BANQUE MISR - S.A.E.
Summarized Financial Statements
As of and for the year ended June 30, 2013

DR. Hazem A. Yassin

Egyptian Accountants (EGAC)

Magda Atia Hafez

Central Auditing Organization

Contents

BANQUE MISR - S.A.E.
Separate balance sheet as of June 30, 2013
(Amounts are Expressed in EGP Thousands)

	Note	30/6/2013	30/6/2012
Assets			
Cash and balances with central banks		14 221 005	12 243 225
Due from banks		18 014 323	18 319 850
Treasury bills		62 342 420	45 586 857
Financial assets held for trading	(5)	4 692 612	4 009 561
Loans and advances to banks	(6)	617 904	660 557
Loans and advances to customers	(7)	48 733 428	43 459 344
Available for sale investments	(8)	49 807 691	44 845 975
Investments held to maturity	(8)	695 675	915 637
Investments in subsidiaries and associates		2 838 477	1 963 702
Other assets		15 672 087	15 337 646
Fixed assets (net of accumulated depreciation)		525 089	500 400
Total Assets		**218 160 711**	**187 842 754**
Liabilities and Shareholders' Equity			
Liabilities			
Due to banks		5 334 787	4 436 301
Customers' deposits	(9)	188 833 818	162 523 605
Other loans	(10)	1 914 507	1 668 727
Other liabilities		4 811 519	4 674 007
Other provisions	(11)	1 611 535	1 627 278
Deferred tax liabilities		262 776	218 134
Post retirement benefits liabilities	(12)	916 791	395 034
Total Liabilities		**203 685 733**	**175 543 086**
Shareholders' Equity			
Paid-up capital	(13)	11 400 000	11 277 692
Reserves	(14)	1 914 346	313 113
Retained earnings		1 160 632	708 863
Total shareholders' equity		**14 474 978**	**12 299 668**
Total Liabilities and Shareholders' Equity		**218 160 711**	**187 842 754**
Contingent Liabilities and Commitments			
Liabilities for letters of guarantee, letters of credit and other commitments.		**17 875 825**	**15 743 995**

The accompanying notes are an integral part of these financial statements and are to be read therewith.

Sherif Samy	Mohamed Abbas Fayed	Mohamed Barakat
Chief Financial Officer	**Vice Chairman**	**Chairman**

Auditors` report attached

Auditors

DR. Hazem A. Yassin	Magda Atia Hafez
Egyptian Accountants (EGAC)	Central Auditing Organization

BANQUE MISR - S.A.E.
Separate Income Statement for the year ended June 30, 2013
(Amounts are Expressed in EGP Thousands)

	Note	30/ 6/ 2013	30/ 6/ 2012
Interest income		16 347 625	13 027 218
Interest expense		(10 759 245)	(9 055 521)
Net interest income		**5 588 380**	**3 971 697**
Fees and commission income		1 024 497	856 363
Fees and commission expense		(10 419)	(13 544)
Net fees and commission income		**1 014 078**	**842 819**
Dividends income		408 347	374 277
Net trading income		786 919	199 132
Gains(Losses) from financial investments		38 445	(351 377)
Impairment charges for credit losses		(515 264)	55 871
Administrative expenses		(3 036 950)	(2 580 138)
Other operating expenses		(900 720)	(86 858)
Profit before tax		**3 383 235**	**2 425 423**
Income tax expense		**(2 222 603)**	**(1 716 560)**
Net Profit		**1 160 632**	**708 863**
Earnings per share (EGP/Share)	(15)	**0.45**	**0.63**

BANQUE MISR - S.A.E.

Summarized statement of cash flows for the year ended June 30, 2013

(Amounts are Expressed in EGP Thousands)

	30/6/2013	**30/6/2012**
Net cash flows provided from operating activities	8 435 684	9 205 787
Net cash flows (used in) investing activities	(4 286 181)	(9 237 244)
Net cash flows provided from financing activities	227 259	1 160 671
Net increase in cash and cash equivalents during the year	**4 376 762**	**1 129 214**
Cash and cash equivalents at the beginning of the year	**22 344 459**	**21 215 245**
Cash and cash equivalents at the end of the year	**26 721 221**	**22 344 459**
Cash and cash equivalents include :		
Cash and balances with central banks	14 221 005	12 243 225
Due from banks	18 014 323	18 319 850
Treasury bills	62 342 420	45 586 857
Deduct : Balances with central banks (within the mandatory reserve percentage)	(8 884 290)	(9 744 139)
Deduct : Due from banks (over three months maturity)	(75 719)	(91 340)
Deduct : Treasury bills and other government securities (over three months maturity)	(58 896 518)	(43 969 994)
Cash and cash equivalents	**26 721 221**	**22 344 459**

BANQUE MISR - S.A.E.

Summarized statement of changes in shareholders' equity for the year ended June 30, 2013

(Amounts are Expressed in EGP Thousands)

	Note No	Paid up Capital	Legal Reserve	General Reserve	Capital reserve	Fair Value Reserve	Spcial reserv	Banking risk reserve	Supportive reserve	Rise in fixed assets prices reserve	F.S translation diffrences reserve	Retained Earnings	Total
Balance as of July 1, 2011		**5 000 000**	**228 809**	**285 893**	**279 864**	**641 237**	**6 927**	**3 551**	**0**	**163 104**	**0**	**512 301**	**7 121 686**
Foreign currency translation differences		-	-	-	(43 305)	-	-	-	-	-	(970)	-	(44 275)
Net change in fair value of avaliable for sale investments (net of tax)		-	-	-	-	(1 680 075)	-	-	-	-	-	-	(1 680 075)
Capital increase		6 277 692	-	-	-	-	-	-	-	-	-	-	6 277 692
Net profit		-	-	-	-	-	-	-	-	-	-	708 863	708 863
Dividends		-	-	-	-	-	-		-	-	-	(84 223)	(84 223)
Transfers to reserves		-	51 189	14 863	414	-	-	361 612	-	-	-	(428 078)	0
Balance as of June 30, 2012	13,14	**11 277 692**	**279 998**	**300 756**	**236 973**	**(1 038 838)**	**6 927**	**365 163**	**0**	**163 104**	**(970)**	**708 863**	**12 299 668**
Balance as of July 1, 2012		**11 277 692**	**279 998**	**300 756**	**236 973**	**(1 038 838)**	**6 927**	**365 163**	**0**	**163 104**	**(970)**	**708 863**	**12 299 668**
Dividends		-	-	-	-	-	-	-	-	-	-	(74 927)	(74 927)
Transfers to reserves		-	70 586	41 782	3 002	-	-	217 452	301 114	-	-	(633 936)	0
Net change in fair value of avaliable for sale investments (net of tax)		-	-	-	-	950 681	-	-	-	-	-	-	950 681
Transfers		-	-	-	3 088	-	-	-	-	-	(3 088)	-	0
Foreign currency translation differences		-	-	-	-	-	-	-	-	-	138 924	-	138 924
Capital increase		122 308	-	-	-	-	-	-	-	(122 308)	-	-	0
Net profit		-	-	-	-	-	-	-	-	-	-	1 160 632	1 160 632
Balance as of June 30, 2013	13,14	**11 400 000**	**350 584**	**342 538**	**243 063**	**(88 157)**	**6 927**	**582 615**	**301 114**	**40 796**	**134 866**	**1 160 632**	**14 474 978**

BANQUE MISR - S.A.E.
Summarized statement of profit appropriation
for the year ended June 30, 2013
(Amounts are Expressed in EGP Thousands)

	30/6/2013	30/6/2012
Net profit	1 160 632	708 863
Less:		
Gains on sale of fixed assets transferred to capital reserve	8 939	3 001
Distributable Net Profit for the year:	**1 151 693**	**705 862**
Less:		
Legal reserve	115 169	70 586
General Banking Risk Reserve	(37 016)	217 453
Distributable Net Profit for the year:	**1 073 540**	**417 823**
Distributed as follows:		
General reserve	107 354	41 782
Supportive reserve	356 567	19 083
Against supervision and management (10%)	39 619	
Employees` share in profit	142 500	74 927
State share in profits	427 500	282 031
Total	**1 073 540**	**417 823**

BANQUE MISR - S.A.E
Summarized notes to the financial statements for the year ended June 30, 2013

1. General information

Banque Misr (S.A.E.) was established on April 3, 1920 as a commercial bank. The head office is located at 151, Mohamed Farid Street, Cairo.
The Bank carries out corporate, retail and investment banking in addition to Islamic banking through 487 branches in Arab Republic of Egypt and 5 branches in U.A.E. and one branch in France. The number of employees at the balance sheet date is 12.345 employees.
These financial statements were approved by the general assembly meeting on January 30.2014

2. <u>Summary of accounting policies</u>

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

A- Basis of preparation

These separate financial statements have been prepared in accordance with Egyptian financial reporting standards issued in 2006 and its amendments and in accordance with the Central Bank of Egypt regulations approved by the board of directors on December 16, 2008 under the historical cost convention, as modified by the revaluation of financial assets held for trading and available for sale investments.

B- Foreign currency translation

B/1 Functional and presentation currency

The financial statements are presented in Egyptian pound. Items included in the financial statements of each of the bank's foreign branches are measured using their functional currency, being the basic currency of economic environment in which the foreign branch operates.

B/2 Transaction and balances in foreign currencies

Each Branch maintain its accounting records in its Functional currency. Monetary assets and liabilities denominated in foreign currencies are retranslated on the balance sheet date at the prevailing exchange rates. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following items:

- Financial assets held for trading,
- Other operating revenues (expenses) for the remaining items.

Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as available for sale assets are analyzed into valuation differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument.

Valuation differences resulting from changes in the amortized cost are recognized and reported in the income statement in ‘ interest income’ whereas differences resulting from changes in foreign exchange rates are recognized and reported in ‘other operating revenues (expenses)’. The remaining differences resulting from changes in fair value are deferred in equity and accumulated in the ‘revaluation reserve of available-for-sale investments’.

Valuation differences arising on the measurement of non-monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total fair value changes arising on the measurement of equity instruments classified as at fair value through profit or loss are recognized in the income statement, whereas total fair value changes arising on the measurement of equity instruments classified as available-for-sale financial assets are recognized directly in equity in the ‘revaluation reserve of available-for-sale investments’.

B/3 Foreign Branches

For the purpose of translation into the Egyptian pound, assets and liabilities of foreign branches are translated using the closing rate at the balance sheet date while items of income and expense are translated into the Egyptian pound at the rates prevailing at the dates of the transactions or average rates of exchange where these approximate to actual rates. The differences arising on the translation of foreign branches are included in equity.

C- Revenue recognition

C/1 Interest income and expense

Interest income and expense for all financial instruments except for those classified as held-for-trading or designated at fair value are recognized in ‘Interest income’ and ‘Interest expense’ in the income statement using the effective interest method.

The calculation includes all fees and points paid or received between parties to the contract that represents an integral part of the effective interest rate, transaction costs and all other premiums or discounts .

C/2 Fees and commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided.

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

Fees are recognized on the debt instruments that are measured at fair value through profit and loss on initial recognition and syndicated loan fees received by the bank are recognized when the syndication has been completed and the bank does not hold any portion of it or holds a part at the same effective interest rate used for the other participants portions.

Fees and Commission resulting 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 recognized on completion of the underlying transaction in the income statement.

Administrative and other services fees are recognized as income on a time proportionate basis over the lifetime of the service.
Fees charged for custodian services provided over long periods are recognized as income over the period during which the service is rendered

C/3 Dividends

Dividends are recognized when declared.

D- Treasury bills

Treasury bills are recorded at par value while discount (un-earned interest) is included in Credit Balances and Other Liabilities. Treasury bills are presented on the balance sheet net of unamortized discount.

E- Purchase and resale agreements and Sale and repurchase agreements

Securities may be lent or sold subject to a commitment to repurchase (repos) are reclassified in the financial statements and deducted from treasury bills balance. Securities borrowed or purchased subject to a commitment to resell them (reverse repos) are reclassified in the financial statements and added to treasury bills balance. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

F- Loans and advances to customers and banks

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

G- Impairment of financial assets

G/1 Financial Assets carried at amortized cost

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

• If the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment according to historical default ratios.

• If the bank determines that an objective evidence of financial asset impairment exist that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

• 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

G/2 Available-for-sale Investments

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets classify under available for sale is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. The Decrease Consider significant when it becomes 10% From cost of book value of the financial instrument and the decrease consider to be extended if it continue for period more than 9 months, and if the mentioned evidences become available then the accumulated loss to be post from the equity and disclosed at the income statement, impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the income statement.

H- Financial assets

H/1 Financial assets held for trading

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near future or if it is a part of a portfolio of identified financial instruments that are managed together for short-term profit-taking. Financial assets held for trading are measured at fair value. Unrealized holding gains and losses are recognized in the income statement.

H/2 Available for sale investments

Available for sale investments are non-derivative financial assets that are either designated as available for sale or do not fit into any other category of financial assets. Available for sale investments are measured at fair value. Unrealized holding gains and losses are included in a separate component of equity until the financial asset is sold or impaired. At this time, the cumulative gain or loss previously recognized in equity is recycled to the income statement.
Interest is calculated using the effective interest method. Foreign currency gains and losses on monetary assets classified as available for sale are recognized in the income statement. Dividends on available for sale equity instruments are recognized in the income statement when the bank`s right to receive payment is established.

H/3 Held to maturity investments

Investments held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank management has the positive intent and ability to hold to maturity.
Debt investments held to maturity are measured at amortized cost using the effective interest method.
Banque Misr mutual funds certificates which the Bank is required by law to hold until fund liquidation are included in held to maturity investments according to Central Bank of Egypt rules and are measured at cost. Any decrease in redemption value below cost is recognized as impairment in the income statement. Impairment loss previously recognized is reversed in case of subsequent increase. The reversal can not result in a carrying value greater than original cost.

H/4 Investments in subsidiaries and associates

Investments in subsidiaries and associate are measured at cost. If fair value of an individual investment declines below book value, it is reduced to reflect the impairment and such decrease is charged to the income statement under “Gains (losses) on financial investments”. Subsequent increase in the fair value is credited to the same item in the income statement up to the amount previously charged.

I-Fixed assets & Depreciation

Fixed assets are recorded at historical cost less depreciation and impairment losses. Depreciation of Fixed assets is calculated using the straight-line method to allocate their residual values over estimated useful lives, as follows:

Buildings & constructions	5%	Vehicles	20%
Equipment	12.5%	Furniture	100%
IT equipment	25%	Fixtures	From 12.5% To 33.5%

J- Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash and balances due from Central Bank of Egypt, current accounts with banks, and treasury bills maturing within 3 months from the acquisition date.

K- Post retirement benefits liabilities

Banque Misr provides some post retirement benefits, each benefits are given provided that the employee remains in the employment of the bank until the retirement age.
An independent actuary who applies the projected unit credit method calculates the liability of the defined benefit at the end of the year.

L- Other provisions

Other provisions are recognized when the bank has present legal or constructive obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.
In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group. The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations.
When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses).
Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from financial statement date using the appropriate rate in accordance with the terms of settlement ignoring the tax effect which reflects the time value of money. If the settlement term is less than one year the provision is booked using the present value unless time consideration has a significant effect.

M- Income tax

Income tax on the profit or loss for the year and deferred tax are recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity. Income tax is recognized based on net taxable profit using the tax rates applicable at the date of the balance sheet in addition to tax adjustments for previous years.
Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the foundations of the tax, this is determining the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable at the date of the balance sheet. Deferred tax assets of the bank recognized when there is likely to be possible to achieve profits subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will come from tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

N- Financial risk management

The Bank's activities expose it to a variety of financial risks taking risk is core to the financial business .The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance. And the most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also market risk includes exchange rate risk, rate of return risk and other prices risks.
The Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.
Risk management is carried out by a risk department under policies. Risk department identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units. In addition, risk department is responsible for the independent review of risk management and the control environment.

3. Capital Management

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt. The required data is submitted to the Central Bank of Egypt on a quarterly basis.
Central bank Of Egypt requires the following:
- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted average of the bank's assets and contingent liabilities

The Bank manages its capital resources to ensure that foreign branches that are subject to local capital adequacy regulation in individual countries meet their minimum capital requirements.
The bank has complied with all Capital adequacy requirements for the past two years.
The table below summarizes the compositions of tier 1, tier 2 and the capital adequacy ratio at the end of financial year according to Basel I and Basel II:

Amounts in EGP Thousand

According to Basel I

Capital	30/6/2013	30/6/2012
Tier 1 capital	12 589 938	11 219 686
Tier 2 capital	1 739 505	2 085 557
Total capital	**14 329 443**	**13 305 243**
Total risk weighted assets and contingent liabilities	86 328 767	75 324 583
Capital adequacy ratio	**16.60%**	**17.66%**

According to Basel II

Capital	30/6/2013	30/6/2012
Tier 1 capital	13 375 610	11 644 372
Tier 2 capital	2 020 827	2 080 515
Total capital	**15 396 437**	**13 724 887**
Total risk weighted assets and contingent liabilities	113 833 268	102 933 466
Capital adequacy ratio	**13.53%**	**13.33%**

4. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available info.

A. Impairment of loans and advances

The bank reviews its loans and *advances* portfolio, at least, on a quarterly basis to assess impairment. The bank uses its discretionary judgment in determining whether it is necessary to recognize impairment loss in the income statement. This requires it to identify any reliable evidence indicating measurable decline in the expected future cash flows from loan portfolio before identifying any decline for each individual loan.

This evidence includes data indicating negative change in the ability of a portfolio of borrowers to repay the bank, or local and economic circumstances related to default.

On scheduling future cash flows, the management use estimates based on previous experience related to impairment of assets having similar credit risks. Such experience refers to impairment similar to that of the portfolio in question. The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on expertise.

B. Impairment of available for-sale equity investments

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, operational and financing cash flows, industry and sector performance and changes in technology.

Amounts in EGP Thousand

5- Financial assets held for trading

	30/6/2013	30/6/2012
Debt instruments		
Other debt securities	547 152	390 000
Investment portfolios managed by external managers	4 047 387	3 497 897
Total Debt instruments	**4 594 539**	**3 887 897**
Equity instruments		
Shares	93 276	116 776
Mutual fund certificates	4 797	4 888
Total Equity instruments	**98 073**	**121 664**
Total Financial assets held for trading	**4 692 612**	**4 009 561**

6- Loans and advances to banks

	30/6/2013	30/6/2012
Term loans	634 179	674 634
Deduct : provision for loan losses	(16 275)	(14 077)
Total	**617 904**	**660 557**

7- Loans and advances to customers

	30/6/2013	30/6/2012
(1) Retail		
Over draft	102 400	377 664
Credit card loans	149 035	132 717
Personal loans	5 409 541	3 649 646
Mortgages loans	134 160	126 179
Total retail	**5 795 136**	**4 286 206**
(2) Corporate loans (including loans to small businesses)		
Over draft	24 964 327	19 751 520
Direct loans	14 444 932	18 709 374
Syndicated loans	11 922 118	9 308 500
Total Corporate	**51 331 377**	**47 769 394**
Total loans and advances to customers(1+2)	**57 126 513**	**52 055 600**
Deduct: provision for loan losses	(8 135 400)	(8 330 586)
Deduct: unearned discount and interest in suspense	(257 685)	(265 670)
Net loans and advances to customers	**48 733 428**	**43 459 344**
Gross loans distributed to:		
Current	47 324 297	41 080 300
Non-Current	9 802 216	10 975 300
	57 126 513	**52 055 600**

Amounts in EGP Thousand

Impairment from loans provision for customers

Analysis of the Impairment from loans provision for customers

	30/6/2013			30/6/2012		
	Non Performing Loans	Performing Loans	Total	Non Performing Loans	Performing Loans	Total
Balance at beginning of the year	7 830 509	500 077	8 330 586	9 405 387	373 115	9 778 502
Transfers	19 150	3 441	22 591	(133 256)	133 256	0
Losses of Impairment from loans	465 324	15 294	480 618	48 929	21 763	70 692
Recoveries of loans previously written off	165 306	0	165 306	276 939	0	276 939
Foreign currency revaluation differences	343 584	61 697	405 281	23 680	(23 538)	142
Write-offs	(1 268 982)	0	(1 268 982)	(1 791 170)	(4 519)	(1 795 689)
Balance at the End of the year	**7 554 891**	**580 509**	**8 135 400**	**7 830 509**	**500 077**	**8 330 586**

	Retail				
	Overdrafts	Credit cards	Personal loans	Mortgages	Total
June.30, 2013	95 211	2 772	155 346	22 948	**276 277**
June.30, 2012	368 249	4 346	121 190	6 688	**500 473**

	Corporate				
	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
June.30, 2013	7 304 814	316 553	237 756	0	**7 859123**
June.30, 2012	7 265 242	294 830	270 041	0	**7 830 113**

8- Financial investments

	30/6/2013	30/6/2012
(A) Available for sale Investments		
Debt instruments – Listed	39 346 369	34 124 628
Equity instruments – Listed	6 021 157	5 314 552
Debt instruments – Unlisted	757 200	1 557 200
Equity instruments – Unlisted	3 682 965	3 849 595
Total available for sale investments (1)	**49 807 691**	**44 845 975**
B) Held to maturity Investment		
Debt instruments – Listed	123 604	161 954
Debt instruments – Unlisted	141 482	374 338
Equity instruments – Unlisted	430 589	379 345
Total held to maturity investments (2)	**695 675**	**915 637**
Total financial Investments (1+2)	**50 503 366**	**45 761 612**
Current	10 110 413	4 971 334
Non current	40 392 953	40 790 278
	50 503 366	**45 761 612**

Amounts in EGP Thousand

The following table analyzes movement on financial investments during the year:

	Available for sale investments	Held to maturity investments
Beginning balance on June30, 2012	44 845 975	915 637
Additions	13 757 404	166 141
Deductions	(9 625 882)	(434 644)
Translation differences resulting from monetary foreign currency assets	32 811	44 178
Losses from fair value difference	995 323	0
Impairment charges	(197 940)	4 663
Balance at end of year 2013	**49 807 691**	**695 975**
Beginning balance on June30, 2011	36 626 844	963 832
Addition	11 774 612	133 289
Deduction	(1 913 759)	(184 273)
Translation differences resulting from monetary foreign currency assets	2 893	6 049
Losses from fair value difference	(1 632 367)	0
Impairment charges	(12 248)	(3 260)
Balance at end of year 2012	**44 845 975**	**915 637**

9- Customers' Deposits

	30/6/2013	30/6/2012
Demand deposits	11 680 187	9 244 157
Call and time deposits	39 184 847	36 598 315
Saving certificates	62 456 286	47 758 430
Saving deposits	73 059 712	66 747 665
Other deposits	2 452 786	2 175 038
	188 833 818	**162 523 605**
Corporate deposits	41 206 192	36 595 154
Retail deposits	147 627 626	125 928 451
Total	**188 833 818**	**162 523 605**
Non-interest bearing balances	12 237 456	9 801 259
Variable interest rate balances	84 817 529	80 957 486
Fixed interest rate balances	91 778 833	71 764 860
Total	**188 833 818**	**162 523 605**
Current	133 709 865	119 880 884
Non current	55 123 953	42 642 721
	188 833 818	**162 523 605**

Amounts in EGP Thousand

10- Other Loans

	Interest Rate %	Balance as at 30/6/2013	Balance as at 30/6/2012
Denmark International Development	Nil	0	1 049
Loan of Egyptian Holding Co. Silos & Storage - Fayoum	Nil	17 473	17 638
Qena / Menia / Beni Sweif Silos Complex	Nil	58 488	58 022
Social Fund / thirteenth Contract	7%	96	477
The Contract of development of small and medium-projects	7%	4 410	12 750
The Contract of development of a poultry	4%	1 402	1 833
C.B.E .Local Supportive Loan	Nil	1 109 213	988 032
C.B.E .Local Supportive Loan (Five years)	Nil	603 425	528 926
Long term loans for financing SMEs – future step	7%	120 000	60 000
		1 914 507	**1 668 727**
Current		17 783	17 787
Non current		1 896 724	1 650 940
		1 914 507	**1 668 727**

11- Other Provisions

	30/6/2013	30/6/2012
Provision for legal claims	1 053 534	1 042 146
Provision for contingent liabilities	537 440	567 656
Other	20 561	17 476
Total	**1 611 535**	**1 627 278**

12- Post retirement benefits liabilities

Amounts recognized in the Balance sheet

	30/6/2013	30/6/2012
Post retirement medical benefits	780 848	259 455
End of service benefits	135 943	135 579
Total	**916 791**	**395 034**

Amounts recognized in the income statement

	30/6/2013	30/6/2012
Liabilities for post retirement medical benefits	590 083	259 455
Liabilities for end of service benefits	24 239	0
Balances at the end of the year	**614 322**	**259 455**

The main actuarial assumptions used by the bank are outlined below

	30/6/2013	30/6/2012
Discount rate	11%	11%
Long term inflation rate	8%	8%

13- Paid-up capital and reserves

A. Authorized capital

The authorized capital of the Bank amounts to EGP 15000 million.

B. Issued and paid-up capital

On 15 July 2012 the Board of Directors of the bank decided to increase the paid-in capital by 122 million pounds financed from reserve for the rise in fixed asset prices .Accordingly , the Issued and paid-up capital amounts to EGP 11400 million divided into 2280 million shares of 5 pounds each.

14- Reserves

- In accordance with the Bank's articles of incorporation, 10% of net profit is to be credited to legal reserve. Crediting legal reserve ceases when its balance reaches 100% of the paid-up capital.
- In accordance with Central Bank of Egypt directives, the balance of the special reserve cannot be used prior to Central Bank of Egypt approval.

	30/6/2013	30/6/2012
Legal reserve	350 584	279 998
General reserve	342 538	300 756
Capital reserve	243 063	236 973
Reserve for the rise in fixed asset prices	40 796	163 104
Supportive reserve	301 114	0
Fair value reserve	(88 157)	(1 038 838)
Special Reserve	6 927	6 927
General Banking risk reserve	582 615	365 163
Financial statements translation differences Reserve	134 866	(970)
Total reserves	**1 914 346**	**313 113**

15- Earnings per share

	30/6/2013	30/6/2012
Net profit attributable to the shareholder (EGP thousand) (1)	1 018 132	633 936
Divided by weighted average number of shares (thousands of shares)(2)	2 280 000	1 013 759
Earnings per share (EGP)(1:2)	**0.45**	**0.63**

16- Comparative figures

Comparative figures were reclassified to be consistent with current year presentation.