259,519)	(167,399)
Items not to be reclassified to the income statement in subsequent periods:			
Actuarial gain (loss) on defined benefits plans	39	9,157	(35)
Net deferred income taxes	15	(891)	521
	47	**8,266**	486
Net unrealised gain on financial assets at fair value through other comprehensive income		11,040	22,599
Net deferred income taxes	15	(1,161)	(2,211)
	47	**9,879**	20,388
Revaluation of lands and buildings	28	770	383,096
Net deferred income taxes	15	4,613	(49,332)
	47	**5,383**	333,764
		23,528	354,638
Other comprehensive income for the year, net of tax	47	**(235,991)**	187,239
Total comprehensive income for the year, net of tax		**371,736**	715,364
ATTRIBUTABLE TO:			
Equity holders of the Bank		373,959	713,319
Non-controlling interest		(2,223)	2,045
		371,736	715,364

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	2015 LBP Million	2014 LBP Million
ASSETS			
Cash and balances with central banks	18	13,754,922	13,247,387
Due from banks and financial institutions	19	2,704,157	3,608,892
Loans to banks and financial institutions and reverse repurchase agreements	20	2,585,553	2,928,743
Derivative financial instruments	21	265,863	197,127
Financial assets at fair value through profit or loss	22	383,722	516,822
Loans and advances to customers at amortised cost	23	26,812,807	25,775,338
Loans and advances to related parties at amortised cost	24	214,549	110,007
Debtors by acceptances		240,605	340,480
Financial assets at amortised cost	25	14,784,574	14,573,743
Financial assets at fair value through other comprehensive income	26	144,375	135,706
Investments in associates	27	13,989	27,762
Property and equipment	28	963,438	948,541
Intangible assets	29	101,364	92,652
Non-current assets held for sale	30	72,779	18,510
Other assets	31	470,506	536,536
Goodwill	32	209,434	197,473
TOTAL ASSETS		63,722,637	63,255,719
LIABILITIES			
Due to central banks	33	569,856	438,385
Due to banks and financial institutions	34	2,259,247	1,695,351
Due to banks under repurchase agreements	33	81,318	90,443
Derivative financial instruments	21	131,199	116,303
Customers' deposits	35	52,990,507	53,413,209
Deposits from related parties	36	690,111	586,621
Debt issued and other borrowed funds	37	1,053,982	854,455
Engagements by acceptances		240,605	340,480
Other liabilities	38	578,000	519,980
Provisions for risks and charges	39	172,060	153,961
TOTAL LIABILITIES		58,766,885	58,209,188
SHAREHOLDERS' EQUITY – GROUP SHARE			
Share capital – common shares	40	661,985	659,586
Share capital – preferred shares	40	6,210	8,250
Issue premium – common shares	41	883,582	883,582
Issue premium – preferred shares	41	559,102	745,500
Warrants issued on subsidiary shares	40	17,145	17,195
Cash contribution to capital	42	72,586	72,586
Non-distributable reserves	43	1,179,216	1,050,579
Distributable reserves	44	642,865	616,976
Treasury shares	46	-	(4,929)
Retained earnings		675,524	599,388
Other components of equity	47	(390,195)	(178,943)
Result of the year		587,948	513,500
		4,895,968	4,983,270
NON-CONTROLLING INTEREST	48	59,784	63,261
TOTAL SHAREHOLDERS' EQUITY		4,955,752	5,046,531
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		63,722,637	63,255,719

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 LBP Million	2014 LBP Million
OPERATING ACTIVITIES			
Profit before tax from continuing operations		768,915	686,110
Profit before tax from discontinued operations		-	40
Adjustments to reconcile profit before tax to net cash flows:			
Non-cash:			
Depreciation and amortisation	28 & 29	103,240	88,276
Impairment of assets acquired in settlement of debt	30	314	-
Net gain on financial instruments at amortised cost	10	(123,426)	(262,026)
Provisions for loans and advances	12	239,138	229,705
Provision for impairment of financial instruments	12	(433)	(699)
Recoveries of provision for loans and advances	12	(20,373)	(19,258)
Share of net profit of associates	27	(3,307)	(373)
Net gain on disposal of assets acquired in settlement of debt	11	(225)	(11,600)
Net loss (gain) on sale or disposal of fixed assets		794	(846)
Provision for risks and charges		48,026	38,140
Write-back of provisions for risks and charges	11	(1,465)	(897)
Provision for end of service benefits	13	17,367	34,013
Write-back of provision for end of service benefits	11	(11)	(239)
Impairment of goodwill	32	5,457	3,015
Gain on revaluation of associate	11	(7,161)	-
		1,026,850	783,361
Working capital adjustments:			
Balances with the central banks, banks and financial institutions maturing in more than 3 months		(3,755)	(5,830,497)
Change in derivatives and financial assets held for trading		25,760	31,932
Change in loans and advances to customers and related parties		(1,298,508)	(3,880,895)
Change in other assets		71,956	(247,787)
Change in deposits from customers and related parties		(319,213)	7,124,023
Change in other liabilities		90,045	(63,043)
Proceeds from sale of non-current assets held for sale		4,924	16,734
Cost of non-current assets held for sale		(61,414)	(4,932)
Change in non-controlling interest		(3,477)	298
Cash used in from operations		(466,832)	(2,070,806)
Provisions for risks and charges paid		(24,157)	(24,882)
End of service benefits paid		(8,313)	(17,607)
Taxation paid		(181,523)	(148,506)
Net cash flows used in from operating activities		(680,825)	(2,261,801)
INVESTING ACTIVITIES			
Change in financial assets – other than trading		(81,162)	1,869,311
Purchase of property and equipment and intangibles	28 & 29	(170,736)	(112,019)
Change in investments under equity method and related loans		(377)	1,225
Cash collected from sale of property and equipment and intangibles		288	1,330
Acquisition of a subsidiary, net of cash acquired	3	(6,766)	-
Net cash flows (used in) from investing activities		(258,753)	1,759,847
FINANCING ACTIVITIES			
Subsidiary shares warrants	40	(50)	22,613
Issuance of common shares	40	-	426,820
Cancellation of preferred shares "E"	40	(188,438)	-
Distribution of dividends	40	(286,556)	(249,906)
Treasury GDR and warrants transactions		4,929	76,334
Debt issued and other borrowed funds	37	199,527	317,354
Net cash flows (used in) from financing activities		(270,588)	593,215
CHANGE IN CASH AND CASH EQUIVALENTS		(1,210,166)	91,261
Net foreign exchange difference		(220,222)	(173,492)
Cash and cash equivalents at 1 January		5,102,245	5,184,476
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	49	3,671,857	5,102,245
OPERATIONAL CASH FLOWS FROM INTERESTS AND DIVIDENDS			
Interest paid		(2,336,000)	(2,103,459)
Interest received		3,810,962	3,232,999
Dividends received		23,430	32,392

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

						Attributable to the Equity Holders of the Bank									
	Share Capital - Common Shares LBP Million	Share Capital - Preferred Shares LBP Million	Issue Premium - Common Shares LBP Million	Issue Premium - Preferred Shares LBP Million	Warrants Issued on Subsidiary Shares LBP Million	Cash Contribution to Capital LBP Million	Non-distributable Reserves LBP Million	Distributable Reserves LBP Million	Treasury Shares LBP Million	Retained Earnings LBP Million	Other Components of Equity LBP Million	Result of the Year LBP Million	Total LBP Million	Non-controlling Interest LBP Million	**Total Shareholders' Equity LBP Million**
BALANCE AT 1 JANUARY 2015	659,586	8,250	883,582	745,500	17,195	72,586	1,050,579	616,976	(4,929)	599,388	(178,943)	513,500	4,983,270	63,261	5,046,531
Net profits for the year	-	-	-	-	-	-	-	-	-	-	-	587,948	587,948	19,779	**607,727**
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(213,989)	-	(213,989)	(22,002)	**(235,991)**
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	**(213,989)**	**587,948**	**373,959**	**(2,223)**	**371,736**
					-										
Appropriation of 2014 profits	-	-	-	-	-	-	143,140	25,927	-	57,877	-	(226,944)	-	-	-
Increase in share nominal value	2,399	23	-	(23)	-	-	(2,399)	-	-	-	-	-	-	-	-
Distribution of dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	-	(240,766)	(240,766)	-	**(240,766)**
Distribution of dividends on preferred shares	-	-	-	-	-	-	-	-	-	-	-	(45,790)	(45,790)	-	**(45,790)**
Redemption of preferred shares "E"	-	(2,063)	-	(186,375)	-		-	-	-	-	-	-	(188,438)	-	**(188,438)**
Entities under equity method	-	-	-	-	-	-	-	-	-	612	3,932	-	4,544	-	**4,544**
Treasury shares transactions	-	-	-	-	-	-	-	-	4,929	-	-	-	4,929	-	**4,929**
Warrants issued on subsidiary shares	-	-	-	-	(50)	-	-	(31)	-	-	-	-	(81)	-	**(81)**
Non-controlling interest share of reserves	-	-	-	-	-	-	(12,104)	(687)	-	18,737	-	-	5,946	(5,946)	-
Non-controlling interest share of capital	-	-	-	-	-	-	-	-	-	-	-	-	-	4,692	**4,692**
Sale of financial assets at FVTOCI	-	-	-	-	-	-	-	-	-	4,764	(1,195)	-	3,569	-	**3,569**
Entities acquired during the year	-	-	-	-	-	-	-	681	-	(6,903)	-	-	(6,222)	-	**(6,222)**
Other movements	-	-	-	-	-	-	-	(1)	-	1,049	-	-	1,048	-	**1,048**
BALANCE AT 31 DECEMBER 2015	661,985	6,210	883,582	559,102	17,145	72,586	1,179,216	642,865	-	675,524	(390,195)	587,948	4,895,968	59,784	4,955,752
Balance at 1 January 2014	454,324	6,495	659,206	747,255	-	72,586	959,545	589,523	(114,327)	441,400	(269,081)	454,621	4,001,547	62,963	4,064,510
Net profits for the year	-	-	-	-	-	-	-	-	-	-	-	513,500	513,500	14,625	528,125
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	199,819	-	199,819	(12,580)	187,239
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	199,819	513,500	713,319	2,045	715,364
Appropriation of 2013 profits	-	-	-	-	-	-	105,168	23,372	-	76,175	-	(204,715)	-	-	-
Capital increase	64,950	-	387,300	-	-	-	-	(2,817)	-	-	-	-	449,433	-	449,433
Increase in share nominal value	140,312	1,755	(140,312)	(1,755)	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	-	(210,899)	(210,899)	-	(210,899)
Distribution of dividends on preferred shares	-	-	-	-	-	-	-	-	-	-	-	(39,007)	(39,007)	-	(39,007)
Entities under equity method	-	-	-	-	-	-	-	-	-	358	2,701	-	3,059	-	3,059
Treasury share transactions	-	-	-	-	-	-	(22,942)	-	109,398	-	-	-	86,456	-	86,456
Non-controlling interest share of reserves	-	-	-	-	-	-	(28,616)	8,212	-	20,006	-	-	(398)	398	-
Non-controlling interest share of capital	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,145)	(2,145)
Sale of financial assets at FVTOCI	-	-	-	-	-	-	-	-	-	101,144	(112,382)	-	(11,238)	-	(11,238)
Unrealised gain on foreign exchange	-	-	-	-	-	-	37,773	-	-	(37,773)	-	-	-	-	-
Subsidiary shares warrants	-	-	(22,612)	-	26,004	-	-	-	-	(3,392)	-	-	-	-	-
Warrants issued on subsidiary shares	-	-	-	-	(8,809)	-	-	(1,314)	-	-	-	-	(10,123)	-	(10,123)
Transfer between reserves	-	-	-	-	-	-	(349)	-	-	349	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	1,121	-	-	1,121	-	1,121
Balance at 31 December 2014	659,586	8,250	883,582	745,500	17,195	72,586	1,050,579	616,976	(4,929)	599,388	(178,943)	513,500	4,983,270	63,261	5,046,531

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2015

NOTES' INDEX

1.0. | CORPORATE INFORMATION

Bank Audi sal (the Bank) is a Lebanese joint stock company registered since 1962 in Lebanon under No. 11347 at the Register of Commerce and under No. 56 on the banks' list at the Bank of Lebanon ("BDL"). The Bank's head office is located in Bank Audi Plaza, Omar Daouk Street, Beirut, Lebanon. The Bank's shares are listed on the Beirut Stock Exchange and London SEAQ.

The Bank, together with its subsidiaries (collectively "the Group"), provides a full range of Retail, Commercial, Investment and Private Banking activities through its headquarters, as well as its branches in Lebanon and its presence in Europe, the Middle East and North Africa.

The consolidated financial statements were authorised for issue in accordance with the Board of Directors' resolution on 21 March 2016.

2.0. | ACCOUNTING POLICIES

2.1. | BASIS OF PREPARATION

The consolidated financial statements were prepared on a historical cost basis except for: a) the revaluation of land and buildings pursuant to the adoption of the revaluation model of IAS 16 for this asset class, and b) the measurement at fair value of derivative financial instruments, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

The consolidated financial statements are presented in Lebanese Pounds (LBP) which is the Bank's functional currency and all values are rounded to the nearest million, except when otherwise indicated. Besides, the consolidated financial statements provide comparative information in respect of the previous period.

STATEMENT OF COMPLIANCE

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the regulations of the Central Bank of Lebanon and the Banking Control Commission ("BCC").

PRESENTATION OF FINANCIAL STATEMENTS

The Group presents its Statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within one year after the Statement of Financial Position date (current) and more than one year after the Statement of Financial Position date (non-current) is presented in the Risk Management notes.

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement. This is not generally the case with master netting agreements, therefore the related assets and liabilities are presented gross in the Consolidated Statement of Financial Position. Income and expense will not be offset in the Consolidated Income Statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

2.2. | BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Bank Audi sal and its subsidiaries as at 31 December 2015.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group makes an acquisition meeting, the definition of a business under IFRS 3, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the Consolidated Income Statement. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

CONTROL AND SUBSIDIARIES

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Statement of Comprehensive Income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Where the Group loses control of a subsidiary but retains an interest in it, then such interest is measured at fair value at the date that control is lost with the change in carrying amount recognised in profit or loss. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained. In addition, any amounts previously recognised in "other comprehensive income" in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. As such, amounts previously recognised in "other comprehensive income" are transferred to Consolidated Income Statement.

NON-CONTROLLING INTEREST

Non-controlling interest represents the portion of profit or loss and net assets of subsidiaries not owned by the Group. The Group has elected to measure the non-controlling interest in acquirees at the proportionate share of each acquiree's identifiable net assets. Interests in the equity of subsidiaries not attributable to the Group are reported in consolidated equity as non-controlling interests. Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group treats transactions with non-controlling interests as transactions with equity holders of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in "equity". Gains or losses on disposals to non-controlling interests are also recorded in "equity".

INVESTMENT IN ASSOCIATES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor separately tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss in the Consolidated Income Statement.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in "other comprehensive income" is transferred to Consolidated Income Statement where appropriate. Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in "profit or loss".

2.3. | CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015.

Although these new standards and amendments were applied for the first time in 2015, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment are described below:

AMENDMENTS TO IAS 19 DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions, independent of years of service.

ANNUAL IMPROVEMENTS 2010-2012 CYCLE

With the exception of the improvement relating to IFRS 2 "Share-based Payment" applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Group has applied these improvements for the first time in these consolidated financial statements. They include:

IFRS 2 Share-based Payments

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods. In addition, the Group had not granted any awards during the second half of 2014 and 2015. Thus, these amendments did not impact the Group's financial statements or accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy, and thus, this amendment did not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by Management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g. sales and gross margins) used to assess whether the segments are "similar".
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group presents segment assets which reconcile to total assets.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the Group.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key Management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

ANNUAL IMPROVEMENTS 2011-2013 CYCLE

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3;
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

As such, this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9. The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Group.

2.4. | STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and amendments that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards and amendments, if applicable, when they become effective.

IFRS 9 (2014) FINANCIAL INSTRUMENTS

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments (IFRS 9 (2014)) which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. In prior years the Group early adopted IFRS 9 (2011) which includes the requirements for the classification and measurement. In 2014, the Group early applied IFRS 9 (2013) which includes the classification and measurement, as well as the hedge accounting requirements of the standard. IFRS 9 (2014) is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of IFRS 9 (2014) will have an effect on measuring impairment allowances and on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of IFRS 9 (2014) and plans to adopt the new standard on the required effective date.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

AMENDMENTS TO IFRS 11 JOINT ARRANGEMENTS: ACCOUNTING FOR ACQUISITIONS OF INTERESTS

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation, and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

AMENDMENTS TO IAS 16 AND IAS 38: CLARIFICATION OF ACCEPTABLE METHODS OF DEPRECIATION AND AMORTISATION

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

AMENDMENTS TO IAS 27: EQUITY METHOD IN SEPARATE FINANCIAL STATEMENTS

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

2.5. | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOREIGN CURRENCIES

The consolidated financial statements are presented in Lebanese Pounds (LBP) which is also the Bank's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the date of the Statement of Financial Position. All differences are taken to "net gain on financial assets at fair value through profit or loss" in the Consolidated Income Statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in "other comprehensive income", or profit or loss is also recognised in "other comprehensive income" or "profit or loss", respectively).

Group Companies

On consolidation, the assets and liabilities of subsidiaries and overseas branches are translated into the Bank's presentation currency at the rate of exchange as at the reporting date, and their income statements are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve in "equity". On disposal of a foreign entity, the deferred cumulative amount recognised in "equity" relating to that particular foreign operation is recognised in the Consolidated Income Statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations, and translated at the exchange rate on the reporting date.

The table below presents the exchange rates of the currencies used to translate assets, liabilities and statement of income items of foreign branches and subsidiaries:

	2015		2014	
	Year-end Rate LBP	Average Rate LBP	Year-end Rate LBP	Average Rate LBP
US Dollar	1,507.50	1,507.50	1,507.50	1,507.50
Euro	1,646.64	1,677.56	1,833.87	1,998.31
Swiss Franc	1,520.88	1,561.93	1,524.27	1,645.50
Syrian Lira	4.48	5.66	7.62	7.62
Turkish Lira	518.42	557.96	651.19	690.62
Jordanian Dinar	2,124.44	2,127.02	2,126.23	2,129.50
Egyptian Pound	192.53	195.99	210.84	212.95
Sudanese Pound	234.45	236.98	239.16	250.22
Saudi Riyal	401.58	401.79	401.68	401.89
Qatari Riyal	413.89	414.00	413.93	414.01

FINANCIAL INSTRUMENTS – CLASSIFICATION AND MEASUREMENT

Date of Recognition

All financial assets and liabilities are initially recognised on the settlement date. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Classification and Measurement of Financial Instruments

a. Financial Assets

The classification of financial assets depends on the basis of each entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Assets are subsequently measured at amortised cost or fair value.

An entity may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities, or recognising the gains and losses on them on different bases. An entity is required to disclose such financial assets separately from those mandatorily measured at fair value.

Financial Assets at Amortised Cost
Debt instruments are subsequently measured at amortised cost less any impairment loss (except for debt instruments that are designated at fair value through profit or loss upon initial recognition) if they meet the following two conditions:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributed to the acquisition are also included in the cost of investment. After initial measurement, these financial assets are measured at amortised cost using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount of premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortisation is included in "interest and similar income" in the Income Statement. The losses arising from impairment are recognised in the Income Statement in "impairment losses on other financial assets".

Although the objective of an entity's business model may be to hold financial assets in order to collect contractual cash flows, the entity need not hold all of those instruments until maturity. Thus an entity's business model can be to hold financial assets to collect contractual cash flows even when sales of financial assets occur. However, if more than an infrequent number of sales is made out of a portfolio, the entity needs to assess whether and how such sales are consistent with an objective of collecting contractual cash flows. If the objective of the entity's business model for managing those financial assets changes, the entity is required to reclassify financial assets.

Gains and losses arising from the derecognition of financial assets measured at amortised cost are reflected under "net gain on sale of financial assets at amortised cost" in the Consolidated Income Statement.

Balances with Central Banks, Due from Banks and Financial Institutions, and Loans and Advances to Customers and Related Parties – at Amortised Cost
After initial measurement, "balances with central banks", "due from banks and financial institutions", and "loans and advances to customers and related parties" are subsequently measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in "interest and similar income" in the Consolidated Income Statement. The losses arising from impairment are recognised in the Consolidated Income Statement in "net credit losses".

Financial Assets at Fair Value through Profit or Loss
Included in this category are those debt instruments that do not meet the conditions in "financial assets at amortised cost" above, debt instruments designated at fair value through profit or loss upon initial recognition, and equity instruments at fair value through profit or loss.

Debt Instruments at Fair Value through Profit or Loss
These financial assets are recorded in the Consolidated Statement of Financial Position at fair value. Changes in fair value and interest income are recorded under "net gain on financial assets at fair value through profit or loss" in the Consolidated Income Statement, showing separately those related to financial assets designated at fair value upon initial recognition from those mandatorily measured at fair value. Gains and losses arising from the derecognition of debt instruments and other financial assets at fair value through profit or loss are also reflected under "net gain on financial assets at fair value through profit or loss" in the Consolidated Income Statement, showing separately those related to financial assets designated at fair value upon initial recognition from those mandatorily measured at fair value.

Equity Instruments at Fair Value through Profit or Loss
Investments in equity instruments are classified at fair value through profit or loss, unless the Group designates at initial recognition an investment that is not held for trading as at fair value through other comprehensive income.

These financial assets are recorded in the Consolidated Statement of Financial Position at fair value. Changes in fair value and dividend income are recorded under "net gain on financial assets at fair value through profit or loss" in the Consolidated Income Statement. Gains and losses arising from the derecognition of equity instruments at fair value through profit or loss are also reflected under "net gain from financial assets at fair value through profit or loss" in the Consolidated Income Statement.

Financial Assets at Fair Value through Other Comprehensive Income
Investments in equity instruments designated at initial recognition as not held for trading are classified at fair value through other comprehensive income.

These financial assets are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated under equity. The cumulative gain or loss will not be reclassified to the Consolidated Income Statement on disposal of the investments.

Dividends on these investments are recognised under "revenue from financial assets at fair value through other comprehensive income" in the Consolidated Income Statement when the Group's right to receive payment of dividend is established in accordance with IAS 18 "Revenue", unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Financial Liabilities
Liabilities are initially measured at fair value plus, in the case of a financial liability not at fair value through profit or loss, particular transaction costs. Liabilities are subsequently measured at amortised cost or fair value.

The Group classifies all financial liabilities as subsequently measured at amortised cost using the effective interest method, except for:

- Financial liabilities at fair value through profit or loss (including derivatives);
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, or when the continuing involvement approach applies;
- Financial guarantee contracts and commitments to provide a loan at a below-market interest rate which, after initial recognition, are subsequently measured at the higher of the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 "Revenue".

The Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when:

- Doing so results in more relevant information because it either eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise from measuring assets or liabilities, or recognising the gains and losses on them on different bases; or
- A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key Management personnel.

The amount of changes in fair value of a financial liability designated at fair value through profit or loss at initial recognition that is attributable to changes in credit risk of that liability is recognised in other comprehensive income, unless such recognition would create an accounting mismatch in the Consolidated Income Statement. Changes in fair value attributable to changes in credit risk are not reclassified to Consolidated Income Statement.

Debt Issued and Other Borrowed Funds and Subordinated Notes
Financial instruments issued by the Group, which are not designated at fair value through profit or loss, are classified as liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debt issued and other borrowings and subordinated notes are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate method.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

Due to Central Banks, Banks and Financial Institutions, and Customers' and Related Parties' Deposits
After initial measurement, due to banks and financial institutions, and customers' and related parties' deposits are measured at amortised cost less amounts repaid using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate method. Customers' deposits which are linked to the performance of indices or commodities are subsequently measured at fair value through profit or loss.

c. Derivatives Recorded at Fair Value through Profit or Loss
The Group uses derivatives such as interest rate swaps and futures, credit default swaps, cross currency swaps, forward foreign exchange contracts and options on interest rates, foreign currencies and equities.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are recognised in "net gain on financial assets at fair value through profit or loss" in the Consolidated Income Statement.
An embedded derivative is separated from the host and accounted for as a derivative if, and only if:
(a) The hybrid contract contains a host that is not an asset within the scope of IFRS 9;
(b) The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;
(c) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
(d) The hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss.

Day 1 Profit or Loss
When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in the Consolidated Income Statement. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the Consolidated Income Statement when the inputs become observable, or when the instrument is derecognised.

Reclassification of Financial Assets
The Group reclassifies financial assets if the objective of the business model for managing those financial assets changes. Such changes are expected to be very infrequent and are determined by the Group's Senior Management as a result of external or internal changes when significant to the Group's operations and demonstrable to external parties.

If financial assets are reclassified, the reclassification is applied prospectively from the reclassification date, which is the first day of the first reporting period following the change in business model that results in the reclassification of financial assets. Any previously recognised gains, losses or interest are not restated.

If a financial asset is reclassified so that it is measured at fair value, its fair value is determined at the reclassification date. Any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in profit or loss. If a financial asset is reclassified so that it is measured at amortised cost, its fair value at the reclassification date becomes its new carrying amount.

DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in the Consolidated Income Statement.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Consolidated Income Statement.

REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

Securities sold under agreements to repurchase at a specified future date are not derecognised from the Consolidated Statement of Financial Position as the Group retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the Consolidated Statement of Financial Position as an asset with a corresponding obligation to return it, including accrued interest as a liability within "due to banks under repurchase agreements", reflecting the transaction's economic substances as a loan to the Group. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the EIR. When the counterparty has the right to sell or repledge the securities, the Group reclassifies those securities in its Statement of Financial Position to "financial assets given as collateral".

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the Consolidated Statement of Financial Position. The consideration paid, including accrued interest, is recorded in the Consolidated Statement of Financial Position within "loans to banks and financial institutions and reverse repurchase agreements", reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale prices is recorded in "net interest income" and is accrued over the life of the agreement using the EIR. If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within "financial liabilities at fair value through profit or loss" and measured at fair value with any gains or losses included in "net gain on financial instruments at fair value through profit or loss" in the Consolidated Income Statement.

FAIR VALUE MEASUREMENT

The Group measures financial instruments, such as derivatives, and non-financial assets, namely land and building and building improvements, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in the Notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs, and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management determines the policies and procedures for both recurring and non-recurring fair value measurement. At each reporting date, Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability, and the level of the fair value hierarchy, as explained above.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at each Statement of Financial Position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy, or other financial reorganisation default or delinquency in interest or principal payments, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets at Amortised Cost

For financial assets carried at amortised cost (such as due from banks and financial institutions, debt instruments at amortised cost, and loans and advances to customers and related parties), the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Consolidated Income Statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs of obtaining and selling the collateral, whether or not the foreclosure is probable.

Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised; the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the "net credit losses" in the Consolidated Income Statement. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Group's internal credit grading system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status, and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of 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 on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are regularly reviewed to reduce any differences between loss estimates and actual loss experience.

Renegotiated Loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate as calculated before the modification of terms and the loan is no longer considered past due. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

Collateral Repossessed

The Group occasionally acquires properties in settlement of loans and advances. Upon initial recognition, those assets are measured at fair value, as approved by the regulatory authorities. Subsequently, these properties are measured at the lower of carrying value or net realisable value.

Upon sale of repossessed assets, any gain or loss realised is recognised in the Consolidated Income Statement under "other operating income" or "other operating expenses". Gains resulting from the sale of repossessed assets are transferred to "reserves appropriated for capital increase" in the following financial year.

HEDGE ACCOUNTING

In order to manage particular risks, the Group applies hedge accounting for transactions which meet the specified criteria. The Group makes use of derivative instruments to manage exposures to foreign currency risk. The process starts with identifying the hedging instrument and hedged item and preparing hedge documentation detailing the risk management strategy and objective.

Setting the Risk Management Strategy and Objectives
At inception of the hedge relationship, the Group formally documents its risk management, the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge, and the method that will be used to assess the effectiveness of the hedging relationship.

The risk management strategy is established at the level of Executive Management and identifies the risks to which the Group is exposed and whether and how the risk management activities should address those risks. The strategy is typically maintained for a relatively long period of time. However, it may include some flexibility to react to changes in circumstances. The risk management strategy is set out in general documentation and is cascaded down through policies containing more specific guidelines.

The Group sets risk management objectives at the level of individual hedging relationships and defines how a particular hedging instrument is designated to hedge a particular hedged item. As such, a risk management strategy would usually be supported by many risk management objectives.

Qualifying Hedging Relationships
The Group applies hedge accounting for qualifying hedging relationships. A hedging relationship qualifies for hedge accounting only if: (a) the hedging relationship consists only of eligible hedging instruments and eligible hedged items; (b) at the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge; and (c) the hedging relationship meets all of the hedge effectiveness requirements.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis in order to qualify for hedge accounting. The effectiveness test can be performed qualitatively or quantitatively. A formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item, both at inception and semi-annually, on an ongoing basis. A hedge is expected to be highly effective if:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.

Hedge ineffectiveness is recognised in the Consolidated Income Statement in "net gain (loss) from financial instruments at fair value through profit or loss".

Fair Value Hedges
For qualifying fair value hedges, the gain or loss on the hedging instrument is recognised in the Consolidated Income Statement under "net gain on financial assets at fair value through profit or loss" (or "other comprehensive income") if the hedging instrument hedges an equity instrument for which an entity has elected to present changes in fair value in "other comprehensive income". Hedging gain or loss on the hedged item adjusts the carrying amount of the hedged item and is recognised in the Consolidated Income Statement also under "net gain on financial assets at fair value through profit or loss". If the hedged item is an equity instrument for which the Group has elected to present changes in fair value in "other comprehensive income", those amounts remain in "other comprehensive income".

Cash Flow Hedges
For qualifying cash flow hedge, a separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

a) The cumulative gain or loss on the hedging instrument from inception of the hedge; and
b) The cumulative change in fair value (present value) of the hedged item from inception of the hedge.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (the portion that is offset by the change in the cash flow hedge reserve described above) shall be recognised in "other comprehensive income". Any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognised in the Consolidated Income Satement. The amount that has been accumulated in the cash flow hedge reserve and associated with the hedged item is treated as follows:

a) If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the Group removes that amount from the cash flow hedge reserve and includes it directly in the initial cost or other carrying amount of the asset or the liability without affecting "other comprehensive income".

b) For cash flow hedges other than those covered by a) that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. However, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it immediately reclassifies the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

Hedge of Net Investments
Hedges of net investments in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in "other comprehensive income", while any gains or losses relating to the ineffective portion are recognised in the Consolidated Income Statement. On disposal or partial disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in the foreign currency translation reserve is transferred to the Consolidated Income Statement as a reclassification adjustment.

To enhance hedge effectiveness, the Group designates only the change in the intrinsic value as the hedging instrument when hedging a net investment in a foreign operation through financial derivatives. The time value of the derivatives is treated as costs of hedging to be deferred or amortised. The change in fair value of the time value of the option is recognised in "other comprehensive income" to the extent that it relates to the hedged item. The method used to reclassify the amounts from equity to Consolidated Income Statement is determined by considering that the hedged item is time-period related since the Group seeks to hedge the currency risk during a period of time.

LEASES

The determination of whether an arrangement is a lease, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a Lessee
Leases which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the Consolidated Income Statement on a straight line basis over the lease term. Contingent rental payables are recognised as an expense in the period in which they are incurred.

Group as a Lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest and Similar Income and Expense
For all financial instruments measured at amortised cost, interest income or expense is recorded using the EIR which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

Fee and Commission Income
The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

Fee Income Earned from Services that Are Provided over a Certain Period of Time
Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit-related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan be drawn down, the loan commitment fees are recognised over the commitment period on a straight line basis.

Fee Income from Providing Transaction Services
Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fee or components of fee that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

Dividend Income
Dividend income is recognised when the right to receive the payment is established.

Net Gain on Financial Assets at Fair Value through Profit or Loss
Results arising from financial assets at fair value through profit or loss, include all gains and losses from changes in fair value and related income or expense and dividends for financial assets at fair value through profit or loss. This includes any ineffectiveness recorded in hedging transactions. This caption also includes the results arising from trading activities including all gains and losses from changes in fair value and related income or expense and dividends for financial assets held for trading.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents as referred to in the Cash Flow Statement comprise balances with original maturities of a period of three months or less including: cash and balances with the central banks, deposits with banks and financial institutions, and deposits due to banks and financial institutions.

PROPERTY AND EQUIPMENT

Property and equipment, except for land and buildings, is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Consolidated Income Statement as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised since the date of revaluation. Valuations are performed by internal or external valuers with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in "other comprehensive income" and credited to the real estate revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in "profit or loss", the increase is recognised in "profit and loss". A revaluation deficit is recognised in the Statement of Income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated using straight line method to write down the cost of property and equipment to their residual value over their estimated useful lives. Lands are not depreciated. The estimated useful lives are as follows:

- Buildings	40-50 years
- Freehold improvements	5-10 years
- Leasehold improvements	5-10 years
- Motor vehicles	5-7 years
- Office equipment and computer hardware	5-10 years
- Office machinery and furniture	10 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Income Statement when the asset is derecognised.

INTANGIBLE FIXED ASSETS

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite of indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Income Statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit or Loss when the asset is derecognised.

The Group does not have intangible assets with indefinite economic life.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

- Computer software	5 years
- Key money	70 years

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition, Management has committed to the sale, and the sale is expected to have been completed within one year from the date of classification.

In the Consolidated Statement of Comprehensive Income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the Statement of Comprehensive Income.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated income statement, unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

PROVISIONS FOR RISKS AND CHARGES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Consolidated Income Statement net of any reimbursement.

PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The Group provides retirement benefits obligation to its employees under defined benefit plans, which requires contributions to be made to separately administered funds. The cost of providing these benefits is determined using the projected unit credit method which involves making actuarial assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Those assumptions are unbiased and mutually compatible.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the Statement of Financial Position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in "profit or loss" on the earlier of:
- The date of the plan amendment or curtailment; and
- The date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "personnel expenses" in the Consolidated Income Statement:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements;
- Net interest expense or income.

TAXES

Taxes are provided for in accordance with regulations and laws that are effective in the countries where the Group operates.

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided on temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each Statement of Financial Position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Statement of Financial Position date.

Current tax and deferred tax relating to items recognised directly in "equity" are also recognised in "equity" and not in the Consolidated Income Statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

WARRANTS ISSUED ON SUBSIDIARY SHARES

The value of warrants issued on subsidiary shares is reported as part of Group share of equity and is based on the issuance date fair value. Subsequently, the carrying amount of those warrants is reduced by the cost of warrants acquired pursuant to trading transactions. No gain or loss is recognised in the Consolidated Income Statement on the purchase, sale, issue or cancellation of those warrants.

DIVIDENDS ON ORDINARY SHARES

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

TREASURY SHARES

Own equity instruments of the Bank which are acquired by it or by any of its subsidiaries (Treasury shares) are deducted from equity and accounted for at cost. Consideration paid or received on the purchase sale, issue or cancellation of the Bank's own equity instruments, is recognised directly in "equity". No gain or loss is recognised in the Consolidated Income Statement on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

When the Group holds own equity instruments on behalf of its clients, those holdings are not included in the Group's Consolidated Statement of Financial Position.

Contracts on own shares that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity and added to or deducted from equity. Contracts on own shares that require net cash settlement or provide a choice of settlement are classified as trading instruments and changes in the fair value are reported in the Consolidated Income Statement.

ASSETS UNDER MANAGEMENT AND ASSETS HELD IN CUSTODY AND UNDER ADMINISTRATION

The Group provides custody and administration services that result in the holding or investing of assets on behalf of its clients. Assets held in trust, under management or under custody or under administration, are not treated as assets of the Group and accordingly, are recorded as off-balance sheet items.

FINANCIAL GUARANTEES

In the ordinary course of business, the Group gives financial guarantees consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within "other liabilities") at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less, when appropriate, cumulative amortisation recognised in the Consolidated Income Statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Any increase in the liability relating to financial guarantees is recorded in the Consolidated Income Statement. The premium received is recognised in the Consolidated Income Statement on a straight line basis over the life of the guarantee.

CUSTOMERS' ACCEPTANCES

Customers' acceptances represent term documentary credits which the Group has committed to settle on behalf of its clients against commitments by those clients (acceptances). The commitments resulting from these acceptances are stated as a liability in the Statement of Financial Position for the same amount.

2.6. | SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

JUDGMENTS

In the process of applying the Group's accounting policies, Management has made the following judgments, apart from those involving estimations, which have the most significant effect in the amounts recognised in the financial statements:

Consolidation of Entities in which the Group Holds Less than Majority of Voting Rights

The Group considers that it controls Bank Audi Syria sa even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of Bank Audi Syria sa, with a 47% equity interest. The remaining 53% of the equity shares are held by many other shareholders, none of which individually hold more than 5% of the equity shares. There is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

Business Model

In making an assessment whether a business model's objective is to hold assets in order to collect contractual cash flows, the Group considers at which level of its business activities such assessment should be made. Generally, a business model is a matter of fact which can be evidenced by the way business is managed and the information provided to Management. However, in some circumstances, it may not be clear whether a particular activity involves one business model with some infrequent asset sales or whether the anticipated sales indicate that there are two different business models.

In determining whether its business model for managing financial assets is to hold assets in order to collect contractual cash flows, the Group considers:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- How Management evaluates the performance of the portfolio;
- Whether Management's strategy focuses on earning contractual interest revenues;
- The degree of frequency of any expected asset sales;
- The reason for any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity.

Contractual Cash Flows of Financial Assets
The Group exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding, and so, may qualify for amortised cost measurement. In making the assessment, the Group considers all contractual terms, including any prepayment terms or provisions, to extend the maturity of the assets, terms that change the amount and timing of cash flows, and whether the contractual terms contain leverage.

Going Concern
The Group's Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair Value of Financial Instruments
Where the fair values of financial assets and financial liabilities recorded on the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment Losses on Loans and Advances
The Group reviews its individually significant loans and advances at each Statement of Financial Position date to assess whether an impairment loss should be recorded in the Consolidated Income Statement. In particular, judgment by Management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Group makes judgments about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios, etc.), concentrations of risks and economic data (including levels of unemployment, real estate price indices, country risk and the performance of different individual groups).

Impairment of Non-financial Assets
Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model, as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

Deferred Tax Assets
Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Revaluation of Property and Equipment
As of 31 December 2014, the Group carries its land and building, and building improvements at fair value, with changes in fair value being recognised in "other comprehensive income". The Group engaged independent valuation specialists to assess fair value as at 31 December 2014. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. Management believes that price levels did not change significantly since 31 December 2014.

Pensions Obligation
The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates, and future pension increases. Due to the long-term nature of these plans, such estimates are highly sensitive to changes in these assumptions.

3.0. | BUSINESS COMBINATIONS

During September 2015, Bank Audi sal acquired additional 33% of Capital B. Solutions (CBS) ltd ("CBS"), with a total percentage of 70.5% for LPB 10,944 million. CBS (previously "Capital Outsourcing Limited") is a company limited by shares in accordance with Companies Law pursuant to DIFC Law No. 2 of 2009. The registered office of CBS is situated in the Dubai International Financial Centre (DIFC). CBS is engaged in providing all information technology enabled services and data processing services, sale, exploitation and lease of all kind of information technology materials, telecommunications' equipment, as well as electrical and electronic supplies.

The fair value of the identifiable assets and liabilities acquired and goodwill arising as at the date of the acquisition was:

	Fair Value Recognised on Acquisition LBP Million	Carrying Value LBP Million
Due from banks	4,178	4,178
Loans and advances	547	547
Property and equipment	1,707	1,707
Intangible assets	223	11,840
Other assets	13,300	13,300
	19,955	31,572
Due to banks	11,958	11,958
Other liabilities	13,707	13,707
Provision for risk and charges	960	960
	26,625	26,625
Acquisition percentage	70.50%	
Fair value of net assets	(4,703)	
Goodwill arising on acquisition	28,084	
Cost of acquisition	23,381	
Cash outflow on acquisition of the subsidiaries:		
Cash paid	(10,944)	
Net cash acquired with the subsidiaries	4,178	
Net cash outflow	(6,766)	

From the date of acquisition till year end 2015, CBS contributed to a gain of LBP 97 million to the net profit of the Group.

If the contribution had taken place at the beginning of the year 2015, the total net operating income for the year ended 2015 would have increased by LBP 579 million.

4.0. | SEGMENT REPORTING

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segments are evaluated based on net operating income. Income taxes and depreciation are managed on a group basis and are not allocated to operating segments.

Interest income is reported net since Management monitors net interest income not the gross income and expense amounts. Net interest income is allocated to the business segment based on the assumption that all positions are funded or invested via a central funding unit. An internal Funds Transfer Pricing (FTP) mechanism was implemented between operating segments.

The assets and liabilities that are reported in the segments are net from inter-segments' assets and liabilities since they constitute the basis of the management measures of the segments' assets and liabilities and the basis of the allocation of resources between segments.

BUSINESS SEGMENTS

The Group operates in four main business segments which are Corporate and Commercial Banking, Retail and Personal Banking, Treasury and Capital Markets, and Group Functions and Head Office.

CORPORATE AND COMMERCIAL BANKING

Provides diverse products and services to the corporate and commercial customers, including loans, deposits, trade finance, exchange of foreign currencies, as well as all regular Corporate and Commercial Banking activities.

RETAIL AND PERSONAL BANKING

Provides individual customers' deposits and consumer loans, overdrafts, credit cards, and funds transfer facilities, as well as all regular Retail and Private Banking activities.

TREASURY AND CAPITAL MARKETS

Provides Treasury services including transactions in money and capital markets for the Group's customers, manages investment and trading transactions (locally and internationally), and manages liquidity and market risks. This segment also offers Investment Banking and Brokerage services, and manages the Group's own portfolio of stocks, bonds, and other financial instruments.

GROUP FUNCTIONS AND HEAD OFFICE

Consists of capital and strategic investments, exceptional profits and losses, as well as operating results of subsidiaries which offer non-banking services.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present net operating income information and financial position information.

NET OPERATING INCOME INFORMATION

	2015				
	Corporate and Commercial Banking LBP Million	Retail and Personal Banking LBP Million	Treasury and Capital Markets LBP Million	Group Functions and Head Office LBP Million	**Total LBP Million**
Net interest income	592,452	305,205	509,959	56,036	**1,463,652**
Non-interest income					
Net fee and commission income	175,142	204,989	25,056	1,478	**406,665**
Foreign exchange operations	11,579	20,956	59,355	347	**92,237**
Financial operations	6,000	12,599	76,791	32,303	**127,693**
Share of profit of associates	-	-	-	3,307	**3,307**
Other operating income	774	8,510	8,383	15,703	**33,370**
Total non-interest income	**193,495**	**247,054**	**169,585**	**53,138**	**663,272**
Total operating income	**785,947**	**552,259**	**679,544**	**109,174**	**2,126,924**
Net credit losses	(115,306)	(85,136)	433	-	**(200,009)**
Net operating income	**670,641**	**467,123**	**679,977**	**109,174**	**1,926,915**

	2014				
	Corporate and Commercial Banking LBP Million	Retail and Personal Banking LBP Million	Treasury and Capital Markets LBP Million	Group Functions and Head Office LBP Million	Total LBP Million
Net interest income	585,260	256,661	320,065	88,253	1,250,239
Non-interest income					
Net fee and commission income	146,483	197,883	28,129	944	373,439
Foreign exchange operations	7,727	21,562	47,128	1,938	78,355
Financial operations	4,671	8,535	236,641	18,133	267,980
Share of profit of associates	-	-	-	373	373
Other operating income	34	4,078	488	18,707	23,307
Total non-interest income	158,915	232,058	312,386	40,095	743,454
Total operating income	744,175	488,719	632,451	128,348	1,993,693
Net credit losses	(146,269)	(65,215)	1,736	-	(209,748)
Net operating income	597,906	423,504	634,187	128,348	1,783,945

FINANCIAL POSITION INFORMATION

	2015				
	Corporate and Commercial Banking LBP Million	Retail and Personal Banking LBP Million	Treasury and Capital Markets LBP Million	Group Functions and Head Office LBP Million	**Total LBP Million**
Investments in associates	-	-	-	13,989	**13,989**
Total assets	20,147,932	9,251,095	31,157,560	3,166,050	**63,722,637**
Total liabilities	13,332,995	38,749,015	3,873,157	2,811,718	**58,766,885**

	2014				
	Corporate and Commercial Banking LBP Million	Retail and Personal Banking LBP Million	Treasury and Capital Markets LBP Million	Group Functions and Head Office LBP Million	Total LBP Million
Investments in associates	-	-	-	27,762	27,762
Total assets	20,213,559	8,815,442	30,349,820	3,876,898	63,255,719
Total liabilities	13,592,789	38,085,813	2,828,261	3,702,325	58,209,188

Capital expenditures amounting to LBP 168,079 million for the year 2015 (2014: LBP 112,019) are allocated to the Group Functions and Head Office business segment.

GEOGRAPHICAL SEGMENTS

The Group operates in three geographical segments: Lebanon, Middle East and North Africa, and Turkey (MENAT) and Europe. As such, it is subject to different risks and returns. The following tables show the distribution of the Group's net external operating income, assets and liabilities allocated based on the location of the subsidiaries reporting the results or advancing the funds. Transactions between segments are carried at market prices and within pure trading conditions.

NET OPERATING INCOME INFORMATION

	2015			
	Lebanon LBP Million	MENAT LBP Million	Europe LBP Million	**Total LBP Million**
Net interest income	598,379	812,836	52,437	1,463,652
Non-interest income				
Net fee and commission income	159,021	189,748	57,896	**406,665**
Foreign exchange operations	20,110	58,560	13,567	**92,237**
Financial operations	218,970	(97,224)	5,947	**127,693**
Share of profit or loss of associates	247	3,060	-	**3,307**
Other operating income	13,645	14,274	5,451	**33,370**
Total non-interest income	411,993	168,418	82,861	**663,272**
Total external operating income	1,010,372	981,254	135,298	**2,126,924**
Net credit losses	(29,780)	(169,893)	(336)	**(200,009)**
Net external operating income	980,592	811,361	134,962	**1,926,915**

	2014			
	Lebanon LBP Million	MENAT LBP Million	Europe LBP Million	Total LBP Million
Net interest income	566,493	628,801	54,945	1,250,239
Non-interest income				
Net fee and commission income	159,615	159,922	53,902	373,439
Foreign exchange operations	20,029	41,246	17,080	78,355
Financial operations	270,157	(7,289)	5,112	267,980
Share of profit or loss of associates	14	359	-	373
Other operating income	17,942	2,425	2,940	23,307
Total non-interest income	467,757	196,663	79,034	743,454
Total external operating income	1,034,250	825,464	133,979	1,993,693
Net credit losses	(89,963)	(117,496)	(2,289)	(209,748)
Net external operating income	944,287	707,968	131,690	1,783,945

FINANCIAL POSITION INFORMATION

	2015			
	Lebanon LBP Million	MENAT LBP Million	Europe LBP Million	**Total LBP Million**
Capital expenditures	48,223	116,395	3,461	**168,079**
Investments in associates	10,420	3,569	-	**13,989**
Total assets	35,800,023	24,438,939	3,483,675	**63,722,637**
Total liabilities	31,378,529	24,139,804	3,248,552	**58,766,885**

	2014			
	Lebanon LBP Million	MENAT LBP Million	Europe LBP Million	Total LBP Million
Capital expenditures	42,682	67,784	1,553	112,019
Investments in associates	10,425	17,337	-	27,762
Total assets	35,646,768	24,381,211	3,227,740	63,255,719
Total liabilities	31,283,637	23,928,658	2,996,893	58,209,188

5.0. | INTEREST AND SIMILAR INCOME

	2015 LBP Million	2014 LBP Million
Balances with central banks	424,234	322,143
Due from banks and financial institutions	63,078	40,839
Loans to banks and financial institutions and reverse repurchase agreements	147,329	86,092
Loans and advances to customers at amortised cost	2,078,136	1,893,577
Loans and advances to related parties at amortised cost	6,232	2,364
Financial assets classified at amortised cost	1,051,607	1,055,328
Other interest income	831	777
	3,771,447	3,401,120

The components of interest and similar income from loans and advances to customers at amortised cost are detailed as follows:

	2015 LBP Million	2014 LBP Million
Corporate and SME	1,522,417	1,426,137
Retail and Personal Banking	509,686	448,654
Public sector	46,033	18,786
	2,078,136	1,893,577

The components of interest and similar income from financial assets classified at amortised cost are detailed as follows:

	2015 LBP Million	2014 LBP Million
Lebanese sovereign and Central Bank of Lebanon	625,042	694,531
Other sovereign	408,952	339,602
Private sector and other securities	17,613	21,195
	1,051,607	1,055,328

6.0. | INTEREST AND SIMILAR EXPENSE

	2015 LBP Million	2014 LBP Million
Due to central banks	4,585	5,295
Due to banks and financial institutions	46,186	37,866
Due to banks under repurchase agreements	6,727	11,323
Customers' deposits	2,146,839	2,012,919
Deposits from related parties	27,520	25,951
Debt issued and other borrowed funds (Note 37)	75,938	57,527
	2,307,795	2,150,881

7.0. | FEE AND COMMISSION INCOME

	2015 LBP Million	2014 LBP Million
Commercial Banking income	76,073	72,422
Credit-related fees and commissions	97,887	90,231
Brokerage and custody income	81,017	81,310
Trust and fiduciary activities	13,351	9,420
Trade finance income	64,603	63,955
Electronic Banking	119,573	107,327
Corporate finance fees	32,270	18,554
Insurance brokerage income	12,916	10,018
Other fees and commissions	5,748	5,558
	503,438	458,795

8.0. | FEE AND COMMISSION EXPENSE

	2015 LBP Million	2014 LBP Million
Commercial Banking expenses	8,027	7,349
Brokerage and custody fees	13,601	11,936
Electronic Banking	60,987	53,934
Corporate finance fees	266	1,645
Insurance brokerage fees	1,030	848
Other fees and commissions	12,862	9,644
	96,773	85,356

9.0. | NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015			2014		
	Trading Gain (Loss) LBP Million	Interest Income LBP Million	Total LBP Million	Trading Gain (loss) LBP Million	Interest Income LBP Million	Total LBP Million
a) Net gain on financial instruments						
Lebanese sovereign and Central Bank of Lebanon						
Certificates of deposits	(1,479)	8,449	6,970	(95)	2,903	2,808
Treasury bills	77,179	10,897	88,076	3,449	4,116	7,565
Eurobonds	767	4,840	5,607	8,929	8,644	17,573
	76,467	24,186	100,653	12,283	15,663	27,946
Other sovereign						
Treasury bills	(2,347)	1,140	(1,207)	2,330	192	2,522
Eurobonds	92	4	96	72	16	88
	(2,255)	1,144	(1,111)	2,402	208	2,610
Private sector and other securities						
Banks and financial institutions debt instruments	802	27	829	1,313	21	1,334
Corporate debt instruments	89	731	820	68	2,791	2,859
Funds	(440)	-	(440)	3,301	-	3,301
Equity instruments	(686)	-	(686)	522	-	522
	(235)	758	523	5,204	2,812	8,016
b) Other trading income						
Foreign exchange	92,237	-	92,237	78,355	-	78,355
Currency swaps and forwards	(108,698)	-	(108,698)	(39,604)	-	(39,604)
Currency options	(21,204)	-	(21,204)	(33,198)	-	(33,198)
Credit derivatives	120	-	120	(52)	-	(52)
Other derivatives	10,554	-	10,554	7,843	-	7,843
Dividends	323	-	323	273	-	273
	(26,668)	-	(26,668)	13,617	-	13,617
	47,309	26,088	73,397	33,506	18,683	52,189

Trading gain on financial assets at fair value through profit or loss includes the results of trading in the above classes of securities, as well as the result of the change in their fair values.

Currency derivatives and forex includes gains and losses from spot transactions, forward and swap currency contracts, amortisation of time value of options designated for hedging purposes, and the revaluation of the daily open foreign currency positions.

For the year ended 31 December 2015, derivatives include a gain of LBP 120 million (2014: loss of LBP 52 million) representing the change in fair value of the credit default swaps related to the Lebanese sovereign risk and embedded in some of the Group's deposits, as discussed in Note 35 to these consolidated financial statements.

10.0. | NET GAIN ON SALE OF FINANCIAL ASSETS AT AMORTISED COST

The Group derecognises some debt instruments classified at amortised cost due to the following reasons:

- Deterioration of the credit rating below the ceiling allowed in the Group's investment policy;
- Liquidity gap and yield management;
- Exchange of certificates of deposit by the Central Bank of Lebanon;
- Currency risk management as a result of change in the currency base of deposits; or
- Liquidity for capital expenditures.

The schedule below details the gains and losses arising from the derecognition of these financial assets:

	2015			2014		
	Gains LBP Million	Losses LBP Million	Net LBP Million	Gains LBP Million	Losses LBP Million	Net LBP Million
Lebanese sovereign and Central Bank of Lebanon						
Certificates of deposits	83,438	(7,284)	76,154	74,974	(3,933)	71,041
Treasury bills	12,319	(1,397)	10,922	42,657	(24,271)	18,386
Eurobonds	36,201	(22,155)	14,046	165,851	(10,071)	155,780
	131,958	(30,836)	101,122	283,482	(38,275)	245,207
Other sovereign						
Treasury bills	21,490	(493)	20,997	15,443	(12)	15,431
Other governmental securities	450	(1)	449	-	-	-
Eurobonds	6	-	6	144	(3)	141
	21,946	(494)	21,452	15,587	(15)	15,572
Private sector and other securities						
Banks and financial institutions debt instruments	230	(5)	225	1,197	(28)	1,169
Corporate and other debt instruments	642	(15)	627	78	-	78
	872	(20)	852	1,275	(28)	1,247
	154,776	(31,350)	123,426	300,344	(38,318)	262,026

11.0. | OTHER OPERATING INCOME

	2015 LBP Million	2014 LBP Million
Profit sharing agreements (A)	349	3,519
Accruals written back	7,924	2,633
Income from disposal of assets acquired against debts	225	57
Release of provision for end of service benefits (Note 39)	11	239
Release of provision for risks and charges (Note 39)	1,465	897
Disposal of assets held for sale (B)	-	11,544
Revenue from non-banking activities	9,957	-
Safe rental	1,662	1,638
Gain on revaluation of associate (C)	7,161	-
Other income	4,616	2,780
	33,370	23,307

(A) During 2011, the Group entered into profit sharing agreements under which it became entitled to 30% of CGI's profits for a period of 5 years ending during the second quarter of 2016 and 33% of Global Com Holding sal profits up to 31 December 2016. The Group's share of these profits for the year 2015 amounted to LBP 349 million (2014: LBP 3,519 million).

(B) During 2013, the Group purchased 47,250 shares comprising 30% of the capital of Elite Insurance and Reinsurance Company for LBP 4,983 million. Management completed the sale of this investment during 2014. The resulting gain amounting to LBP 11,544 million was booked under "other operating income".

(C) Pursuant to the acquisition of additional 33% equity in Capital Banking Solutions ltd during 2015 (Note 3), the Group re-measured its non-controlling investment immediately before obtaining control, which resulted in a gain of LBP 7,161 million.

12.0. | NET CREDIT LOSSES

	2015 LBP Million	2014 LBP Million
Charges for the year		
Loans and advances to customers at amortised cost (Note 23)	239,132	227,026
Loans directly written off	6	2,679
	239,138	229,705
Recoveries for the year – loans and advances to customers		
Impairment allowance recovered (Note 23)	(17,917)	(6,916)
Unrealised interest recovered (Note 23)	(2,456)	(1,652)
Recoveries of debts previously written off (Note 23)	(18,323)	(10,690)
Other recoveries for the year		
Impairment allowance recovered – financial instruments at amortised cost (Note 25)	(433)	(699)
	(39,129)	(19,957)
	200,009	209,748

13.0. | PERSONNEL EXPENSES

	2015 LBP Million	2014 LBP Million
Salaries and related benefits	511,155	503,882
Social security contributions	44,940	42,119
End of service benefits (Note 39)	17,367	34,013
Transportation	18,192	19,287
Schooling	9,444	7,316
Medical expenses	5,959	5,054
Food and beverage	7,469	6,993
Training and seminars	7,130	6,557
Others	8,475	7,350
	630,131	632,571

14.0. | OTHER OPERATING EXPENSES

	2015 LBP Million	2014 LBP Million
Operating leases	67,116	49,670
Professional fees	31,475	32,278
Board of Directors fees	6,121	5,388
Advertising fees	45,594	43,160
Taxes and similar disbursements	20,029	21,264
Outsourcing services	32,131	30,563
Premium for guarantee of deposits	23,710	21,932
Information technology	34,545	27,269
Donations and social aids	5,802	7,822
Provisions for risks and charges (Note 39)	20,126	4,094
Travel and related expenses	17,142	15,674
Telephone and mail	14,645	15,026
Electricity, water and fuel	11,624	10,690
Maintenance	12,647	9,803
Insurance premiums	9,457	9,005
Facilities services	10,048	9,400
Subscription to communication services	9,897	9,080
Office supplies	7,406	7,816
Receptions and gifts	5,655	5,414
Electronic cards expenses	9,305	10,999
Regulatory charges	8,804	8,040
Documentation and miscellaneous subscriptions	2,664	2,546
Others	12,435	17,856
	418,378	374,789

15.0. | INCOME TAX

The components of income tax expense for the year ended 31 December are detailed as follows:

	2015 LBP Million	2014 LBP Million
Current tax		
Current income tax	186,518	152,470
Adjustment in respect of current income tax of prior years	(5,687)	6,559
Other taxes treated as income tax	9,187	11,977
	190,018	171,006
Deferred tax		
Relating to origination and reversal of temporary differences	(28,830)	(12,981)
	161,188	158,025

The tax rates applicable to the parent and subsidiaries vary from 4.5% to 35% in accordance with the income tax laws of the countries where the Group operates. For the purpose of determining the taxable results of the subsidiaries for the year, the accounting results have been adjusted for tax purposes. Such adjustments include items relating to both income and expense and are based on the current understanding of the existing tax laws and regulations and tax practices.

The components of operating profit before tax, and the differences between income tax expense reflected in the financial statements and the calculated amounts are shown in the table below:

	2015 LBP Million	2014 LBP Million
Operating profit before tax	768,915	686,110
Income tax	167,101	157,196
Increase resulting from:		
Non-deductible expenses	31,105	12,567
Non-deductible provisions	38,588	22,194
Unrealised losses on financial instruments	27,006	13,582
Unearned commissions	7,524	7,680
Other non-deductibles	12,922	10,906
	117,145	66,929
Decrease resulting from:		
Revenues previously subject to tax	28,648	3,022
Provision recoveries previously subject to tax	34,730	29,730
Exempted revenues	5,661	22,017
Unrealised gains on financial instruments	21,754	6,281
Other deductibles	6,935	10,605
	97,728	71,655
Income tax	186,518	152,470
Effective income tax rate	24.26%	22.22%

The movement of current tax liabilities during the year is as follows:

	2015 LBP Million	2014 LBP Million
Balance at 1 January	102,614	80,395
Charges for the year	190,018	171,006
Transfer from other components of equity	839	11,238
Transfer to tax regularisation accounts	(11,407)	(6,971)
Other transfers	(7,932)	(4,548)
	171,518	170,725
Less taxes paid:		
Current year tax liability[1]	134,860	101,331
Prior years tax liabilities	46,661	43,354
Foreign exchange difference	7,732	3,821
	189,253	148,506
Balance at 31 December	84,879	102,614

[1] *Represents taxes paid on interest received from Treasury bills and Central Bank's certificates of deposits.*

Deferred taxes recorded in the Consolidated Statement of Financial Position result from the following items:

	2015			
	Deferred Tax Assets LBP Million	Deferred Tax Liabilities LBP Million	Income Statement LBP Million	Other Comprehensive Income LBP Million
Provisions	10,744	(2,044)	1,450	-
Impairment allowance for loans and advances	30,904	-	10,003	-
Financial instruments at FVTOCI	(3,336)	2,447	-	(1,161)
Difference in depreciation rates	(3,079)	4,789	(265)	-
Defined benefit obligation	2,432	(88)	-	(891)
Revaluation of real estate	-	42,637	-	4,613
Financial instruments at FVTPL	10,124	10,147	13,118	-
Other temporary differences	13,275	(24)	4,524	-
	61,064	57,864	28,830	2,561

	2014			
	Deferred Tax Assets LBP Million	Deferred Tax Liabilities LBP Million	Income Statement LBP Million	Other Comprehensive Income LBP Million
Provisions	10,434	(2,316)	3,844	-
Impairment allowance for loans and advances	23,298	-	7,552	-
Financial instruments at FVTOCI	(2,606)	2,362	-	(2,211)
Carried forward taxable losses	7,401	-	(1,090)	-
Difference in depreciation rates	(3,418)	5,339	(2,102)	-
Defined benefit obligation	3,373	(76)	-	521
Revaluation of real estate	-	48,926	-	(49,332)
Financial instruments at FVTPL	1,422	-	3,692	-
Other temporary differences	3,821	-	1,085	-
	43,725	54,235	12,981	(51,022)

16.0. | PROFIT FROM DISCONTINUED OPERATIONS

On 26 July 2012, the directors of Banaudi Holding Limited, sole shareholder of Bank Audi SAM, decided to cease the activities of the subsidiary bank and to liquidate it and withdraw its banking license.

Bank Audi SAM exercised banking activities in Monaco under a banking license provided by local authorities. The cessation of activities involving surrender of operating license, restitution of the assets of the clients, transfer of credit in process, and cancellation of all arrangements concluded with the external services providers were completed during 2014.

17.0. | EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year. The Bank does not have arrangements that might result in dilutive shares. As such, diluted earnings per share were not separately calculated.

The following table shows the income and share data used to calculate basic earnings per share:

	2015 LBP Million	2014 LBP Million
Profit attributable to equity holders of the Bank	587,948	513,500
Less: dividends attributable to preferred shares	(34,484)	(45,790)
Profit available to holders of ordinary shares	553,464	467,710
Weighted average number of shares outstanding	399,006,205	360,485,035
Basic and diluted earnings per share	1,387	1,297

There were no transactions involving common shares or potential common shares between the reporting date and the date of the completion of these consolidated financial statements which would require the restatement of earnings per share.

18.0. | CASH AND BALANCES WITH CENTRAL BANKS

	2015 LBP Million	2014 LBP Million
Cash on hand	361,802	353,479
Central Bank of Lebanon		
Current accounts	574,634	413,587
Time deposits	9,520,250	9,304,365
Accrued interest	122,441	123,035
	10,217,325	9,840,987
Other central banks		
Current accounts	813,919	1,042,351
Time deposits	2,357,635	2,010,161
Accrued interest	4,241	409
	3,175,795	3,052,921
	13,754,922	13,247,387

OBLIGATORY RESERVES

- In accordance with the regulations of the Central Bank of Lebanon, banks operating in Lebanon are required to deposit with the Central Bank of Lebanon an obligatory reserve calculated on the basis of 25% of sight commitments and 15% of term commitments denominated in Lebanese Pounds. This is not applicable for investment banks which are exempted from obligatory reserve requirements on commitments denominated in Lebanese Pounds. Additionally, all banks operating in Lebanon are required to deposit with the Central Bank of Lebanon interest-bearing placements representing 15% of total deposits in foreign currencies, regardless of nature.

- Subsidiary banks operating in foreign countries are also subject to obligatory reserve requirements determined based on the banking regulations of the countries in which they operate.

The following table summarises the Group's placements in central banks available against the obligatory reserves as of 31 December:

	2015			2014		
	Lebanese Pounds LBP Million	Foreign Currencies LBP Million	**Total LBP Million**	Lebanese Pounds LBP Million	Foreign Currencies LBP Million	Total LBP Million
Central Bank of Lebanon						
Current accounts	354,793	-	354,793	213,956	-	213,956
Time deposits	64,222	3,525,410	3,589,632	74,993	3,522,350	3,597,343
	419,015	3,525,410	3,944,425	288,949	3,522,350	3,811,299
Other central banks						
Current accounts	-	491,072	491,072	-	424,806	424,806
Time deposits	-	2,226,173	2,226,173	-	1,724,079	1,724,079
	-	2,717,245	2,717,245	-	2,148,885	2,148,885
	419,015	6,242,655	6,661,670	288,949	5,671,235	5,960,184

19.0. | DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	2015 LBP Million	2014 LBP Million
Current accounts	1,497,320	1,823,108
Time deposits	990,563	1,590,016
Checks for collection	166,034	150,546
Other amounts due	50,096	45,573
Accrued interest	1,034	544
Less: impairment allowance	(890)	(895)
	2,704,157	3,608,892

The movement of the impairment allowance was as follows:

	2015 LBP Million	2014 LBP Million
Balance at 1 January	895	901
Foreign exchange difference	(5)	(6)
Balance at 31 December	890	895

20.0. | LOANS TO BANKS AND FINANCIAL INSTITUTIONS AND REVERSE REPURCHASE AGREEMENTS

	2015 LBP Million	2014 LBP Million
Loans and advances	196,810	245,980
Reverse repurchase agreements	2,383,744	2,671,865
Accrued interest	4,999	10,898
	2,585,553	2,928,743

Reverse repurchase agreements held by the Group as of 31 December 2015 comprise the following:

Local Currency Million	Balance LBP Million	Average Interest Rate LBP Million	Collateral Type LBP Million	Collateral Value LBP Million
USD	278,959	2.85%	BDL CD	312,052
TRY	2,104,785	10.75%	Treasury bills	2,104,785
	2,383,744			2,416,837

Reverse repurchase agreements held by the Group as of 31 December 2014 comprise the following:

Local Currency Million	Balance LBP Million	Average Interest Rate LBP Million	Collateral Type LBP Million	Collateral Value LBP Million
USD	1,216,455	5.29%	BDL CD	1,454,436
TRY	1,455,410	11.08%	Treasury bills	1,455,410
	2,671,865			2,909,846

21.0. | DERIVATIVE FINANCIAL INSTRUMENTS

The tables below show the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index, and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are indicative of neither the market risk nor the credit risk.

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive market value of instruments that are favourable to the Group.

FORWARDS AND FUTURES

Forwards and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Futures contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements.

OPTIONS

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or to sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

SWAPS

Swaps are contractual agreements between two parties to exchange movements in interest or foreign currency rates, as well as the contracted upon amounts for currency swaps.

In a currency swap, the Group pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross-settled.

A credit default swap (CDS) is a credit derivative between two counterparties, whereby they isolate the credit risk of at least one third party and trade it. Under the agreement, one party makes periodic payments to the other and receives the promise of a payoff if the third party defaults. The former party receives credit protection and is said to be the "buyer", while the other party provides credit protection and is said to be the "seller". The third party is known as the "reference entity".

The notional amount of credit default swaps represents the carrying value of certain time deposits held by the Group as of 31 December 2015 and 2014.

The Group has positions in the following types of derivatives:

31 December 2015	Positive Fair Value LBP Million	Negative Fair Value LBP Million	Notional Amount LBP Million	Notional Amount by Term to Maturity: Within 3 Months LBP Million	3 to12 Months LBP Million	1 to 5 Years LBP Million	Over 5 Years LBP Million
Derivatives held for trading							
Forward foreign exchange contracts	16,579	10,138	1,398,617	1,148,637	249,796	184	-
Forward precious metals contracts	13	1	1,286	1,286	-	-	-
Currency swaps	31,463	59,464	5,503,849	4,443,734	828,118	231,997	-
Precious metals swaps	859	65	89,132	86,854	2,278	-	-
Currency options	38,275	45,634	5,489,799	3,652,178	1,787,289	50,332	-
Interest rate swaps	9,463	2,539	2,799,608	127,453	308,683	1,751,140	612,332
Interest rate options	-	-	236,663	-	-	-	236,663
Credit default swaps	2,578	-	2,325,642	236,427	2,089,215	-	-
Equity options	27,326	13,047	62,355	-	-	62,355	-
Total	126,556	130,888	17,906,951	9,696,569	5,265,379	2,096,008	848,995
Derivatives held to hedge net investments in foreign operations							
Currency swaps	5,072	311	222,913	-	222,913	-	-
Currency options	134,235	-	1,055,250	452,250	-	603,000	-
	139,307	311	1,278,163	452,250	222,913	603,000	-
Derivatives held to hedge cash flow							
Interest rate swaps	-	-	18,413	1,938	1,938	14,537	-
	-	-	18,413	1,938	1,938	14,537	-
	265,863	131,199	19,203,527	10,150,757	5,490,230	2,713,545	848,995

31 December 2014	Positive Fair Value LBP Million	Negative Fair Value LBP Million	Notional Amount LBP Million	Notional Amount by Term to Maturity: Within 3 Months LBP Million	3 to12 Months LBP Million	1 to 5 Years LBP Million	Over 5 Years LBP Million
Derivatives held for trading							
Forward foreign exchange contracts	7,246	7,275	880,757	745,982	134,775	-	-
Forward precious metals contracts	31	22	3,893	3,893	-	-	-
Currency swaps	22,037	32,827	4,062,244	3,462,363	554,417	45,464	-
Precious metals swaps	1,865	716	106,174	104,031	2,143	-	-
Currency options	62,998	67,966	6,458,718	4,028,639	2,412,180	17,899	-
Interest rate swaps	5,209	2,851	1,714,013	8,660	169,710	1,389,914	145,729
Interest rate options	816	816	1,334,603	-	155,627	926,554	252,422
Credit default swaps	2,458	-	2,235,511	424,971	1,416,972	393,568	-
Equity options	11,504	3,709	30,038	-	-	30,038	-
Total	114,164	116,182	16,825,951	8,778,539	4,845,824	2,803,437	398,151
Derivatives held to hedge net investments in foreign operations							
Currency swaps	13,918	121	234,740	-	234,740	-	-
Currency options	69,045	-	904,500	301,500	-	603,000	-
	82,963	121	1,139,240	301,500	234,740	603,000	-
	197,127	116,303	17,965,191	9,080,039	5,080,564	3,406,437	398,151

DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR TRADING PURPOSES

Most of the Group's derivative trading activities relate to deals with customers which are normally offset by transactions with other counterparties. Also included under this heading are any derivatives entered into for risk management purposes which do not meet the IFRS 9 hedge accounting criteria.

DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR HEDGING PURPOSES

The Group uses derivatives for hedging purposes in order to reduce its exposure to credit and market risks. This is achieved by hedging specific financial instruments, portfolios of fixed rate financial instruments and forecast transaction, as well as strategic hedging against overall financial position exposures.

During 2015, the Group had USD 700 million of its net investment in Odea Bank A.Ş., hedged through currency option contracts. The notional amount of these contracts amounted to LBP 1,055,250 million (USD 700 million) as of December 2015 and is comprised of USD 400 million hedged through capped calls and USD 300 million hedged through currency collars (2014:

the notional amount of these contracts amounted to LBP 904,500 million (USD 600 million) and is comprised of USD 400 million hedged through capped calls and USD 200 million hedged through currency collars). At 31 December 2015, the positive fair value of these contracts amounted to LBP 134,235 million (USD89 million) (2014: LBP 69,045 million (USD 45.8 million)). The Bank designated only the intrinsic value of these options as the hedging instrument.

During 2015, the Group renewed its currency swap contracts designated to hedge the net investment in its subsidiaries in Cyprus, France, Kingdom of Saudi Arabia and Qatar. The notional amount of these contracts amounted to LBP 222,913 million as of 31 December 2015 (2014: LBP 234,740 million). The positive fair value of these contracts amounted to LBP 5,072 million, while the negative fair value contracts reached LBP 311 million (2014: positive fair value of LBP 13,918 million, while the negative fair value was LBP 121 million) and was transferred to "foreign currency translation reserve" in equity to offset results of translation of the net investment in those subsidiaries.

No ineffectiveness from hedges of net investments in foreign operations was recognised in profit or loss during the year.

Information pertaining to the effect of applying hedge accounting for hedged items and hedging instruments is summarised as follows:

	2015							
						Effect of Change in Time Value Recognised in OCI		
31 December 2015	Hedging Instrument LBP Million	Hedged Currency LBP Million	Notional Amount LBP Million	Positive Fair Value LBP Million	Negative Fair Value LBP Million	As of 31 December 2015 LBP Million	During 2015 LBP Million	Balances Recognised in FCTR during 2015 LBP Million
Hedged Items								
Odea Bank A.Ş. - effect of foreign currency fluctuation within a predefined range	Capped Calls	TRY	603,000	130,204	-	(57,184)	(56,396)	99,278
Odea Bank A.Ş. - effect of extreme foreign currency fluctuation	Collars	TRY	452,250	4,031	-	4,032	2,896	12,953
Bank Audi France sa - effect of foreign currency fluctuation	Currency swap	EUR	96,328	4,846	-	-	-	10,944
Banaudi Holding - effect of foreign currency fluctuation	Currency swap	EUR	9,880	226	-	-	-	1,123
Audi Capital (KSA) - effect of foreign currency fluctuation	Currency swap	SAR	41,645	-	189	-	-	13
Audi Qatar - effect of foreign currency fluctuation	Currency swap	QAR	75,060	-	122	-	-	7
				139,307	311	(53,152)	(53,500)	124,318

	2014							
						Effect of Change in Time Value Recognised in OCI		
31 December 2014	Hedging Instrument LBP Million	Hedged Currency LBP Million	Notional Amount LBP Million	Positive Fair Value LBP Million	Negative Fair Value LBP Million	As of 31 December 2014 LBP Million	During 2014 LBP Million	Balances Recognised in FCTR during 2014 LBP Million
Hedged Items								
Odea Bank A.Ş. - effect of foreign currency fluctuation within a predefined range	Capped Calls	TRY	603,000	67,909	-	(788)	(788)	15,162
Odea Bank A.Ş. - effect of extreme foreign currency fluctuation	Collars	TRY	301,500	1,136	-	1,136	1,136	(23,829)
Bank Audi France sa - effect of foreign currency fluctuation	Currency swap	EUR	107,281	12,556	-	-	-	14,081
Banaudi Holding - effect of foreign currency fluctuation	Currency swap	EUR	11,003	1,340	-	-	-	1,445
Audi Capital (KSA) - effect of foreign currency fluctuation	Currency swap	SAR	41,397	22	-	-	-	(288)
Audi Qatar - effect of foreign currency fluctuation	Currency swap	QAR	75,059	-	121	-	-	9
				82,963	121	348	348	6,580

22.0. | FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 LBP Million	2014 LBP Million
Lebanese sovereign and Central Bank of Lebanon		
Certificates of deposits	109,520	98,008
Treasury bills	91,828	169,262
Eurobonds	51,684	128,710
	253,032	395,980
Other sovereign		
Treasury bills and bonds	12,863	1,158
Eurobonds	-	898
	12,863	2,056
Private sector and other securities		
Banks and financial institutions	36,351	48,574
Loans and advances to customers	22,185	12,043
Mutual funds	50,607	53,119
Equity instruments	8,684	5,050
	117,827	118,786
	383,722	516,822

The classification of the above instruments according to the type of interest is as follows:

	2015 LBP Million	2014 LBP Million
Fixed interest		
Lebanese sovereign and Central Bank of Lebanon	253,032	395,980
Other sovereign	12,812	1,990
Private sector and other securities	22,484	12,043
	288,328	410,013
Variable interest		
Other sovereign	51	66
Non-interest bearing		
Private sector and other securities	95,343	106,743
	383,722	516,822

23.0. | LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST

	2015			
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Public Sector LBP Million	**Total LBP Million**
Overdraft accounts	3,447,513	963,106	63,646	4,474,265
Loans	16,839,664	5,724,685	376,595	22,940,944
Discounted bills and commercial paper	178,769	15,734	9,110	203,613
	20,465,946	6,703,525	449,351	27,618,822
Impairment allowance	(496,676)	(189,398)	(3,027)	(689,101)
Unrealised interest	(92,457)	(24,457)	-	(116,914)
	19,876,813	6,489,670	446,324	26,812,807

	2014			
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Public Sector LBP Million	Total LBP Million
Overdraft accounts	3,140,370	888,216	19,197	4,047,783
Loans	16,896,863	5,185,761	202,024	22,284,648
Discounted bills and commercial paper	221,784	8,366	7,431	237,581
	20,259,017	6,082,343	228,652	26,570,012
Impairment allowance	(508,371)	(168,252)	(2,709)	(679,332)
Unrealised interest	(87,646)	(27,696)	-	(115,342)
	19,663,000	5,886,395	225,943	25,775,338

The breakdown and movement of the impairment allowance during the year are as follows:

	2015			
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Public Sector LBP Million	**Total LBP Million**
Balance at 1 January	508,371	168,252	2,709	**679,332**
Add:				
Charges for the year (Note 12)	120,925	116,564	1,643	**239,132**
Transfers	1,569	(7,163)	(87)	**(5,681)**
Less:				
Recoveries (Note 12)	(10,082)	(6,772)	(1,063)	**(17,917)**
Write-offs	(80,232)	(66,362)	-	**(146,594)**
Foreign exchange difference	(43,875)	(15,121)	(175)	(59,171)
Balance at 31 December	**496,676**	**189,398**	**3,027**	**689,101**
Individual impairment	324,941	119,602	-	**444,543**
Collective impairment	171,735	69,796	3,027	244,558
	496,676	**189,398**	**3,027**	**689,101**

	2014			
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Public Sector LBP Million	Total LBP Million
Balance at 1 January	409,770	111,090	3,780	524,640
Add:				
Charges for the year (Note 12)	151,304	75,722	-	227,026
Transfers	(20,479)	585	-	(19,894)
Less:				
Recoveries (Note 12)	(3,404)	(2,542)	(970)	(6,916)
Write-offs	(3,008)	(9,358)	-	(12,366)
Foreign exchange difference	(25,812)	(7,245)	(101)	(33,158)
Balance at 31 December	508,371	168,252	2,709	679,332
Individual impairment	349,749	119,539	610	469,898
Collective impairment	158,622	48,713	2,099	209,434
	508,371	168,252	2,709	679,332

The movement of unrealised interest during the year is as follows:

	2015		
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	**Total LBP Million**
Balance at 1 January	87,646	27,696	**115,342**
Add:			
Unrealised interest applied on non-performing loans	31,628	3,328	**34,956**
Less:			
Unrealised interest written off	(25,109)	(2,724)	**(27,833)**
Unrealised interest recovered (Note 12)	(1,954)	(502)	**(2,456)**
Foreign exchange difference	(246)	(3,341)	(3,095)
Balance at 31 December	**92,457**	**24,457**	**116,914**

	2014		
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Total LBP Million
Balance at 1 January	63,814	20,621	84,435
Add:			
Unrealised interest applied on non-performing loans	27,151	7,893	35,044
Less:			
Unrealised interest written off	(305)	(92)	(397)
Unrealised interest recovered (Note 12)	(1,242)	(410)	(1,652)
Foreign exchange difference	(1,772)	(316)	(2,088)
Balance at 31 December	87,646	27,696	115,342

Bad loans and related provisions and unrealised interest which fulfil certain requirements have been transferred to off-balance sheet accounts. The gross balance of these loans transferred during 2015 amounted to LBP 34,327 million (2014: LBP 13,676 million). Besides, amounts recovered from off-balance sheet accounts during 2015 amounted to LBP 18,323 million (2014: 10,690 million) (Note 12).

24.0. | LOANS AND ADVANCES TO RELATED PARTIES AT AMORTISED COST

	2015		
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	**Total LBP Million**
Overdraft accounts	31	134,891	**134,922**
Loans	17,157	62,470	**79,627**
	17,188	**197,361**	**214,549**

	2014		
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Total LBP Million
Overdraft accounts	362	27,663	28,025
Loans	18,179	63,803	81,982
	18,541	91,466	110,007

25.0. | FINANCIAL ASSETS AT AMORTISED COST

	2015 LBP Million	2014 LBP Million
Lebanese sovereign and Central Bank of Lebanon		
Certificates of deposits	5,614,622	4,481,896
Treasury bills	1,794,767	1,537,535
Eurobonds	2,959,183	3,699,108
	10,368,572	9,718,539
Other sovereign		
Treasury bills	3,425,347	3,706,404
Eurobonds	319,070	229,986
Other governmental securities	72,185	74,987
	3,816,602	4,011,377
Private sector and other securities		
Banks and financial institutions debt instruments	494,941	629,249
Corporate debt instruments	109,222	219,596
Loans related to investments in equity instruments	-	168
	604,163	849,013
	14,789,337	14,578,929
Less: impairment allowance	(4,763)	(5,186)
	14,784,574	14,573,743

The movement of the impairment allowance is as follows:

	2015	2014
Balance at 1 January	5,186	6,022
Recoveries (Note 12)	(433)	(699)
Foreign exchange differences	10	(137)
Balance at 31 December	4,763	5,186

The classification of the above instruments according to the type of interest is as follows:

	2015 LBP Million	2014 LBP Million
Fixed interest		
Lebanese sovereign and Central Bank of Lebanon	10,368,572	9,718,539
Other sovereign	3,651,726	3,812,007
Private sector and other securities	597,876	840,498
	14,618,174	14,371,044
Variable interest		
Private sector and other securities	1,524	3,329
Other sovereign	164,876	199,370
	166,400	202,699
	14,784,574	14,573,743

26.0. | FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group classified the following instruments in private sector securities at fair value through other comprehensive income as it holds them for strategic reasons. The tables below list those equity instruments and dividends received, as well as the changes in fair value net of applicable taxes:

2015	Fair Value LBP Million	Cumulative Changes in Fair Value LBP Million	Dividends LBP Million
LIA Insurance sal	39,013	6,132	2,347
Visa NC – Class “C”	30,265	22,253	96
Phoenicia – Aer Rianta Co. SAL	10,729	-	17,863
Banque de l’Habitat SAL	17,759	11,498	361
Solidere International Limited	7,003	(3,953)	-
Liban Lait SAL	5,232	-	-
Saraya Aqaba Real Estate Development	3,944	-	-
Master Card Inc Class “B”	5,734	4,874	19
BA Capital Holding PLC	3,015	-	-
Visa Europe Ltd	2,740	2,192	-
Kafa Holding SAL	2,049	-	-
Kafalat	2,508	1,740	-
International Payment Network SAL	1,469	697	55
Arab Trade Finance Program	1,723	126	10
Abdel Wahab 618 Holding SAL	1,203	-	-
Fransabank SAL	982	(203)	65
C-Mobile Group Holding Ltd	-	(10,867)	-
Other equity instruments	9,007	1,722	2,291
	144,375	36,211	23,107

2014	Fair Value LBP Million	Cumulative Changes in Fair Value LBP Million	Dividends LBP Million
AZA Holding SAL	-	-	6,807
LIA Insurance sal	38,239	5,134	3,042
Visa NC – Class “C”	25,270	17,995	141
Phoenicia – Aer Rianta Co. SAL	10,729	-	18,079
Banque de l’Habitat SAL	14,857	9,500	311
Solidere International Limited	6,009	(4,220)	-
Liban Lait SAL	5,232	-	-
Saraya Aqaba Real Estate Development	3,953	-	-
Master Card Inc Class “B”	5,000	4,244	25
Kafa Holding SAL	2,049	-	-
Kafalat	1,474	1,015	-
International Payment Network SAL	1,453	683	91
Arab Trade Finance Program	1,577	2	-
Abdel Wahab 618 Holding SAL	1,203	-	-
Fransabank SAL	959	(222)	60
C-Mobile Group Holding Ltd	1	(10,877)	-
Other equity instruments	17,701	4,273	3,564
	135,706	27,527	32,120

During 2014, the Group sold its investment in AZA Holding SAL for a total consideration of USD 94,708 thousands (equivalent to LBP 142,773 million). The cumulative change in fair value upon the sale transaction amounted to LBP 112,382 million (Note 47) and was reclassified to retained earnings net of the effect of taxes amounting to LBP 11,238 million which was booked under current tax liabilities.

27.0. | INVESTMENTS IN ASSOCIATES

	Country of Incorporation	Activity	2015 Ownership %	2015 Carrying Value LBP Million	2014 Ownership %	2014 Carrying Value LBP Million
Investments						
Assurex SAL	Lebanon	Insurance and reinsurance	23.82%	9,942	23.82%	9,738
Syrian Arab for Insurance	Syria	Insurance and brokerage	36.00%	3,569	36.00%	3,873
Pinpay SAL	Lebanon	Mobile payment services	37.04%	101	35.50%	687
Capital B. Solutions (CBS) ltd	UAE	IT Services		-	37.50%	4,324
				13,612		18,622
Related loans						
Pinpay SAL				377		-
Capital B. Solutions (CBS) ltd				-		9,140
				13,989		27,762

The Group's investments accounted for under the equity method are not listed on public exchanges. The following table illustrates the summarised financial information of these investments:

2015	Assurex SAL LBP Million	Syrian Arab for Insurance LBP Million	Pinpay SAL LBP Million	Capital Banking Solutions ltd LBP Million
Associates' statement of financial position				
Current assets	65,741	11,675	41	-
Non-current assets	35,545	19,788	1,596	-
Current liabilities	(56,757)	(2,644)	(435)	-
Non-current liabilities	(2,362)	(15,436)	(858)	-
Equity	42,167	13,383	344	-

2014	Assurex SAL LBP Million	Syrian Arab for Insurance LBP Million	Pinpay SAL LBP Million	Capital Banking Solutions ltd LBP Million
Associates' statement of financial position				
Current assets	66,112	13,485	440	18,292
Non-current assets	35,654	16,174	1,899	14,449
Current liabilities	(58,840)	(447)	(451)	(18,459)
Non-current liabilities	(2,647)	(17,168)	(33)	(9,930)
Equity	40,279	12,044	1,855	4,352

ASSOCIATES' OPERATING RESULTS

	31 December 2015 LBP Million	31 December 2014 LBP Million
Revenues	44,433	80,507
Operating expenses	(35,775)	(73,232)
Dividends received during the year	730	361
Share of profit for the year	3,307	373

Assurex SAL has contingent liabilities of LBP 3,183 million of which LBP 3,100 million relate to guarantees issued in accordance with regulatory requirements.

28.0. | PROPERTY AND EQUIPMENT

	Land LBP Million	Buildings and Freehold Improvements LBP Million	Leasehold Improvements LBP Million	Motor Vehicles LBP Million	Office Equipment and Computer Hardware LBP Million	Office Machinery and Furniture LBP Million	Other LBP Million	Total LBP Million
Cost or revaluation:								
At 1 January 2015	182,267	572,342	146,883	3,104	189,656	107,047	8,745	1,210,044
Entities acquired during the year	-	-	1,661	-	3,016	629	-	5,306
Additions	317	50,475	24,876	878	36,863	7,461	106	120,976
Disposals	-	(1,223)	(5,067)	(308)	(707)	(503)	(9)	(7,817)
Revaluation[2]	-	770	-	-	-	-	-	770
Transfers	27,436	(28,209)	(197)	-	1,518	727	-	1,275
Foreign exchange difference	(501)	(16,470)	(15,227)	(193)	(11,590)	(5,185)	(26)	(49,192)
At 31 December 2015	209,519	577,685	152,929	3,481	218,756	110,176	8,816	1,281,362
Depreciation:								
At 1 January 2015	-	-	77,874	1,553	110,425	65,121	6,530	261,503
Entities acquired during the year	-	-	672	-	2,235	147	-	3,054
Depreciation during the year	-	19,714	18,535	441	27,368	8,240	115	74,413
Disposals	-	(1,212)	(4,237)	(293)	(587)	(407)	-	(6,736)
Transfers	-	(625)	(197)	-	311	511	-	-
Foreign exchange difference	-	(1,137)	(5,849)	(63)	(4,959)	(2,286)	(16)	(14,310)
At 31 December 2015	-	16,740	86,798	1,638	134,793	71,326	6,629	317,924
Net book value:								
At 31 December 2015	209,519	560,945	66,131	1,843	83,963	38,850	2,187	963,438

	Land LBP Million	Buildings and Freehold Improvements LBP Million	Leasehold Improvements LBP Million	Motor Vehicles LBP Million	Office Equipment and Computer Hardware LBP Million	Office Machinery and Furniture LBP Million	Other LBP Million	Total LBP Million
Cost or revaluation:								
At 1 January 2014	69,754	439,320	132,998	2,704	173,418	104,626	9,670	932,490
Additions	75	19,544	20,699	751	26,578	5,912	2	73,561
Disposals	-	(4,479)	(336)	(219)	(5,770)	(589)	-	(11,393)
Revaluation[2]	112,598	270,498	-	-	-	-	-	383,096
Transfers[1]	-	(139,949)	-	-	-	-	-	(139,949)
Foreign exchange difference	(160)	(12,592)	(6,478)	(132)	(4,570)	(2,902)	(927)	(27,761)
At 31 December 2014	182,267	572,342	146,883	3,104	189,656	107,047	8,745	1,210,044
Depreciation:								
At 1 January 2014	-	133,361	61,607	1,343	94,380	58,845	7,118	356,654
Depreciation during the year	-	12,851	18,879	378	23,918	8,527	121	64,674
Disposals	-	(4,184)	(309)	(113)	(5,762)	(589)	-	(10,957)
Transfers[1]	-	(139,949)	-	-	-	-	-	(139,949)
Foreign exchange difference	-	(2,079)	(2,303)	(55)	(2,111)	(1,662)	(709)	(8,919)
At 31 December 2014	-	-	77,874	1,553	110,425	65,121	6,530	261,503
Net book value:								
At 31 December 2014	182,267	572,342	69,009	1,551	79,231	41,926	2,215	948,541

[1] *This transfer relates to the accumulated depreciation at 31 December 2014 that was eliminated against the gross carrying amount of the re-valued assets.*

[2] *Revaluation was recognised in "other comprehensive income" due to the change in accounting policy to the revaluation model.*

REVALUATION OF LAND AND BUILDINGS

Pursuant to the decision of the Board of Directors held on 3 September 2014, the Group changed its accounting policy for measuring land and buildings and related improvements from the cost model to the revaluation model.

Management determined that these constitute a single class of asset under IFRS 13, based on the nature, characteristics and risks of the property. These assets are classified under Level 3 in the fair value hierarchy.

Fair value of the land and buildings and freehold improvements was determined using the market comparable method. This means that valuations performed by the valuers are based on market prices, significantly adjusted for differences in the nature, location or condition of the specific property. As at the date of revaluation, the properties' fair values are based on valuations carried out by independent valuers accredited by the local regulators in the countries in which the properties are situated.

SIGNIFICANT UNOBSERVABLE VALUATION INPUT

Significant increase (decrease) in the fair value estimation within a range of 5% relative to the adopted fair value measurement would result in a higher (lower) value of revaluation recognised in "other comprehensive income" by LBP 35,694 million before the effect of applicable taxes (2014: LBP 35,751 million). The reconciliation of fair value between 1 January and 31 December is provided in the property and equipment table presented above.

The Group changed the accounting policy with respect to measurement of land and buildings and freehold improvements during 2014. If land and buildings and related improvements were measured using the cost model, the carrying amounts as of 31 December would have been as follows:

2015	Land LBP Million	Buildings and Freehold Improvements LBP Million
Cost	69,889	479,264
Accumulated depreciation	-	(150,182)
Net book value	69,889	329,082

2014	Land LBP Million	Buildings and Freehold Improvements LBP Million
Cost	69,669	441,793
Accumulated depreciation	-	(139,949)
Net book value	69,669	301,844

29.0. | INTANGIBLE FIXED ASSETS

	Key Money LBP Million	Computer Software LBP Million	Other LBP Million	**Total LBP Million**
Cost:				
At 1 January 2015	713	167,853	481	**169,047**
Entities acquired during the year	-	1,295	170	**1,465**
Additions	-	47,103	-	**47,103**
Transfers	-	254	-	**254**
Disposals	(13)	-	-	**(13)**
Foreign exchange difference	(288)	(14,179)	(51)	**(14,518)**
At 31 December 2015	**412**	**202,326**	**600**	**203,338**
Amortisation:				
At 1 January 2015	102	76,119	174	**76,395**
Entities acquired during the year	-	966	94	**1,060**
Amortisation during the year	7	28,759	61	**28,827**
Transfers	-	185	-	**185**
Disposals	(13)	-	-	**(13)**
Foreign exchange difference	(38)	(4,415)	(27)	**(4,480)**
At 31 December 2015	**58**	**101,614**	**302**	**101,974**
Net book value:				
At 31 December 2015	**354**	**100,712**	**298**	**101,364**

	Key Money LBP Million	Computer Software LBP Million	Other LBP Million	Total LBP Million
Cost:				
At 1 January 2014	1,584	139,204	438	141,226
Additions	23	38,358	77	38,458
Transfers	(613)	-	-	(613)
Disposals	-	(4,195)	-	(4,195)
Foreign exchange difference	(281)	(5,514)	(34)	(5,829)
At 31 December 2014	713	167,853	481	169,047
Amortisation:				
At 1 January 2014	118	58,731	118	58,967
Amortisation during the year	13	23,520	69	23,602
Disposals	-	(4,068)	-	(4,068)
Foreign exchange difference	(29)	(2,064)	(13)	(2,106)
At 31 December 2014	102	76,119	174	76,395
Net book value:				
At 31 December 2014	611	91,734	307	92,652

30.0. | NON-CURRENT ASSETS HELD FOR SALE

The Group occasionally takes possession of properties in settlement of loans and advances. The Group is in the process of selling these properties. As such, they are included in "non-current assets held for sale". Gains or losses on disposal and revaluation losses are recognised in the Consolidated Income Statement for the year.

	2015			2014		
	Properties Acquired in Settlement of Debts LBP Million	Other Disposal Groups LBP Million	**Total LBP Million**	Properties Acquired in Settlement of Debts LBP Million	Other Disposal Groups LBP Million	Total LBP Million
Cost:						
At 1 January	19,095	-	19,095	14,991	4,983	19,974
Additions	63,178	-	63,178	4,932	-	4,932
Disposals	(4,699)	-	(4,699)	(149)	(4,983)	(5,132)
Foreign exchange difference	(2,259)	-	(2,259)	(679)	-	(679)
At 31 December	**75,315**	-	**75,315**	19,095	-	19,095
Impairment:						
At 1 January	585	-	585	656	-	656
Impairment for the year	314	-	314	-	-	-
Transfers	1,763	-	1,763	-	-	-
Foreign exchange difference	(126)	-	(126)	(71)	-	(71)
At 31 December	**2,536**	-	**2,536**	585	-	585
Net book value:						
At 31 December	**72,779**	-	**72,779**	**18,510**	-	**18,510**

31.0. | OTHER ASSETS

	2015 LBP Million	2014 LBP Million
Advances on acquisition of property and equipment	92,177	63,915
Advances on acquisition of intangible fixed assets	33,974	22,831
Prepaid charges	64,832	78,623
Electronic cards and regularisation accounts	23,962	27,164
Receivables related to non-banking operations	25,975	6,913
Advances to staff	7,232	13,099
Hospitalisation and medical care under collection	29,054	24,372
Advances on investments	58,256	59,548
Deferred tax assets (Note 15)	61,064	43,725
Interest and commissions receivable	9,718	3,518
Funds management fees	2,971	2,560
Fiscal stamps, bullions and commemorative coins	2,512	3,273
Management and advisory fees receivable	2,466	2,140
Tax regularisation account	6,772	11,562
Due on sale of AZA Holding (Note 26)	-	142,773
Other debtor accounts	49,541	30,520
	470,506	536,536

32.0. | GOODWILL

	Lebanon LBP Million	Switzerland LBP Million	Egypt LBP Million	UAE LBP Million	Sudan LBP Million	Total LBP Million
Cost:						
At 1 January 2015	54,716	43,290	97,093	-	2,374	197,473
Entities acquired during the year	-	-	-	28,084	-	28,084
Impairment	-	-	(5,276)	-	(181)	(5,457)
Foreign exchange difference	-	(96)	(10,519)	-	(51)	(10,666)
At 31 December 2015	54,716	43,194	81,298	28,084	2,142	209,434

	Lebanon LBP Million	Switzerland LBP Million	Egypt LBP Million	UAE LBP Million	Sudan LBP Million	Total LBP Million
Cost:						
At 1 January 2014	54,716	48,005	105,913	-	2,510	211,144
Impairment	-	-	(3,015)	-	-	(3,015)
Foreign exchange difference	-	(4,715)	(5,805)	-	(136)	(10,656)
At 31 December 2014	54,716	43,290	97,093	-	2,374	197,473

For the purpose of impairment testing, goodwill is allocated to the Cash-generating Units (CGUs) which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The cost of equity assigned to an individual CGU and used to discount its future cash flows can have a significant effect on its valuation. The cost of equity percentage is generally derived from an appropriate capital asset pricing model, which itself, depends on inputs reflecting a number of financial and economic variables including the risk rate in the country concerned and a premium to reflect the inherent risk of the business being evaluated.

Management judgment is required in estimating the future cash flows of the CGUs. These values are sensitive to cash flows projected for the periods for which detailed forecasts are available, and to assumptions regarding the term sustainable pattern of cash flows thereafter. While the acceptable range within which underlying assumptions can be applied is governed by the requirement for resulting forecasts to be compared with actual performance and verifiable economic data in future years, the cash flow forecasts necessarily and appropriately reflect Management's view of future business prospects.

The online brokerage CGU in Egypt (Arabeya Online For Securities Brokerage) is a separate legal entity offering brokerage activities to its customers and is reported under the Treasury and Capital Markets business segment and MENAT geographic segment. The recoverable amount of this CGU amounted to LBP 19,640 million as at 31 December 2015, and was determined based on a value in use calculation using cash flow projections from financial budgets approved by Senior Management covering a five-year period. The projected cash flows were updated to reflect the decreased level of activity. The discount rate applied to cash flow projections is 17% (2014:17%). As a result, an impairment loss on goodwill amounting to LBP 5,276 million was recognised during the year ended 31 December 2015 (2014: LBP 3,015 million).

The Commercial Banking CGU in Sudan is a separate legal entity offering Islamic Banking activities to its customers and is reported under the Treasury and Capital Markets business segment and MENAT geographic segment. The recoverable amount of this CGU amounted to LBP 77,058 million as at 31 December 2015, and was determined based on a value in use calculation using cash flow projections from financial budgets approved by Senior Management covering a five-year period. The projected cash flows have been updated to reflect the decreased level of activity. The discount rate applied to cash flow projections is 22% (2014: 22%) and cash flows beyond the five-year period are extrapolated using a 2% growth rate. As a result, an impairment loss on goodwill amounting to LBP 181 million was recognised during the year ended 31 December 2015 (2014: none).

The following CGUs include in their carrying value goodwill that is a significant proportion of total goodwill reported by the Group. These CGUs do not carry on their statement of financial position any intangible assets with indefinite lives, other than goodwill. The following schedule shows the discount and terminal growth rates used for CGUs subject to impairment testing for which no impairment loss resulted for the year ended 31 December 2015.

	2015		2014	
	Discount Rate %	Terminal Growth Rate %	Discount Rate %	Terminal Growth Rate %
Cash-generating units				
Commercial and Private Banking – Lebanon	16.00	2.00	16.00	2.00
Private Banking – Switzerland	10.00	2.00	10.00	2.00
Commercial Banking – Egypt	17.00	3.00	17.00	3.00

The key assumptions described above may change with economic and market conditions. The Group estimates that reasonably possible changes in these assumptions are not expected to cause the recoverable amount of either unit to decline below the carrying amount.

33.0. | DUE TO CENTRAL BANKS

	2015 LBP Million	2014 LBP Million
Subsidised loan	569,742	437,858
Accrued interest	114	527
	569,856	438,385
Repurchase agreements	81,318	90,443
	651,174	528,828

SUBSIDISED LOANS

During 2013, the Group signed a credit agreement with the Central Bank of Lebanon based on the provisions of Decision No. 6116 dated 7 March 1996 relating to the facilities which can be granted by BDL to banks. The loan amounted to LBP 538,471 million as of 31 December 2015 (2014: LBP 305,246 million) and bears a 1% interest that is accrued and paid on a yearly basis. The loan is repaid on a monthly basis based on the portion utilised by the Bank's customers.

During 2009, the Group signed a credit agreement with the Central Bank of Lebanon based on the provisions of the same decision. The loan amounted to LBP 31,271 million as of 31 December 2015 (LBP 132,612 million as of 31 December 2014).

Interest expense on these loans amounted to LBP 4,585 million and LBP 5,295 million for the years ended 31 December 2015 and 2014, respectively.

REPURCHASE AGREEMENTS

The Group entered into repurchase agreements by pledging Turkish Treasury bills as collateral. The terms of these agreements are as follows:

	2015 LBP Million	2014 LBP Million
Central banks	81,318	90,443
Carrying value of collateral	97,960	101,860
Interest expense	6,727	11,323
Annual interest rate	7.50%	8.25%
Maturity date	January 2016	January 2015

34.0. | DUE TO BANKS AND FINANCIAL INSTITUTIONS

	2015 LBP Million	2014 LBP Million
Current accounts	168,297	261,033
Term loans	1,853,074	1,090,170
Time deposits	233,355	336,802
Accrued interest	4,521	7,346
	2,259,247	1,695,351

Included in term loans above, is an amount of LBP 438,051 million (2014: LBP 405,571 million) representing loans granted from various supranational entities for the purpose of financing small and medium-sized enterprises in the private sector with annual interest rates ranging from 1.42% to 5.68%.

The commitments arising from bank facilities received are disclosed in Note 51 to these consolidated financial statements.

35.0. | CUSTOMERS' DEPOSITS

	2015				
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Public Sector LBP Million	Other LBP Million	Total LBP Million
Sight deposits	2,331,310	5,633,462	110,865	10,982	8,086,619
Time deposits	12,412,013	22,510,675	266,027	2,837	35,191,552
Saving accounts	4,154	7,602,143	-	-	7,606,297
Certificates of deposits	86,482	1,289,374	-	-	1,375,856
Margins on LC's and LG's	196,968	59,248	2,172	-	258,388
Other margins	134,810	126,720	-	8,813	270,343
Other deposits	69,993	130,262	-	1,197	201,452
	15,235,730	37,351,884	379,064	23,829	52,990,507
Deposits pledged as collateral					4,906,371

	2014				
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Public Sector LBP Million	Other LBP Million	Total LBP Million
Sight deposits	2,530,734	5,093,109	112,480	16,417	7,752,740
Time deposits	12,715,052	22,833,546	336,322	783	35,885,703
Saving accounts	4,703	7,753,670	-	-	7,758,373
Certificates of deposits	83,722	1,244,919	-	-	1,328,641
Margins on LC's and LG's	262,953	56,471	2,188	-	321,612
Other margins	57,816	176,232	-	-	234,048
Other deposits	45,124	86,968	-	-	132,092
	15,700,104	37,244,915	450,990	17,200	53,413,209
Deposits pledged as collateral					4,372,324

Sight deposits include balances of bullion amounting to LBP 68,226 million (2014: LBP 70,457 million) which were carried at fair value through profit or loss.

Time deposits include balances amounting to LBP 2,325,642 million as at 31 December 2015 (2014: LBP 2,235,511 million) whereby the principal is settled at maturity according to the full discretion of the Group either in cash or in Lebanese government Eurobonds denominated in US Dollars and having the same nominal amount. As these deposits are linked to the credit risk of the Lebanese Republic, the Group separated the embedded derivative and accounted for it at fair value through profit or loss.

36.0. | DEPOSITS FROM RELATED PARTIES

	2015		
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Total LBP Million
Sight deposits	5,952	68,906	74,858
Time deposits	468,276	137,923	606,199
Saving accounts	-	551	551
Other deposits and margin accounts	6,233	2,270	8,503
	480,461	209,650	690,111
Deposits pledged as collateral			185,521

	2014		
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Total LBP Million
Sight deposits	18,984	62,401	81,385
Time deposits	321,467	176,118	497,585
Saving accounts	-	887	887
Other deposits and margin accounts	6,459	305	6,764
	346,910	239,711	586,621
Deposits pledged as collateral			65,212

37.0. | DEBT ISSUED AND OTHER BORROWED FUNDS

	2015 LBP Million	2014 LBP Million
Subordinated loans	962,314	753,750
Issued bills	77,100	86,100
Accrued interests	14,568	14,605
	1,053,982	854,455

The Group signed subordinated loans agreements with a total nominal value of USD 638.35 during 2015, 2014 and 2013. The loans are subordinated, unsecured and subject to the following conditions:

Loan	Nominal Amount	Maturity	Interest Rate	Frequency
Loan 1	USD 350,000,000	16 October 2023	6.75%	Quarterly
Loan 2	USD 112,500,000	11 April 2024	6.55% + Libor 6m	Semi-annually
Loan 3	USD 37,500,000	11 April 2024	6.55% + Libor 6m	Semi-annually
Loan 4	USD 138,351,000	30 September 2024	6.50%	Semi-annually

The principal of the loans is to be repaid at maturity. Any principal amount of the loans prepaid may not be re-borrowed. Prepayment on the loans is applicable as follows:

LOAN 1:

The Group, at its sole discretion and after obtaining approval of the Central Bank of Lebanon, has the right to prepay all outstanding amounts (entirely and not partially) according to the following:

- First time, after five years from issuance and upon payment of interest thereafter.
- Without regard to the dates set above and according to the following:
  - At any time after one year from the date of issuance, in the event of amendments to local and international laws and regulations, the subordinated bonds cannot be computed within the private funds of the Group (Tier 2);
  - At any time after one year from the date of issuance for reasons related to the amendment of Lebanese taxation laws.

LOANS 2 AND 3:

The Group shall, on any interest payment date or not less than 30 days prior written notice, have the right to prepay the entire outstanding principal amount of the Loan, in whole but not in part, together with accrued but unpaid interest thereon, and all other amounts payable, and subject to the approval of the Central Bank of Lebanon:

- In the event of a change in Lebanese law or regulation resulting in an increase in the withholding tax rate applicable to payments of interest on the loans to more than 5.00% above the rate in effect on the date of the disbursement. No penalty or premium shall be payable in connection with any prepayment following changes in taxation; or

- Subject to the payment of a premium of 2.00% of the outstanding principal amount of the loans to be prepaid, at the option of the Group, on any interest payment date at any time after the fifth anniversary of the date on which the loan is disbursed.

LOAN 4:

On 21 October 2014, Bank Audi sal granted Odea Bank a subordinated loan for an amount of USD 150 million. This loan matures on 30 September 2024 and pays quarterly interest of 6.50%. During 2015, the Bank offered and sold certificates of participation relating to the USD 150 million subordinated loan, of which USD 138 million were sold to third parties. The certificates constitute pass-through obligations of Bank Audi sal. Odea Bank shall repay the loan at maturity and may repay the loan in whole, but not in part (1) within one month from the fifth anniversary of the subordinated debt issuance date, or (2) due to changes in BRSA regulation, if the loan ceases to be treated as Tier 2 capital under the applicable BRSA regulation.

Besides, during 2015, the Group issued bills denominated in Turkish Lira to domestic investors for an amount of LBP 77,100 million. These bills mature on 28 February 2016 and pay semi-annual interest of 9.75%. During 2014, the Group had issued bills denominated in Turkish Lira to domestic investors in the amount of LBP 86,100 million. These bills matured on 21 August 2015 and paid semi-annual interest of 9.75%.

38.0. | OTHER LIABILITIES

	2015 LBP Million	2014 LBP Million
Current tax liabilities (Note 15)	84,879	102,614
Accrued expenses	132,185	123,938
Miscellaneous suppliers and other payables	32,322	33,655
Pledge balances of factoring clients	101,484	53,493
Operational taxes	52,765	52,884
Employee accrued benefits	8,641	8,394
Unearned commissions and premiums	58,261	56,854
Deferred tax liabilities (Note 15)	57,864	54,235
Electronic cards and regularisation accounts	10,030	15,598
Social security dues	5,295	4,845
Due to National Institute for Guarantee of Deposits	1,563	1,445
Other credit balances	32,711	12,025
	578,000	519,980

39.0. | PROVISIONS FOR RISKS AND CHARGES

	2015 LBP Million	2014 LBP Million
Provisions for risks and charges	66,081	48,147
End of service benefits	105,979	105,814
	172,060	153,961

PROVISIONS FOR RISKS AND CHARGES

	2015 LBP Million	2014 LBP Million
Provision for contingencies	23,824	18,986
Provision for legal claims	10,724	1,517
Provision for bonus	23,058	23,252
Other provisions	8,475	4,392
	66,081	48,147

The movement of provision for risks and charges is as follows:

	2015 LBP Million	2014 LBP Million
Balance at 1 January	48,147	42,035
Add:		
Charge for operating expenses (Note 14)	20,126	4,094
Charge for loans written off	-	2,391
Charge for personnel expenses	27,897	31,655
Transfer from other liabilities	5,201	-
	53,224	38,140
Less:		
Paid during the year	24,155	24,882
Net provisions recoveries (Note 11)	1,465	897
Transfer to other liabilities	-	2,843
Foreign exchange difference	9,670	3,406
	35,290	32,028
Balance at 31 December	66,081	48,147

END OF SERVICE BENEFITS

Banking entities operating in Lebanon have two defined benefit plans covering all their employees. The first requires contributions to be made to the National Social Security Fund whereby the entitlement to and level of these benefits depend on the employees' length of service, and the employees' salaries and contributions paid to the fund among other requirements. Under the second plan, no contributions are required to be made, however a fixed end of service lump sum amount should be paid for long service employees. The entitlement to and level of these end of service benefits provided depends on the employees' length of service, the employees' salaries and other requirements outlined in the Workers' Collective Agreement. The first plan described above also applies to non-banking entities operating in Lebanon. Defined benefit plans for employees at foreign subsidiaries and branches are set in line with the laws and regulations of the respective countries in which these subsidiaries are located. The movement of provision for staff retirement benefit obligation is as follows:

	2015		
	Lebanon LBP Million	Foreign Countries LBP Million	Total LBP Million
Balance at 1 January 2015	86,351	19,463	105,814
Charge for the year (Note 13)	14,169	3,198	17,367
Paid during the year	(4,976)	(3,121)	(8,097)
Actuarial (gain) loss on obligation	(13,979)	4,822	(9,157)
Entities acquired during the year	-	959	959
Provision released (Note 11)	-	(11)	(11)
Advances paid	-	(216)	(216)
Foreign exchange difference	-	(680)	(680)
Balance at 31 December 2015	81,565	24,414	105,979

	2014		
	Lebanon LBP Million	Foreign Countries LBP Million	Total LBP Million
Balance at 1 January 2014	78,565	12,282	90,847
Charge for the year (Note 13)	30,259	3,754	34,013
Paid during the year	(3,662)	(578)	(4,240)
Actuarial (gain) loss on obligation	(5,361)	5,396	35
Provision released (Note 11)	(83)	(156)	(239)
Advances paid	(13,367)	-	(13,367)
Foreign exchange difference	-	(1,235)	(1,235)
Balance at 31 December 2014	86,351	19,463	105,814

The charge for the year is broken down as follows:

	2015 LBP Million	2014 LBP Million
Current service cost	8,407	7,661
Interest on obligation	8,960	6,688
Past service cost	-	19,664
	17,367	34,013

Defined benefit plans in Lebanon constitute more than 75% of the Group's required obligation. The key assumptions used in the calculation of Lebanese retirement benefit obligation are as follows:

	2015	2014
Economic assumptions		
Discount rate (p.a.)	8.50%	8.50%
Salary increase (p.a.)		
Employees	5.00%	6.00%
Senior Managers	7.00%	8.00%
Expected annual rate of return on NSSF contributions	5.00%	5.00%
Treatment of bonus	3-year average as a % of basic	3-year average as a % of basic
Demographic assumptions		
Retirement age	Earliest of age 64 or completion of 20 contribution years	Earliest of age 64 or completion of 20 contribution years
Pre-termination mortality	None	None
Pre-termination turnover rates (age related with average of)	2.00% - 4.00%	2.00%- 4.00%

A quantitative sensitivity analysis for significant assumptions is shown below:

	Discount Rate		Future Salary Increase	
	% Increase LBP Million	% Decrease LBP Million	% Increase LBP Million	% Decrease LBP Million
Impact on net defined benefit obligation – 2015	(6,615)	6,957	4,526	(4,167)
Impact on net defined benefit obligation – 2014	(5,521)	6,235	4,729	(4,480)

The sensitivity analysis above was determined based on a method that extrapolates the impact on net defined benefit obligation as a result of 50 basis point changes in key assumptions occurring at the end of the reporting period.

40.0. | SHARE CAPITAL AND WARRANTS ISSUED ON SUBSIDIARY CAPITAL

SHARE CAPITAL

The share capital of Bank Audi sal as at 31 December is as follows:

	2015			2014	
	Stock Exchange Listing	Number of Shares	LBP Million	Number of Shares	LBP Million
Ordinary shares	Beirut	283,511,087	470,192	283,511,087	467,793
Global depository receipts	London SEAQ and Beirut	116,238,117	191,793	116,238,117	191,793
		399,749,204	661,985	399,749,204	659,586
Preferred shares series "E"	Beirut	-	-	1,250,000	2,063
Preferred shares series "F"	Beirut	1,500,000	2,484	1,500,000	2,475
Preferred shares series "G"	Beirut	1,500,000	2,484	1,500,000	2,475
Preferred shares series "H"	Beirut	750,000	1,242	750,000	1,237
		3,750,000	6,210	5,000,000	8,250
		403,499,204	668,195	404,749,204	667,836

1. The Extraordinary General Assembly of shareholders held on 26 August 2014 decided to increase the Bank's capital by LBP 64,950 million through the issuance of 50,000,000 ordinary shares with a nominal value of LBP 1,299 per share. This capital increase was divided into two issuances the first (40,000,000 shares) of which was reserved for the Bank's shareholders of ordinary shares, while the second (10,000,000 shares) was reserved for the Bank's shareholders and new investors. The issuance had the following terms:

- Number of shares:	50,000,000 (of which 11,018,762 were converted to GDRs).
- Share's issue price:	USD 6.
- Share's nominal value:	LBP 1,299 (later became LBP 1,656 upon increasing the nominal value).
- Issue premium :	calculated in USD as the difference between USD 6 and the counter value of the par value per share based on the exchange rate at the underwriting dates.
- Benefits:	annual dividends starting from the year 2014 results inclusive.
- Warrants right:	3 warrants per newly issued share exercisable in one month during the first semester of the year 2019. The warrant holder has the right to exchange it against share in Odea Bank A.Ş. by paying USD 0.95 per share.

2. The Extraordinary General Assembly of shareholders held on 23 September 2014 decided to increase the Bank's capital by LBP 142,067 million through the increase of nominal value per share from LBP 1,299 to LBP 1,650 by transferring the amount of LBP 140,312 million from the Issue premium – common shares and LBP 1,755 million from the Issue premium – preferred shares. The Extraordinary General Assembly of shareholders held on 4 December 2014 validated and ratified the capital increases according to the aforementioned terms.

3. In its meeting dated 9 June 2015, the Extraordinary General Assembly of shareholders decided to cancel the series "E" preferred shares totalling 1,250,000 shares which have a nominal value of LBP 2,063 million and to simultaneously replenish the share capital accounts by transferring the same amount from general reserves. As a result and to avoid decimals in the share nominal value, the Bank increased its capital up to LBP 668,195 million by transferring an amount of LBP 2,399 million from reserves appropriated for capital increase and LBP 23 million from the issue premium on preferred shares to share capital, so that the nominal value per share after the cancellation and capital increase amounted to LBP 1,656. The Bank had issued preferred shares series "E" pursuant to the resolution of the Extraordinary General Assembly held on 2 March 2010, under the following terms:

- Number of shares:	1,250,000.
- Share's issue price:	USD 100.
- Share's nominal value:	LBP 1,225 (later became LBP 1,650 upon increasing the nominal value).
- Issue premium :	calculated in USD as the difference between USD 100 and the counter value of the par value per share based on the exchange rate at the underwriting dates.
- Benefits:	annual dividends of USD 6 per share, non-cumulative (for 2010 was set to USD 4 per share).
- Repurchase right:	the Bank has the right to purchase the shares in 5 years after issuance, as well as to call them off by that date.

4. Pursuant to the resolution of the Extraordinary General Assembly of shareholders held on 10 April 2012, the Bank issued preferred shares series "F" under the following terms:

PREFERRED SHARES SERIES "F"

Number of shares:	1,500,000.
Share's issue price:	USD 100.
Share's nominal value:	LBP 1,254 (later became LBP 1,656 upon increasing the nominal value).
Issue premium:	calculated in USD as the difference between USD 100 and the counter value of the par value per share based on the exchange rate at the underwriting dates.
Benefits:	annual non-cumulative dividends of USD 4 per share for the year 2012, and USD 6 for each subsequent year.
Repurchase right:	the Bank has the right to repurchase the shares in 5 years after issuance, as well as to call them off by that date.

The Extraordinary General Assembly of shareholders held on 22 June 2012 validated and ratified the capital increases according to the aforementioned terms.

5. Pursuant to the resolution of the Extraordinary General Assembly of shareholders held on 15 April 2013, the Bank issued 2,250,000 preferred shares divided into 1,500,000 series "G" preferred shares and 750,000 series "H" preferred shares with a nominal value of LBP 1,299 under the following terms:

PREFERRED SHARES SERIES "G"

- Number of shares:	1,500,000.
- Share's issue price:	USD 100.
- Share's nominal value:	LBP 1,299 (later became LBP 1,656 upon increasing the nominal value).
- Issue premium :	calculated in USD as the difference between USD 100 and the counter value of the par value per share based on the exchange rate at the underwriting dates.
- Benefits:	annual non-cumulative dividends of USD 4 per share for the year 2013, and USD 6 for each subsequent year.
- Repurchase right:	the Bank has the right to repurchase the shares in 5 years after issuance, as well as to call them off by that date.

PREFERRED SHARES SERIES "H"

- Number of shares:	750,000.
- Share's issue price:	USD 100.
- Share's nominal value:	LBP 1,299 (later became LBP 1,656 upon increasing the nominal value).
- Issue premium :	calculated in USD as the difference between USD 100 and the counter value of the par value per share based on the exchange rate at the underwriting dates.
- Benefits:	annual non-cumulative dividends of USD 4.5 per share for the year 2013, and USD 6.5 for each subsequent year.
- Repurchase right:	the Bank has the right to repurchase the shares in 7 years after issuance, as well as to call them off by that date.

The Extraordinary General Assembly of shareholders held on 21 June 2013 validated and ratified the capital increases according to the aforementioned terms for preferred shares series "G" and "H".

6. During 2014, common shares transferred to Global Depository Receipts amounted to 2,725,444.

WARRANTS ISSUED ON SUBSIDIARY SHARES

As mentioned above, during 2014, and in conjunction with the capital increase held during that year, the Bank issued 172.5 million warrants entitling the holders, during the exercise period, to purchase Odea Bank shares at an exercise price of USD 0.95 per share. The exercise period is expected to be the 30-day period commencing on 15 May 2019. The warrants are in registered form, detachable and freely tradable. Each warrant was valued at USD 0.1 upon issuance.

A warrant holder may exercise any or all of the warrants held during the exercise period. The shares to be made available for delivery by the Bank pursuant to the exercise of the warrants shall be fully paid and shall rank pari passu with shares of the same class in issue on the exercise date, including the right to participate in full in all dividends payable on or after the exercise date.

	2015		2014	
	Number of Warrants Outstanding	Cost LBP Million	Number of Warrants Outstanding	Cost LBP Million
Balance at 1 January	154,933,803	17,195	-	-
Issued during the year	-	-	172,500,000	26,004
Purchased during the year	(103,647)	(50)	(20,207,201)	(10,133)
Sold during the year	-	-	2,641,004	1,324
Balance at 31 December	154,830,156	17,145	154,933,803	17,195

PAID DIVIDENDS

In accordance with the resolution of the General Assembly of shareholders held on 7 April 2015, dividends were distributed as follows:

	2015		
	Number of Shares	Distribution per Share LBP	Total LBP Million
Preferred shares series "E"	1,250,000	9,045	11,306
Preferred shares series "F"	1,500,000	9,045	13,568
Preferred shares series "G"	1,500,000	9,045	13,568
Preferred shares series "H'	750,000	9,798	7,348
Common shares and Global Depository Receipts	399,280,388	603	240,766
			286,556

In accordance with the resolution of the General Assembly of shareholders held on 14 April 2014, dividends were distributed as follows:

	2014		
	Number of Shares	Distribution per Share LBP	Total LBP Million
Preferred shares series "E"	1,250,000	9,045	11,306
Preferred shares series "F"	1,500,000	9,045	13,567
Preferred shares series "G"	1,500,000	6,030	9,045
Preferred shares series "H'	750,000	6,784	5,089
Common shares and Global Depository Receipts	349,749,204	603	210,899
			249,906

41.0. | ISSUE PREMIUMS

	2015 LBP Million	2014 LBP Million
Issue premium – common shares	883,582	883,582
Issue premium – preferred shares	559,102	745,500
	1,442,684	1,629,082

The movements on the issue premiums are detailed as follows as at 31 December 2015 and 2014:

- The decrease in the issue premium of preferred shares for the year ended 31 December 2015 amounting to LBP 186,398 million resulted from the redemption of 1,250,000 preferred shares series "E".

- The increase in Issue premium – common shares for the year ended 31 December 2014 amounting to LBP 387,300 million results from the issuance of 50,000,000 common shares pursuant to resolution of the Extraordinary General Assembly of shareholders dated 26 August 2014.

- Pursuant to the resolution of the Extraordinary General Assembly of shareholders dated 23 September 2014 related to the increase of the share nominal value from LBP 1,299 to LBP 1,650, the Bank transferred the amount of LBP 140,312 million from the Issue premium – common shares and LBP 1,755 million from the Issue premium – preferred shares to the share capital accounts of common and preferred shares.

42.0. | CASH CONTRIBUTION TO CAPITAL

In previous years, agreements were entered between the Bank and its shareholders whereby the shareholders granted cash contributions to the Bank amounting to USD 48,150,000 (equivalent to LBP 72,586 million) subject to the following conditions:

- These contributions will remain placed as a fixed deposit as long as the Bank performs banking activities;
- If the Bank incurs losses and has to reconstitute its capital, these contributions may be used to cover the losses if needed;
- The shareholders have the right to use these contributions to settle their share in any increase of capital;
- No interest is due on the above contributions;
- The above cash contributions are considered as part of Tier 1 capital for the purpose of determining the Bank's capital adequacy ratio; and
- The right to these cash contributions is for the present and future shareholders of the Bank.

43.0. | NON-DISTRIBUTABLE RESERVES

	Legal Reserve LBP Million	Reserves Appropriated for Capital Increase LBP Million	Gain on Sale of Treasury Shares LBP Million	Reserve for General Banking Risks LBP Million	Unrealised Gain on Fair Value through Profit or loss LBP Million	Reserve for Foreclosed Assets LBP Million	Other Reserves LBP Million	**Total LBP Million**
Balance at 1 January 2015	445,767	53,330	140	497,961	21,464	6,865	25,052	1,050,579
Appropriation of 2014 profits	48,748	4,580	-	52,508	9,051	821	27,432	143,140
Increase in share nominal value	-	(2,399)	-	-	-	-	-	(2,399)
Non-controlling interest share of reserves	(150)	-	-	-	-	-	(11,954)	(12,104)
Balance at 31 December 2015	494,365	55,511	140	550,469	30,515	7,686	40,530	1,179,216

	Legal Reserve LBP Million	Reserves Appropriated for Capital Increase LBP Million	Gain on Sale of Treasury Shares LBP Million	Reserve for General Banking Risks LBP Million	Unrealised Gain on Fair Value through Profit or loss LBP Million	Reserve for Foreclosed Assets LBP Million	Other Reserves LBP Million	Total LBP Million
Balance at 1 January 2014	390,517	53,217	23,082	449,440	21,430	6,329	15,530	959,545
Appropriation of 2013 profits	55,615	113	-	48,521	383	536	-	105,168
Treasury shares transactions	-	-	(22,942)	-	-	-	-	(22,942)
Non-controlling interest share of reserves	(365)	-	-	-	-	-	(28,251)	(28,616)
Unrealised foreign exchange gains	-	-	-	-	-	-	37,773	37,773
Transfers between reserves	-	-	-	-	(349)	-	-	(349)
Balance at 31 December 2014	445,767	53,330	140	497,961	21,464	6,865	25,052	1,050,579

LEGAL RESERVE

The Lebanese Commercial Law and the Bank's articles of association stipulate that 10% of the net annual profits be transferred to legal reserve. In addition, subsidiaries and branches are also subject to legal reserve requirements based on the rules and regulations of the countries in which they operate. This reserve is not available for dividend distribution.

The Bank and different subsidiaries transferred to legal reserve an amount of LBP million 48,748 (2014: LBP 55,615 million), as required by the laws applicable in the countries in which they operate.

RESERVES APPROPRIATED FOR CAPITAL INCREASE

The Group transferred LBP 4,580 million from 2014 profits (2014: LBP 113 million from 2013 profits) to reserves appropriated for capital increase. This amount represents the net gain on the disposal of fixed assets acquired in settlement of debt, in addition to reserves on recovered provisions for doubtful loans and debts previously written off, whenever recoveries exceed booked allowances.

GAIN ON SALE OF TREASURY SHARES

These gains arise from the Global Depository Receipts (GDRs) owned by the Group. Based on the applicable regulations, the Group does not have the right to distribute these gains.

RESERVE FOR UNREALISED REVALUATION GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As per the Banking Control Commission circular No. 270 dated 19 September 2011, banks operating in Lebanon are required to appropriate in a special reserve from their annual net profits the value of gross unrealised profits on financial assets at fair value through profit or loss. This reserve is not available for dividend distribution until such profits are realised and released to general reserves.

RESERVES FOR GENERAL BANKING RISKS

According to the Bank of Lebanon's regulations, banks are required to appropriate from their annual net profit a minimum of 0.2 percent and a maximum of 0.3 percent of total risk-weighted assets and off-balance sheet accounts based on rates specified by the Central Bank of Lebanon to cover general banking risks. The consolidated ratio should not be less than 2 percent by the year 2017. This reserve is part of the Group's equity and is not available for distribution.

RESERVE FOR FORECLOSED ASSETS

The reserve for foreclosed assets represents appropriation against assets acquired in settlement of debt in accordance with the circulars of the Lebanese Banking Control Commission. Appropriations against assets acquired in settlement of debt shall be transferred to unrestricted reserves upon the disposal of the related assets.

OTHER RESERVES

In accordance with decision 362 of the Council of Money and Credit of Syria, unrealised accumulated foreign exchange profits from the revaluation of the structural position in foreign currency maintained by the subsidiary bank in Syria should be appropriated in non-distributable reserve.

44.0. | DISTRIBUTABLE RESERVES

	General Reserves LBP Million	Loss on Sale of Subsidiary Warrants LBP Million	Cost of Capital Issued LBP Million	**Total LBP Million**
Balance at 1 January 2015	622,950	(1,314)	(4,660)	616,976
Appropriation of 2014 profits	25,927	-	-	25,927
Entities acquired during the year	681	-	-	681
Non-controlling interest share of reserves	(687)	-	-	(687)
Warrants issued on subsidiary shares	-	(31)	-	(31)
Other movements	-	-	(1)	(1)
Balance at 31 December 2015	648,871	(1,345)	(4,661)	642,865

	General Reserves LBP Million	Loss on Sale of Subsidiary Warrants LBP Million	Cost of Capital Issued LBP Million	Total LBP Million
Balance at 1 January 2014	591,366	-	(1,843)	589,523
Appropriation of 2013 profits	23,372	-	-	23,372
Non-controlling interest share of reserves	8,212	-	-	8,212
Warrants issued on subsidiary shares	-	(1,314)	-	(1,314)
Issue of common shares	-	-	(2,817)	(2,817)
Balance at 31 December 2014	622,950	(1,314)	(4,660)	616,976

45.0. | PROPOSED DIVIDENDS

In its meeting held on 21 March 2016, the Board of Directors of the Bank resolved to propose to the annual Ordinary General Assembly the distribution of dividends of LBP 603 per common share and GDR.

Proposed dividends related to preferred shares amounted to LBP 34,484 million. These dividends are subject to the General Assembly's approval.

46.0. | TREASURY SHARES

	2015		2014	
	Number of GDRs	Cost LBP Million	Number of GDRs	Cost LBP Million
Balance at 1 January	496,335	4,929	9,221,885	114,327
Purchase of Treasury shares	881,194	8,242	514,973	5,112
Sale of Treasury shares	(1,377,529)	(13,171)	(9,240,523)	(114,510)
Balance at 31 December	-	-	496,335	4,929

47.0. | OTHER COMPONENTS OF EQUITY

	2015						
	Real Estate Revaluation Reserve LBP Million	Cumulative Changes in Fair Value LBP Million	Foreign Currency Translation Reserve LBP Million	Actuarial Loss on Defined Benefit Obligation LBP Million	Group Share of Associates' Other Comprehensive Income LBP Million	Change in Time Value of Hedging Instruments LBP Million	**Total LBP Million**
Balance at 1 January 2015	353,974	27,527	(552,183)	(13,155)	4,546	348	**(178,943)**
Other comprehensive income	5,383	9,879	(206,019)	8,266	-	(53,500)	**(235,991)**
Non-controlling interest share of reserves	45	-	21,957	-	-	-	**22,002**
Entities under equity method	-	-	3,932	-	-	-	**3,932**
Other movement	1,086	-	(383)	(703)	-	-	**-**
Sale of financial assets at FVTOCI	-	(1,195)	-	-	-	-	**(1,195)**
Balance at 31 December 2015	360,488	36,211	(732,696)	(5,592)	4,546	(53,152)	**(390,195)**

	2014						
	Real Estate Revaluation Reserve LBP Million	Cumulative Changes in Fair Value LBP Million	Foreig Currency Translation Reserve LBP Million	Actuarial Loss on Defined Benefit Obligation LBP Million	Group Share of Associates' Other Comprehensive Income LBP Million	Change in Time Value of Hedging Instruments LBP Million	**Total LBP Million**
Balance at January 1, 2014	20,375	119,443	(399,804)	(13,641)	4,546	-	(269,081)
Other comprehensive income	333,764	20,388	(167,747)	486	-	348	187,239
Non-controlling interest share of reserves	(165)	78	12,667	-	-	-	12,580
Entities under equity method	-	-	2,701	-	-	-	2,701
Sale of financial assets at FVTOCI	-	(112,382)	-	-	-	-	(112,382)
Balance at 31 December 2014	353,974	27,527	(552,183)	(13,155)	4,546	348	(178,943)

REAL ESTATE REVALUATION RESERVE

Effective 31 December 2014, the Group made a voluntary change in its accounting policy for subsequent measurement of two classes of property and equipment being i) Land and ii) Building and building improvements from cost to revaluation model. The revaluation surplus amounted to LBP 383,096 and was booked net of deferred taxes of LBP 49,332 million. During 2015, the Group reversed LBP 4,691 million out of the previously deferred taxes due to the change in applicable tax rates in Egypt.

During the year 1995, the Group revalued certain real estate properties based on the provisions of law number 282 dated 30 December 1993 and decree No. 5451 dated 26 July 1994. The revaluation differences amounted to LBP 16,600 million. Another LBP 2,000 million relate to the revaluation of some of the Group's assets in 1994 and LBP 1,775 million is due to the reclassification of real estate revaluation differences made during 2011 by the National Bank of Sudan.

CUMULATIVE CHANGES IN FAIR VALUE

The cumulative changes as at 31 December represent the fair value differences from the revaluation of financial assets measured at fair value through other comprehensive income. The movement during the year can be summarised as follows:

	Change in Fair Value LBP Million	Deferred Tax LBP Million	**Net LBP Million**
Balance at 1 January 2015	32,495	(4,968)	**27,527**
Other comprehensive income	11,040	(1,161)	**9,879**
Non-controlling interest share of reserves	-	-	**-**
Adjustments	(136)	136	**-**
Sale of financial assets at FVTOCI	(1,405)	210	**(1,195)**
Balance at 31 December 2015	**41,994**	**(5,783)**	**36,211**
Balance at 1 January 2014	122,416	(2,973)	119,443
Other comprehensive income	22,599	(2,211)	20,388
Non-controlling interest share of reserves	78	-	78
Adjustments	(216)	216	-
Sale of financial assets at FVTOCI	(112,382)	-	(112,382)
Balance at 31 December 2014	32,495	(4,968)	27,527

CHANGE IN THE FAIR VALUE OF TIME VALUE OF HEDGING INSTRUMENTS

IFRS 9 (2013) stipulates that the Group may separate the intrinsic value and the time value of a purchased option contract and designate only the change in the intrinsic value as the hedging instrument. The Group exercised this option with a view to enhance hedge effectiveness. The decrease in fair value of the time value of these options, to the extent that it relates to the hedged item, amounted to LBP 75,458 million for the year ended 31 December 2015 (2014: LBP 27,206 million) and was recognised in "other comprehensive income" and accumulated in this reserve account. Amortisation of the time value at the date of designation, in addition to other costs of hedging, amounted to LBP 21,958 million for the year ended 31 December 2015 (2014: LBP 27,554 million).

48.0. | NON-CONTROLLING INTEREST

	2015 LBP Million	2014 LBP Million
Capital	124,699	118,323
Capital reserves	68,056	55,265
Retained earnings	(20,672)	(14,876)
Profit for the year	19,779	14,625
Other components of equity	(132,078)	(110,076)
	59,784	63,261

MATERIAL PARTIALLY OWNED SUBSIDIARIES

	National Bank of Sudan		Bank Audi Syria sa	
	2015	2014	2015	2014
Proportion of equity interests held by non-controlling interests	23.44%	23.44%	53.00%	53.00%

SUMMARISED STATEMENT OF PROFIT OR LOSS

	National Bank of Sudan		Bank Audi Syria sa	
	2015 LBP Million	2014 LBP Million	2015 LBP Million	2014 LBP Million
Net interest income	4,749	5,444	7,308	7,250
Net fee and commission income	597	4,488	4,116	3,911
Net gain on financial assets at fair value through profit or loss	1,371	3,915	44,493	23,178
Net gain on sale of financial assets at amortised cost	-	-	-	(3)
Other operating income	893	268	27	33
Total operating income	7,610	14.115	55,944	34,369
Net credit gains (losses)	1,326	1,038	(711)	(2,640)
Total operating expenses	(2,967)	(4,145)	(20,976)	(9,320)
Non-operating revenues (expenses)	2	-	25	24
Profit before tax	5,971	11,008	34,282	22,433
Income tax	(304)	(538)	-	-
Profit for the period	5,667	10,470	34,282	22,433
Attributable to non-controlling interests	1,328	2,454	18,169	11,889
Dividends paid to non-controlling interests	1,357	1,970	-	-

SUMMARISED STATEMENT OF FINANCIAL POSITION

	National Bank of Sudan		Bank Audi Syria sa	
	2015 LBP Million	2014 LBP Million	2015 LBP Million	2014 LBP Million
ASSETS				
Cash and balances with central banks	26,682	39,713	87,562	196,950
Due from banks and financial institutions	4,848	21,288	68,872	9,425
Due from head office, sister, related banks and financial institutions	62,633	50,603	134,132	110,866
Loans and advances to customers at amortised cost	103	201	61,672	137,132
Financial assets at amortised cost	30,181	31,029	-	18,827
Investment in subsidiaries and associates	-	-	1,433	2,437
Property and equipment	2,318	2,475	6,311	8,965
Intangible assets	252	256	563	661
Non-current assets held for sale	-	-	165	703
Other assets	3,016	3,182	5,333	4,169
TOTAL ASSETS	130,033	148,747	366,043	490,135
LIABILITIES				
Due to banks and financial institutions	-	-	7,611	21,746
Due to head office, sister, related banks and financial institutions	-	4,257	62,619	63
Customers' deposits	33,136	45,157	198,598	375,961
Deposits from related parties	-	-	8,196	10,561
Other liabilities	3,426	3,379	5,963	2,690
Provisions for risks and charges	136	931	10,587	2,036
TOTAL LIABILITIES	36,698	53,724	293,574	413,057
TOTAL SHAREHOLDERS' EQUITY	93,335	95,023	72,469	77,078
Of which: non-controlling interest	*21,878*	*22,273*	*38,409*	*40,851*
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	130,033	148,747	366,043	490,135

SUMMARISED STATEMENT OF FINANCIAL POSITION

	SHARE OF NON-CONTROLLING INTERESTS			
	National Bank of Sudan		Bank Audi Syria sa	
	2015 LBP Million	2014 LBP Million	2015 LBP Million	2014 LBP Million
Operating activities	7,436	7,586	22,074	37,546
Investing activities	(321)	(328)	12,174	20,707
Financing activities	(1,533)	(1,564)	-	-
	5,582	5,694	34,248	58,253

49.0. | CASH AND CASH EQUIVALENTS

	2015 LBP Million	2014 LBP Million
Cash and balances with central banks	1,391,150	1,521,054
Due from banks and financial institutions	2,625,705	3,431,465
Loans to banks and financial institutions and reverse repurchase agreements	2,563	1,455,858
Due to banks and financial institutions	(347,561)	(1,215,689)
Due to banks under repurchase agreements	-	(90,443)
	3,671,857	5,102,245

50.0. | FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values in this note are stated at a specific date and may be different from the amounts which will actually be paid on the maturity or settlement dates of the instrument. In many cases, it would not be possible to realise immediately the estimated fair values given the size of the portfolios measured. Accordingly, these fair values do not represent the value of these instruments to the Group as a going concern. Financial assets and liabilities are classified according to a hierarchy that reflects the significance of observable market inputs. The three levels of the fair value hierarchy are defined below.

QUOTED MARKET PRICES – LEVEL 1

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

VALUATION TECHNIQUE USING OBSERVABLE INPUTS – LEVEL 2

Financial instruments classified as Level 2 were valued using models whose most significant inputs are observable in an active market. Such valuation techniques and models incorporate assumptions about factors observable in an active market that other market participants would use in their valuations, including interest rate yield curve, exchange rates, volatilities, and prepayment and defaults rates.

VALUATION TECHNIQUE USING SIGNIFICANT UNOBSERVABLE INPUTS – LEVEL 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price. Unobservable input levels are generally determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

FAIR VALUE MEASUREMENT HIERARCHY OF THE GROUP'S FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE:

	2015			
	Level 1 LBP Million	Level 2 LBP Million	Level 3 LBP Million	**Total LBP Million**
FINANCIAL ASSETS				
Derivative financial instruments	64,201	197,630	4,032	265,863
Financial assets at fair value through profit or loss				
Lebanese sovereign and Central Bank of Lebanon				
Central Bank's certificates of deposits	-	109,520	-	109,520
Treasury bills	-	91,828	-	91,828
Eurobonds	51,684	-	-	51,684
Other sovereign				
Treasury bills and bonds	12,863	-	-	12,863
Private sector and other securities				
Banks and financial institutions	36,051	300	-	36,351
Loans and advances to customers	-	22,185	-	22,185
Mutual funds	7,438	27,480	15,689	50,607
Equity instruments	5,083	3,592	9	8,684
	113,119	254,905	15,698	383,722
Financial assets designated at fair value through other comprehensive income				
Private sector and other securities				
Equity instruments	1,040	68,490	74,845	144,375
	178,360	521,025	94,575	793,960
FINANCIAL LIABILITIES				
Derivative financial instruments	57,078	74,121	-	131,199
Customers' deposits - sight	68,226	-	-	68,226
	125,304	74,121	-	199,425

	2014			
	Level 1 LBP Million	Level 2 LBP Million	Level 3 LBP Million	Total LBP Million
FINANCIAL ASSETS				
Derivative financial instruments	90,840	105,151	1,136	197,127
Financial assets at fair value through profit or loss				
Lebanese sovereign and Central Bank of Lebanon				
Central Bank's certificates of deposits	-	98,008	-	98,008
Treasury bills	-	169,262	-	169,262
Eurobonds	128,710	-	-	128,710
Other sovereign				
Treasury bills and bonds	1,158	-	-	1,158
Eurobonds	898	-	-	898
Private sector and other securities				
Banks and financial institutions	48,574	-	-	48,574
Loans and advances to customers	-	12,043	-	12,043
Funds	16,675	34,258	2,186	53,119
Equity instruments	5,039	-	11	5,050
	201,054	313,571	2,197	516,822
Financial assets designated at fair value through other comprehensive income				
Private sector and other securities				
Equity instruments	1,182	56,746	77,778	135,706
	293,076	475,468	81,111	849,655
FINANCIAL LIABILITIES				
Derivative financial instruments	83,311	32,992	-	116,303
Customers' deposits - sight	70,457	-	-	70,457
	153,768	32,992	-	186,760

The movement of items recurrently measured at fair value categorised within Level 3 during the year is as follows:

	2015			
	Financial Instruments at Fair Value through Profit and loss LBP Million	Financial Instruments at Fair Value through Other Comprehensive Income LBP Million	Derivative Financial Instruments LBP Million	Total LBP Million
FINANCIAL ASSETS				
Balance at 1 January 2015	2,197	77,778	1,136	81,111
Re-measurement recognised in other comprehensive income	-	2,655	2,896	5,551
Purchases	13,501	2,781	-	16,282
Sales	-	(8,317)	-	(8,317)
Foreign exchange difference	-	(52)	-	(52)
Balance at 31 December 2015	15,698	74,845	4,032	94,575

	2014			
	Financial Instruments at Fair Value through Profit and loss LBP Million	Financial Instruments at Fair Value through Other Comprehensive Income LBP Million	Derivative Financial Instruments LBP Million	Total LBP Million
FINANCIAL ASSETS				
Balance at 1 January 2014	2,191	83,964	-	86,155
Re-measurement recognised in other comprehensive income	-	(7,859)	1,136	(6,723)
Re-measurement recognised in the income statement	(5)	-	-	(5)
Purchases	11	3,646	-	3,657
Sales	-	(1,990)	-	(1,990)
Foreign exchange difference	-	17	-	17
Balance at 31 December 2014	2,197	77,778	1,136	81,111

ASSETS AND LIABILITIES CARRIED AT FAIR VALUE USING A VALUATION TECHNIQUE WITH SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)

Derivatives

Derivative products are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Government Bonds, Certificates of Deposits and Other Debt Instruments

The Group values these unquoted debt securities using discounted cash flow valuation models where the lowest level input that is significant to the entire measurement is observable in an active market. These inputs include assumptions regarding current rates of interest, commodity prices, implied volatilities, and credit spreads.

ASSETS AND LIABILITIES CARRIED AT FAIR VALUE USING A VALUATION TECHNIQUE WITH SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

Equity Shares of Non-listed Entities

The Group's strategic investments are generally classified at fair value through other comprehensive income and are not traded in active markets. These are investments in private companies, for which there is no or only limited sufficient recent information to determine fair value. The Group determined that cost adjusted to reflect the investee's financial position and results since initial recognition represents the best estimate of fair value.

Derivatives

Collars held by the Group for hedging purposes are valued using a valuation technique with significant unobservable inputs. The applied valuation technique uses a Monte Carlo simulation which requires inputs that cannot be pinned down with precision, given the lack of sufficient liquidity in the USD/TRY options markets and the Turkish Lira yield curve, particularly beyond the shortest maturities. In addition, the valuation need to reflect the substantial volatility skew that exists between USD puts and USD calls with comparable deltas, and specifically the fact that the implied volatility of USD calls is substantially greater than that of USD puts, even when their deltas and tenures are equal.

COMPARISON OF CARRYING AND FAIR VALUES FOR FINANCIAL ASSETS AND LIABILITIES NOT HELD AT FAIR VALUE

The fair values included in the table below were calculated for disclosure purposes only. The fair valuation techniques and assumptions described below relate only to the fair value of the Group's financial instruments not measured at fair value. Other institutions may use different methods and assumptions for their fair value estimations, and therefore such fair value disclosures cannot necessarily be compared from one institution to another.

The fair value of financial instruments that are carried at amortised cost as of 31 December 2015 is as follows:

	2015		
	Fair Value LBP Million	Book Value LBP Million	Unrealised Gain (Loss) LBP Million
FINANCIAL ASSETS			
Cash and balances with central banks	13,754,999	13,754,922	77
Due from banks and financial institutions	2,704,226	2,704,157	69
Loans to banks and financial institutions and reverse repurchase agreements	2,585,713	2,585,553	160
Loans and advances to customers at amortised cost	27,060,363	26,812,807	247,556
Loans and advances to related parties at amortised cost	214,535	214,549	(14)
Financial assets at amortised cost	14,832,498	14,784,574	47,924
	61,152,334	60,856,562	295,772
FINANCIAL LIABILITIES			
Due to central banks	569,856	569,856	-
Due to banks and financial institutions	2,277,657	2,259,247	(18,410)
Due to banks under repurchase agreements	81,318	81,318	-
Customers' deposits	52,948,432	52,922,281	(26,151)
Deposits from related parties	689,837	690,111	274
Debt issued and other borrowed funds	1,083,160	1,053,982	(29,178)
	57,650,260	57,576,795	(73,465)

The breakdown by major class of financial assets is as follows:

	2015		
	Fair Value LBP Million	Book Value LBP Million	Unrealised Gain (Loss) LBP Million
Net loans and advances to customers at amortised cost			
Corporate and SME	20,172,206	19,876,813	295,393
Retail and Personal Banking	6,441,754	6,489,670	(47,916)
Public sector	446,403	446,324	79
	27,060,363	26,812,807	247,556
Net loans and advances to related parties at amortised cost			
Corporate and SME	17,183	17,188	(5)
Retail and Personal Banking	197,352	197,361	(9)
	214,535	214,549	(14)
Financial assets at amortised cost			
Lebanese sovereign and Central Bank	10,385,910	10,368,572	17,338
Other sovereign	3,845,189	3,816,602	28,587
Private sector and other securities	601,399	599,400	1,999
	14,832,498	14,784,574	47,924

The fair value of financial instruments that are carried at amortised cost as of 31 December 2014 is as follows:

	2014		
	Fair Value LBP Million	Book Value LBP Million	Unrealised Gain (Loss) LBP Million
FINANCIAL ASSETS			
Cash and balances with central banks	13,247,938	13,247,387	551
Due from banks and financial institutions	3,608,930	3,608,892	38
Loans to banks and financial institutions and reverse repurchase agreements	2,928,918	2,928,743	175
Loans and advances to customers at amortised cost	26,279,843	25,775,338	504,505
Loans and advances to related parties at amortised cost	110,076	110,007	69
Financial assets at amortised cost	14,644,739	14,573,743	70,996
	60,820,444	60,244,110	576,334
FINANCIAL LIABILITIES			
Due to central banks	438,382	438,385	3
Due to banks and financial institutions	1,695,182	1,695,351	169
Due to banks under repurchase agreements	90,443	90,443	-
Customers' deposits	53,336,079	53,342,752	6,673
Deposits from related parties	586,660	586,621	(39)
Debt issued and other borrowed funds	854,573	854,455	(118)
	57,001,319	57,008,007	6,688

The breakdown by major class of financial assets is as follows:

	2014		
	Fair Value LBP Million	Book Value LBP Million	Unrealised Gain (Loss) LBP Million
Net loans and advances to customers at amortised cost			
Corporate and SME	20,165,205	19,663,000	502,205
Retail and Personal Banking	5,888,560	5,886,395	2,165
Public sector	226,078	225,943	135
	26,279,843	25,775,338	504,505
Net loans and advances to related parties at amortised cost			
Corporate and SME	18,541	18,541	-
Retail and Personal Banking	91,535	91,466	69
	110,076	110,007	69
Financial assets at amortised cost			
Lebanese sovereign and Central Bank	9,802,889	9,718,539	84,350
Other sovereign	3,993,883	4,011,377	(17,494)
Private sector and other securities	847,967	843,827	4,140
	14,644,739	14,573,743	70,996

ASSETS AND LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED USING A VALUATION TECHNIQUE WITH SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) AND/OR SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months), the Group assumed that the carrying values approximate the fair values. This assumption is also applied to demand deposits which have no specific maturity and financial instruments with variable rates.

Deposits with Banks and Loans and Advances to Banks

For the purpose of this disclosure, there is minimal difference between fair value and carrying amount of these financial assets as they are short term in nature or have interest rates that re-price frequently. The fair value of deposits with longer maturities is estimated using discounted cash flows applying market rates for counterparties with similar credit quality.

Government Bonds, Certificates of Deposits, and Other Debt Securities

The Group values these unquoted debt securities using discounted cash flow valuation models where the lowest level input that is significant to the entire measurement is observable in an active market. These inputs include assumptions regarding current rates of interest and credit spreads.

Loans and Advances to Customers

For the purpose of this disclosure, fair value of loans and advances to customers is estimated using discounted cash flows by applying current rates for new loans with similar remaining maturities and to counterparties with similar credit quality.

Deposits from Banks and Customers

In many cases, the fair value disclosed approximates carrying value because these financial liabilities are short term in nature or have interest rates that re-price frequently. The fair value for deposits with long-term maturities, such as time deposits, are estimated using discounted cash flows, applying either market rates or current rates for deposits of similar remaining maturities.

Debt Issued and Other Borrowed Funds

Fair values are determined using discounted cash flows valuation models where the inputs used are estimated by comparison with quoted prices in an active market for similar instruments.

Fair value measurement hierarchy of the Group's financial assets and liabilities for which fair value is disclosed:

	2015			
	Level 1 LBP Million	Level 2 LBP Million	Level 3 LBP Million	**Total LBP Million**
FINANCIAL ASSETS				
Cash and balances with central banks	361,802	13,393,197	-	13,754,999
Due from banks and financial institutions	-	2,704,226	-	2,704,226
Loans to banks and financial institutions and reverse repurchase agreements	-	2,585,713	-	2,585,713
Net loans and advances to customers	-	-	27,060,363	27,060,363
Corporate and SME	-	-	*20,172,206*	*20,172,206*
Retail and Personal Banking	-	-	*6,441,754*	*6,441,754*
Public sector	-	-	*446,403*	*446,403*
Net loans and advances to related parties	-	-	214,535	214,535
Corporate and SME	-	-	*17,183*	*17,183*
Retail and Personal Banking	-	-	*197,352*	*197,352*
Financial assets classified at amortised cost	3,936,183	10,885,032	11,283	14,832,498
Lebanese sovereign and Central Bank	*2,934,698*	*7,451,212*	-	*10,385,910*
Other sovereign	*565,425*	*3,279,764*	-	*3,845,189*
Private sector and other securities	*436,060*	*154,056*	*11,283*	*601,399*
	4,297,985	29,568,168	27,286,181	61,152,334
FINANCIAL LIABILITIES				
Due to central banks	-	569,856	-	569,856
Due to banks and financial institutions	-	2,277,657	-	2,277,657
Due to banks under repurchase agreements	-	81,318	-	81,318
Customers' deposits	-	52,948,432	-	52,948,432
Deposits from related parties	-	689,837	-	689,837
Debt issued and other borrowed funds	-	1,083,160	-	1,083,160
	-	57,650,260	-	57,650,260

	2014			
	Level 1 LBP Million	Level 2 LBP Million	Level 3 LBP Million	Total LBP Million
FINANCIAL ASSETS				
Cash and balances with central banks	353,479	12,894,459	-	13,247,938
Due from banks and financial institutions	-	3,608,930	-	3,608,930
Loans to banks and financial institutions and reverse repurchase agreements	-	2,928,918	-	2,928,918
Net loans and advances to customers	-	-	26,279,843	26,279,843
Corporate and SME	-	-	*20,165,205*	*20,165,205*
Retail and Personal Banking	-	-	*5,888,560*	*5,888,560*
Public sector	-	-	*226,078*	*226,078*
Net loans and advances to related parties	-	-	110,076	110,076
Corporate and SME	-	-	*18,541*	*18,541*
Retail and Personal Banking	-	-	*91,535*	*91,535*
Financial assets classified at amortised cost	5,103,536	9,532,965	8,238	14,644,739
Lebanese sovereign and Central Bank	*3,730,266*	*6,072,623*	-	*9,802,889*
Other sovereign	*646,846*	*3,347,037*	-	*3,993,883*
Private sector and other securities	*726,424*	*113,305*	*8,238*	*847,967*
	5,457,015	28,965,272	26,398,157	60,820,444
FINANCIAL LIABILITIES				
Due to central banks	-	438,382	-	438,382
Due to banks and financial institutions	-	1,695,182	-	1,695,182
Due to banks under repurchase agreements	-	90,443	-	90,443
Customers' deposits	-	53,336,079	-	53,336,079
Deposits from related parties	-	586,660	-	586,660
Debt issued and other borrowed funds	-	854,573	-	854,573
	-	57,001,319	-	57,001,319

51.0. | CONTINGENT LIABILITIES, COMMITMENTS AND LEASING ARRANGEMENTS

CREDIT-RELATED COMMITMENTS AND CONTINGENT LIABILITIES

To meet the financial needs of customers, the Group enters into various commitments, guarantees and other contingent liabilities which are mainly credit-related instruments including both financial and non-financial guarantees and commitments to extend credit. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Group. The table below discloses the nominal principal amounts of credit-related commitments and contingent liabilities. Nominal principal amounts represent the amount at risk should the contracts be fully drawn upon and clients default. As a significant portion of guarantees and commitments is expected to expire without being withdrawn, the total of the nominal principal amount is not indicative of future liquidity requirements.

	2015		
	Banks LBP Million	Customers LBP Million	**Total LBP Million**
Guarantees and contingent liabilities			
Financial guarantees	136,275	866,225	1,002,500
Other guarantees	95,688	1,676,852	1,772,540
	231,963	2,543,077	2,775,040
Commitments			
Documentary credits	-	548,320	548,320
Loan commitments	-	5,222,426	5,222,426
Of which: revocable	-	*4,394,707*	*4,394,707*
Of which: irrevocable	-	*827,719*	*827,719*
	-	5,770,746	5,770,746

	2014		
	Banks LBP Million	Customers LBP Million	Total LBP Million
Guarantees and contingent liabilities			
Financial guarantees	293,015	969,283	1,262,298
Other guarantees	92,300	1,333,490	1,425,790
	385,315	2,302,773	2,688,088
Commitments			
Documentary credits	-	706,121	706,121
Loan commitments	-	4,615,772	4,615,772
Of which: revocable	-	*3,685,006*	*3,685,006*
Of which: irrevocable	-	*930,766*	*930,766*
	-	5,321,893	5,321,893

GUARANTEES

Guarantees are given as security to support the performance of a customer to third parties. The main types of guarantees provided are:

- Financial guarantees given to banks and financial institutions on behalf of customers to secure loans, overdrafts, and other banking facilities; and
- Other guarantees are contracts that have similar factures to the financial guarantee contracts but fail to meet the strict definition of a financial guarantee contract under IFRS. These include mainly performance and tender guarantees.

DOCUMENTARY CREDITS

Documentary credits commit the Group to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

LOAN COMMITMENTS

Loan commitments are defined amounts (unutilised credit lines or undrawn portions of credit lines) against which clients can borrow money under defined terms and conditions.

Revocable loan commitments are those commitments that can be unconditionally cancelled at any time subject to notice requirements according to their general terms and conditions. Irrevocable loan commitments result from arrangements where the Group has no right to withdraw the loan commitment once communicated to the beneficiary.

In addition to the above, the Group has issued letters of intent for an amount of LBP 15,704,228 million as of 31 December 2015 (2014: LBP 12,548,128 million). These letters of intent do not represent loan commitments on behalf of the Group.

INVESTMENT COMMITMENTS

During 2015, the Group invested in funds pursuant to the provisions of Decision No. 6116 dated 7 March 1996. In accordance with this resolution, the Group can benefit from facilities granted by the Central Bank of Lebanon to be invested in start-up companies, incubators and accelerators whose object is restricted to supporting the development, success and growth of start-up companies in Lebanon or companies whose objects are restricted to investing venture capital in start-up companies in Lebanon. These investments have resulted in future commitments on the Group of LBP 27,211 million as of 31 December 2015 (2014: none).

LEGAL CLAIMS

Litigation is a common occurrence in the banking industry due to the nature of the business. The Group has an established protocol for dealing with such legal claims. Once professional advice has been obtained and the amount of damages reasonably estimated, the Group makes adjustments to account for any adverse effects which the claims may have on its financial standing. At year-end, the Group had several unresolved legal claims. Based on advice from legal counsel, Management believes that legal claims will not result in any material financial loss to the Group.

OPERATING LEASE AND CAPITAL EXPENDITURE COMMITMENTS

	2015 LBP Million	2014 LBP Million
Capital expenditure commitments	42,019	25,786
Operating lease commitments – Group as lessee	92,982	120,150
Within one year	*19,410*	*23,923*
One to five years	*36,774*	*37,974*
More than five years	*36,798*	*58,253*
	135,001	145,936

COMMITMENTS RESULTING FROM CREDIT FACILITIES RECEIVED

The Group has the following commitments resulting from the credit facilities received from non-resident financial institutions:
- The net past due loans (after the deduction of provisions) should not exceed 5 percent of the net credit facilities granted;
- The provision for past due loans, which includes specific and collective provisions and unrealised interest, should not fall below 70 percent of the past due loans;
- The net doubtful loans should not exceed 20 percent of the Tier 1 capital;
- Sustaining a liquidity ratio exceeding 115 percent;
- Sustaining a capital adequacy exceeding the minimum ratio as per the regulations applied by the Central Bank of Lebanon and the requirements of the Basel agreements to the extent it is applied by the Central Bank of Lebanon.

OTHER COMMITMENTS AND CONTINGENCIES

Financial assets at amortised cost include Lebanese government Treasury bills amounting to LBP 31,519 million (2014: LBP 133,759 million) pledged to the Central Bank of Lebanon against credit facilities. They also include Turkish Treasury bills amounting to LBP 97,960 million (2014: LBP 101,860 million) pledged against repurchase agreements (Note 33).

The Bank's books in Lebanon remain subject to the review of the tax authorities for the period from 1 January 2012 to 31 December 2013 and the review of the National Social Security Fund (NSSF) for the period from 30 September 2011 to 31 December 2013. In addition, the subsidiaries' books and records are subject to review by the tax and social security authorities in the countries in which they operate. Management believes that adequate provisions were recorded against possible review results to the extent that they can be reliably estimated.

52.0. | ASSETS UNDER MANAGEMENT

Assets under management include client assets managed or deposited with the Group. For the most part, the clients decide how these assets are to be invested.

	2015 LBP Million	2014 LBP Million
Assets under management	12,592,036	12,967,978
Fiduciary assets	2,255,152	1,705,371
	14,847,188	14,673,349

53.0. | RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. The definition includes subsidiaries, associates, key Management personnel and their close family members, as well as entities controlled or jointly controlled by them.

Key Management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. At the level of the Group, key Management personnel includes the the members of the Bank's Board of Directors and Group Executive Committee.

Loans to related parties (a) were made in the ordinary course of business; (b) were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with others; and (c) did not involve more than a normal risk of collectability or present other unfavourable features.

Related party balances included in the Group's Statement of Financial Position are as follows as of 31 December:

	2015 LBP Million	2014 LBP Million
Loans and advances	214,549	110,007
Of which: granted to key Management personnel	*68,134*	*62,093*
Indirect facilities	5,587	6,238
Deposits	690,111	586,621
Cash collateral received against loans	185,521	65,212

Related party balances included in the Group's Income Statement are as follows for the year ended 31 December:

	2015 LBP Million	2014 LBP Million
Interest income on loans	6,232	2,364
Interest expense on deposits	27,520	25,951

SUBSIDIARIES

Transactions between the Bank and its subsidiaries meet the definition of related party transactions. However, where these are eliminated on consolidation, they are not disclosed in the Group's financial statements. The following table shows information related to the significant subsidiaries of the Bank.

	Percentage of Ownership		Country of Incorporation	Principal Activity	Functional Currency
	2015	2014			
Bank Audi France sa	100.00%	100.00%	France	Banking (Commercial)	EUR
Audi Investment Bank sal	100.00%	100.00%	Lebanon	Banking (Investment)	LBP
Audi Private Bank sal	100.00%	100.00%	Lebanon	Banking (Private)	LBP
Banque Audi (Suisse) SA	100.00%	100.00%	Switzerland	Banking (Private)	CHF
Bank Audi Syria sa[1]	47.00%	47.00%	Syria	Banking (Commercial)	SYP
National Bank of Sudan	76.56%	76.56%	Sudan	Banking (Commercial)	SDG
Bank Audi sae	100.00%	100.00%	Egypt	Banking (Commercial)	EGP
Audi Capital (KSA)	99.99%	99.99%	Saudi Arabia	Financial services	SAR
Bank Audi LLC (Qatar)	100.00%	100.00%	Qatar	Banking services	QAR
Societe Libanaise de Factoring sal	94.85%	94.85%	Lebanon	Factoring	LBP
Odea Bank A.Ş.	100.00%	100.00%	Turkey	Banking (Commercial)	TRY
Infi Gamma Holding sal	99.97%	99.97%	Lebanon	Investment	USD
Audi Investments Holding sal	100.00%	100.00%	Lebanon	Investment	USD
Capital Banking Solutions ltd	70.50%	-	UAE	IT services	USD

[1] *Bank Audi sal established Bank Audi Syria sa and retained de facto control over it.*

ASSOCIATES

The Group provides banking services to its associates and to entities under common directorships. As such, loans, overdrafts, interest and non-interest bearing deposits and current accounts are provided to these entities, as well as other services. These transactions are conducted on the same terms as third-party transactions. Summarised financial information for the Group's associates is set out in Note 27 to these financial statements.

KEY MANAGEMENT PERSONNEL

Total remuneration awarded to the members of the Bank's Board of Directors and Group Executive Committee represents the awards made to those individuals that have been approved by the Board Remuneration Committee as part of the latest pay round decisions. Figures are provided for the period that individuals met the definition of key Management personnel.

	2015 LBP Million	2014 LBP Million
Short-term benefits	46,990	49,182
Post-employment benefits	3,969	19,485

Short-term benefits comprise of salaries, bonuses, attendance fees and other benefits.

Provision for end of service benefits of key Management personnel amounted to LBP 23,485 million as of 31 December 2015 (2014: LBP 23,742 million).

54.0. | RISK MANAGEMENT

The Group is exposed to various types of risks, some of which are:
- Credit risk: the risk of default or deterioration in the ability of a borrower to repay a loan.
- Market risk: the risk of loss in balance sheet and off-balance sheet positions arising from movements in market prices. Movements in market prices include changes in interest rates (including credit spreads), exchange rates and equity prices.
- Liquidity risk: the risk that the Group cannot meet its financial obligations when they come due in a timely manner and at reasonable cost.
- Operational risk: the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
- Other risks faced by the Group include concentration risk, reputation risk, legal risk and business/strategic risk.

Risks are managed through a process of ongoing identification, measurement monitoring, mitigation and control and reporting to relevant stakeholders. The Group ensures that risk and rewards are properly balanced and in line with the risk appetite that is approved by the Board of Directors.

BOARD OF DIRECTORS

The Board of Directors (the Board) is ultimately responsible for identifying and setting the level of acceptable risks to which the Group is exposed, and as such, defines the risk appetite for the Group. In addition, the Board approves risk policies and procedures. Periodic reporting is made to the Board on existing and emerging risks in the Group. A number of Management committees and departments are also responsible for various levels of risk management, as set out below.

BOARD GROUP RISK COMMITTEE

The role of the Board's Group Risk Committee (BGRC) is to oversee the risk management framework and assess its effectiveness, review and recommend to the Board the Group risk policies and risk appetite, monitor the Group risk profile, review stress tests scenarios and results, and provide access for the Group Chief Risk Officer (CRO) to the Board. The BGRC meets at least every quarter in the presence of the Group CRO.

EXECUTIVE COMMITTEE

The mandate of the Group Executive Committee is to support the Board in the implementation of its strategy, to support the Group CEO in the day-to-day management of the Group, and to develop and implement business policies for the Group and issue guidance for the Group within the strategy approved by the Board. The Executive Committee is involved in reviewing and submitting to the Board the risk policies and risk appetite.

ASSET LIABILITY COMMITTEE

The Asset Liability Committee (ALCO) is a Management committee responsible in part for managing market risk exposures, liquidity, funding needs and contingencies. It is the responsibility of this committee to set up strategies for managing market risk and liquidity exposures and ensuring that Treasury implements those strategies so that exposures are managed in a manner consistent with the risk policy and limits approved by the Board.

INTERNAL AUDIT

All risk management processes are independently audited by the Internal Audit department at least annually. This includes the examination of both the adequacy and effectiveness of risk control procedures. Internal Audit discusses the results of its assessments with Management and reports its findings and recommendations to the Board's Audit Committee.

RISK MANAGEMENT

Risk Management is a function independent from business lines and headed by the Chief Risk Officer. The function has the responsibility to ensure that risks are properly identified, measured, monitored, controlled, and reported to heads of business lines, Senior Management, ALCO, the Board Risk Committee and the Board. In addition, the function works closely with Senior Management to ensure that proper controls are set in order to mitigate risks. The Risk Management function at the Group level has the responsibility of drafting risk policies and principles for adoption at the entity level. In addition, it is in charge of monitoring and aggregating risks across the Group.

RISK MONITORING AND CONTROL

The primary drivers behind monitoring and controlling risks are the Risk Appetite and Limits approved by the Board. These limits reflect the business strategy and market environment of the Group, as well as the level of risks that the Group is willing to accept.

Risk Appetite and Limits are formalised in a document which is reviewed by the Executive Committee and the Board Group Risk Committee and approved by the Board. This document comprises qualitative and quantitative statements of risk appetite that include limits by asset quality and concentration.

Information independently compiled from all business lines and risk-taking units is examined and processed in order to identify and measure the risk profile. The results are reported and presented on a regular basis to Management and to the Board.

55.0. | CREDIT RISK

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. Credit risk appetite and limits are set at the Group level by the Board and are cascaded to the entities, which, in turn, formulate their own limits in line with the Group's risk appetite.

CREDIT LIMITS

The Group controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentration, and by monitoring exposures in relation to such limits. These limits include the following:

FINANCIAL INSTITUTIONS

Percentage floors and absolute limits are set on the Group's placements with highly rated financial institutions.

SOVEREIGN EXPOSURE AND OTHER FINANCIAL INSTRUMENTS

Limits are placed on sovereign exposures and other financial instruments according to their ratings.

LOANS AND ADVANCES TO CUSTOMERS

The Group sets risk appetite per country, economic sector, tenure of the loan, rating, and group of obligors, among others, in order to limit undue risk concentrations.

CREDIT GRANTING AND MONITORING PROCESSES

The Group has set clearly established processes related to loan origination, documentation and maintenance of extensions of credits.

INITIATION

Initiation of the credit facilities is done by the business originating function which is shared between branches and the Corporate and Commercial departments.

ANALYSIS

Credit analysis is performed within the business originating function and is reviewed independently by the Credit Review department, which, in turn, prepares a written risk opinion about the credit facilities and submits it to the respective credit committees.

APPROVAL

Credit officers and credit committees are responsible for the approval of facilities up to the limit assigned to them. The Group has various levels of credit approving authorities, depending on the nature and limit of the requested facilities, namely:
• The Board of Directors;
• The Executive Committee;
• Other credit committees, depending on the limit and region.

Once approved by the Credit Committee, facilities are disbursed when all requirements set by the respective committee are met and documents intended as security are reviewed and verified by the Credit Administration function.

MONITORING

The Group maintains continuous monitoring of the quality of its portfolio. Timely reports are sent to the Executive Committee and to the Board detailing credit risk profile including follow-up accounts, large exposures, risk ratings and concentration by industry, geography and group of obligors.

RECOVERY AND RESTRUCTURING

The Group assesses impaired loans by evaluating the exposure to loss, on a case by case basis. They are directly managed by the Recovery and Restructuring department which is responsible for formulating a workout strategy, in coordination with the Legal & Compliance department. Credit committees are responsible for approving these workout strategies.

PROVISIONING POLICY

As part of the conservative approach to sustain the quality of the Group's loan portfolio, an evaluation of loan loss provisions is made on a regular basis. As such, all adversely classified accounts are reviewed and the Recovery and Restructuring department makes recommendations for specific provisions against the accounts. These recommendations are submitted to the appropriate committee for approval before they are implemented. In this regard, specific approval from the regulatory authority might be necessary depending on the regulatory environment of the concerned entity.

Besides, impairment is assessed on a collective basis for loans that are not individually impaired. The Group is in the process of preparing for the adoption of IFRS 9, starting 1 January 2018, at a consolidated level, as required by the Central Bank of Lebanon.

In the normal course of business, some loans may become unrecoverable. Such loans would then be required to be partially or fully written off with proper approval when:

• All efforts to recover the bad debt have failed;
• The borrower's bankruptcy or inability to repay is established;
• Legal remedies have proved to be futile and/or cost prohibitive.

Requests for write-offs are to be submitted to the appropriate committee for approval. Approved write-offs are notified to the Executive Committee and then to the Board.

DERIVATIVE FINANCIAL INSTRUMENTS

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the Statement of Financial Position. In the case of credit derivatives, the Group is also exposed to or protected from the risk of default of the underlying entity referred by the derivative.

MANAGEMENT OF RISK CONCENTRATION

Credit concentrations arise when a number of counterparties are engaged in similar business activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and other conditions.

In order to limit undue excessive concentrations of risk, the Group's Risk Appetite and Limits document includes specific guidelines and limits to maintain a diversified portfolio.

CREDIT-RELATED COMMITMENTS RISKS

The Group makes available to its customers guarantees which may require payments on their behalf. Such guarantees expose the Group to risks similar to balance sheet exposure and they are mitigated by the same control processes and policies.

ANALYSIS TO MAXIMUM EXPOSURE TO CREDIT RISK AND COLLATERAL AND OTHER CREDIT ENHANCEMENTS

The following table shows the maximum exposure to credit risk by class of financial asset. It further shows the total fair value of collateral, capped to the maximum exposure to which it relates and the net exposure to credit risk.

	2015								
	Maximum Exposure LBP Million	Cash Collateral and Margins LBP Million	Securities LBP Million	Guarantees Received from Banks and Financial Institutions LBP million	Real Estate LBP Million	Vehicles LBP Million	Other Guarantees LBP Million	Netting Agreements LBP Million	**Net Credit Exposure LBP Million**
Cash and balances with central banks	13,393,120	-	-	-	-	-	-	-	13,393,120
Due from banks and financial institutions	2,704,157	-	-	-	-	-	-	-	2,704,157
Loans to banks and financial institutions and reverse repurchase agreements	2,585,553	-	-	2,384,364	-	-	-	-	201,189
Derivative financial instruments	263,285	-	-	-	-	-	-	-	263,285
Financial assets at fair value through profit or loss	324,431	-	-	-	-	-	-	-	324,431
Loans and advances to customers at amortised cost	26,812,807	3,489,488	983,989	140,889	7,523,830	544,741	624,725	4,468	13,500,677
Corporate and SME	*19,876,813*	*1,903,953*	*726,667*	*138,522*	*5,471,767*	*85,283*	*518,859*	*4,124*	***11,027,638***
Retail and Personal Banking	*6,489,670*	*1,564,742*	*257,322*	*2,367*	*2,052,063*	*459,458*	*105,866*	*344*	***2,047,508***
Public sector	*446,324*	*20,793*	-	-	-		-	-	***425,531***
Loans and advances to related parties at amortised cost	214,549	139,328	110	-	19,160	354	1,288	-	54,309
Debtors by acceptances	240,605	17,579	-	41	828	-	3,358	-	218,799
Financial assets at amortised cost	14,784,574	-	-	-	-	-	-	2,325,642	12,458,932
Contingent liabilities	1,550,820	123,773	16,252	24,924	44,472	-	47,819	-	1,293,580
Letters of credit	*548,320*	*18,861*	-	*126*	*1,461*	-	*8,819*	-	***519,053***
Financial guarantee given to banks and financial institutions	*136,275*	-	-	-	-	-	-	-	***136,275***
Financial guarantee given to customers	*866,225*	*104,912*	*16,252*	*24,798*	*43,011*	-	*39,000*	-	***638,252***
Total	62,873,901	3,770,168	1,000,351	2,550,218	7,588,290	545,095	677,190	2,330,110	44,412,479
Guarantees received from banks, financial institutions and customers									
Utilised collateral		3,770,168	1,000,351	2,550,218	7,588,290	545,095	677,190		16,131,312
Surplus of collateral before undrawn credit lines		1,423,208	2,868,124	53,417	16,133,987	381,661	1,829,400		22,689,797
		5,193,376	3,868,475	2,603,635	23,722,277	926,756	2,506,590		38,821,109

The surplus of collateral mentioned above is presented before offsetting additional credit commitments given to customers amounting to LBP 5,222,426 million as at 31 December 2015.

	2014								
	Maximum Exposure LBP Million	Cash Collateral and Margins LBP Million	Securities LBP Million	Guarantees Received from Banks and Financial Institutions LBP million	Real Estate LBP Million	Vehicles LBP Million	Other Guarantees LBP Million	Netting Agreements LBP Million	Net Credit Exposure LBP Million
Cash and balances with central banks	12,893,908	-	-	-	-	-	-	-	12,893,908
Due from banks and financial institutions	3,608,892	-	-	-	-	-	-	-	3,608,892
Loans to banks and financial institutions and reverse repurchase agreements	2,928,743	-	-	2,672,313	-	-	-	-	256,430
Derivative financial instruments	194,669	-	-	-	-	-	-	-	194,669
Financial assets at fair value through profit or loss	458,653	-	-	-	-	-	-	-	458,653
Loans and advances to customers at amortised cost	25,775,338	3,073,428	679,747	156,806	7,200,636	427,486	897,366	2,996	13,336,873
Corporate and SME	*19,663,000*	*2,012,658*	*357,358*	*155,240*	*5,450,751*	*20,251*	*844,534*	*2,996*	*10,819,212*
Retail and Personal Banking	*5,886,395*	*1,058,409*	*322,389*	*1,566*	*1,749,885*	*407,235*	*52,546*	-	*2,294,365*
Public sector	*225,943*	*2,361*	-	-	-	-	*286*	-	*223,296*
Loans and advances to related parties at amortised cost	110,007	37,863	119	-	12,472	629	70	-	58,854
Debtors by acceptances	340,480	17,934	-	2,882	4,212	-	3,644	-	311,808
Financial assets at amortised cost	14,573,743	-	-	-	-	-	-	2,235,511	12,338,232
Contingent liabilities	1,968,419	123,250	9,715	32,611	19,232	-	41,865	800	1,740,946
Letters of credit	*706,121*	*32,606*	-	*8,737*	*982*	-	*6,701*	-	*657,095*
Financial guarantee given to banks and financial institutions	*293,015*	-	-	-	-	-	-	-	*293,015*
Financial guarantee given to customers	*969,283*	*90,644*	*9,715*	*23,874*	*18,250*	-	*35,164*	*800*	*790,836*
Total	62,852,852	3,252,475	689,581	2,864,612	7,236,552	428,115	942,945	2,239,307	45,199,265
Guarantees received from banks, financial institutions and customers									
Utilised collateral		3,252,475	689,581	2,864,612	7,236,552	428,115	942,945		15,414,280
Surplus of collateral before undrawn credit lines		1,238,554	2,873,209	297,516	9,951,706	711,603	39,446		15,112,034
		4,491,029	3,562,790	3,162,128	17,188,258	1,139,718	982,391		30,526,314

The surplus of collateral mentioned above is presented before offsetting additional credit commitments given to customers and amounting to LBP 4,615,772 million as at 31 December 2014.

ANALYSIS TO MAXIMUM EXPOSURE TO CREDIT RISK AND COLLATERAL AND OTHER CREDIT ENHANCEMENTS

COLLATERAL AND OTHER CREDIT ENHANCEMENTS

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Management monitors the market value of collateral on a regular basis and requests additional collateral in accordance with the underlying agreement when deemed necessary.

The main types of collateral obtained are as follows:

Securities: the balances shown above represent the fair value of the securities.

Letters of credit/guarantees: the Group holds, in some cases, guarantees, letters of credit and similar instruments from banks and financial institutions which enable it to claim settlement in the event of default on the part of the counterparty. The balances shown represent the notional amount of these types of guarantees held by the Group.

Real Estate (Commercial and Residential): the Group holds, in some cases, a first degree mortgage over residential property (for housing loans) and commercial property (for commercial loans). The value shown above reflects the fair value of the property limited to the related mortgaged amount.

Netting Agreements: the Group makes use of netting agreements where there is a legally enforceable right to offset in the event of counterparty default and where as a result there is a net exposure for credit risk. However, there is no intention to settle these balances on a net basis under normal circumstances, and they do not qualify for offset. The amounts above represent available netting agreements in the event of default of the counterparty.

This includes netting agreements for loans and advances to customers and financial assets at amortised cost. In addition, derivatives may also be settled net when there is a netting agreement in place providing for this in the event of default, reducing the Group's exposure to counterparties on derivative asset positions. The reduction in risk is the amount of liability held.

In addition to the above, the Group also obtains guarantees from parent companies for loans to their subsidiaries, personal guarantees for loans to companies owned by individuals, second degree mortgages, and assignments of insurance or bills proceeds and revenues, which are not reflected in the above table.

RESTRUCTURED LOANS

Restructuring activity aims to manage customer relationships, maximise collection opportunities and, if possible, avoid foreclosure or repossession. Such activities include extended payment arrangements, deferring foreclosure, modification, loan rewrites and/or deferral of payments pending a change in circumstances.

Restructuring policies and practices are based on indicators or criteria which, in the judgment of local Management, indicate that repayment will probably continue. The application of these policies varies according to the nature of the market and the type of the facility.

	2015 LBP Million	2014 LBP Million
Corporate and SME	452,599	471,259
Retail and Personal Banking	19,244	58,060
	471,843	529,319

CREDIT RATING SYSTEM

The Group assesses the quality of its credit portfolio using the following credit rating methods:

(i) External ratings from approved credit rating agencies for financial institutions and financial assets.

(ii) Internal rating models that take into account both financial and non-financial, such as information on Management quality, operating environment and company standing. These internal rating models include a corporate model, an SME model, a project finance model, and an individual model. The Group uses the Facility Risk Rating (FRR) model to rate facilities based on the Obligator Risk Rating and collaterals.

(iii) Internally developed retail scorecards to assess the creditworthiness of borrowers in an objective manner and streamline the decision making process.

(iv) Supervisory ratings comprising six main categories: (a) Regular: includes borrowers demonstrating good to excellent financial condition, risk factors, and capacity to repay. These loans demonstrate regular and timely payment of dues, adequacy of cash flows, timely presentation of financial statements, and sufficient collateral/guarantee when required. (b) Follow-up: represents a lack of documentation related to a borrower's activity, an inconsistency between facilities' type and related conditions. (c) Follow-up and regularisation: includes credit worthy borrowers requiring close monitoring without being impaired. These loans might be showing weaknesses; insufficient or inadequate cash flows; highly leveraged; deterioration in economic sector or country where the facility is used; loan rescheduling more than once since initiation; or excess utilisation above limit. (d) Substandard loans: include borrowers with incapacity to repay from identified cash flows. Also included under this category are those with recurrent late payments and financial difficulties. (e) Doubtful loans: where full repayment is questioned even after liquidation of collateral. It also includes loans stagnating for over 6 months and debtors who are unable to repay restructured loans. Finally, (f) Bad loans with no or little expected inflows from business or assets. This category also includes borrowers with significant delays and deemed insolvent.

CREDIT QUALITY

The table below shows the credit quality by asset class for all financial assets with credit risk, based on the past-due status and impaired/non-impaired classification. The amounts presented are gross of impairment allowances.

	2015				
			Past Due and Impaired		
	Neither Past Due nor Impaired LBP Million	Past Due but not Impaired LBP Million	Substandard LBP Million	Doubtful and Bad LBP Million	**Total LBP Million**
Cash and balances with central banks	13,393,120	-	-	-	13,393,120
Due from banks and financial institutions	2,703,717	-	-	1,330	2,705,047
Loans to banks and financial institutions and reverse repurchase agreements	2,585,553	-	-	-	2,585,553
Derivative financial instruments	263,285	-	-	-	263,285
Financial assets at fair value through profit or loss	324,431	-	-	-	324,431
Loans and advances to customers at amortised cost	26,177,539	566,299	57,420	817,564	27,618,822
Loans and advances to related parties at amortised cost	214,549	-	-	-	214,549
Financial assets at amortised cost	14,784,574	-	-	4,763	14,789,337
	60,446,768	566,299	57,420	823,657	61,894,144
Loans and advances					
Corporate and SME	19,397,294	411,579	45,292	628,969	20,483,134
Retail and Personal Banking	6,545,443	154,720	12,128	188,595	6,900,886
Public sector	449,351	-	-	-	449,351
	26,392,088	566,299	57,420	817,564	27,833,371

	2014				
			Past Due and Impaired		
	Neither Past Due nor Impaired LBP Million	Past Due but not Impaired LBP Million	Substandard LBP Million	Doubtful and Bad LBP Million	Total LBP Million
Cash and balances with central banks	12,893,908	-	-	-	12,893,908
Due from banks and financial institutions	3,608,461	-	-	1,326	3,609,787
Loans to banks and financial institutions and reverse repurchase agreements	2,928,743	-	-	-	2,928,743
Derivative financial instruments	194,669	-	-	-	194,669
Financial assets at fair value through profit or loss	458,653	-	-	-	458,653
Loans and advances to customers at amortised cost	25,341,768	406,572	7,892	813,780	26,570,012
Loans and advances to related parties at amortised cost	110,007	-	-	-	110,007
Financial assets at amortised cost	14,571,877	-	-	7,052	14,578,929
	60,108,086	406,572	7,892	822,158	61,344,708
Loans and advances					
Corporate and SME	19,370,576	293,654	4,779	608,549	20,277,558
Retail and Personal Banking	5,853,921	112,918	3,113	203,857	6,173,809
Public sector	227,278	-	-	1,374	228,652
	25,451,775	406,572	7,892	813,780	26,680,019

The aging analysis of past due but not impaired loans and advances to customers at amortised cost as at 31 December is as follows:

	2015				
	Less than 30 Days LBP Million	31 to 60 Days LBP Million	61 to 90 Days LBP Million	More than 90 Days LBP Million	**Total LBP Million**
Corporate and SME	54,031	33,608	50,524	273,416	411,579
Retail and Personal Banking	109,859	29,187	7,324	8,350	154,720
	163,890	62,795	57,848	281,766	566,299

	2014				
	Less than 30 Days LBP Million	31 to 60 Days LBP Million	61 to 90 Days LBP Million	More than 90 Days LBP Million	**Total LBP Million**
Corporate and SME	67,856	49,291	43,727	132,780	293,654
Retail and Personal Banking	82,067	21,270	5,969	3,612	112,918
	149,923	70,561	49,696	136,392	406,572

The aging analysis of past due but not impaired loans and advances to customers at amortised cost as at 31 December is as follows:

	2015			
	Gross Balance LBP Million	Unrealised Interest LBP Million	Impairment Allowances LBP Million	**Net Balance LBP Million**
Regular	24,216,982	-	-	**24,216,982**
Follow up	942,188	-	-	**942,188**
Follow up and regularisation	1,799,217	-	-	**1,799,217**
Substandard	57,420	(2,214)	-	**55,206**
Doubtful	368,547	(16,722)	(124,621)	**227,204**
Bad	449,017	(97,978)	(319,922)	**31,117**
	27,833,371	**(116,914)**	**(444,543)**	**27,271,914**
Collective impairment	-	-	(244,558)	**(244,558)**
	27,833,371	**(116,914)**	**(689,101)**	**27,027,356**

	2014			
	Gross Balance LBP Million	Unrealised Interest LBP Million	Impairment Allowances LBP Million	Net Balance LBP Million
Regular	23,334,312	-	-	23,334,312
Follow up	988,344	-	-	988,344
Follow up and regularisation	1,535,691	-	-	1,535,691
Substandard	7,892	(2,221)	-	5,671
Doubtful	346,029	(10,663)	(128,581)	206,785
Bad	467,751	(102,458)	(341,317)	23,976
	26,680,019	(115,342)	(469,898)	26,094,779
Collective impairment	-	-	(209,434)	(209,434)
	26,680,019	(115,342)	(679,332)	25,885,345

The classification of the Group financial instruments and balances due from banks and financial institutions as per international ratings is as follows:

	2015										
	Sovereign and Central Banks					Non-sovereign					
	AAA to AA- LBP Million	A+ to BBB- LBP Million	BB+ to B- LBP Million	Unrated LBP Million	**Total LBP Million**	AAA to AA- LBP Million	A+ to BBB- LBP Million	BB+ to B- LBP Million	Unrated LBP Million	**Total LBP Million**	**Grand Total LBP Million**
Balance with central banks	262,692	2,041,151	11,089,277	-	**13,393,120**	-	-	-	-	**-**	**13,393,120**
Due from banks and financial institutions	-	-	-	-	**-**	197,509	1,947,436	200,898	358,314	**2,704,157**	**2,704,157**
Loans to banks and financial institutions and reverse repurchase agreements	-	-	282,864	-	**282,864**	-	2,141,190	117,520	43,979	**2,302,689**	**2,585,553**
Financial assets at fair value through profit or loss	-	12,863	253,032	-	**265,895**	-	58,237	299	-	**58,536**	**324,431**
Financial assets at amortised cost	43,816	547,570	13,563,607	30,181	**14,185,174**	230,416	256,819	99,106	13,059	**599,400**	**14,784,574**
	306,508	**2,601,584**	**25,188,780**	**30,181**	**28,127,053**	**427,925**	**4,403,682**	**417,823**	**415,352**	**5,664,782**	**33,791,835**

	2014										
	Sovereign and Central Banks					Non-sovereign					
	AAA to AA- LBP Million	A+ to BBB- LBP Million	BB+ to B- LBP Million	Unrated LBP Million	Total LBP Million	AAA to AA- LBP Million	A+ to BBB- LBP Million	BB+ to B- LBP Million	Unrated LBP Million	Total LBP Million	Grand Total LBP Million
Balance with central banks	246,275	1,769,560	10,878,073	-	12,893,908	-	-	-	-	-	12,893,908
Due from banks and financial institutions	-	-	-	-	-	449,915	2,711,428	108,401	339,148	3,608,892	3,608,892
Loans to banks and financial institutions and reverse repurchase agreements	-	-	1,226,246	-	1,226,246	-	1,455,858	246,639	-	1,702,497	2,928,743
Financial assets at fair value through profit or loss	-	2,056	395,980	-	398,036	-	48,574	-	12,043	60,617	458,653
Financial assets at amortised cost	34,569	517,235	13,147,083	31,029	13,729,916	174,476	547,785	101,985	19,581	843,827	14,573,743
	280,844	2,288,851	25,647,382	31,029	28,248,106	624,391	4,763,645	457,025	370,772	6,215,833	34,463,939

The Group controls credit risk by maintaining close monitoring credit of its assets exposures by geographic location.
The distribution of financial assets by geographic region as of 31 December is as follows:

	2015								
	Lebanon LBP Million	Turkey LBP Million	MENA LBP Million	Europe LBP Million	North America LBP Million	Asia LBP Million	Rest of Africa LBP Million	Rest of the World LBP Million	**Total LBP Million**
Cash and balances with central banks	10,431,052	2,112,346	946,263	265,261	-	-	-	-	13,754,922
Due from banks and financial institutions	325,416	132,273	423,598	1,177,149	562,919	14,662	422	67,718	2,704,157
Loans to banks and financial institutions and reverse repurchase agreements	319,273	2,263,717	-	2,563	-	-	-	-	2,585,553
Derivative financial instruments	21,900	31,326	358	82,075	130,204	-	-	-	265,863
Financial assets at fair value through profit or loss	271,947	12,863	24,220	74,692	-	-	-	-	383,722
Loans and advances to customers at amortised cost	8,130,827	11,071,793	6,067,860	814,696	52,393	88,378	256,673	330,187	26,812,807
Loans and advances to related parties at amortised cost	178,147	-	36,355	47	-	-	-	-	214,549
Debtors by acceptances	131,654	35,476	29,657	11,371	613	3,198	27,907	729	240,605
Financial assets at amortised cost	10,481,953	536,473	3,481,628	116,702	35,210	69,380	-	63,228	14,784,574
Financial assets at fair value through other comprehensive income	85,810	-	15,238	7,293	36,034	-	-	-	144,375
	30,377,979	16,196,267	11,025,177	2,551,849	817,373	175,618	285,002	461,862	61,891,127

The Group controls credit risk by setting credit limits on the amount of risk it is willing to accept by geographic location.
The distribution of financial assets by geographic region as of 31 December is as follows:

	2014								
	Lebanon LBP Million	Turkey LBP Million	MENA LBP Million	Europe LBP Million	North America LBP Million	Asia LBP Million	Rest of Africa LBP Million	Rest of the World LBP Million	Total LBP Million
Cash and balances with central banks	10,043,703	1,843,299	1,111,891	248,494	-	-	-	-	13,247,387
Due from banks and financial institutions	285,917	724,875	275,892	1,205,880	1,078,720	29,106	8	8,494	3,608,892
Loans to banks and financial institutions and reverse repurchase agreements	1,268,506	1,639,080	21,157	-	-	-	-	-	2,928,743
Derivative financial instruments	29,133	16,772	370	95,366	55,486	-	-	-	197,127
Financial assets at fair value through profit or loss	401,029	2,056	36,307	77,430	-	-	-	-	516,822
Loans and advances to customers at amortised cost	7,598,968	11,651,447	5,307,900	683,493	40,317	77,856	186,904	228,453	25,775,338
Loans and advances to related parties at amortised cost	76,358	-	33,432	217	-	-	-	-	110,007
Debtors by acceptances	197,330	35,766	31,449	37,186	1,521	6,841	28,999	1,388	340,480
Financial assets at amortised cost	9,839,474	507,799	3,715,034	255,923	69,245	122,328	-	63,940	14,573,743
Financial assets at fair value through other comprehensive income	87,006	-	16,974	1,424	30,300	-	-	2	135,706
	29,827,424	16,421,094	10,550,406	2,605,413	1,275,589	236,131	215,911	302,277	61,434,245

INDUSTRIAL ANALYSIS

	2015								
	Financial Services and Brokerage LBP Million	Government LBP Million	Consumers LBP Million	Retail and Wholesale LBP Million	Construction and Materials LBP Million	Manufacturing and Petroleum LBP Million	Services and Utilities LBP Million	Agriculture LBP Million	**Total LBP Million**
Cash and balances with central banks	361,802	13,393,120	-	-	-	-	-	-	**13,754,922**
Due from banks and financial institutions	2,704,157	-	-	-	-	-	-	-	**2,704,157**
Loans to banks and financial institutions and reverse repurchase agreements	2,585,553	-	-	-	-	-	-	-	**2,585,553**
Derivative financial instruments	183,283	-	10,410	58,897	3,307	9,687	270	9	**265,863**
Financial assets at fair value through profit and loss	117,760	265,895	-	-	67	-	-	-	**383,722**
Loans and advances to customers at amortised cost	1,548,466	73,601	6,562,575	2,880,577	4,316,897	4,177,350	7,015,300	238,041	**26,812,807**
Loans and advances to related parties at amortised cost	102,564	-	94,759	-	8,943	85	8,198	-	**214,549**
Debtors by acceptances	16,789	-	-	145,223	5,313	64,407	4,714	4,159	**240,605**
Financial assets at amortised cost	547,248	14,185,174	-	-	-	36,663	12,444	3,045	**14,784,574**
Financial assets at fair value through other comprehensive income	122,023	-	-	-	522	580	21,250	-	**144,375**
	8,289,645	**27,917,790**	**6,667,744**	**3,084,697**	**4,335,049**	**4,288,772**	**7,062,176**	**245,254**	**61,891,127**

	2015								
	Financial Services and Brokerage LBP Million	Government LBP Million	Consumers LBP Million	Retail and Wholesale LBP Million	Construction and Materials LBP Million	Manufacturing and Petroleum LBP Million	Services and Utilities LBP Million	Agriculture LBP Million	Total LBP Million
Cash and balances with central banks	353,479	12,893,908	-	-	-	-	-	-	13,247,387
Due from banks and financial institutions	3,608,892	-	-	-	-	-	-	-	3,608,892
Loans to banks and financial institutions and reverse repurchase agreements	2,928,743	-	-	-	-	-	-	-	2,928,743
Derivative financial instruments	111,040	-	5,631	72,896	3,155	3,906	134	365	197,127
Financial assets at fair value through profit and loss	106,639	398,036	-	-	12,147	-	-	-	516,822
Loans and advances to customers at amortised cost	1,585,272	10,009	5,867,813	3,202,716	4,152,920	4,825,244	5,773,220	358,144	25,775,338
Loans and advances to related parties at amortised cost	-	-	89,959	-	11,307	-	8,741	-	110,007
Debtors by acceptances	46,571	-	589	193,370	6,841	87,785	5,038	286	340,480
Financial assets at amortised cost	789,751	13,729,916	-	-	-	32,474	21,602	-	14,573,743
Financial assets at fair value through other comprehensive income	106,673	-	-	41	2,699	2,867	23,426	-	135,706
	9,637,060	27,031,869	5,963,992	3,469,023	4,189,069	4,952,276	5,832,161	358,795	61,434,245

56.0. | MARKET RISK

Market risk is defined as the potential loss in both on balance sheet and off-balance sheet positions resulting from movements in market risk factors such as foreign exchange rates, interest rates and equity prices.

The Market Risk unit's responsibilities are to identify, measure, report, and monitor all potential and actual market risks to which the Group is exposed. The purpose is to introduce transparency around the Treasury, investment portfolio, and asset and liability risk profile through consistent and comprehensive risk measurements, aggregation, management and analysis. Policies are set and limits monitored in order to ensure the avoidance of large, unexpected losses and the consequent impact on the Group's safety and soundness.

Tools developed in-house by a centralised unit of specialists offer a holistic view of risk exposures and are customised to meet the requirements of all end users (Group Risk, Senior Management, business lines and Legal Compliance). Stress scenarios include the various manifestations of the credit crisis that are relevant to the Group's exposures, as well as scenarios related to the Group's environment.

A. CURRENCY RISK

Foreign exchange (or currency) risk is the risk that the value of a portfolio will fall as a result of changes in foreign exchange rates. The major sources of this type of market risk are imperfect correlations in the movements of currency prices and fluctuations in interest rates. Therefore, exchange rates and relevant interest rates are acknowledged as distinct risk factors.

In addition to regulatory limits, the Board has set limits on positions by currency. These positions are monitored to ensure they are maintained within established limits.

The following tables present the breakdown of assets and liabilities by currency:

	2015					
	LBP LBP Million	USD LBP Million	EUR LBP Million	TRY LBP Million	Other LBP Million	**Total** **LBP Million**
ASSETS						
Cash and balances with central banks	1,209,050	10,514,772	881,593	274,547	874,960	**13,754,922**
Due from banks and financial institutions	81,117	1,431,375	574,675	3,277	613,713	**2,704,157**
Loans to banks and financial institutions and reverse repurchase agreements	36,410	379,788	63,950	2,105,405	-	**2,585,553**
Derivative financial instruments	-	175,383	27,787	39,488	23,205	**265,863**
Financial assets at fair value through profit or loss	201,347	109,305	5,916	12,863	54,291	**383,722**
Loans and advances to customers at amortised cost	1,931,674	12,846,464	3,647,756	4,796,340	3,590,573	**26,812,807**
Loans and advances to related parties at amortised cost	31,164	182,227	694	-	464	**214,549**
Debtors by acceptances	-	141,390	82,734	3,927	12,554	**240,605**
Financial assets at amortised cost	5,702,192	5,506,838	32,406	254,304	3,288,834	**14,784,574**
Financial assets at fair value through other comprehensive income	63,348	71,691	3,336	-	6,000	**144,375**
Investments in associates	10,043	-	-	-	3,946	**13,989**
Property and equipment	626,765	993	1,477	74,083	260,120	**963,438**
Intangible fixed assets	40,866	7	1,759	51,273	7,459	**101,364**
Non-current assets held for sale	2,156	53,839	510	15,555	719	**72,779**
Other assets	12,640	244,012	22,859	72,573	118,422	**470,506**
Goodwill	-	90,916	3,111	-	115,407	**209,434**
Total assets	**9,948,772**	**31,749,000**	**5,350,563**	**7,703,635**	**8,970,667**	**63,722,637**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Due to central banks	569,856	-	-	-	-	**569,856**
Due to banks and financial institutions	25,156	1,643,399	388,775	2,778	199,139	**2,259,247**
Due to banks under repurchase agreements	-	-	-	81,318	-	**81,318**
Derivative financial instruments	966	21,920	20,745	64,660	22,908	**131,199**
Customers' deposits	6,504,410	28,215,722	5,789,507	4,984,173	7,496,695	**52,990,507**
Deposits from related parties	104,837	527,597	9,235	5,214	43,228	**690,111**
Debt issued and other borrowed funds	-	973,629	-	80,353	-	**1,053,982**
Engagements by acceptances	-	141,390	82,734	3,927	12,554	**240,605**
Other liabilities	197,577	144,532	18,030	74,319	143,542	**578,000**
Provisions for risks and charges	91,606	1,193	6,532	25,641	47,088	**172,060**
Shareholders' equity	2,434,354	2,399,075	(54,040)	(297,384)	473,747	**4,955,775**
Total liabilities and shareholders' equity	**9,928,762**	**34,068,457**	**6,261,518**	**5,024,999**	**8,438,901**	**63,722,637**

	2014					
	LBP LBP Million	USD LBP Million	EUR LBP Million	TRY LBP Million	Other LBP Million	Total LBP Million
ASSETS						
Cash and balances with central banks	818,392	10,043,410	990,535	233,391	1,161,659	13,247,387
Due from banks and financial institutions	50,279	1,992,866	496,230	565,807	503,710	3,608,892
Loans to banks and financial institutions and reverse repurchase agreements	42,259	1,349,248	81,378	1,455,858	-	2,928,743
Derivative financial instruments	471	98,928	52,897	5,379	39,452	197,127
Financial assets at fair value through profit or loss	267,269	159,396	19,295	1,158	69,704	516,822
Loans and advances to customers at amortised cost	1,765,668	11,877,836	3,164,422	5,878,913	3,088,499	25,775,338
Loans and advances to related parties at amortised cost	30,281	75,776	1,293	-	2,657	110,007
Debtors by acceptances	-	268,144	54,569	3,855	13,912	340,480
Financial assets at amortised cost	5,972,159	4,703,012	66,753	316,156	3,515,663	14,573,743
Financial assets at fair value through other comprehensive income	67,163	58,965	559	-	9,019	135,706
Investments in associates	10,425	13,465	-	-	3,872	27,762
Property and equipment	622,202	691	1,145	76,163	248,340	948,541
Intangible fixed assets	48,231	172	511	37,406	6,332	92,652
Non-current assets held for sale	1,125	11,333	568	3,995	1,489	18,510
Other assets	107,729	257,054	10,655	63,070	98,028	536,536
Goodwill	-	54,715	(427)	-	143,185	197,473
Total assets	9,803,653	30,965,011	4,940,383	8,641,151	8,905,521	63,255,719
LIABILITIES AND SHAREHOLDERS' EQUITY						
Due to central banks	438,385	-	-	-	-	438,385
Due to banks and financial institutions	38,526	1,033,170	286,686	32,893	304,076	1,695,351
Due to banks under repurchase agreements	-	-	-	90,443	-	90,443
Derivative financial instruments	1,160	32,415	43,515	12,932	26,281	116,303
Customers' deposits	6,672,921	27,753,416	5,111,923	6,219,782	7,655,167	53,413,209
Deposits from related parties	89,283	437,664	14,069	5,935	39,670	586,621
Debt issued and other borrowed funds	-	764,927	-	89,528	-	854,455
Engagements by acceptances	-	268,144	54,569	3,855	13,912	340,480
Other liabilities	167,328	100,677	13,545	88,664	149,766	519,980
Provisions for risks and charges	89,669	1,003	7,285	25,003	31,001	153,961
Shareholders' equity	2,560,405	2,388,428	(64,737)	(254,920)	417,355	5,046,531
Total liabilities and shareholders' equity	10,057,677	32,779,844	5,466,855	6,314,115	8,637,228	63,255,719

THE GROUP'S EXPOSURE TO CURRENCY RISK

The Group is subject to currency risk on financial assets and liabilities that are listed in currencies other than the Lebanese Pound. Most of these financial assets and liabilities are listed in US Dollars, Euros and Turkish Liras.

The table below shows the currencies to which the Group had significant exposure at 31 December on its non-trading monetary assets and liabilities and its forecast cash flows. The numbers represent the effect of a reasonably possible movement of the currency rate against the Lebanese Pound, with all other variables held constant, first on the income statement (due to the potential change in fair value of currency sensitive non-trading monetary assets and liabilities) and equity (due to the impact of currency translation gains/losses of consolidated subsidiaries and the change in fair value of currency swaps used to hedge net investment in foreign subsidiaries). A negative amount reflects a potential net reduction in income or equity, while a positive amount reflects a net potential increase.

		2015		2014	
Currency	Increase in Currency Rate %	Effect on Profit before Tax LBP Million	Effect on Equity LBP Million	Effect on Profit before Tax LBP Million	Effect on Equity LBP Million
USD	1%	(7,704)	6,438	(6,258)	10,308
EUR	1%	(130)	(10,652)	(624)	(6,479)
TRY	1%	-	17,778	1	14,685

HEDGING NET INVESTMENTS

A foreign currency exposure arises from net investments in subsidiaries that have a different functional currency from that of the Bank. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiaries and branches and the Bank's functional and presentation currency which causes the amount of the net investment to vary. Such a risk may have a significant impact on the Group's financial statements. In order to mitigate this risk, the Group has entered into foreign currency derivative contracts to enhance its risk profile and manage the effect of foreign currency translation.

a) Hedge of Net Investment in Odea Bank A.Ş.

The Hedged Item

During January 2014, the Bank decided to hedge USD 600 million component of its net investment in Odea Bank A.Ş. through currency option contracts, which was increased to USD 700 million in January 2015.

The Hedging Instruments and Hedged Risk

During January 2014, the Group entered in a series of capped calls deals with prime rated financial institutions for a total notional amount of USD400 million. Each capped call deal comprises a combination of a long plain vanilla call option on USD/TRY and a short exotic call option with a "knock in" feature, both legs having different strike prices. On average, and for all the deals, this strategy is translated in a protection against the upside of the USD against TRY triggered when USD/TRY hits 2.26 and continues until it touches 3.23 which acts as a barrier. In the case of this occurrence, the protection was capped at USD/TRY of 2.89. During 2015, the Group extended the term of the hedging instruments to April 2018 and removed the "knock in" feature rendering the short call option a plain vanilla call with an average strike price of USD/TRY 3.23.

For this strategy the hedged risk is the change in the USD/TRY spot exchange rate within the range of prices falling between strike price of the long call option and that of the short call. The risk is hedged from January 2014 to April 2018 where the deals mature and settle.

The remaining USD300 million were hedged through zero-cost collars, each comprising a combination of a long call option and a short put option maturing in one month and the strategy is automatically rolled-over for 36 month ending in January 2017. The roll-over strike prices of the calls and put depend on whether the spot rate has been trending up or down in the past month. The strikes of each collar may be set at either a "wide" range if the USD has been weakening, or a "narrow" range if USD has been strengthening.

This strategy hedges the changes in the USD/TRY spot exchange rate beyond the narrow range delimited by the strike price of the bought call option and the strike price of the sold put option. As such, it protects against significant variations of the TRY during the month, but not against limited variations. The Group forgoes any profit on the net investment should the TRY price appreciate beyond the strike price of the written put. In return, however, maximum downside protection is assured. The risk is hedged from January 2014 to January 2017.

The Group designated only the change in the intrinsic value as the hedging instrument in both of the above strategies.

Sources of Ineffectiveness

For the capped calls, since the hedge is effective over a range, ineffectiveness arises if the Turkish Lira exchange rate goes below the strike of the bought call option (where changes in foreign exchange position will not be offset by the hedge), or above the strike price of the sold call option (where part of the depreciation will not be captured). As for the collars, ineffectiveness exists when the USD/TRY exchange rate ranges between the strike price of the bought call option and the strike price of the sold put option.

b) Hedge of Net Investment in Other Subsidiaries

During 2015, the Group renewed its currency swap contracts designated to hedge the net investment in its subsidiaries in Cyprus, France, Kingdom of Saudi Arabia and Qatar. The hedged risk is the risk of weakening EUR, SAR, and QAR exchange rate versus the USD that will result in changes in the value of the Group's net investment in its subsidiaries. The swaps are renewed on annual basis for a period of one year.

Hedged Item	Hedging Instrument	Hedged Currency Exposure	Currency Swap Notional Amount LBP Million	Maturity Date 31 Dec. 2015	Forward Price 31 Dec. 2015	Maturity Date 31 Dec. 2014	Forward Price 31 Dec. 2014
Bank Audi France	Currency swap	EUR	96,328	22 June 2016	1.1472	22 June 2015	1.3589
Banaudi Holding	Currency swap	EUR	9,880	7 June 2016	1.1173	10 June 2015	1.3647
Audi Capital (KSA)	Currency swap	SAR	41,645	9 June 2016	0.2652	9 June 2015	0.2666
Audi Qatar	Currency swap	QAR	75,060	8 June 2016	0.2741	6 June 2015	0.2741

ASSESSMENT OF HEDGE EFFECTIVENESS CRITERIA

The Group establishes that an economic relationship exists between the hedged item and the hedging instruments since the hedging instruments have fair value changes that offset the changes in the value of the net investment resulting from the hedged risk. The effect of credit risk does not dominate the value changes that result from that economic relationship. The analysis of the possible behaviour of the hedging relationship during its term indicates that it is expected to meet the risk management objective.

The hedge ratio is being designated based on actual amounts of the hedged item and hedging instrument. The notional amounts of the options and forward described above are on a par with the components of net investment hedged. Hence, the hedge ratio is 100%.

B. INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair value of financial instruments. The Group is exposed to interest rate risk as a result of mismatches of interest rate repricing of assets and liabilities. Positions are monitored on a daily basis by Management and, whenever possible, hedging strategies are used to ensure positions are maintained within established limits.

INTEREST RATE SENSITIVITY

The table below shows the sensitivity of interest income and shareholders' equity to reasonably possible parallel changes in interest rates, all other variables being held constant.

The impact of interest rate changes on net interest income is due to assumed changes in interest paid and received on floating rate financial assets and liabilities and to the reinvestment or refunding of fixed rated financial assets and liabilities at the assumed rates. The result includes the effect of hedging instruments and assets and liabilities held at 31 December 2015 and 2014. The change in interest income is calculated over a 1-year period. The impact also incorporates the fact that some monetary items do not immediately respond to changes in interest rates and are not passed through in full, reflecting sticky interest rate behaviour. The pass-through rate and lag in response time are estimated based on historical statistical analysis and are reflected in the outcome.

There is no direct effect for the change in interest rates on equity pursuant to the early adoption of IFRS9 (2013) in 2014 whereby no debt instruments can be classified at fair value through other comprehensive income.

Besides, the effect on equity resulting from the discount rate applied to defined benefit plan obligations is disclosed in Note 39 to these financial statements.

The effect of any future associated hedges made by the Group is not accounted for. The sensitivity of equity was calculated for an increase in basis points whereby a similar decrease has an equal and offsetting effect.

Sensitivity of Net Interest Income

	2015			2014	
	Change in Basis Points	LBP Million Increase	LBP Million Decrease	LBP Million Increase	LBP Million Decrease
LBP	± 100	(2,980)	2,980	(5,369)	5,369
USD	± 50	2,419	(2,419)	(1,242)	1,242
EUR	± 25	(6,029)	6,029	(4,780)	4,780

The Group's interest sensitivity position based on contractual repricing arrangements is shown in the table below. The expected repricing and maturity dates may differ significantly from the contractual dates, particularly with regard to the maturity of customer demand deposits.

	2015								
	Up to 1 Month LBP Million	1 to 3 Months LBP Million	3 Months to 1 Year LBP Million	Total Less than 1 Year LBP Million	1 to 5 Years LBP Million	Over 5 Years LBP Million	Total More than 1 Year LBP Million	Non-interest Bearing LBP Million	**Total LBP Million**
ASSETS									
Cash and balances with central banks	2,700,427	1,911,311	677,214	5,288,952	4,071,758	1,506,750	5,578,508	2,887,462	**13,754,922**
Due from banks and financial institutions	2,078,575	282,715	15,049	2,376,339	-	-	-	327,818	**2,704,157**
Loans to banks and financial institutions and reverse repurchase agreements	2,199,988	296,332	78,305	2,574,625	-	5,929	5,929	4,999	**2,585,553**
Derivative financial instruments	33,890	33,561	28,677	96,128	140,584	1,316	141,900	27,835	**265,863**
Financial assets at fair value through profit or loss	53,543	31,596	96,978	182,117	50,150	88,929	139,079	62,526	**383,722**
Loans and advances to customers at amortised cost	7,407,549	7,003,035	6,282,562	20,693,146	4,683,553	1,222,978	5,906,531	213,130	**26,812,807**
Loans and advances to related parties at amortised cost	144,373	9,508	49,821	203,702	10,292	96	10,388	459	**214,549**
Debtors by acceptances	-	-	-	-	-	-	-	240,605	**240,605**
Financial assets at amortised cost	319,327	757,771	1,430,743	2,507,841	6,304,572	5,741,874	12,046,446	230,287	**14,784,574**
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	144,375	**144,375**
Investments in associates	-	-	375	375	-	-	-	13,614	**13,989**
Property and equipment	-	-	-	-	-	-	-	963,438	**963,438**
Intangible fixed assets	-	-	-	-	-	-	-	101,364	**101,364**
Non-current assets held for sale	-	-	-	-	-	-	-	72,779	**72,779**
Other assets	-	-	-	-	-	-	-	470,506	**470,506**
Goodwill	-	-	-	-	-	-	-	209,434	**209,434**
Total assets	14,937,672	10,325,829	8,659,724	33,923,225	15,260,909	8,567,872	23,828,781	5,970,631	**63,722,637**
LIABILITIES AND SHAREHOLDERS' EQUITY									
Due to central banks	23,202	6,681	55,098	84,981	185,579	299,183	484,762	113	**569,856**
Due to banks and financial institutions	342,630	215,856	1,072,420	1,630,906	403,838	203,708	607,546	20,795	**2,259,247**
Due to banks under repurchase agreements	81,261	-	-	81,261	-	-	-	57	**81,318**
Derivative financial instruments	37,912	38,169	32,299	108,380	8,432	790	9,222	13,597	**131,199**
Customers' deposits	32,305,059	11,593,660	6,486,224	50,384,943	1,328,212	19,754	1,347,966	1,257,598	**52,990,507**
Deposits from related parties	316,842	221,036	44,129	582,007	97,544	-	97,544	10,560	**690,111**
Debt issued and other borrowed funds	80,353	-	226,125	306,478	527,625	208,564	736,189	11,315	**1,053,982**
Engagements by acceptances	-	-	-	-	-	-	-	240,605	**240,605**
Other liabilities	-	-	-	-	-	-	-	578,000	**578,000**
Provisions for risks and charges	-	-	-	-	-	-	-	172,060	**172,060**
Shareholders' equity	-	-	-	-	-	-	-	4,955,752	**4,955,752**
Total liabilities and shareholders' equity	33,187,259	12,075,402	7,916,295	53,178,956	2,551,230	731,999	3,283,229	7,260,452	**63,722,637**
Interest rate sensitivity gap	(18,249,587)	(1,749,573)	743,429		12,709,679	7,835,873		(1,289,821)	
Cumulative gap	(18,249,587)	(19,999,160)	(19,255,731)		(6,546,052)	1,289,821		-	

	2014								
	Up to 1 Month LBP Million	1 to 3 Months LBP Million	3 Months to 1 Year LBP Million	Total Less than 1 Year LBP Million	1 to 5 Years LBP Million	Over 5 Years LBP Million	Total More than 1 Year LBP Million	Non-interest Bearing LBP Million	Total LBP Million
ASSETS									
Cash and balances with central banks	2,233,810	1,538,708	563,099	4,335,617	4,287,849	1,520,316	5,808,165	3,103,605	13,247,387
Due from banks and financial institutions	3,147,391	153,408	43,228	3,344,027	-	-	-	264,865	3,608,892
Loans to banks and financial institutions and reverse repurchase agreements	1,558,135	736,143	619,589	2,913,867	4,500	-	4,500	10,376	2,928,743
Derivative financial instruments	62,357	18,919	34,543	115,819	71,790	2,534	74,324	6,984	197,127
Financial assets at fair value through profit or loss	28,806	16,132	3,139	48,077	148,040	213,962	362,002	106,743	516,822
Loans and advances to customers at amortised cost	5,406,108	6,779,736	7,090,053	19,275,897	4,953,475	1,402,374	6,355,849	143,592	25,775,338
Loans and advances to related parties at amortised cost	48,886	1,243	48,180	98,309	2,398	168	2,566	9,132	110,007
Debtors by acceptances	-	-	-	-	-	-	-	340,480	340,480
Financial assets at amortised cost	363,726	746,041	2,030,423	3,140,190	7,001,988	4,239,474	11,241,462	192,091	14,573,743
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	135,706	135,706
Investments in associates	-	-	9,139	9,139	-	-	-	18,623	27,762
Property and equipment	-	-	-	-	-	-	-	948,541	948,541
Intangible fixed assets	-	-	-	-	-	-	-	92,652	92,652
Non-current assets held for sale	-	-	-	-	-	-	-	18,510	18,510
Other assets	-	-	-	-	-	-	-	536,536	536,536
Goodwill	-	-	-	-	-	-	-	197,473	197,473
Total assets	12,849,219	9,990,330	10,441,393	33,280,942	16,470,040	7,378,828	23,848,868	6,125,909	63,255,719
LIABILITIES AND SHAREHOLDERS' EQUITY									
Due to central banks	-	-	132,612	132,612	247	304,999	305,246	527	438,385
Due to banks and financial institutions	769,472	221,679	344,623	1,335,774	159,844	167,071	326,915	32,662	1,695,351
Due to banks under repurchase agreements	90,443	-	-	90,443	-	-	-	-	90,443
Derivative financial instruments	41,206	24,314	18,182	83,702	5,946	186	6,132	26,469	116,303
Customers' deposits	31,363,191	10,905,350	5,688,765	47,957,306	1,726,545	8,123	1,734,668	3,721,235	53,413,209
Deposits from related parties	248,061	91,513	43,808	383,382	129,133	-	129,133	74,106	586,621
Debt issued and other borrowed funds	-	89,528	226,125	315,653	527,625	-	527,625	11,177	854,455
Engagements by acceptances	-	-	-	-	-	-	-	340,480	340,480
Other liabilities	-	-	-	-	-	-	-	519,980	519,980
Provisions for risks and charges	-	-	-	-	-	-	-	153,961	153,961
Shareholders' equity	-	-	-	-	-	-	-	5,046,531	5,046,531
Total liabilities and shareholders' equity	32,512,373	11,332,384	6,454,115	50,298,872	2,549,340	480,379	3,029,719	9,927,128	63,255,719
Interest rate sensitivity gap	(19,663,154)	(1,342,054)	3,987,278		13,920,700	6,898,449		(3,801,219)	
Cumulative gap	(19,663,154)	(21,005,208)	(17,017,930)		(3,097,230)	3,801,219		-	

C. PREPAYMENT RISK

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier than expected, such as fixed rate mortgages when interest rates fall.

Market risks that lead to prepayments are not material with respect to the markets where the Group operates. Accordingly, the Group considers prepayment risk on net profits as not material after considering any penalties arising from prepayments.

D. EQUITY PRICE RISK

Equity price risk is the risk that the value of a portfolio will fall as a result of a change in stock prices. Risk factors underlying this type of market risk are a whole range of various equity (and index) prices corresponding to different markets (and currencies/maturities) in which the Group holds equity-related positions.

The Group sets tight limits on equity exposures and the types of equity instruments that traders are allowed to take positions in. Nevertheless, depending on the complexity of financial instruments, equity risk is measured in first cash terms, such as the market value of a stock/index position, and also in price sensitivities, such as sensitivity of the value of a portfolio to changes in the underlying asset price. These measures are applied to an individual position and/or to a portfolio of equities.

57.0. | LIQUIDITY RISK

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, Management has arranged diversified funding sources, in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and of monitoring future cash flows and liquidity on a daily basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of marketable and diverse assets that can be liquidated in the event of an unforeseen interruption of cash flow. As per applicable regulations, the Group must retain obligatory reserves with the central banks where the Group entities operate.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to the market in general and the Group in particular. The Group maintains a solid ratio of highly liquid net assets in foreign currencies to deposits and commitments in foreign currencies, taking market conditions into consideration.

The Group stresses the importance of customers' deposits as source of funds to finance its lending activities. This is monitored by using the advances to deposits ratio, which compares loans and advances to customers as a percentage of client's deposits.

	Loans to Deposits	
	2015 %	2014 %
Year-end	50	47
Maximum	50	48
Minimum	46	46
Average	47	47

ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY REMAINING CONTRACTUAL MATURITIES

The table below summarises the maturity profile of the Group's financial assets and liabilities as of 31 December based on contractual undiscounted cash flows. The contractual maturities were determined based on the period remaining to reach maturity, as per the Statement of Financial Position's actual commitments. Repayments which are subject to notice are treated as if notice were to be given immediately. Concerning deposits, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay.

The table does not reflect the expected cash flows indicated by the Group's deposit retention history.

	2015					
	Less than 1 Month LBP Million	1 to 3 Months LBP Million	3 to 12 Months LBP Million	1 to 5 Years LBP Million	Over 5 Years LBP Million	**Total LBP Million**
FINANCIAL ASSETS						
Cash and balances with central banks	5,078,809	415,554	1,262,969	7,083,328	1,861,021	15,701,681
Due from banks and financial institutions	2,408,081	282,515	15,059	-	-	2,705,655
Loans to banks and financial institutions and reverse repurchase agreements	2,395,737	19,310	146,313	23,398	25,968	2,610,726
Derivative financial instruments	9,141	25,336	63,247	154,699	13,440	265,863
Financial assets at fair value through profit or loss	54,294	10,690	106,229	91,360	115,734	378,307
Loans and advances to customers at amortised cost	5,180,284	1,610,046	5,727,474	10,016,629	4,929,910	27,464,343
Loans and advances to related parties at amortised cost	142,950	919	47,667	18,511	9,122	219,169
Debtors by acceptances	50,680	88,637	85,158	12,587	3,543	240,605
Financial assets at amortised cost	343,250	755,995	2,274,768	8,964,264	7,077,755	19,416,032
Total financial assets	15,663,226	3,209,002	9,728,884	26,364,776	14,036,493	69,002,381
FINANCIAL LIABILITIES						
Due to central banks	23,201	6,681	24,288	235,299	317,108	606,577
Due to banks and financial institutions	1,049,939	116,859	571,842	316,571	229,904	2,285,115
Due to banks under repurchase agreements	81,318	-	146	-	-	81,464
Derivative financial instruments	5,676	30,218	59,652	27,956	7,697	131,199
Customers' deposits	35,651,597	10,573,761	5,867,911	1,632,683	25,618	53,751,570
Deposits from related parties	343,485	203,431	47,775	111,930	-	706,621
Debt issued and other borrowed funds	89,766	-	44,114	666,594	490,681	1,291,155
Engagements by acceptances	50,680	88,637	85,158	12,587	3,543	240,605
Total financial liabilities	37,295,662	11,019,587	6,700,886	3,003,620	1,074,551	59,094,306

	2014					
	Less than 1 Month LBP Million	1 to 3 Months LBP Million	3 to 12 Months LBP Million	1 to 5 Years LBP Million	Over 5 Years LBP Million	Total LBP Million
FINANCIAL ASSETS						
Cash and balances with central banks	4,556,486	485,798	809,890	7,621,841	1,971,682	15,445,697
Due from banks and financial institutions	3,409,914	162,641	36,481	-	-	3,609,036
Loans to banks and financial institutions and reverse repurchase agreements	1,508,289	639,715	827,902	39,488	85,245	3,100,639
Derivative financial instruments	71,441	18,816	31,491	72,845	2,534	197,127
Financial assets at fair value through profit or loss	115,599	17,882	13,082	193,350	290,796	630,709
Loans and advances to customers at amortised cost	4,420,238	1,322,284	4,156,357	10,609,108	5,845,959	26,353,946
Loans and advances to related parties at amortised cost	43,454	3,052	43,334	16,203	10,947	116,990
Debtors by acceptances	92,006	93,012	137,847	17,615	-	340,480
Financial assets at amortised cost	573,419	761,854	3,080,285	8,815,330	5,187,701	18,418,589
Total financial assets	14,790,846	3,505,054	9,136,669	27,385,780	13,394,864	68,213,213
FINANCIAL LIABILITIES						
Due to central banks	988	2,903	121,815	148,840	186,972	461,518
Due to banks and financial institutions	542,510	120,970	550,918	431,547	83,003	1,728,948
Due to banks under repurchase agreements	90,443	-	-	-	-	90,443
Derivative financial instruments	67,281	24,332	17,897	5,756	1,037	116,303
Customers' deposits	35,386,643	10,620,289	6,026,270	1,974,347	11,211	54,018,760
Deposits from related parties	316,952	93,032	48,234	153,342	-	611,560
Debt issued and other borrowed funds	8,904	4,197	124,776	687,705	296,032	1,121,614
Engagements by acceptances	92,006	93,012	137,847	17,615	-	340,480
Total financial liabilities	36,505,727	10,958,735	7,027,757	3,419,152	578,255	58,489,626

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

	2015					
	On Demand LBP Million	Less than 3 Months LBP Million	3 to 12 Months LBP Million	1 to 5 Years LBP Million	More than 5 Years LBP Million	**Total LBP Million**
Financial guarantees	691,590	21,499	148,491	110,053	30,867	1,002,500
Other guarantees	609,147	137,708	864,407	135,052	26,226	1,772,540
Documentary credits	271,080	122,307	127,151	27,353	429	548,320
Loan commitments	3,176,026	49,295	833,777	1,090,790	72,538	5,222,426
	4,747,843	330,809	1,973,826	1,363,248	130,060	8,545,786

	2014					
	On Demand LBP Million	Less than 3 Months LBP Million	3 to 12 Months LBP Million	1 to 5 Years LBP Million	More than 5 Years LBP Million	Total LBP Million
Financial guarantees	973,738	49,502	133,622	85,774	19,662	1,262,298
Other guarantees	521,858	34,731	518,481	339,670	11,050	1,425,790
Documentary credits	293,647	89,610	162,247	160,617	-	706,121
Loan commitments	3,201,857	31,528	737,403	644,984	-	4,615,772
	4,991,100	205,371	1,551,753	1,231,045	30,712	8,009,981

MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the Statement of Financial Position date to the contractual maturity date, and does not take account of the effective maturities, as indicated by the Group's deposit retention history and the availability of liquid funds. The maturity profile is monitored by Management to ensure adequate liquidity is maintained.

The maturity profile of the assets and liabilities at 31 December 2015 is as follows:

	Less than 1 Month LBP Million	1 to 3 Months LBP Million	3 Months to 1 Year LBP Million	Total Less than 1 Year LBP Million	1 to 5 Years LBP Million	Over 5 Years LBP Million	Total More than 1 Year LBP Million	Amount without Maturity LBP Million	Total LBP Million
ASSETS									
Cash and balances with central banks	4,908,406	286,912	1,249,137	6,444,455	5,770,517	1,518,119	7,288,636	21,831	13,754,922
Due from banks and financial institutions	2,406,772	282,337	15,048	2,704,157	-	-	-	-	2,704,157
Loans to banks and financial institutions and reverse repurchase agreements	2,391,088	19,009	127,321	2,537,418	22,300	25,835	48,135	-	2,585,553
Derivative financial instruments	9,141	25,336	63,247	97,724	154,699	13,440	168,139	-	265,863
Financial assets at fair value through profit or loss	54,294	10,507	97,960	162,761	72,344	102,817	175,161	45,800	383,722
Loans and advances to customers at amortised cost	5,162,396	1,594,170	5,647,223	12,403,789	9,717,523	4,691,495	14,409,018	-	26,812,807
Loans and advances to related parties at amortised cost	142,946	846	47,164	190,956	16,223	7,370	23,593	-	214,549
Debtors by acceptances	50,680	88,637	85,158	224,475	12,587	3,543	16,130	-	240,605
Financial assets at amortised cost	274,931	689,138	1,607,634	2,571,703	6,469,698	5,743,173	12,212,871	-	14,784,574
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	144,375	144,375
Investments in associates	-	-	375	375	-	-	-	13,614	13,989
Property and equipment	-	-	-	-	-	-	-	963,438	963,438
Intangible fixed assets	-	-	-	-	-	-	-	101,364	101,364
Non-current assets held for sale	-	-	-	-	-	-	-	72,779	72,779
Other assets	74,313	3,552	6,924	84,789	19,923	72	19,995	365,722	470,506
Goodwill	-	-	-	-	-	-	-	209,434	209,434
Total assets	15,474,967	3,000,444	8,947,191	27,422,602	22,255,814	12,105,864	34,361,678	1,938,357	63,722,637
LIABILITIES AND SHAREHOLDERS' EQUITY									
Due to central banks	2,138	6,816	24,250	33,204	225,631	311,021	536,652	-	569,856
Due to banks and financial institutions	1,049,552	115,417	564,555	1,729,524	301,341	228,382	529,723	-	2,259,247
Due to banks under repurchase agreements	81,318	-	-	81,318	-	-	-	-	81,318
Derivative financial instruments	5,676	30,218	59,652	95,546	27,956	7,697	35,653	-	131,199
Customers' deposits	35,524,104	10,485,249	5,609,939	51,619,292	1,349,418	21,797	1,371,215	-	52,990,507
Deposits from related parties	342,958	201,894	47,691	592,543	97,568	-	97,568	-	690,111
Debt issued and other borrowed funds	88,204	-	3,466	91,670	527,625	434,687	962,312	-	1,053,982
Engagements by acceptances	50,680	88,637	85,158	224,475	12,587	3,543	16,130	-	240,605
Other liabilities	241,216	21,347	157,191	419,754	6,227	10,128	16,355	141,891	578,000
Provision for risks and charges	-	-	-	-	-	-	-	172,060	172,060
Shareholders' equity	-	-	-	-	-	-	-	4,955,752	4,955,752
Total liabilities and shareholders' equity	37,385,846	10,949,578	6,551,902	54,887,326	2,548,353	1,017,255	3,565,608	5,269,703	63,722,637
Liquidity gap	(21,910,879)	(7,949,134)	2,395,289		19,707,461	11,088,609		(3,331,346)	
Cumulative gap	(21,910,879)	(29,860,013)	(27,464,724)		(7,757,263)	3,331,346		-	

The maturity profile of the assets and liabilities at 31 December 2014 is as follows:

	Less than 1 Month LBP Million	1 to 3 Months LBP Million	3 Months to 1 Year LBP Million	Total Less than 1 Year LBP Million	1 to 5 Years LBP Million	Over 5 Years LBP Million	Total More than 1 Year LBP Million	Amount without Maturity LBP Million	Total LBP Million
ASSETS									
Cash and balances with central banks	4,490,096	337,700	618,445	5,446,241	6,255,683	1,518,813	7,774,496	26,650	13,247,387
Due from banks and financial institutions	3,409,849	162,576	36,467	3,608,892	-	-	-	-	3,608,892
Loans to banks and financial institutions and reverse repurchase agreements	1,504,138	584,578	806,458	2,895,174	23,200	10,369	33,569	-	2,928,743
Derivative financial instruments	71,441	18,816	31,491	121,748	72,845	2,534	75,379	-	197,127
Financial assets at fair value through profit or loss	76,063	16,968	5,771	98,802	145,773	214,078	359,851	58,169	516,822
Loans and advances to customers at amortised cost	4,425,521	1,320,461	4,096,979	9,842,961	10,304,711	5,627,666	15,932,377	-	25,775,338
Loans and advances to related parties at amortised cost	57,149	3,002	35,257	95,408	7,431	7,168	14,599	-	110,007
Debtors by acceptances	92,006	93,012	137,847	322,865	17,615	-	17,615	-	340,480
Financial assets at amortised cost	412,167	659,184	2,390,863	3,462,214	6,563,337	4,548,192	11,111,529	-	14,573,743
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	135,706	135,706
Investments in associates	-	-	-	-	5,069	4,070	9,139	18,623	27,762
Property and equipment	-	-	-	-	-	-	-	948,541	948,541
Intangible fixed assets	-	-	-	-	-	-	-	92,652	92,652
Non-current assets held for sale	-	-	-	-	-	-	-	18,510	18,510
Other assets	272,953	12,545	11,241	296,739	19,496	126	19,622	220,175	536,536
Goodwill	-	-	-	-	-	-	-	197,473	197,473
Total assets	14,811,383	3,208,842	8,170,819	26,191,044	23,415,160	11,933,016	35,348,176	1,716,499	63,255,719
LIABILITIES AND SHAREHOLDERS' EQUITY									
Due to central banks	987	2,903	116,879	120,769	139,248	178,368	317,616	-	438,385
Due to banks and financial institutions	532,703	112,920	541,487	1,187,110	428,635	79,266	507,901	340	1,695,351
Due to banks under repurchase agreements	90,443	-	-	90,443	-	-	-	-	90,443
Derivative financial instruments	67,281	24,332	17,897	109,510	5,756	1,037	6,793	-	116,303
Customers' deposits	35,188,560	10,518,970	5,961,665	51,669,195	1,735,890	8,124	1,744,014	-	53,413,209
Deposits from related parties	316,559	92,816	48,113	457,488	129,133	-	129,133	-	586,621
Debt issued and other borrowed funds	7,810	-	92,895	100,705	527,625	226,125	753,750	-	854,455
Engagements by acceptances	92,006	93,012	137,847	322,865	17,615	-	17,615	-	340,480
Other liabilities	286,382	35,926	140,634	462,942	2,841	-	2,841	54,197	519,980
Provision for risks and charges	-	-	-	-	-	-	-	153,961	153,961
Shareholders' equity	-	-	-	-	-	-	-	5,046,531	5,046,531
Total liabilities and shareholders' equity	36,582,731	10,880,879	7,057,417	54,521,027	2,986,743	492,920	3,479,663	5,225,029	63,255,719
Liquidity gap	(21,771,348)	(7,672,037)	1,113,402		20,428,417	11,440,096		(3,538,530)	
Cumulative gap	(21,771,348)	(29,443,385)	(28,329,983)		(7,901,566)	3,538,530		-	

58.0. | OPERATIONAL RISK

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss.

The operational risk management framework is implemented by an independent operational risk management team, in coordination with other essential elements of the Group's control framework, such as Internal Audit or Corporate Information Security and Business Continuity.

Central to this framework are tried-and-tested principles such as redundancy of mission-critical systems, segregation of duties, strict authorisation procedures, daily reconciliation, risk management responsibility at the operational level, and the requirement to be able to price and value independently any proposed transaction.

Incidents are reported and analysed in relation to a risk map originating from risk and control self assessments and which is used as a tool to follow up on outstanding issues and as the basis for reporting operational risk to Management and to the Board.

Insurance coverage is used as an external mitigant and is commensurate with activity, both in terms of volume and characteristics.

59.0. | CAPITAL MANAGEMENT

By maintaining an actively managed capital base, the Group's objectives are to cover risks inherent in the business, to retain sufficient financial strength and flexibility to support new business growth, and to meet national and international regulatory capital requirements at all times. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Central Bank of Lebanon according to the provisions of Basic Circular No. 44. These ratios measure capital adequacy by comparing the Group's eligible capital to regulatory required capital derived by assigning risk weights to on- and off-balance sheet exposures depending on their relative risk.

To satisfy Basel III capital requirements, the Central Bank of Lebanon has set the minimum ratios of regulatory capital to risk-weighted assets to be achieved gradually by year-end 2015 as follows:

	Common Tier 1 Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio
Year ended 31 December 2015[1]	8.0%	10.0%	12.0%
Year ended 31 December 2014	7.0%	9.5%	11.5%

[1] The above ratios apply to the year 2015 and subsequent years and include a capital conservation buffer of 2.5% which must be through common equity Tier 1 capital.

	2015 LBP Million	2014 LBP Million
Risk-weighted assets		
Credit risk	34,094,449	33,371,604
Market risk	700,170	679,624
Operational risk	2,966,760	2,680,287
Total risk-weighted assets	37,761,379	36,731,515

The regulatory capital as of 31 December is as follows:

	Excluding Net Income for the Year		Including Net Income for the Year Less Proposed Dividends	
	2015 LBP Million	2014 LBP Million	2015 LBP Million	2014 LBP Million
Tier 1 capital	3,547,174	3,758,215	3,859,588	3,984,876
Of which: common Tier 1	2,977,535	2,998,878	3,289,950	3,225,538
Tier 2 capital[1]	1,185,534	802,206	1,185,534	802,206
Total capital	4,732,708	4,560,421	5,045,122	4,787,082

The capital adequacy ratio as of 31 December is as follows:

	Excluding Net Income for the Year		Including Net Income for the Year Less Proposed Dividends	
	2015	2014	2015	2014
Capital adequacy – Common Tier 1	7.89%	8.16%	8.71%	8.78%
Capital adequacy – Tier 1	9.39%	10.23%	10.22%	10.85%
Capital adequacy – Total capital[1]	12.53%	12.42%	13.36%	13.03%

[1] Since the regulatory approvals for including the allowed effect of the asset revaluation in Tier 2 capital was obtained in 2015, the Tier 2 capital and total capital ratios as of 31 December 2014 do not include the effect of the revaluation surplus resulting from adopting the revaluation model for measuring land and buildings.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions, its business model and risk profile. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payment to shareholders, return capital to shareholders, or issue capital securities.

MAKING A
POSITIVE IMPACT

04
MANAGEMENT

1.0. | GROUP MANAGEMENT

BANK AUDI sal

GENERAL MANAGERS

Mr. Samir N. HANNA	Group Chief Executive Officer
Dr. Freddie C. BAZ	Group Strategy Director
Dr. Imad I. ITANI	Group Head of Retail Banking
Mr. Chahdan E. JEBEYLI	Group Chief Legal & Compliance Officer
Mr. Adel N. SATEL	Group Chief Risk Officer
Mr. Elia S. SAMAHA	Group Chief Credit Officer

REGULATORY RELATIONS

Mr. Gaby G. KASSIS	General Manager

ASSISTANT GENERAL MANAGERS

Mr. Michel E. ARAMOUNI	Group Capital Markets
Dr. Marwan S. BARAKAT	Group Chief Economist & Head of Research
Mrs. Randa T. BDEIR	Group Head of e-Payment Solutions & Card Services
Mr. Antoine G. BOUFARAH	Special Projects
Mr. Danny N. DAGHER	Group Chief Information Officer
Mr. Khalil I. DEBS	Group Head of Corporate Banking
Mr. Tamer M. GHAZALEH	Group Chief Financial Officer
Mr. Joseph I. KESROUANI	Head of Business Development – South America & Africa

CENTRAL DEPARTMENTS

Mrs. Bassima G. HARB	Head of Regional Corporate Banking & Structured Finance
Mr. Farid F. LAHOUD	Group Corporate Secretary
Mr. Mahmoud M. MAJZOUB	Group Head of Internal Audit
Mr. Elie A. NAHAS	Group Head of Real Estate
Mr. Antoine N. NAJM	Group Head of Corporate Credit Management

GROUP FINANCIAL INSTITUTIONS AND CORRESPONDENT BANKING

Mr. Khalil G. GEAGEA	Group Head of Financial Institutions & Correspondent Banking
	Tel: (961-1) 964817. Fax: (961-1) 989494.
	E-mail: khalil.geagea@banqueaudi.com
Mr. Joseph A. NADER	Deputy Group Head of Financial Institutions & Correspondent Banking
	Tel: (961-1) 977644. Fax: (961-1) 989494.
	E-mail: joseph.nader@banqueaudi.com

ISLAMIC BANKING

Dr. Khaled R. AL-FAKIH	Head of Sharia Compliance
	Tel: (961-1) 977364. Fax: (961-1) 973585.
	E-mail: khaled.Al-Fakih@banqueaudi.com

INVESTOR RELATIONS

Ms. Sana M. SABRA	Investor Relations
	Tel: (961-1) 977496. Fax: (961-1) 999399.
	E- mail: sana.sabra@banqueaudi.com

2.0. | ENTITIES' MANAGEMENT

BANK AUDI sal
LEBANON

Mr. Marc J. AUDI	General Manager – Country Manager

Mr. Hassan A. SALEH	Assistant General Manager – Chief Operating Officer

BRANCHES NETWORK MANAGEMENT

Mrs. Wafaa' S. DAOUK	Assistant General Manager – Network Manager
Mr. Salam G. NADDA	Assistant General Manager – Network Manager
Mrs. Ghina M. DANDAN	Network Manager

Mr. Rabih E. BERBERY	Network Manager
Mr. Kamal S. TABBARA	Network Manager

Mr. Abdo M. ABI-NADER	Senior Regional Manager
Mrs. Lina T. CHERIF	Senior Regional Manager

Mrs. Carol S. ABOU JAOUDE	Regional Manager
Mr. Nagib A. CHEAIB	Regional Manager
Mr. Georges K. KARAM	Regional Manager
Mrs. Roula I. MIKHAEL	Regional Manager
Mr. Robert J. MOUBARAK	Regional Manager
Mrs. Joumana A. NAJJAR	Regional Manager
Mr. Fadi V. SAADE	Regional Manager

CENTRAL DEPARTMENTS

Mr. Ibrahim M. SALIBI	Assistant General Manager – Head of Corporate & Commercial Banking

Mrs. Marcelle R. ATTAR	Head of Information Technology
Mr. Hani A. BIDAWI	Branches Transformation Director
Mr. Georges J. BOUSTANY	Head of Remedial Management
Mrs. Grace E. EID	Head of Retail Banking
Mr. Pierre Y. HARFOUCHE	Regional Management Director
Mr. Mahmoud A. KURDY	Chief Financial Officer
Mrs. Nayiri H. MANOUKIAN	Head of Human Resources
Mr. Assaad G. MEOUCHY	Head of Branch Network Management
Mr. Fadi A. OBEID	Assistant Chief Operating Officer
Mr. Hassan H. SABBAH	Head of SME
Mr. Jean N. TRABOULSI	Head of Marketing & Communications

ODEA BANK A.Ş.
TURKEY

BOARD OF DIRECTORS

		Member of the Credit Committee	Member of the Audit Committee	Member of the Corporate Governance Committee	Member of the Risk Committee	Member of the Remuneration Committee
Mr. Samir HANNA	Chairman					Chair •
Dr. Marwan GHANDOUR	Vice-chairman		Chair •	Chair •	Chair •	•
H.E. Mr. Raymond AUDI	Member					
Dr. Freddie BAZ	Member	Alternate •				•
Mr. Khalil DEBS	Member	•				
Dr. Imad ITANI	Member	Alternate •				
Mrs. Ayşe KORKMAZ	Member		•	•	•	
Mr. Hüseyin ÖZKAYA	Member, Chief Executive Officer	•				
Mr. Hatem SADEK	Member					
Mr. Elia SAMAHA	Member	Chair •				

MANAGEMENT

Mr. Hüseyin ÖZKAYA	General Manager – Chief Executive Officer

Mr. Erol SAKALLIOĞLU	Assistant General Manager – Commercial Banking
Mr. Yalçin AVCI	Assistant General Manager – Corporate Banking
Mr. Aytaç AYDIN	Assistant General Manager – Operations & Central Administration, Chief Operating Officer
Mr. Gökhan ERKIRALP	Assistant General Manager – Treasury & Capital Markets
Mr. Naim HAKIM	Assistant General Manager – Finance
Mr. Fevzi Tayfun KÜÇÜK	Assistant General Manager – Business Solutions & Transactional & Direct Banking
Mr. Cem MURATOĞLU	Assistant General Manager – Retail Banking
Mr. Alpaslan YURDAGÜL	Assistant General Manager – Financial Institutions & Investment Banking

BANK AUDI sae
EGYPT

BOARD OF DIRECTORS

		Member of the Executive Committee	Member of the Corporate Governance, Nomination & Remuneration Committee	Member of the Risk Committee	Member of the High Credit Committee	Member of the Audit Committee
Mr. Hatem A. SADEK	Chairman & Managing Director	Chair •		•	Chair •	
Mr. Mohamed A. FAYED	Deputy Chairman & Managing Director	•			•	
Mr. Yehia K. YOUSSEF	Deputy Managing Director	•				
H.E. Mr. Raymond W. AUDI	Member					
Dr. Freddie C. BAZ	Member		•	Chair •		
Dr. Marwan M. GHANDOUR	Member		Chair •			Chair •
Mr. Samir N. HANNA	Member				•	
Mr. Maurice H. SAYDE	Member					•
Dr. Mohamed E. TAYMOUR	Member		•	•		•

Mr. Ahmed F. IBRAHIM	Secretary of the Board

MANAGEMENT

Mr. Hatem A. SADEK[1]	Chairman & Managing Director
Mr. Mohamed A. FAYED[1]	Deputy Chairman & Managing Director
Mr. Yehia K. YOUSSEF[1]	Deputy Managing Director

[1] *Member of the Executive Committee.*

BUSINESS LINES

Mr. Amr F. EL-AASAR	General Manager – Head of Corporate Business Banking
Mr. Mostafa A. GAMAL	Senior General Manager – Head of Treasury & Capital Markets
Mr. Ihab E. DORRA	General Manager – Head of Retail Banking
Mr. Mohamed L. AHMED	General Manager – Head of Branch Network
Mr. Mohamed R. LATIF	General Manager – Head of Financial Institutions
Mr. Walid M. HASSOUNA	General Manager – Head of Islamic Banking & Structured Finance
Mr. Maroun A. AOUAD	Deputy General Manager – Head of SME Banking & Global Transaction Services

SUPPORT FUNCTIONS

Mr. Mohamed M. BEDIER	Senior General Manager – Chief Financial Officer
Mrs. Amany A. SHAMS EL-DIN	Senior General Manager – Chief Operating Officer
Mr. Hesham F. RAGAB	Senior General Counsel – Head of Legal Affairs
Mr. Walid K. EL-WATANY	General Manager – Head of Human Resources
Mr. Maher M. HAMED	General Manager – Chief Information Officer
Mr. Ahmed F. IBRAHIM	General Manager – Head of Strategic Support
Ms. Heba M. GABALLA	Deputy General Manager – Head of Marketing & Communication
Mrs. Nevine S. EL MAHDY	Assistant General Manager – Head of Service Excellence
Mr. Hazem N. SHAARAWY	Senior Manager – Head of Marketing Research
Mr. Ahmed M. FOUAD	Assistant General Manager – Head of CISBC
Mr. Mohamed N. SHALABY	Executive Manager – Head of PMO

RISK FUNCTION

Mr. Afdal E. NAGUIB	Senior General Manager – Chief Risk Officer
Mr. Bassel E. KELADA	General Manager – Head of Retail Credit (Group)

CONTROL FUNCTIONS

Mr. Mohamed A. EL GUEZIRY	General Manager – Head of Internal Audit
Mr. Ali M. AMER	Deputy General Manager – Head of Compliance

BANQUE AUDI (SUISSE) SA
SWITZERLAND

BOARD OF DIRECTORS

H.E. Mr. Raymond AUDI	Honorary Chairman		

		Member of the Audit Committee	Member of the Remuneration Committee
Mr. Philippe SEDNAOUI *(since Jan. 2016)*	Chairman		
Dr. Marwan GHANDOUR *(until Dec. 2015)*	Chairman		
Mr. Michel CARTILLIER	Vice-chairman	Chair •	
Mr. Marc AUDI	Member		•
Dr. Freddie BAZ	Member		
Mr. Pierre DE BLONAY	Member	•	
Mr. Samir HANNA	Member		•
Mr. Jean-Pierre JACQUEMOUD	Member		•
Mr. Pierre RESPINGER	Member		Chair •

MANAGEMENT

Mr. Ragi BOUSTANY	General Manager (*since Jan. 2016*)
Mr. Philippe SEDNAOUI	General Manager *(until Dec. 2015)*
Mr. Elie BAZ	Head of Forex & Treasury
Mr. Jean-Marc CODORELLO	Head of Business Management
Mrs. Mireille GAVARD	Corporate Secretary
Mr. Joseph HALLIT	Head of Private Banking
Mr. Michel NASSIF	Chief Investment Officer
Mr. Wolfram PIETSCH	Head of Operations & IT *(until Dec. 2015)*
Mr. Gregory SATNARINE	Chief Operating Officer

AUDI CAPITAL GESTION SAM
MONACO

BOARD OF DIRECTORS

Mr. Philippe SEDNAOUI	Chairman
Mr. Fouad HAKIM	Managing Director
Banque Audi (Suisse) SA *(represented by Mr. Jean-Pierre JACQUEMOUD)*	Member

MANAGEMENT

Mr. Fouad HAKIM	Managing Director

AUDI PRIVATE BANK sal
LEBANON

BOARD OF DIRECTORS

		Member of the Audit Committee	Member of the Risk Committee	Member of the Remuneration Committee
Mr. Philippe R. SEDNAOUI	Chairman *(since Jan. 2016)*			•
Mr. Fady G. AMATOURY	Chairman *(until Dec. 2015)*			
Mr. Toufic R. AOUAD	Member		•	
Dr. Khalil M. BITAR	Member		Chair •	•
Mrs. Wafaa S. DAOUK	Member			
Dr. Joe A. DEBBANE	Member	•		Chair •
Mr. Georges S. DOUMITH	Member	Chair •	•	
Mr. Salam G. NADDA	Member	•		
Bank Audi sal	Member			

MANAGEMENT

Mr. Philippe R. SEDNAOUI *(since Jan. 2016)*	Chairman & General Manager
Mr. Toufic R. AOUAD	General Manager

AUDI CAPITAL (KSA) cjsc
KINGDOM OF SAUDI ARABIA

BOARD OF DIRECTORS

		Member of the Audit Committee	Member of the Remuneration Committee
Mr. Abdullah I. AL HOBAYB	Chairman		Chair •
Dr. Marwan M. GHANDOUR	Member	Chair •	•
Mr. Samir N. HANNA	Member		•
Mr. Philippe R. SEDNAOUI	Member		
Dr. Asem T. ARAB	Independent member	•	
Dr. Khalil A. KORDI	Independent member	•	

MANAGEMENT

Mr. Faisal M. SHAKER	Chief Executive Officer & Head of Private Banking
Mr. Nicolas A. CHIKHANI	Chief Operating Officer
Mr. Ammar H. BAKHEET	Head of Asset Management
Mr. Tony G. ABOU FAYSSAL	Finance Manager
Mr. Bassam L. NASSAR	Head of Investment Banking *(since Oct. 2015)*
Mr. Raafat F. EL-ZOUHEIRY	Compliance Manager & Money Laundering Reporting Officer

BANK AUDI LLC
QATAR

Authorised by the QFC Regulatory Authority

License No 00027

BOARD OF DIRECTORS

		Member of the Executive Credit Committee
H.E. Mr. Raymond W. AUDI	Chairman	
Mr. Fady G. AMATOURY	Member	
Mr. Khalil I. DEBS	Member	•
Mr. Rashed Nasser S. AL-KAABI	Member	
Mr. Elia S. SAMAHA	Member	
Mr. Philippe R. SEDNAOUI	Member	•

MANAGEMENT

Mr. Fady G. AMATOURY *(until Dec. 2015)*	Managing Director	
Mr. Hani R. ZAOUK	General Manager	•

BANK AUDI FRANCE sa
FRANCE

BOARD OF DIRECTORS

		Member of the Executive Credit Committee	Member of the Audit Committee
Dr. Freddie C. BAZ	Chairman		•
Mrs. Sherine R. AUDI	Member & General Manager	•	
H.E. Mr. Raymond W. AUDI	Member		
Mr. Antoine G. BOUFARAH	Member		
Mr. Maurice H. SAYDE	Member		•
Mr. Pierre A. SOULEIL	Member		•
Bank Audi sal *(represented by Mr. Samir N. HANNA)*	Member		

MANAGEMENT

Mrs. Sherine R. AUDI	General Manager	•	
Mr. Noel J. HAKIM	Deputy General Manager	•	
Mr. Emile G. GHAZI	Assistant General Manager – Head of Corporate Banking	•	

AUDI INVESTMENT BANK sal
LEBANON

BOARD OF DIRECTORS

		Member of the Audit Committee	Member of the Risk Committee	Member of the Remuneration Committee
Dr. Imad I. ITANI	Chairman & General Manager			
Mr. Michel E. ARAMOUNI	Member		•	
Mr. Khalil I. DEBS	Member		•	
Mr. Georges S. DOUMITH	Member	•	Chair •	•
Mr. Farid F. LAHOUD	Member	•		•
Mr. Maurice H. SAYDE	Member	Chair •		Chair •
Bank Audi sal	Member			
Mrs. Marie-Josette A. AFTIMOS	Secretary of the Board			

MANAGEMENT

Dr. Imad I. ITANI	Chairman & General Manager

BANK AUDI SYRIA sa
SYRIA

BOARD OF DIRECTORS

		Member of the Risk Committee	Member of the Nomination & Remuneration Committee	Member of the Corporate Governance Committee	Member of the Audit Committee
Dr. Anas M. HAMDALLAH	Chairman		Chair •	Chair •	
Mr. Tamer M. GHAZALEH *(representing Lebanon Invest sal)*	Deputy Chairman	•			•
Mr. Mohammad A. ABBOUD	Member	Chair •	•		
Mrs. Nada N. ASSAAD	Member				Chair •
Dr. Freddie C. BAZ *(representing Audi Investment Bank sal)*	Member	•			
Mr. Bassel S. HAMWI	Member				
Mr. Samir N. HANNA *(representing Bank Audi sal)*	Member		•		
Mr. Samer G. OUWES	Member			•	•
Mr. Elia S. SAMAHA *(representing Bank Audi sal)*	Member			•	

ADVISORS TO THE BOARD

Mr. Adnan N. TAKLA
Dr. Ahmad M. ABBOUD

MANAGEMENT

Mr. Antoine G. EL-ZYR	General Manager
Mrs. Nadia S. BAKRI	Head of Corporate Banking Division
Mr. Shadi N. KHOURY	Head of Branch Network Management & Cards Department

NATIONAL BANK OF SUDAN
SUDAN

BOARD OF DIRECTORS

		Member of the Audit Committee	Member of the Risk Committee	Member of the Executive Committee
Dr. Imad I. ITANI	Chairman			Chair •
Mr. AbdulSalam E. CHEBARO	Member			
Mr. Elnour A. ELHILU	Member	•	•	
Mr. Osman A. MALIK	Member			
Mr. Adel N. SATEL	Member	•	Chair •	
Mr. Hisham S. YAGOUB	Member	•	•	
Mr. Yehia K. YOUSSEF	Member	Chair •	•	
Ms. Mona A. DAABOUL	Secretary of the Board			

MANAGEMENT

Mr. Fadi M. CHEHADE	General Manager			•
Mr. Moawia A. MOHAMAD ALI	Deputy General Manager			•

SOLIFAC sal
LEBANON

BOARD OF DIRECTORS

		Member of the Risk & Audit Committee	Member of the Asset-Liability Committee	Member of the Credit Committee
Mr. Khalil I. DEBS	Chairman	Chair •	•	Chair •
Mr. Elie Y. KAMAR	Member	•	•	•
Mr. Tamer M. GHAZALEH	Member	•	Chair •	
Mr. Hassan A. SALEH	Member	•	•	
Mr. Ibrahim M. SALIBI	Member	•	•	•

MANAGEMENT

Mr. Elie Y. KAMAR	General Manager
Mrs. Lina F. SALEM	Assistant General Manager

ARABEYA ONLINE FOR SECURITIES BROKERAGE
EGYPT

BOARD OF DIRECTORS

Mr. Yehia K. YOUSSEF	Chairman
Mr. Maroun A. AOUAD	Member
Mr. Mohamed A. El GUEZIRY	Member
Mr. Ashraf I. RASHED	Member
Mr. Ayman M. SADEK	Member
Mrs. Amany A. SHAMS EL-DIN	Member

MANAGEMENT

Mr. Yehia K. YOUSSEF	Chairman
Mr. Ayman M. SADEK	Managing Director
Mr. Ashraf I. RASHED	Managing Director - Branches
Mr. Wael H. KHALIL	Financial Manager
Mrs. Laila T. EL GHAWASS	Quality Assurance & Risk Manager

BANK AUDI sal - JORDAN BRANCHES
JORDAN

MANAGEMENT

Mr. Yousef A. ENSOUR	General Manager
Mr. Samer I. AL ALOUL	Deputy General Manager

PERSPECTIVES FOR
BRIGHTER FUTURES

05
ADDRESSES

LEBANON

BANK AUDI sal

Member of the Association of Banks in Lebanon
Capital: LBP 668,194,681,824 *(as at December 2015)*
Consolidated shareholders' equity:
LBP 4,955,753,046,343 *(as at December 2015)*
C.R. 11347 Beirut
List of Banks No. 56

HEADQUARTERS

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Customer helpline: (961-4) 727777.
Swift: AUDBLBBX.
E-mail: contactus@bankaudi.com.lb
www.bankaudigroup.com

COUNTRY MANAGEMENT LEBANON

Bank Audi Palladium, Bab Idriss
P.O. Box: 11-2560 Beirut - Lebanon
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E-mail: contactus@bankaudi.com.lb
www.bankaudi.com.lb

BRANCHES

COMMERCIAL BANKING NETWORK

DORA
Cité Dora 1, Dora Highway.
Tel: (961-1) 255686.
Fax: (961-1) 255695, 259071.
Senior Branch Manager: Mrs. Hilda G. Sadek

GEFINOR
Gefinor Center, Clemenceau Street.
Tel: (961-1) 743400.
Fax: (961-1) 743412.
Branch Manager: Ms. Rima M. Hoss

HAZMIEH
Dar Assayad Bldg., Saïd Freiha Street,
Hazmieh Roundabout.
Tel: (961-5) 451850.
Fax: (961-5) 457963.
Branch Manager: Mr. Ibrahim M. Harati

JNAH
Tahseen Khayat Bldg., Khalil Moutran Street.
Tel: (961-1) 844870.
Fax: (961-1) 844875.
Branch Manager: Mrs. Elissar A. Halawi

MAZRAA
Wakf El-Roum Bldg., Saeb Salam Blvd.
Tel: (961-1) 305612.
Fax: (961-1) 316873, 300451.
Branch Manager: Mr. Moustafa M. Anouty

NABATIEH
Office 2000 Bldg., Hassan Kamel El-Sabbah Street.
Tel: (961-7) 767812.
Fax: (961-7) 767816.
Branch Manager: Mrs. Zeina H. Kehil

SAIDA – SOUTH
Moustapha Saad Street.
Tel: (961-7) 728601.
Fax: (961-7) 752704.
Branch Manager: Mr. Mohamad M. Kalo

SHTAURA
Daher Bldg., Main Road.
Tel: (961-8) 542960.
Fax: (961-8) 544853.
Branch Manager: Mr. Joseph E. Makdessi

TABARIS
Bourj El-Ghazal Bldg.,
Fouad Shehab Avenue, Ashrafieh.
Tel: (961-1) 332130
Fax: (961-1) 201992, 204827.
Branch Manager: Mrs. Raghida N. Bacha

TRIPOLI – EL-MINA
Mandarine Bldg.,
Riad El-Solh Street, El-Mina Blvd.
Tel: (961-6) 205100.
Fax: (961-6) 205103.
Branch Manager: Mr. Ziad M. Kabbara

TYRE
Abou Saleh & Moughnieh Bldg.,
Main Road.
Tel: (961-7) 345196.
Fax: (961-7) 345201.
Acting Branch Manager: Mrs. Mounira I. Khalife

ZOUK
Val de Zouk Center, Zouk Mikhael.
Tel: (961-9) 211140.
Fax: (961-9) 223603, 225505.
Branch Manager: Mr. Pierre E. Harb

CORPORATE BANKING NETWORK

ASHRAFIEH – MAIN BRANCH
SOFIL Center, Charles Malek Avenue.
Tel: (961-1) 200250.
Fax: (961-1) 200724, 339092.
Network Manager – Corporate Banking:
Mr. Salam G. Nadda

BAB IDRISS
Bank Audi Plaza, Omar Daouk Street.
Tel: (961-1) 977588.
Fax: (961-1) 999410, 971502.
Network Manager – Corporate Banking:
Mrs. Ghina M. Dandan
Senior Branch Manager: Mrs. Rania J. Tamraz

VERDUN
Verdun 2000 Center,
Rashid Karameh Avenue.
Tel: (961-1) 805805.
Fax: (961-1) 865635, 861885.
Network Manager – Corporate Banking:
Mrs. Wafaa S. Daouk

RETAIL & PERSONAL BANKING NETWORK

BEIRUT

ASHRAFIEH – SASSINE
Le Gabriel Hotel,
Elias Sarkis Avenue, Sassine.
Tel: (961-1) 200640.
Fax: (961-1) 216685.
Branch Manager: Ms. Rita C. Haddad

ASHRAFIEH – SAYDEH
Shibli Bldg., Istiklal Street.
Tel: (961-1) 200753.
Fax: (961-1) 204972.
Branch Manager: Mr. Fadi E. Chedid

BADARO
Ibrahim Ghattas Bldg.,
Badaro Street.
Tel: (961-1) 387395.
Fax: (961-1) 387398.
Branch Manager: Mrs. Nayla S. Hanna

BASTA
Ouzaï Street, Noueiri Quarter.
Tel: (961-1) 661323.
Fax: (961-1) 651798.
Branch Manager: Mr. Zahi K. Chatila

BESHARA EL-KHOURY
Banna & Sayrawan Bldg.,
Beshara El-Khoury Street.
Tel: (961-1) 664093.
Fax: (961-1) 664096.
Branch Manager: Mrs. Roula F. Ramadan

BLISS
Kanater Bldg., Bliss Street.
Tel: (961-1) 361793.
Fax: (961-1) 361796.
Branch Manager: Ms. Afaf M. Khoury

EL-HORGE
Khattab Bldg., Hamad Street.
Tel: (961-1) 660636.
Fax: (961-1) 660686.
Acting Branch Manager: Mrs. Reine G. Doughan

HAMRA
Mroueh Bldg., Hamra Street.
Tel: (961-1) 341491.
Fax: (961-1) 344680.
Branch Manager: Mr. Sami R. Samara

MOUSSEITBEH
Makassed Commercial Center,
Mar Elias Street.
Tel: (961-1) 818277.
Fax: (961-1) 303084.
Branch Manager: Ms. Nisrine A. Ismail

RAMLET EL BAYDA *(opening soon)*
Al Iwan Bldg., Saeb Salam Avenue.
Tel: (961-1) 785951.
Fax: (961-1) 785736.
Branch Manager: Mrs. Hind A. Ghalayini

RAOUSHEH
Majdalani Bldg.,
Raousheh Corniche.
Tel: (961-1) 805068.
Fax: (961-1) 805071.
Branch Manager: Ms. Yousra I. Younes

SAIFI
El-Hadissa Bldg.,
El-Arz Street, Saifi.
Tel: (961-1) 580530.
Fax: (961-1) 580885.
Branch Manager: Mrs. Rawan K. Baydoun

SELIM SALAM
Sharkawi Bldg., Selim Salam Avenue.
Tel: (961-1) 318824.
Fax: (961-1) 318657.
Branch Manager: Mrs. Iman M. Hankir

SODECO
Alieh Bldg., Istiklal Street.
Tel: (961-1) 612790.
Fax: (961-1) 612793.
Branch Manager: Mrs. Josette F. Aramouni

ZARIF
Salhab Center, Algeria Street.
Tel: (961-1) 747550.
Fax: (961-1) 747553.
SOS Branch Manager: Mr. Makram N. Khalife

MOUNT LEBANON

AIN EL-REMMANEH
Etoile Center, El-Areed Street.
Tel: (961-1) 292870.
Fax: (961-1) 292869.
Branch Manager: Mrs. Roula E. Fayad

AJALTOUN
Bou Shaaya & Khoury Center, El-Midane.
Tel: (961-9) 234620.
Fax: (961-9) 234439.
Branch Manager: Mr. Antoine F. Boueiri

ALEY
Beshara El-Khoury Road (near Aley Club), Aley.
Tel: (961-5) 556902.
Fax: (961-5) 558903.
Branch Manager: Mrs. Olfat A. Hamza

BAABDA
Boulos Brothers Bldg.,
Damascus International Road.
Tel: (961-5) 451452.
Fax: (961-5) 953236.
Branch Manager: Mr. Elias J. Daniel

BHAMDOUN
Main Road.
Tel: (961-5) 261285.
Fax: (961-5) 261289.
SOS Branch Manager: Mr. Youssef C. Obeid

BOURJ HAMMOUD
Mekheterian Bldg.,
Municipality Square.
Tel: (961-1) 263325.
Fax: (961-1) 265679.
Branch Manager: Mrs. Grace G. Nercessian

BROUMMANA
Lodge Center, Main Road.
Tel: (961-4) 860163.
Fax: (961-4) 860167.
Branch Manager: Mr. Salam N. Dagher

DEKWANEH
El-Nefaa, Main Road.
Tel: (961-1) 693790.
Fax: (961-1) 693795.
SOS Branch Manager: Mrs. Bassima P. Moradides

DORA – CITY MALL
City Mall, Dora Highway.
Tel: (961-1) 884114.
Fax: (961-1) 884115.
Branch Manager: Mrs. Claude A. Habib

DORA – VARTANIAN
Vartanian Center, Dora Highway.
Tel: (961-1) 250404.
Fax: (961-1) 241647.
Branch Manager: Mrs. Nancy S. Boustany

ELYSSAR
Elyssar Main Road, Mazraat Yashouh.
Tel: (961-4) 913928.
Fax: (961-4) 913932.
Branch Manager: Mrs. Lizia E. Chidiac

FANAR
La Rose Center, Main Road.
Tel: (961-1) 879637.
Fax: (961-1) 879641.
Branch Manager: Mr. Jihad W. Haddad

FURN EL-SHEBBAK
Joseph Jreissati Bldg.,
Damascus International Road.
Tel: (961-1) 290713.
Fax: (961-1) 282104.
Branch Manager: Mrs. Rachelle J. Sarkis

GHAZIR
Haddad Bldg., Main Road, Kfarhebab.
Tel: (961-9) 851720.
Fax: (961-9) 856376.
Branch Manager: Ms. Roula F. Kmeid

GHOBEYRI
Hoteit Bldg., Shiyah Blvd.,
Mousharrafieh Square.
Tel: (961-1) 541125.
Fax: (961-1) 272342.
Branch Manager: Mr. Bassam M. Harake

HADATH
El-Ain Square, Main Road.
Tel: (961-5) 464050.
Fax: (961-5) 471854.
Branch Manager: Mr. Charles A. Berberi

HARET HREIK
Ahmad Abbas Bldg.,
Baajour Street, Main Road.
Tel: (961-1) 277270.
Fax: (961-1) 547265.
Acting Branch Manager: Mr. Yasser A. Zein

JAL EL-DIB
Milad Sarkis Bldg., Main Road.
Tel: (961-4) 710393.
Fax: (961-4) 710395.
Branch Manager: Mrs. Haifa A. Awad

JBEIL
Byblos Sun Bldg., Jbeil Roundabout.
Tel: (961-9) 543890.
Fax: (961-9) 543895.
Branch Manager: Mr. Chady F. Kassis

JEITA – ANTOURA
Antoura Square.
Tel: (961-9) 235257.
Fax: (961-9) 235260.
Branch Manager: Mrs. Christiane Y. Akiki

JOUNIEH
La Joconde Center,
Fouad Shehab Blvd.
Tel: (961-9) 641660.
Fax: (961-9) 644224.
SOS Branch Manager: Mr. Edgard A. Aoun

JOUNIEH – EL-SHIR
Beaino Bldg.,
Notre Dame du Liban Hospital Street.
Tel: (961-9) 638060.
Fax: (961-9) 915511.
Branch Manager: Mrs. Nada S. Ghanem

KHALDEH
Lebanese Commercial Mall, Saida Highway.
Tel: (961-5) 801988.
Fax: (961-5) 806405.
Branch Manager: Mr. Ghassan M. Kaed Bey

MANSOURIEH
Kikano Bldg., Main Road.
Tel: (961-4) 533610.
Fax: (961-4) 533614.
Branch Manager: Mr. Antoine Y. Asmar

MREIJEH
Mreijeh Plaza Center,
Abdallah Yaffi Avenue.
Tel: (961-1) 477980.
Fax: (961-1) 477200.
Branch Manager: Mr. Hilal N. Zeineddine

NACCASH – DBAYEH
Naccash – Dbayeh Highway, East Side.
Tel: (961-4) 521671.
Fax: (961-4) 521677.
Branch Manager: Mrs. Georgina Y. Nakad

RABIEH
Rabieh First Entrance, Street No. 5.
Tel: (961-4) 405950.
Fax: (961-4) 416105.
Branch Manager: Mrs. Marthe A. Nawar

ROUEISS
Hoteit Bldg., Hady Nasrallah Blvd.
Tel: (961-1) 541146.
Fax: (961-1) 541149.
Branch Manager: Mr. Ali A. Jaber

SHIYAH
Youssef Khalil Bldg.,
Assaad El-Assaad Street.
Tel: (961-1) 541120.
Fax: (961-1) 541123.
Branch Manager: Mrs. Lina A. Hayek

SIN EL-FIL
Hayek Street.
Tel: (961-1) 490301.
Fax: (961-1) 510384.
Branch Manager: Mr. Pierre A. Mezher

ZALKA
Romeo & Juliette Bldg., Zalka Highway.
Tel: (961-1) 875124.
Fax: (961-1) 900274.
Branch Manager: Mrs. Karla M. Ghaoui

ZOUK – ESPACE
Vega Center, Zouk Mikhael Highway.
Tel: (961-9) 210900.
Fax: (961-9) 210897.
Branch Manager: Mrs. Grace E. Moussa

NORTH

AMYOUN
Main Road.
Tel: (961-6) 955600.
Fax: (961-6) 955604.
Branch Manager: Mrs. Rana A. Khoury

HALBA
Main Road.
Tel: (961-6) 692020.
Fax: (961-6) 692024.
Branch Manager: Mr. Tannous N. Abi-Saab

SHEKKA
Main Road.
Tel: (961-6) 545379.
Fax: (961-6) 541526.
SOS Branch Manager: Mr. Tony F. Nabhan

TRIPOLI – AZMI
Fayad Bldg., Azmi Street.
Tel: (961-6) 445590.
Fax: (961-6) 435348.
Branch Manager: Mr. Georges A. Khodr

TRIPOLI – EL-BOHSAS
Fattal Tower 1, El-Bohsas Blvd.
Tel: (961-6) 410200.
Fax: (961-6) 410799.
Acting Branch Manager: Mr. Nasser N. Chahal

TRIPOLI – SQUARE 200
Akkad Bldg., Square 200.
Tel: (961-6) 448840.
Fax: (961-6) 437383.
Acting Branch Manager: Mrs. Sherine M. Merhebi

SOUTH

ABRA
Nhouli & Solh Bldg., Main Road.
Tel: (961-7) 752267.
Fax: (961-7) 752271.
Branch Manager: Mr. Abdo E. Andraos

BENT JBEIL
Ahmad Beydoun Bldg., Serail Square.
Tel: (961-7) 450900.
Fax: (961-7) 450904.
Branch Manager: Mr. Ayoub I. Khreich

MARJEYOUN
Boulevard Hay El-Serail, Jdeidet Marjeyoun.
Tel: (961-7) 831790.
Fax: (961-7) 831794.
Acting Branch Manager: Mr. Marwan F. Massaad

SAIDA – EAST
Dandashli Bldg., Eastern Blvd.
Tel: (961-7) 751885.
Fax: (961-7) 751889.
Branch Manager: Mr. Antoine Y. Azzi

SAIDA – RIAD EL-SOLH
Wakf El-Roum Catholic Bldg., Riad El-Solh Blvd.
Tel: (961-7) 733750.
Fax: (961-7) 724561.
Branch Manager: Mr. Mohamad M. Bizri

TYRE ABBASSIEH *(opening soon)*
Tyre North Entrance, Main Road, Abbassieh.

AL-ZAIDANIEH
Al-Zaidanieh village, Main Road, Majdelyoun.
Tel: (961-7) 724905.
Fax: (961-7) 723639.
Acting Branch Manager: Ms. Diana A. Assaad

BEKAA

JEB JANNINE
Majzoub Bldg., Main Road.
Tel: (961-8) 661488.
Fax: (961-8) 661481.
Acting Branch Manager: Mr. Wael A. Sobh

ZAHLEH
Beshwati Bldg., El-Boulevard.
Tel: (961-8) 813592.
Fax: (961-8) 801921.
Branch Manager: Ms. Mona K. Cherro

NOVO NETWORK

CITY MALL
City Mall, Dora.

PALLADIUM DOWNTOWN
Bank Audi Palladium Bldg., Bab Idriss.

URUGUAY STREET
Downtown, Beirut.

ZAITUNAY BAY
Beirut Waterfront.

ZGHARTA
North Palace Hotel, Kfarhata.

AUDI PRIVATE BANK sal

Bank Audi Plaza, Block D, Bab Idriss, Beirut.
P.O. Box: 11-1121 Beirut - Lebanon.
Tel: (961-1) 954800, 954900.
Fax: (961-1) 954880.
E-mail: contactus.lebanon@bankaudipb.com
www.bankaudipb.com

AUDI INVESTMENT BANK sal

Bank Audi Plaza, Block B, Bab Idriss.
P.O. Box: 16-5110 Beirut - Lebanon.
Tel: (961-1) 994000. Fax: (961-1) 999406.
E-mail: contactus@bankaudiib.com
www.bankaudigroup.com

SOLIFAC sal

Zen Bldg., Charles Malek Avenue, Ashrafieh.
P.O. Box: 11-1121 Beirut - Lebanon.
Tel: (961-1) 209200.
Fax: (961-1) 209205.

TURKEY

ODEA BANK A.Ş.

HEADQUARTERS

Odea Bank Genel Müdürlük, Levent 199, Büyükdere Caddesi, No. 199, Kat. 33-39, 34394 Şişli, Istanbul.
Tel: (90-212) 3048444. Fax: (90-212) 3048445.
E-mail: info@odeabank.com.tr
www.odeabank.com.tr

BRANCHES

ISTANBUL

MASLAK
Maslak Mahallesi, Ahi Evran Caddesi, Olive Plaza No. 11, Zemin Kat 34398, Şişli, Istanbul.
Tel: (90-212) 3048100. Fax: (90-212) 3481835.
Branch Managers: Mr. Ayhan Şahin (Commercial); Mr. Kudret Uslu (Corporate); Ms. Çiler Durmaz (Retail)

GÜNEŞLI
Bağlar Mahallesi, Osmanpaşa Caddesi No. 65, 34209, Bağcilar, Istanbul.
Tel: (90-212) 4646000.
Fax: (90-212) 3481840.
Branch Managers: Mr. Ertug Sanli (Commercial); Mr. Irfan Şahinkaya (Corporate); Ms. Arzu Aydin (Retail)

KOZYATAĞI
Saniye Ermutlu Sokak, G. Kemal Persentili Iş Merkezi, 34742, Kadiköy, Istanbul.
Tel: (90-216) 6657000.
Fax: (90-212) 3481839.
Branch Managers: Ms. Arzu Ertekin (Commercial); Mr. Zafer Seyar (Corporate); Ms. Çağla Yavuzoğlu Yilmaz (Retail)

CADDEBOSTAN
Bağdat Caddesi No. 270, Ak Apartmani No. 17-18, Göztepe, Istanbul.
Tel: (90-216) 4686800.
Fax: (90-212) 3481850.
Branch Manager: Ms. Seda Tokgöz (Retail)

NIŞANTAŞI
Valikonağı Caddesi, No. 91-93/A & 91-93/1, Şişli, Istanbul.
Tel: (90-212) 3738100.
Fax: (90-212) 3481853.
Branch Manager: Ms. Hülya Küçük (Retail)

BOSTANCI VATAN
E-5 Karayolu, Yeşil Vadi Sokak, No. 1, Ataşehir, Istanbul.
Tel: (90-216) 5765339.
Fax: (90-212) 3481861.
Branch Manager: Ms. Seda Tokgöz

TOPKAPI VATAN
E-5 Karayolu, Güney Yan Yol, Merkez Efendi Mahallesi, Tercüman Sitesi Çarşi Binasi, Zeytinburnu, Istanbul.
Tel: (90-212) 6652337.
Fax: (90-212) 3481860.
Branch Manager: Ms. Arzu Aydin

BEBEK
Bebek Mahallesi Cevdetpaşa, Caddesi No. 36, 34342, Beşiktaş, Istanbul.
Tel: (90-212) 3624700.
Fax: (90-212) 3481851.
Branch Manager: Ms. Aylin Bakay Tercan (Retail)

IKITELLI
Ikitelli Organize Sanayi Bölgesi, Atatürk Bulvari Mahmut Torun Iş Merkezi, No. 54, Başakşehir, Istanbul.
Tel: (90-212) 6920900.
Fax: (90-212) 3481867.
Branch Manager: Mr. Mehmet Toker (Commercial & Retail)

BEŞIKTAŞ
Barbaros Bulvari, 23/A, Beşiktaş, Istanbul.
Tel: (90-212) 3961500.
Fax: (90-212) 3481879.
Branch Manager: Ms. Aysun Özkan (Retail)

ETILER
Nispetiye Caddesi, No. 60/A-B, Etiler, Beşiktaş, Istanbul.
Tel: (90-212) 3591600.
Fax: (90-212) 3481872.
Branch Manager: Ms. Ayşen Kirtaş (Commercial & Retail)

MECIDIYEKÖY
Mecidiyeköy Mahallesi, Mecidiye Caddesi, No. 2, Şişli, Istanbul.
Tel: (90-212) 3555900.
Fax: (90-212) 3481878.
Branch Manager: Mr. Tolga Buyukdikbaş (Commercial & Retail)

ŞIŞLI
Halaskargazi Caddesi, No. 169, Şişli, Istanbul.
Tel: (90-212) 3734300.
Fax: (90-212) 3481874.
Branch Manager: Ms. Mehrzad Senefe (Retail)

YEŞILYURT
Sipahioğlu Caddesi, No. 2/B, Yeşilyurt, Istanbul.
Tel: (90-212) 4631100.
Fax: (90-212) 3481875.
Branch Manager: Mr. Umut Kiliç (Retail)

GAZIOSMANPAŞA
Sarigöl Mahallesi, Cumhuriyet Meydani, No. 16-17a, Gaziosmanpaşa, Istanbul.
Tel: (90-212) 6001300.
Fax: (90-212) 3488188.
Branch Manager: Ms. Zekiye Karsavuran (Commercial & Retail)

ALTUNIZADE
Kisikli Caddesi, Altunizade Mahallesi, No. 35/1, Üsküdar, Istanbul.
Tel: (90-212) 4001600.
Fax: (90-212) 3481886.
Branch Manager: Mrs. Ozlem Morova (Commercial & Retail)

HADIMKÖY
Akçaburgaz Mahallesi, Hadimköy Yolu, No. 154-156, Esenyurt, Istanbul.
Tel: (90-212) 8667800.
Fax: (90-212) 3481885.
Branch Manager: Ms. Ayca Simsek (Commercial & Retail)

ATAŞEHIR
Barbaros Mahallesi, Halk Caddesi, No. 59, D:1 Ataşehir, Istanbul.
Tel: (90-216) 5471200.
Fax: (90-212) 3481890.
Branch Manager: Ms. Pinar Turan (Retail)

KAZASKER
Şemsettin Günaltay Caddesi, No. 97/A, Suadiye Mahallesi, Kadiköy, Istanbul.
Tel: (90-216) 5791400.
Fax: (90-212) 3481894.
Branch Manager: Ms. Gamze Vural (Retail)

MALTEPE PARK CARREFOURSA
Cevizli Mahallesi, Tuygay Yolu Caddesi, No. 67, Maltepe, Istanbul.
Tel: (90-216) 5151497.
Fax: (90-212) 3481896.
Branch Manager: Mr. Sinan Mahmut Erdal

IÇERENKÖY CARREFOURSA
Içerenköy Mahallesi, Kayişdaği Caddesi, No. 2, Özel Iş Yeri No. 133, Içerenköy, Istanbul.
Tel: (90-216) 4480315.
Fax: (90-212) 3481897.
Branch Manager: Ms. Pinar Turan

KADIKÖY
Söğütlü Çeşme Caddesi, No. 46-48, Kadiköy, Istanbul.
Tel: (90-216) 5421300.
Fax: (90-212) 3481898.
Branch Manager: Ms. Ebru Topdemir (Retail)

KARTAL
Ankara Caddesi, No. 88, Kartal, Istanbul.
Tel: (90-216) 5865300.
Fax: (90-212) 3481895.
Branch Manager: Mr. Sinan Mahmut Erdal (Commercial & Retail)

TAKSIM
Şehitmuhtar Mahallesi, Tarlabaşi Caddesi, No. 10/1, Taksim, Beyoğlu, Istanbul.
Tel: (90-212) 3134100.
Fax: (90-212) 3481899.
Branch Manager: Ms. Hayal Yüksel (Retail)

LEVENT ÇARŞI
Levent Mahallesi, Yasemin Sokak, No. 2/1, Beşiktaş, Istanbul.
Tel: (90-212) 3395100.
Fax: (90-212) 3481903.
Branch Manager: Ms. Didem Yavaşoğlu (Retail)

UMRANIYE
Atatürk Mahallesi, Alemdağ Caddesi, No. 50/52 A, Umraniye, Istanbul.
Tel: (90-216) 6491200.
Fax: (90-212) 3481901.
Branch Managers: Ms. Alev Doğan (Retail); Ms. Sinem Aksun (Commercial)

IMES
Imes Sanayi Sitesi, Imes-501, E Blok, No. 34/ 7, OSB Mahallesi, Umraniye, Istanbul.
Tel: (90-216) 6001900.
Fax: (90-212) 3481904.
Branch Manager: Mr. Serkan Enisel (Commercial & Retail)

EMINÖNÜ
Hobyar Mahallesi, Büyük Postane Caddesi, No. 32, Fatih, Istanbul.
Tel: (90-212) 4027000.
Fax: (90-212) 3481905.
Branch Managers: Mr. Faysal Ozkut (Commercial); Ms. Neslihan Kiymaz (Retail)

ANKARA

ANKARA
Eskişehir Devlet Yolu (Dumlupinar Bulvari), 9 Km, B Blok, Zemin Kat No. 11, Çankaya, Ankara.
Tel: (90-312) 2489800.
Fax: (90-312) 2489801.
Branch Managers: Mr. Mustafa Bora Gencer (Commercial); Ms. Gülhan Erol (Corporate); Mrs. Nurdan Şenocak (Retail)

GOP
GOP Mahallesi, Filistin Sokak, No. 2/A, Çankaya, Ankara.
Tel: (90-312) 4553800.
Fax: (90-212) 3481858.
Branch Manager: Ms. Hülya Gürdal (Commercial & Retail)

SÖĞÜTÖZÜ VATAN
Söğütözü Mahallesi, 53 Caddesi, No. 12, Çankaya, Ankara.
Tel: (90-312) 2840218.
Fax: (90-212) 3481862.
Branch Manager: Ms. Hülya Gürdal (Retail)

OSTIM
Serhat Mahallesi, 1171/1 Sokak No. 5, Ostim Yenimalle, Ankara.
Tel: (90-312) 5927500.
Fax: (90-212) 3481877.
Branch Manager: Mr. Aytaç Hacioğlu (Commercial & Retail)

IZMIR

IZMIR
Anadolu Caddesi, No. 41/20A, Bayrakli, Izmir.
Tel: (90-232) 4951500.
Fax: (90-212) 3481837.
Branch Managers: Mr. Orhan Timurhan (Commercial); Mr. Hüseyin Cem Taner (Corporate); Ms. Nursel Esen (Retail)

BORNOVA VATAN
Ankara Caddesi 282/1, No. 6, Bornova, Izmir.
Tel: (90-232) 4866056.
Fax: (90-212) 3481863.
Branch Manager: Ms. Ebru Cindoğlu (Retail)

ALSANCAK
Cumhuriyet Bulvari, No. 176-A, Alsancak, Konak, Izmir.
Tel: (90-232) 4981800.
Fax: (90-212) 3481868.
Branch Manager: Ms. Ebru Cindoğlu (Retail)

HATAY
Arab Hasan Mahallesi, Inönü Caddesi, No. 285-293-A, Karabağlar, Izmir.
Tel: (90-232) 2921200.
Fax: (90-212) 3481887.
Branch Manager: Ms. Nalan Pala (Retail)

BOSTANLI
Cemal Gürsel Caddesi, No. 532/A-B, Bostanli Mahallesi, Karşiyaka, Izmir.
Tel: (90-232) 4911000.
Fax: (90-212) 3481892.
Branch Manager: Ms. Gülüm Gürle (Retail)

KOCAELI

IZMIT
Körfez Mahallesi, Süreyya Sokak, No. 22, Izmit, Kocaeli.
Tel: (90-262) 2812400.
Fax: (90-262) 2812401.
Branch Manager: Mr. Barbaros Hayrettin Candemir (Commercial & Retail)

GEBZE
Hacihalil Mahallesi, Ismetpaşa Caddesi, No. 34, Gebze, Kocaeli.
Tel: (90-262) 6742400.
Fax: (90-212) 3481873.
Branch Manager: Mr. Can Unüvar (Commercial & Retail)

IZMIT ÇARŞI
Cumhuriyet Caddesi, No. 104, Izmit, Kocaeli.
Tel: (90-262) 2812500. Fax: (90-212) 3481889.
Branch Manager: Ms. Nur Esin Keleş (Retail)

BURSA

BURSA
Izmir Yolu, No. 116, No. 13-14, Nilüfer, Bursa.
Tel: (90-224) 2753400. Fax: (90-224) 2753401.
Branch Managers: Ms. Şebnem Cengiz (Commercial); Mr. Abdullah Gökhan Yilmaz (Retail); Ms. Ayşegül Özata (Retail)

NILÜFER VATAN
Orhaneli Yolu, Lefkoşe Caddesi, No. 21/B-C-D-E, Nilüfer, Bursa.
Tel: (90-224) 4525006.
Fax: (90-212) 3481864.
Branch Manager: Mr. Abdullah Gökhan Yilmaz (Retail)

GAZIANTEP

GAZIANTEP
Prof. Muammer Aksoy Bulvari, Cazibe Iş Merkezi, No. 15/D, ŞehitKamil, Gaziantep.
Tel: (90-342) 2117400.
Fax: (90-212) 3481859.
Branch Managers: Mr. Bülent Koç (Commercial & Retail); Mr. Ersoy Kiliç (Corporate)

ADANA

ADANA
Reşatbey Mahallesi, Atatürk Caddesi, No. 18-18/1, Seyhan, Adana.
Tel: (90-322) 4551600.
Fax: (90-212) 3481866.
Branch Managers: Mr. Burak Baycik (Commercial); Ms. Banu Yaycioğlu (Retail)

ADANA VATAN
Belediye Evleri Mahallesi, Dr. Sadik Ahmet Bulvari, No. 54/A, Çukurova, Adana.
Tel: (90-322) 2398877.
Fax: (90-212) 3481876.
Branch Manager: Ms. Banu Yaycioğlu

KAYSERI

KAYSERI ÇARŞI MAHALLESI
Cumhuriyet Mahallesi, Serdar Caddesi, No. 21, Melikgazi, Kayseri.
Tel: (90-352) 2210271.
Fax: (90-212) 3481870.
Branch Manager: Mr. Ismail Murat (Commercial & Retail)

KAYSERI SANAYI
Anbar Mahallesi, Osman Kavuncu Bulvari, No. 394, Ankara Asfalti, 7 Km, Melikgazi, Kayseri.
Tel: (90-352) 3261066.
Fax: (90-212) 3481871.
Branch Manager: Mr. Orhan Çalişkan (Commercial & Retail)

DENIZLI

DENIZLI
Saltak Caddesi, M. Korkut Sokak, No. 2, Merkez Denizli.
Tel: (90-258) 2952000.
Fax: (90-212) 3481883.
Branch Manager: Mr. Çağri Erdem (Commercial & Retail)

KONYA

KONYA BÜSAN
Fevzi Çakmak Mahallesi, Kosgeb Caddesi, No. 3/C, Karatay, Konya.
Tel: (90-332) 2216800.
Fax: (90-212) 3481880.
Branch Manager: Ms. Muhsine Bahadir (Commercial & Retail)

ANTALYA

ANTALYA
Mehmetçik Mahallesi, Aspendos Bulvari, No. 71/1, Muratpaşa, Antalya.
Tel: (90-242) 3207400.
Fax: (90-212) 3481884.
Branch Manager: Mr. Ali Zafer Kaçar (Commercial & Retail)

ANTALYA LARA
Yeşilbahçe Mahallesi, Metin Kasapoğlu Caddesi, No. 49/A, Muratpaşa Antalya.
Tel: (90-242) 3204300.
Fax: (90-212) 3481902.
Branch Manager: Ms. Fürgan Çakan (Retail)

MUGLA

BODRUM
Hasan Reşat Oncü Caddesi, No. 12, Bodrum, Muğla.
Tel: (90-252) 3115000.
Fax: (90-212) 3481881.
Branch Manager: Ms. Asli Yilmaz (Commercial & Retail)

ESKIŞEHIR

ESKIŞEHIR
Hatboyu-1 Caddesi, 1/A Eskibağlar Mahallesi, Eskişehir.
Tel: (90-222) 2131000.
Fax: (90-212) 3481891.
Branch Manager: Ms. Sultan Yazgan (Commercial & Retail)

MERSIN

MERSIN
Camişerif Mahallesi, Kuvai Milliye Caddesi, No. 20/A, Mersin.
Tel: (90-324) 2418300. Fax: (90-212) 3481882.
Branch Manager: Mr. Ilyas Mert (Commercial & Retail)

HATAY

ISKENDERUN
Çay Mahallesi, Atatürk Bulvari, No. 33, Iskendurun, Hatay.
Tel: (90-326) 6291300. Fax: (90-212) 3481900.
Branch Managers: Ms. Canan Yerli (Retail); Mr. Onur Altinli (Commercial)

EGYPT

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Mr. Mohamed L. Ahmed

Deputy Heads of Branch Network
Mr. Ahmad M. Abdel-Kader Saad
Mr. Adel H. Gomaah

Regional Managers
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Mr. Mohamed A. Hafeez
Mr. Mohammad H. Saad
Mrs. Hanan M. Ouf
Mr. Amr Y. Rizk
Mr. Amgad I. El-Zawawy

Area Managers
Mr. Mohamed M. Attia
Mrs. Sandra G. Cossery
Mr. Tamer N. Kamel
Ms. Eman A. Khazragy
Mrs. Rasha M. Ramadan
Mr. Amr A. Dorgham

BRANCHES

GIZA

DOKKI *(Main Branch)*
104 El Nile Street, Dokki.
Tel: (20-2) 33337100. Fax: (20-2) 37483818.
Branch Manger: Mrs. Sally F. Sallam

MOSADDAK *(Islamic Branch)*
56 Mosaddak Street, Dokki.
Tel: (20-2) 37480241.
Fax: (20-2) 37480242.
Branch Manager: Mr. Mohammed A. Hussein

LEBANON
60 Lebanon Street (Lebanon Tower), Lebanon Square, Mohandesseen.
Tel: (20-2) 33006400.
Fax: (20-2) 33026454.
Area Manager: Mr. Tamer N. Kamel

EL BATAL AHMED ABDEL AZIZ
44 El Batal Ahmed Abdel Aziz Street, Mohandesseen.
Tel: (20-2) 33332000.
Fax: (20-2) 37480599.
Branch Manager: Mr. George F. Badra

SHOOTING CLUB
13 Shooting Club Street, Dokki.
Tel: (20-2) 33322800.
Branch Manager: Mrs. Marwa M. El-Mougy

EL HARAM *(Islamic Branch)*
42 El Haram Street, El Haram.
Tel: (20-2) 33864002, 33863708, 33865056, 33864113.
Fax: (20-2): 33865103.
Area Manager: Mr. Mohamed M. Attia

TAHRIR
94 Tahrir Street, Dokki.
Tel: (20-2) 33319500.
Fax: (20-2) 37486310.
Branch Manager: Mr. Raymond Y. Sleiman

CAIRO

MAKRAM EBEID
1 Makram Ebeid Street, Nasr City.
Tel: (20-2) 26731300.
Fax: (20-2) 22726755.
Branch Manager: Mr. Omar M. Wally

ABBASS EL-AKKAD
70 Abbass El-Akkad Street, Nasr City.
Tel: (20-2) 22708790, 22708740, 22708783.
Fax: (20-2) 22708757.
Branch Manager: Mr. Ayman M. Farrag

BEIRUT
54 Demeshk Street, Heliopolis.
Tel: (20-2) 24567600.
Fax: (20-2) 24508653.
Branch Manager: Mrs. Nesrine N. El-Balasy

SHOUBRA
128 Shoubra Street, Shoubra.
Tel: (20-2) 22075682.
Fax: (20-2) 22075779.
Branch Manager: Mr. Hesham A. Awaad

ZAMALEK
1B Hassan Sabry Street, Zamalek.
Tel: (20-2) 27285200.
Fax: (20-2) 27375008.
Branch Manager: Ms. Ghada M. El-Garrahy

MASAKEN SHERATON
11 Khaled Ibn El Waleed Street, Masaken Sheraton.
Tel: (20-2) 22683381, 22683397.
Fax: (20-2) 22683433.
Branch Manager: Mrs. Christine R. Farag

NADY EL SHAMS
17 Abdel Hamid Badawy Street, Heliopolis.
Tel: (20-2) 26210943, (20-10) 68822192.
Fax: (20-2) 26210945.
Branch Manager: Ms. Nancy N. Helmy

MUKATTAM
Plot 6034, Street 9, Mukattam.
Tel: (20-2) 25057040, 25053634.
Fax: (20-2) 25057566.
Acting Branch Manager: Mr. Ahmed M. El-Sheikh

ABBASSIA
109 Abbassia Street, Abbassia.
Tel: (20-2) 24664454, (20-10) 68841455-6.
Fax: (20-2) 24664453.
Branch Manager: Mr. Mohamed S. Abdel-Fattah

EL OBOUR
Shops 43, 44, 45, Golf City, El Obour City.
Tel: (20-2) 46104325, (20-10) 68822189.
Fax: (20-2) 46104324.
Branch Manager: Mr. Mohamed A. Abdel-Wahed

EL MANIAL
90 El Manial Street, El Manial.
Tel: (20-2) 23629935-55.
Fax: (20-2) 23630099.
Acting Branch Manager: Mr. Mohamed M. Selim

TRIUMPH
116 Othman Ibn Affan Street, Plot 740, Heliopolis.
Tel: (20-2) 26342243, 26352220.
Fax: (20-2) 26424900.
Area Manager: Mrs. Sandra G. Cossery

ABD EL KHALEK THARWAT
42 Abd El Khalek Tharwat Street, Downtown.
Tel: (20-2) 23904866, 23910638.
Fax: (20-2) 23904162.
Area Manager: Ms. Eman A. Khazragy

GARDEN CITY
1 Aisha El Taymoria Street, Garden City.
Tel: (20-2) 27928976-8.
Fax: (20-2) 27928977.
Branch Manager: Mr. Hisham M. Oweida

SALAH SALEM
15 Salah Salem Street, Heliopolis.
Tel: (20-2) 24006400.
Fax: (20-2) 22607168.
Area Manager: Mrs. Rasha M. Ramadan

MAADI – DEGLA
1-B, 256 Street, Degla (behind Maadi Grand Mall), Maadi.
Tel: (20-2) 25162094, 25195238.
Fax: (20-2) 25162017.
Branch Manager: Mr. Mohamed A. Kandil

NEW MAADI
1/2 El Laselky Street (intersection of Laselky Street and El Gazaer Street - Facing Mo'men), New Maadi.
Tel: (20-2) 25197901.
Fax: (20-2) 25197921.
Branch Manager: Mrs. Yasmin A. El-Sherbini

TAYARAN
40 Tayran Street, Nasr City.
Tel: (20-2) 24003500.
Fax: (20-2) 24048683.
Branch Manager: Mr. Moataz M. Hussein

MERGHANY
100 Merghany Street, Heliopolis.
Tel: (20-2) 24635700, 24635765.
Branch Manager: Mr. Sherif A. El-Aidy

TAGAMOU EL KHAMES
Waterway – Phase One, Ground Floor and First Floor, Commercial Units CGS4-CFS4, Investors' Zone – North, New Cairo.
Branch Manager: Mr. Mohab M. Yassein

SIXTH OF OCTOBER

SIXTH OF OCTOBER
Plot 2/23, Central District, Sixth of October.
Tel: (20-2) 38270900. Fax: (20-2) 38353780.
Branch Manager: Mr. Karim M. Morsi

PYRAMIDS HEIGHTS
Pyramids Heights Office Park Cairo-Alexandria Desert Road, Km 22, Sixth of October.
Tel: (20-2) 35343712, 35343659.
Fax: (20-2) 35362053.
Branch Manager: Mr. Tarek A. Negm

ALEXANDRIA

SMOUHA
35 Victor Ammanuel Square, Smouha.
Tel: (20-3) 4193700.
Fax: (20-3) 4244510.
Branch Manager: Mr. Ismail M. Ghanem

SULTAN HUSSEIN
33 Sultan Hussein Street, Azarita.
Tel: (20-3) 4880500.
Fax: (20-3) 4877198.

MIAMI *(Islamic Branch)*
489 Gamal Abdel Nasser Street, El Asafra Bahary (facing Aziz Abaza School).
Tel: (20-3) 5505212-3, 5505227.
Fax: (20-3) 5505136.
Branch Manager: Mr. Sherif M. Saad

SAN STEFANO
413 El-Gaish Road, San Stefano.
Tel: (20-3) 5817000, 5505212-3, 5505127.
Fax: (20-3) 5505136.
Regional Manager: Mrs. Hanan M. Ouf

GLEEM
1 Mostafa Fahmy Street, Gleem.
Tel: (20-3) 5816000.
Fax: (20-3) 5825866.

DAQAHLIA

MANSOURA
26 Saad Zaghloul Street, Toreil, Mansoura.
Tel: (20-50) 2281600. Fax: (20-50) 2309782.
Regional Manager: Mr. Amr Y. Rizk

GHARBIA

TANTA
El Gueish Street and El Nahda Street Intersection, Tanta.
Tel: (20-40) 3389600. Fax: (20-40) 3403100.
Area Manager: Mr. Amr A. Dorgham

RED SEA

EL GOUNA
Service Area Fba-12e, El Balad District, El Gouna, Hurghada.
Tel: (20-65) 3580096, (20-10) 66614840.
Fax: (20-65) 3580095.
Branch Manager: Mr. Hossam S. Zaki

SHERATON ROAD
23 Taksim El Hadaba El Shamaleya, 167 Sheraton Road, Hurghada.
Tel: (20-65) 3452017.
Fax: (20-65) 3452015.

SOUTH SINAI

NAEMA BAY
207 Rabwet Naema Bay Street, Sharm El Sheikh.
Tel: (20-69) 3604514-5.
Fax: (20-69) 3604520.
Branch Manager: Mr. Mohamed K. Abbas

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SYRIA

BANK AUDI SYRIA sa

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BRANCHES

DAMASCUS

MOHAFAZA *(Main Branch)*
Mohafaza Bldg., Youssef Al-Azmeh Square.
Tel: (963-11) 23888000.
Fax: (963-11) 2247782.
Branch Manager: Mr. Bechara G. Charbel

ABU RUMMANEH
Al-Jalaa Street (facing Japanese Embassy), Abu Rummaneh.
Tel: (963-11) 3346408.
Fax: (963-11) 3346410.
Branch Manager: Mr. Fadi B. Al-Kaed

MAZZEH
Mazzeh Highway (next to Bakri Kadora school).
Tel: (963-11) 6626612.
Fax: (963-11) 6626619.
Branch Manager: Ms. Fadia N. Awad

MALKI
Next to "German Cultural Center - Goethe".
Tel: (963-11) 3739695.
Fax: (963-11) 3739503.
Retail Branch Manager: Mrs. Saria G. Ali

KAFARSOUSEH
Cham City Center, Kafarsouseh.
Tel: (963-11) 2114460.
Fax: (963-11) 2111897.
Branch Manager: Mr. Abdulmajid M. Laham

HARIKA
Abd El Kader Al Husseini Street, Al Harika Square.
Tel: (963-11) 2217870.
Fax: (963-11) 2218420.
Branch Manager: Mr. Omar M. Salahi

DUMMAR
Island No. 1, Cham Mall, Dummar suburb.
Tel: (963-11) 3142320.
Fax: (963-11) 3142324.
Retail Branch Manager: Mr. Hassan R. Baghdadi

KASSAA
Droubi Bldg., Kassaa Street extension,
Al Abbassyeen Square.
Tel: (963-11) 4459160. Fax: (963-11) 4459322.
Retail Branch Manager: Mr. Hani J. Dahdouh

MIDAN*
Bardan Bldg., Al Kawkabi Avenue,
Corniche Street, Midan.

DAMASCUS REEF

JARAMANA
Al Baladia Square, Jaramana.
Tel: (963 11) 5637272. Fax: (963-11) 5637279.
Retail Branch Manager: Mr. Shadi E. Khouli

ALEPPO

REGIONAL OFFICE – NORTHERN AREA
Next to Shabab Al Ouruba Club, Baghdad Station,
Ameen Al Rihani Street, Al Aziziyah.
Tel: (963-21) 2279801-6.
Fax: (963-21) 2279809.
Regional Manager – North: Mr. Melhem J. Abou-Antoun

AZIZIYAH ***(Main Branch)***
Next to Shabab Al Ouruba Club, Baghdad Station,
Ameen Al Rihani Street, Al Aziziyah.
Tel: (963-21) 2279801-6. Fax: (963-21) 2288952.
Branch Manager: Mrs. Josepha Z. Hadaya

SOUK AL INTAJ*
Bldg. No. 6810/5, Souk Al Intaj Street, Mohafaza.

FOURKAN*
Police Square, Express Street, Fourkan.

HOMS

Al Hadara Area, Al Nuzha Square.
Tel: (963-31) 2112215. Fax: (963-31) 2162663.
Branch Manager: Mr. Tony N. Nader

LATTAKIA

Bldg. 896/1, Old Port Area, Al-Jazair Street, Slaybeh.
Tel: (963-41) 486022. Fax: (963-41) 486024.
Coastal Area Manager: Mr. Mohamad M. Sahyouni

TARTOUS

Salah Daniel Bldg., Amn Al-Dawlah Square.
Tel: (963-43) 324876. Fax: (963-43) 324866.
Branch Manager: Mr. Firas N. Bashour

AL HASAKA

AL QAMESHLI
Bldg. 116, Port Said Street, Al Qameshli.
Tel: (963-52) 427222. Fax: (963-52) 447616.
Branch Manager: Mr. Abdulghani A. Al-Ali

HAMA

Al Assi Square, behind Government Palace,
(next to MTN).
Tel: (963-33) 2219560. Fax: (963-33) 2219567.
Assistant Branch Manager (Acting Branch Manager):
Mr. Basem R. Lazkany

DARAA*

Daraa Tourism Hotel (next to Police Headquarters).

SWEIDA

Al Muhwari Street.
Tel: (963-16) 228146. Fax: (963-16) 228137.
Branch Manager: Mr. Nawras F. Kamel

** Temporarily closed.*

SUDAN

NATIONAL BANK OF SUDAN

HEADQUARTERS

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KHARTOUM ***(Main Branch)***
National Bank of Sudan Bldg.,
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OMDURMAN
Kabashi Bldg., Block 4-1,
Al Mowrada Street, Omdurman.
Tel: (249-187) 573231. Fax: (249-187) 555771.

BAHRY
Bldg. No. 98, Block 1, Industrial Area,
Bahry, North Khartoum.
Tel: (249-185) 330669. Fax: (249-185) 336493.

PORTSUDAN
National Bank of Sudan Bldg. No. 4,
Block 8, Portsudan Market (next to Al-Baladia gardens).
Tel: (249-311) 822803. Fax: (249-311) 839970.

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BANK AUDI sal - JORDAN BRANCHES

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BRANCHES

ABDALI ***(Main Branch)***
Bldg. 26, Suleiman Al-Nabulsi Street,
Abdali, Amman.
Tel: (962-6) 4604010. Fax: (962-6) 5604719.
Branch Manager: Mrs. Samar B. Homsi

SHMEISSANI
Salah Center,
Al-Shareef Abdul Hameed Sharaf Street,
Shmeissani, Amman.
Tel: (962-6) 5606020.
Fax: (962-6) 5604545.
Branch Manager: Mrs. Nada H. Al-Rasheed

ZAHRAN
Bldg. 213, Zahran Street, 6th Circle,
opposite Emmar Towers, Amman.
Tel: (962-6) 4648834.
Fax: (962-6) 4648835.
Branch Manager: Mrs. Safaa E. Sahouri

LE ROYAL HOTEL
Le Royal Hotel Complex, Zahran Street,
3rd Circle, Jabal Amman, Amman.
Tel: (962-6) 4604004.
Fax: (962-6) 4680010.
Branch Manager: Ms. Samar H. Toukan

MECCA MALL
Mecca Mall Complex
(Extension - Gate No. 4, 2nd Floor),
Mecca Street, Amman.
Tel: (962-6) 5518736.
Fax: (962-6) 5542175.
Branch Manager: Mrs. Grace B. Atallah

JABAL HUSSEIN
Al-Husseini Center,
Khaled Ben Walid Street, Firas Circle,
Jabal Hussein, Amman.
Tel: (962-6) 5605252.
Fax: (962-6) 5604242.
Assistant Branch Manager: Mr. Tarek F. Fadda

SWEIFIEH
Al Yanbouh Center,
Abd El-Rahim Al-Hajj Mohamad Street,
Sweifieh, Amman.
Tel: (962-6) 5865432.
Fax: (962-6) 5853185.
Branch Manager: Mrs. Miran M. Sirriyeh

ABDOUN
Moussa Nakho Complex,
Queen Zain Al-Sharaf Street,
Abdoun, Amman.
Tel: (962-6) 5935597.
Fax: (962-6) 5935598.
Assistant Branch Manager: Mr. George N. Twal

AL-MADINA AL-MOUNAWARA STREET
Al-Ameer Complex,
Al-Madina Al-Mounawara Street, Amman.
Tel: (962-6) 5563850.
Fax: (962-6) 5563851.
Acting Branch Manager: Ms. Rihab A. Jadallah

WADI SAQRA
Saqra Complex, Wadi Saqra Street, Amman.
Tel: (962-6) 5672227.
Fax: (962-6) 5652321.
Branch Manager: Mr. Samer A. Dawani

DABOUQ
Bldg. 179, King Abdullah II Street, Amman.
Tel: (962-6) 5333305.
Fax: (962-6) 5332704.
Branch Manager: Mrs. Shada S. Abu-Saad

IRBID
Al Busoul Complex,
Feras Al Ajlouni Street,
Al Qubbeh Circle, Irbid.
Tel: (962-2) 7261550.
Fax: (962-2) 7261660.
Branch Manager: Mr. Jihad A. Al-Zubi

AQABA
Dream Mall,
Sharif Hussein Bin Ali Street, Aqaba.
Tel: (962-3) 2063200.
Fax: (962-3) 2063201.
Branch Manager: Mr. Odeh T. Odeh

UNITED ARAB EMIRATES

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