



بنك مصر  
BANQUE MISR

نعمل معاً لخير بلدنا

BANQUE MISR - S.A.E.  
Summarized Financial Statements  
As of and for the year ended  
June 30, 2012

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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, 2012

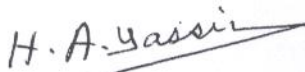
To : The Shareholders' of Banque Misr (S.A.E.)

We have audited the financial statements of Banque Misr (S.A.E) as of and for the year ended June 30, 2012 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 January 13, 2013 we expressed an unqualified opinion on the bank's financial statements as of June 30, 2012 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, 2012.

For the better understanding of the Bank's financial position as of June 30, 2012 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 : February 25, 2013



DR. Hazem A.Yassin

Egyptian Accountants (EGAC)



Magda Atia Hafez

Central Auditing Organization

**BANQUE MISR - S.A.E.**  
**Balance Sheet as of June 30, 2012**  
(Amounts are Expressed in EGP Thousands)

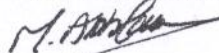
	Note	<u>30/6/2012</u>	<u>30/6/2011</u>
<b>Assets</b>			
Cash and balances at central banks		12 243 225	17 276 222
Due from banks		18 319 850	16 670 956
Treasury bills		45 586 857	41 637 695
Financial assets held for trading	(5)	4 009 561	4 170 669
Loans and advances to banks	(6)	660 557	465 883
Loans and advances to customers	(7)	43 459 344	45 352 035
Available for sale investments	(8)	44 845 975	36 626 844
Investments held to maturity	(8)	915 637	963 832
Investments in subsidiaries and associates		1 963 702	2 653 860
Other assets		15 337 646	11 157 707
Fixed assets (net of accumulated depreciation)		500 400	474 697
<b>Total Assets</b>		<b><u>187 842 754</u></b>	<b><u>177 450 400</u></b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Liabilities</b>			
Due to banks		4 436 301	3 106 946
Customers' deposits	(9)	162 523 605	154 474 764
Other loans	(10)	1 668 727	6 704 769
Other liabilities		4 674 007	4 199 123
Other provisions	(11)	1 627 278	1 756 908
Deferred tax liabilities		218 134	170 427
Post retirement benefits liabilities	(12)	395 034	-
<b>Total Liabilities</b>		<b><u>175 543 086</u></b>	<b><u>170 412 937</u></b>
<b>Shareholders' Equity</b>			
Paid-in capital	(13)	11 277 692	5 000 000
Reserves	(14)	313 113	2 037 463
Retained earnings		708 863	-
<b>Total shareholders' equity</b>		<b><u>12 299 668</u></b>	<b><u>7 037 463</u></b>
<b>Total Liabilities and Shareholders' Equity</b>		<b><u>187 842 754</u></b>	<b><u>177 450 400</u></b>
<b>Contingent Liabilities and Commitments</b>			
Liabilities for letters of guarantee, letters of credit and other commitments		15 743 995	15 100 589

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

**Sherif Samy**  
**Chief Financial Officer**



**Mohamed Abbas Fayed**  
**Vice Chairman**



**Mohamed Barakat**  
**Chairman**

  
**M. A. Hafez**  
**Magda Atia Hafez**

Auditors' report attached

**H. A. Yassin**  
**DR. Hazem A. Yassin**

Auditors

**Egyptian Accountants (EGAC)**

**Central Auditing Organization**

د. حازم أحمد ياسين  
محاسب قانوني  
١٢ شارع أبو المعالي - العجوزة



**BANQUE MISR - S.A.E.**  
**Income Statement for the year ended June 30, 2012**  
(Amounts are Expressed in EGP Thousands )

	Note	<u>30/6/2012</u>	<u>30/6/2011</u>
Interest income		13 040 328	10 767 311
Interest expense		<u>(9 055 521)</u>	<u>(8 629 042)</u>
<b>Net interest income</b>		<u><b>3 984 807</b></u>	<u><b>2 138 269</b></u>
Fees and commission income		840 754	790 133
Fees and commission expense		<u>( 13 544)</u>	<u>( 12 272)</u>
<b>Net fees and commission income</b>		<u><b>827 210</b></u>	<u><b>777 861</b></u>
<hr/> Dividend income		374 277	466 739
Net trading income		199 132	497 154
Gains ( losses) from financial investments		( 351 377 )	181 345
Impairment charges for credit losses		55 871	(115 624)
General and Administrative expenses		(2 580 138)	(2 042 162)
Other operating expenses		( 84 359)	( 232 754)
		<hr/>	<hr/>
<b>Profit before tax</b>		<u><b>2 425 423</b></u>	<u><b>1 670 828</b></u>
Income tax expense		<u>(1 716 560)</u>	<u>( 1 155 446)</u>
<b>Net Profit</b>		<u><b>708 863</b></u>	<u><b>515 382</b></u>
<b>Earnings per share (in EGP)</b>	(15)	<b>0.63</b>	<b>0.49</b>

**BANQUE MISR - S.A.E.**  
**Summarized statement of cash flows for the year ended June 30, 2012**  
(Amounts are Expressed in EGP Thousands )

	<u>30/6/2012</u>	<u>30/6/2011</u>
Net cash flows provided from (used in) operating activities	7 519 734	(7 569 552)
Net cash flows used in investing activities	(7 607 770)	(54 345)
Net cash flows provided from financing activities	<u>1 217 250</u>	<u>32 816</u>
Net increase (decrease) in cash and cash equivalents during the year	1 129 214	(7 591 081)
Cash and cash equivalents at the beginning of the year	<u>21 215 245</u>	<u>28 806 326</u>
Cash and cash equivalents at the end of the year	<u><u>22 344 459</u></u>	<u><u>21 215 245</u></u>
<b><u>Cash and cash equivalents include :</u></b>		
Cash and due from central banks	12 243 225	17 276 222
Due from banks	18 319 850	16 670 956
Treasury bills	45 586 857	41 637 695
Deduct : Due from CBE obligatory reserve balance	(9 744 139)	(15 208 192)
Deduct : Due from banks (over three months maturity )	(91 340)	(234 814)
Deduct : Treasury bills (over three months maturity )	<u>(43 969 994)</u>	<u>(38 926 622)</u>
Cash and cash equivalents at the end of the year	<u><u>22 344 459</u></u>	<u><u>21 215 245</u></u>

BANQUE MISR - S.A.E.

Summarized statement of changes in shareholders' equity for the year ended June 30, 2012

( Amounts are Expressed in EGP Thousands )

	Note No	Paid in Capital	Legal Reserve	General Reserve	Capital Reserve	Fair Value Reserve	Special Reserve	General Banking Risks Reserve	Reserve for increases in F/A prices	Retained Earnings	Total
<b>Balance as of July 1, 2010</b>		3 400 000	228 809	285 893	523 813	972 946	6 927	3 551	1 450 690	(3 081)	6 869 548
Foreign currency translation differences		-	-	-	68 465	-	-	-	-	-	68 465
Net change in fair value of available for sale investments (net of tax)		-	-	-	(331 709)	-	-	-	-	-	(331 709)
Capital Increase		1 600 000	-	-	(312 414)	-	-	-	(1 287 586)	-	0
Net profit		-	-	-	-	-	-	-	-	515 382	515 382
Dividends		-	-	-	-	-	-	-	-	(84 223)	(84 223)
Transfers to reserves		-	51 189	14 863	414	-	-	361 612	-	(428 078)	0
<b>Balance as of June 30, 2011</b>	13,14	5 000 000	279 998	300 756	280 278	641 237	6 927	365 163	163 104	0	7 037 463
<b>Balance as of July 1, 2011</b>		5 000 000	279 998	300 756	280 278	641 237	6 927	365 163	163 104	0	7 037 463
Net change in fair value of available for sale investments (net of tax)		-	-	-	-	(1 680 075)	-	-	-	-	(1 680 075)
Foreign currency translation differences		-	-	-	(44 275)	-	-	-	-	-	(44 275)
Capital Increase		6 277 692	-	-	-	-	-	-	-	-	6 277 692
Net profit		-	-	-	-	-	-	-	-	708 863	708 863
<b>Balance as of June 30, 2012</b>	13,14	11 277 692	279 998	300 756	236 003	(1 038 838)	6 927	365 163	163 104	708 863	12 299 668

**BANQUE MISR - S.A.E.**  
**Statement Of Profit Appropriation**  
**for the year ended June 30, 2012**  
(Amounts are Expressed in EGP Thousands )

	<u>30/6/2012</u>	<u>30/6/2011</u>
<b>Net profit</b>	708 863	515 382
<b>Deduct:</b>		
Gain on sale of fixed assets transferred to capital reserve	3 001	414
Accumulated Losses	0	3 081
<b>Gross Distributable Profit:</b>	<b>705 862</b>	<b>511 887</b>
<b>Deduct:</b>		
Legal reserve	70 586	51 189
General Banking Risks Reserve	217 453	361 612
<b>Net Distributable Profit:</b>	<b>417 823</b>	<b>99 086</b>
<u>To be Distributed as follows:</u>		
General reserve	41 782	9 909
Reserve for increases in fixed assets prices	0	4 954
Transfers to the Fund for reforming public sector banks	0	4 459
Supportive reserve	301 114	0
Employees` share in profit	74 927	19 941
State share in profits	0	59 823
<b>Total</b>	<b>417 823</b>	<b>99 086</b>



## **BANQUE MISR - S.A.E**

### **Summarized Notes to the financial statements for the year ended June 30, 2012**

#### **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 479 branches in the 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 12,344 employees.

These financial statements were approved in the General Assembly meeting dated February 24, 2013.

#### **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 Accounting 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 investment.

##### **B- Foreign currency translation**

###### ***B/1 Functional and presentation currency***

Items included in the financial statements of each of the bank's branches are measured using their functional currency, being the basic currency of economic environment in which the branch operates. These separate financial statements are presented in Egyptian pound, which is the functional currency of the domestic branches and the presentation currency of the bank's financial statements.

###### ***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 Dividend Income*

Dividends are recognized when declared.

#### **D- Treasury bills**

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

#### **E- 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 advances 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.

The objective evidence for impairment loss of the financial asset includes observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although not possible to determine the decrease of each asset separately.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant, and in this field the following are considered:

- 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 cannot 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%
Automated systems	25%	Furniture	100%
Equipment	12.5%	Fixtures	From 12.5% To 33.5%
IT equipment	25%		

## **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 other than for mandatory reserve, 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. such 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 for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the balance sheet date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions. For obligations due within less than twelve months from the balance sheet date, provisions are calculated .

### **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.

### **3. Financial risk management**

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in 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 approved by the Board of Directors. 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.

### *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:

	Amounts in EGP Thousand	
Capital	<u>30/6/2012</u>	<u>30/6/2011</u>
Tier 1 capital	11 262 990	5 955 671
Tier 2 capital	<u>1 619 426</u>	<u>3 368 688</u>
Total capital	<u>12 882 416</u>	<u>9 324 359</u>
Total risk weighted assets and contingent liabilities	75 324 583	70 782 356
Capital adequacy ratio	17.10%	13.17%

#### **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.



Amounts in EGP Thousand

## 5- Financial assets held for trading

	<u>30/6/2012</u>	<u>30/6/2011</u>
<b>Debt instruments</b>		
Government bonds	0	144 721
Other debt securities	390 000	501 494
Investment portfolios managed by external managers	3 497 897	3 333 494
<b>Total Debt instruments</b>	<u>3 887 897</u>	<u>3 979 709</u>
<b>Equity instruments</b>		
Shares	116 776	185 473
Mutual fund certificates	4 888	5 487
<b>Total Equity instruments</b>	<u>121 664</u>	<u>190 960</u>
<b>Total Financial assets held for trading</b>	<u>4 009 561</u>	<u>4 170 669</u>

## 6- Loans and advances to banks

	<u>30/6/2012</u>	<u>30/6/2011</u>
Term loans	674 634	483 149
Deduct : provision for loan losses	(14 077)	(17 266)
<b>Total</b>	<u>660 557</u>	<u>465 883</u>

## 7- Loans and advances to customers

	<u>30/6/2012</u>	<u>30/6/2011</u>
<b>(1) Retail</b>		
Over draft	377 664	522 252
Credit card loans	132 717	124 560
Personal loans	3 649 646	2 924 609
Mortgages loans	126 179	36 849
<b>Total retail</b>	<u>4 286 206</u>	<u>3 608 270</u>
<b>(2) Corporate loans (including loans to small businesses)</b>		
Over draft	19 751 520	20 577 481
Direct loans	18 709 374	21 252 875
Syndicated loans	9 308 500	10 032 358
<b>Total Corporate</b>	<u>47 769 394</u>	<u>51 862 714</u>
<b>Total loans and advances to customers(1+2)</b>	<u>52 055 600</u>	<u>55 470 984</u>
Deduct: provision for loan losses	(8 330 586)	(9 778 502)
Deduct: unearned discount and interest in suspense	(265 670)	(340 447)
<b>Net loans and advances to customers</b>	<u>43 459 344</u>	<u>45 352 035</u>
Gross loans distributed to:		
Current	41 080 300	43 140 336
Non-Current	10 975 300	12 330 648
	<u>52 055 600</u>	<u>55 470 984</u>

Amounts in EGP Thousand

### Provision for loan impairment

Analysis of the provision for loan impairment .

	30/6/2012			30/6/2011		
	Non Performing Loans	Performing Loans	Total	Non Performing Loans	Performing Loans	Total
Balance at beginning of the year	9 405 387	373 115	9 778 502	23 000 775	669 394	23 670 169
Transfers	(133 256)	133 256	0	470 796	(342 034)	128 762
Losses of Impairment from loans	48 929	21 763	70 692	60 518	17 271	77 789
Recoveries of loans previously written off	276 939	0	276 939	35 631	0	35 631
Foreign currency revaluation differences	23 680	(23 538)	142	151 086	28 484	179 570
Write-offs	(1 791 170)	(4 519)	(1 795 689)	(14 313 419)	0	(14 313 419)
<b>Balance at the End of the year</b>	<b>7 830 509</b>	<b>500 077</b>	<b>8 330 586</b>	<b>9 405 387</b>	<b>373 115</b>	<b>9 778 502</b>

June.30, 2012	Retail				
	Overdrafts	Credit cards	Personal loans	Mortgages	Total
	368,249	4,346	121,190	6,688	500,473
June.30, 2011	Overdrafts	Credit cards	Personal loans	Mortgages	Total
	395,156	12,005	57,984	2,421	467,566

June.30, 2012	Corporate				
	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
	7,265,242	294,830	270,041	0	7,830,113
June.30, 2011	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
	9,032,355	216,619	61,962	0	9,310,936

### 8- Financial investments

	30/6/2012	30/6/2011
<b>(A) Available for sale Investments</b>		
Debt instruments – Listed	34 124 628	26 123 205
Equity instruments – Listed	5 314 552	6 003 394
Debt instruments – Unlisted	1 557 200	1 557 200
Equity instruments – Unlisted	3 849 595	2 943 045
<b>Total available for sale investments (1)</b>	<b>44 845 975</b>	<b>36 626 844</b>
<b>B) Held to maturity Investments</b>		
Debt instruments – Listed	161 954	208 636
Debt instruments – Unlisted	374 338	429 535
Equity instruments – Unlisted	379 345	325 661
<b>Total held to maturity investments (2)</b>	<b>915 637</b>	<b>963 832</b>
<b>Total financial investments (1+2)</b>	<b>45 761 612</b>	<b>37 590 676</b>
Current	4 971 334	1 774 093
Non current	40 790 278	35 816 583
	<b>45 761 612</b>	<b>37 590 676</b>

Amounts in EGP Thousand

The following table analyzes activity in financial investments during the year:

	<u>Available for sale investments</u>	<u>Held to maturity investments</u>
<b>Beginning balance on June30, 2011</b>	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)
<b>Balance at end of year</b>	<u><u>44 845 975</u></u>	<u><u>915 637</u></u>
<b>Beginning balance on June30, 2010</b>	29 972 130	7 126 099
Addition	9 489 339	43 324
Deduction	(2 386 405)	(6 399 979)
Translation differences resulting from monetary foreign currency assets	7 547	201 117
Losses from fair value difference	(248 336)	0
Impairment charges	(207 431)	(6 729)
<b>Balance at end of year</b>	<u><u>36 626 844</u></u>	<u><u>963 832</u></u>
 <b>9- Customers' Deposits</b>		
	<u>30/6/2012</u>	<u>30/6/2011</u>
Demand deposits	9 244 157	8 579 046
Call and time deposits	36 598 315	39 171 755
Saving certificates	47 758 430	40 469 648
Saving deposits	66 747 665	64 102 053
Other deposits	2 175 038	2 152 262
	<u><u>162 523 605</u></u>	<u><u>154 474 764</u></u>
Corporate deposits	36 595 154	40 552 801
Retail deposits	125 928 451	113 921 963
<b>Total</b>	<u><u>162 523 605</u></u>	<u><u>154 474 764</u></u>
Non-interest bearing balances	9 801 259	9 247 460
Variable interest rate balances	80 957 486	78 079 044
Fixed interest rate balances	71 764 860	67 148 260
<b>Total</b>	<u><u>162 523 605</u></u>	<u><u>154 474 764</u></u>
Current	119 880 884	132 764 569
Non current	42 642 721	21 710 195
	<u><u>162 523 605</u></u>	<u><u>154 474 764</u></u>



Amounts in EGP Thousand

## 10- Long Term Loans

	Interest Rate	Balance as at	Balance as at
	%	30/6/2012	30/6/2011
Denmark International Development Aids ( Central Bank of Egypt )	Nil	1 049	3 594
Loan of Egyptian Holding Co. Silos & Storage - Fayoum	Nil	17 638	23 894
Gena/Menia/Beni Sweif Silos Complex	Nil	58 022	77 293
Social Fund / Twelfth Contract	6.5%	0	11 550
Social Fund / thirteenth Contract	7%	477	858
The Contract of development of small and medium-projects	7%	12 750	15 000
Long term loans – future step	7%	60 000	0
The Contract of development of a poultry	4%	1 833	15 000
C.B.E .Local Supportive Loan	Nil	1 516 958	880 090
Ministry of Finance Long – term deposit	7%	0	5 677 490
		<b>1 668 727</b>	<b>6 704 769</b>
Current		17 787	33 643
Non current		1 650 940	6 671 126
		<b>1 668 727</b>	<b>6 704 769</b>

## 11- Other Provision

	30/6/2012	30/6/2011
Provision for legal claims	1 042 146	943 704
Provision for contingent	567 656	697 392
Other	17 476	115 812
<b>Total</b>	<b>1 627 278</b>	<b>1 756 908</b>

## 12- Post retirement benefits liabilities

30/6/2012

### Amounts recognized on the Balance sheet:

Liabilities for post-retirement medical benefits	259 455
Liabilities for end of service benefits	135 579
<b>Total</b>	<b>395 034</b>

### Amounts recognized in the income statement :

post-retirement medical benefits	259 455
<b>Total</b>	<b>259 455</b>

The main actuarial assumptions used by the bank are outlined below :

Discount rate	11%
Long term inflation rate	8%

### 13- Paid-in capital and reserves

#### A. Authorized capital

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

#### B. Issued and paid-in capital

On 27 June 2012 the Board of Directors of the Bank decided to increase the paid-in capital by 6278 million pounds, after the approval of the Ministry of Finance to capitalize the subordinated loan that was previously granted by the Ministry to the Bank amounting to 5679 billion pounds in addition to the transfer of 599 million pounds in cash. Accordingly, the issued and paid-in capital amounts to EGP 11278 million divided into 2255 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.

Amounts in EGP Thousand

	<u>30/6/2012</u>	<u>30/6/2011</u>
Legal reserve	279 998	279 998
General reserve	300 756	300 756
Capital reserve	236 003	280 278
Reserve for Increasing in fixed assets prices	163 104	163 104
Fair Value reserve	(1 038 838)	641 237
Special reserve	6 927	6 927
General Banking risk reserve	365 163	365 163
<b>Balance at the end of the year</b>	<b><u>313 113</u></b>	<b><u>2 037 463</u></b>

### 15- Earnings per share

	<u>30/6/2012</u>	<u>30/6/2011</u>
Net profit attributable to the shareholder (EGP thousand) (1)	633 936	490 982
Divided by weighted average number of shares (thousands of shares)(2)	<u>1 013 759</u>	<u>1 000 000</u>
Earnings per share (EGP)(1:2)	<u>0.63</u>	<u>0.49</u>

### 15- Comparative figures

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