

BANQUE MISR - S.A.E.
Summarized Separate Financial Statements
for the year ended
June 30, 2014

DR. Hazem A. Yassin

Egyptian Accountants (EGAC)

Magda Atia Hafez

Central Auditing Organization

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DR. Hazem A. Yassin
Egyptian Accountants (EGAC)

Magda Atia Hafez
Central Auditing Organization

AUDITORS' REPORT
ON THE SUMMERIZED FINANCIAL STATEMENTS
OF BANQUE MISR FOR THE YEAR ENDED JUNE 30, 2014

To : The Shareholders' of Banque Misr (S.A.E.)

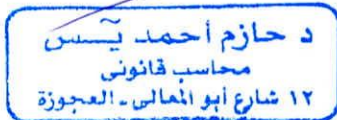
We have audited the financial statements of Banque Misr (S.A.E) as of and for the year ended June 30, 2014 from which the accompanying summarized financial statements were derived in accordance with Egyptian Standards on Auditing and in the light of provisions of applicable Egyptian laws and regulations. In our report dated December 24, 2014 we expressed an unqualified opinion on the bank's financial statements as of June 30, 2014 from which the accompanying summarized financial statements were derived.

In our opinion, the accompanying summarized financial statements are consistent, in all material respects, with the financial statements from which they were derived as of and for the year ended June 30, 2014.

For the better understanding of the Bank's financial position as of June 30, 2014 and the results of its operations for the year then ended, and the scope of our audit, the summarized financial statements should be read in conjunction with the financial statements from which the summarized financial statements were derived and our audit report thereon.

Cairo : March 24 , 2015

DR. Hazem A. Yassin
H. A. Yassin
Egyptian Accountants (EGAC)



Magda Atia Hafez
M. Atia
Central Auditing Organization

BANQUE MISR - S.A.E.
Separate balance sheet as of June 30, 2014
(Amounts are Expressed in EGP Thousands)

	Note	30/6/2014	30/6/2013
<u>Assets</u>			
Cash and balances with central banks		17 713 747	14 221 005
Due from banks		25 555 614	18 014 323
Treasury bills		74 345 636	62 342 420
Financial assets held for trading	(5)	4 787 209	4 692 612
Loans and advances to banks	(6)	986 064	617 904
Loans and advances to customers	(7)	53 602 675	48 733 428
Available for sale investments	(8)	79 537 575	49 807 691
Investments held to maturity	(8)	503 902	695 675
Investments in subsidiaries and associates		3 278 963	2 838 477
Other assets		13 480 392	15 672 087
Fixed assets (net of accumulated depreciation)		572 088	525 089
Total Assets		274 363 865	218 160 711
<u>Liabilities and Shareholders' Equity</u>			
<u>Liabilities</u>			
Due to banks		3 460 577	5 334 787
Customers' deposits	(9)	240 203 665	188 833 818
Other loans	(10)	2 295 943	1 914 507
Other liabilities		5 184 771	4 811 519
Other provisions	(11)	1 608 307	1 611 535
Deferred tax liabilities		230 524	262 776
Post retirement benefits liabilities	(12)	1 301 758	916 791
Total Liabilities		254 285 545	203 685 733
<u>Shareholders' Equity</u>			
Paid-up capital	(13)	11 400 000	11 400 000
Reserves	(14)	6 163 305	1 914 346
Retained earnings		2 515 015	1 160 632
Total shareholders' equity		20 078 320	14 474 978
Total Liabilities and Shareholders' Equity		274 363 865	218 160 711
<u>Contingent Liabilities and Commitments</u>			
		17 075 367	17 875 825

Liabilities for letters of guarantee, letters of credit and other commitments.

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

Sherif Samy
Chief Financial Officer



Auditors' report attached

Ahmed Mohy El Deen Abo El ezz
Vice Chairman



Auditors

Mohamed Mahmoud Eletreby
Chairman



Magda Atia Hafez
M. Atia
Central Auditing Organization

DR. Hazem A. Yassin
H. A. Yassin
Egyptian Accountants (EGAC)

د حازم أحمد ياسين
محاسب قانوني
١٢ شارع أبو المعالى - العجوزة

BANQUE MISR - S.A.E.
Separate balance sheet as of June 30, 2014
(Amounts are Expressed in EGP Thousands)

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Vice Chairman

Mohamed Mahmoud Eletreby
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, 2014
(Amounts are Expressed in EGP Thousands)

	Note	<u>30/6/2014</u>	<u>30/6/2013</u>
Interest from income and similar income		19 539 160	16 347 625
Interest on deposits and similar expense		(12 865 072)	(10 759 245)
Net interest income		6 674 088	5 588 380
Fees and commissions income		1 299 461	1 024 497
Fees and commissions expenses		(15 543)	(10 419)
Net fees and commission income		1 283 918	1 014 078
Dividends income		414 140	408 347
Net trading income		415 349	786 919
Gains from financial investments		124 860	38 445
Impairment charges for credit losses		(78 528)	(515 264)
Administrative expenses		(3 192 459)	(3 036 950)
Other operating expenses		(365 887)	(900 720)
Profit before income tax		5 275 481	3 383 235
Income tax expense		(2 760 466)	(2 222 603)
Net Profit for the period		2 515 015	1 160 632
Earnings per share (EGP/Share)	(15)	1.03	0.45

BANQUE MISR - S.A.E.
Summarized statement of cash flows for the year ended June 30, 2014
(Amounts are Expressed in EGP Thousands)

	<u>30/6/2014</u>	<u>30/6/2013</u>
Net cash flows provided from operating activities	32 195 859	8 631 364
Net cash flows (used in) investing activities	(25 888 904)	(4 286 181)
Net cash flows(used in) provided from financing activities	(246 599)	31 579
Net increase in cash and cash equivalents during the year	6 060 356	4 376 762
Cash and cash equivalents at the beginning of the year	26 721 221	22 344 459
Cash and cash equivalents at the end of the year	<u>32 781 577</u>	<u>26 721 221</u>
Cash and cash equivalents are represented in :		
Cash and balances with central banks	17 713 747	14 221 005
Due from banks	25 555 614	18 014 323
Treasury bills	74 345 636	62 342 420
Balances with central banks (within the mandatory reserve percentage)	(13 263 530)	(8 884 290)
Due from banks (over three months maturity)	(71 401)	(75 719)
Treasury bills and other government securities (over three months maturity)	(71 498 489)	(58 896 518)
Cash and cash equivalents	<u>32 781 577</u>	<u>26 721 221</u>

BANQUE MISR - S.A.E.
Summarized statement of changes in shareholders' equity for the year ended June 30, 2014
(Amounts are Expressed in EGP Thousands)

Note No	Paid up Capital	Legal Reserve	General Reserve	Capital reserve	Fair Value Reserve	Special reserve	Banking Risk reserve	Supervisory Reserve	Reserve to fixed asset prices reserve	E.S. translation differences reserve	Retained Earnings	Total
Balance as of July 1, 2012	11 277 692	279 998	300 756	236 974	(1 038 838)	6 927	365 162	0	163 104	(970)	708 863	12 299 668
Dividends	-	-	-	-	-	-	-	-	-	-	(74 927)	(74 927)
Transfers to reserves	-	70 586	41 782	3 002	-	-	217 453	301 114	-	-	(633 936)	0
Net change in fair value of available for sale investments (net of tax)	-	-	-	-	950 682	-	-	-	-	-	-	950 682
Transfers	-	-	-	3 088	-	-	-	-	-	(3 088)	-	0
Foreign currency translation differences	-	-	-	-	-	-	-	-	-	138 923	-	138 923
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	243 064	(88 156)	6 927	582 615	301 113	40 796	134 865	1 160 632	14 474 978
Balance as of July 1, 2013	11 400 000	350 584	342 538	243 064	(88 156)	6 927	582 615	301 113	40 796	134 865	1 160 632	14 474 978
Dividends	-	-	-	-	-	-	-	-	-	-	(492 500)	(492 500)
Transfers to reserves	-	115 169	107 354	8 940	-	-	(37 016)	473 685	-	-	(668 132)	0
Net change in fair value of available for sale investments (net of tax)	-	-	-	-	3 536 099	-	-	-	-	-	-	3 536 099
Foreign currency translation differences	-	-	-	-	-	-	-	-	-	44 728	-	44 728
Net profit	-	-	-	-	-	-	-	-	-	-	2 515 015	2 515 015
Balance as of June 30, 2014	11 400 000	465 753	449 892	252 004	3 447 943	6 927	545 599	774 798	40 796	179 593	2 515 015	20 078 320

BANQUE MISR - S.A.E.
Summarized statement of profit appropriation
for the year ended June 30, 2014
(Amounts are Expressed in EGP Thousands)

	<u>30/6/2014</u>	<u>30/6/2013</u>
Net profit	2 515 015	1 160 632
Less:		
Gains on sale of fixed assets transferred to capital reserve	28 463	8 939
Distributable Profit for the year:	<u>2 486 552</u>	<u>1 151 693</u>
Less:		
Legal reserve	248 655	115 169
Banking Risk Reserve	44 803	(37 016)
Distributable Net Profit for the year	<u>2 193 094</u>	<u>1 073 540</u>
Distributed as follows:		
General Reserve	219 310	107 354
Supportive reserve	1 206 284	473 686
Employees` share in profit	167 500	142 500
State share in profits	600 000	350 000
Total	<u>2 193 094</u>	<u>1 073 540</u>

BANQUE MISR - S.A.E

Summarized notes to the financial statements for the year ended June 30, 2014

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 490 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 12.535 employees.

These financial statements were approved by the general assembly meeting .

2. Summary of accounting policies

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:

- Net Trading Income.
- Other operating revenues (expenses) for the remaining items.

B/3 Foreign Branches

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 .

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'.

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 Income

Dividends are recognized in the income statement when the right to collect it is declared.

D- 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.

E- Impairment of 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.

F- Financial assets

F/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.

F/2 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.

F/3 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.

G- 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%

H- 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.

I- 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.

J- 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.

K- 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.

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 table below summarizes the compositions of tier 1, tier 2 and the capital adequacy ratio at the end of financial year according to Basel II:

Amounts in EGP Thousand

According to Basel II

<u>Capital</u>	<u>30/6/2014</u>	<u>30/6/2013</u>
Tier 1 capital	14 454 040	13 375 610
Tier 2 capital	3 878 957	2 020 827
Total capital	<u>18 332 997</u>	<u>15 396 437</u>
Total risk weighted assets and contingent liabilities	139 489 016	113 833 268
Capital adequacy ratio	13.14%	13.53%

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.

5- Financial assets held for trading

	<u>30/6/2014</u>	<u>30/6/2013</u>
Debt instruments		
Other debt securities	419 352	547 152
Investment portfolios managed by external managers	4 201 623	4 047 387
Total Debt instruments	<u>4 620 975</u>	<u>4 594 539</u>
Equity instruments		
Local Shares	158 812	93 276
Mutual fund certificates	7 422	4 797
Total Equity instruments	<u>166 234</u>	<u>98 073</u>
Total Financial assets held for trading	<u>4 787 209</u>	<u>4 692 612</u>

6- Loans and advances to banks

	<u>30/6/2014</u>	<u>30/6/2013</u>
Term loans	999 978	634 179
Deduct : provision for loan losses	(13 914)	(16 275)
Total	<u>986 064</u>	<u>617 904</u>

7- Loans and advances to customers

	<u>30/6/2014</u>	<u>30/6/2013</u>
(1) Retail		
Over draft	1 308 416	102 400
Credit card loans	164 939	149 035
Personal loans	5 895 586	5 409 541
Mortgages loans	169 564	134 160
Total retail	<u>7 538 505</u>	<u>5 795 136</u>
(2) Corporate loans (including loans to small businesses)		
Over draft	29 534 142	24 964 327
Direct loans	14 332 393	14 444 932
Syndicated loans	11 166 585	11 922 118
Total Corporate	<u>55 033 120</u>	<u>51 331 377</u>
Total loans and advances to customers(1+2)	<u>62 571 625</u>	<u>57 126 513</u>
Deduct: provision for loan losses	(8 591 831)	(8 135 400)
Deduct: unearned discount and interest in suspense	(377 119)	(257 685)
Net loans and advances to customers	<u>53 602 675</u>	<u>48 733 428</u>
Gross loans distributed to:		
Current	26 896 075	22 627 818
Non-Current	35 675 550	34 498 695
	<u>62 571 625</u>	<u>57 126 513</u>

Amounts in EGP Thousand

Impairment from loans provision for customers

Analysis of the Impairment from loans provision for customers

	30/6/2014			30/6/2013		
	Non Performing Loans	Performing Loans	Total	Non Performing Loans	Performing Loans	Total
Balance at beginning of the year	7 554 891	580 509	8 135 400	7 830 509	500 077	8 330 586
Transfers	906	(750)	156	19 150	3 441	22 591
Losses of Impairment from loans	(150 883)	230 098	79 215	465 324	15 294	480 618
Recoveries of loans previously written off	338 443	0	338 443	165 306	0	165 306
Foreign currency revaluation differences	40 896	16 634	57 530	343 584	61 697	405 281
Write-offs	(18 913)	0	(18 913)	(1 268 982)	0	(1 268 982)
Balance at the End of the year	7 765 340	826 491	8 591 831	7 554 891	580 509	8 135 400

	Retail				
	Overdrafts	Credit cards	Personal loans	Mortgages	Total
<u>June.30, 2014</u>	115 681	2 270	249 658	9 398	377 007
<u>June.30, 2013</u>	95 211	2 772	155 346	22 948	276 277

	Corporate				
	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
<u>June.30, 2014</u>	7 770 558	229 280	214 986	0	8 214 824
<u>June.30, 2013</u>	7 304 814	316 553	237 756	0	7 859 123

8- Financial investments

	30/6/2014	30/6/2013
(A) Available for sale Investments		
Debt instruments – Listed	58 450 638	39 346 369
Equity instruments – Listed	8 867 223	6 021 157
Debt instruments – Unlisted	9 065 420	757 200
Equity instruments – Unlisted	3 154 294	3 682 965
Total available for sale investments (1)	79 537 575	49 807 691
B) Held to maturity Investment		
Debt instruments – Listed	27 846	123 604
Debt instruments – Unlisted	142 785	141 482
Equity instruments – Unlisted	333 271	430 589
Total held to maturity investments (2)	503 902	695 675
Total financial Investments (1+2)	80 041 477	50 503 366
Current	11 360 518	10 110 413
Non current	68 680 959	40 392 953
	80 041 477	50 503 366

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

	<u>30/6/2014</u>	<u>30/6/2013</u>
	<u>Available for sale investments</u>	<u>Held to maturity investments</u>
Beginning balance on June30, 2013	49 807 691	695 675
Additions	42 424 236	0
Deductions	(16 467 780)	(211 525)
Translation differences resulting from monetary foreign currency assets	278 016	1 713
Losses from fair value difference	3 503 846	0
Impairment charges	(8 434)	18 039
Balance at end of year 2014	<u>79 537 575</u>	<u>503 902</u>
Beginning balance on June30, 2012	44 845 975	915 637
Addition	13 757 404	166 141
Deduction	(9 625 882)	(434 944)
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	<u>49 807 691</u>	<u>695 675</u>
9- Customers' Deposits		
	<u>30/6/2014</u>	<u>30/6/2013</u>
Demand deposits	14 664 843	11 680 187
Call and time deposits	61 536 226	39 184 847
Saving certificates	75 447 493	62 456 286
Saving deposits	85 300 590	73 059 712
Other deposits	3 254 513	2 452 786
	<u>240 203 665</u>	<u>188 833 818</u>
Corporate deposits	63 647 204	41 206 192
Retail deposits	176 556 461	147 627 626
Total	<u>240 203 665</u>	<u>188 833 818</u>
Non-interest bearing balances	16 079 426	12 237 456
Variable interest rate balances	106 367 610	84 817 529
Fixed interest rate balances	117 756 629	91 778 833
Total	<u>240 203 665</u>	<u>188 833 818</u>
Current	183 672 585	133 276 911
Non current	56 531 080	55 556 907
	<u>240 203 665</u>	<u>188 833 818</u>

Amounts in EGP Thousand

10- Other Loans

	Interest Rate	Balance as at	Balance as at
	<u>%</u>	<u>30/6/2014</u>	<u>30/6/2013</u>
Denmark International Development			
Loan of Egyptian Holding Co. Silos & Storage - Fayoum	Nil	14515	17 473
Qena / Menia / Beni Sweif Silos Complex	Nil	49 900	58 488
Social Fund / thirteenth Contract	7%	0	96
The Contract of development of small and medium-projects	7%	2 804	4 410
The Contract of development of a poultry	4%	971	1 402
C.B.E .Local Supportive Loan	Nil	1 245 255	1 109 213
C.B.E .Local Supportive Loan (Five years)	Nil	688 418	603 425
Long term loans for financing SMEs- future step	7%	85 000	120 000
Social fund loans-Bright future	8.50%	37 500	0
Long – term loans -Egyptian Company for refinancing	10.25%	18 778	0
Social fund loans- Enterprise Development Project	8.50%	10 000	0
Short-term loans from foreign banks	1.20%	142 802	0
		2 295 943	1 914 507
Current		207 213	17 783
Non current		2 088 730	1 896 724
		2 295 943	1 914 507

11- Other Provisions

	<u>30/6/2014</u>	<u>30/6/2013</u>
Provision for legal claims	1 158 750	1 053 534
Provision for contingent liabilities	427 281	537 440
Other	22 276	20 561
Total	1 608 307	1 611 535

12- Post retirement benefits liabilities

Amounts recognized in the Balance sheet

	<u>30/6/2014</u>	<u>30/6/2013</u>
Post retirement medical benefits	1 172 956	780 848
End of service benefits	128 802	135 943
Total	1 301 758	916 791

Amounts recognized in the income statement

Liabilities for post retirement medical benefits	470 587	590 083
Liabilities for end of service benefits	22 361	24 239
Balances at the end of the year	492 948	614 322

The main actuarial assumptions used by the bank are outlined below

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.

	<u>30/6/2014</u>	<u>30/6/2013</u>
Legal reserve	465 753	350 584
General reserve	449 892	342 538
Capital reserve	252 004	243 063
Reserve for the rise in fixed asset prices	40 796	40 796
Supportive reserve	774 798	301 114
Fair value reserve	3 447 943	(88 157)
Special Reserve	6 927	6 927
General Banking risk reserve	545 599	582 615
Financial statements translation differences Reserve	179 593	134 866
Total reserves	<u>6 163 305</u>	<u>1 914 346</u>

15- Earnings per share

	<u>30/6/2014</u>	<u>30/6/2013</u>
Net profit attributable to the shareholder (EGP thousand) (1)	2 347 515	1 018 132
<i>Divided by weighted average number of shares (thousands of shares)(2)</i>	<u>2 280 000</u>	<u>2 280 000</u>
Earnings per share (EGP)(1:2)	<u>1.03</u>	<u>0.45</u>

16- Comparative figures

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