ANNUAL REPORT 2013 2014

البنك الأهلي المصري
NATIONAL BANK OF EGYPT

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ABOUT THE NATIONAL BANK OF EGYPT

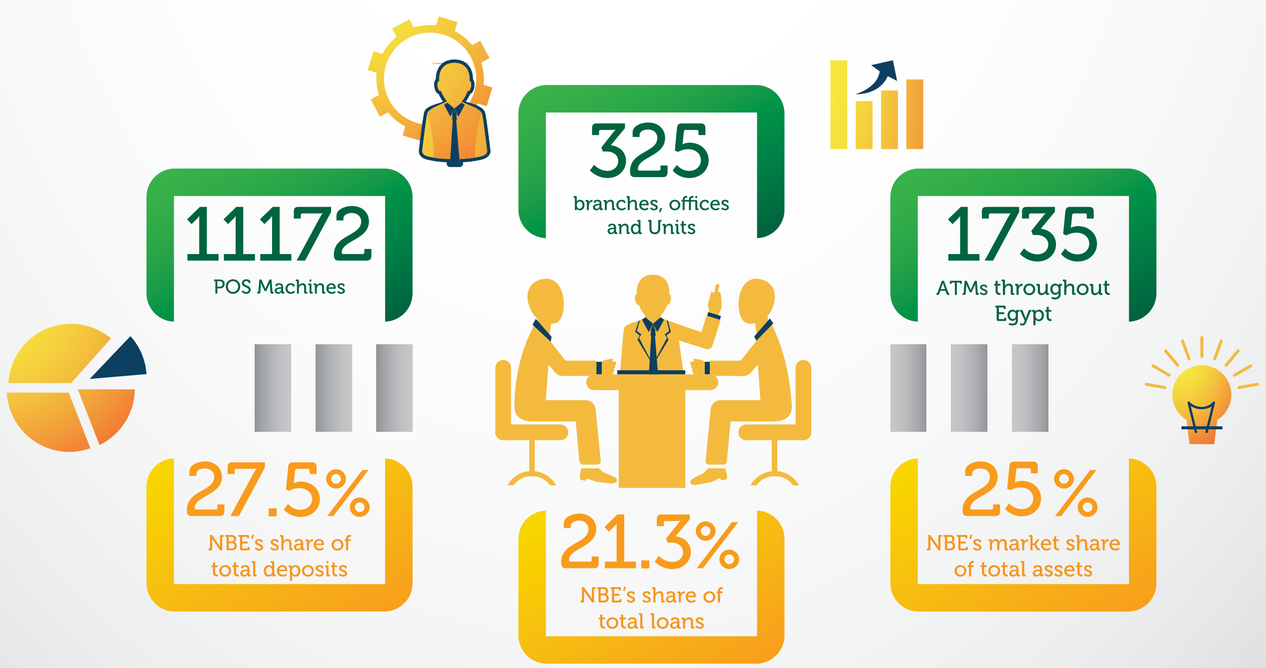
Since its inception in 1898 with a capital of GBP1 million, NBE has been regarded as one of the oldest and most respected commercial banks in Egypt. Never isolated from national issues or concerns, NBE has been the primary supporter of Egypt's national economy by financing the major Egyptian national projects throughout the 20th century, like the Aswan reservoir and the Assiut aqueducts, even extending into financing the farming of Egyptian cotton – the main agricultural crop to the clients at the time.

NBE never faltered from supporting the economy even at the height of crisis periods. The banking services remained operational in between the First and Second World War, and the banking arm remained extended until the rise of the revolution. NBE resumed its role in the years of oriented economy, economic openness, and market economy.

NBE's missions and operations have continuously evolved throughout history and the economic and political changes experienced by the country. NBE was entrusted with issuing banknotes and handling the government accounts, then in the 1950's its activities evolved to undertaking the duties of the Central Bank. In the 1960's it focused on commercial banking while still handling the central banking duties in locations where the Central Bank had no branches. Eventually, issuing and managing Investment Certificates for the State. NBE currently controls 25% of the market share of total assets in the Egyptian banking sector, 27.5% of total deposits, and 21.3% of total loans.

NBE relies on a large network of branches, offices and 325 banking units across the country, alongside an international presence through the National Bank of Egypt (United Kingdom), the National Bank of Egypt (Republic of the Sudan) and the National Bank of Egypt's branches in New York (United States of America) and Shanghai (People's Republic of China), as well as representative offices in Johannesburg (South Africa), Dubai (United Arab Emirates), and Adis Ababa (Republic of Ethiopia), in addition to a branch in the Dubai International Finance Centre. NBE also has a network of correspondents throughout the world, but centered in Europe -Egypt's primary trade partner.

NBE is always keen on an effective presence in brokerage, financing different sectors, and maintaining the client's trust by offering the best and latest services. Whilst leading the local banking market, NBE is continuously upgrading its network of branches and channels of electronic communication, and strives to refine its human resources through advanced national and international training programs.



MISSION

"To maintain its leadership role atop the Egyptian banking system, boost performance rates and maximizing intermediation to support development, protect the national economy and financial stability whilst safeguarding depositor funds and maximizing returns on investments."

BOARD OF DIRECTORS

Hesham Ahmed Okasha
Chairman

Hussein Gawdat El Guereitly
Board Member

Adel Hosny Hussein Hosny
Board Member

Sherif Mohamed Elwi
Deputy Chairman

Mahmoud Montaser Ibrahim
Deputy Chairman

Mohamed Seif El Nasr
Board Member

Abla Mohy El-Din Abd El-Latif
Board Member

CHAIRMAN'S LETTER

I am pleased to share with you the contents of the National Bank of Egypt's annual report, where we'll review the achievements of FY 2013/14, a year marked by initiating improvement in economic changes on the national and international levels.

Results of FY 2013/14 have shown improvement in some economic indicators causing a slight increase in rate of economic growth to 2.2% as at June 2014, compared to 2.1% last year. The inflation rate dropped to 8.7% as at June 2014, compared to 9.7% last year. The Egyptian pound depreciated against the US dollar reaching EGP7.15 as at June 2014 versus EGP7.00 last year.

NBE continued to strive through FY 2013/14 achieving an EGP90.4 billion growth of the total asset from last year, reaching EGP456.5 billion as at June 2014 with a growth rate of 25%. NBE also managed to increase equity to EGP25.2 billion as at June 2014, and achieving a 15% return on equity. Additionally, NBE achieved a growth of 18% on net profit before tax reaching EGP8.4 billion, and EGP3.7 billion in net profit as at June 2014 with an increase of 23% from last year.

In the area of credit and loans, indicators showed a 9% growth in total loans in the current year reaching 124.6 billion as at June 2014, compared to a 7.2% average growth rate in the banking sector. Total market loans grew to EGP39.1 billion of which the NBE contributed EGP9.9 billion representing 25.4% of the market loan growth.

Results show a 26% growth in customer deposits to EGP393 billion as of June 2014, compared with a 20.4% growth in the banking sector. Total deposits grew EGP242.2 billion of which NBE contributed EGP 80.5 billion representing 33% of market deposit growth.

NBE has continuously supported corporate banking sector by providing financial needs. The larger corporates total loan portfolio has been increased to EGP 2.4 billion at a growth rate of 3% with the total portfolio reaching EGP 85 billion as at June 2014. The portfolio is balanced and diverse, between major companies and the development sector like oil, energy, electricity, gas, telecom, air transport, tourism and contracting.

To preserve the quality of the portfolio, NBE has worked tirelessly to stand by the companies affected by the economic situation, despite the unprecedented challenges and exceptional circumstances that made achieving goals and implementing strategies no easy feat. Two new administrations were put in place specializing in trade finance and bonds.

In keeping up with the plans of Egypt for development of the small and medium enterprises, NBE has shown continuous support for this sector for the effective and positive effect it has on turning the economy wheel. NBE was one of the most important instruments used to reach the final fund recipient. The small and medium enterprises loan portfolio grew 36% in June 2014 reaching EGP13.5 billion while, throughout the year, injecting EGP6 billion into the sector and attracting more than 11,000 new accounts to increase job opportunities and lighten the unemployment load between the youth, and offering the best financial services with the goal of achieving a wide coverage of the Egyptian market in financing craftsmen and small and medium enterprises through specialized teams. The transactions with the social fund for development throughout the year have reached EGP1.3 billion versus EGP1.25 billion last year, administered by designing 10 lines of credit product to loan to the targeted segments for various economic activity with a competitive interest rate of 10%. Since the fund's establishment in 1992, 95 contracts have been concluded worth EGP8.25 billion.

Financial settlement and debt rescheduling reached a total value of EGP2.65 billion, not mentioning marginal returns, for 318 clients. The percentage of non-performing loans within total loans dropped to 5% within the year of the report compared to 5.6% last year, aside from supporting clients by injecting additional funding to help them overcome their financial crisis after conducting detailed studies.

Retail banking has gained the interest of NBE where a 18% growth rate has been achieved in total retail loans, surpassing the 14.6% average growth rate of the market. Due to improving and diversifying the retail programs and products NBE offers to all the sectors, the retail loan portfolio has reached EGP26.2 billion as at June 2014. This is also due to NBE possessing the largest network of branches and ATMs covering all parts of Egypt.

As part of a strategic plan to offer alternatives for banking transactions, and an already present network of almost 325 branches, offices and units spread throughout Egypt, the number of ATMs has increased to 1,735 machines as at June 2014, with 200 more machines than last year, and controlling about a third of the market. POS machines have increased 2,003 machines reaching a total of 11,172 machines as at June 2014 with a growth rate of 22% from last year.

As part of NBE's strong belief in social responsibility, the bank's policies have focused on supporting three main axis including the health, education and development of informal housing and combatting poverty. NBE has donated a total of EGP150 million in FY 2013/14 to fulfill the needs of society.

The results and accomplishments achieved by NBE are primarily due to the actual application of a restructuring program, improving systems, policies and protocol throughout the bank. The interaction between the employees and the administration, a communal sense of trust, change and competitiveness have been crucial at maintaining leadership and achieving the highest possible growth rates and client satisfaction.

In light of recent circumstances, we are confident in the progressive direction of the banking sector. We've seen positive indicators along the road, the most important of which is Egypt's credit rating moving up to "B-" from "CCC+" in November 2013 by S&P after five consecutive drops since 2011. Banks operating in the Egyptian market can now receive loans from international institutions, and an increasing credit demand from our clients to expand their business or start new ones are both positive indicators as well. We are all aware of the important task assigned to us. Economic development is one of the cornerstones of the future, and the key to develop our deeply rooted institutions to reach their highest efficiency rates. NBE will continue its role as the largest banking institution in Egypt, keeping its financial structure and client deposits safe, all the while improving itself as a national wealth with a sustainable and continuous part to play in economic development.

Finally, we, at NBE, believe that our success is measured by the success of the communities we serve. This deep belief has made our role in society crystal clear. We don't just offer financial solutions, we are partners in prosperity and a source of motivation for growth. With our human capital and resources, compared to our ability to reach people and impact society positively, our true calling, and the ultimate goal we want to maintain, is being a source of evolution and luxury for society.

We are striving to strengthen this message every day by offering financial solutions that create more job opportunities and push the development wheel, and by creating social programs that raise the quality of life, enrich the social capital, strengthen talents and help build a prosperous modern society that is able to compete internationally.

Hesham Ahmed Okasha
Chairman

STRATEGY

STRATEGY

NBE's strategy aims at continuing growth and financial durability, including increasing the market share through a series of initiatives:

- Developing retail banking products for individuals while rolling out new products and spreading geographically and through electronic channels to maintain leadership over banking services.
- Keeping up with the State's plan to develop the role of small and medium enterprises for their axiomatic role in growing the national economy.
- Following a marketing strategy to attract a large number of new clients and add them to the portfolio, focusing on clients from the private sector to lessen the focus on the public sector, and increasing the rate of loaning to companies through diversifying through the main economic sectors.
- Revamping NBE's investment portfolio through exiting certain projects by selling the bank's shares with the goal of achieving capital gains and allowing us the opportunity participate in newer projects that serve the national economy and help achieve development plans, in addition to restructuring stumbling companies to allow room for the rise of entities focused on contributing to economic development.
- Applying and developing worldwide approaches in the credit risk management.
- Continuing to develop the operational risk while preparing a database of external operational risk events to prepare and employ an efficient mechanism that is appropriate with the size and reputation of NBE locally and internationally, with the goal of continuously providing vital business in the case critical circumstances.
- Strengthening the capital base of NBE, and diversifying sources of funding.
- Centralization of operations and creating a strong IT infrastructure to maintain accuracy, swiftness and better performance levels to maintain client satisfaction.
- Continuously improving employee performance rates through institutional development, training courses and goal-oriented administration.

SOCIAL RESPONSIBILITY

NBE is currently the forerunner in areas of social responsibility, and is regarded as one of the highest contributing banking entities in the vital areas that directly impact citizen's health, educational and financial needs.

This is evident through NBE's contributions of over EGP600 million over the last five years that focused on three main axis - developing informal housing and combating poverty, the health sector and education sector, which involved a sum of about EGP150 million to fulfill the needs of society in FY 2013/14.

While NBE's role in areas of social responsibility is considered eminent and can be enjoyed by citizens, especially those of lower income brackets, these achievements have contributed to supporting the medical projects sector by improving the infrastructure and providing government and university hospitals with modern equipment and machines in various governorates throughout Egypt. Those contributions were spread to supporting the education sector and developing it, eventually reaching charity organizations and projects dedicated to combating poverty. The most important sectors NBE has supported in FY 2013/14 were the following:

Developing informal housing and combating poverty

EGP 60 million to improve informal housing.

Health Sector

EGP20 million to the Aswan University Hospital to establish an Intensive Care Unit and surgery wing.

EGP13 million to the Ain Shams University hospitals to buy a linear accelerator for the department of oncology.

EGP10 million to Abul Reish Al Yabani Children's Hospital to improve the Cardiac Catheter Unit.

EGP9 million to Badr Hospital, an affiliate of Helwan University, to buy devices and equipment.

EGP8 million to develop the Center for Liver and Heart Research in Kafr El Sheikh.

EGP4 million to the Urology and Nephrology Center in Mansoura to buy a CT Scan machine.

EGP4 million to the Abbasiya Chest Disease Hospital to buy equipment.

EGP1 million to the Sahel Educational Hospital to buy dialysis machines.

Education Sector

EGP3 million to the charity supporting Al-Azhar University in Al Bahnasa, Minia to complete the faculty of Desert Agriculture and Agro-Processing.

EGP3 million to the National Bank of Egypt Charity Association to improve two governmental schools one of which is for the mentally handicapped.

EGP2 million to the Masr ElKheir foundation to provide nursing staff in hospitals.

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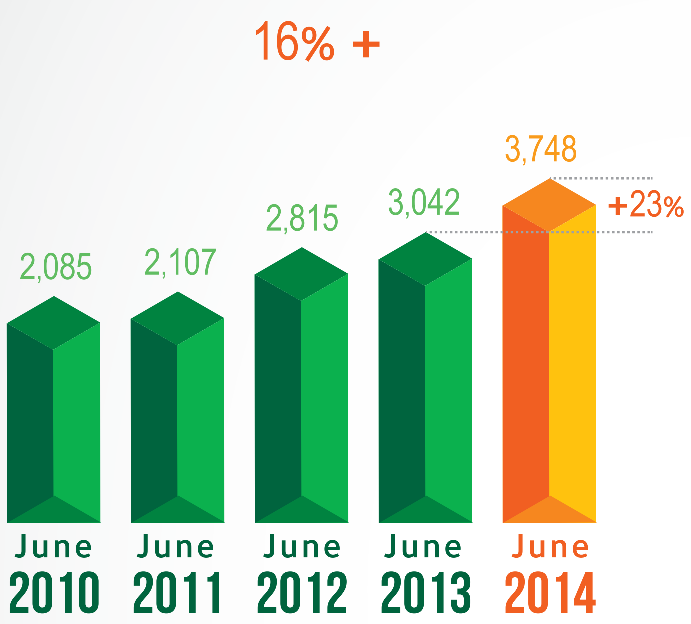
SOCIAL RESPONSIBILITY

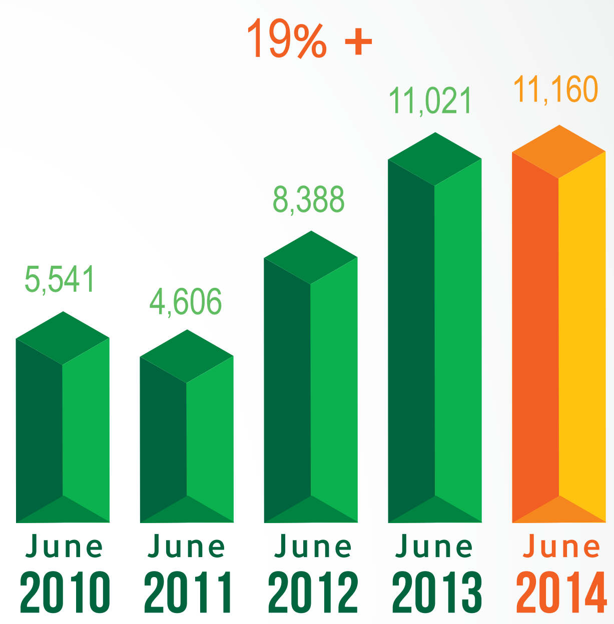
PERFORMANCE LEVELS

PERFORMANCE LEVELS
AS AT JUNE 2014

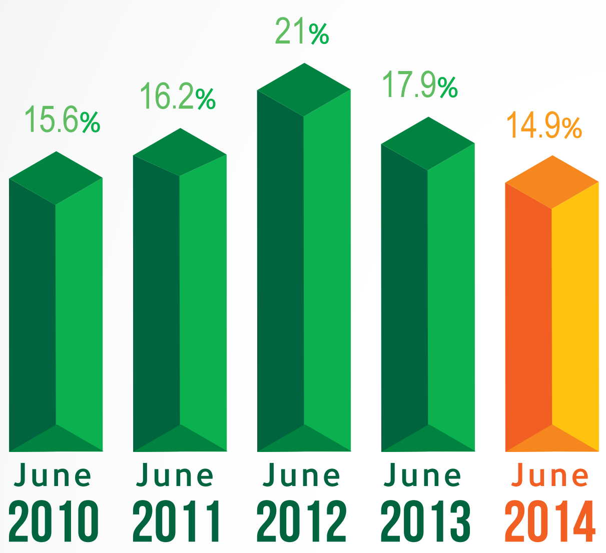
Net Profit
EGP million



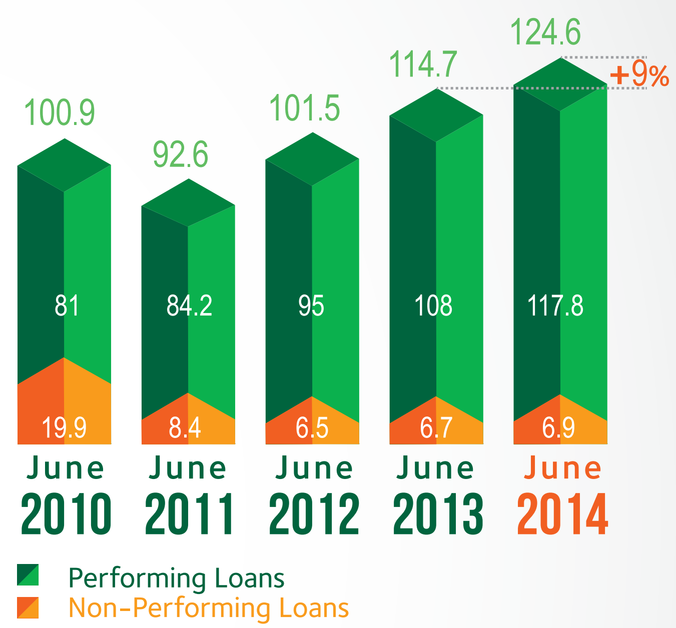
Net Interest Income
EGP million



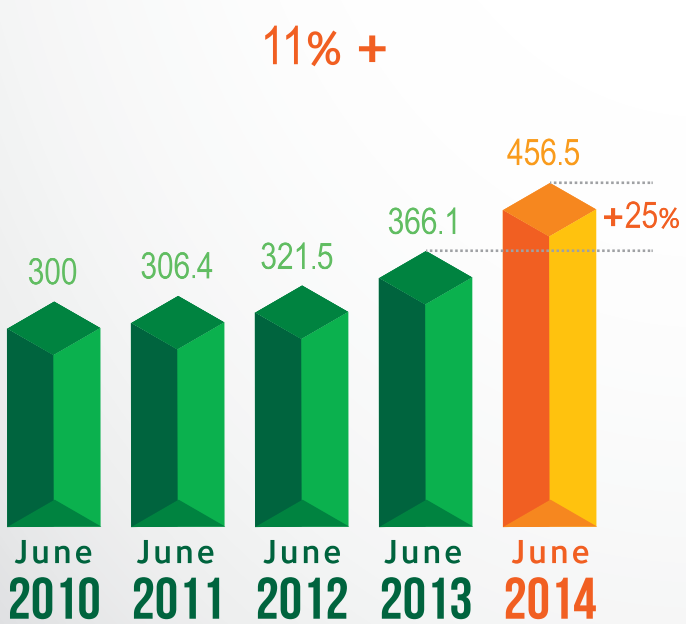
Return on Equity



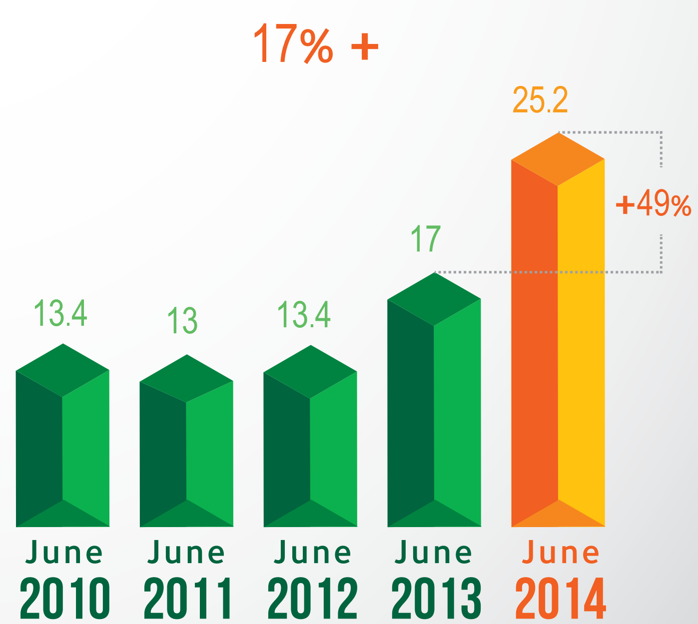
Gross Loans
EGP billion



Total Assets
EGP billion

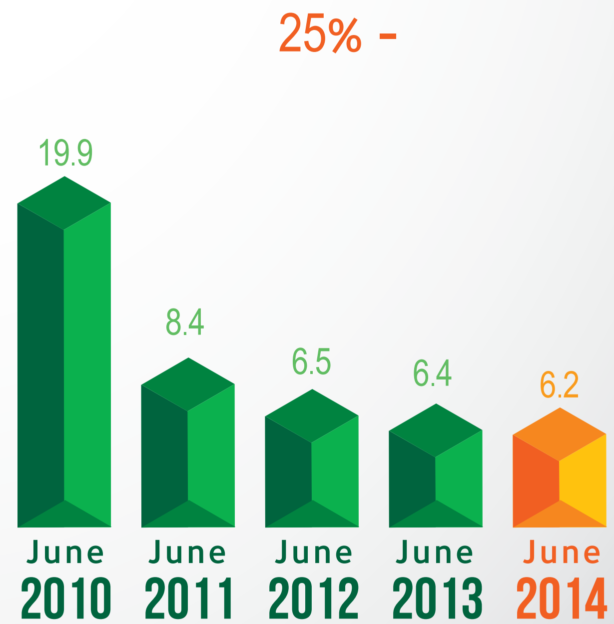


Total Shareholder's Equity
EGP billion



Total Deposits
EGP billion

Non-performing loans
EGP billion



A SUMMARY OF NBE'S MAIN ACTIVITIES

CREDIT RISK

Credit Risk is considered one of the most important sectors at NBE. Increasing its effectiveness is one of the strategic goals NBE is trying to achieve by applying the best international practices of credit risk management. The following are the most important practices of the credit risk during the year of the report:

- Identifying and monitoring the main types of credit risks NBE carries and propose methods of coverage or reducing their impact.
- Monitoring the bank's target of growing the credit portfolio, increasing profitability, and improving the portfolio by maintaining the current average credit rating at the fifth tier, while conducting periodical reviews and updating the credit ratings of the bank's clients.
- Suggesting acceptable risk limits in various activities in cooperation with representatives of the bank's units, and identifying the strategy of transacting with the different economic activity sectors by contributing in placing credit ceilings.
- Supporting the decision making process and administration, and develop methods for monitoring and control through periodical data presented to the bank's senior management including the monthly report on the status of cases presented to the credit committees, and develop a strategy for handling customers whose debt exceeds the bank single obligator and also handling reports of facilities that are waiting for renewals and their renewal position.
- Preparing an economic capital report on the risks of the NBE's business plan with quantitative measurement on the ability of NBE's capital to afford the basic risk of its business target.
- Participating in placing a strategy to develop the Enterprise Risk Management system in cooperation with one of the leading international institutions in developing risk measurement systems, based on the best international practises for risk management, to measure risk and stay in compliance with the Basel Accord, and manage NBE's capital under normal and pressured conditions, and measure profitability.
- Following up on the application of NBE's compliance with the Central Bank's instructions regarding the minimum Capital Adequacy Ratio and participating in evaluating the Capital Adequacy of the bank's budget and assess the extent of regulatory capital adequacy required to meet the estimated risks of business targets.
- Reviewing and updating the credit policies of NBE including permission to grant credit, terms to form credit committees and the regulations required to hold a hearing, and publish them on the bank's internal network after making the necessary adjustments, to comply with the restructuring plan, development, rules, regulations and risk management plan, and reaching a point where credit decisions can be made swiftly without breaching the code of conduct and minimizing risks.
- Improving and developing the content for query reports including integrated and accurate digital information from multiple sources.
- Evaluating and following up on the performance of the outsourced investigation companies with regards to retail clients, and follow up on the application of the model.

LARGE CORPORATE

NBE is considered a forerunner in funding the activities of companies in Egypt for the importance it holds in funding the development projects and infrastructure of the national economy to achieve the optimum use of the bank's liquidity. Based on this premise, NBE has paid special care to maintaining its strategy with regards to diversifying its portfolio and expanding in the sectors while undertaking several initiatives to support the economy, increase production, and stimulating credit through supporting the strategic economic sectors while taking into consideration the financing rates per client from the capital base. In addition, NBE pays special attention to developing the skills of the employees and creating a second line of command.

NBE follows a marketing strategy to attract a large number of new clients and adding them to the portfolio, and focusing on clients from the private sector to lessen the portfolio's focus on the public sector while increasing the loaning rates to companies by diversifying into the main economic sectors.

Throughout the FY 2013/14, NBE has worked rigorously to support the companies affected by the hard economy to preserve the quality of the portfolio, despite the unprecedented challenges and exceptional circumstances that made achieving goals and implementing strategies no easy feat. Two new administrations were put in place specializing in trade finance and bonds.

The main activities with increased direct usage during the year of the report

- Tourism and real estate development sector EGP1.521 Billion
- Contracting sector EGP915 million
- Financial services sector EGP798 million
- Petroleum sector EGP613 million

SMALL AND MEDIUM ENTERPRISES

In tandem with the State's plan for development of the small and medium enterprises, NBE has shown continuous support for this sector for the effective and positive effect it has on turning the economy wheel. NBE was one of the most important instruments used to reach the final fund recipient.

NBE has continued its active role, providing SMEs with the necessary funding, given their vital importance to the Egyptian economy; NBE has put these projects at the forefront of its agenda, by providing loans through the SME portfolio, which increased by EGP 3.5 billion during the year, rating nearly EGP6 billion have been injected into the sector over the year. (Whether sourced through new client additions—worthing EGP3.7 billion—or through additional funds from existing clients, worthing EGP2.3 billion) compared with EGP4.6 billion last year.

Total direct facilitating funds granted to these projects reached EGP13 billion to finance more than 37,000 projects by creating financial packages from the products and programs more most appropriate to their respective segments. NBE's strategy through the current fiscal year is focusing on this segment which plays a pivotal role in raising economic development rates, and lowering unemployment rates. NBE aims to double the amount of funding available to this segment within the next two years.

The percentage of marginalized accounts has dropped to 0.8% from the total portfolio as at June 2014, compared with 1.6% and 2.9% of the total portfolio as of june 2013 and june 2012 respectively.

Launching from NBE's role to finance projects that receive priority due to size, implementation and appropriate cost, and believing that SMEs are growing into a promising market and a priority in development, the sector didn't stop at achieving the quantitative goal of growing the portfolio, it also achieved qualitative results in the following fields:

- In the field of creating awareness and promotion of the 25 credit products, through a number of protocols a system was put in place to allowing members of the Chambers of Commerce and Industry to file for funding for their SME sector, paving the way for coordinating with the branches to study these files.
- In the context of diversifying the SME portfolio to encompass all sectors of the market, reaching the microenterprises, NBE has adopted a direction to stimulate the role of NGOs in the field of loaning to micro enterprises, by dedicating a segment of lending, reaching EGP1 billion, to re-loan to the microenterprises. The total funding allocated to the NGOs has reached EGP850 million to 15 NGOs and businessmen.
- In line with providing affordable funding to the targeted segments, NBE was able to intensify its connections and hold several meetings with international financing institutions which led to three contracts and a partnership to develop SMEs in the following respect: a contract agreement with the European Bank for Reconstruction and Development (EBRD) worth USD50 million, another with the European Investment Bank (EIB) worth EUR80 million, and a third with the Saudi Fund for Development worth USD200 million. All the above reflects the trust international financing institutions have in the National Bank of Egypt and the Egyptian economy.
- To establish a strategic relationship with the Social Fund for Development, achieve the desired development in SMEs, and providing funding packages, the total volume of contracts with the fund has reach EGP1.3 billion this year versus EGP1.2 billion last year. Administered by designing 10 lines of credit product to loan to the targeted segments for various economic activity with a competitive interest rate of 10%. Since the fund's establishment in 1992, 95 contracts have been concluded worth EGP8.25 billion.

- In the field of updating and formulating a new work methodology:
  - Formulating a new methodology to monitor the market and competition, and improve the products in cooperation with FSVC.
  - Beginning to formulate the agricultural funding strategy in cooperation with the Include Association with funding from the African Development Bank.
- In the field of regulation and work procedures:
  - Improve and accredit the risks of operating in the SME sector.
  - Improve and accredit the employee flow chart into the SME sector.
- In the field of developing human resources in SMEs, the training department has been notified of the training plan for all employees in SMEs and identifying the main programs (Credit Course SME Banking Certificate, Product Development, and Financial Analysis).

INVESTMENT SECTOR

In tandem with enforcing NBE's strategy, which aims at growing the national economy and maximizing the monetary performance of the bank through several axis.

Among them, is participating in the major national projects in different sectors of economic activity, which reflected on maximizing its investments and directing them correctly. At the end of June 2014, NBE contributed to 182 projects, with a combined capital of EGP51.7 billion, of which NBE invested EGP13.8 billion with a percentage of 27% of total capital. This is besides the value of facilitated credit granted to these projects which amassed to EGP9.2 billion as at June 2014.

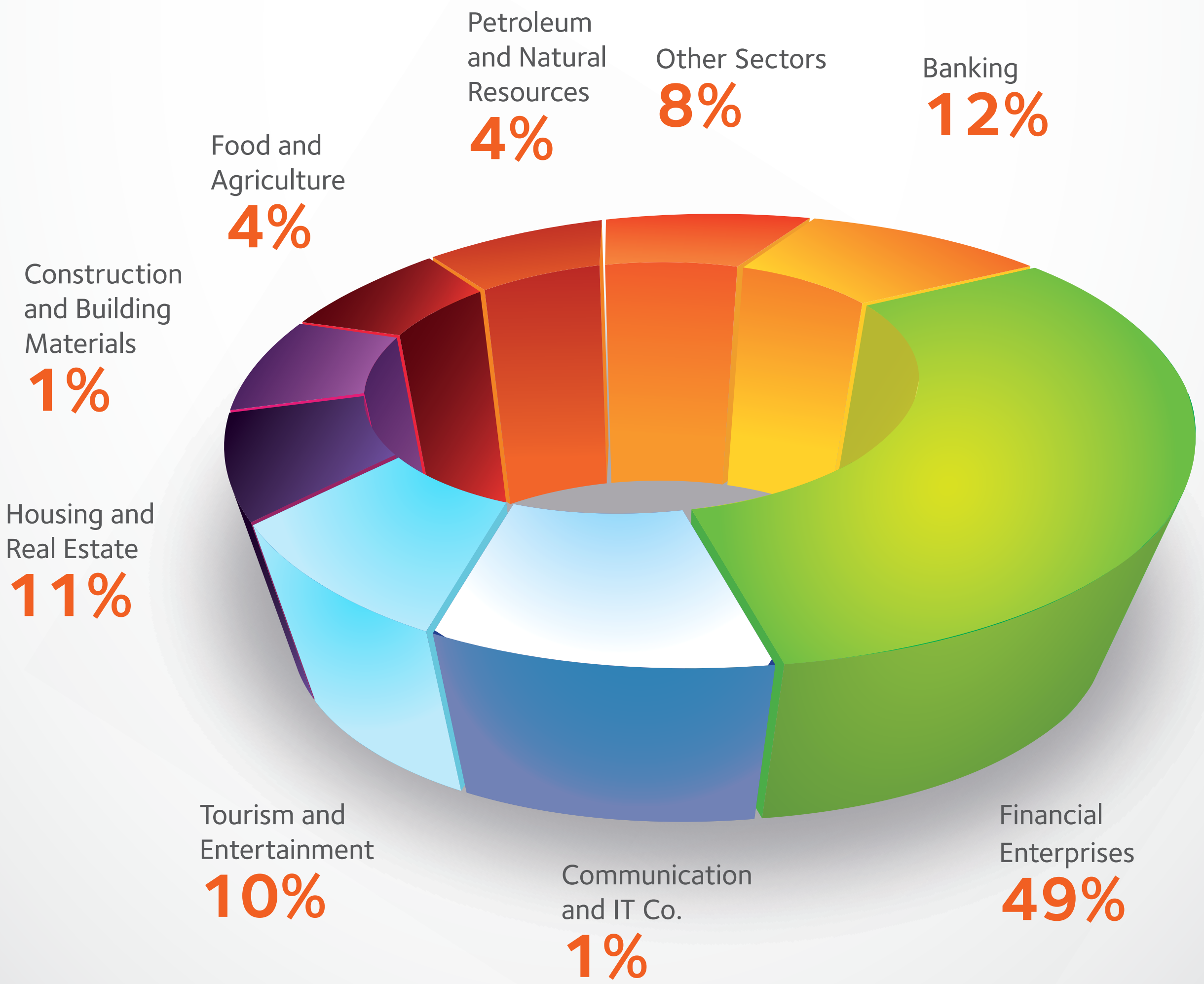
NBE investment portfolio is divided over the active sectors as of June 2014 as shown below:

EGP billion

Sector	Number of Projects	Project's Issued Capital	Equity Value	%
Financial Enterprises	28	13.3	6.8	49.28%
Banking	6	5.2	1.7	12.32%
Housing and Real Estate	24	8	1.5	10.87%
Tourism and Entertainment	32	5	1.4	10.14%
Other Sectors	49	9	1	7.25%
Food and Agriculture	17	3	0.6	4.35%
Petroleum and Natural Resources	11	4.4	0.5	3.62%
Construction and building materials	4	3.3	0.2	1.45%
Communications & IT Co.	11	0.5	0.1	0.72%
Total	**182**	**51.7**	**13.8**	**100%**

NBE's investment portfolio contains several vital and strategic projects that support the national economy, for example:

- Banking Sector including the Ahli United Bank UK.
- Financial Enterprises Sector including Al Ahly Capital.
- Communication and IT Sector including e-Finance.
- Tourism Sector including Misr International Towers.
- Housing and Real Estate Sector including Al Ahly for Real Estate Development.
- Construction and Building Materials Sector including Medcom Aswan Cement.
- Food and Agriculture Sector including Al Ahly Land & Agricultural Reclamation.
- Petroleum Sector and Natural Resources Sector including Alexandria National Refine & Petrochemicals (ANRPC).
- Other Sectors including trade, distribution and medical companies.



- From the figure of the oppesite page, it's obvious that the financial services sector is of great importance to NBE and occupies 49% of the investment portfolio. This sector also includes the largest direct investment from NBE in the form of Al Ahly Capital Holding which represents 43% of the total portfolio. Al Ahly Capital contributed to 14 companies working in different fields including cement, petrochemicals, tourism, real estate funding. Following that is the Banking Sector with 12%, then Housing and Real Estate with 11%, then the Tourism Sector with 10%. Other Sectors-Medical, trade, distribution and others— 8%, while the Food and Agriculture Sector comes last with 4%.
- 109 companies from the portfolio—with a total Modified Book Value of EGP9.8 billion with 90%—achieved profits including companies which declared dividends and companies withheld dividends for the financial year 2013/2014.
- Return on Investment Totaled at EGP556 million in FY 2013/14 in the form of Cash Dividends worth EGP294 million to 55 banks and companies—with a total Modified Book Value of EGP3.4 million—and Capital gain of EGP262 million as an outcome of selling shares in some companies.
- NBE has increased its Nominal Shares to EGP19 million in some of the companies it has invested in.
- NBE's policy aims to revamp the investment portfolio through exiting certain projects by selling the bank's shares with the goal of achieving capital gains and allowing us the opportunity participate in newer projects that serve the national economy and help achieve development plans, in addition to restructuring stumbling companies to allow room for the rise of entities focused on contributing to economic development.

WORK OUT SECTOR

The net decrease of the nonperforming loan portfolio reached about EGP31 million to reach EGP5.981 billion in June 2014 compared to EGP6.012 billion in June 2013 despite the increase of value of debts of the existing clients and transferring EGP365 million worth of new clients, revealing the true decrease of the portfolio to reach EGP396 million.

The total value of marginal and financial settlements and debt rescheduling reached EGP2.65 billion aside from marginal returns to 318 clients—including settlements worth EGP1.43 billion for clients within the budget and settlements worth EGP1.22 billion for clients outside the budget.

3 nonperforming clients were restructured after their debts reached EGP 611 million, aside from marginal returns. The total value of new loans to restructure reached about EGP40 million—direct and indirect funding.

The total proceeds from nonperforming loans reached EGP798 million presented in EGP362 million cash proceeds from nonperforming clients within the budget, and EGP309 million from nonperforming clients who've previously been transferred outside of the budget—including EGP296 million cash proceeds and EGP13 million— aside from EGP127 million from performing clients administered by the loan treatment unit.

RETAIL BANKING

NBE's strategy in 2014 focused on the continuous improvement and development of the retail products that satisfy the needs of the wide and diverse client segments, either through the branches or the customer service centers and alternative channels scattered throughout Egypt. NBE completed implementing the new service model in all the branches during the year of the report. The model is based on improving customer service and investing in the IT infrastructure as well as applying a centralized operations system that aims at increasing profitability and offering the highest levels of service to the clients. This model has had a positive impact on customer satisfaction and revenue.

The portfolio of retail loans grew 18%, surpassing the 14.6% average growth rate of the market. The retail loan portfolio has reached EGP26.2 billion after adjusting the credit policies for personal loans which contributed to incorporating more incentives and client needs. Several personal loan credit policy clauses were amended in February 2014 which allowed the addition of new client segment - private school and university staff, increase the maximum amount of funding to technical labour, craftsmen and junior officers, which contributed to incorporating more incentives and client needs. This in turn grew the personal loan portfolio to reach EGP13.8 billion since the launch of the product, which accounted for 52% of the retail loan portfolio.

With regards to client deposits, results showed a 26% growth in the size of the deposits during the current year to reach EGP393.3 billion as at June 2014, compared to 20.4% growth in the banking sector, where the deposits in the market grew EGP242.4 billion of which NBE acquires EGP80.5 billion representing 33% of the growth. This came as a result of launching new saving scheme products which are characterized by diversity in the periodical pay on returns without resorting to competitive pricing.

Maintaining leadership in the field of issuing cards, where the total number of issued debit and prepaid cards has reached 5.2 million cards as at June 2014. The usage of these cards increased 19% throughout the year to reach EGP42 billion. The total fees for withdrawal transactions/buying with these cards outside the branches of NBE have reached EGP37.4 million transactions per year this year. A growth rate of 50% has been reached in the usage of Master Card debit cards for bills and purchases to reach EGP1.2 billion. The usage of Visa debit cards on the internet has just offered as part of the mission to develop methods of electronic payment and new banking products to satisfy client needs "verified by Visa".

In cooperation with Al Fardan Abu Dhabi and Al Rajhi Bank in Saudi Arabia, NBE has trial launched new prepaid cards - for general use and transfers - to the targeted segments of clients through certain branches of the bank ahead of the full expansion into all the branches and expanding the number of foreign representatives likely to be liaisons of clients' transfers.

NBE has introduced an ACH system for payments and receipts, which represent an integrated financial solution for all payments and proceeds of companies enabling them to process credit and debit orders electronically (including direct credit - direct debit) achieving many benefits in reducing operational risks / risk associated with fund transfer / fraud and dispense of paperwork and finally replacing paper transfers by electronic transfers to save time, effort and ease of using a complete, safe and secure system.

NBE possesses the largest network of ATMs, totalling up to 1,735 machines, with 200 more machines than last year. The total number of cash withdrawal transactions totalled at 59.4 million worth EGP64.8 billion with a growth rate of 28%. The total cash deposit transactions totalled at 1.1 million worth EGP1.4 billion with a growth rate of 81% from last year.

2003 new POS machines were added totalling at 11,172 machines to minimize the use of cash in shopping, in addition to promotional campaigns that encourage traders and clients to use their cards in transactions (trader discounts - customer cash back campaigns).

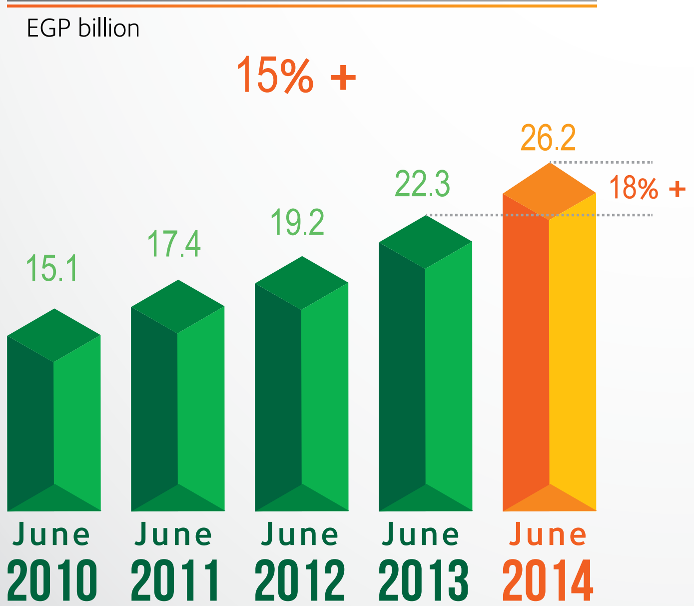
NBE has continued its development in electronic banking services. After launching Al Ahly Net to individuals and companies, NBE also launched a smartphone platform, Al Ahly App . NBE currently controls 50% of E-commerce market payments in Egypt, with total annual proceeds of EGP1.3 billion in FY 2013/14, with a growth of 18.4%, and total commissions of FY 2013/14 reaching EGP32.2 million with a growth of 17.2% from last year.

NBE has offered a complete electronic system to improve methods of payroll and periodical entitlements through NBE's Payroll Current Accounts, which simplify the process payroll for large companies through the use of NBE's network which guarantees ease and security, while offering benefits to employees.

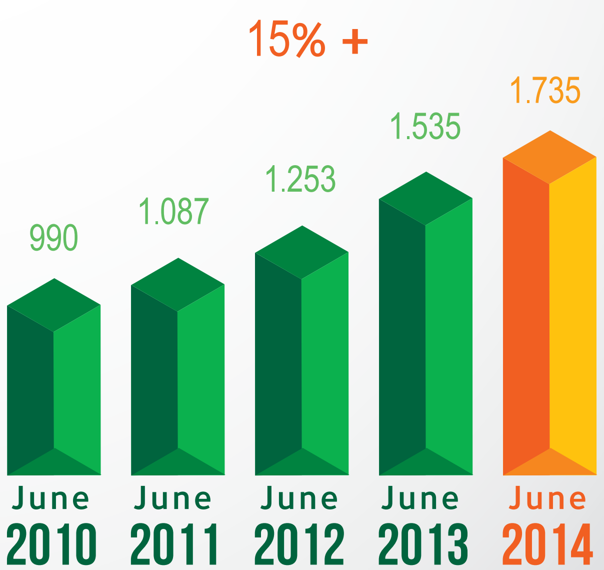
Through Al Ahly Phone, clients can inquire about their balance, foreign exchange rates, request account statements and inquire about the return rates on saving schemes and any of the NBE's products and services. Clients can also pay their credit card bills, terminate lost cards and request a replacement. All the above can be done in seconds with the price of a normal phone call which saves both the bank and the client's time, cost and effort, and greatly reduces the load on the bank's branches. In the current fiscal year, the number of received phone calls from clients increased to 2.2 million of which 92.5% were answered.

Activating the Automated Clearing House (ACH) system which allows transfer of salaries and pensions as well as Direct Credit which allows inquiries and transactions with companies online which has had a positive impact on customer satisfaction.

Total Retail Loans



Number of ATMs



TREASURY

Treasury Sector is one of the most important business sectors at NBE, as it is responsible for investing in the bank's excess capital and foreign currency while keeping a sound and balanced portfolio to minimize risk to the lowest level while providing liquidity to help fulfill the bank's needs.

To achieve this goal, the bank's management invested in the human capital, and developed new working schemes and systems, in addition to initiatives that resulted in a number of achievements over this year:

- Our bank succeeded in attracting foreign currency revenues against EGP reaching USD 6.8 billion.
- Our clients demands of foreign currency were fulfilled within free market range with the total of USD 7 billion, especially basic goods such as food, medicine, petrolium products, and intermediary goods.
- Trading (Buying/Selling) in the interbank market for foreign currencies reached USD 4 billion despite canceling credit limits of our bank by most foreign banks.
- Secondary market was activated through selling and buying treasury bills, which resulted in a capital profit of EGP 119 million and EGP 10 billion revenues.
- Government bonds were activated through selling/buying bonds, resulting in profits of EGP 389 million to our bank and EGP 13 billion revenues.
- FX Hedge were executed for an equivalent of USD 157 million, resulting in an additional profit of EGP 4 million.
- Interbank sale of cash resulted in a profit of EGP 20 million, compared with EGP 6 million last year.

OPERATIONS

The Operations continued its contributions in developing the bank's current strategy in various areas. This resulted in a number of positive attributes that were reflected in swift performance and client satisfaction as follows:

- International Money Transfers in 2013/2014 reached USD 14.8 billion, USD 6.7 billion of which came from corporates, and USD 8 billion from Egyptian expats savings, compared to USD 14.6 billion last year USD 6.8 billion of which came from corporates and USD 7.8 billion from Egyptian expats savings. Total value of waived amounts from clients saving accounts reached USD 1.8 billion versus local currency.
- Payroll in public sector companies reached 890 units with 929 thousand cards.
- Collection of tax cheques revenues reached EGP 94.5 billion for a total of 485 thousand cheques during the reported year, reaching a total of 2.3 million collected cheques since the system was launched in 2009 with a total value of EGP 387.1 billion. Total cash collections to tax authority reached EGP 3.1 billion through the year, reaching a total of EGP 11.1 billion since the launch of the system.
- E-payment system for governmental payments (taxes/customs) in all bank's branches covering all of Egypt and is controlled through a central unit to guarantee payments are adequately covered and monitored.
- New services have been added as a contribution from our bank to collect governmental payments (taxes/customs) in the form of having a (taxes/customs) teller to accept small deposits from tax entity's side to facilitate the process to funders.
- Total of cash and electronic collectables to the customs authority reached around EGP 1.5 billion with an increase of 100% from last year, reaching a total of receipts since starting the system in 2009 of EGP 2.7 billion.

INFORMATION & TECHNOLOGY

The IT group at NBE contributed some of the best solutions and applications that improved banking services offered to clients and state institutions, ultimately supporting NBE's leading role in Egypt's banking system and improving NBE's standing regionally and internationally:

- Providing a complete framework for I-Flex project on MF, which represents the first stage for loans and also providing the necessary needs for Middle Ware projects which represents the first stage to deal with Core Banking & Essentis without affecting the actual work environment of development and operations sectors to make all necessary tests before merging with the new system.
- Several updates to the I-Flex project database to improve the response time, and improve the Daily Batch performance from 15 hours to 3.
- Upgraded the IT infrastructure in the New York branch (computers, storage, networks, telephones, security) while continuing upgrades to the Khartoum branch.
- Alternative backup power options (UPS, Generators) implemented to maintain operations and transactions at 99.8% of branches and 97% of ATMs even if the national power grid weakens.
- IMRC Fujitsu monitoring applications were implemented on 300 computers which decreased faults from 20% to 2%.
- A 24 hour alert system was implemented to bring attention to system failures before they happen. For example (Ahly Net - Aptra - AML - Fraud - SMS - Reuter)
- Lessened the credit information system application waiting time on large accounts to 1.5 hours from 6 hours.
- Expanded SMS's sent to clients to reach more than 140,000 SMS messages daily.
- Launched the mobile application through the internet, as well as activating the Phone Cash service, which is a new service in cooperation with the telecom companies in Egypt to pay or transfer through the mobile phone.
- Upgraded a complete system for all human resources activities covering all stages, from applying through the bank's website through to creating a large database of potential candidates which NBE can fall back on when needed. The internal implementation of this system saved USD590,000 in comparison to offers from other companies.
- NBE has gained certification of compliance with Visa and MasterCard requirements to secure electronic cards' data (PCI- DSS)
- Raised the level of security awareness throughout the bank by implementing security standards and field visits to the bank's units.
- Motivated employees to gain the required international accreditation. 17 employees gained accreditation in networks, databases, security and UNIX and MS systems.

CORPORATE GOVERNANCE

NBE pays special attention to abiding by correct governance procedures. The board of directors is committed to applying the highest standards of professional performance throughout the bank's activities, by abiding by a guide of bank governance issued by the board of directors and updated to comply with the best international practises and the Central Bank of Egypt which has adopted the Basel Accord's recommendations on governance.

This is apparent in the methodology used by the board of directors and senior management of NBE in managing the day to day activities of the bank, which affects how to complete set goals and stay committed to responsibilities towards beneficiaries, depositors, regulators and governments.

The governance system at NBE is built on the following grounds:

- Fairness in the treatment of all stakeholders involved.
- Transparency to allow stakeholders to assess the performance and financial situation of the bank.
- Balance between the bank's management and the board of directors, and between the board of directors and the stakeholders.
- Authority and accountability, a clear division of the limits of authorities.
- Setting a good example, the actions of the board of directors should be an example to all administrative levels of the bank.
- Developing a code of conduct for all employees, senior management, and the philosophy followed by the management.
- Establishing safe channels for employees to report illegal or unethical activities.
- Establishing policies in dealing with conflicts of interest.
- Social and environmental responsibilities.

In culmination of the efforts spent in the field of governance, Mr. Sherif Abdel Razek, the head of the Banking Compliance and Corporate Governance group, received the award for best Corporate Governance Official in the Gulf and Middle East in 2013 from the ACC (Allied Compliance Consultants.)

COMPLIANCE

The regulatory compliance sector of the bank plans, administers and applies the best practises of compliance throughout all the fields to guarantee the bank's compliance with domestic and international regulations and legislation and minimizing the resulting risks.

The range of the application includes all of the bank's local and international branches, as well as subsidiary companies.

The compliance sector seeks to minimize the expected risks resulting from breaking regulatory laws by applying the compliance role efficiently in a number of activities, the most important of which are:

- Constant monitoring of the bank's branches and administration's compliance with policies, procedures, laws and domestic and international legislation.
- Placing a compliance policy, approving it from the board of directors and circulating it to all employees of the bank's branches and subsidiary companies.
- Acting as the liaison between the regulatory authorities for data and information.
- Analyse and evaluate the new products and ensure regulation compliance.
- Review the activities related to keeping the laws and regulations issued by the Central Bank of Egypt and swiftly offering the information needed to stakeholders, all while maintain regulatory compliance.
- Monitoring the extent of compliance with compliance policy and procedure, and presenting results to compliance committee for recommendations, and presenting to audit committee.
- Participating in raising awareness of employees on the importance of banking compliance to the bank.
- Maintaining effective communication with international branches of NBE to ensure compliance with domestic and international laws and regulations.
- Providing branches with any new amendments to regulations, and receiving periodical reports on compliance from international branches.
- Reviewing the reports from compliance officials and regulatory authorities on violations concerning compliance, and coordinate with the relevant departments to correct them and prevent them from happening in the future, as well as notifying the executive management and preparing an appropriate response to the regulatory authorities.

ANTI-MONEY LAUNDERING AND COUNTER TEARRORIST FINANCING

NBE seeks to improve its reputation in all the countries in operates in by strictly abiding by all anti-money laundering laws applied domestically or international, in addition to abiding by the international guidelines to anti-money laundering issued by FATF.

The application of the tax compliance for American accounts law (FATCA) where the necessary training was provided to those in charge of enforcing the law in the bank and ensures full compliance with the law, as well as registering in the IRS and receiving a GIIN number, and registering all subsidiary companies EAG. NBE's name has been on the first list of financial institutions participating in the law which has been published on June 2nd, 2014.

Our own Mr. Ihab El Masry, the head of the Anti-Money Laundering unit, received the prize for best Compliance Official in the Gulf and Middle East in 2013 from the ACC. (Allied compliance consultants)

INTERNAL INSPECTION

Following the Risk Based Audit system while applying the Top Down Approach where you start at the highest levels of monitoring over the bank's main sectors.

Providing the audit committee and executive management of a neutral and unbiased opinion on how effective the bank's policies and monitoring system are at maintaining risk management at acceptable levels while maintaining the best professional practise.

The group completed 242 inspections in the year of the report, and offered 2800 recommendations to the various executive bodies of the bank categorized by high, medium and low importance. 1800 of which have already been taken into account while the rest are checked periodically.

INTERNAL AUDIT

Preparing the internal auditing sector policy which includes the ethical principles of the internal auditor.

Working with the different banking sectors, for example:

- Provide the operational risk sector with a monthly report that includes regulatory notes and necessary actions to be taken.
- Provide performance evaluation sector with annual assessment of the bank's branches including how committed they were with applying the bank's instructions, and the extent of their response to meet the requirements of the auditors, and the extent of the knowledge of the employees of the regulations and instructions.

Training a group of internal auditing employees to carry out the task of reviewing the sectors of the operational group, by holding workshops to discuss the work procedures in the different sectors of the main branch.

OPERATIONAL RISK

Preparing and implementing an efficient Business Continuity Management mechanism, appropriate with the NBE's name and reputation domestically and internationally. 4 alternative headquarters have been prepared and supplied logistically, in addition to automated systems that can operate all viral business activities under any unforeseen circumstances. (170 periodical tests have been run in the alternative units).

Logging and creating an Internal Incidents Database that can be studied, analysed and used to place protocols. (3637 incidents were logged, 3771 corrective actions were put into place).

An External Incidents Database has been created, logging incidents from other financial institutions, for the first time in Egyptian banks, to improve the information received concerning operational risks that could be faced and how to avoid them. (181 incidents have been recorded).

Reviewing the different new work procedures and periodical letters before they are issued, with the purpose of studying them and minimizing the operational risk. (75 new work procedures and 40 letters were studied).

Process Maps documenting the various products and activities offered at differing bank units have been created. 433 process maps have been prepared for 102 units/12 automated systems in the bank, in addition to updating 950 process maps of 171 units.

39 Risk Profiles were created with the purpose of evaluating the operational risk of 58 units/12 automated systems, in addition to the new products/services offered, through Operational Risk Assessment Workshops (ORA).

A Criticality Assessment has been put in place to assess the danger levels of implementing computer applications, in addition to a Logical Access Management Policy, with the intention of reaching the appropriate safety standards for the systems in compliance with the Basel Accord.

An In-House automated system has been put in place to monitor and evaluate the operational risk in compliance with the Basel Accord, and provide methods of extracting reports, statistics and an early warning system the senior management needs though periodical reports. (MIS).

244 awareness lectures were given to our employees about operational risk, in addition to 45 electronic publications.

MARKET RISK

Trading portfolio activity risks

Updating methods of measuring trade portfolio risk by applying methods of Expected VaR, Trading Portfolio Risk VaR, Stress Testing, Mean Semi – Deviation, and Shortfall.

Calculating market value (MTM) for concluded financial derivative operations with correspondents by using Current Exposure according to instructions by the Basel Accord.

Implementing a standardized method for calculating required capital to meet market risk, to meet the requirements of the Central Bank, according to the Basel Accord.

Continuing the development and renewal of follow-up, risk limits and front office private system plans.

Update practical reference in accordance with developments.

Liquidity Risks

Prepare the practical reference to liquidity risks.

Follow up on limits of liquidity gaps and report them to ALCO committee.

Follow up on liquidity indicators and report them to ALCO committee.

Prepare multiple scenario stress tests for the liquidity risk.

Calculate the cost of closing the liquidity gap and presenting them to the appropriate sectors.

Daily monitoring of changes in sources of funding (client deposits).

Interest Rate Risks

Create a Historical VaR Simulation.

Calculating the required capital to meet the Interest Rate Risk ICAAP.

Study the prepared limits at re-evaluate in light of the market circumstances.

Update practical reference in accordance with developments.

Fixed Income Risks

Measure the risks based on fixed income portfolios using Var – Expected Shortfall, and present results to various committees periodically.

Conduct a Sensitivity Analysis.

Prepare a daily EGP yield curve to evaluate the daily MTM, and seek guidance from different sectors of the bank on pricing operations.

Create practical reference on Fixed Income risk.

Quantitative Methods

Restructuring the quantitative methods management by specifying the main responsibilities of the management:

- Conduct a technical review of the various policies and procedures currently used to measure different market risks to ensure their adaptation is in compliance with the latest Basel Accord decisions.
- Periodically reviewing the validity of risk measurement models in the different departments to ensure their efficiency and compliance of their parameters with the Central Bank.

HUMAN RESOURCES

The human resources is of the utmost importance in improving the working environment and raising the level of customer satisfaction.

One of the department's main goals is attracting resources that possess the skills and training required, in addition to training and growing the managerial skills of current employees to create the future management. This has had a positive impact in achieving great results in FY 2013/14, where NBE launched a number of initiatives that seek to grow human resources, and enrich the spirit of cooperation, the most important of which are:

- Joint cooperation protocols were put in place with 18 different universities throughout Egypt, making NBE the pioneers of adopting the new generation to raise the level of society in general, and the banking sector specifically.
- **NBE** ranked first in the Middle East Top 100 in new recruits into the banking sector.
- 9 facilities have been put in place at universities at no cost to attract the brightest young minds and spread the bank's products and services.
- A summer training system has been put in place in coordination with Egyptian universities as part of implementing the joint protocols and stemming from NBE's social responsibility mantra. 605 students were trained in practise for a month in the different departments of the bank. 583 students were given awareness training on banking activities, while 22 students were given the banking simulation training.
- 1,137 interviews were conducted to identify the distinctive figures and prepare them for work in the banking field.
- 34,236 training opportunities were executed, 15% more than last year, which included 12,530 trained employees, 4% more than last year.
- 85% of total employees were given an average of 3 training opportunities.
- Specialized programs have been activated through 1,604 training activities for employees of the front desks.
- 569 new employees have been trained to raise the skill and etiquette levels.
- 1,133 training opportunities were executed to raise the skill and standard of supervisory, managerial and leadership jobs.
- 5,217 employees were trained in 19 different fields of anti-money laundering, compliance and governance.
- In tandem with NBE's policy on supporting SMEs to increase national productivity, to raise the standard of technical, behavioural and managerial skills in the SMEs department. 3,841 training opportunities were executed, 37% higher than last year, to 1,239 trainees, constituting 90% of all employees in this field, 7% higher than last year.
- To save cost, effort and time, 4 regional training centres have been activated to offer our training programs to employees in different governorates. 12,982 training opportunities were seized, in comparison to 4,972 last year, growing up to 161%, spread over 523 training seasons, growing at 154% from last year.
- 83 Vacancies were announced internally for employees with experience.
- 200 job opportunities for fresh graduates were provided.
- 745 new employees were hired throughout the different fields.
- 484 new employees were hired to work in sales, management, customer service and POS of the international branches.
- Our bank's returns have increased EGP100 million in the value of commissions and interests as a result of collection expenses of EGP1,000 from 100,000 students annually.
- Our bank's returns have increased GBP4.5 million as a result of collection expenses of GBP3,000 from 1,500 foreign students annually.

AUDITOR'S REPORT

NATIONAL BANK OF EGYPT | AUDITOR'S REPORT

BALANCE SHEET
ON JUNE 30, 2014

(EGP 000's)

Assets	Note	June 30,2014	June 30,2013
Cash and balances with Central Bank	(15)	19,565,327	16,740,213
Due from banks	(16)	42,104,951	20,103,269
Treasury bills and governmental notes	(17)	116,476,135	87,419,012
Trading financial assets	(18)	30,147	6,905
Loans and advances to banks	(19)	477,491	692,288
Loans and advances to customers	(20)	116,349,301	106,785,979
Derivatives financial instruments	(21)	22,501	57,965
Financial investments			
Available for sale	(22)	116,855,065	99,205,458
Held to maturity	(22)	11,138,351	459,026
Investments in subsidiaries and associates	(22)	8,193,660	8,172,313
Other assets	(23)	22,518,640	23,633,045
Investment property	(23)	84,074	198,815
Deferred tax assets	(31)	754,826	803,453
Property, Plant and equipment	(24)	1,949,434	1,809,447
Total assets		**456,519,903**	**366,087,188**

Liabilities and shareholders' equity

(EGP 000's)

Liabilities	Note	June 30,2014	June 30,2013
Due to banks	(25)	4,846,303	6,821,216
Due to customers	(26)	393,251,561	312,714,059
Derivatives financial instruments	(21)	44,010	47,479
Other loans	(27)	14,560,656	14,468,091
Other liabilities	(28)	12,702,185	9,541,089
Current income tax liabilities		44,763	213,374
Dividends payable		-	463,866
Other provisions	(29)	4,117,379	3,341,127
Pension benefits' liabilities	(30)	1,721,326	1,496,797
Total liabilities		**431,288,183**	**349,107,098**

(EGP 000's)

Equity	Note	June 30,2014	June 30,2013
Issued and paid-up capital	(32)	9,247,320	9,247,320
Reserves	(33)	12,064,256	7,732,770
Retained earnings		3,920,144	-
Total equity		**25,231,720**	**16,980,090**
Total liabilities and equity		**456,519,903**	**366,087,188**

(EGP 000's)

Contingent liabilities and commitments	Note	June 30,2014	June 30,2013
Letters of credit, guarantees, documentary credits....and other commitments	**(35)**	**174,599,518**	**162,850,518**

Auditors

Mr. Nabil Istanbouli Akram Istanbouli
Allied For Accounting & Auditing
Ernst & Young

Mr. Atef Kamal Sourur
Accountability State Authority

INCOME STATEMENT

END OF YEAR, JUNE 30, 2014

(EGP 000's)

	Note	June 30,2014	June 30,2013
Interest and similar income	(6)	36,019,934	31,813,692
Interest and similar expenses	(6)	(24,860,116)	(20,792,167)
Net interest income		**11,159,818**	**11,021,525**

(EGP 000's)

	Note	June 30,2014	June 30,2013
Fees and commissions income	(7)	2,256,220	2,054,864
Fees and commissions expenses	(7)	(10,310)	(6,812)
Net income from fees and commissions		**2,245,910**	**2,048,052**

(EGP 000's)

	Note	June 30,2014	June 30,2013
Dividend income	(8)	329,144	295,870
Net trading income	(9)	475,442	456,383
Profit (Loss) from financial investments	(22)	733,546	168,296
Impairment (charge) release for credit loss	(12)	(458,396)	(556,293)
Administrative expenses	(10)	(5,551,141)	(4,858,060)
Other operating (expenses) income	(11)	(478,844)	(1,425,713)
Earnings before income tax		**8,455,479**	**7,150,060**
Income tax (expenses)	(13)	(4,707,662)	(4,108,431)
Net profit of the year		**3,747,817**	**3,041,629**

(EGP 000's)

	Note	June 30,2014	June 30,2013
Earnings per share during period	(14)	0,35	0,29

CASH FLOW STATEMENT

END OF YEAR, JUNE 30, 2014

(EGP 000's)

	June 30,2014	June 30,2013
Net profit before tax	**8,455,479**	**7,150,060**

(EGP 000's)

Adjustments to reconcile net profit to net cash provided by operating activities	June 30,2014	June 30,2013
Depreciation	338,311	328,905
Asset Impairment charge (release)	441,320	713,589
Exchange differences of impairment	79,182	386,170
Other provisions charges	891,016	1,359,899
Exchange differences of other provisions	3,894	159,968
Utilization of other provisions	(39,431)	(23,254)
Profits from selling financial assets excluding trading	(717,100)	(297,721)
Revaluation Difference foreign financial assets excluding trading	(493,445)	(20,607)
Profits from selling investments in subsidiaries and associates	(278)	(27,871)
Profits from selling fixed assets	(38,531)	(24,556)
Operating profit before changes in assets and liabilities used in operating activities	**8,920,417**	**9,704,582**

(EGP 000's)

Net decrease (increase) in assets	June 30,2014	June 30,2013
Due from CBE within the reserves' ratio	(3,740,655)	6,930,238
Due from banks	(23,763,116)	(1,653,461)
Treasury bills and other governmental notes	(12,860,191)	(10,381,641)
Trading financial assets	(23,242)	13,289
Loans and advances to banks	214,797	(284,149)
Loans and advances to customers	(9,894,148)	(14,006,351)
Derivatives financial instruments	31,995	(13,783)
Other assets*	3,733,301	(2,083,198)
Property investment	114,741	7,719
Deferred tax assets	48,627	(102,603)
Net increase (decrease) in liabilities	**June 30,2014**	**June 30,2013**
Due to banks	(1,974,913)	3,057,844
Pension benefits' liabilities	224,529	179,221
Due to customers*	77,836,502	33,907,271
Other liabilities	3,161,096	337,718
Current income tax Liabilities	(168,611)	174,887
After adjustment provisions	(212,851)	55,381
Income tax paid	(4,707,662)	(4,108,431)
Net cash flows generated from operating activities	**36,940,616**	**21,734,533**

* The amount of 2701 MM .EGP has been excluded which is the share of NBE offer to Purchase some real estate of Ahmed Bahgat group through investment trustees.

(EGP 000's)

Cash flows from investing activities	June 30,2014	June 30,2013
Purchases of property, Plant and equipment	(478,298)	(445,858)
Proceeds from selling fixed assets	38,531	24,556
Proceeds from selling financial investments excluding trading financial assets	31,299,441	20,373,124
Purchases of financial investments excluding trading financial assets	(53,906,265)	(29,161,645)
Purchases of subsidiaries and associates	(2,767)	(87,957)
Net cash flows (used in) investing activities	**(23,049,358)**	**(9,297,780)**

(EGP 000's)

Cash flows from financing activities	June 30,2014	June 30,2013
Proceeds from issuance of debt instruments and other loans	92,565	2,830,047
Dividend paid	(463,866)	(263,768)
Net cash flows generated from financing activities	**(371,301)**	**2,566,279**

(EGP 000's)

	June 30,2014	June 30,2013
Net increase (decrease) in cash and cash equivalent during the year	13,519,957	15,003,032
Beginning balance cash and cash equivalent	7,014,261	(7,988,771)
Cash and cash equivalent at the end of the year	**20,534,218**	**7,014,261**

(EGP 000's)

Cash and cash equivalents comprise	June 30,2014	June 30,2013
Cash and balances with Central Bank	19,565,327	16,740,213
Due from banks	42,104,951	20,103,269
Treasury bills and CBE deposit certificates	116,476,135	87,419,012
Obligatory reserve balance with CBE	(13,658,565)	(9,917,910)
Due from banks with maturity exceeding three months	(36,039,560)	(12,276,444)
Treasury bills and other governmental notes with maturity exceeding three months	(107,914,070)	(95,053,879)
Total Cash and cash equivalents	**20,534,218**	**7,014,261**

CHANGES IN SHAREHOLDERS' EQUITY

END OF YEAR, JUNE 30, 2014

Description	Paid-up capital	banking risks reserve	Legal reserve	General reserve	Capital reserve	Supportive reserve	Special Reserve	Reserve for financial derivatives	Reserve for AFS investments revaluation difference	Retained earnings	Total
Equity on June 30,2013											
Total Income	9,247,320	630,540	1,129,161	641,306	2,014,600	1,536,319	402,431	(317)	(1,508,954)	3,857,208	17,949,614
Transferred to Provisions	-	31,502	303,776	349,737	24,556	2,178,113	-	-	-	(2,887,684)	-
Transferred to other credit (M.F)	-	-	-	-	-	-	-	-	-	(505,658)	(505,658)
Dividends payable	-	-	-	-	-	-	-	-	-	(463,866)	(463,866)
Balance at 30/6/2013 after dividend	9,247,320	662,042	1,432,937	991,043	2,039,156	3,714,432	402,431	(317)	(1,508,954)	-	16,980,090
Equity on June 30,2014											
Balance at 30/6/2013	9,247,320	662,042	1,432,937	991,043	2,039,156	3,714,432	402,431	(317)	(1,508,954)	-	16,980,090
Movement during the year	-	-	-	-	-	1,752	-	(30,798)	4,356,794	172,327	4,500,075
Capital Increase	-	-	-	-	-	-	-	-	-	-	-
FX revaluation differences	-	-	-	-	3,738	-	-	-	-	-	3,738
Net Profit of the year	-	-	-	-	-	-	-	-	-	3,747,817	3,747,817
Balance at 30/6/2014	9,247,320	662,042	1,432,937	991,043	2,042,894	3,716,184	402,431	(31,115)	2,847,840	3,920,144	25,231,720

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

Chief Financial Officer
Hussein Ahmed Refaie

Deputy Chairman
Mahmoud Montaser

Chairman
Hisham Ahmed Okasha

PROPOSED APPROPRIATION ACCOUNT

END OF YEAR, JUNE 30, 2014

(EGP 000's)

	June 30,2014	June 30,2013
Net profit after tax	**3,747,817**	**3,041,629**

(EGP 000's)

Deduct	June 30,2014	June 30,2013
Profits selling Property, Plant and equipment transferred to capital reserve according to the law	(38,531)	(24,556)
Banking risk reserve X	(1,012,574)	(31,502)
Available net profit for distribution	**2,696,712**	**2,985,571**

(EGP 000's)

Add	June 30,2014	June 30,2013
Retained earnings ++	172,327	815,579
Total	**2,869,039**	**3,801,150**

(EGP 000's)

To be distributed as follows	June 30,2014	June 30,2013
Legal reserve	370,929	303,776
General reserve	232,578	349,737
Supportive reserve	-	255,911
Dividends to shareholders *	1,563,911	2,159,333
Staff profit sharing	521,304	463,866
Against supervision and management *	180,317	268,527
Total	**2,869,039**	**3,801,150**

X Representing loans and commitment

++ Representing the NBE share from close out the fund to improve the systems work which has not been included in the legal and general reserves .

* It is proposed to direct 100% of Country share in profit and supervision and management on 30/06/2014 to support the supportive reserve by total 1 519 005 thousand pounds after excluding previously paid amount of EGP 225 223 thousands from surplus account according to the agreement within supportive loan which had been used in bank capital increase.

Chief Financial Officer	Deputy Chairman	Chairman
Hussein Ahmed Refaie	Mahmoud Montaser	Hisham Ahmed Okasha

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

END OF YEAR, JUNE 30, 2014

1. Background

National Bank of Egypt (S.A.E) incorporated as a commercial bank on 25 / 6/ 1898 under the Central bank, Banking sector and Money Law No. 88 for 2003 in Arab Republic of Egypt. The head office is located in Cairo.

National Bank of Egypt (S.A.E) provides retail, corporate and investment banking services locally within Arab Republic of Egypt through its head office and (350) banking units, and internationally through its branches in New York (United States), Shanghai (China) and its Representative Offices in Johannesburg (South Africa), Dubai (United Arab Emirates)and Addis Ababa(Ethiopia). The bank employs 16262, staff at the reporting date.

2. Summary of significant accounting policies

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

A - Basis of preparation

The Separate financial statements are prepared in accordance with Egyptian Accounting Standards and with Central Bank of Egypt instructions approved by its Board of Directors on 16 December 2008, and the explanatory instructions attached in April 2009 consistent with standards referred to. In addition to the historical cost convention basis, modified by the revaluation of financial assets held for trading, financial assets and financial liabilities held at fair value through profit or loss, available for sale investments, and all financial derivatives contracts.

B - Foreign currency transactions

B/1 Functional and (shouldn't this be reporting) currency

Overseas branches measure its financial statements items using the economic environment currency which the branch operates in (functional currency). The Egyptian pound is the total bank's functional and reporting currency.

B/2 Foreign currency transactions and balances

Foreign currency transactions are translated into Egyptian pound using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the end of each year at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement of such transactions and valuation differences are recognized in the income statement under the following items:

- Net trading income or net income from financial instruments classified at fair value in the income statement of assets / liabilities held for trading or those classified at fair value through profit and loss.
- Owner's equity of the financial derivatives in the form of eligible coverage for cash flows or net investment.
- Other operating income (expenses) for the other items.

Changes in the fair value of monetary financial instruments in foreign currencies classified as investments available for sale (debt instruments) were analyzed between the valuation differences resulting from changes in amortized cost of the instrument and differences resulted from changes in applicable exchange rates and differences resulted from changes in the instrument fair value. Valuation differences relating to changes in amortized cost are recognized in income statement under ''Interest and similar income'' while differences relating to changes in exchange rates are recognized under item "other operating income (expenses).'' Differences resulting from changes in fair value are recognized under "fair value reserve – available for sale investments" in the equity caption.

Valuation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held at fair value through profits and losses, while valuation differences resulting from equity instruments classified as financial investments available for sale are recognized as "fair value reserve - available for sale investments" under the equity caption.

B/3 Overseas branches

Financial position and results of operations are translated to the bank's reporting currency (if these branches do not operate in a rapidly inflated environment) which differs from there functional currency as follows:

- Assets and liabilities of foreign branches are translated using the spot exchange rates at the reporting date.
- Revenues and expenses of foreign branches translated using average exchange rates unless this average doesn't represent an acceptable rate for cumulative effect of prevailing exchange rates at transactions date. In this case revenues and expenses translated using the spot exchange rates at the date of transactions.

Resulted valuation differences are recognized as "foreign currency valuation differences" under the equity caption. Also, valuation differences resulting from valuation of net investment in foreign branches, loans, financial instruments in foreign currency specified for net investment hedge for that item retained to equity caption. These valuation differences recognized as "other operating income (loss)" in income statement when these net investment disposed.

C - Financial assets:

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

C/1 Loans and receivables

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

- Those that the bank intends to sell immediately or in the short term are classified as held for trading, or those that the bank recorded upon initial recognition at fair value through profit or loss.
- Those that the bank upon initial recognition designates as available for sale.
- Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

C/2 Financial investments held to maturity:

Held to maturity financial investments are non-derivative assets that carry fixed or determinable payments and where the bank has the intention and the ability to hold to maturity. Any sale of a significant amount, not close to the date of its maturity, would result in the reclassification of all held to maturity investments as available for sale except in emergency cases.

C/3 Financial investments available for sale

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

C/4 Subsidiaries

Subsidiaries are all companies (including special purpose entities) over which the Bank has owned direct or indirect power to govern the financial and operating policies. Generally the bank owns more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or are considered when assessing whether the Bank has the ability to control the entity.

C/5 Associate companies

- Associates are all companies over which the Bank has owned directly or indirectly significant influence but not control, generally the bank owns between 20% and 50% of the voting rights.
- The purchase method is used to account for the acquisitions of subsidiaries by the Bank. The cost of an acquisition is measured as the fair value of the assets, or/and asset given or/and equity instruments issued and loans assumed at the date of exchange, plus costs.
- Directly attributable to the acquisition. Net assets including contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the minority interest. The excess of acquisition cost over the Bank's share fair value in the net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets, the difference is recognized directly in the income statement under the item "Other operating income/ (expenses)".

- Accounting for subsidiaries and associates in the separate financial statements is recorded by using cost method. According to this method, investments recorded at cost of acquisition including goodwill if any and impairment losses are deducted. Dividends are recorded in the income statement when adoption of the distribution has been occurred and affirming the Bank's right in collecting them has been recognized.

The following applies to financial assets:

- Purchases or sales of financial assets at fair value (this needs rewording and to be consistent across the notes), held to maturity financial investments, and available for sale financial investments are recognized at the trade date which is the date the bank is committed to purchase or sell the financial asset.
- Financial assets that are not classified at fair value through profit and loss at initial recognition are recognized at fair value plus transaction cost, while the financial assets classified as at fair value through profit and loss are initially recognized at fair value only and the transaction cost is recognized in the profit and loss under "net trading income"
- Financial assets are derecognized when the rights to receive cash flows have expired or when the bank transfer all asset risks and rewards to another party, while a financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.
- Available for sale financial investments and financial assets designated at fair value through profit and loss are subsequently measured at fair value. While loans and advances and held to maturity investments are measured subsequently at amortized cost.
- Gains and losses arising from changes in fair value of financial assets designated at fair value through profit and loss are recorded in income statement during the year it occurred, while gains and losses arising from changes in fair value of available for sale financial investments are recognized in "fair value reserve for available for sale investments" in equity until the financial asset is sold, or impaired at which time, the cumulative gain or loss previously recognized in equity should be recognized in profit or loss.
- Interest income related to monetary assets classified as available for sale is recognized based on the amortized cost method in profit and loss. The foreign currency revaluation differences related to available for sale investments are recognized in the profit and loss. Dividends related to available for sale equity instruments are recognized in the profit and loss when they are declared.
- The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, if the Bank could not assess the value of the equity classified as available for sale, these instruments should be valued at cost and will be subject to impairment test.
- Debt instruments can be reclassified from the available for sale investments to "loans and receivables" or" financial assets held to maturity" using fair value when the bank has the intention and ability to hold the instrument on the future or till maturity. Any related profits or losses that have been previously recognized in equity are treated as follows:

    1. Financial assets with fixed or determinable payments and fixed maturity valued at amortized cost, using the effective interest method. The difference between the Amortized cost using the effective interest method and the repayment value is amortized using the effective interest rate method.

       In case of financial asset's impairment any profits or losses previously recognized in equity is recognized in profit and loss.

2. Profits and losses related to the financial assets without fixed or determinable maturity are recorded in equity till selling or disposing it , then it would record in profit and losses.
In case of impairment, profits and losses that have been previously recognized directly in equity are recognized in the equity at profit and losses.

- If the bank changes its estimates regarding payments or proceeds, the book value of a financial asset (or group of financial assets) has to be adjusted to reflect the actual cash inflows and the change in this estimate through calculating the present value of estimated future cash flows using the effective interest rate for the financial instrument. This adjustment is recognized as either income or expense in the profit and loss.

- In all cases, if the bank re-classified financial asset in accordance with what is referred to above and the Bank subsequently increase its future cash proceeds estimates resulted from an increase in the recoverable amount from its cash receipts, this increase is recognized as an adjustment to the effective interest rate not as an adjustment in the book value of the asset at the date of change in estimate.

D - Netting between financial instruments

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Treasury bills, Repos and reverse Repos agreements are netted on the balance sheet and disclosed under treasury bills.

E - Derivative financial instruments and hedging

Derivatives are recognized at fair value at the date of the derivative contract, and are subsequently revaluated at fair value. Fair values are obtained from quoted market prices in active markets, or according to the recent market deals, or using the revaluation methods like the discounted cash flow modules and the pricing lists modules, as appropriate. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The derivatives embedded in other financial instruments, such as the conversion option of convertible bonds into shares, are treated as separate derivatives when the economic features and risks are not closely related to the host contract which is not classified at fair value through profit and loss. Such embedded derivatives are measured at the fair value. The changes in fair value are recognized under the net trading income in the income statement. The embedded derivatives will not be accounted for separately if the Bank determines to designate the entire hybrid (combined) contract as at fair value through profit and loss.

- The profit and loss arising from the fair value is recognized depending on whether the derivative is designed to be a hedge instrument and the nature or the hedged item. The Bank designates some of the derivatives as one of the follows:
  - Hedges for the fair value risk of the recognized assets and liabilities or the confirmed commitments (Fair Value Hedges)
  - Hedges for the highly-expected cash flow risk in the future attributable to a recognized asset or liability or attributable to a forecasted transaction (Cash flow hedges)
  - Hedges of net investment in foreign operations (Net investment hedge)

The hedge accounting is adopted for the derivatives designed for this purpose if they meet the requirements.

- At the inception of a transaction, the relationship between the hedged items and the hedging instruments are documented by the stating the objectives of risk management and a strategy for entering into various hedging transactions. At the inception of a hedge and on an ongoing basis, the Bank also produces consistently necessary documentation to estimate whether the derivatives used in hedging transactions work effectively to offset the changes in the fair value or the cash flow of the hedged item.

E/1 Fair Value Hedge

If the changes in the fair value of the derivative that qualifies for the fair value hedges are recognized in the Income Statement, including any changes in the fair value attributed to the risk of the hedged asset or liability.

The effect of the changes in the fair value of the interest rate swaps and related hedged items is accounted for as "Net Interest Income". The effect of the changes in the fair value of the futures is accounted for as Net Trading Income.

If the hedge does not satisfy the requirements of the hedge accounting, the adjusted book value of the hedged item, measured by the amortized cost, will be amortized by deducting from the profit and loss over the period until maturity. The adjustments made to the book value of the hedged shareholders' equity instrument remain in the shareholders' equity.

E/2 Cash Flow Hedge

The effective part of the changes in the fair value of the derivatives qualified for the cash flow hedges are recognized in the shareholders' equity. The profit and loss related to the ineffective part are immediately recognized under "net trading income" in the Income Statement.

The amount accumulated in the shareholders' equity is carried forward to the Income Statement in the same periods when the hedged item has an effect on the profit and loss. The profit and loss related to the effective part of the currency swaps and options are carried forward to 'Net Trading Income".

When the hedged instrument matures or is sold or if it does not satisfy the hedge accounting, the profit or loss accumulated shall remain in shareholders' equity". It is recognized in the Income Statement when the forecasted transaction is finally recognized. When there is no forecasted transaction to be conducted, the profit or loss accumulated in the shareholders' equity are carried forward to the Income Statement.

E/3 Net Investment Hedge

Similar to the cash flow hedges, net investment hedges are accounted for. The profit or loss of the hedged instrument related to the effective part of the hedge is recognized in the shareholders' equity. On the other hand, the profit or loss or the ineffective part is recognized in the Income Statement. The profit or loss accumulated in the shareholders' equity is carried forward to the Income Statement when the foreign operations.

E/4 Unqualified derivatives for hedge accounting

The changes in the fair value of the unqualified derivatives for hedge accounting are recognized under "Net Trading Income" in the Income Statement. The profit and loss arising from the changes in the fair value of the derivatives subject to the correlation with the financial assets and liabilities classified at inception at fair value through profit and loss are recognized under "net income from the financial instrument classified at inception at fair value through profits and loss" in the Income Statement.

F - Interest and Expense of Income

Interest income and Expense related to financial instruments except for held for trading investments or recorded at fair value through profit and loss is recognized under "interest and similar income" or Interest and similar charges.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, a shorter year when appropriate to reach the net carrying amount of the financial asset or liability.

When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

The calculation includes all fees and points paid or received between parties of the contract which is considered part of the effective interest rate, transaction costs include all other premiums or discounts.

When loans or debts are classified as non-performing or impaired, related interest income are not recognized but rather, are carried off balance sheet in statistical records and are recognized as revenues according to cash basis as per the following:

- When collected and after recovery of all arrears for retail loans, personal loans, small and medium business loans, mortgage loans for personal housing and small loans for businesses.
- For loans granted to corporate, interest income is recognized on cash basis after the Bank collects 25 % of the scheduling installments and after the installments continued to be regular for at least one year. Interest income will not be recognized as revenue until full payment of the loan balance before the rescheduling and client is considered to be performing.

G - Fees and commission income

Fees and commissions related to loan and advances are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts are suspended and are carried off balance sheet and are recognized under income according to the cash basis when interest income is recognized. Fees and commissions which represent part of the financial asset effective rate are recognized as adjustment to the effective interest rate.

Commitment fees recognized as revenue when there is probability that this loan will be used by the customer, as commitment fees represent compensation for the continuing interfere to own the financial asset. Subsequently it's recognized as adjustments to the effective interest rate of the loan. If the commitment year passed without issuing the loan, commitment fees is recognized as income at the end of the commitment year.

Fees and commission related to debt instruments measured by fair value is recognized as income at initial recognition. Fees and commission related to marketing of syndicated loan is recognized as income when the marketing is completed and the loan is fully used or the Bank kept its share of the syndicated loan using the effective interest rate as used by the other participants.

Commission and fees arising from negotiation, or participating in a negotiation to the favor of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized as income when the transaction is completed, commission and fees related to management advisory and other service are recognized as income based on the contract terms, usually on a time-appropriation basis. Asset management fees are recognized over the year in which the service is provided.

H - Dividend income

Dividends are recognized in the profit and loss when the bank's right to receive those dividends is established.

I - Purchase and resale agreements and Sale and repurchase agreements

Securities sold subject to repurchase agreements (Repos) are reclassified in the financial statements deducted from treasury bills balance. Securities purchased subject to resell agreements (reverse Repos) are reclassified in the financial statements by adding 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.

J - Impairment of financial assets

J/1 Financial assets at amortized cost:

At each balance sheet date, the bank assesses whether there is objective evidence that any financial asset or group of financial assets has been impaired as a result of one or more events occurring since they were initially recognized (a "loss event") and whether that loss event has impacted the future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The bank considers the following indicators to determine the existence of substantive evidence for impairment losses:

- Great financial troubles facing the borrower or debtor.
- Breach of the loan agreement, e.g. default.
- Expected bankruptcy of borrower or subject to liquidation lawsuit or re-structuring the finance granted to it.
- Deterioration of competitive position of borrower.
- Granting privileges or assignments by the bank to the borrower, due to economic or legal reasons, which are not granted by the bank in the normal course of business.
- Impairment of guarantee.
- Deterioration of creditworthiness.

A substantive proof for impairment loss of the financial assets is the existence of clear information indicating a measurable decline in the expected future cash flows of such category since initial recognition though such decline is not identifiable for each individual asset.

The bank estimates the period between identifying the loss event and its occurrence ranges from three to twelve months.

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

- In case there is no objective evidence that an impairment loss has been incurred on a financial instrument considered individually, be it significant or not, the bank includes that financial asset in a group of financial assets having similar characteristics in terms of credit risk and tests the whole group for impairment.
- An individually impairment test is made for a financial asset if there is objective evidence that this asset is impaired. If the impairment occurred then this asset will be separated from group of financial assets that are collectively evaluated for impairment.
- If the result of the previously test did not recognized impairment loss, then this asset will be added to the group of financial assets that are collectively evaluated for impairment.

Impairment loss is calculated by the difference between the carrying amount and the present value of estimated future recoverable cash flows, excluding future expected credit loss not charged yet, discounted at the financial assets' original effective interest rate. This impairment is booked in the income statement as "impairment loss" and the book value of the financial asset is reduced by the impairment amount using "impairment loss provision".

If there is evidence that loan or other receivables, or financial assets classified as held to maturity carry variable rate, the discount rate will be the contract effective interest rate when there is objective evidence that an impairment loss has been incurred. For practical purposes, the bank may measure the impairment loss using the fair value of the instrument through its market rate.

For guaranteed financial assets present value for expected futures cash flow has to be considered in addition to the proceeds from sale of guarantee after deducting selling cost.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics according to the bank classification taking into consideration type of asset, industry, geographical location, collateral, past-dues and other relevant factors. Those characteristics are relevant to the estimation of future cash flows for that group of assets as they are indicators of the debtors' ability to pay all amounts due according to its contract terms for assets under study.

If historical impairment losses rates method is used for a group of financial assets that are collectively evaluated for impairment, future contractual cash flow will be used by the bank in future and the historical loss for a group of assets with similar credit risk characteristics are considered. Historical impairment loss rates are adjusted to reflect the effects of current circumstances that did not affect the year on which the historical impairment loss rates is based and to remove the effects of circumstances in the historical year that are not currently exist.

The bank has to ensure that the estimates of changes in future cash flows for groups of assets are in consistence with changes in relative data from year to year, such as , changes in unemployment rates, real estate prices, settlement status, or other factors that may affect the probability and magnitude of losses. The Bank reviews the basis and methods of estimation regularly.

J/2 Available for sale investments:

At each balance sheet date, the Bank estimates if there is objective evidence that impairment loss for an asset or a group of assets classified as available-for-sale or held to maturity is occurred. For listed equity instruments classified as available for sale investments, impairment is recognized if as its significant and a prolonged decline its price below its acquisition cost is observed.

The decline in value is considered significant for the equity instruments if it reaches 10% of the financial instrument's cost, and it is considered prolonged if it extends for a year of more than 9 months. When a decline in the fair value of an available for sale financial asset has been recognized directly in equity under fair value reserve and subsequent objective evidence of impairment emerges, the Bank recognizes the total accumulated loss previously recognized equity will be recognized in profit and loss. Impairment losses recognized on equity instruments on profit or loss are not subsequently reversed. Impairment losses recognized through profit or loss on debt instruments classified as available for sale are reversed through profit and loss if the price subsequently increased and this increase can be objectively related to an event occurring after the recognition of impairment loss in profit or loss.

K - Real Estate Investment

Investment property represents land and buildings owned by the bank and used to earn rental income or increase capital. Investment property doesn't include properties used by the bank during its normal course of operation or assets reverted to the bank in settlement of some customers' debts. The accounting policy for investment property is the same as for fixed assets.

L - Intangible assets

L/1 Software (computer programs)

The expenses, related to upgrading or maintenance of computer programs, are to be recognized as expenses in income statement, when incurred. The expenses connected directly with specific software and which are subject to the bank's control and expected to produce economic benefits exceeding their cost for more than one year, are to be recognized as an intangible asset. The direct expenses include staff cost of software upgrading teamwork, in addition to a suitable portion of respective overhead expenses.

The expenses which lead to increase or expansion of computer software beyond their original specifications are recognized as an upgrading cost and are added to the original software cost.

The computer software cost recognized as an asset shall be amortized over the year expected useful life not more than three years.

L/2 Other intangible assets

Represents in other intangible assets other than goodwill and computer programs (for example trade mark, license, and benefits from rent agreement,...... etc).

Other intangible assets recognized at cost and shall be amortized by using straight line method or according to economic benefit that can be received over its expected useful life. Other intangible assets that not have a specified useful life not amortized yet rather it is tested for impairment annually, impairment (if any) recognized in income statement.

M - Fixed assets

They represent land and buildings related to head office, branches and offices, and all fixed assets are reported at historical cost minus depreciation and impairment losses. The historical cost includes the charges directly related to acquisition of fixed assets items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Maintenance and repair expenses are charged to other operating expenses during the financial year in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Leasehold improvements	at the same year
Furniture and safes	4 years
Fixtures and fittings	10 years
Motor vehicles	5 years
Computers	4 years
Software & integrated systems	3 years

N - Impairment of non-financial assets

Assets having no fixed useful life -except for goodwill- shall not be amortized, and their impairment shall be tested at least annually. The impairment of amortized assets is studied to determine if there are events or changes in the circumstances indicating that the book value may not be recoverable.

The impairment loss is recognized by the excess amount of book value over the realizable value. The recoverable value represents net realizable value of the asset or the usage amount whichever is higher. For the purpose of estimating the impairment, the asset is grouped with the smallest cash generating unit. At each balance sheet date, non-financial assets with impairment has to be reviewed to determine if there is impairment reversal made to the profit and loss.

O - Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents include balances due within three months from date of acquisition, cash and balances due from the Central Bank of Egypt other than the mandatory reserve, and current accounts with banks and treasury bills.

P - Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determine taking into consideration the group of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal. Provisions no longer required are reversed in other operating income (expense).

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.

Q - Financial guarantees contracts

The financial guarantees contracts are contracts issued by the bank as security for loans or overdrafts due from its customers to other entities, which require the bank to make certain payments to compensate the beneficiary for a loss incurred due to default of the debtor on maturity date and in accordance with debt instrument conditions. These financial guarantees are given to the banks, corporations and other entities on behalf of the bank's customers.

It's initially recognized at fair value including guarantee fees at the date of granting. Subsequently, the Bank's obligation shall be measured by the value initially recognized less guarantee fees amortization which is recognized in the profit and loss on a straight line basis over the higher of the guarantee life term or over the best payment estimates required to settle the financial obligation resulted from the financial guarantee at the balance sheet date. These estimates are mainly based on management experience with similar transactions and historical losses.

Any increase in the obligations resulted from the financial guarantee, is recognized in "other operating income (expenses)" caption.

R - Employees' benefits

R/1 Pension liabilities

The bank provides healthcare benefits for employees, customarily on condition that the employee is in service for 19 years. The bank provides defined pension benefit scheme.

The defined pension benefit scheme: The scheme is a group of regulations specifying benefits of employee's healthcare. The recognized liability in the balance sheet with regards to defined benefit plans is represented in the present value of the defined benefits liabilities at the balance sheet's date after deducting the fair value of the regulation's assets and debiting (crediting) unrealized actuarial reconciliations of profits (losses) as well as the cost of additional benefits related to prior service terms.

An independent actuary who applies the Projected Unit Credit Method calculates the liability of the defined benefit plans (future cash flows expected to be paid) annually.

The present value of the identified plans liability is determined through deducting these expected future cash flows to be paid by applying the rate of return of high quality corporate bonds or the rate of return of government bonds in the same currency to be used in payment of benefits and which have almost the same maturity period as the retirement benefits obligations related to them.

Calculated gains (losses) resulting from changes and adjustments in actuarial estimates and assumptions are to be deducted from (the losses added to) the income statement if they

Do not exceed 10% of the plan assets value or 10% of the defined benefits' liability whichever is higher. In case gains (losses) rise above-mentioned percentage then the increase shall be deducted (added) in the income statements.

Past service costs are immediately recognized in the income statement within administrative expenses unless the introduced changes on the retirements' plans are conditional on the remaining of employees in service for a specified period of time (vesting period).

R/2 Liabilities of other post-service's benefits

The bank extends health care benefits to retirees after the end of service term. Usually such benefits are conditional on the stay of the employee in the service until retirement age and the completion of a minimum period of service. The expected costs of these benefits are to be matured (vested) over the period of employment by adopting an accounting method similar to the method adopted in the defined benefit plans previously explained in item R/1.

S - Income tax

The income tax on the Bank's income or loss at the end of year includes both the current and deferred taxes. Income tax is recognized in the income statement except income taxes related to shareholders equity items that are recognized directly in the shareholders equity.

The income tax is calculated on the net taxable income, using the effective tax rate at the balance sheet date, in addition to prior year tax adjustments.

Deferred tax is recognized due to the temporary differences resulting from reporting the value of assets and liabilities in one year for tax purpose, and in another year for financial accounting purpose. Deferred tax is determined based on the method used to realize or settle the current values of these assets and liabilities, using the tax rates prevailing at the balance sheet date.

The deferred tax assets shall be recognized if it is probable that sufficient taxable profits shall be realized in the future whereby the asset can be utilized and the value of deferred tax assets shall be reduced by the value of portion not yielding the expected tax benefit. However, in case tax benefit is highly expected, the deferred tax assets shall increase to the extent of previous reduction.

T - Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings subsequently stated at amortized cost. Any difference between proceeds net of transaction costs and the market value is recognized in the income statement over the period of borrowings using the effective interest rate method.

3. Financial Risk Management

The bank, as a result of the activities it exercises, is exposed to various financial risks. Since the basis of financial activity is to accept risks; some risks or group of risks are analyzed, evaluated and managed altogether. The bank intends to strike a balance between the risk and return and to reduce the probable adverse effects on the bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency exchange rates, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated systems. The bank regularly reviews the risk management policies and systems and amend them to they reflect the changes in market, products and services and the best updated applications.

Those risks are managed by risk department in the light of policies approved by Board of Directors. The risk department determines, evaluates and covers the financial risks, in collaboration with the bank's various operating units, and the Board of Directors provides written policies for management of risks as a whole, in addition to written policies covering specific risk areas, like credit risk, foreign exchange rate risk, interest rate risk, and using the financial derivative and non–derivative instruments. Moreover, the risk department is independently responsible for periodical review of risk management and control environment.

A - Credit risk

The bank is exposed to the credit risk which it is the risk resulting from failure of one party to meet its contractual obligations towards the Bank. The credit risk is considered to be the most significant risks for the bank. The bank set specific procedures to manage that risk. The credit risks in the lending and investments activities which are represented bank's assets contain debt instruments. The credit risk is also found in off balance sheet financial instruments, like loan commitment. The managing and monitoring process on credit risk is centralized at credit risk team management at credit risk department that prepare reports to Board of Directors and Head units on regular basis.

A/1 Credit risk measurement

Loans and advances to Banks and customers

In measuring credit risk for loans and advances to customers and banks, the bank reflects three components:

- (Probability of default) by the client or counterparty in its contractual obligations.
- Current exposures to the counterparty and its likely future development for which the bank derive (exposure at default).
- The likely recovery ratio on the defaulted obligations (loss given default).

These credit risk measurements, which reflect expected loss (the expected loss model) and are required by Basel committee on banking regulations and the supervisory practices (Basel committee, are impeded in the bank's daily operational management. The operational measurements can be contrasted with impairment allowances required under EAS 26, which are based on losses that have been incurred at the balance sheet date (Incurred Loss Model) rather than expected losses (Note A/3)

The Bank evaluates the probability of default for every customer using internal policies for the different customers' categories. These policies are updated taking into consideration financial analysis and statistical analysis for each customer category in addition to the personal judgment of the credit officer to reach the appropriate grading. The customers are classified into four ratings.

The following table shows the rating scale which reflects the range of expected defaults or payment delays, by which the credit centers may transfer from one rating to other depending on the change in the expected degree of risk. The customer's rating and the rating process are reviewed when necessary. The Bank evaluates the rating process and their expectations regarding the customers' defaults.

Bank's internal ratings scale

Rating description	Rating
Performing loans	1
Regular watching	2
Watch list	3
Non-performing loans	4

The amount of default represents the outstanding balances at the time when a late settlement occurred for example the loans expected amount of default represent its book value. For commitments the default amount represents all actual withdrawals in addition to any withdrawals occurred till the date of the late payment if any.

The expected losses or specific losses represent the Bank's loss expectation of when the settlement is due, which is loan loss percentage that differs according to the type of facility, the availability of guarantees and any other credit cover.

Debt instruments and treasury bills

The Bank uses external ratings such as Standard and Poor's rating, Meres - Modes rating and Fitch rating to manage their credit risk. The same methods used for credit customers are used for debt instruments and treasury bills. They represent better credit method and a readily available source to meet the funding requirements bills.

A/2 Risk Limit Control and Mitigation Policies

The Bank manages and controls credit concentrations at the borrowers' level, groups of borrower's level, industries level and countries level.

The Bank manage the credit risk it undertakes by placing limits on the amount of risk accepted in relation to single borrower, or groups of borrowers, and to the geographical and industry segments. Such risks are monitored on a regular basis and subject to an annual or more frequent review, when considered necessary. The top management reviews on quarterly basis the sectorial and country credit concentration.

Exposure to credit risk is also managed through regular analysis of the existing and potential borrowers' ability to meet their obligations and through changing the lending limits where appropriate.

The following are other controls used by the bank to limit the credit risk.

- **Collaterals**

The bank uses different methods to limit its credit risk. One of these methods is accepting collaterals against loans and advances granted by the bank. The bank implements guidelines for collaterals to be accepted. The major types of collateral against loans and advances are:

- Real estate mortgage.
- Business assets mortgage such as machines and goods.
- Financial instruments mortgage such as debt and equity instruments.

The Bank keen to obtain the appropriate guarantees against corporate entities of long term finance while individual credit facilities are generally unsecured. In addition, to minimize the credit loss the bank will seek additional collaterals from all counterparties as soon as impairment indicators are noticed for a loan or advance.

The Bank determine type of collaterals the Bank held by the bank as security for financial assets other than loans and advances according to the nature of the instrument, generally, debt securities and treasury bills are unsecured, except for asset-backed securities and similar instruments are secured by a financial instrument portfolio.

- **Derivatives**

The bank maintains strict control limits over amounts and terms for the net value of opened derivative positions i.e., the difference between purchase and sale contracts. In all cases, the amount subject to credit risk is limited to the current fair value of instruments in which the Bank could gain a benefit from it (i.e., assets that have positive fair value), which represent small value of the contract, or the notional value. The Bank manages this credit risk which is considered part of the total customer limit with market changes risk all together. Generally no collateral obtained for credit risk related to these instruments, except for marginal deposits required by the bank from other parties.

Settlement risk arises when cash, equity instruments or other financial papers is used in the settlement process, or if there is expectation to receive cash, equity instruments or other financial papers. Daily settlement limits are established for each counterparty to cover the aggregate settlement risk arising from the daily Bank transactions.

Master netting arrangements:

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties of significant volume of transactions. Generally, no netting between assets and liabilities at the balance sheet date.

Relating to the master netting arrangements, as aggregate settlements are made. However, the credit risk related to contracts to the favor of the bank is reduced by a master netting arrangement as netting will be made with the counterparty to settle all transactions. The value of the credit risk faced by the Bank changes substantially within a short year of time, as it is affected by each transaction occurs in the arrangement.

Credit-related commitments:

The primary purpose of these commitments is to ensure that funds are available to customer when required. Guarantees and standby letters of credit are of the same credit risks as loans.

Documentary and commercial letters of credit – which are issued by the Bank on behalf of customer by which authorizing a third party to draw within a certain limit in accordance to specific terms and conditions and guaranteed by the goods under shipment are of lower risk than a direct loan.

Credit related commitment represent the unused portion of credit limit of loans, guarantees or letters of credit. With respect to credit risk related to credit related commitments, the Bank is exposed to probable loss of amount equal to the total unused limit. However, the probable amount of loss is less than the unused limit commitments, as most commitments represent commitments to customers maintaining certain credit standards. The Bank monitors the maturity term of the credit commitments because long-term commitments are of high credit risk than short-term commitments.

A/3 Impairment and provisioning policies:

The internal rating systems described in Note (A/1) focus more on credit-quality at the inception of lending and investment activities. Otherwise, impairment provisions recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below. Due to the different methodologies applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the expected amount determined from the expected loss models used to calculate impairment loss provision for CBE purposes. Note (A/4)

The impairment provision appeared in the balance sheet at the end of the year is derived from the four internal rating grades. However, the majority of the impairment provision comes from the last two ratings. The table below shows the percentage of in-balance sheet items relating to loans and advances and the related impairment provision for each rating:

Bank's rating	June 30,2014		June 30,2013	
	Loans and advances %	Impairment provision %	Loans and advances %	Impairment provision %
1.Performing loans	57	1	58	1
2.Regular watching	34	4	31	7
3.Watch list	3	6	5	15
4. provision for maritime transport ,aviation and tourism	-	14	-	-
5.Non-performing loans	6	75	6	77
	100	**100**	**100**	**100**

The Bank's internal rating assists management to determine whether objective evidence of impairment exists under EAS 26, based on the following criteria set out by the Bank:

- Payment delinquency of principal or interest.
- Breach of loan conditions.
- Initiation of bankruptcy or entering a liquidation or finance restructures.
- Deterioration of the borrower's competitive position.
- For economical or legal reasons, the bank granted the borrower additional benefits that will not be done in normal circumstances.
- Deterioration in the value of collateral.
- Deterioration of customer credit status.

The Bank policies require review of all financial assets (that exceed specific materiality) at least once a year or more when required, the impairment loss is determined on individual basis by determining case by case actual losses. These policies applied on all accounts have specific materiality on individual basis. Valuation usually includes the existing collateral, the related enforcements on these collaterals and the expected collections from those accounts.

Impairment loss provision is formed based on group of similar assets using the historical experience available, personal judgment and statistical methods.

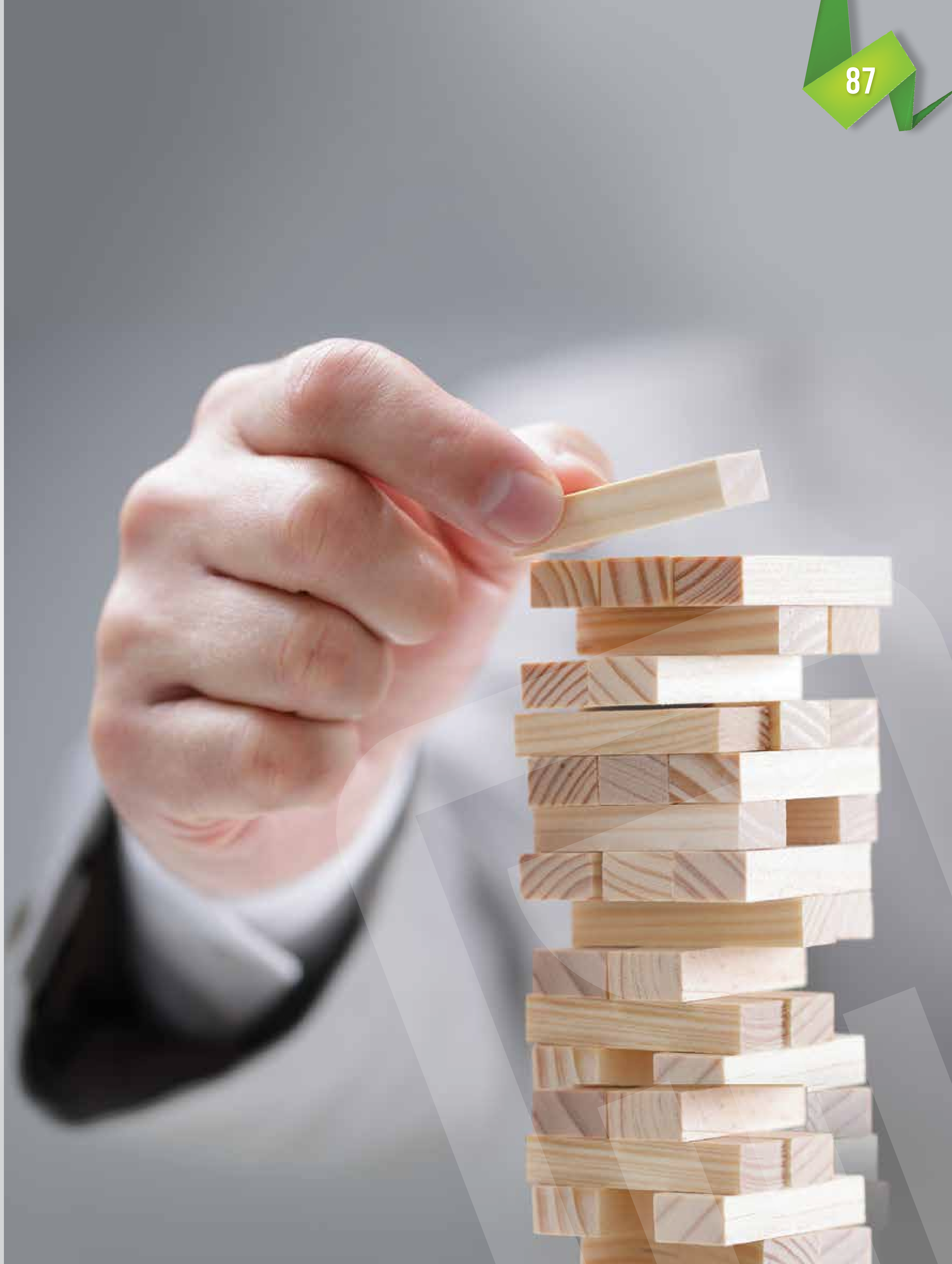
A/4 General modules to measure banking general risk

In addition to the four categories of credit rating indicated in note (A/1) the management makes more detailed groups in accordance with the CBE requirements, Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, its activities, and financial position and payment schedules.

The Bank calculates the provisions required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the provision required for impairment losses as per CBE regulations exceeds the provision required for financial statements preparation purposes according to the Egyptian Accounting Standards, this increase shall be debited from the retained earnings to and credited to the "general Banking risk reserve" under the equity caption. This reserve is regularly adjusted with this increase and decrease, to equal the amount of increase and decrease in the two provisions. This reserve is not distributable.

The following are categories of corporate worthiness according to internal ratings compared with CBE ratings and rates of provision needed for assets impairment related to credit risk:

CBE Rating	Category	Provision %	Internal Rating	Internal Categorization
1	Low risk	0	1	Performing loans
2	Average risk	1	1	Performing loans
3	Satisfactory risk	1	1	Performing loans
4	Reasonable risk	2	1	Performing loans
5	Acceptable risk	2	1	Performing loans
6	Marginally acceptably risk	3	2	Regular watching
7	Watch list	5	3	Watch list
8	Substandard	20	4	Non-performing loans
9	Doubtful	50	4	Non-performing loans
10	Bad debt	100	4	Non-performing loans



A/5 Maximum limits for credit risk before collaterals:

Balance sheet items exposed to credit risks	(EGP 000's) June 30,2014	(EGP 000's) June 30,2014
Treasury bills	**116,476,135**	**87,419,012**
Assets held for trading		
Debt instrument	4,932	6,905
Loans and advances to banks (1)	477,491	692,288
Loans and advances to customers:		
Retail loans:		
Overdrafts	4,881,073	4,830,833
Credit cards	1,262,245	1,165,587
personal loans	17,807,213	14,191,145
Mortgage loans	1,308,698	1,285,277
Auto loans	954,722	822,747
Total Retail loans (2)	**26,213,951**	**22,295,589**
Corporate loans:		
Overdrafts	33,603,052	25,792,519
Direct loans	44,648,751	45,978,117
Syndicated loans	19,696,688	19,929,831
Other loans	538	541
Total Corporate loans(3)	**97,949,029**	**91,701,008**
Total Loans to Customers and Banks(1+2+3)	**124,640,471**	**114,688,885**
Financial derivative instruments	**22,501**	**57,965**
Financial investments:		
Debt instruments	**124,497,429**	**96,309,848**
Total	**365,641,468**	**298,482,615**

Off-balance sheet items exposed to credit risk	(EGP 000's) June 30,2014	(EGP 000's) June 30,2014
Letters of credit	14,245,913	12,404,432
Letters of guarantee	36,648,779	34,290,844
Acceptances	8,514,302	8,282,080
Rediscounted bills	1,900,361	2,037,970
Total	**61,309,355**	**57,015,326**

The above table represents the maximum limit for credit risk as of 30 June 2014 and 30 June 2013, without taking into considerations any collateral. For on-balance-sheet items, amounts stated depend on net carrying amounts shown in the balance sheet.

- As shown in the preceding table, 34% of the total maximum limit exposed to credit risk resulted from loans and advances to customers and banks against 38% at comparative year; while 34% represents investments in debt instruments against 32% as at comparative year. The management is confident of its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from loan and advances, and debt instruments as follows:
- 91% of the loans and advances portfolio is classified at the highest two ratings in the internal rating against 89% as at comparative year.
- 84% of the loans and advances portfolio having no past due or impairment indicators against 79% as at comparative year.
- Mortgage loans, which represent a significant part of the portfolio, are covered by real estate guarantees.
- Loans and advances that have been evaluated on an individual basis of total amount EGP 6 172 million against EGP 6 447 million as at the comparative year.
- The Bank has applied more prudent selections upon extending loans and advances throughout the fiscal period ending on 30 June 2014.

A/6 Loans and advances

Loans and advances are summarized as follows:

(EGP 000's)

	June 30. 2014		June 30. 2013	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither having past dues nor subject to impairment	104,318,658	477,491	90,485,973	692,288
Having past due but not subject to impairment	13,672,123	-	17,064,003	-
Subject to impairment	6,172,199	-	6,446,621	-
Total	**124,162,980**	**477,491**	**113,996,597**	**692,288**
Less: Impairment loss provision	(7,005,400)	-	(6,535,109)	-
Net	**117,157,580**	**477,491**	**107,461,488**	**692,288**

Bank's total impairment loss provision for loans and advances amounted to EGP 7 005 million against to EGP 6 535 million as at the comparative year of which EGP 5 119 million against EGP 5 055 million as at comparative year representing impairment loss provision of individual loans and the reminder amounting to EGP 1 886 million representing impairment loss provision for the credit portfolio as a group.

Note (20) include additional information regarding impairment loss provision on loans and advances to customers.

Loans and advances neither having past due nor subject to impairment

The credit quality of the loans and advances portfolio that are neither having past due nor subject to impairment are determined by the internal rating of the bank.

Guaranteed loans are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees.

Loans and advances to banks and customers (Net)

June 30, 2014 (EGP 000's)

	Retail					Corporate				
Assessment	Debit current account	Credit cards	Personal loans	Mortgages	Auto loans	Debit current account	Direct loans	Syndicated loans	Total loans and advances to customers	Total loans and advances to banks
1. Performing	4,879,981	958,277	17,224,425	1,242,710	871,771	27,452,535	20,196,071	11,400,792	84,226,562	**477,491**
2. Regular watching	-	-	-	-	-	5,243,538	6,286,123	7,503,537	19,033,198	-
3. Watch list	-	-	-	-	-	298,371	760,527	-	1,058,898	-
Total	**4,879,981**	**958,277-**	**17,224,425**	**1,242,710**	**871,771**	**32,994,444**	**27,242,721**	**18,904,329**	**104,318,658**	**477,491**

Loans and advances to banks and customers (Net)

June 30. 2013 (EGP 000's)

	Retail					Corporate				
Assessment	Debit current account	Credit cards	Personal loans	Mortgages	Auto loans	Debit current account	Direct loans	Syndicated loans	Total loans and advances to customers	Total loans and advances to banks
1. Performing	4,829,741	806,580	13,890,234	1,231,894	719,901	21,374,863	19,612,910	8,260,457	70,726,580	**692,288**
2. Regular watching	-	-	-	-	-	3,672,995	3,857,000	7,164,951	14,694,946	-
3. Watch list	-	-	-	-	-	145,794	3,409,948	1,508,705	5,064,447	-
Total	**4,829,741**	**806,580**	**13,890,234**	**1,231,894**	**719,901**	**25,193,652**	**26,879,858**	**16,934,113**	**90,485,973**	**692,288**

Loans and advances with past dues but are not subject to impairment

These are loans and advances with delays up to 90 days but are not subject to impairment, unless there is other information to the contrary. Loans and advances with past dues but not subject to impairment, together with the fair value of their collateral are represented as follows:

Upon the primary enlisting of loans and advances, the fair value of collateral is evaluated based on the evaluation methods usually used for the corresponding assets. In later periods, the fair value is updated at market or similar asset rates.

* The fair value of collateral included in the loans and advances with past dues but are not subject to impairment represent all the fair value of collateral in respect of the Bank's loans.

June 30, 2014 (EGP 000's)

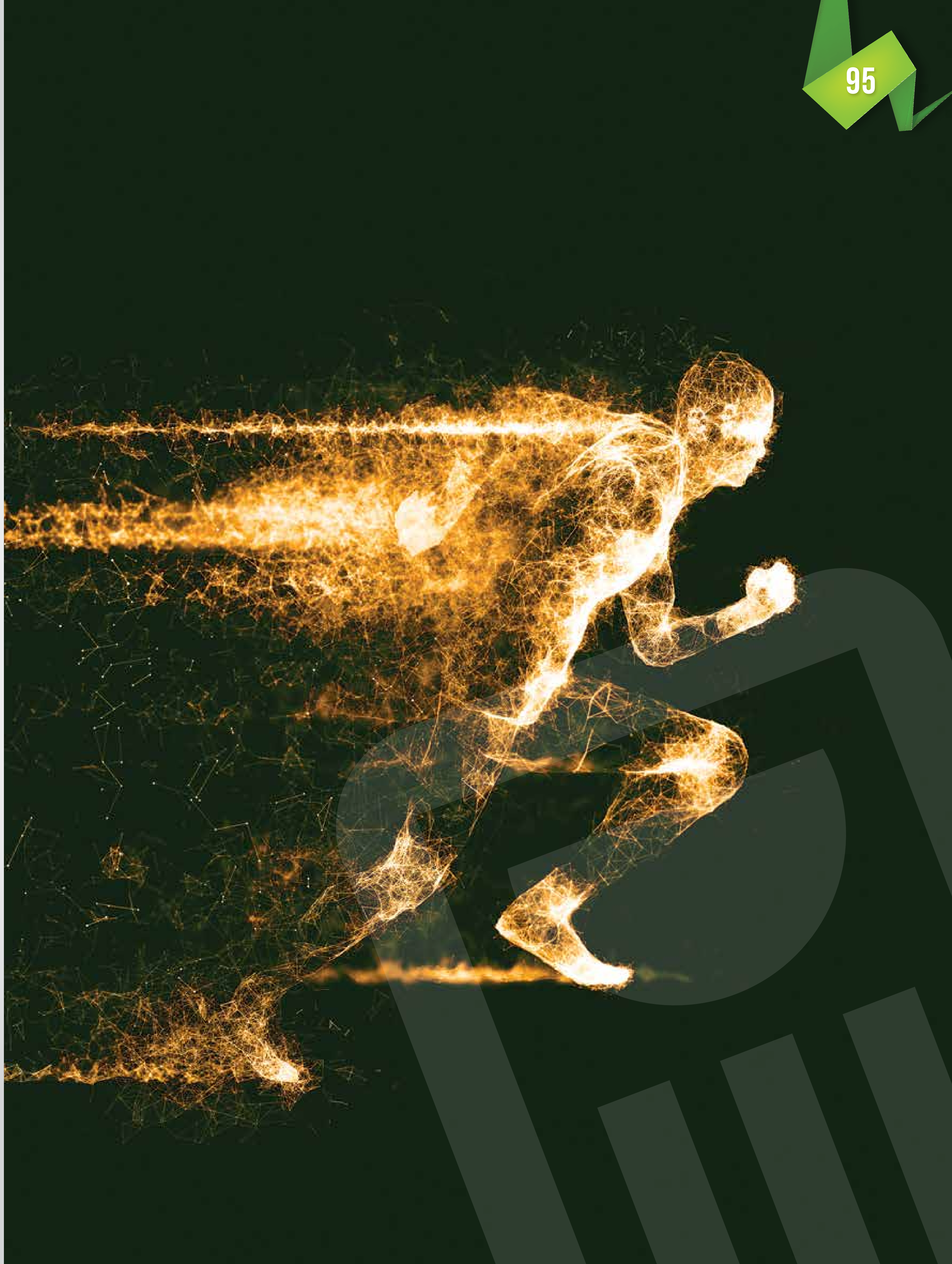
	Retail					
	Debit current account	Credit cards	Personal loans	Mortgage	Auto-loans	Total
Past dues up to 30 days	-	164,994	-	-	-	**164,994**
Past dues > 30 ≤ 60 days	-	52,128	-	-	-	**52,128**
Past dues > 60 < 90 days	-	19,436	404,045	20,115	35,334	**478,930**
Past dues > 90 days	-	17,037	103,267	19,725	9,977	**150,006**
Total	**-**	**253,595**	**507,312**	**39,840**	**45,311**	**846,058**

June 30. 2014 (EGP 000's)

	Corporate			
	Debit current account	Direct loans	Syndicated loans	Total
Past dues up to 30 days	-	6,735,092	366,287	**7,101,379**
Past dues > 30 ≤ 60 days	-	1,643,929	342,196	**1,986,125**
Past dues > 60 < 90 days	-	607,517	-	**607,517**
Past dues > 90 days	-	3,047,168	83,876	**3,131,044**
Total	**-**	**12,033,706**	**792,359**	**12,826,065**
Fair value of collaterals*	**-**	**85,122**	**55,915**	**141,037**

June 30. 2013 (EGP 000's)

	Retail					
	Debit current account	Credit cards	Personal loans	Mortgage	Auto-loans	Total
Past dues up to 30 days	-	152,566	-	-	-	**152,566**
Past dues > 30 ≤ 60 days	-	44,981	-	-	-	**44,981**
Past dues > 60 ≤ 90 days	-	15,437	100,699	15,123	54,195	**185,454**
Total	**-**	**212,984**	**100,699**	**15,123**	**54,195**	**383,001**



June 30, 2013 (EGP 000's)

Corporate	Debit current account	Direct loans	Syndicated loans	Total
Past dues up to 30 days	-	3,601,290	2,509,873	**6,111,163**
Past dues > 30 ≤ 60 days	-	3,375,501	485,845	**3,861,346**
Past dues > 60 ≤ 90 days	-	6,708,493	-	**6,708,493**
Total	**-**	**13,685,284**	**2,995,718**	**16,681,002**
Fair value of collaterals*	**-**	**68,835**	**22,848**	**91,683**

Loans and advances subject to impairment on an individual basis

Loans and advances to customers

The balance of loans and advances subject to impairment on an individual basis before taking into account the cash flow from collateral, amounted to EGP 6,172 MM against EGP 6,447 MM at the end of the comparative year.

Following is a breakdown for the total value of loans and advances subject to impairment on an individual basis, including the fair value of collateral that the Bank has obtained against these loans.

June 30, 2014 (EGP 000's)

	Retail					Corporate				
Item	Debit current account	Credit cards	Personal loans	Mortgages	Auto Loans	Debit current account	Direct loans	Syndicated loans	Other loans	Total
Loans and advances subject to impairment on an individual basis	1,092	50,373	75,476	26,148	37,640	608,608	5,372,324	-	538	**6,172,199**

June 30, 2013 (EGP 000's)

	Retail					Corporate				
Item	Debit current account	Credit cards	Personal loans	Mortgages	Auto Loans	Debit current account	Direct loans	Syndicated loans	Other loans	Total
Loans and advances subject to impairment on an individual basis	1,092	146,023	200,212	38,260	48,651	598,867	5,412,975	-	541	**6,446,621**

Restructured loans and advances:

Restructuring includes extending payment terms, executing enforced management programs and amending as well as postponing payment. The applied restructuring policies depend on indicators or criteria that indicate, in the management's discretion, that the continuous payment of the loans is likely to occur. Such restructuring policies are subject to ongoing review. Restructuring is commonly applied to long-term loans, especially the loans of financing customers , Loans that have been negotiated is EGP 000's 2 612 552.

Item	June 30, 2014 (EGP 000's)	June 30, 2014 (EGP 000's)
Loans and advances to customers Corporate:		
- Debit current account	235,981	515,875
- Direct loans	2,376,571	1,923,923
Total	**2,612,552**	**2,439,807**

A/7 Debt instruments, treasury bills, and other governmental notes

The following table shows a breakdown of debt instruments, treasury bills, and other governmental notes at the end of the fiscal year, according to Standard & Poor's rating and its equivalent.

(EGP 000's)

Rating	Treasury bills and other governmental notes	Trading Securities	Investments in securities	Total
C	116,476,135	30,147	124,497,429	**241,003,711**

A/8 Acquisition of collaterals

The Bank - during the reporting year- foreclosed some assets previously held as collaterals as follows:

Type of asset	Book Value (EGP 000's)
Lands	49,328
Housing units	-
Real estate assets	8,975
Total	**58,303**

Foreclosed assets are classified among "other assets" in the balance sheet. Such assets are sold by the Bank, as practical.

A/9 Concentration of risks of financial assets exposed to credit risks

(Geographical segments)

The following table provides a breakdown of the most significant credit risk limits to which the Bank is exposed. Risks are segmented into the geographical sections (at the end of the current reporting year) according to the regions related to the Bank's customers.

(EGP 000's)

	Arab Republic of Egypt				Other countries	Total
	Greater Cairo	Alexandria Delta Sinai Canal	Upper Egypt	Total		
Treasury bills & other governmental notes	116,476,135	-	-	**116,476,135**	-	**116,476,135**
Held-for-trading financial assets						
Debt instruments	4,932	-	-	**4,932**	-	**4,932**
Loans and advances to banks	477,491	-	-	**477,491**	-	**477,491**
Loans and advances to customers	-	-	-	**-**	-	**-**
Loans to individuals	**13,891,909**	**8,115,426**	**4,206,616**	**26,213,951**	**-**	**26,213,951**
-Debit current account	3,123,897	1,395,898	361,278	**4,881,073**	-	**4,881,073**
-Credit cards	962,136	264,653	35,456	**1,262,245**	-	**1,262,245**
-Personal loans	8,194,641	5,965,473	3,647,099	**17,807,213**	-	**17,807,213**
-Mortgages	894,654	254,411	159,633	**1,308,698**	-	**1,308,698**
-Auto-loans	716,581	234,991	3,150	**954,722**	-	**954,722**
Corporate	**81,069,081**	**14,981,287**	**1,898,661**	**97,949,029**	**-**	**97,949,029**
-Debit current account	27,585,102	5,398,674	619,276	**33,603,052**	-	**33,603,052**
-Direct loans	36,372,997	6,996,369	1,279,385	**44,648,751**	-	**44,648,751**
-Syndicated loans	17,110,444	2,586,244	-	**19,696,688**	-	**19,696,688**
-Other loans	538	-	-	**538**	-	**538**
-Financial derivatives	22,501	-	-	**22,501**	-	**22,501**
-Financial investments (debt instruments)	124,497,429	-	-	**124,497,429**	-	**124,497,429**
Total at the end of reporting period	**336,439,478**	**23,096,713**	**6,105,277**	**365,641,468**	**-**	**365,641,468**
Total at the end of the comparative year	**274,898,230**	**18,845,871**	**4,738,514**	**298,482,615**	**-**	**298,482,615**

B - Market risks

The Bank is exposed to market risks embodied in the fair value fluctuations or the future cash flows stemming from changes in market rates. Market risks arise from the open positions of interest rate, currency rates and the equity instruments, as each of them is liable to the market's general and specific movements as well as to changes in the sensitivity level of market rates or prices such as interest, exchange rates and equity instrument rates. The Bank separates its exposure to market risk, either held for trading or non-trading portfolios.

The management of market risks stemming from trading or non-trading activities is centralized in the Bank's Market Risks Department and it is monitored by two separate teams. Regular reports on market risks are submitted to the Board of Directors and the heads of business unit. The held-for-trading portfolios include the positions resulting from the Bank's direct dealing with customers or with the market. The non-trading portfolios arise mainly from management of return rate of assets and liabilities related to retail transactions. These portfolios include the foreign exchange risks, equity instruments resulted from the held-to-maturity investments and available-for-sale investments.

B/1 Methods of Measuring Market Risks

As part of market risk management, the Bank has several hedging strategies and enters into interest rate swaps to balance the risks inherent in debt instruments and long term loans with fixed rates, if the fair value option is applied.

Following is the most important method controlling market risks.

Value at Risk

The Bank adopts "Value at Risk" method for trading and non-trading portfolios in order to estimate the market risks for the outstanding positions and the maximum limit of expected loss based on a number of assumptions for the various changes in the market conditions. The Board of Directors sets limits for the value at risk which the Bank can tolerate for trading and non-trading separately. Such limits are daily monitored by the Bank's Market Risks Department.

Value at risk is a statistical prospect for the expected loss of the present portfolio due to the market's adverse circumstances. It is an expression of the maximum value the Bank may lose using a defined confidence coefficient (98). Consequently, a statistical probability of (2%) indicates that the actual loss may be greater than the expected value at risk. The value at risk model assumes a defined retention period (ten days) before closing the open positions. The model also assumes that the market's move will follow, during the retention period, the same pattern of movement that occurred during the previous ten days. The Bank estimates the previous movement on the basis of the information for the past five years. The Bank applies such historical changes in the rates, prices and indicators to the current positions directly – a method known as the historical simulation. Actual outputs should also be monitored on a regular basis to measure the correctness of assumptions and the factors used to calculate the value at risk.

Usage of this method does not prevent the losses over these limits in case of larger movement within the market.

Since value at risk is considered a basic component of the Bank's system in control of market risk, the Board of Directors' sets the limits of the value at risk for each of trading and non-trading transactions to be divided on the units of activity. The actual values at risk are compared with the limits set by the Bank and daily checked by the Bank's Market Risk Department.

The quality of the value at risk model is persistently monitored through back testing to confirm the results of the value at risk of the trading portfolio. Results of these tests are reported to senior management and Board of Directors.

Stress Testing

Stress testing gives indicator of the loss volume expected that may arise from extremely adverse circumstances. Stress testing is designed to match business using standard analyses for specific scenarios.

Stress testing administered by the Bank's Market Risk Department includes a risk factor stress test. A group of sharp movements are applied to each risk type and the developing market stress is tested. Developing markets are subject to sharp movements and special stress tests including potential events that influence specific positions or areas, such as the results of liberating a currency in one area. The senior management and Board of Directors review the results of stress testing.

B/2 Summary of value at risk

Total value at risk according to the risk type

	12 months ended June 30. 2014			12 months ended June 30. 2013		
	Average	Higher	Lower	Average	Higher	Lower
FX risk	1,442	4,664	258	5,354	26,741	276
Interest rate risk	2,057	2,899	1,471	1,312	2,035	575
Equity instrument risk	1,348	3,867	43	-	-	-
Total value at risk	**4,847**	**11,430**	**1,772**	**6,666**	**28,776**	**851**

Value at risk for held-for-trading portfolio according to risk type

	12 months ended June 30. 2014			12 months ended June 30. 2013		
	Average	Higher	Lower	Average	Higher	Lower
FX risk	1,442	4,664	258	5,354	26,741	276
Equity instrument risk	1,348	3,867	43	-	-	-
Total value at risk	**2,790**	**8,531**	**301**	**5,354**	**26,741**	**276**

Value at risk for non-trading portfolio according to risk type

	12 months ended June 30. 2014			12 months ended June 30. 2013		
	Average	Higher	Lower	Average	Higher	Lower
Interest rate risk	2,057	2,899	1,471	1,312	2,035	575
Total value at risk	**2,057**	**2,899**	**1,471**	**1,312**	**2,035**	**575**

The increase in value at risk, especially the interest rate risk, is related to the increase in the interest rate sensitivity in the global financial markets. The previous results of the value at risk have been calculated separately and independently from the positions concerned and the markets' historical movements. Total value at risk for trading and non-trading does not form the Bank's value a risk, given the liaison among risk types and portfolio categories and the subsequent diverse impacts.

B/3 Foreign exchange rate volatility risk

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The Board of Directors has set limits for foreign exchange risk at the total value of positions at the end of the day and intra-day, which are monitored on the spot. The following table summarizes the bank's exposure to the risks of volatility in foreign exchange rates at the end of the reporting year. This table includes the book value of the financial instruments broken down into its component currencies:

Concentration of currency risk of financial instruments

At the end of current year	EGP	USD	EUR	GBP	Swiss Franc	Other currencies	Total (EGP 000's)
Financial assets							
Cash and balances with central banks	17,565,030	11,900,576	74,615	14,672	1,944	86,847	29,643,684
Due from Banks	17,087,000	6,792,284	4,328,190	1,060,661	13,333	504,518	29,785,986
Treasury bills and governmental notes	107,373,250	7,657,757	4,753,753	-	-	-	119,784,760
Held-for-trading financial assets	30,147	-	-	-	-	-	30,147
Loans and advances to banks	111,582	-	35,951	-	-	-	147,533
Loans and advances to customers	82,081,950	40,988,280	1,068,161	29,938	-	-	124,168,329
Financial investments							
Available for sale	98,393,846	17,938,937	30,026	-	-	-	116,362,809
Held to maturity	11,138,351	-	-	-	-	-	11,138,351
Investments in associate companies	8,193,660	-	-	-	-	-	8,193,660
Other financial assets	27,476,232	655,111	51,706	1,131	22,505	110,188	28,316,873
Total financial assets	**369,451,048**	**85,932,945**	**10,342,402**	**1,106,402**	**37,782**	**701,553**	**467,572,132**
Financial liabilities							
Due to banks	1,023,430	4,066,908	112,440	5,183	940	152,420	5,361,321
Customers' deposits	312,492,803	68,166,499	8,001,748	1,081,927	50,527	240,874	390,034,378
Other financial liabilities*	54,288,699	15,363,874	2,135,587	4,392	22,368	361,513	72,176,433
Total financial liabilities	**367,804,932**	**87,597,281**	**10,249,775**	**1,091,502**	**73,835**	**754,807**	**467,572,132**
Net financial position at the balance sheet	**1,646,116**	**(1,664,336)**	**92,627**	**14,900**	**(36,053)**	**(53,254)**	**-**
At the end of comparative year							
Total financial assets	**319,501,676**	**66,547,412**	**9,087,191**	**1,075,900**	**46,023**	**929,592**	**397,187,794**
Total financial liabilities	**320,567,357**	**65,752,014**	**9,004,189**	**1,062,734**	**47,536**	**753,964**	**397,187,794**
Net financial position the balance sheet	**(1,065,681)**	**795,398**	**83,002**	**13,166**	**(1,513)**	**175,628**	**-**
Credit-related commitments	-	-	-	-	-	-	-

- Other liabilities in EGP including the items (shareholders' equity, provisions, others).
- Other currency liabilities including (provisions, others).
- The note does not include New York and Shanghai branches.

B/4 Interest rate risk

The Bank is exposed to the impact of fluctuations in the levels of interest rates prevailing in the market. This is known as the cash flow risk of interest rate represented in the volatility of future cash flow of a financial instrument due to changes in the interest rate of the mentioned instrument. The fair value risk of interest rate is of volatile financial instrument value resulting from changes in market interest rates.

The interest margin may rise due to these changes but still the profits may decrease if unexpected movements occur. The Board of Directors set limits for the level of difference in the re-pricing of interest rate that the Bank can maintain; and Asset Liability Department and Treasury Department in the Bank daily monitors this.

The following table summarizes the extent of the Bank's exposure to the risk of fluctuations in interest rates that includes the book value of financial instruments divided based on the price of re-pricing dates or maturity dates whichever is earlier.

June 30. 2014	Up to 1 month	More than 1 - 3 months	More than 3 months – 1 year	More than 1 - 5 years	More than 5 years	Interest free	Total (EGP MM)
Financial assets							
Cash and balances with Central banks	-	-	-	-	-	19,565	**19,565**
Due from Banks	30,969	10,832	72	-	-	232	**42,105**
Treasury bills and other governmental notes	15,759	26,396	74,321	-	-	-	**116,476**
Loans and advances to customers and banks	39,119	14,481	43,647	3,535	705	15,430	**116,827**
Financial derivatives	(700)	(5,724)	409	6,038	-	-	**23**
Financial investments							
Debt instruments	81	5,219	16,497	80,605	21,954	87	**124,443**
Equity instruments	-	-	-	-	-	11,774	**11,774**
Other financial assets	1,123	2	-	-	-	24,182	**25,307**
Total financial assets	**86,351**	**51,206**	**134,946**	**90,178**	**22,659**	**71,180**	**456,520**
Financial liabilities							
Due to banks and other loans	3,988	3,389	2,056	7,385	2,186	403	**19,407**
Customers' deposits	135,095	26,238	89,072	117,585	675	24,586	**393,251**
Financial derivatives	118	(74)	-	-	-	-	**44**
Other financial liabilities	300	-	-	-	-	43,518	**43,818**
Total financial liabilities	**139,501**	**29,553**	**91,128**	**124,970**	**2,861**	**68,507**	**456,520**
Interest re-pricing gap	**(53,150)**	**21,653**	**43,818**	**(34,792)**	**19,798**	**2,673**	**-**
At the end of comparative year							
Total financial assets	**84,740**	**35,158**	**107,740**	**63,532**	**21,243**	**53,674**	**366,087**
Total financial liabilities	**112,602**	**24,004**	**24,459**	**150,024**	**2,424**	**52,574**	**366,087**
Interest re-pricing gap	**(27,862)**	**11,154**	**83,281**	**(86,492)**	**18,819**	**1,100**	**-**

C – Liquidity risk

The liquidity risk is the risk to which the Bank is exposed to when being unable to meet its commitments associated with its financial obligations at maturity date and replacing the funds that have been withdrawn; and that may result in failure to meet obligations related to repayment of the depositors' funds or meet the lending commitments.

Liquidity risk management

The processes of liquidity risk control carried out by Assets and Liabilities Management Department in cooperation with the Treasury Department in the Bank include the following:

- The daily funding is managed by monitoring and controlling the future cash flows to ensure the ability to fulfill all obligations and requirements. This inculdes replenishment of funds as they mature or are borrowed by customers. The Bank maintains an active presence in the global money markets to ensure achievement of this target.
- Maintaining a portfolio of highly marketable assets, which can easily be liquidated to meet any unexpected interruption in cash flows.
- Monitoring liquidity ratios compared to the internal requirements of the Bank and the Central Bank of Egypt's requirements.
- Management of concentration and profile the debt maturities.

Monitoring and reporting take the form of cash flow measurement and procjections for the next day, week, and month respectively- being the main periods in liquidity management. The starting point for these projections is represented in the analysis of the contractual maturities of financail liabilities and expected collection dates of financial assets.

Assets and Laibilities Management Department together with the Treasury Department control the unmatched medium term assets management, the level and type of the unutilized portion of loan commitments, the extent of utilizing debit current accounts advances and the impact of contingent liabilities such as letters of guarantees and documentary credits.

Financial approach

Liaquidity resources are reviewd by a separate team in the Assets and Liabilities Management Department together with the Treasury Department to provide a wide variety of currenceis, geographical regions, resources, products, and maturities.

Non-derivative cash flows

The following table represents the cash flows payable by the method of non-derivative financial liabilities distributed based on remaining period of the contractual maturities on the date of the balance sheet. The amounts presented in the table reprsent the undiscounted contractual cash flows while the Bank manages the liquidity risk based on expected undiscounted cash flows and not the contractual ones.

(EGP 000's)

June 30. 2014	Up to 1 month	More than 1 - 3 months	More than 3 months – 1 year	More than 1 - 3 years	More than 3 years	Total
Financial liabilities						
Due to banks	2,815,565	1,809,698	221,040	-	-	**4,846,303**
Customers' deposits	34,274,435	26,623,272	106,040,720	170,948,660	55,364,474	**393,251,561**
Other loans	160,904	323,015	1,644,493	6,974,918	5,457,326	**14,560,656**
Total financial liabilities	**37,250,904**	**28,755,985**	**107,906,253**	**177,923,578**	**60,821,800**	**412,658,520**

(EGP 000's)

June 30. 2014	Up to 1 month	More than 1 - 3 months	More than 3 months – 1 year	More than 1 - 3 years	More than 3 years	Total
Financial assets						
Cash & due from central banks	5,906,762	-	-	-	13,658,565	**19,565,327**
Due from banks	33,873,795	1,887,989	-	-	6,343,167	**42,104,951**
Treasury bills & other governmental notes	35,985,915	18,436,497	57,086,243	4,967,480	-	**116,476,135**
Loans & advances to customers	9,608,842	4,513,758	50,096,027	23,696,317	28,434,360	**116,349,301**
Total financial assets	**85,375,314**	**24,838,244**	**107,182,270**	**28,663,794**	**48,436,092**	**294,495,714**

(EGP 000's)

June 30. 2013	Up to 1 month	More than 1 - 3 months	More than 3 months – 1 year	More than 1 - 3 years	More than 3 years	Total
Financial liabilities						
Due to banks	3,843,192	2,762,025	215,999	-	-	**6,821,216**
Customers' deposits	29,339,784	20,852,564	39,556,158	179,663,774	43,301,779	**312,714,059**
Other loans	818,093	201,161	1,763,293	6,107,993	5,577,551	**14,468,091**
Total financial liabilities	**34,001,069**	**23,815,750**	**41,535,450**	**185,771,767**	**48,879,330**	**334,003,366**

(EGP 000's)

June 30. 2013	Up to 1 month	More than 1 - 3 months	More than 3 months – 1 year	More than 1 - 3 years	More than 3 years	Total
Financial assets						
Cash & due from central banks	6,693,018	-	1,754,495	-	8,292,700	**16,740,213**
Due from banks	19,871,026	232,243	-	-	-	**20,103,269**
Treasury bills & other governmental notes	22,235,754	16,662,793	44,216,994	4,303,471	-	**87,419,012**
Loans & advances to customers	7,556,936	3,582,149	44,282,103	22,419,709	28,945,082	**106,785,979**
Total financial assets	**56,356,734**	**20,477,185**	**90,253,592**	**26,723,180**	**37,237,782**	**231,048,473**

Assets available to meet all liabilities and hedge loans commitments include: cash, due from central banks, due from banks, Treasury bills (T-bills) & other government bonds, and Loans & advances to banks and customers. In the normal course of business, a proportion of customers' loans payable within one year will be extended. Moreover, to secure liabilities, some debt instruments, T-bills and governmental notes are pledged. In case of unexpected net cash flows, the Bank has the ability to sell securities and find other financing sources.

Cash flows derivatives

- Derivatives settled with net

  NBE's derivatives settled with net encompass:

  * foreign exchange derivatives: currency options in and out trading floor and currency futures.
  * Interest rate derivatives: return swaps, return-term agreements, Interest rate options in and out the cabin, contracts for future returns and other return agreements.

In the following table, the financial derivatives liabilities, that are to be settled in net, are distributed according to the remaining period of contractual accruals as at the date of the balance sheet. The amounts listed in the table below represent the undiscounted cash flows.

Derivatives settled with total

Derivatives settled with total include:

* Foreign exchange derivatives: currency futures contracts and currency exchange contracts.
* Rate of return derivatives: interest rate swaps and currency.

In the following table, the financial liabilities derivatives that are to be settled in total distributed on the basis of the remaining period of contractual accruals as at the date of the balance sheet. The amounts listed in the table below represent the undiscounted cash flows.

(EGP 000's)

The end of the fiscal period 30 June 2014	Up to 1 month	More than 1month & up to 3 months	More than 3 months up to a year	More than a year & up to 5 years	More than 5 years	Total
Derivatives held for coverage	(700)	(5,724)	409	6,038	-	**23**

D - Fair value of assets and financial liabilities

Financial instruments not measured at fair value:

The following table summarizes the present value and the fair value of financial assets and liabilities that are not presented in the Bank's balance sheet at fair value.

(EGP 000's)

June 30. 2014	Book value		Fair value	
	Current year	Comparative year	Current year	Comparative year
Financial assets				
Due from banks	42,104,951	20,103,269	42,104,951	20,103,269
Loans & advances to banks	477,491	692,288	477,491	692,288
Loans & advances to customers	124,162,980	113,996,597	124,162,980	113,996,597
- Individuals - Enterprises	26,213,951 97,949,029	22,295,589 91,701,008	26,213,951 97,949,029	22,295,589 91,701,008

(EGP 000's)

June 30. 2014	Book value		Fair value	
	Current year	Comparative year	Current year	Comparative year
Financial investments				
Equity instruments available for sale	3,245,848	3,158,483	3,245,848	3,158,483
Held to maturity date	11,138,351	459,026	11,138,351	459,026
Financial liabilities				
Due to banks	4,846,303	6,821,216	4,846,303	6,821,216
Customers' deposits	393,251,561	312,714,059	393,251,561	312,714,059
Other loans	14,560,656	14,468,091	14,560,656	14,468,091

No material differences between the book value and the fair value as at the date of the financial position

Balances in banks

The fair value of overnight deposits with variable return represents its current value. The expected fair value of deposits with variable return is estimated according to the discounted cash flows by applying the current interest rate in financial market for debts with high credit risk and a similar maturity date.

Loans & advances to banks

Loans & advances to banks are represented in loans other than deposits with banks. The expected fair value for Loans & advances represents the discounted value of future cash flows expected to be collected. To determine the fair value, cash flows are discounted by adopting the current market rate.

Loans & advances to customers

Loans & advances are presented in net after discounting the impairment loss provision. The expected fair value for Loans & advances represent the discounted value of future cash flows expected to be collected. To determine the fair value, cash flows are discounted by adopting the current market rate.

Investments in securities

In the previous table, investments in securities include only held to maturity bearing assets. Available for sale assets are evaluated at fair value except for the equity instruments which the bank has been unable to evaluate their fair value to a reliable extent. The fair value of financial assets held to maturity is determined according to the market rates or prices obtained from brokers. If such data were not available then the fair value is estimated by applying financial markets' rates of negotiable securities with similar credit features, maturity dates as well as similar rates.

Due to other banks and customers

The estimated fair value for deposits with unfixed maturity date, which include as well non- interest bearing deposits, represents the cash that is to be paid on demand.

Fair value of fixed interest rate deposits and non-negotiable loans in an active market are determined according to the discounted cash flows by applying interest rates of new debts with similar maturity dates.

Issued debt instruments

Total fair value is calculated based on current financial markets' rates. As for securities that have no active market, discounted cash flows model is used in the first time according to the current rate applicable to the remaining period till maturity date.

H - Capital management

The bank's objectives behind managing capital include elements other than equity shown in the balance sheet, are represented in the following:

- Comply with capital legal requirements in Arab Republic of Egypt and in other countries where the bank's branches operate.
- Support the bank's ability to continue its business and enabling it to continue in generating return to shareholders and other parties that deals with the bank.
- Maintain a strong capital base that support business growth.

Capital adequacy and capital utilizations are reviewed according to the requirements of regulators (Central Bank of Egypt in the Arab Republic of Egypt) and monitored daily by the bank's management through models that depend on the guidelines of Basel Committee for Banking Supervision.

Required information is submitted to the Central Bank of Egypt on a quarterly basis.

The Central Bank of Egypt requires each bank to do the following:

- Maintain the sum of EGP 500 MM. as a minimum limit for issued and paid-up capital.
- Maintain a percentage between capital elements and assets and contingent liabilities elements weighted by risk equals to or exceeds 10%.

Overseas branches are subject to the supervision rules regulating banking business in countries where they operate.

The numerator of the capital adequacy ratio consists of the following two tiers:

Some items that will be deducted/negligible which are listed under "supervision instructions of minimum capital adequacy ratio – Chapter 2, about capital base which will be processed later"

- **These items are deducted from core constant capital if its value is negative, otherwise (positive value) are neglected.**

1. Reserves: which include legal, general, formal and capital reserves.
2. Noncumulative permanent preferred stock: under condition of CBE approval to be added to tier one which meet conditions for listening in additional core capital.
3. Current gain/loss: net profit is not added to capital base unless it is audited and declared dividends by General Assembly and Central bank of Egypt approval. However losses are processed without any conditions.
4. Going concern core capital after regulatory adjustments: item 1,1 before deduction of investments in financial companies which are listed in item taking into consideration what is stated in regulatory instructions item 3/8/1/2.
5. Investments: The bank must evaluate investments periodically, and if not, any increase in fair value is ignored in preparing this report.
6. Mixed financial instruments: are listed after CBE approval on its characteristic and its commitment with the referred standards to be listed in this tier. Central bank of Egypt has the right to enlist only specific percentage.
7. Supportive loans (deposits): only if not exceed 50% of tier one after exclusions as 20% of its value to be consumed yearly of its 5 years in its useful life.
8. Must not exceed 1,25% of total credit risk for assets and regular contingent liabilities that are risk weighted, as also impairment loss provisions of loans and advances, credit facilities and irregular contingent liabilities must be sufficient enough to meet obligations that provisions have created for.
9. Going concern capital before regulatory adjustments: which is paid up capital, reserves, retained earnings after goodwill deduction and treasury shares.
10. In case of bank doesn't achieve net profit and there is no retained earnings so, it is obligatory to discount that reserve 50% from tier one, and 50% from tier two.
11. The value that exceed risk weighted predetermined limits of syndication for countries: that value must be according to sample number 720 which is about syndication of abroad countries, taking into consideration adjusting the value of capital base included in pre mentioned report as per above calculated value.

The following table summarize components of core and supportive capital and capital adequacy ratios:

(EGP MM)

	Items	June 30. 2014	June 30. 2013
	Total capital base after exclusions	**21,908**	**18,737**
1	**Tier one after exclusions: Going-concern capital**	**15,757**	**15,363**
1,1	**Going concern core capital after exclusions - Common Equity**	**15,693**	**15,130**
1,1,1	Issued and paid capital	9,247	9,247
1,1,2	Treasury Shares (-)	-	-
1,1,3	Goodwill (-)	(2)	(4)
1,1,4	Reserves (1)	8,248	8,179
1,1,5	Retained Earnings (Loss)	(1,796)	(2,249)
1,2	**Additional core capital - Concern Additional Going**	**64**	**233**
1,2,1	Noncumulative permanent preferred stocks (2)	-	-
1,2,2	Quarterly Retained Earnings (Loss) (3)	-	-
1,2,3	Minority interest	64	233
1,2,4	The difference between nominal value and fair value of standby loan (deposit)	-	-
1,3	**Total exclusions from continuous core capital - Common Equity**	**(5)**	**(43)**
1,3,1	Items to be deducted:	(5)	(43)
1,3,1,1	Bank investments in financial institutions (Banks - Companies) and insurance companies.	(45)	(430)
1,3,1,1,1	What exceeds value of investments for each investment alone represents 10% or more of issued capital of the company (-)	(45)	(430)
1,3,1,1,2	Excess of all bank investments in which each investment with 10% or more from the capital issue for the company.	-	-
1,3,2	Negligible elements	-	-
1,3,2,1	Balance of Fair Value Reserve for AFS securities (if negative)	-	-
1,3,2,1	Reserve Foreign currency translation differences (if negative)	-	-
2	**Tier two after exclusions: Gone – Concern Capital**	**6,151**	**3,374**
2,1	45% of the of positive reserves of Foreign currency translation differences cationic	232	136
2,2	45% of Special Reserve	181	181
2,3	45% of increase of fair value over book value of financial investments (if positive) 5	2,827	458
2,3,1	45% of fair value reserve for available for sale investments	2,775	426
2,3,2	45% of the increase in the fair value over it carrying for held to maturity investments	52	32
2,3,3	45% of the increase in the fair value over it carrying value of financial investments in subsidiaries and associates	-	-
2,4	Hybrid financial instruments (6)	-	-
2,5	Supportive loans (Deposits) (7)	1,021	1,082
2,6	Reserves for loan and advances impairment loss and regular contingent liabilities (8)	1,890	1,517
3	**Total Exclusions 50% from tier one, 50% from tier two.**	**-**	**-**
3,1	Investments in non-financial companies	-	-
3,1,1	The total value of the Bank's investments in each company alone, which is 15% of continuous core capital of the bank before regulatory adjustments (9) (-)	-	-
3,1,2	The total value of the Bank's investments in each company alone, which is less than 15% of continuous core capital of the bank before regulatory adjustments (9)(-) with condition that these combined investments increased by 60% of continuous core capital before regulatory adjustments. (-)	-	-
3,2	Securitization Portfolio	-	-
3,3	What relate to the value of assets that havefallen ownership of the Bank settlement of debts in general banking risk reserve (10) (-)	-	-
4	**Total assets and contingent liabilities with weighted risk of credit, market, operation.**	**228,233**	**186,709**
4,1	Total credit risk	207,751	169,799
4,1,1	Total assets and contingent liabilities as credit risk weighted	207,751	169,799
4,1,2	Capital requirements for counterparty risk	-	-
4,2	Value waive the prescribed limits utilizing to the risk-weighted countries (11)	-	-
4,3	Capital requirements for market risk	104	147
4,4	Capital requirements for operational risk	1,944	1,544
5	**Capital base/total assets and liabilities risk-weighted credit, market and operational %**	**9,6%***	**10,04%**

*In the case of the approval of the General Assembly to support reserves at 2 400 EGP MM of distributable profits which represent the government's share of the profit the ratio will reach to 10,7%

4. The significant accounting estimates and assumptions

The Bank uses estimates and assumptions that affect the disclosed amounts of assets and liabilities during the following fiscal period. These estimates and assumptions are based on historical experience and other factors including the expectations of future events that are considered reasonable in accordance with the available information and surrounding conditions.

A - Impairment loss on Loans & advances

The bank reviews Loans & advances portfolio quarterly at least to assess impairment. The bank applies personal judgment when determining the necessity of recording the impairment charges to the income statement so as to know if there is any reliable data which refer to the existence of a measurable decline in the expected future cash flows of the loans portfolio even before being acquainted with the decline at the level of each loan in the portfolio. These evidences may include data, which indicate the occurrence of a negative change in the ability.

Of a portfolio of borrowers to repay the bank or local or economic circumstances related to default in the Bank's assets.

On scheduling future cash flows, the management uses estimates based on prior experience of losses of assets with credit risk characteristics in the presence of objective evidence that refer to impairment similar to those included in the portfolio. The method and assumptions used in estimating the amount and timing of future cash flows are reviewed on a regular basis to minimize any differences between estimated and actual losses based on expertise. If the present net value of projected/ estimated cash flows differs by +/%5- then the estimated impairment loss provision will increase or decrease by EGP 256 MM. of formed provisions.

B - Impairment of available for sale equity instruments

The Bank determines the impairment of the shareholders' equity instruments available for sale when there is a significant or continuous decline in fair value below their cost. A significant or continuous decline needs a personal judgment. To make this judgment, the Bank assesses – besides other factors – the common share price volatility.

In addition, impairment exists when there is objective evidence that the invested company has a financial deterioration in its cash flows from operating and financing activities, industry or sector performance or technological advances.

And if considered all the decrease in fair value lower than the cost is significant or continuous, then the bank will face additional loss represent gross fair value reserve transferred to income statement.

C - Fair value of derivatives

The fair values of financial instruments, which are not listed in active markets, are identified using the valuation methods. When such methods (such as models) are used to identify the fair values, they are tested and reviewed periodically by qualified personnel who are independent of the body that prepared them. All models have been approved before and after using them to ensure that their results reflect actual data and prices that can be compared to the market. To the extent that deems practical, only documented data are used in these models but in areas such as credit risks (related to the bank and counterparties), volatility or correlations, the management has to use estimates. Changes in assumptions around these factors may affect the fair value of the financial instrument disclosed at the date of the balance sheet.

D - Held to maturity financial investments

Non-derivative financial assets with fixed or determinable payments and maturity are classified as financial investments held to maturity. This classification requires personal judgment, therefore the Bank tests whether there is a genuine intent and ability to hold such investments to maturity.

If the Bank fails to hold such investments till maturity, except for certain circumstances such as selling an insignificant amount of financial investments held to maturity which are close to maturity date, such investments should be reclassified as available for sale. Accordingly, the said investments will be measured at fair value instead of the amortized cost and the classification of any investments under this item will be suspended.

E - Income taxes

The Bank is subject to the income taxes of several tax departments for our external branches. This requires the usage of significant estimates to determine the total provision of the income taxes. It is difficult to accurately assess the final taxes for certain operations and accounts. The Bank records the liabilities of the expected results of tax examination according to estimates of the probability of the emergence of additional taxes. When there is a variance between the final result of taxes and the amounts previously recorded then these variances will affect the income tax and deferred tax provision for the year in which the variance has been identified.

5. Sectors segment analysis

Business segment analysis

Business segment includes operational processes, assets used in providing banking services and management of their surrounding risks and return related to this business that are different from those of other business segments. It includes the segment analysis of these operations in accordance with banking business as follows:

Large, medium and small Corporate
It includes the current accounts, deposits, debit current accounts, loans, credit facilities, and financial derivatives.

Investment
It includes treasury activities.

Retail
It includes the current accounts, savings, deposits, credit cards, personal loans, real estate loans, etc.…

Asset and Liability Management

They include other banking businesses such as asset and liability management.
Dealings and transactions between the segmental activities are done in accordance with the bank's normal course of business.
Assets and liabilities include operational assets and liabilities as presented in the Bank's balance sheet.

(EGP 000's)

June 30. 2014	Corporate	Medium and small enterprises	Investment	Retail	Asset & Liabilities management	Total
Assets & Liabilities according to segmental activity						
Segmental activity assets	77,127,101	13,485,741	11,714,862	26,213,950	-	**128,541,654**
Unclassified assets	-	-	-	-	327,978,249	**327,978,249**
Total Assets	**77,127,101**	**13,485,741**	**11,714,862**	**26,213,950**	**327,978,249**	**456,519,903**
Segmental activity liabilities	105,593,111	-	-	287,658,450	-	**393,251,561**
Unclassified liabilities	-	-	-	-	63,268,342	**63,268,342**
Total liabilities	**105,593,111**	**-**	**-**	**287,658,450**	**63,268,342**	**456,519,903**

June 30. 2013	Corporate	Medium and small enterprises	Investment	Retail	Asset & Liabilities	Total
Assets & Liabilities according to segmental activity						
Segmental activity assets	75,246,565	9,936,113	11,526,949	22,295,589	-	119,005,216
Unclassified assets	-	-	-	-	247,081,972	247,081,972
Total Assets	**75,246,565**	**9,936,113**	**11,526,949**	**22,295,589**	**247,081,972**	**366,087,188**
Segmental activity liabilities	73,480,115	-	-	239,233,944	-	312,714,059
Unclassified liabilities	-	-	-	-	53,373,129	53,373,129
Total liabilities	**73,480,115**	**-**	**-**	**239,233,944**	**53,373,129**	**366,087,188**

6. Net interest incom

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Interest and similar income:		
Banks	15,162	12,831
Customers	9,529,470	8,579,429
	9,544,632	**8,592,260**
Treasury bills and bonds	24,605,651	22,774,233
Deposits and current accounts	1,789,317	420,412
Repos Agreement	80,334	26,787
Total	**36,019,934**	**31,813,692**

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Interest and similar expense: Deposits and current accounts:		
Banks	78,458	132,938
Customers	24,083,191	19,989,536
	24,161,649	**20,122,474**
Reverse Repos Agreement	131,490	181,479
Other loans	566,977	488,214
Total	**24,860,116**	**20,792,167**
Net interest income	**11,159,818**	**11,021,525**

7 .Net income from fees and commissions

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Fee and commission income :		
Fee and commission related to credit	1,496,117	1,358,726
Other fee	760,103	696,138
	2,256,220	**2,054,864**
Fee and commission expense:		
Other fee paid	(10,310)	(6,812)
Net income from fee and commission	**2,245,910**	**2,048,052**

8 . Dividend income

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Trading securities	350	-
AFS Security	178,446	168,089
Subsidiaries and associates & held to maturity	150,348	127,781
Total	**329,144**	**295,870**

9. Net trading income

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Foreign currency transactions:		
Profit (loss) of foreign currency exchange	282,662	285,411
Profit (loss) from forward exchange deals revaluation	-	75,108
Trading financial investments	123,899	95,463
Profit (loss) from currency swap deals revaluation	68,881	401
Total	**475,442**	**456,383**

10. Administrative expenses

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Staff costs		
Salaries and wages	(3,142,090)	(2,923,653)
Social insurances	(92,897)	(81,832)
Retirement Cost	(266,841)	(213,534)
Other administrative expenses	(2,049,313)	(1,639,041)
Total	**(5,551,141)**	**(4,858,060)**

11. Other operating (expenses) income

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Profits (losses) from non-trading assets and liabilities revaluation	(9,873)	(549,021)
Release (charges) of other provisions	(891,016)	(1,359,899)
Others	422,045	483,207
Total	**(478,844)**	**(1,425,713)**

12 . Impairment (charge) release for credit losses

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Loan and advances to customers (Notes 29,20)	(467,372)	(555,386)
Financial investments held to maturity*	8,976	(907)
Total	**(458,396)**	**(556,293)**

*** Settlement of the provision for impairment losses of financial investments held to maturity**

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Balance at the beginning of the year	(20,484)	(19,577)
Impairment (charge) release for credit losses during the period	8,976	(907)
Balance at the end of the fiscal year	(11,508)	(20,484)

13. (expenses) profit Income tax

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Current income tax	4,659,035	4,258,214
Deferred income tax	48,627	(149,783)
Total	**4,707,662**	**4,108,431**

Note No. 31 contains additional information about deferred income tax. Taxes on Bank's profits differ from the value resulting from applying current tax rates as follows:

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Profit before tax	8,455,479	7,150,060
Income taxes calculated upon interest rates basis 30%	2,536,594	1,787,015
Non - taxable income	(697,310)	(929,357)
Non - deductible expenses	1,163,651	1,212,790
Income tax (expenses)	**3,002,935**	**2,070,448**
Tax Rate (Excluding tax on treasury bonds and bills' returns)	**35,5%**	**28,96%**
Effective tax rate including tax on treasury bonds and bills' returns	**55,10%**	**59,56%**

14. Basic Earnings per share

Earnings per share is calculated by dividing the net profit attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year after excluding the average stock, which the bank re-purchased and kept in the treasury stocks.

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Net profit for the period	3,747,817	3,041,629
Staff profit sharing	(521,304)	(463,866)
Profits shareholders stocks (1)	3,226,513	2,577,763
Weighted average number of ordinary shares issued (2)	9,247,320	8,834,798
Basic earnings per share (EGP) (1:2)	0,35	0,29

15. Cash and balances with central banks

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Cash	5,906,762	6,822,303
Obligatory reserve balance with CBE	13,658,565	9,917,910
Total	**19,565,327**	**16,740,213**
Non-interest bearing balances	5,906,762	6,822,303
Fixed interest bearing balances	13,658,565	9,917,910
	19,565,327	**16,740,213**

16. Due from banks

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Current accounts	6,065,391	7,826,825
Deposits	36,039,560	12,276,444
Total	**42,104,951**	**20,103,269**
Central banks excluding obligatory reserve percentage	26,787,379	7,553,874
Local banks	475,000	-
Foreign banks	14,842,572	12,549,395
Total	**42,104,951**	**20,103,269**
Non - interest bearing balances	62,381	35,984
Floating interest bearing balances	15,255,191	12,513,411
Fixed interest bearing balances	26,787,379	7,553,874
Total	**42,104,951**	**20,103,269**
Current balances	42,104,951	20,103,269
Total	**42,104,951**	**20,103,269**

17. Treasury bills and other governmental notes

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Egyptian treasury bills and other governmental notes	116,476,135	87,419,012
Total	**116,476,135**	**87,419,012**
91- day maturity	7,706,000	6,377,800
182 - day maturity	28,827,000	32,031,275
273 - day maturity	28,531,725	25,840,500
364 - day maturity	54,720,035	42,097,461
Unearned interests for more than 3months	(4,164,690)	(4,915,357)
Unearned interests for less than 3months	(80,583)	(120,615)
	115,539,487	**101,311,064**
Repos Treasury bills	936,648	(13,892,052)
Net Treasury bills	**116,476,135**	**87,419,012**

18. Trading Financial assets

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Debt instruments for trading		
Other debt instruments	4,932	6,905
Equity instruments local banks and company shares	25,215	-
Total debt instruments	**30,147**	**6,905**
Total financial assets for trading	**30,147**	**6,905**

19. Loans and advances to banks

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Long term loans	477,491	692,288
Total	**477,491**	**692,288**
Current balances	51,679	292,112
Non-current balances	425,812	400,176
Total	**477,491**	**692,288**

20. Loans and advances to customers

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Individual		
Overdrafts	4,881,073	4,830,833
Credit cards	1,262,245	1,165,587
Personal loans	18,761,935	15,013,892
Mortgage	1,308,698	1,285,277
Total (1)	**26,213,951**	**22,295,589**
Corporate. including SMEs		
Overdraft	33,603,052	25,792,519
Direct loans	44,648,751	45,978,117
Syndicated loans	19,696,688	19,929,831
Other loans	538	541
Total (2)	**97,949,029**	**91,701,008**
Total loans and advances to customers (1+2)	**124,162,980**	**113,996,597**
Less		
Impairment provision	(7,005,400)	(6,535,109)
Returned interest	(808,099)	(675,201)
Unearned discount	(180)	(308)
Net. loans and advances to customers	**116,349,301**	**106,785,979**
distributed to		
Current balances	49,989,832	41,363,505
Non-current balances	74,173,148	72,633,092
Total	**124,162,980**	**113,996,597**

Analysis for impairment provision of loans and advances to customers June 30. 2014			(EGP 000's)
	Corporate	Individual	Total
Beginning balance	**5,895,535**	**639,574**	**6,535,109**
Charged (released) during the year	325,002	8,746	**333,748**
Write off during the year	(41,300)	(257,100)	**(298,400)**
Transfers	145,193	(102,269)	**42,924***
Recoveries from written off debts	301,499	11,338	**312,837**
Exchange revaluation differences	79,170	12	**79,182**
Ending balance	**6,705,099**	**300,301**	**7,005,400**

Corporate				
Overdraft accounts	Direct loans	Syndicated loans	Other loans	Total
697,805	5,997,979	8,777	538	**6,705,099**
Individual				
Overdraft accounts	Credit cards	Personal loans	Mortgages	Total
5,188	22,520	234,894	37,699	**300,301**

*As a result to transfer Indebtedness of clients from off balance sheet to on balance sheet.

Analysis for impairment provision of loans and advances to customers June 30. 2013			(EGP 000's)
	Corporate	Individual	Total
Beginning balance	**4,706,168**	**504,398**	**5,210,566**
Charged (released) during the year	622,261	(3,154)	**619,107**
Write off during the year	(1,226,525)	(23,597)	**(1,250,122)**
Transfers	967,060	157,212	**1,124,272**
Recoveries from written off debts	440,542	4,574	**445,116**
Exchange revaluation differences (+/-)	386,029	141	**386,170**
Ending balance	**5,895,535**	**639,574**	**6,535,109**

Corporate				
Overdraft accounts	Direct loans	Syndicated loans	Other loans	Total
393,286	5,222,999	278,647	603	**5,895,535**
Individual				
Overdraft accounts	**Credit cards**	**Personal loans**	**Mortgages**	**Total**
7,787	124,332	469,077	38,378	**639,574**

21. Derivative Financial instruments

	June 30. 2014 EGP 000's		June 30. 2013 EGP 000's	
	Assets	Liabilities	Assets	Liabilities
Currency swaps	22,501	44,010	57,965	47,479
Total	22,501	44,010	57,965	47,479
Total assets (liabilities) of derivatives held for hedging	22,501	44,010	57,965	47,479
Total assets (liabilities) of derivatives recognized	22,501	44,010	57,965	47,479
Current balances	22,501	44,010	57,965	47,479
Total Financial Derivatives	**22,501**	**44,010**	**57,965**	**47,479**

22. Financial investments

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Available For Sale		
Listed debt instruments	112,850,124	95,287,882
Unlisted debt instruments	759,093	759,093
Unlisted equity instruments	2,537,073	2,447,222
Listed equity instruments	708,775	711,261
Total financial investments available for sale (1)	**116,855,065**	**99,205,458**
Held to maturity		
debt instruments – amortizing coast Listed	10,808,749	183,410
Unlisted	79,463	79,463
Mutual funds	250,139	196,153
Total held to maturity (2)	**11,138,351**	**459,026**
Total Financial investments (1+2)	**127,993,416**	**99,664,484**
Current balances	20,068,024	21,646,806
Incurrent balances	107,925,392	78,017,678
Total	**127,993,416**	**99,664,484**
Fixed interest debt instruments	123,626,267	95,140,324
Floating interest debt instruments	871,162	1,169,524
Total	**124,497,429**	**96,309,848**

Following is a breakdown of financial investments during the year:

	Available for-sale investments (EGP 000's)	Held-to-maturity investments (EGP 000's)	Total (EGP 000's)
Beginning Balance on July 1. 2013	**99,205,458**	**459,026**	**99,664,484**
Addition	43,552,883	10,869,576	**54,422,459**
Deduction (selling - redemption)	(31,105,307)	(194,134)	**(31,299,441)**
Exchange revaluation difference	493,445	-	**493,445**
Profit (Losses) from fair value difference	4,699,457	-	**4,699,457**
Impairment (charge) release	(1,226)	8,976	**7,750**
Bonds income amortizing	10,355	(5,093)	**5,262**
Ending balance on June 30. 2014	**116,855,065**	**11,138,351**	**127,993,416**

	Available for-sale investments (EGP 000's)	Held-to-maturity investments (EGP 000's)	Total (EGP 000's)
Beginning Balance on July 1. 2012	**88,844,550**	**275,443**	**89,119,993**
Addition	29,670,737	201,835	**29,872,572**
Deduction (selling - redemption)	(20,355,779)	(17,345)	**(20,373,124)**
Exchange revaluation difference	20,607	-	**20,607**
Profit (Losses) from fair value difference	1,371,400	-	**1,371,400**
Impairment (charge) release	(79,397)	(907)	**(80,304)**
Bonds income amortizing	(266,660)	-	**(266,660)**
Ending balance on June 30. 2013	**99,205,458**	**459,026**	**99,664,484**

Follow (22)

Profits (losses) from financial investments

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Profits (losses) from selling AFS financial investments	717,100	297,721
Impairment release (charges) of AFS equity instruments	(5,865)	(79,397)
Profit (loss) from selling investments in subsidiaries and associates	278	27,871
(Losses) from impairment of subsidiaries & associates	18,302	(77,899)
Profit (loss) from selling dept investments held to maturity	3,731	-
Total	**733,546**	**168,296**

Investments in Subsidiaries and Associates: June 30. 2014 (000's)

	Company name	Stake %	Available Financial statement	Company's Assets	Company's Liabilities	Company's revenues	Company's net Profit (Loss)
	Subsidiaries						
1	National Bank Of Egypt – NBE (Uk)	100%	6/30/2014	£1191617	£1056861	£9312	£4756
2	Dubie international financial center.	100%	12/31/2013	3387$	71$	731$	(513)$
3	International Co. For Animal Wealth	99,92%	6/30/2012	125,471	57,726	115,113	508
4	Sila Edible Oil Co. S.A.E	99,81%	12/31/2013	40,797	66,816	7,741	(10,253)
5	National Bank Of Egypt – El khartoum	99 %	12/31/2013	637,611	332,161	47,773	48,067
6	National Melamine And Urea Formaldehyde Co	99,43%	12/31/2013	17,704	81	0	(411)
7	Al-Ahly Capital Holding Co.	98,95%	12/31/2013	5,918,655	7	453	414
8	North Upper Egypt For Industrial & Inv	98,76%	12/31/2012	13,363	3,611	718	(1,105)
9	Al Ahly for leasing	95%	12/31/2013	304,177	255,621	49,994	2,025
10	El Ahly for mortgage	99,08%	12/31/2013	275	103	25	10
11	Dream Land Co. For Urban Development	71,70%	12/31/2009	2,102,441	1,412,167	162,321	16,493
12	Dream Land Co. For Meeting	71,70%	12/31/2009	297,531	251,979	108	(13,668)
13	Dream Land Markets Co.	71,70%	12/31/2009	109,892	83,265	0	(6,580)
14	Dream Land Health Resort Co.	71,70%	12/31/2009	456,301	117,081	407,297	250,705
15	Forsan Dream Land Co	71,70%	12/31/2009	210,250	129,619	15	(15,000)
16	Dream Land Pyramids Co. For Golf	71,70%	12/31/2009	984,070	591,620	103,248	(32,692)
17	El Mohandes National Food Products Co. "Compy"	70,85%	12/31/2007	9,788	80,442	0	(849)
18	Ahly for trading in securities	60,50%	12/31/2013	16	9,029	818	(1,473)
19	Rady Group For Tourstic Investment "Canyon Resorts"	52,05%	Not Applicable				

(000's)

	Company name	Stake %	Available Financial statement	Company's Assets	Company's Liabilities	Company's revenues	Company's net Profit (Loss)
	Associates						
20	The Egyptian Co. For Asset Management & Investment	50%	12/31/2013	3,238,480	3,238,425	0	5,462
21	The Egyptian Salts And Mineral's Co (Emisal)	49,84%	12/31/2013	338,242	139,019	256,100	35,133
22	Egy Marble	41,34%	12/31/2009	22,506	22,022	4,215	(327)
23	International CO. FOR ELECTRONIC APPLIANCES	41,33%	12/31/2009	262,529	153,948	133,885	1,072
24	Egy House	41,33%	12/31/2009	34,129	49,731	2,986	(4,892)
25	Dream Park	41,33%	12/31/2008	422,229	217,545	69,123	7,989
26	InterNational Electronics	41,33%	12/31/2006	376,507	318,354	13,595	(8,912)
27	Egy Serv.	40%	12/31/2013	30	10	60	6
28	Al Ahly Real Estate Development CO	40%	12/31/2013	1,209,162	837,583	221,927	91,474
29	Upper Egypt for the manufacturer concentrates and juices	40%	12/31/2013	96,495	64,996	1,027	(8,859)
30	National Co. For Housing For Professional Syndicates	39,57%	03/31/2014	196,831	15,626	3,699	(2,000)
31	Imbt	39,38%	12/31/2013	111,262	77,465	0	(4,812)
32	Al Ahly For Projects And Medical Services	39%	12/31/2013	69,629	8,561	8,682	3,816
33	6th Of October Storage And Distribution Co. (Sosdi) S.A.E	35,63%	12/31/2013	36	36	7	0
34	Oriental Resorts For Touristic Development	34,86%	12/31/2013	129	39	8	(4)
35	Mena Telecommunications Co. (Menatel)	33,96%	12/31/2013	20,516	12,285	0	(37)
36	Real Estate Egyptian Consortium	33,95%	03/31/2014	707,947	581,979	1,510	1,722
37	Nile Holding Co.	33,33%	3/9/2012	165,236	2,185	10,697	8,175

(000's)

	Company name	Stake %	Available Financial statement	Company's Assets	Company's Liabilities	Company's revenues	Company's net Profit (Loss)
38	Financial Sector Fund Co	33,33%	12/31/2013	94,018	296	11,943	10,775
39	Maspiro CO. FOR URBAN DEVELOPMENT	33,33%	12/31/2013	118,497	19,353	5,384	3,352
40	Horizon For Investment & Industrial Development	30,08%	12/31/2013	440	246	427	78
41	Multi Trade Holding-Luxembourg	30%	12/31/2013	598Euro	9Euro	16Euro	5 Euro
42	Misr Aswan For Fishing Hunting And Fabricating	28,85%	12/31/2013	23,071	6,891	19,077	513
43	Port Said National Food Security Co.	28,82%	12/31/2013	3,526	1,121	21	67
44	Al Ektesadia For Housing And Reconstruction	28,52%	12/31/2013	101	34	15	6
45	Upper Egypt For Investment Co.	30,59%	12/31/2013	121,690	531	4,480	395
46	Credit Guarantee Company	27,28%	12/31/2013	222,037	145,002	44,051	19,341
47	Multi-Investment InterNational Company	27%	12/31/2013	79	3	16	11
48	The Universal Co For Cellulose Products	27%	12/31/2009	258,560	188,288	0	0
49	El Sherouk For Markets & Commercial Stores	26,46%	12/31/2013	58,862	24,841	152,529	1,476
50	New Ismailia For Investment And Tourism Co.	25,17%	12/31/2013	32,263	3,742	1,902	1,037
51	United Tour Operators InterNational	25%	12/31/2011	25,180	98	0	(7,789)
52	Al Montazah For Tourism & Investment Co.	24,95%	12/31/2013	576,483	238,232	9,177	(12,686)
53	Farma Free Zone	24,47%	12/31/2013	47,919	2,948	861	92
54	Concord National Investments Limited - Isle of man	24,26%	12/31/2011	$3,736	$19	$1,208	$867

(000's)

	Company name	Stake %	Available Financial statement	Company's Assets	Company's Liabilities	Company's revenues	Company's net Profit (Loss)
55	Orix Leasing Egypt	24%	12/31/2013	540,837	463,089	184,514	5,869
56	Misr Company For Financial Investment	23,47%	12/31/2013	93	13	18	8,473
57	Samcrete Development	22,99%	12/31/2013	765,972	331,222	69,933	2,781
58	Alexandria Company For Petroleum Additives (Acpa)	22,86%	12/31/2013	198,565	44,637	109,151	(15,111)
59	Economic Islamic Trade And Distribution Co	21,94%	12/31/2013	5,490	1,008	148	(793)
60	Integrated Banking Solutions	21,92%	12/31/2013	21,742	470	4,876	2,453
61	October For Development & Real-Estate Investment Co	21,74%	12/31/2013	227,514	26,248	21,104	11,165
62	Commercial InterNational Investment Company (Ciic)	20,87%	12/31/2013	439	57	12	(6,926)
63	Elshorouk Co. For Moulds And Metallurgical Products	20,62%	12/31/2013	17,919	4,599	353	(121)
64	Al Ahly Co. For Agricultural	20%	12/31/2013	828,543	26,702	29,636	20,296
65	Upper Egypt For Manufacturing Food Materials	20,05%	12/31/2013	104. 595	75,167	60,443	(2,893)
66	Upper Egypt For Touristic & Real-Estate Development	20%	12/31/2013	102,231	12,070	6	(4,182)
67	Air Cairo	20%	12/31/2013	157,411$	121,406$	86,483$	1,198$
68	Multitrading & Stores Co.	20%	12/31/2013	187,947	12,558	17,064	5,182
69	Elnabila For Investment And Development Tourist	20%	12/31/2013	348,130	356,364	6,301	21,462
70	Suez Building Materials Urban And Tourist Development Co	20%	12/31/2013	19,389	6,338	3,111	(804)
71	InterNational Systems For Development & Investment	20%	12/31/2011	3	98		
72	Ismailia Whole Markets Co	20%	12/31/2013	17,224	4,575	4,848	862

Comparative year: 30 June, 2013

(000's)

	Company name	Stake %	Available Financial statement	Company's Assets	Company's Liabilities	Company's revenues	Company's net Profit (Loss)
	Subsidiaries						
1	National Bank Of Egypt - NBE (Uk)	100%	6/30/2012	£1,127,778	£988,058	£15,813	£10,005,00
2	Dubie international financial center.	100%	12/31/2012	$4,285	$455	$ 12	$ (1170)
3	InterNational Co. For Animal Wealth	99,92%	6/30/2012	125,471	57,726	115,113	508
4	Sila Edible Oil Co. S.A.E	99,81%	12/31/2011	53,271	36,757	429	(12,848)
5	National Bank Of Egypt - El khartoum	99,5%	12/31/2012	773,729	476,595	54,608	39,752
6	National Melamine And Urea Formaldehyde Co	99,43%	12/31/2011	47,736	9,791	0	(868)
7	Al-Ahly Capital Holding Co.	98,95%	12/31/2012	5,121,385	1,178	479,234	178,640
8	North Upper Egypt For Industrial & Inv	98,76%	12/31/2012	13,363	3,611	718	(1,105)
9	Al Ahly for leasing	95%	12/31/2012	116,886	70,355	1,020	(3,469)
10	El ahly for mortgage	97,69%	12/31/2012	235,115	69,687	17,177	6,780
11	Dream Land Co. For Urban Development	71,70%	12/31/2009	2,102,441	1,412,167	162,321	16,493
12	Dream Land Co. For Meeting	71,70%	12/31/2009	297,531	251,979	108	(13,668)
13	Dream Land Markets Co.	71,70%	12/31/2009	109,892	83,265	0	(6,580)
14	Dream Land Health Resort Co.	71,70%	12/31/2009	456,301	117,081	407,297	250,705
15	Forsan Dream Land Co	71,70%	12/31/2009	210,250	129,619	15	(15,000)
16	Dream Land Pyramids Co. For Golf	71,70%	12/31/2009	984,070	591,620	103,248	(32,692)
17	El Mohandes National Food Products Co. "Compy"	70,85%	12/31/2007	9,788	80,442	0	(849)
18	Ahly for trading in securities	60,50%	12/31/2012	15,758	6,819	676	(2126)
19	Rady Group For Tourstic Investment "Canyon Resorts"	52,05%	Not Applicable				

(000's)

	Company name	Stake %	Available Financial statement	Company's Assets	Company's Liabilities	Company's revenues	Company's net Profit (Loss)
	Associates						
20	The Egyptian Co. For Asset Management & Investment	50%	12/31/2012	3,544,422	3,238,462	0	4,270
21	The Egyptian Salts And Mineral's Co (Emisal)	49,84%	12/31/2012	310,832	129,492	243,009	33,608
22	Egy Marble	41,34%	12/31/2009	22,506	22,022	4,215	(327)
23	International CO. FOR ELECTRONIC APPLIANCES	41,33%	12/31/2009	262,529	153,948	133,885	1,072
24	Egy House	41,33%	12/31/2009	34,129	49,731	2,986	(4,892)
25	Dream Park	41,33%	12/31/2008	422,229	217,545	69,123	7,989
26	InterNational Electronics	41,33%	12/31/2006	376,507	318,354	13,595	(8,912)
27	Egy Serv.	40%	12/31/2012	21,867	5,955	45,619	1,584
28	Al Ahly Real Estate Development CO	40%	12/31/2012	819,070	512,928	173,075	34,704
29	Upper Egypt for the manufacturer concentrates and juices	40%	12/31/2012	18,916	1,057	0	(4,642)
30	National Co.For Housing For Professional Syndicates	39,57%	12/31/2012	201,664	19,748	17,706	(635)
31	Imbt	39,38%	6/30/2012	111,464	71,287	131	(2,083)
32	Al Ahly For Projects And Medical Services	39%	12/31/2012	60,200	4,132	2,096	3,573
33	6th Of October Storage And Distribution Co. (Sosdi) S.A.E	35,63%	12/31/2012	32,680	32,352	4,362	(1,079)
34	Oriental Resorts For Touristic Development	34,86%	12/31/2012	136,149	49,953	0	(1,784)
35	Mena Telecommunications Co. (Menatel)	33,96%	12/31/2011	17,890	9,599	0	(47)
36	Real Estate Egyptian Consortium	33,95%	12/31/2012	698,830	548,433	4,534	6,009
37	Nile Holding Company For Inv. & Development	33,33%	9/30/2012	165,236	2,185	10,697	8,175
38	Financial Sector Fund Co	33,33%	12/31/2012	90,643	256	9,072	7,991

(000's)

	Company name	Stake %	Available Financial statement	Company's Assets	Company's Liabilities	Company's revenues	Company's net Profit (Loss)
39	Maspiro CO. FOR URBAN DEVELOPMENT	33,33%	12/31/2012	163,485	365	14,651	9,783
40	Horizon For Investment & Industrial Development	30,08%	12/31/2012	348,983	216,992	242,015	25,491
41	Multi Trade Holding-Luxembourg	30%	Not Applicable				
42	Misr Aswan For Fishing Hunting And Fabricating	28,85%	9/30/2012	25,295	5,722	14,899	625
43	Port Said National Food Security Co.	28,82%	12/31/2010	2,014	201	1,623	(304)
44	Al Ektesadia For Housing And Reconstruction	28,52%	12/31/2011	89,200	26,726	716	787
45	Upper Egypt For Investment Co.	27,93%	12/31/2012	114,135	4,719	0	(4,086)
46	Credit Guarantee Company	27,28%	12/31/2011	168,007	121,068	28,657	9,242
47	Multi-Investment InterNational Company	27%	12/31/2012	84,277	4,106	31,443	25,813
48	The Universal Co For Cellulose Products	27%	12/31/2009	258,560	188,288	0	0
49	El Sherouk For Markets & Commercial Stores	26,46%	6/30/2012	59,961	28,350	65,751	522
50	New Ismailia For Investment And Tourism Co.	25,17%	12/31/2006	42,105	8,965	1,386	(1,138)
51	United Tour Operators InterNational	25%	12/31/2011	25,180	98	0	(7,789)
52	Al Montazah For Tourism & Investment Co.	24,95%	12/31/2012	577,576	265,810	12,592	4,699
53	Egyptian InterNational Co. For Urban Development	24,95%	12/31/2012	11,405	183	0	(34)
54	Farma Free Zone	24,47%	12/31/2008	47,432	2,680	213	(768)
55	Concord National Investments Limited - Isle of man	24,26%	12/31/2011	$3,736	$ 19	$1,208	$867
56	Orix Leasing Egypt	24%	12/31/2012	474,426	402,547	164,604	5,486
57	Misr Company For Financial Investment	23,47%	12/31/2012	86,790	14,734	20,796	8,748
58	Samcrete Development	22,99%	12/31/2012	711,590	280,734	64,408	7,444

(000's)

	Company name	Stake %	Available Financial statement	Company's Assets	Company's Liabilities	Company's revenues	Company's net Profit (Loss)
59	Alexandria Company For Petroleum Additives (Acpa)	22,86%	9/30/2012	196,638	24,024	117,468	(3,447)
60	Economic Islamic Trade And Distribution Co	21,94%	12/31/2012	6,324	1,048	250	(589)
61	Integrated Banking Solutions	21,92%	12/31/2012	19,441	662	3,624	2,186
62	October For Development & Real-Estate Investment Co	21,79%	12/31/2012	223,023	26,029	9,289	7,814
63	Commercial InterNational Investment Company (Ciic)	20,87%	12/31/2012	543,148	80,858	33,268	(6,972)
64	Elshorouk Co.For Moulds And Metallurgical Products	20,62%	12/31/2012	17,864	4,423	323	145
65	Al Ahly Co. For Agricultural	20%	9/30/2012	781,684	5,224	21,276	15,722
66	Upper Egypt For Manufacturing Food Materials	20%	12/31/2012	98,566	65,960	29,613	(19,584)
67	Upper Egypt For Touristic & Real-Estate Development	20%	9/30/2012	106,042	10,909	175	(5,092)
68	Air Cairo	20%	12/31/2012	156,888	122,496	87,649	1,241
69	Multitrading & Stores Co.	20%	12/31/2012	185,327	123,837	3,227	100
70	National Vinx For Managing Investment Funds	20%	Not Applicable				
71	Elnabila For Investment And Development Tourist	20%	12/31/2011	362,110	233,728	30,340	(30,096)
72	Suez Building Materials Urban And Tourist Development Co	20%	12/31/2012	20,393	5,760	7,128	1,514
73	InterNational Systems For Development & Investment	20%	12/31/2011	3	98	0	(98)
74	Ismailia Whole Markets Co	20%	12/31/2012	20,116	8,253	4,400	662

23. Other Assets

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Accrued revenues	4,305,074	4,162,185
Prepaid expenses	44,694	38,898
Advances for purchase of fixed assets	1,239,286	1,121,177
Assets acquired as settlement of debts (x)	7,326,312	7,408,416
Insurances and custodies	507,554	467,365
Memorial coins	657	657
Others (**)	9,095,063	10,434,347
Total	**22,518,640**	**23,633,045**

X An amount of EGP 000's 9 892 has been excluded from account (Assets acquired as settlement of debts), and creating lawsuit claims provision as 100% of the amount of these assets.

** Excluding the amount of EGP 000's 583 138 represent provision of potential claims related to other assets items.

Investment property:

The Bank, applied the policies of the preparation ,presentation and measurement by the reclassification of assets devolved to the bank amounting to EGP 000's 84 074 to the investment property under a separate items within the financial statements as follow:

Description	Cost	Depreciation as of June 30. 2014	Accumulated Depreciation	Net book value June 30. 2014
Value of agricultural land (Shobrakhit district)	7	-	-	7
Talaat Harb Mall (Arab Investment and Development Company)	93,271	2,945	11,114	82,157
Building No. 10. Emraa El Noury street. Banha. Al Qaliubiya	1,409	73	247	1,162
Building No. 174. Al Nozha street	812	42	139	673
Building No. 51. Ain Shams street (Al Tegaryoon Bank)	91	5	16	75
Total	**95,590**	**3,065**	**11,516**	**84,074**

Useful life of Talat Harb Mall has been changed as follows:

Buildings and facilities	35 years
Machinery and Equipment	5 years
Physical portables "Furniture and furnishings and Devices	3 years

Useful life of Royal Palace Hotel has been changed as follows:

Buildings and facilities	35 years
Business electricity and telecommunications, mechanics and equipment	5 years
Transportation and transfers	3 years
Works mattresses, furniture and office equipment	3 years
Computers	2 years
Computer Programs	1 year
Tools and Gadgets	2 years
Other assets	3 years

Real estate investment June 30, 2013

Description	Cost	Depreciation as of June 30. 2013	Accumulated Depreciation	Net book value June 30. 2013
Value of agricultural land (Shobrakhit district)	7	-	-	7
Talaat Harb Mall (Arab Investment and Development Company)	93,271	2,945	8,169	85,102
Roial House Hotel	124,321	4,654	12,645	111,676
Building No. 10. Emraa El Noury street. Banha. Al Qaliubiya	1,409	73	174	1,235
Building No. 174. Al Nozha street	812	42	97	715
Building No. 51. Ain Shams street (Al Tegaryoon Bank)	91	5	11	80
Total	**219,911**	**7,719**	**21,096**	**198,815**

24. Fixed Assets

(EGP 000's)

	Land	Premises	IT	Software programs		Vehicles	Fitting" out	Vault rooms' doors	Furniture	Total
Balance on June 30. 2012										
Cost	163,487	1,769,982	1,003,600	76,360		90,231	166,805	9,450	396,366	3,676,281
Accumulated depreciation	-	(656,629)	(798,798)	(52,133)		(54,713)	(104,078)	(8,237)	(309,199)	(1,983,787)
Ending net book value assets on June 30. 2012	**163,487**	**1,113,353**	**204,802**	**24,227**		**35,518**	**62,727**	**1,213**	**87,167**	**1,692,494**
Additions	-	110,245	149,720	48,446		23,889	76,787	-	54,447	463,534
Disposals' cost	-	(1,612)	(1,028)	-		(3,628)	-	-	-	(6,268)
Transfer to A.F.S assets (cost)	(15,469)	(9)	-	-		-	-	-	-	(15,478)
Deprecation cost	-	(85,570)	(136,333)	(27,221)		(18,994)	(10,257)	(404)	(52,206)	(330,985)
Accumulative depreciation	-	1,498	1,028	-		3,615	-	-	-	6,141
Transfer to A.F.S assets (cost)	-	9	-	-		-	-	-	-	9
Ending net book value assets on June 30. 2013	148,018	1,137,914	218,189	45,452		40,400	129,257	809	89,408	1,809,447
Cost	148,018	1,878,606	1,152,292	124,806		110,492	243,592	9,450	450,813	4,118,069
Accumulated depreciation	-	(740,692)	(934,103)	(79,354)		(70,092)	(114,335)	(8,641)	(361,405)	(2,308,622)
Ending net book value assets on June 30. 2013	148,018	1,137,914	218,189	45,452		40,400	129,257	809	89,408	1,809,447
Additions	1,169	116,070	113,265	36,809		13,658	109,291	-	92,104	482,366
Disposals' Cost	(2)	(938)	(3,087)	-		(5,436)	-	-	-	(9,463)
Depreciation	-	(84,296)	(128,513)	(35,606)		(14,149)	(21,263)	(343)	(54,141)	(338,311)
Disposals of Accumulated depreciation	-	395	472	-		4,528	-	-	-	5,395
Ending net book value assets on June 30. 2014	149,185	1,169,145	200,326	46,655		39,001	217,285	466	127,371	1,949,434
Cost	149,185	1,993,738	1,262,470	161,615		118,714	352,883	9,450	542,917	4,590,972
Accumulated depreciation	-	(824,593)	(1,062,144)	(114,960)		(79,713)	(135,598)	(8,984)	(415,546)	(2,641,538)
Ending net book value assets on June 30. 2014	149,185	1,169,145	200,326	46,655		39,001	217,285	466	127,371	1,949,434

25. Due to Banks

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Current accounts	1,661,584	3,198,919
Deposits	3,184,719	3,622,297
	4,846,303	**6,821,216**
Central Bank	589,511	2,039,246
Local banks	1,585,831	2,913,281
Foreign banks	2,670,961	1,868,689
	4,846,303	**6,821,216**
Non-interest bearing balances	1,230,745	2,690,744
Fixed interest bearing balances	3,615,558	4,130,472
	4,846,303	**6,821,216**
Current balances	4,844,049	6,814,911
Non-current balances	2,254	6,305
Total	**4,846,303**	**6,821,216**

26. Due to customers

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Demand deposits	27,060,148	21,556,637
Time deposits	82,931,262	56,672,884
Certificates of deposit	179,198,422	151,353,795
Saving deposits	94,625,531	76,421,912
Other deposits	9,436,198	6,708,831
Total	**393,251,561**	**312,714,059**
Non-interest bearing balances	28,122,606	23,859,684
Floating interest bearing balances	95,197,158	77,044,085
Fixed interest bearing balances	269,931,797	211,810,290
	393,251,561	**312,714,059**
Current balances	184,914,212	144,677,185
Non-current balances	208,337,349	168,036,874
Total	**393,251,561**	**312,714,059**

27. Other loans

		June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Social Fund's loans for developmental projects	9,88% : 4%	3,430,175	3,027,804
Loan from the Commercial International Bank due January 2019	Floating	209,726	196,655
Loan in the framework of the grant of the Danish government due February 2020	Without	90,313	77,400
Supportive loan for Mohandes Bank's merger due October 2019	Without	860,586	934,596
Supportive loan for Al Tegareyoon Bank's merger due January 2021	Without	160,615	147,760
Two soft-term loans signed between the Egyptian government and the Italian government (UNIDO) due November 2036	1% & 4 %	97,939	91,496
European Investment Bank's loan due September 2016	Floating	464,232	329,182
National Investment Bank's loan (In the framework of the WB and the IDA's two loans) due July 2032	Floating	262,266	238,128
African Development Bank's loan due August 2019	Floating	1,129,119	1,354,593
DINIDA's loans due December 2022	Without	768,265	837,319
Japan Bank for International Cooperation's loan due May 2046	0,75%	261,338	220,057
French Agency's loan due March 2022	Floating	605,201	510,675
Unenhanced credit line agreement – ULCO 446 – (Financing Arabian trading program) due March 2015	Floating	42,840	84,113
Loans from financing banks and international institutions due February 2028	10,25%	97,593	105,664
Loans from Finance Company due August 2015	5,25%	4,284,060	4,205,640
Arab International Bank Cairo due July 2013	Floating	-	700,940
China Development Bank due August 2020	Floating	1,428,020	1,401,880
Eco Spanish Foundation due November 2030	13 points yearly	11,363	4,189
European bank for development and contraction due Jan 2019	Floating	357,005	-
Total		**14,560,656**	**14,468,091**
Current balances		1,396,814	2,055,713
Non-current balances		13,163,842	12,412,378
Total		**14,560,656**	**14,468,091**

28. Other Liabilities

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Accrued interests payable	3,671,351	3,081,179
Revenue in advance	156,661	142,188
Accrued expenses	663,711	547,919
Fixed assets purchase liability	172,748	158,023
Creditors	417,802	86,909
Other credit balances *	7,619,912	5,524,871
Total	**12,702,185**	**9,541,089**

* Including a sum of EGP 000's 15,450 representing the stamp taxes related to customers of some merged banks listed under credit balances before merger. The amount will be settled as soon as final court judgments are issued in this regard

29. Other Provisions

(EGP 000's)

June 30. 2014	beginning balance	Charged amount	Exchange revaluation difference	Utilized amounts	transfers	Adjustments for Debt Balances	Provisions no longer required	Other	Ending Balance
Provision for other claims	2,369,064	864,113	376	(35,044)	9,142	(30,763)	-	-	3,176,888
Provision for legal claims	658,712	26,903	242	(2,595)	(9,142)	(182,345)	-	-	491,775
Provision for contingent liabilities	313,351	133,624	3,276	(1,792)	-	-	-	257	448,716
Total	**3,341,127**	**1,024,640**	**3,894**	**(39,431)**	**-**	**(213,108)**	**-**	**257**	**4,117,379**

(EGP 000's)

June 30. 2013	beginning balance	Charged amount	Exchange revaluation difference	Utilized amounts	transfers	Adjustments for Debt Balances	Provisions no longer required	Other	Ending Balance
Provision for other claims	1,967,629	1,344,252	140,763	(566)	(1,124,089)	7,020	34,055	-	2,369,064
Provision for legal claims	647,320	15,647	2,012	(19,960)	(183)	13,916	(40)	-	658,712
Provision for contingent liabilities	362,177	(63,721)	17,193	(2,728)	-	-	-	430	313,351
Total	**2,977,126**	**1,296,178**	**159,968**	**(23,254)**	**(1,124,272)**	**20,936**	**34,015**	**430**	**3,341,127**

30. Retirement benefits' obligations

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Balance sheet obligations amounts		
Post-retirement medical benefits	1,721,326	1,496,797
Income Statement Amounts		
Post-retirement medical benefits	266,840	213,534

(A) Retirement benefits	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Amounts recognized in the balance sheet are defined as follows:		
Fair value of unfunded liabilities	1,721,326	1,496,797
	1,721,326	**1,496,797**

Movement of obligations during the fiscal year is as follows	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Beginning balance	1,496,797	1,317,576
Current service Cost	40,892	57,091
Interest cost	225,948	156,443
Benefits paid	(42,311)	(34,313)
	1,721,326	**1,496,797**

31. Deferred income tax

Deferred income tax is entirely calculated on deferred tax differences according to the liabilities' method using the actual tax rate of 25% for the current fiscal year against 20% for the comparative year.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Assets and liabilities of deferred tax are offset, if there is a legal justification to set off the current tax on assets and the current tax on liabilities, and if deferred income tax is relevant to the same tax department.

Deferred tax liabilities and assets:

Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liabilities	
	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Fixed assets (depreciation)	-	-	63,044	25,892
Provisions (excluding provision for loan Losses impairment.	439,593	451,068	-	-
AFS revaluation difference (unlisted)	225,603	225,603	-	-
AFS investment impairment	152,674	152,674	-	-
Total tax resulting in an asset (liability)	**817,870**	**829,345**	**63,044**	**25,892**
Net tax resulting in an asset (liability)	**754,826**	**803,453**	**-**	**-**

Movement of deferred tax liabilities and assets:

	Deferred tax assets		Deferred tax liabilities	
	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Beginning balance	**829,345**	**725,541**	**25,892**	**24,691**
Additions	-	103,804	37,152	1,201
deduction	(11,475)	-	-	-
Ending balance	**817,870**	**829,345**	**63,044**	**25,892**

Deferred tax assets not recognized

Deferred tax assets are not recognized for the following:

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Provision for loan loss impairment (excluding of 80% charged during the year)	46,114	72,495
Tax losses not recognized	–	–

The previous account has not recognaized a deferred tax assets due to lack of assurance that this account can utilize to reduce future taxable profit or create future benefit.

Deferred tax directly recognized in shareholders' equity:

	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
AFS revaluation difference (unlisted)	225,603	225,603

32. Capital

The Prime minister has approved on July 16,2012 to transfer subordinated loan from ministry of finance to bank capital increase by total amount 2247 EGP million , so paid up capital reach 9247 EGP Million.

The capital increase has been recorded in banks"s register on August 27, 2012. The extra ordinary General Assembly approved on February 24, 2013 the capital increase and amended the article of association.

The capital increase was published in El Wakaa Egyptian newspaper on April 4,.2013.

The authorized capital reached EGP 20, 000 MM. for the financial year ended on June 30, 2014 .

Issued and paid-up capital reached EGP 9,247 MM. to be divided on 9,247 MM. shares with EGP 1 par value for each share.

33. Reserves and Retained Earnings

According to the Bank's Articles of Association 10% of the net profit is to increase legal reserve until it reaches 100% of the Bank's issued and paid in capital.

CBE concurrence for forming a general reserve for banking risks to meet unexpected risks, (Variances between provision provided according to the credit worthiness and the provision provided according to impairment of loans for the same period).

Reserves	June 30. 2014 EGP 000's	June 30. 2013 EGP 000's
Legal reserve	1,432,937	1,432,937
General reserve	991,043	991,043
Capital reserve	2,042,894	2,039,156
Supportive reserve	3,716,184	3,714,432
Special reserve*	402,431	402,431
Reserve for AFS investments revaluation difference	2,847,840	(1,508,954)
Reserve for financial derivatives	(31,115)	(317)
Banking risk reserve	662,042	662,042
Total	**12,064,256**	**7,732,770**

* As result of the first adoption of the policies of preparation and presentation of financial statements, a variance between the provision provided according to the credit worthiness and the provision provided according to impairment of loans amounting to EGP 296 million, this reserve is restricted for use prerequisite to the CBE's approval.

33.A - Capital Reserve.

(EGP 000's)

Item	Amount
Opening balance 30/6/2013	2,039,156
Overseas Branches Capital Revaluation (CBE rules)	3,738
Ending balance 30/6/2014	2,042,894

33.B - Financial Derivatives.

(EGP 000's)

Item	Amount
Opening balance 30/6/2013	(317)
Transaction during the year	(30,798)
Ending balance	(31,115)

33.C - Banking risks reserve.

(EGP 000's)

Item	Amount
Opening balance 30/6/2013	662,042
Transfer to retained earnings (surplus from reserve surplus between the provision provided according to the credit worthiness and the impairment of loans)	-
No longer required reserve for disposal assets that devolved to the bank	-
Ending balance 30/6/2014	662,042

33.D - Supportive reserve.

(EGP 000's)

Item	Amount
Opening balance 30/6/2013	3,714,432
Cash surplus quota approved by the distribution of the profits of the fiscal year ending 30-6-2013	1,752
Ending balance 30/6/2014	3,716,184

33.E - Reserve for AFS investments revaluation difference.

(EGP 000's)

Item	Amount
Opening balance 30/6/2013	(1,508,954)
Transaction during the year	4,356,794
Ending balance 30/6/2014	2,847,840

33.F - Retained Earnings (losses):

(EGP 000's)

Item	Amount
Opening balance	-
The share of the bank from closing out of the fund modernization and development of banking scoter	172,327
Net Profit for the year	3,747,817
Ending balance	3,920,144

34. Dividends

Dividends shall not be recorded until being approved by the CBE's General Assembly of Shareholders. The Board of Directors suggests in the meeting due to held on distributing amount of EGP 0,35 per share for the fiscal year ended on June 30, 2014 with a total sum of EGP 000's 3 226 513 in addition to shareholders' dividends. Pursuant to the Bank's Articles of Association, the Board of Directors may propose to the next General Assembly of Shareholders distributing an amount of EGP 000's 521 304 as staff profit share (Actual distributions amounted to EGP 000's 463 866 for the staff, and remuneration for the Board of Directors has not yet been determined for the fiscal year ended on June 30,2013).

35. Contingent liabilities and commitments

A - Letter of credit, guarantees and other commitments

(EGP 000's)

	June 30. 2014	June 30. 2013
Customers acceptances	8,514,302	8,282,080
Letters of guarantee	36,648,779	34,290,844
Letter of credit (import and export)	14,245,913	12,404,432
Other potential liabilities	113,290,163	105,835,192
Discounted bills	1,900,361	2,037,970
Total	**174,599,518**	**162,850,518**

B - Capital Commitments

- The capital commitments for the financial investments not paid yet, reached on the date of financial position 1473850 EGP 000's.
- The value of commitments for the purchase of fixed assets contracts and branches construction that have not been implemented till the date of financial statement amounted to 496 258 EGP 000's.

36. Transactions with related parties

The Bank is affiliated to the Ministry of Finance (Arab Republic of Egypt) which owns %100 of the ordinary shares.

Various transactions were executed with related parties through the Bank's usual business, including loans and deposits.

(EGP 000's)

	June 30. 2014	June 30. 2013
A) Loans and advances to related parties (Subsidiaries and associates)		
Loans and advances to customers		
Loans ending balance	1,896,471	1,739,076
Interest from loans	45,541	18,642
B) Deposits from related parties Due to customers		
Deposits ending balance	884,417	127,582
Interest and similar expense	37,096	3,107
C) Benefits for top 20 employees		
Average	122	117

37. Mutual funds

A - NBE's First Mutual Fund with Accumulated Return has been established by virtue of CBE's approval dated 14/7/1993 and license No. (25) Issued by Capital Market Authority on 26/6/1994. The Fund started business on 4/9/1994. On November 6, 2007 Capital Market Authority approved rendering the Fund into a mutual fund with periodic and accumulated return as well as splitting certificate nominal value to become EGP 10. The Fund is operated by Al Ahly Mutual Fund Management. The number of certificates as at 26/06/2014 accounted for (2059155)certificates with the amount of EGP 000's 94885. NBE's share on the same date reached 1293347certificates. This share encompasses an acquired stake held till the end of Fund period with the amount of (702287)certificates with a market value of EGP 000's 32361 , in addition to financial investments available for sale (591060) certificates with a market value of EGP 000's 27236 This reflects the closing rates of mutual fund certificates on 30/06/2014. All the Fund's expenses are incurred by the Fund in return for NBE not having any commissions or fees from this Fund.

B - NBE's Second Mutual Fund with Periodic Return has been established by virtue of CBE's approval dated 14/7/1993 and license No. (70) Issued by Capital Market Authority on 12/6/1995. The Fund started business on 3/10/1995 It is operated by Al Ahly Mutual Fund Management. The number of certificates as at 30/06/2014 accounted for (1398289) certificates with the amount of EGP 000's 121511. NBE's share on the same date reached (433096) certificates. This share encompasses an acquired stake held till the end of Fund period with the amount of (164333) certificates and a market value of EGP 000's 14281 , in addition to financial investments available for sale (268763)certificates with a market value of EGP 000's 23356. This reflects the closing rates of mutual fund certificates on 29/06/2014 . Pursuant to the Fund's management contract as well as the prospectus, the Bank shall obtain 7,5 per thousand annually as commissions and fees against its supervision on the Fund in addition to the other administrative services performed by the Bank. Total commissions for the period ended on 30/06/2014 accounted for EGP 000's 891.

C - NBE's Third Mutual Fund with Periodic and Accumulated Return has been established by virtue of CBE's approval dated 15/3/2005 and license No. (334) issued by Capital Market Authority on 12/5/2005. The Fund started business on 9/8/2005. It is operated by HC Securities and Investment. The number of certificates as at 26/06/2014 accounted for (3491851) certificates with the amount of EGP 000's 306165. NBE's share on the same date reached (80065) certificates in the form of an acquired stake held till the end of Fund period with a market value of EGP 000's 7020. This reflects the closing rates of mutual fund certificates on 29/06/2014. Pursuant to the Fund's management contract as well as the prospectus, the Bank shall obtain 4 per thousand annually of the Fund's net asset value against its supervision on the Fund in addition to the other administrative services performed by the Bank. Total commissions for the period ended on 30/06/2014 accounted for EGP 000's 1076 .

D - Cash Return Fund with Daily Accumulated Return has been established by virtue of CBE's approval dated 1/12/2005 and license No. (345) issued by Capital Market Authority on 26/3/2006. The Fund started business on 30/4/2006. It is operated by Al Ahly Mutual Fund Management. The number of certificates as at 26/06/2014 accounted for (73300318) certificates with the amount of EGP 000's 14308172. NBE's share on the same date reached (1383502) certificates with a market value of EGP 000's 270058 in the form of an acquired stake held till the end of Fund period. This reflects the closing rates of mutual fund certificates on 30/06/2014. Pursuant to the Fund's management contract as well as the prospectus, the Bank shall obtain 3 per thousand annually as commissions and fees against its supervision on the Fund in addition to the other administrative services performed by the Bank. Total commissions for the fiscal year ended on 30/06/2014 accounted for EGP 000's 37904.

E - NBE's Fifth Lottery Mutual Fund with Accumulated Return has been established by virtue of CBE's approval dated 15/3/2005 and license No. (386) issued by Capital Market Authority on 13/2/2007. The Fund started business on 20/5/2007. It is operated by Al Ahly Mutual Fund Management. The number of certificates as at 26/06/2014 accounted for (9220526) certificates with the amount of EGP 000's 105114. NBE's share on the same date reached (549064)certificates with a market value of EGP 000's 6259 in the form of an acquired stake held till the end of Fund period. Pursuant to the Fund's management contract as well as the prospectus, the Bank shall obtain 4 per thousand annually as commissions and fees against its supervision on the Fund in addition to the other administrative services performed by the Bank. Total commissions for the period ended on 30/06/2014 accounted for EGP 000's 398.

F - NBE's and Al Baraka Bank's Sixth Mutual Fund with Periodic and Accumulated Return (Bashaier) has been established by virtue of CBE's approval dated 5/7/2007 and license No. (432) issued by Capital Market Authority on 31/12/2007. The Fund started business on 10/2/2008. It is operated Al Ahly Mutual Fund Management. The number of certificates as at 26/06/2014 accounted for (2915368) certificates with a market value of EGP 000's 212297. NBE's share on the same date reached (45403) certificates, with a market value of EGP 000's 3306 in addition to financial investments available for sale (650000) certificates with a market value of EGP 000's 47333. This reflects the closing rates of mutual fund certificates on 30/06/2014. Pursuant to the Fund's management contract as well as the prospectus, the Bank shall obtain 3,594 per thousand annually as commissions and fees against its supervision on the Fund in addition to the other administrative services performed by the Bank. Total commissions for the year ended on 30/06/2014 accounted for EGP 000's 748.

G - NBE's Seventh Mutual Fund with Accumulated and Periodic Return (the Fund of Egyptian Funds) has been established by virtue of CBE's approval dated 6/1/2009 and license No. (513) issued by Capital Market Authority on 19/5/2009. The Fund started business on 29/7/2009. It is operated by Prim holing for securities and investment . The number of certificates as at22/06/2014 accounted for (210536) certificates with a market value of EGP 000's 22576. NBE's share on the same date reached (60976) certificates with a market value of EGP 000's 6538. This reflects the closing rates of mutual fund certificates on 23/06/2014. Pursuant to the Fund's management contract as well as the prospectus, the Bank shall obtain 3,75 per thousand annually as commissions and fees against its supervision on the Fund in addition to the other administrative services performed by the Bank. Total commissions for the year ended on 30/06/2014 accounted for EGP 000's 89.

H - NBE's 8 Mutual Fund with fixed income (the Fund of Egyptian Funds) has been established by virtue of CBE's approval dated 14/11/2010 and license No. (636) issued by Capital Market Authority on 23/5/2011. The Fund started business on 16/10/2011. It is operated by Al Ahly mutual fund management . The number of certificates as at26/06/2014 accounted for (873586) certificates with a market value of EGP 000's 1018840. NBE's share on the same date reached 21389 certificates with a market value of EGP 000's 24945 in addition to financial investments available for sale (16312) certificates with a market value of EGP 000's 19024. This reflects the closing rates of mutual fund certificates on 29/06/2014. Pursuant to the Fund's management contract as well as the prospectus, the Bank shall obtain 2. per thousand annually as commissions and fees against its supervision on the Fund in addition to the other administrative services performed by the Bank. Total commissions for the year ended on 30/06/2014 accounted for EGP 000's 2414.

38 . Comparative Numbers

The Bank has amended the comparative numbers to conform with the classification of financial statements of the current financial period.

Chief Financial Officer	Deputy Chairman	Chairman
Hussein Ahmed Refaie	Mahmoud Montaser	Hisham Ahmed Okasha

NBE BRANCHES

Greater Cairo Region (02)	
Main Branch Address: 24 Sherif Street, Down Town Tel.: 23971102 - 23971061 - 23971082	Oruba Branch Address: 29 Nazih Khalefa Street, Heliopolis Tel.: 22595502 - 22595508
Capital Branch Address: 8 Ibrahim Naguib Street, Garden City Tel.: 27948951	The Airport Branch Address: Cairo International Airport Tel.: 22663837
Tower Branch Address: 1187 Corniche El Nil, Boulac Abu El-Ela Tel.: 25945805	El Dokki Branch Address: 98 El Tahrir Street – El Dokki Tel.: 37609554
Tharwat Branch Address: 39 Abdel Khalek Tharwat Street Tel.: 23914644	El Giza Branch Address: 3 (A) El Gama'a Street - El Giza Tel.: 35726632
El Nasr Branch Address: 13 El-Gomohria Street, Abddin Tel.: 23937600 - 23936700	El Agouza Branch Address: 201 26th July Street – El Agouza Tel.: 33032167
Heliopolis Branch Address: 21 Ibrahim El Lakani Street, Heliopolis Tel.: 24153859	El Zamalek Branch Address: 27 El Mansour Mohamed Street, El Zamalek Tel: 27360929
El Sherifein Branch Address: 9 El Sherifein Street, Down Town Tel.: 23956703 - 23950047	El Roada Branch 23 EL Manyal Street- El Roada Tel: 23631928
Elwi Branch Address: 4 El Shwarbie Street Tel.: 23938079	6th of October Industrial Zone Branch Address: Bank Complex – 4th Industrial Zone, 6th of October Tel: 38332338
Helwan Branch Address: 37 (A) Khesro Ali Sherif Tel.: 25560979	10th of Ramadan Branch Address: El Ordonia Sq., Bank's area-10th of Ramadan City Tel.: (015) 367964
ElRehab Branch Talat Mostafa Street 26072412	Maadi Sarayat Branch 39, 10 Street 29815289
Nasr City Branch 63 Mohamed Hasanen Haykal Street 26720085	Gazerat Elarab Branch 52 Gazerat Elarab Street - El-Mohandseen 33031585

Alexandria Region	
Alexandria Branch Addres: 24, 26 Salah Salem Street, El Attareen Tel.: 4852286	Bourg El Arab Branch Address: Banks' Area - Bourg El Arab City Tel.: 4593459
Mahtet El Raml Branch Address: 15 El Ghorfa El Togariya Street, Concord Tower Tel.: 4878420	Smouha Club Branch Address: Smouha Sporting Club Tel.: 4258300
Damanhour Branch Address: El Gomhouria Street- Damanhour Tel.: 045/ 3312205	Marsa Matrouh Branch Adress: El Galaa Street Tel: 046/ 4935500
Lower Egypt Region	
El Mahala El Kobra Branch Address: 6 Moheb Street Tel.: 040/ 2230565 - 040/ 2245127	El Mansoura Branch Address: 167 El Gomhouria Street Tel.: 2262156
Tanta Branch Address: 2 El Geish Street Tel.: 040 /3419096	El Zagazig Branch Address: 36 Saad Zaghloul Street – Manshiyet Abaza Tel.: 055 /2303084
Shebin El Koum Branch (048) Address: 4 El Geish Street Tel.: 048/2228247 - 048/2224327	
Canal, Sinai and Red Sea Region	
Ismailia Branch Address: El Tahrir and Khaled Ibn El Walid Streets Tel.: 064 /3910689 – 3910385	Sharm El Sheikh Branch Address: Banks Street, Om El Sayed Plateau Tel: 069 /3662323
Suez Branch Address: 5 Hafez Ibrahim Street Tel.: 062/3335732	El Arish Branch Address: 23rd july street, El-maleh Square Tel.: 068 /3350676
Port Said Branch Address: 52 El Gomhouria Street Tel.: 066/3323629	Hurghada Branch Address: El Kawthar Neighborhood, Banks Complex Tel.: 065 /3453011
Demyat Branch Address: 29 Elbahr Street Tel.: 057 /2245038	
Upper Egypt Region	
Qena Branch Address: Haridy Street Tel.: 096 /5349100	Assiut Branch Address: Tala't Harab Square Tel.: 088/2351500
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CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

THE BANK'S ROLE IN SOCIAL RESPONSIBILITY OVER THE PAST 5 YEARS

The National Bank of Egypt is considered one of the most contributing financial institutions in the field of Social Responsibility, as it maintains a leading positioning in enhancing the vital fields of economy, education, and healthcare. The bank's contributions were made in those three main sectors that have a direct impact on peoples' lives, in addition to fighting poverty. Donations are paid in accordance with clear standards supervised by the Bank's Social Support Committee. The committee is keen to make sure that NBE is a comprehensive entity that plays an efficient role in various fields of social responsibility.

Hereunder are the fields the bank has contributed in over the past five years:

Education Sector Development

With a firm belief in the importance of education as a main pillar for building the country and redrafting its future, the bank has taken part in enhancing the education system by donating EGP 250 million over 5 years to help build the Zewail City for Science and Technology; considered a national project that aims at creating a scientific renaissance and infusing new technological concepts in the Egyptian society. The bank also donated EGP 6,6 million to 2 public schools located in a Slum area in Cairo, one of those schools is dedicated for teaching mentally disabled children.

NBE also took part in developing Mansoura University in the Delta Area by donating EGP 2 million, and donating EGP 8 million to build the Azhar University Branch in Bahnasa, Al Menia Governorate. The complex includes Faculty of Islamic and Arabic studies, and Desert Agriculture and Food Manufacturing faculties. The Bank also donated 1 million to the food program backed by the UNs World Food Program to fund the organization's program (Food for Education) for a full year in 74 schools in Sohag.

Culture and Heritage Preservation

The bank also donated USD 5 Million (around EGP 38 million) to the restoration of antiquities located at the Grand Egyptian Museum. The new museum is considered a huge cultural and global center that will encourage dialogue among civilizations and cultures, and a national project aimed at preserving Egypt's cultural and civil heritage.

Health Sector Development

NBE has allocated a significant budget for developing the healthcare system's infrastructure and providing medical equipment for public and educational hospitals that serve millions of needy patients for free. The benefits are not only financial but also include the participation in laying out plans for development and processing to up ensure that the services reach those who are in need.

NBE Donated more than EGP 72 million to Kasr Al Eini hospitals; including a donation to Kasr Al Eini Accidents, Emergency, and Burns hospital with the sum of EGP 60 million. The hospital is considered one of the largest hospitals providing specialized treatment for accidents and burn injuries. The hospital serves hundreds of thousands of poor patients. Also Donations were made to Abul Reesh Al Mounira hospital for children operations and purchasing radiology equipment. Donations were made to Abul Reesh Japanese hospital to develop the cardiology unit and as well as to purchase a cardiac catheterization cardiology machine and a gamma camera unit for the ICU at Kasr Al Eini. In addition to supporting the national project for the prevention and treatment of heart stroke at the Egyptian Faculty of Urgent Cases, assisting scientific research that helps in elevating the healthcare system.

The bank also took part in supporting Ain Shams University Hospitals with more than EGP 30 million to develop the surgical department at Al Demerdash hospitals, and to purchase equipment for the Oncology department at Ain Shams University Hospital for developing Nephrology and Dialysis Machine units at Ain Shams Specialized hospital.

Moreover, the bank contributed more than EGP 52 million to Azhar University hospitals; EGP 42 million of which were targeted at equipping the new educational Nasr City hospital and Hussien University hospital to obtain cardiology equipment and endoscopy units and equipping the ICU units in both Hussien and Bab Al Shaaria hospitals.

The bank also supported Abbasia Fevers Hospital with EGP 20 million to develop and equip the hospital, this comes due to the realization of the hospital's importance as the primary defensive line against contagious diseases. The hospital plays an important role in fighting swine flu. The bank also donated EGP 4,5 million for purchasing medical equipment for the Abbassia Chest Hospital which is considered one of the largest hospitals specialized in the treatment of respiration system diseases.

The bank also donated around EGP 16 million to The Mataria educational hospital, the national cancer institute, and 57357 children cancer hospital, in addition to national cardiology institute, Nasser institute for research and medical care, and the national institute for managing Diabetes & Endocrinology.

The bank's donations and contributions were not only beneficial to the Greater Cairo area, it also was extended to different governorates. NBE donated EGP 23 million to the Urology and Nephrology center at Mansoura, Mansoura Public Hospital, Banha educational hospital, and equipment for Zakazik hospital

The bank has supported the Kafr El Sheikh Liver and Cardiac Research Center with EGP 8 million to purchase equipment and medical supplies. Kafr Al Shiekh is considered one of the most epidemic stricken areas in Egypt with liver diseases. The bank also donated to the Magdy Yacoub heart foundation for in Aswan. The donations help the foundation conduct open heart surgeries. The bank also supported Aswan university hospital with EGP 21 million to establish and develop Surgical Department and ICU.

The bank did not only support the health sector with equipment and medical supplies to help it perform effectively, but focused on training and qualifying human resources to better serve patients. 150 nurses were trained with the cost of EGP 2 million to fill in the gap created by the shortage of trained nursing staff.

Fighting Poverty

Slums are considered an eminent danger on the Egyptian society due to their lack of basic infrastructure and services. NBE has prioritized the development of these areas as a patriotic responsibility it has to take to protect the society. In this, the bank donated EGP 60 million to develop unplanned areas.

It also didn't hesitate in helping the poor through supporting NGOs by donating more than EGP 6 million to foundations that deal directly with orphans, mute and deaf, disabled, and blind people.

The bank also helped in providing drinking water to a large number of houses. In addition to building a house for homeless children for foster caring of more than 250 children, and teaching them skills to help them develop. The bank also paid for those who had borrowed money and couldn't repay it to save them from imprisonment.

National Bank of Egypt's Patriotic Role

Believing in its national and patriotic role towards Egypt, the bank donated EGP 55 million to the Tahia Masr fund, which will be allocated for development projects, the bank also donated EGP 2 million to the Disaster Fund; allocated to facing crisis and catastrophes and easing the suffering of victims in major accidents.

This was a comprehensive overview of NBE's contributions in social responsibility over the past 5 years. The bank's ability to take part in social projects increases with the increase in annual net profits. This ability has reached a point where the bank has maintained a leading position among financial institutions that play similar roles, this is reflected in the bank's contributions to a number of entities with a total sum of around EGP 150 million throughout the financial year 2013/2014, among them were the following:

- EGP 13 million to Ain Shams University Hospitals to purchase a Linear Accelerator for the Oncology Department
- EGP 10,212 million to Abul Reesh Japanese Hospital to develop the Catheterization unit.
- EGP 4,542 million to Abbassia Chest Hospital for equipment
- EGP 1,35 million to Sahel Educational Hospital to purchase Renal Dialysis machines
- EGP 9,782 million to Badr Hospital-Helwan University to purchase equipment.
- EGP 4 million to Mansoura Urology and Nephrology center to purchase CT Scan
- EGP 8 million to develop Kafr Al Shiekh Liver and Cardiac Research Center
- EGP 20 million to Aswan University Hospital to establish operations and IC Units
- EGP 2 million to Masr Al Khier to train nursing calibers in hospitals
- EGP 3 million to Azhar University in Bahnasa
- EGP 3,1 million to develop two public schools one of which is dedicated to handicapped children
- EGP 60 million to developing Slums

Abbasia Chest Hospital

Abbasia Chest Hospital is considered one of the largest hospitals specialized in the treatment of respiration system diseases. The hospital contains one of Egypt's most important operation and speculum units that carry our major operations with the participation of highly skilled medical teams who offer the best treatment and care to patients. In appreciation to the hospital's vital role.

The bank donated EGP 4,542 million for purchasing medical equipment for the hospital.

Oncology Department - Ain Shams University Hospitals

Ain Sham University Hospitals are considered one of Egypt's largest educational hospitals that offer treatment in different specialties to more than 500 thousand patients every year from all over Egypt. The hospital's oncology department is one of the distinguished oncology departments in Egypt, as it is considered one of the biggest and most important centers for radiotherapy in Egypt. Early discovery and treatment is a key factor in treating cancer.

And the bank has supported the department by EGP 13 million to purchase a Linear Accelerator to assist in early discovery and efficient treatment for patients.

Ain Shams Specialized Hospital

Ain Shams Specialized hospital is considered one of the largest and most important Egyptian hospitals that serves more than 1 million patients every year in different specialties, and because the hospital needs constant upgrading to certain medical equipment, in addition to suffering from lack of funding, the hospital has started renewing the infrastructure and developing medical departments to offer distinguished medical services to patients with high quality using up-to-date technologies.

In this, the bank donated EGP 6,2 million to purchase medical equipment and develop the nephrology and Renal Dialysis units.

Abul Reesh Japanese Children's Hospital - Cardiac Catheterization

Being one of the main reasons for high mortality rates among children, cardiac congenital defects are one of the main challenges that Abul Reesh hospital faces; being one of Egypt's largest public hospitals that treats 2 million patients every year.

The bank donated EGP 10,212 million to develop the Catheterization unit.

Nasser Institute for Research and Treatment

Nasser institute is considered the biggest medical establishment in Egypt and the Middle East. It plays a vital role in providing treatment for thousands of patients visiting from all over the country. The bank values the vital role the institute plays in treating needy patients, especially in spine surgeries, and in this it donated EGP 5 million to purchase medical equipment needed in this department.

Manial Specialized Hospital

Manial university is one of Cairo University's hospitals; it is a comprehensive and well developed hospital that receives patients from all over Egypt. The hospital endorses some of the most skilled professors in different specialties. The bank donated EGP 626 thousand to purchase medical equipment to help ICU staff better follow-up on patients.

Al Sahel Educational Hospital

Al Sahel educational hospital in Shobra is considered one of Cairo's largest hospitals that serves a broad sector of citizens visiting from Cairo and Qalioba. The hospital has a distinguished unit for nephrology treatment that includes normal and emergency Renal Dialysis.

The bank donated EGP 1,35 million to buy equipment for the unit.

National Detox Center

The National Detox Center is one of a special nature, as it offers medical care to poisoned people and drug addicts, the center also provides tests and first aids to poison cases. The center has a clinical care unit for critical poisons and poisoning testing labs. The center is one of the institutions that offer information about pollutants in Egypt.

NBE has aided the center with EGP 250 thousand to purchase a machine that measures the percentage of medicine and drugs in a person's body.

Kafr El Sheikh Liver and Cardiac Research Center

The center focuses on treating liver and cardiology in the Kafr al Sheikh governorate, treating patients from the delta region. Egypt is considered to be one of the highest countries infected with virus C, which leads to Cirrhosis and liver failure. The governorate of Kafr Al Shiekh is one of the most epidemic stricken areas in Egypt with liver diseases.

The bank has supported the center with EGP 8 million to purchase equipment and medical supplies to be able to help provide patients with rapid treatment.

Badr Helwan University Hospital

Badr Hospital is considered one of Helwan's largest hospitals that specialize in treating different illnesses. It offers its free services to more than 250 thousand patients every year that come from Badr and 10th of Ramadan cities, in addition to receiving emergency and accidents victims.

The bank donated EGP 9,782 million to purchase different medical equipment to help the hospital continue its vital medical role.

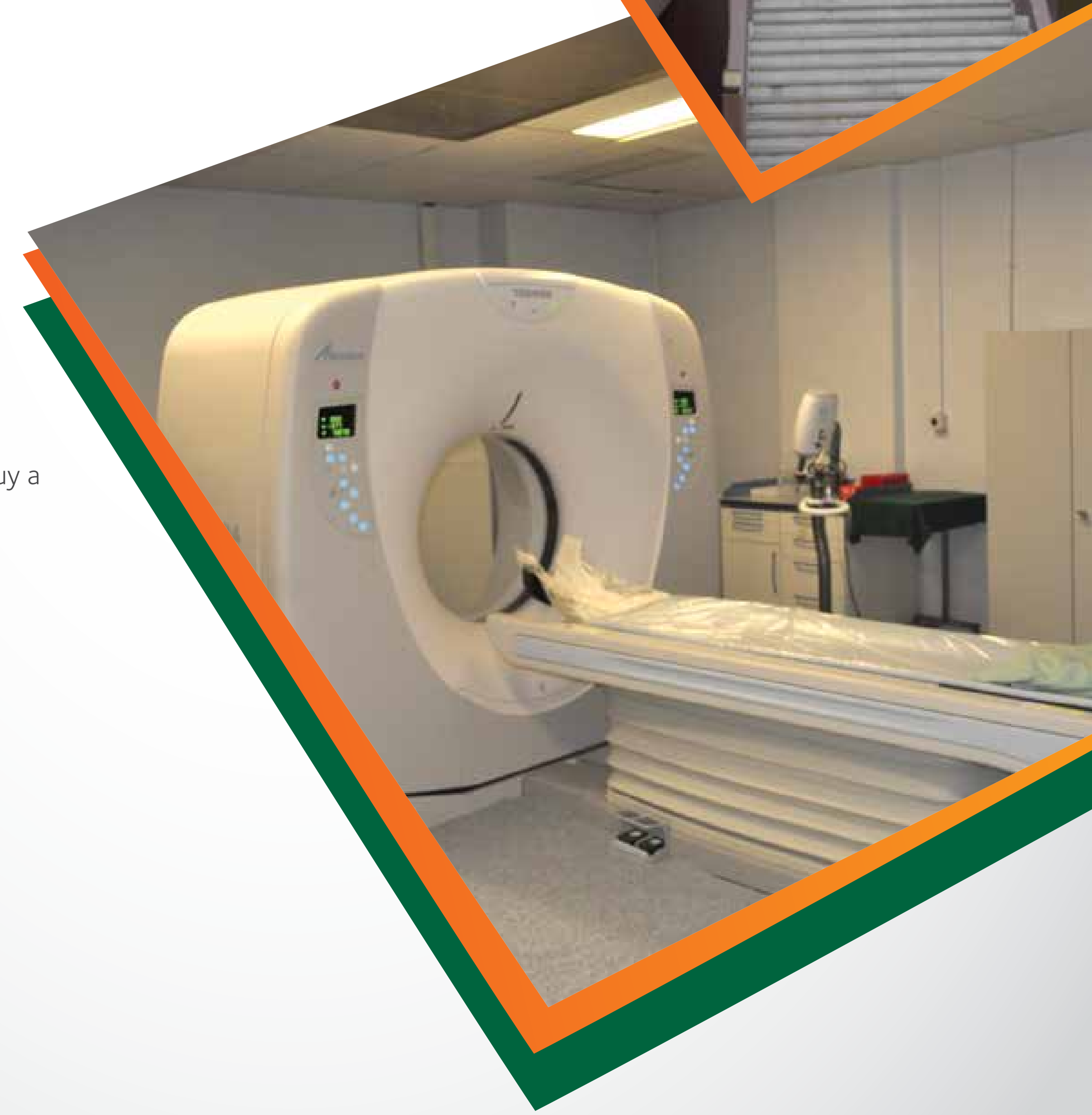
Aswan University Hospital

Upper Egypt is one of Egypt's poorest areas, and according to the human development report, Aswan is one of the country's poorest governorates. Aswan hospital is one of the few hospitals that covers a number of medical specialties and serves thousands of patients.

The bank donated EGP 20 million to establish the surgery section that equipped with up-to-date technology (capsules), and to establish an ICU unit to provide the best possible treatment to patients.

Mansoura Urology and Nephrology Center

Urology and Nephrology Center at Mansoura university is the first and largest medical center in Egypt and the Middle East specialized in the field of kidney transplant and nephrology oncology, which treats patients for free in all urology and nephrology fields, offering treatment to Dakhalia and other governorates citizens.



NBE donated 4 million to buy a CT to help the center.

Eltarbia ElFekria and ElKawmeya ElArabia Schools

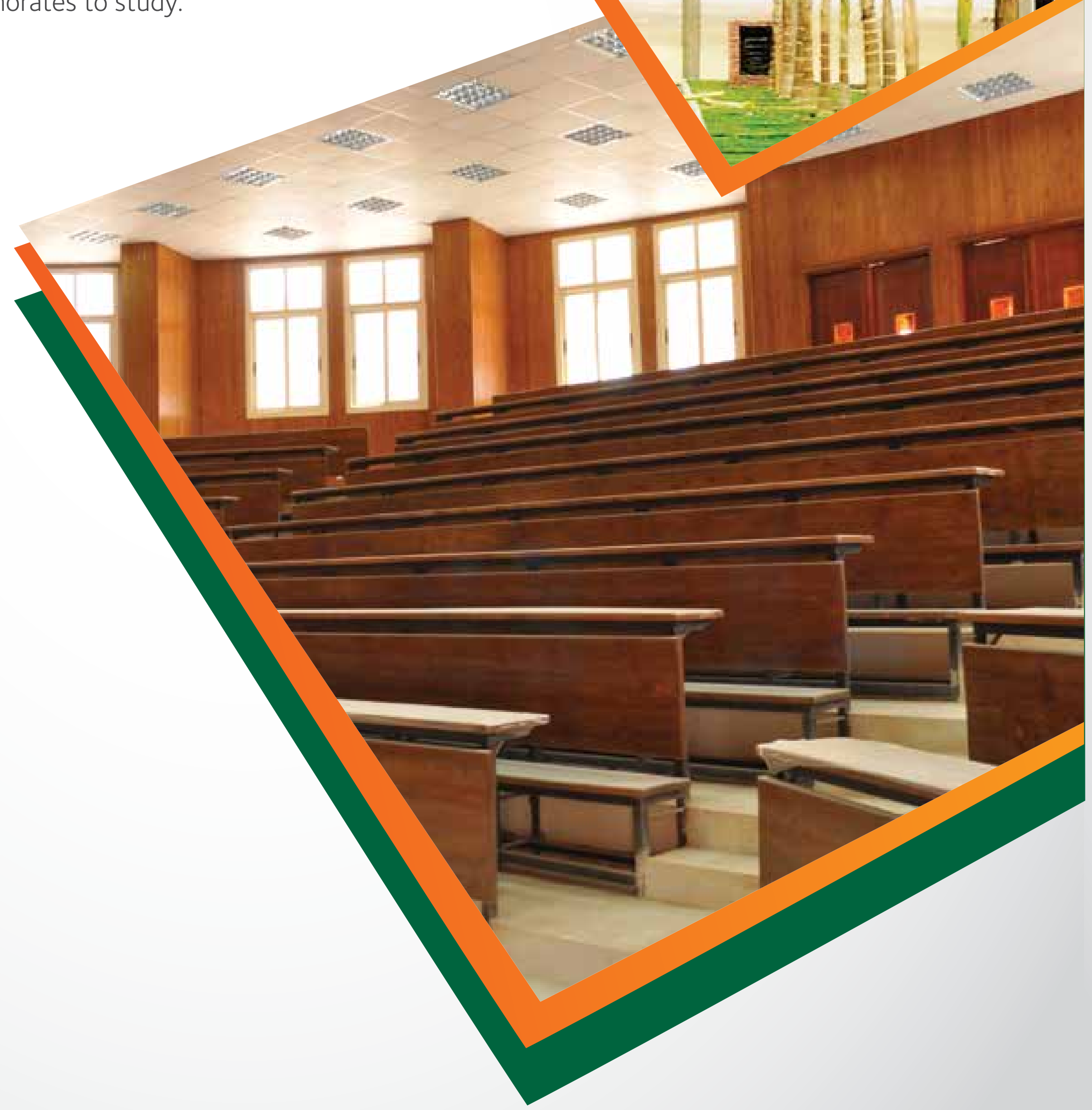
Believing in Education as the nation's first and foremost pillar of success and development, the bank signed, through its own foundation, a protocol of collaboration with the General Authority for Educational Buildings to donate EGP 3,1 million to develop and equip two public schools located at Al Sabtia slums area, one of which attends to 95 handicapped students .

Masr El Khier Foundation

NBE and Masr El Khier foundation signed a 'Nurse Development in Egypt' protocol to fight the shortage in nursing staff and developing the profession, elevating it to world-class levels, as the shortage in this category is one of the most crucial challenges that facing the healthcare system in Egypt. This is considered first of its kind program in Egypt that aims at providing trained and qualified calibers in different medical departments to help nurses in performing non-medical tasks to better provide medical care to patients.

Azhar University in Bahnasa

Believing in the fact that each nation's prosperity starts from focusing on education and its development, and this is what the bank currently focuses on adopting in different governorates, especially Upper Egypt. The bank contributed EGP 3 million to support the charity organization adopting Azhar Bahnasa University in Menia. The aim is to establish a desert agriculture college and food manufacturing college to follow Azhar University. The project is considered a mega project that aims at facilitating the education process for thousands of students who had to travel long distances to other governorates to study.



Slums Development

Slums are considered an eminent danger on the Egyptian society due to their lack of basic infrastructure and services. They are inhabited by millions of families mostly below the line of poverty who can barely provide themselves with basic human needs, in addition to the epidemic of chronic diseases and illiteracy. NBE has prioritized the development of these areas as a patriotic responsibility it has to take to protect the society.

The bank contributed to the Egyptian bank's federation initiative and donated EGP 60 million that represents 20% of the total contributions of banks taking part in the initiative with a total of EGP 300 million, which will be allocated for developing unplanned areas that are prioritized according to their importance, it will start with 22 slums related to Helwan, Nasr city, in Cairo.

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