



Annual Report 2013

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Chairman Message

The year 2013 marks a significant milestone in our history; as QNB Group acquired a 97.12% controlling stake in NSGB (Egypt). Upon such successful acquisition, NSGBs' name was transformed into QNB Al Ahli, and joining the "Best Brand Value in MENA Region for 2013". Moreover, QNB Group achieved an increase in the value of its brand by 500mn USD to an astonishing 1.81bn USD. This represents a 38% increase from the levels achieved in 2012 and most importantly saw QNB rise to 101st globally in the rankings of the World's top 500 Banking Brands. Leaping 19 positions ahead, this improvement is a testament to the continuing robust financial performance and successful international expansion of a brand that is now operating across 26 countries worldwide over the last 12 months.

Qatar National Bank (QNB) was established in 1964 as the country's first Qatari-owned commercial bank, it has an ownership structure split between the Qatar Investment Authority (50%) and the private sector (50%). QNB has steadily grown to be the largest bank in the Middle East and North Africa. Therefore, we are genuinely pleased to be a part of such a leading financial institution, an establishment that was ranked as one of the "World's 50 Safest Banks" and "World's Strongest Bank" in 2013; a proof that mirrors our increasing success and a history that helped us earn the trust of our loyal customers.

Coping to the change of the main shareholder, the board of directors and all committees has been reformed while maintaining the administrative structure of the bank to ensure the ongoing success and productivity. A committee has also been formed to guarantee and track compatibility between all systems followed at the bank and QNB mother group to sustain integrated working system. Despite the critical political and economic changes that Egypt is witnessing, QNB AA reaped the fruits of its balanced policies; managing to adapt to the economic, political and security changes in Egypt. QNB AA is aiming to become the customers' first choice through long-term support and excellent customer service in order to satisfy their needs. QNB AA is also committed to boost the rights of its shareholders through developing its businesses for the purpose of attracting more promising scopes, compete strongly in the market and seize available opportunities. QNB AA provides its services via a network of 169 branches nationwide. In the last quarter of 2013, 9 branches were established to cover all Egyptian governorates in order to meet the needs of all customers, including individuals and companies.

QNB AA positive results in 2013 emphasize that we are heading over the right way towards more achievement. The main reasons for such attainment would be our clients' ongoing support and our employees' sincere efforts in addition to their loyalty to our leading institution.

2013 witnessed many achievements for QNB AA; we achieved a great success in several sectors, and I'm glad to share with you the most important results of QNB AA in 2013. We have been working together on such outcomes in order to develop our business, and in an effort to attract more promising opportunities, as well as to strengthen our leading position in the banking sector with the largest base of customers among Egypt's private banks.

Profit growth:

We have achieved steady growth in net profits last year, as proved by independent and accumulative business results of the FY ending on December 31st, 2013. Where accumulative net profits reached EGP 1.778mn registering a 16% increase compared to the same period last year. Meanwhile, independent net profits reached EGP1.740mn recording a 13% increase compared to the same period last year. The independent budget assets were estimated at 80.8bn EGP, registering a 22% hike

compared to 2012. Furthermore, clients' deposits increased to EGP 67.7bn with 26% growth backed by individuals' deposits growth reaching EGP29.8bn. Moreover, corporate deposits went up by 23% reaching EGP37.9bn. The bank's market share of total deposits valued at 5.18% in September, 2013 (according to CBE). In line with QNB AA successes, loans portfolio was estimated at EGP42.1bn with a 10% growth. Furthermore, the bank's market share of total loans hiked to a 7.64%, according to CBE.

In concordance with the optimal application of credit policies, substandard loans reached 3.68% while covering non-performing loan allocations reached 114.4%, capital adequacy was estimated at 14.91%. As an evidence of the bank's high deposit employment rates, loans to deposits ratio reached 62% for focusing on the main banking operation growth while maintaining high liquidity rates at all currencies.

The Bank continued its support for SMEs through its comprehensive project that is not only limited to assess its distinctive banking services but also to provide integrated solutions through its subsidiaries, including the life insurance, financial leasing, and factoring companies through the bank's branches network that host expert team for serving this important segment of customers.

Our Associates are keys for success:

QNB AA believes in the importance of the human factor as a key for success of any institution. The bank knows quite well that its successes could not have been achieved without dedication of its 4500 employees. Thus, the bank is keen on investing in its manpower and developing their skills to cope with the latest global banking systems through an organized training plan that covers all the bank's employees. In addition, the bank seeks to attract talented and qualified calibers and to pave the way for all employees to achieve their career ambitions.

Corporate Social Responsibility (CSR):

QNB AA strongly believes in the importance of CSR activities and is fully aware of the mutual relationship between community development and the success of its major institutions. Thus, QNB AA was keen on taking part in numerous charity projects in different fields, especially donating medical equipments in favor of many public hospitals such as Ain Shams University Hospital, National Cancer Institute, Magdy Yacoub Heart Center in Aswan, and Qena Public Hospital. Our happiness was beyond description due to the participation in orphan support and organizing the Orphan Day activities in cooperation with Dar Al Orman Association.

We know well that the society needs more than donations; therefore, QNB AA was eager to sponsor service projects that directly improve citizens' lives and to boost environmental and educational awareness for as many as possible in the unprivileged poor areas. This includes contributions to establish a school in Menia governorate. Something worth mentioning is that QNB AA was also a partner in the initiative of Egyptian Banks' Federation by allocating 2% of the 2012 profits to the national project for developing slum areas through the funds that is affiliated to the Ministry of Local Development that lies under the supervision of Cairo Governorate.

Ongoing leadership

And here we are celebrating our second year; QNB AA enthusiastically looks forward to achieve more growth through fruitful cooperation with different units of the group, and to utilize mutual experience and powerful regional presence of QNB group.

Last but not least, I would like to extend my sincere appreciation to the board members, executive managers, shareholders and all employees for their sincere and great efforts that helped in recording an unparalleled success. I believe in the bank employees and their ability to achieve our future vision and to maintain QNB AA's leading position in the banking market.

Overview

Overview

Shareholders Structure:

Main shareholder:

97.125 % by Qatar National Bank SAQ, Qatar
2.875% others

QNB ALAHLI Subsidiaries:

The bank has established various subsidiaries in specialized fields that will position QNB ALAHLI as a major financial institution serving both corporate and retail clients.

Sogelease Egypt (Leasing Company)

Created in 1997:

Sogelease is considered one of the first companies in the leasing field, with paid in capital EGP 80 Million as a joint venture between QNB ALAHLI (99.98%), Societe Generale Holding for Financial Services (0.01%) and National Bank of Egypt (0.0.1%). Sogelease provides leasing services to the Egyptian Companies, and it is considered as one of the leader companies in the Egyptian market, as its leased assets reached EGP 1.876 Billion by end of 2013.

NSGB Life Insurance Company

Created in 2003:

NSGB Life Insurance Company is one of the leading banc assurance players in the Egyptian market. The unprecedented good results and persistency ratios achieved in the early years of operations have proved that this model is arguably the best banc assurance model in the Egyptian market.

- Year 2003: Validation of establishment process of NSGB Life Insurance Company .

- Year 2007: first positive net result of 5.3 MEGP after only 3 complete financial years.

- Year 2009: an impressive achievement with 100 MEGP of collected premiums and a net result of 21.66 MEGP, 58% growths over the previous financial year.

- Year 2010: The high level of commercial activity is confirmed and moreover amplified with 126 MEGP of collected premiums.

- Year 2011: An astonished high net result, 60% increase of the net result at the end of October compared to the same period of the previous year, despite a difficult Economical Egyptian

Context.

- Year 2012: Despite the difficult Economical Egyptian Context, the company achieved positive result 21 MEGP before taxes in year 2011/2012 with an increase of more than 30% from last year.

- Year 2013: An outstanding achievement reaching 200 MEGP of collected premiums and a net result of 43 MEGP before taxes in year 2013, with an increase of 53% from last year.

NSGB Factoring Company:

NSGB factoring is considered one of the most recent financial institutions of QNB Group established in 2011 to practice the factoring activities under the supervision of EFSA, with capital of EGP 50 Mio. owned by 99.98% to QNB ALAHLI

The company offers factoring services, for small businesses, medium and large, which are running of sales on credit terms services, in addition to a full range of services such as immediate finance, account management, collection of receivables as well as to guarantee sellers against the risk of non-payment of their debtors locally and abroad.

The company has achieved remarkable success in the 1st year of operation acquiring 11% of the Egyptian factoring market despite the contraction of the economy during last year. However 2013, witnessed a rapid growth bringing the total factoring operations for more than 1.3 billion LE

Head Office Divisions

Head Office Divisions

Mr. Tarek Fayed	Board Member & Head of Network & Marketing Division
Mr. Bahaa El Shafie	Head of Corporate & Investment Banking Division
Dr. Hassan Saleh	Head of Administration - Development & Operations Division
Mr. Ihab Rafaat	Secretary General
Mr. Tarek El Mahmoudy	Head of Technical Management & Banking Services
Mr. Sameh Badry	Chief Financial Officer
Mr. Bassem Nour	HR Director
Mrs. Mona El-Darandaly	Deputy Head of Risk Division & Head of Risk Assessment
Mr. Stephan Boyer	Head of DCMA division



Corporate & Investment Banking Activities

Corporate & Investment Banking Activities

2013 was in fact an interesting year witnessing many political & economic events carried forward from the challenging years of 2011 & 2012 and which continued to impact the corporate arena. In this context, Corporate & Investment Banking arm sustained its prolonged efforts to support QNBAA corporate clients, contribute to the bank's positive results, maintain and enlarge its competitive position in the market.

We managed to find the right balance between fulfilling our customers' needs, supporting them during difficult times, seeking new business opportunities, while continuing to preserve the quality level of our portfolio and remain prepared to caution for any drawbacks. Increased efficiency, strong relationship management and prudent risk management were the keys behind the growth of our corporate loans portfolio reaching a level of EGP 32 Billion with 8% growth from FY2012 to FY2013 compared to the 2.4% growth from FY2011 to FY2012. The growth of portfolio contributed positively to the overall growth of the Bank operating income.

In the meantime, 2013 witnessed another milestone in our Bank's history; the acquisition of our Bank by Qatar National Bank, the World's Strongest Bank. The new shareholder was introduced to our corporate clients to present the future strategy that aims towards being a banking icon in Middle East & Africa by year 2017.

For FY 2014, we continue to opt for a positive outlook and we are anxious to remain strong and grow at different fronts. At the Corporate & Investment Banking level we continue to be determined to grow in portfolio, clientele base, products & service range while continuing to support our clients and preserving our assets quality.

We shall continue to offer our clients all our corporate & investment banking products & services that covers all corporate spectrums starting from basic needs to structured tailored solutions, while looking into several synergies opportunities with QNB subsidiaries all over the world to enhance our service bundles & widen the coverage, and we shall remain determined to pursue our strategy of developing & introducing new products, services and solutions to maintain our leading position in the market.

Retail Banking

RETAIL BANKING

Reaching out to our clients and new ones

QNBAA chose 2013 to be the year to intensify its campaigns and offers to its clients to continue its success and lead in the market. Thus, to reach more clients and satisfy existing ones, aspiring to gain their trust and loyalty, QNBAA chose different channels and designed various offers to communicate with its clients and potential ones.

Credit Facilities campaign matching our clients' needs

In 2013 QNBAA, chose this year to focus on satisfying its clients' needs, by providing tailor made credit facilities offers matching each target market for EGP Cash loan, secured loans, secured credit cards, Mortgage finance, Easy Auto car loan and professionals credit facilities through the professionals program. During this campaign, our clients were able to receive secured facilities up to 95% of their CDs in the form of loans and credit cards, discounts on admin fees and free credit cards to cover all their expenses and financial obligations.

Deposits booming era in QNBAA

2013 was a very successful year on the depositary level creating satisfactory outcomes for both our clients and the bank. QNBAA did a very attractive CDs campaign offering one of the highest interest rates in the market reaching 12.5%.

This was very appealing to clients, who are aiming for high savings and frequent source of income. QNBAA CDs were able to fulfill these needs due to its competitive interest rates and various interest frequency payments. Consequently, this campaign achieved two main essential objectives:

1. Attracting new clients and increasing its clientele base
2. Retaining the existing clients and increase their loyalty to the bank

Moreover, QNBAA launched two new tiered savings accounts in USD and EUR to be pioneer in the Egyptian market and accomplish more benefits and privileges for clients. This allows the clients to have better savings in foreign currency, the more the client's savings, the higher interest they gain. The new saving account tiers interest rates are very competitive reaching 0.70% in USD and 0.65% in EUR.



RETAIL BANKING PRODUCTS AND SERVICES

Accounts:

- Current account
- Checking account
- “Tawfeer Plus” Savings account
- Foreign currency Saving account
- Minor Savings account

Deposits:

Time Deposits:

- Short term Time Deposits in local and foreign currencies
- 1 year Time Deposit in EGP with monthly, quarterly and semi annually interest payment annuities
- My Time Deposit medium term in USD, EUR and GBP

Certificates of Deposit in local currency:

- Fixed rate 3, 4, 5, 7 & 10 years
- Floating rate 3 & 5 years
- Cumulative rate 3, 5, 6, 7 & 8 years
- Nahr El Kheir 3 years Charity Certificate of Deposit

Investment Products:

- “Themar” daily cumulative money market fund
- “Tawazon” balanced fund
- “Tadawol” equity fund

Loans and Credit Facilities:

- EGP Cash loan
- USD cash loan
- “Easy Auto” car financing program
- Education loan
- “Espresso loan” facilities against CDs, TDs and Themar
- “Aqarat” Residential Mortgage Finance program
- Secured Mortgage Finance against collateral (TDs, CDs and Themar)

Electronic Banking Services:

- PortaBank service
- Phone Banking service
- Internet Banking service
- Email@Bank service

Payment Cards:

- VISA Electron debit card
- VISA credit cards (Classic, Gold and Safwa platinum)
- VISA Internet card
- Salary Mastercard

Services:

- TransClick automatic transfer service
- Safe deposit boxes
- Internal transfer service
- External transfer service

Individual Tailored Propositions:

- “Safwa Universe” for High Net Worth clients
- Tamayoz offer

- Banky offer
- YO! The youth offer

Professionals Program:

Professionals Packages:

- Pack Pro
- POS Pack Pro
- Shops Pack
- POS Shops Pack
- Petrol Station Pack

Medical Sector Credit Facilities:

- Equipment Finance
- Business Premises Renovation Finance
- Pharmacy Supplies Finance
- Pharmacy Management Solution Finance

Credit Facilities for all Self Employed:

- Professional Loan against CD
- Business Premises Mortgage Finance

CorpStaff Products:

- Payroll Automated System

Life Insurance Savings Plans and Protection Products:

Through NSGB Life Insurance Company
Al Rafiq Graduation Savings Plan
Al Rafiq Wedding Savings Plan
Al Rafiq Project Savings Plan
Al Rafiq Retirement Savings Plan
Al Nokhba Savings Plan in EGP
Al Nokhba Savings Plan in USD
Accidental Coverage Insurance
Economical Life Insurance

Small & Medium Enterprises

Small & Medium Enterprises

SME Banking is a strategic concern for QNBAA in Egypt; from 2009 till 2013 the SME Banking business grew substantially. Our success can largely be attributed to a unique business model through offering SMEs 3 programs: financing, consulting & services, which adds the missing piece of the puzzle by enhancing QNBAA's Universal Bank image.

QNBAA as one of the market leaders took the initiative to build a diversified portfolio of SMEs clients from a variety of sectors such as manufacturing, trading and services.

During 2013, SMEs portfolio which consists of 4,144 clients witnessed a growth of 48% Funded, 17% Unfunded & 25% Deposits, reaching a total of Funded EGP 2,501 Mio, Unfunded EGP 1,531 Mio & Deposits EGP 4,080 Mio, in addition to, leasing portfolio of EGP 327 Mio. Also, at the end of year we moved 90 clients from SMEs to Corporate in line with SMEs mission "From Micro to Corporate".

Since the start of SMEs business line in 2009, the segment turned out to be a major success for QNBAA proving to be a strong survivor facing the current challenging economic conditions, where QNBAA succeeded to maintain its strong growth potential and various opportunities.

The positive results in the last few years are a testimony that we are heading in the right direction authenticating QNBAA's management vision, which is to grow more and more throughout the coming years. The SMEs segment in Egypt is still a green field and therefore we will keep moving forward by developing a dynamic differentiated approach moving SMEs segment to a faster & larger growth trajectory.

QNBALAH commercial offer to SMEs includes Consultancy:

•Financial Advisory:

Offering banking-financial advice and recommendations to support projects in preparing requested studies in accordance with different financing types.

•Trade Finance advisory:

Offering data/information to exporters & importers about various external markets & in coordination with our correspondents around the world.

•Personal Investment advisory:

Addressing businessmen & managers to get reliable investments opportunities that vary according to worldwide currencies, various depositary products either in domestic or international markets.

Finance & Facilities:

•Expansion and development of existing Projects: Presenting the best financing solutions for production lines, machinery equipments, transportation vehicles & trucks, administration offices, exhibitions and warehouses for tenors up to 5 years with competitive prices.

• Financing working capital: Short-term facilities supported by commercial papers, assigned contracts, export documents, local purchasing orders. Credit facilities for issuance L/Cs & L/Gs.

Services:

Fully fledged banking services:

- Opening accounts, T/Ds, Mutual funds.
- Issuing certified checks, bank drafts, outgoing transfers, collection of checks & bills.
- Issuing Import L/Cs & DCs.
- Confirming & advising Export L/Cs.
- Issuing all types of L/Gs local – foreign.
- E-banking Applications.

In addition to 3 packages: MARHABA, MAZAIA & POS, addressed to SMEs companies, their owners & managers.

Separate Financial Statements.

AUDITORS’ REPORT

To the shareholders of QNB ALAHLI Bank (S.A.E)

Report on the Financial Statements

We have audited the accompanying separate financial statements of QNB ALAHLI Bank (S.A.E) which comprises the financial position as at December 31, 2013 and the separate statements of income, changes in equity and separate cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Financial Statements

These separate financial statements are the responsibility of Bank’s management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with Central Bank of Egypt’s rules pertaining to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on December 16, 2008 and in light of the prevailing Egyptian laws , management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of separate financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of QNB ALAHLI Bank (S.A.E) as of December 31, 2013 and of its financial performance and its separate cash flows for the year then ended in accordance with central bank of Egypt’s rules, pertaining to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Boards of Directors on December 16, 2008, and the Egyptian laws and regulations relating to the preparation of these separate financial statements.

Report on Legal and Other Regulatory Requirements

According to the information and explanations given to us during the financial year ended December 31, 2013 no contravention of the central bank, banking and monetary institution law No.88 of 2003 and articles of incorporation were noted.

The Bank maintains proper books of account, which include all that is required by law and by the statutes of the Bank; the financial statements are in agreement thereto.

The financial information included in the Board of Directors’ report, is in agreement with the books of the Bank insofar as such information is recorded therein.

Cairo: January 14, 2014

Auditors :

Magdy Kamel Saleh	Ehab Morad Azer
(Deloitte - Saleh, Barsoum & Abdel Aziz)	Allied for Accounting and Auditing – EY
Accountants & Auditors	Public Accountants & Consultants

QNB ALAHLI S.A.E

Separate Statement Of Changes In Shareholder’s Equity

For the Year Ended 31 December 2013

(All amounts are shown in Egyptian Pounds)

	Note	December 31, 2013	December 31, 2012
Assets:			
Cash and due from Central Bank of Egypt (CBE)	(15)	5,706,342,342	4,029,572,006
Due from banks	(16)	2,973,154,347	5,380,459,243
Treasury bills	(17)	15,742,232,766	12,205,523,046
Loans and credit facilities to customers, net	(18)	40,315,330,089	37,061,630,506
Financial derivatives	(19)	12,200,178	20,905,336
Financial Investments:			
- Available for sale	(20)	13,178,504,967	5,716,200,414
- Held to maturity	(20)	65,000,000	65,000,000
Investments in subsidiaries and associates	(21)	208,473,703	130,347,250
Intangible assets	(22)	118,482,053	98,327,325
Other assets	(23)	1,437,320,211	654,689,734
Deferred tax assets	(30)	146,258,885	153,670,544
Property and Equipment	(24)	915,868,458	881,657,726
Total assets		80,819,167,999	66,397,983,130
Liabilities and equity:			
Liabilities:			
Due to banks	(25)	325,390,473	1,227,569,263
Customers' deposits	(26)	67,686,810,468	53,711,669,402
Other loans	(27-A)	142,213,278	130,769,311
Other liabilities	(28)	1,223,260,593	1,054,578,758
Other provisions	(29)	589,498,063	508,345,794
Current income tax payable		772,495,443	369,057,394
Defined benefits obligation	(31)	174,667,322	148,496,423
Total liabilities		70,914,335,640	57,150,486,345
Equity:			
Issued and paid-up capital	(32)	4,878,894,920	4,435,359,020
Reserves	(34)	3,202,718,172	2,157,500,652
Reserve for employee stock ownership plan (ESOP)	(33)	17,653,165	15,663,771
Profit for the year and retained earnings	(34)	1,805,566,102	1,754,313,342
Total equity		9,904,832,359	8,362,836,785
Subordinated loan	(27-B)	-	884,660,000
Total equity and subordinated loan		9,904,832,359	9,247,496,785
Total liabilities and equity		80,819,167,999	66,397,983,130

The accompanying notes from (1) to (40) are an integral part of these separate financial statements

QNB ALAHLI S.A.E

Separate Income Statement

For the Year Ended 31 December 2013

(All amounts are shown in Egyptian Pounds)

	Note	From 01/10/2013 To 31/12/2013	From 01/01/2013 To 31/12/2013	From 01/10/2012 To 31/12/2012	From 01/01/2012 To 31/12/2012
Interest on loans and similar income	(6)	1,796,895,727	6,610,731,330	1,393,967,375	5,268,517,934
Cost of deposits and similar expense	(6)	(947,811,840)	(3,450,479,889)	(697,553,317)	(2,636,308,886)
Net interest income		849,083,887	3,160,251,441	696,414,058	2,632,209,048
Fee and commission income	(7)	268,187,604	1,036,434,906	223,391,314	867,716,563
Fee and commission expense	(7)	(18,043,982)	(58,076,488)	(7,874,229)	(24,869,934)
Net interest, fee and commission income		1,099,227,509	4,138,609,859	911,931,143	3,475,055,677
Dividend income	(8)	76,194	17,069,673	12,526,494	30,613,596
Net trading income	(9)	19,692,898	130,272,272	24,199,520	120,345,841
Gain (loss) on financial investments	(20)	428,407	2,335,807	2,675,659	(12,447,902)
Impairment credit losses	(12)	(214,444,563)	(549,994,092)	(182,854,403)	(565,623,728)
Administrative expenses	(10)	(320,618,655)	(1,288,547,392)	(289,539,187)	(1,100,021,324)
Other operating revenues (expenses)	(11)	(26,145,497)	(33,919,105)	(15,948,104)	(27,492,817)
Profit before income tax		558,216,293	2,415,827,022	462,991,122	1,920,429,343
Income tax expense	(13)	(161,741,091)	(675,509,848)	(94,242,870)	(383,849,525)
Net Profet for the year		396,475,202	1,740,317,174	368,748,252	1,536,579,818
Earnings per share	(14)		3.19		2.79

The accompanying notes from (1) to (40) are an integral part of these separate financial statements

QNB ALAHLI S.A.E
Separate Statement Of Changes In Shareholder’s Equity
For the Year Ended 31 December 2013

(All amounts are shown in Egyptian Pounds)

	Capital	Legal Reserve	General Reserve	Special Reserve		Capital Reserve	AFS Investments Revaluation Reserve	General Banking Risk Reserve	Hedging Reserve - Cash Flow Hedge (CFH)	Retained Earnings (Accumulated Loss)	Net Profit For The Year	Reserve For Employee Stock Ownership Plan (ESOP)	Total
December 31, 2012													
Balance at 1 January 2012	4,032,144,570	319,342,975	1,119,846,944	147,044,179		7,807,144	(30,253,449)	379,326,526	8,026,174	(19,093,881)	1,339,885,354	7,695,078	7,311,771,614
Transfer to reserves and retained earnings	-	74,437,203	642,366,712	-		868,000	-	-	-	(19,451,519)	(698,220,396)	-	-
Profit distribution for year 2011	-	-	-	-		-	-	-	-	-	(641,664,958)	-	(641,664,958)
Transfer from general reserve for Capital increase	403,214,450	-	(403,214,450)	-		-	-	-	-	-	-	-	-
Net unrealized gain/(loss) on AFS investments, after deducting gains recycled to profit or loss relating to sold AFS investments as well as taxes – Note No.34	-	-	-	-		-	148,788,963	-	-	-	-	-	148,788,963
Net profit for the year	-	-	-	-		-	-	-	-	-	1,536,579,818	-	1,536,579,818
Cost of employee stock ownership plan (ESOP)	-	-	-	-		-	-	-	-	-	-	7,968,693	7,968,693
Net unrealized gain/(loss) on CFH , net of tax	-	-	-	-		-	-	-	(607,345)	-	-	-	(607,345)
Transfer from general banking risk reserve	-	-	-	-		-	-	(256,278,924)	-	256,278,924	-	-	-
Balance at 31 December 2012	4,435,359,020	393,780,178	1,358,999,206	147,044,179		8,675,144	118,535,514	123,047,602	7,418,829	217,733,524	1,536,579,818	15,663,771	8,362,836,785
December 31, 2013													
Balance at 1 January 2013	4,435,359,020	393,780,178	1,358,999,206	147,044,179		8,675,144	118,535,514	123,047,602	7,418,829	217,733,524	1,536,579,818	15,663,771	8,362,836,785
Transfer to reserves and retained earnings	-	76,802,323	945,329,790	-		533,352	-	-	-	(217,733,524)	(804,931,941)	-	-
Profit distribution for year 2012	-	-	-	-		-	-	-	-	-	(731,647,877)	-	(731,647,877)
Transfer from general reserve to capital increase	443,535,900	-	(443,535,900)	-		-	-	-	-	-	-	-	-
Net unrealized gain/(loss) on AFS investments, after deducting gains recycled to profit or loss relating to sold AFS investments as well as taxes – Note No.34	-	-	-	-		-	533,972,510	-	-	-	-	-	533,972,510
Net profit for the year	-	-	-	-		-	-	-	-	-	1,740,317,174	-	1,740,317,174
Cost of employee stock ownership plan (ESOP)	-	-	-	-		-	-	-	-	-	-	1,989,394	1,989,394
Net unrealized gain/(loss) on CFH , net of tax	-	-	-	-		-	-	-	(2,635,627)	-	-	-	(2,635,627)
Transfer from general banking risk reserve	-	-	-	-		-	-	(65,248,928)	-	65,248,928	-	-	-
Balance at 31 December 2013	4,878,894,920	470,582,501	1,860,793,096	147,044,179		9,208,496	652,508,024	57,798,674	4,783,202	65,248,928	1,740,317,174	17,653,165	9,904,832,359

The accompanying notes from (1) to (40) are an integral part of these separate financial statements

QNB ALAHLI S.A.E
Separate Statement of Cash Flows
For the Year Ended 31 December 2013

(All amounts are shown in Egyptian Pounds)

	Note	December 31, 2013	December 31, 2012
Cash flows from operating activities			
Profit before tax		2,415,827,022	1,920,429,343
Adjusted by:			
Property and equipment depreciation and Intangible assets amortization		134,144,414	120,622,946
Impairment credit losses		549,994,092	565,623,728
Utilized loans provision		(45,380,168)	(486,615,007)
Recovery from loans previously written off		6,377,463	1,495,382
Net formed / (reversed) other provisions		78,421,606	10,576,649
Utilized provisions other than loans provision		(2,058,529)	(5,034,400)
Translation differences of other provisions in foreign currencies		4,789,192	2,656,394
Translation differences of the subordinated loan		-	40,194,000
(Gain) on sale of property and equipment		(10,538)	(533,352)
Dividend income		(17,069,673)	(30,613,596)
Loss on sale of investments in associates		-	598,968
(Gain) on sale of available for sale investments		(6,497,131)	(6,211,189)
Loss of impairment of available for sale equity instruments		4,161,324	18,060,123
Cost of share based payments		1,989,394	7,968,693
Operating profits before changes in assets and liabilities resulting from operating activities		3,124,688,468	2,159,218,682
Net decrease and increase in assets & liabilities			
Due from banks		462,660,431	(245,004,546)
Treasury bills		(3,212,119,247)	(3,048,705,573)
Loans to customers		(3,764,690,970)	(2,043,101,610)
Financial derivatives		5,190,989	14,488,949
Other assets		(782,825,477)	113,637,058
Due to banks		(902,178,790)	1,117,308,081
Customers’ deposits		13,975,141,066	2,001,976,261
Credit balances and other liabilities		167,228,291	(372,894,865)
Defined benefits obligation		26,170,899	28,897,585
Paid income tax		(245,149,032)	(325,910,387)
Net cash flows resulting from (used in) operating activities (1)		8,854,116,628	(600,090,365)

The accompanying notes from (1) to (41) are an integral part of these separate financial statements

QNB ALAHLI S.A.E
Separate Statement of Cash Flows
For the Year Ended 31 December 2013

(All amounts are shown in Egyptian Pounds)

Cash flows from investing activities			
	Note	December 31, 2013	December 31, 2012
Acquisition of property and equipment and branches preparation		(188,509,874)	(213,596,195)
Proceeds from sale of property and equipment		10,538	533,352
Proceeds from sale of Fin. investments other than held for trading investments		847,445,512	2,467,548,616
Acquisition of Fin. Inv. other than held for trading investments		(7,792,074,313)	(2,546,294,105)
Collected dividend income		17,069,673	25,113,596
Proceeds from sale of investments in associates		-	1,890,880
Acquisition of Subsidiaries , net of cash acquired		(77,931,453)	(88,974,000)
Net cash flows used in investing activities (2)		(7,193,989,917)	(353,777,856)
Cash flows from financing activities			
Long term loans		11,443,967	14,410,729
Subordinated loan		(884,660,000)	-
Dividends paid		(730,194,333)	(639,490,896)
Net cash flows used in financing activities (3)		(1,603,410,366)	(625,080,167)
Net increase/decrease in cash and cash equivalents during the year (1+2+3)		56,716,345	(1,578,948,388)
Cash and cash equivalents at the beginning of the year		6,136,403,095	7,715,351,484
Cash and cash equivalents at the end of the year	(35)	6,193,119,440	6,136,403,096
Cash and cash equivalents at end of the year are represented in :			
Cash and due from Central Bank of Egypt		5,706,342,342	4,029,572,006
Due from banks		2,973,154,347	5,380,459,243
Treasury bills		15,742,232,766	12,205,523,046
Balances with Central Bank of Egypt (mandatory reserve)		(3,984,241,403)	(2,664,043,750)
Balances due from banks with maturities more than 3 months		(153,736,000)	(1,936,594,084)
Treasury bills with maturity more than 3 months		(14,090,632,612)	(10,878,513,365)
Cash and cash equivalents at end of the year		6,193,119,440	6,136,403,096

The accompanying notes from (1) to (41) are an integral part of these separate financial statements

	December 31, 2013	December 31, 2012
Net year's profits (from income statement)	1,740,317,174	1,536,579,818
Deduct/Add :		
Profits of sale fixed assets transferred to capital reserve	(10,538)	(533,352)
Change in General Banking Risk Reserve	65,248,928	256,278,924
Distributable year's net profits	1,805,555,564	1,792,325,390
Deduct :		
Beginning balance of retained losses	-	(38,545,400)
Total	1,805,555,564	1,753,779,990
To be distribute as follows		
Statutory reserve	87,015,332	76,802,323
General reserves	1,536,084,676	945,329,790
Shareholders' Dividends	-	554,419,878
Employees' profit share	180,555,556	175,377,999
Remuneration for board members	1,900,000	1,850,000
Total	1,805,555,564	1,753,779,990

1. Background:

QNB ALAHLI (previously National Société Générale Bank) “S.A.E” was incorporated as an investment and commercial Bank on April 13, 1978, in accordance with the provisions of the Investment Law no 43 of 1974 and its Executive Regulations and the amendments thereon. The Bank provides all Banking services related to its activity, through its Head Office located in 5 Champlion Street - Downtown - Cairo and its 169 branches served by 4473 staff at the date of the financial statements. The Bank is listed on the Egyptian Stock Exchange (EGX).

These Financial statements have been submitted by board of directors in 14 January 2014.

2. Summary of significant accounting policies:-

2.1 Basis of preparation of the separate financial statements

These separate financial statements have been prepared in accordance with Egyptian Accounting Standards issued in 2006 and their amendments and in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on 16 December 2008 that are compliant with the standards referred; to under the historical cost convention, as modified by the measurement of financial assets and financial liabilities at fair value or amortized cost, as appropriate, including financial assets designated at fair value through profit or loss, available for sale financial assets, as well as all financial derivative instruments. These separate financial statements have been prepared in accordance with the Egyptian relevant local laws.

The separate and consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the relevant domestic laws and the Egyptian financial reporting standards, the affiliated companies are entirely included in the consolidated financial statements and these companies are the companies that the Bank - directly or indirectly has more than half of the voting rights or has the ability to control the financial and operating policies, regardless of the type of activity, the Bank's consolidated financial statements can be obtained from the Bank's management. The Bank accounts for investments in subsidiaries and associate companies in the separate financial statements at cost minus impairment loss.

The separate financial statements of the Bank should be read with its consolidated financial statements, for the year ended on December 31, 2013 to get complete information on the Bank's financial position, results of operations, cash flows and changes in ownership rights.

2.2 Accounting for Investments in subsidiaries and associates

Investments in subsidiaries and associates are presented in the attached separate financial statements using the cost method which represents the bank's direct share in ownership and not according to the business results and the net assets of the investees. And the consolidates financial statements provide a wider understanding for the consolidated financial position, business results and the consolidated cash flows for the bank and its subsidiaries (The Group), including the bank's share in the net assets of its associate companies.

2.2.1 Investments in subsidiaries

Subsidiaries are entities (Including Special Purposes Entities / SPEs) which the bank exercises direct or indirect control over its financial and operating policies in order to get benefits from its activities and usually have an ownership share of more than half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the bank has the control over its investees.

2.2.2 Investments in associates

Associates are entities over which the bank exercises significant influence directly or indirectly, but without exercising control or joint control, where the bank holds 20% to 50% of voting rights in the associate.

The purchase method is used to account for the bank's purchases of subsidiaries and associates when they are initially recognized; the acquisition date is the date on which the acquirer obtains control or significant influence of acquiree “subsidiary or associate”. According to the purchase method, the investment in subsidiaries and associates are initially recognized at cost (which may be incorporated goodwill). The acquisition cost represents the fair value of the consideration given in addition to the other acquisition related costs.

In business combination achieved in stages, and business combination achieved through more than one transaction, is then dealing with every transaction of such transactions that separately on the basis of the acquisition consideration and fair value information at the date of each transition until the date where the control are achieved.

The investments on subsidiaries and associates are subsequently accounted for using the cost method on the separate financial statements .According to the cost method; investments are recognized at acquisition cost less any impairment losses in value-if any-. Dividends are recognized as revenue in the separate income statement when they are declared and the bank's right to collect them has been established.

2.3 Segment reporting

An operating segment is a group of assets and operations providing products or services whose risks and benefits are different from those associated with products or services provided by other operating segments. A geographical segment provides products or services within a specific economic environment characterized by risks and benefits different from those related to other geographical segments operating in a different economic environment.

The Bank is divided into two main business lines, which are Corporate Banking and Retail Banking. In addition, a Corporate Center acts as a central funding department for the Bank's core businesses. The dealing room, proprietary activity and other noncore businesses are reported under the Corporate Banking business line.

For the purpose of preparation of segment reporting by geographical region, segment profit and loss and assets and liabilities are presented based on the location of the branches. Given that the bank does not have any entity abroad, and unless otherwise stated in a specific disclosure, all equity and debt instruments of the bank issued by foreign institutions and credit facilities granted to foreign counterparties are reported based on the location of the domestic branch where such assets are recorded.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

The separate financial statements of the Bank are presented in the Egyptian pound which is the bank's functional and presentation currency.

2.4.2 Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the year are translated into the Egyptian pound using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at end of reporting year at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:

- Net trading income from held-for-trading assets and liabilities.
- Other operating revenues (expenses) from the remaining assets and liabilities.

Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as available for sale assets are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in the amortized cost are recognized and reported in the income statement in 'income from loans and similar income' whereas differences resulting from changes in foreign exchange rates are recognized and reported in 'other operating revenues (expenses)'. The remaining differences resulting from changes in fair value are recognized in equity and accumulated in the 'revaluation reserve of available-for-sale investments'.

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

2.5 Financial assets

The Bank classifies its financial assets into the following categories:

Financial assets classified as at fair value through profits or loss, loans and receivables, held to maturity financial assets, and available for sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined by management at the time of initial recognition.

2.5.1 Financial assets designated at fair value through profit or loss

This category includes financial assets held for trading, and financial derivatives.

A financial instrument is classified as an instrument held for trading if it is primarily acquired for the purpose of the sale in the short term or if it represents a part of a portfolio of specific financial instruments that are managed together and there is evidence of recent actual transactions that resulted in short-term profit taking, or it is a derivative that is not designated and effective as a hedging instrument.

2.5.2 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 the following:

- Assets which the bank intends to sell immediately or in the short term. In which case, they are classified as assets held for trading or assets classified at inception at fair value through profit and loss.
- Assets classified as available for sale at initial recognition.
- Assets for which the bank will not be able to substantially recover the value of its initial investment for reasons other than creditworthiness deterioration.

2.5.3 Held to maturity financial assets

Held to maturity financial assets are non-derivative financial assets with fixed or determinable amount and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity. The bank should not classify any financial assets as held to maturity if the bank has, during the current financial period or during the two preceding financial years, sold or reclassified more than an insignificant amount of held to maturity investments before maturity other than those allowed in specific circumstances.

2.5.4 Available for sale financial assets

Available for sale financial assets are those non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

The following is applied in respect of all financial assets

- Regular-way purchases and sales of financial assets classified as at fair value through profit or loss, loans and receivables, held to maturity and available for sale are recognized at the settlement-date, which is the date that an asset is delivered to or by the entity.
- All financial assets, other than those classified as at fair value through profit or loss, are initially recognized at fair value plus transaction costs. Financial assets classified as at fair value through profit or loss are initially recognized at fair value. Transaction costs associated with those assets recognized in the income statement in net trading income.
- The bank derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when transfers the financial asset and all the risks and rewards associated with the ownership of the asset to another entity. Financial liabilities are derecognized when they are extinguished; that is when the obligation is discharged, cancelled or it expires.
- Available-for-sale and financial assets designated at fair value through profit or loss are subsequently measured at fair value. Loans and receivables and held to maturity investments are subsequently measured at amortized cost.

- Gains and losses arising from changes in the fair value of the financial assets classified as at fair value through profit or loss are recognized in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets shall be recognized directly in equity, until the financial asset is derecognized or impaired, at which time, the cumulative gain or loss previously recognized in equity shall be recognized in the income statement.
- Interest income calculated using the amortized cost method, and gains and losses arise from the foreign currency on monetary financial assets classified as available-for-sale financial investments shall be recognized in the income statement. Dividends resulted from the equity instruments classified as available for sale shall be recognized in the income statement when the entity's right to receive payment is established.
- The fair value of quoted investments in an active market is based on current bid prices. If there is no active market for a financial asset, it is measured at cost less of any impairment losses.

2.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the bank has a legally enforceable right to offset the recognized amounts and it intends to settle these amounts on a net basis, or realize the asset and settle the liability simultaneously.

Items of purchase agreements of treasury bills with the obligation to resell and sale agreement of treasury bills with the obligation to repurchase (repos and reverse repos) are shown net in the balance sheet under the item of treasury bills.

2.7 Financial derivatives and hedge accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Fair values are determined based on quoted market prices in active markets, including recent market transactions, or valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are recognized as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives, such as the conversion option in a convertible bond, are treated as separate derivatives if they meet the definition of a financial derivative, and when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement unless the group chooses to designate the hybrid contact as a whole as at fair value through profit or loss.

The timing of recognition in profit or loss, of any gains or losses arising from changes in the fair value of derivatives, depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The parent bank designates certain derivatives as:

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge).
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met. At the inception of the hedging relationship, the bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the bank documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

2.7.1 Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized immediately in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in profit or loss. Additionally, interest differential on interest rate swaps is recognized in profit or loss as part of 'net interest income' line item in the income statement. Any ineffectiveness is recognized in profit or loss in 'net trading income'.

When the hedging instrument no longer qualifies for hedge accounting, the adjustment to the carrying amount of a hedged item, measured at amortized cost, arising from the hedged risk is amortized to profit or loss from that date to maturity of the asset using the effective interest method. Adjustment to the carrying amount of a hedged equity instrument that has been deferred in equity remains in equity until the asset is derecognized.

2.7.2 Cash flow hedge

The effective portion of changes in the fair value of derivatives designated and effective for cash flow hedge is recognized in equity while changes in fair value relating to the ineffective portion is recognized immediately in the income statement in "net trading income".

Amounts accumulated in equity are transferred to income statement in the relevant periods when the hedged item affects the income statement. The effective portion of changes in fair value of interest rate swaps and options are reported in "net trading income".

When a hedging item expires, or is sold or if hedging instrument no longer qualifies for hedge accounting requirements, gains or losses that have been previously accumulated in equity remain in equity and are only recognized in profit or loss when the forecast transaction ultimately occurs. If the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognized in equity shall be reclassified immediately to profit or loss.

2.7.3 Derivatives that do not qualify for hedge accounting

Where a derivative instrument does not qualify for hedge accounting, changes in fair value of that derivative and related interest are recognized immediately in the income statement in "net trading income" line item. However, gains or losses arising from changes in fair value of derivatives that are managed in conjunction with financial assets or financial liabilities, designated upon initial recognition at fair value through profit or loss, are included in "net income from financial instruments designated upon initial recognition as at fair value through profit or loss".

2.8 Interest income and expense

Interest income and expense on all interest-bearing financial instruments, except for those classified as held for trading or designated as at fair value through profit or loss, are recognized in 'interest income' and 'interest expense' line items in the income statement using the effective interest rate method.

The effective interest rate is a method of calculating the amortized cost of a debt instrument whether a financial asset or a financial liability and of allocating its interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial debt instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating the effective interest rate, the bank estimates the future 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 to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income on loans is recognized on an accrual basis except for the interest income on non-performing loans, which ceases to be recognized as revenue when the recovery of interest or principle is in doubt.

Interest income on non-performing or impaired loans and receivables ceases to be recognized in profit or loss and is rather recorded off balance sheet in statistical records. Interest income on these loans is recognized as revenue on a cash basis as follows:

- 1- For retail loans, personal loans, small and medium business loans, real estate loans for personal housing and small loans for businesses, when interest income is collected and after recovery of all arrears.
- 2- For corporate loans, interest income is recognized on a cash-basis after the bank collects 25% of the rescheduled installments and provided these installments continue to be paid for at least one year.

If a loan continues to be performing thereafter, interest accrued on the principal then outstanding starts to be recognized as revenues. Interest that is marginalized prior to the date when the loan becomes performing is not recognized in profit or loss except when the total balance of loan, prior to that date, is paid in full.

2.9 Fees and commission income

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

Commitment fees received by the bank to originate a loan are deferred if it is probable that the bank will enter into a specific lending arrangement and are regarded as a compensation for an ongoing involvement with the acquisition of the financial instrument and recognized as an adjustment to the effective interest rate. If the commitment expires without the bank making the loan, the fees are recognized as revenue on expiry.

Loan syndication fees received by the bank are recognized as revenue when the syndication has been completed, only if the bank arranges the loan and retains no part of the loan package for itself (or retains a part at the same effective interest rate for comparable risk as other participants).

Fees and commissions that are earned on negotiating or participating in the negotiation of a transaction in favor of another entity, such as arrangements for the allotment of shares or another financial instrument or acquisition or sale of an enterprise on behalf of a client, are recognized as revenue when the transaction has been completed. Administrative consultations and other service fees are usually recognized as revenue on a straight-line basis over the period in which the service is rendered. Fees from financial planning management and custodian services provided to clients over long periods are usually recognized as revenue on a straight-line basis over the period in which these services are rendered.

2.10 Dividends income

Dividend income on investments in equity instruments and similar assets is recognized in the income statement when the bank’s right to receive payment is established.

2.11 Purchase and resale agreements and sale and repurchase agreements (repos and reverse repos)

Financial instruments sold under repurchase agreements, are not derecognized from the books. These are shown in the assets side as an addition to the “treasury bills and other governmental notes” line item in the balance sheet. On the other hand, the bank’s obligation arising from financial instruments acquired under resale agreements, is shown as a deduction from the “treasury bills and other governmental notes” line item in the balance sheet. Differences between the sale and repurchase price or between the purchase and resale price is recognized as interest expense or income throughout the period of agreements using the effective interest rate method.

2.12 Impairment of financial assets

The bank reviews all its financial assets, except those classified as at fair value through profit or loss, to assess whether an indication exists that these assets have suffered an impairment loss as described below:

Financial assets carried at amortized cost

At end of each reporting period, 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:

- Significant financial difficulty of the issuer or obligor.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- It is becoming probable that the borrower will enter bankruptcy or financial re-organization.
- Deterioration of the competitive position of the borrower.
- The lender, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- Impairment in the value of collaterals.
- Deterioration in the creditworthiness of the borrower.

An objective evidence for impairment loss of the financial asset includes observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with an individual financial asset in the group.

The bank estimates the period between the date on which the loss event has occurred and the date on which the impairment loss has been identified for each specific portfolio. For application purposes, the bank considers such period to equal one.

The bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

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

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. An asset that is individually assessed for impairment but for which an impairment loss is not recognized is included in a group of other similar assets.

If there is objective evidence that an impairment loss on loans and receivables or held to maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If a loan, receivable or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate(s) determined under the contract at the date on which an objective evidence for impairment of the asset has been identified.

As a practical expedient, the bank may measure impairment of a financial asset carried at amortized cost on the basis of an instrument’s fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors’ ability to pay all amounts due according to the contractual terms.

When assessing the impairment loss for a group of financial assets on the basis of the historical loss rates, future cash flows in the group are estimated on the basis of the contractual cash flows of the bank’s assets and the historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The bank ensures that estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the bank to reduce any differences between loss estimates and actual loss experience.

Available-for-sale financial assets

At the end of each reporting period, the bank assesses whether there is objective evidence that any financial asset or group of financial assets classified as available-for-sale has been impaired.

A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment. Such decline is presumed to be significant for the equity instruments if it reaches 10% of the cost of the financial instrument, whereas it is presumed a prolonged decline when it extends for a period of more than 9 months.

When a decline in the fair value of an available for sale financial asset has been recognized in equity and there is objective evidence that the asset is impaired the cumulative loss that had been recognized in the equity reserve shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

In respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity. However if, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss for that debt instrument.

2.13 Intangible assets

2.13.1 Goodwill

Goodwill, arising from the acquisition or legal merger of subsidiaries, represents the difference between the cost of the combination and the acquirer’s interest in the fair value of the identifiable assets, liabilities and qualifying contingent liabilities of the acquiree at the acquisition date. Goodwill is annually tested for impairment and is written-down to profit or loss at an annual amortization of 20% or impairment loss, whichever is higher.

2.13.2 Software (computer programs)

Expenditure on upgrade and maintenance of computer programs is recognized as an expense in the income statement in the period in which it is incurred. Expenditures directly incurred in connection with specific software are recognized as intangible assets if they are controlled by the bank and when it is probable that they will generate future economic benefits that exceed its cost. Direct costs include the cost of the staff involved in upgrading the software in addition to a reasonable portion of relative overheads.

Upgrade costs are recognized and added to the original cost of the software when it is likely that such costs will increase the efficiency or enhance the performance of the computers software beyond its original specification.

Cost of computer software recognized as an asset shall be amortized over the period of expected benefits which shall not exceed five years except for the core IT system that is amortized over ten years.

2.14 Property and Equipment

The Bank’s property and equipment include lands and buildings of the bank which basically comprise the head office premises and branches building. All property and equipment are carried at historical cost net of accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the construction or acquisition of the items. Subsequent costs are included in the assets carrying amount or recognized separately, 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. Repairs and maintenance expenses are recognized in profit or loss within “other operating costs” line item during the financial period in which they are incurred.

The bank considers the residual value of its property and equipment as insignificant and immaterial in relation to the depreciable amount; therefore, the depreciable amount of the bank’s property and equipment is determined without any deduction for residual values. Depreciation is charged so as to write off the cost of assets, other than land which is not depreciated, over their estimated useful lives, using the straight-line method based on the following annual rates:

Buildings	Major structures	50 years
	Doors, windows and roofing	20 years
	Façades	10 years
Fixtures	Decoration & installations	10 years
	Lifts	15 years
	Electricity & Air conditioning	10 years
	Generators	30 years
	Telephone network & CCTV	10 years
	Firefighting system & Plumbing system	10 years
	Other installations	10 years
Leasehold improvements		The shortest of 10 years or contract period

Depreciation periods for property and equipment, other than buildings, depend on their useful lives which are usually estimated as specified below:

Furniture	10 years
Armored vaults	20-30 years
IT equipment	5 years
Electric appliances	5 years
Vehicles	5 years

The bank reviews the carrying amounts of its depreciable property and equipment whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of the asset’s net realizable value or value in use. Gains or losses on disposals are determined by comparing proceeds with relevant carrying amount. These are included in profit or loss in other operating income (expenses) in the income statement.

2.15 Impairment of non-financial assets

Non-financial assets that do not have definite useful lives, except for goodwill, are not amortized. These are annually tested for impairment. Depreciable property and equipment are tested for impairment whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. Impairment loss is recognized and the carrying amount of an asset is reduced to the extent that such carrying amount exceeds the asset’s recoverable amount.

The recoverable amount of an asset is the higher of the asset’s net realizable value or value in use. For the purpose of estimating the impairment loss, where it is not possible to estimate the recoverable amount of an individual asset, the bank estimates the recoverable amount of the cash-generating unit to which the asset belongs.

At end of each year, the bank reviews non-financial assets for which an impairment loss is recognized to assess whether or not all or part of such impairment losses should be reversed through profit or loss.

2.16 Leasing

All lease contracts to which the bank is a party are treated as operating or finance leases as follows:

2.16.1 as a lessee

Lease payments made under operating leases, net of any discounts received from the lessor, are recognized as an expense in profit or loss on a straight-line basis over the lease term.

2.16.2 as a lessor

Assets leased out under operating lease contracts are reported as part of the property and equipment in the statement of financial position and are depreciated over the expected useful lives of the assets, on the same basis as other property assets. Lease rental income is recognized in profit or loss, net of any discounts granted to the lessee, using the straight line method over the contract term.

2.17 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances due within three months from date of placement or acquisition. They include cash and balances placed with the Central Bank of Egypt (other than those required under the mandatory reserve), current accounts with Banks and treasury bills, certificates of deposits and other governmental notes.

2.18 Other provisions

Provisions for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the date of separate financial statements are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the reporting date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions.

For obligations due within less than twelve months from the date of separate financial statements, provisions are calculated based on undiscounted expected cash outflows unless the time value of money is material, in which case provisions are measured at present value.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses) line item.

2.19 Financial guarantees

A financial guarantee contract is a contract issued by the bank as security for loans or debit current accounts due from its clients to other entities that requires the bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are generally issued by the bank to beneficiary banks, corporations and other entities on behalf of the bank's clients.

When a financial guarantee is recognized initially, it is measured at its fair value plus, transaction costs that is directly attributable to the issue of such financial guarantee.

After initial recognition, a financial guarantee contract issued by the bank is measured at the higher of:

- (I)

The amount initially recognized less, when appropriate, cumulative amortization of security fees recognized as income in profit or loss using the straight-line method over the term of the guarantee; and
- (II)

The best estimate for the payments required to settle any financial obligation resulting from the financial guarantee at the reporting date.

Such estimates are made based on experience in similar transactions and historical losses as supported by management judgment.

Any increase in the obligations resulting from the financial guarantee, shall be recognized within other operating income (expenses) in the income statement.

2.20 Employee benefits

Post-employment benefits (defined benefit plans) and defined contribution plans:

The bank is liable for all obligations arising from its plans for employee benefits which comply, in all material respects, with the principles set out below. Starting 1 January 2009, the bank has fully complied with the policy referred to below, and recognized any adjustments, resulting from the first full implementation of amendments to the CBE rules, directly on retained earnings.

The bank provides several post-employment benefits to its employees, such as the medical care scheme which qualifies as a defined-benefit plan. A defined benefit plan commits the Bank, either formally or constructively, to pay a certain amount or level of future benefits and therefore bears the medium- or long-term risk.

The Bank recognizes the defined benefit obligation as a liability in the statement of financial position under “obligations for post-retirement schemes” to cover the total value of such obligations. This is assessed regularly by independent actuary using the projected unit credit method. This valuation technique incorporates assumptions about demographics variables, staff turnover, salary growth rate and discount and inflation rates.

When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the defined benefit obligation. Differences arising from changes in the actuarial assumptions and estimates are recognized in the income statement as actuarial gains or losses to the extent of the higher of the following two amounts as of the end of the previous financial year:

- 10% of the present value of the defined benefit obligation (before deducting plan assets) and
- 10% of the fair value of the plan assets.

Actuarial gains and losses that exceed the 10 percent criteria above are amortized to profit or loss over the expected average remaining working lives of the participating employees.

Past service cost is recognized immediately to the extent that the benefits have already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. Annual cost of employee benefits plans is reported as part of general and administrative expenses (employee costs).

Defined contribution plans are pension schemes whereby the Bank pays defined contributions to an independent entity. The Bank shall not be under legal or constructive obligation to pay more contributions if this entity doesn't maintain adequate assets to pay-off the employees’ benefits in return for their service in the current and previous periods.

According to the defined contribution plans, the Bank pays contributions to private sector pension scheme under mandatory or voluntary contractual arrangement. The Bank shall be under no additional obligation other than the contribution payments. Contributions to defined contribution retirement benefit plans are recognized as employee benefits cost when employees have rendered service entitling them to the contributions. Prepaid contributions shall be recognized as assets to the extent that these contribution payments will reduce future payments or result in cash refunds.

Share based payments arrangements:

Until the end of the first quarter of 2013, the bank applies a share-based payment scheme (ESOP) that is settled in its parent's own equity instruments. The bank follows IFRS 2 since the CBE requirements and EAS 39 do not address the accounting for share based payment arrangements involving equity instruments of the parent. The fair value of services rendered by qualifying employees is reported in the income statement in “administrative expenses” line item. Total amount of employees' services is determined by reference to the fair value of granted options at the grant date and is expensed on a straight-line basis over the relevant vesting period. Non-market based vesting conditions, such as profit targets, are not taken into account in determining the fair value of equity settled share-based payments (options) at the grant date, therefore, such fair value shall not change subsequently. Non-market based vesting conditions are included in the assumptions used by the Bank to estimate the number of equity instruments expected to vest at the end of each reporting period. At the end of each reporting period, the bank revises its estimate of the number of equity instruments expected to vest based on information provided from the parent. The impact of the revision of the original estimates, if any, is recognized in profit or loss with a corresponding adjustment to the Employee Stock Ownership Plan reserve in equity.

2.21 Income taxes

Income tax expense on the period's profit or loss represents the sum of the tax currently payable and deferred tax and is recognized in the income statement, except when they relate to items that are recognized directly in equity, in which case the tax is also recognized in equity.

The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period, in addition to income tax differences related to prior years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. However, when it is expected that the tax benefit will increase, the carrying amount of deferred tax assets shall increase to the extent of previous reduction.

2.22 Borrowings

Loans obtained by the bank are initially recognized at fair value net of transaction costs incurred in connection with obtaining the loan. Borrowings are subsequently measured at amortized cost, with the difference between net proceeds and the value to be paid over the borrowing period, recognized in profit or loss using the effective interest rate method.

2.23 Capital

2.23.1 Capital issuance cost

Issued and paid up-capital (i.e. bank’s own equity instruments) is initially measured at the cash proceeds received, less transaction costs directly attributable to the issuance of new shares, issuance of shares to effect business combination, or issue of share options. Transaction costs, net of tax benefits, are reported as a deduction from equity.

2.23.2 Dividends

Dividends on equity instruments issued by the bank are recognized when the general assembly of the bank’s shareholders approves them. Dividends include the employees’ profit share and the board of directors’ remuneration as prescribed by the bank’s articles of incorporation and the corporate law.

2.24 Fiduciary activities

The bank carries out fiduciary activities that result in ownerships or management of assets on behalf of individuals, trusts, and retirement benefit plans and other institutions. These assets and income arising thereon are not recognized the bank’s separate financial statements, as they are not assets or income of the bank.

2.25 Comparative figures

Comparative figures are reclassified, where necessary, to conform to changes in the current year’s presentation.

3. Management of financial risks

The Bank as a result of conducting its activities is exposed to various financial risks. Since financial activities are based on the concept of accepting risks and analyzing and managing individual risks or group of risks altogether, the Bank aims at achieving a well-balanced risks and relevant rewards, as appropriate 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 risk, 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 risks and control them through reliable methods and up-to-date systems. The Bank regularly reviews the risk management policies and systems and amendments thereto, so that they reflect the changes in markets, products and services and the best up-to-date applications.

Risks are managed in accordance with preapproved policies by the board of directors. The risk management department identifies, evaluates and covers financial risks, in close collaboration with the bank’s various operating units. The board of directors provides written rules which cover certain risk areas, such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative financial instruments. Moreover, the risk department is responsible for the periodic review of risk management and the control environment independently.

Risk management strategy

The bank operates in business lines, which generate a range of risks whose frequency, severity and volatility can be of different and significant magnitudes. A greater ability to calibrate its risk appetite and risk parameters, the development of risk management core competencies, as well as the implementation of a high-performance and efficient risk management structure are therefore critical undertakings for bank.

Thus, the primary objectives of the bank’s risk management framework are:

- To contribute to the development of the Bank in various business lines to reach an ideal level of general risk.
- To guarantee the Bank’s sustainability as a going concern, through the implementation of a high-quality risk management infrastructure.
- In defining the Bank’s overall risk appetite, the bank management takes various considerations and variables into account, including:
 - The relative balance between risk and reward of the banks various activities.
 - Earnings sensitivity to business, credit and economic cycles.
 - The aim of achieving a well-balanced portfolio of earnings streams.

Risk management governance and risk principles

Bank’s risk management governance is based on:

- i) Strong managerial involvement, throughout the entire organization, starting from the Board of Directors down to operational field management teams.
- ii) A tight framework of internal procedures and guidelines.
- iii) Continuous supervision by business lines and support functions as well as by an independent body to monitor risks and to enforce rules and procedures.

Within the Board, the Risk and Audit Committees are more specifically responsible for examining the consistency of the internal framework for monitoring risks and compliance.

Risk categories

The following are part of the risks associated with Bank’s Banking activities:

- a- **Credit risk:**

(including country risk): represents risk of losses arising from the inability of the Bank’s customers, sovereign issuers or other counterparties to meet their financial commitments.

Credit risk also includes the replacement risk linked to market transactions. In addition, credit risk may be further increased by a concentration risk, which arises either from large individual exposures or from groups of counterparties with a high default probability.
- b- **Market risk:**

represents risk of loss resulting from changes in market prices and interest rates.
- c- **Operational risk:**

(including legal, compliance, accounting, environmental, reputational risks, etc.): represents risk of loss or fraud or of producing inaccurate financial and accounting data due to inadequacies or failures in procedures and internal systems, human error or external events. Additionally, operational risks may also take the form of compliance risk, which is the risk of the bank incurring either legal, administrative or disciplinary sanctions or financial losses due to failure to comply with relevant rules and regulations.
- d- **Structural interest and exchange rate risk:**

represents risk of loss or of residual depreciation in the bank’s balance sheet and off-balance sheet assets arising from changes in interest or exchange rates. Structural interest and exchange rate risk arises from banking commercial activities and on Corporate Center transactions (operations on equities, investments and bond issues).

e-	Liquidity risk: represents the risk that bank might not be able to meet its obligations as they become due. The bank dedicates significant resources to constantly adapting its risk management to its activities and ensures that its risk management framework operates in full compliance with the following fundamental principles of: - Full independence of risk assessment departments from the operating divisions. - Consistent approach to risk assessment and monitoring applied throughout the Bank. The Risk Division is independent from the Bank’s operating entities and reports directly to general management. Its role is to contribute to the development and profitability of the bank by ensuring that the risk management framework in place is both robust and effective. It employs various teams specializing in the operational management of credit and market risk. More specifically, the Risk Division: - Defines and approves the methods used to analyze, assess, approve and monitor credit risks, country risks, market risks and operational risks; conducts a critical review of commercial strategies in high risk areas and continually seeks to improve such risk forecasting and management. - Contributes to independent assessment by analyzing transactions implying a credit risk and by providing guidance on transactions proposed by sales managers. - Identifying a frame for all Bank’s operational risks. The Assets and Liabilities Unit under the Finance Division, for its part, is entrusted with assessing and managing other major types of risks, namely liquidity and structural risks (resulting from interest rate, exchange rate and liquidity) as well as the Bank’s long term financing, management of capital requirements and equity structure. The Internal Legal Counsel deals with compliance and legal risks. Responsibility for devising the relevant risk management structure and defining risk management operating principles lies mainly with both the Risk Division and, in particular fields, the assets and liabilities management under Finance Division. The Bank’s Risk Committee is in charge of reviewing all the Bank’s key risk management issues and meets at least on quarterly basis. Risk Committee’s monthly meetings involve members of the Executive Committee, the heads of the business lines and the Risk Division managers and are used to review all the core strategic issues: risk-taking policies, assessment methods, material and human resources, analysis of credit portfolios and of the cost of risk, market and credit concentration limits (by product, country, sector, region, etc.) On the other hand, the Assets and Liabilities management committee (ALCO) is competent for matters relating to funding and liquidity policymaking and planning. All new products and activities or products under development must be submitted to the New Product Committee. This New Product Committee aims at ensuring that, prior to the launch of a new activity or product, all associated risks are fully understood, measured, approved and subject to adequate procedures and controls, using the available information and processing systems. Operational risks, permanent control and Audit (periodic) control process are supervised by the Audit and Accounts Committee that meets on a quarterly basis. Finally, the Bank’s risk management principles, procedures and infrastructures and their implementation are monitored by the Internal Audit team and the External Auditors.
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(A)	CREDIT RISKS The Bank is exposed to the credit risk which is the risk resulting from failure of the client to meet its contractual obligations towards the Bank. The credit risk is considered to be the most significant risk for the Bank, therefore requiring careful management. The credit risk manifests itself in the lending activities and debt instruments in Banks assets as well as off balance sheet financial instruments, such as letters of credit and letters of guarantee.
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(A/1)	Credit risk management: organization and structure Maintaining comprehensive and efficient management and monitoring of credit risk – which constitutes the bank’s primary source of risk – is vital to preserving bank financial strength and profitability. As a result, the Bank implements a tight credit risk control framework, whose cornerstone is the Credit Risk Policy and Authorities defined jointly by the Risk Division and the Business Lines, and is subject to periodic review and approval by the Board of Directors. Within the Risk Division, persons are responsible for: - Setting credit limits by customer, customer group or transaction type. - Approving credit score or internal customer rating criteria. - Monitoring and surveillance of large exposures and various credit portfolios. - Reviewing specific and general provisioning policies. In addition, comprehensive portfolio analysis is performed in order to provide guidance to the General Management on the bank’s overall credit risk exposure as well as reporting to Risk Committee. The Risk Division also helps define criteria for measuring risk and defining appropriate provisioning practices. Risk approval Embedded in bank’s credit policy is the concept that approval of any credit risk undertaking must be based on sound knowledge of the client and a thorough understanding of the client’s business, the purpose, nature and structure of the transaction and the sources of repayment, while bearing in mind the Bank’s risk strategy and risk appetite. The risk approval process is based on four core principles: - All transactions involving replacement risk (debtor risk, non-settlement or non-delivery risk and issuer risk) must be pre-authorized. - Staff assessing credit risk is fully independent from the decision-making process. - Subject to relevant credit delegations, responsibility for analyzing and approving risk lies with the most appropriate business line or credit risk unit, which reviews all authorization requests relating to a specific client or client group, to ensure a consistent approach to risk management. - All credit decisions systematically include internal obligor risk ratings, as proposed by business lines and vetted by the Risk Division and approved by concerned Credit Committee. Risk management and audit Changes in the quality of outstanding commitments are reviewed on a periodic basis and at least once a quarter, as part of the “sensitive names” and provisioning procedures. This review is based on analyses performed by the business divisions and the risk function. Furthermore, the Internal Audit also carries out file reviews or risk audits in the Bank’s Branch Groups and reports its findings to the General Management. Replacement risk Replacement risk provides the measurement of the replacement cost of a transaction in the event of default by the original counterparty and the necessity to close the ensuing position with counterparty; hence, the replacement cost is the result of the market price between the date on which the original transaction is entered into and the default date. Transactions giving rise to replacement risk include interest rate swaps and forward FX deals. Replacement risk management Bank places great emphasis on carefully monitoring its replacement risk exposure in order to minimize its losses in case of default of its counterparties and counterparty limits are, therefore, assigned to all trading counterparties, irrespective of their status (bank, other financial institution, corporate and public institutions).
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(A/2) Risk measurement and internal ratings

- Bank rating system is based on three key pillars:
- The internal ratings models used to measure and quantify counterparty risk.
 - A set of procedures defining guidelines for devising and using ratings (scope, frequency of rating revision, procedure for approving ratings, etc.)
 - Reliance on human judgment to improve modeling results to include elements outside the scope of rating model.
- Credit risk rating is supported by a set of procedures ensuring reliable, consistent and timely default and loss data detection.
- Rating models are reviewed and developed when necessary. The Bank regularly evaluates performance of credit rating models and their capacity to predict default cases.
- The calculations used to measure and monitor replacement risk include:
- Current Average risk (CAR) is a calculation of the Average risk of all the future scenarios, excluding the negative scenarios, i.e., when the replacement makes a gain.
 - Credit VAR is a calculation of the largest loss that would be incurred in 99% of cases.

Following are some risk mitigations methods:

The bank designs several policies and controls for credit risk mitigation such as collaterals for funds provided. The bank lays down guidelines for specific categories of the accepted collaterals.

The main types of collaterals for loans and facilities are:

- Real estate mortgage.
- Pledge on business assets like machinery and merchandise.
- Pledge in financial instruments like debt instruments and equity.

The long term financing and lending for companies are often collateralized while credit facilities for persons are not collateralized. The bank attempts to mitigate the credit risk through additional collaterals from the concerned parties immediately on arising of impairment indicators for any of the loans or facilities.

Collaterals taken to secure assets other than loans and facilities are identified according to the nature of the instrument.

Debit instruments and treasury bills are often not collateralized.

Derivatives

The Bank exercise prudential strict control procedures on net open positions of derivatives. i.e. The difference between sale and purchase agreements at the level of value and duration. The amount exposed to credit risk at any time is determined at fair value of the instrument that may achieve benefit to the bank. i.e. any assets with high positive fair value which represents insignificant part of contractual imputed value used to reflect the volume of existing instruments. This credit risk is managed as part of overall lending limit granted to the customer together with the potential risk as a result of market changes.

The bank doesn't obtain collaterals for credit risk related to such instruments except for the amounts requested by the bank as marginal deposits from other parties.

(A/3) Provisioning policy

- The Bank policies require review of all financial assets exceeding a specific level of materiality at least each year or more frequently when changes in circumstances require the Bank to do so. Impairment is determined for accounts that are assessed individually for impairment based on the losses experienced at the reporting date on a case by case basis. Such policies are applied to all individual accounts that are assessed to be significant. Assessment usually includes the existing collateral, reconfirmation of enforcement on such collateral and collections expected from such accounts.
- A provision for impairment losses is formed for a group of similar financial assets based on the available historical experience, personal judgment and statistical methods.
- 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 (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- The bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant irrespective from any collaterals obtained. The Bank considers the following factors in determining whether there is objective evidence of impairment:
- The existence of unpaid installments (overdue installments over three months for corporations and over one month for individuals).
 - The existence of an objective evidence of counterparty credit risk or when The counterparty is subject to judiciary proceedings.
- The allowance for impairment losses reported in the balance sheet at the end of the reporting period is derived from the four internal credit risk ratings; however, major part of that allowance is usually driven by the last two rating degrees.
- The following table illustrates the proportional distribution of loans and facilities reported in the balance sheet for each of the four internal ratings of the Bank and their relevant impairment losses:

	December 31, 2013		December 31, 2012	
	Loans and facilities	Impairment loss provision	Loans and facilities	Impairment loss provision
1-Good debts	91%	14%	91%	14%
2-Normal watch-list	5%	21%	6%	30%
3-Special watch-list	0%	2%	0%	0%
4-Non performing loan	4%	63%	3%	56%
	100%	100%	100%	100%

(A/4) General Model for Measurements of Banking Risks:

In addition to the four categories of the Bank’s internal credit ratings indicated above, management classifies loans and facilities based on more detailed subgroups in accordance with the CBE requirements.

Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record.

The Bank calculates the allowances 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 allowance required for impairment losses as per CBE credit worthiness rules exceeds the provisions as required by the application of the discounted cash flow method or the loss rates method, that excess shall be debited to retained earnings and carried to the general banking risk reserve in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so that the reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution; note (34) shows the movement on the general banking risk reserve during the financial period.

Below is a statement of credit rating for corporations as per the Bank’s internal ratings compared with those of CBE’s; it also includes the percentages of provisions required for impairment of assets exposed to credit risk.

CBE rating	Description	Required Provision According to ORR	Internal Rating	Internal Description
1	Low risk	0%	1	Good debts
2	Moderate risks	1%	1	Good debts
3	Satisfactory risks	1%	1	Good debts
4	Appropriate risks	2%	1	Good debts
5	Acceptable risks	2%	1	Good debts
6	Marginally accept-able risks	3%	2	Normal watch-list
7	Watch-list	5%	3	Special watch-list
8	Substandard debts	20%	4	Non-performing loans
9	Doubtful debts	50%	4	Non-performing loans
10	Bad debts	100%	4	Non-performing loans

(A/5) Maximum limit for credit risk before collaterals

Balance sheet items exposed to credit risks	December 31, 2013	December 31, 2012
Treasury bills	15,742,232,766	12,205,523,046
Loans and facilities to customers		
Retail loans		
Debit current accounts	703,620,587	683,159,432
Credit cards	372,883,331	279,062,423
Personal loans	7,247,573,654	6,300,474,070
Real estate loans	311,802,626	191,457,456
Corporate loans		
Debit current accounts	14,686,896,573	13,224,218,944
Direct loans	10,555,979,885	8,534,517,386
Syndicated loans and facilities	7,019,535,342	7,732,640,063
Other loans	1,208,139,506	1,376,396,460
Provision for impairment loss, segregated interest & unearned discount	(1,791,101,415)	(1,260,295,728)
Financial derivatives	12,200,178	20,905,336
Financial investments		
Debt instrument	12,914,169,235	5,406,287,748
Other assets	573,273,609	317,700,357
Total	69,557,205,877	55,012,046,993
Off balance sheet items exposed to credit risks		
Financial guarantees	1,219,202	1,832,780
Loans and other irrevocable credit commitments	41,524,116	133,446,278
L/Cs	2,676,509,405	2,054,812,529
Accepted papers	947,970,707	1,141,504,957
L/Gs	14,631,455,884	12,572,991,349
Total	18,298,679,314	15,904,587,893

The preceding table shows the maximum limit exposure to risks at the end of December, 2013 and December, 2012 without taking into consideration collaterals held by the bank, if any. For balance sheet items, amounts stated depend on the net carrying amount shown in the balance sheet.

The preceding table shows that 58% of the maximum limit exposed to credit risk at the end of current reporting year is attributable to loans and facilities to customers against 67% at the end of the prior year, investments in debt instruments constitute 19% against 10% at the end of the prior year and treasury bills constitute 23% against 22% at the end of the prior year.

The management is confident of its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from loan portfolio, facilities, and debt instruments based on the following facts:

- 96% of the loan and facilities portfolio at the end of the current reporting year comprises loans and facilities classified at the top 2 categories of the internal rating against 97% at the end of the prior year.
- 95% of the loan and facilities portfolio at the end of the current reporting year does not have arrears or indicators of impairment against 93% at the end of the prior year.
- Loans and facilities that are individually assessed for impairment at the end of the current reporting year have a carrying amount of EGP 1,548,134,288. Impairment on these loans and facilities represents 72% from their carrying amount. Loans and facilities, that are individually assessed for impairment at the end of the prior year had a carrying amount of EGP 1,007,461,034. and their impairment represents 70% from such carrying amount.
- The Bank applied more prudential selection process on granting loans and facilities during the current reporting year ended December 31, 2013.
- 92% of investments in debt instruments and treasury bills at the end of the current reporting year comprise local sovereign debt instruments against 87 % at the end of the prior year.

(A/6) Loans and facilities

Balances of loans and facilities in terms of credit risk rating are analyzed below:

	December 31, 2013		December 31, 2012	
	Loans and facilities to customers	Loans and facilities to banks	Loans and facilities to customers	Loans and facilities to banks
Neither have arrears nor impaired	39,885,587,085	-	35,622,879,491	-
Have arrears but not impaired	672,710,131	-	1,691,585,709	-
Impaired	1,548,134,288	-	1,007,461,034	-
Total	42,106,431,504	-	38,321,926,234	-
Less: allowance for impairment losses	(1,743,321,711)	-	(1,206,223,953)	-
Less: Segregated interest	(27,693,859)	-	(36,045,480)	-
Less: unearned discount	(20,085,845)	-	(18,026,295)	-
Net	40,315,330,089	-	37,061,630,506	-

Total credit allowance for loans and facilities at the end of the current reporting year amounted to EGP 1,743,321,711 (EGP 1,206,223,953 at the end of the prior year) of which EGP 1,089,872,403 represent impairment on individual loans (EGP 670,741,798 at the end of the prior year) and EGP 653,449,308 represent impairment for groups of financial assets in the credit portfolio (EGP 535,482,155 at the end of the prior year).

Note (18-A) includes additional information on the allowance for impairment losses for loans and facilities to customers during the current reporting year.

During the current accounting year the loans and facilities portfolio increase by 10 % due to the increase on lending activity.

Loans and facilities which do not have arrears and are not subject to impairment

The credit quality of loans and facilities that do not have arrears and which are not subject to impairment is assessed by reference to the bank’s internal rating.

Loans and facilities to customers

December 31, 2013					
Retail					
Rating	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
Good debts	692,653,065	248,226,446	6,637,661,298	266,490,135	7,845,030,944
Normal watch-list	-	-	-	-	-
Special watch-list	-	-	-	-	-
Total	692,653,065	248,226,446	6,637,661,298	266,490,135	7,845,030,944

Corporate					
	Debit current accounts	Direct loans	Syndicated loans and facilities	Other loans	Total
Good debts	14,316,073,947	8,975,897,959	5,869,646,490	1,148,897,579	30,310,515,975
Normal watch-list	172,049,614	208,418,768	1,122,230,689	57,322,548	1,560,021,619
Special watch-list	124,960,873	43,138,295	-	1,919,379	170,018,547
Total	14,613,084,434	9,227,455,022	6,991,877,179	1,208,139,506	32,040,556,141

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

December 31, 2012					
Retail					
Rating	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
Good debts	683,159,432	190,707,110	5,751,840,867	182,009,181	6,807,716,590
Normal watch-list	-	-	-	-	-
Special watch-list	-	-	-	-	-
Total	683,159,432	190,707,110	5,751,840,867	182,009,181	6,807,716,590

Corporate					
	Debit current accounts	Direct loans	Syndicated loans and facilities	Other loans	Total
Good debts	12,300,788,685	7,044,612,537	6,732,821,940	1,333,873,311	27,412,096,473
Normal watch-list	779,050,423	206,681,943	365,668,555	42,523,149	1,393,924,070
Special watch-list	9,023,477	118,881	-	-	9,142,358
Total	13,088,862,585	7,251,413,361	7,098,490,495	1,376,396,460	28,815,162,901

The bank has not considered any non-performing loans and facilities guaranteed by cash collaterals to be impaired based on the assessment that it is probable that the bank will realize the amounts of the collaterals backing such non-performing loans and facilities.

Loans and facilities which have arrears but are not subject to impairment

These are loans and facilities with past-due installments but are not subject to impairment, unless information has otherwise indicated. Loans and facilities to customers which have arrears but are not subject to impairment are analyzed below:

December 31,2013					
Retail					
	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
< 30 days	-	37,566,480	283,882,263	34,050,716	355,499,459
30 – 60 days	-	-	-	-	-
60 – 90 days	-	-	-	-	-
Total	-	37,566,480	283,882,263	34,050,716	355,499,459

Corporate					
	Debit current accounts	Direct loans	Syndicated loans and facilities	Other loans	Total
< 30 days	-	16,772,335	6,938,600	-	23,710,935
30 – 60 days	-	38,172,218	-	-	38,172,218
60 – 90 days	-	160,408,692	-	-	160,408,692
> 90 days	-	94,918,827	-	-	94,918,827
Total	-	310,272,072	6,938,600	-	317,210,672

December 31,2012					
Retail					
	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
< 30 days	-	34,562,806	281,475,059	-	316,037,865
30 – 60 days	-	-	-	-	-
60 – 90 days	-	-	-	-	-
Total	-	34,562,806	281,475,059	-	316,037,865

Corporate					
	Debit current accounts	Direct loans	Syndicated loans and facilities	Other loans	Total
< 30 days	-	326,916,150	95,022,062	-	421,938,212
30 – 60 days	-	287,882,670	480,661,020	-	768,543,690
60 – 90 days	-	-	-	-	-
> 90 days	-	185,065,942	-	-	185,065,942
Total	-	799,864,762	575,683,082	-	1,375,547,844

Past due loans and facilities are those amounts, or any part thereof, which have fallen due but for which no payment has been received in accordance with the contractual terms. These include arrears for periods more than one day. Amounts shown in the note represent the whole balance of the loan or facility and not only the past due amounts. These do not include the remaining loans and facilities of the same customer so long default has not fully or partially occurred on those loans. On initial recognition of loans and facilities, the fair value of collaterals, if any, is assessed based on valuation methods used for similar assets but are not recognized in the financial statements since these do not represent assets of the bank at that date. In subsequent periods, the fair value is updated to reflect the market price or prices for similar assets.

Loans and facilities which are individually impaired

Loans and facilities to customers

At the end of the current reporting year the carrying amount of loans and facilities, that are assessed to be individually impaired excluding any cash flows expected to arise from the associated guarantees, amounted to EGP 1,548,134,288 against EGP 1,007,461,034 at the end of the prior year.

The following table provides a breakdown of the balance of such loans and facilities which are individually impaired including the fair value of the collaterals shall prevail when calculating the provisions.

December 31, 2013					
Retail					
	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	10,967,522	87,090,405	326,030,093	11,261,775	435,349,795
Fair value of collaterals	-	8,465,903	46,062,059	973,513	55,501,475
Corporate					
	Debit current accounts	Direct loans	Syndicated loans and facilities	Other loans	Total
Loans which are individually impaired	73,812,139	1,018,252,791	20,719,563	-	1,112,784,493
Fair value of collaterals	-	-	-	-	-
December 31,2012					
Retail					
	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	-	53,792,507	267,158,144	9,448,275	330,398,926
Fair value of collaterals	-	8,557,155	37,939,465	-	46,496,620
Corporate					
	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total
Loans which are individually impaired	135,356,359	483,239,263	58,466,486	-	677,062,108
Fair value of collaterals	-	7,329,635	-	-	7,329,635

Restructured loans and facilities:

The bank applies different types of restructuring policies to its loans and facilities, which include extending payment terms, executing forced management programmes and applying prepayment and extension provisions to the loan. The applied restructuring policies depend on factors or criteria that indicate, in management judgment that the counterparty’s continuous payment of the loan is unlikely to occur in the absence of such restructuring policies that are subject to ongoing review. Within the bank renegotiated outstanding loans relate to long-term loans made to any type of clientele (retail and corporate loans clients).

Total renegotiated loans amounted to EGP 81,125,330 at the end of the current reporting year against EGP 180,679,000 at the end of the prior year. These balances do not include any amounts whose commercial terms were renegotiated to preserve the quality of the bank’s relationship with its clients, including those terms pertaining to loans interest rates and/or loans repayment periods.

The bank practice calls for most clients whose loans have been renegotiated to be maintained in the “non-performing” category, as long as the bank remains uncertain of their ability to meet their future commitments in accordance with the definition of default under Basel II.

Loans and facilities to customers

Corporate loans	December 31 ,2013	December 31 ,2012
Direct loans	81,125,330	180,679,000
Total	81,125,330	180,679,000

(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 per last rating for Standard and Poor’s and its equivalent:

	Rating	December 31 ,2013	December 31 ,2012
Egyptian Treasury Bills	B-	15,742,232,766	12,205,523,046
Available- for- sale financial assets			
Egyptian Treasury Bonds	B-	10,629,868,918	3,101,499,113
US Treasury Bonds	AA+	1,559,883,357	1,638,271,472
France Treasury Bonds	AA+	228,993,978	207,580,855
German Treasury Bonds	AAA	445,422,982	408,936,308
Held to maturity investments			
Egyptian Treasury Bonds	B-	50,000,000	50,000,000
Total		28,656,402,001	17,611,810,794

(A/8) Acquisition of collaterals

During the current reporting year, the bank has not acquired any additional foreclosed assets in order to settle debts.

(A/9) Concentration of risks of financial assets exposed to credit risks
(Geographical segments)

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting year (excluding allowances for impairment). The gross amount of all financial assets including loans and facilities is segmented into the geographical regions of the bank's clients except for investments in foreign treasury bonds which are reported in the "other countries" category.

	Arab Republic of Egypt					Total	Other countries	Total
	Cairo	Giza	Alex	Delta	Red Sea & Upper Egypt			
Treasury bills	15,742,232,766	-	-	-	-	15,742,232,766	-	15,742,232,766
Loans and facilities to customers								
Retail loans								
Debit current accounts	367,215,394	125,990,901	96,552,552	71,067,528	42,794,212	703,620,587	-	703,620,587
Credit cards	149,258,158	131,939,316	46,945,149	24,391,698	20,349,010	372,883,331	-	372,883,331
Personal loans	2,343,495,754	2,437,267,977	1,039,994,782	1,056,606,985	370,208,156	7,247,573,654	-	7,247,573,654
Real estate loans	109,992,868	121,214,318	30,058,008	23,304,741	27,232,691	311,802,626	-	311,802,626
Corporate loans								
Debit current accounts	6,888,974,435	3,950,386,781	1,876,652,455	1,277,456,708	693,426,194	14,686,896,573	-	14,686,896,573
Direct loans	5,273,956,680	3,178,623,982	1,129,514,869	816,584,325	157,300,029	10,555,979,885	-	10,555,979,885
Syndicated loans & facilities	2,756,648,414	1,831,337,210	590,965,812	1,840,583,906	-	7,019,535,342	-	7,019,535,342
Other loans	910,567,203	42,053,079	21,137,465	98,676,881	135,704,878	1,208,139,506	-	1,208,139,506
Financial derivatives	-	-	-	2,815,463	-	2,815,463	9,384,715	12,200,178
Financial investments								
Debt instrument	10,679,868,918	-	-	-	-	10,679,868,918	2,234,300,317	12,914,169,235
Other assets	432,860,956	43,370,744	25,486,834	31,740,955	4,218,805	537,678,294	35,595,315	573,273,609
Total at the end of the year	45,655,071,546	11,862,184,308	4,857,307,926	5,243,229,190	1,451,233,975	69,069,026,945	2,279,280,347	71,348,307,292
Total at the end of the comparative year	33,262,639,016	10,758,670,136	4,266,655,055	4,526,322,347	1,155,197,718	53,969,484,272	2,302,858,449	56,272,342,721

Concentration of risks of financial assets exposed to credit risks
(Business segments)

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting year (excluding allowances for impairment). The gross amount of all financial assets is segmented into business sectors in which the bank's clients operate.

	Agricultural entities	Industrial entities	Trading entities	Service entities	Governmental sector	Foreign Governments	Other activities	Individuals	Total
Treasury bills	-	-	-	-	15,742,232,766	-	-	-	15,742,232,766
Loans and facilities to customers									
Retail loans									
Debit current accounts	-	-	-	-	-	-	-	703,620,587	703,620,587
Credit cards	-	-	-	-	-	-	-	372,883,331	372,883,331
Personal loans	-	-	-	-	-	-	-	7,247,573,654	7,247,573,654
Real estate loans	-	-	-	-	-	-	-	311,802,626	311,802,626
Corporate loans									
Debit current accounts	75,115,182	9,280,012,219	2,156,450,528	3,175,318,644	-	-	-	-	14,686,896,573
Direct loans	213,193,360	7,443,413,606	1,536,089,977	1,363,282,942	-	-	-	-	10,555,979,885
Syndicated loans & facilities	-	5,382,644,485	-	1,636,890,857	-	-	-	-	7,019,535,342
Other loans	3,096,708	894,396,987	138,974,202	9,187,177	-	-	162,484,432	-	1,208,139,506
Financial derivatives	-	2,815,463	-	-	-	-	9,384,715	-	12,200,178
Financial investments									
Debt instrument	-	-	-	-	10,679,868,918	2,234,300,317	-	-	12,914,169,235
Other assets	1,343,526	106,049,974	17,665,222	28,514,503	344,289,291	35,595,315	-	39,815,778	573,273,609
Total at the end of current year	292,748,776	23,109,332,734	3,849,179,929	6,213,194,123	26,766,390,975	2,269,895,632	171,869,147	8,675,695,976	71,348,307,292
Total at the end of the comparative year	261,664,650	21,016,891,728	3,483,347,929	5,909,420,253	15,458,632,186	2,287,210,279	364,967,519	7,490,208,177	56,272,342,721

(B) MARKET RISKS

Market risk is the risk of losses resulting from unfavorable changes in market parameters. It contains all trading book transactions as well as some banking book portfolios valued using the mark-to-market approach. The bank's policy on market risk transactions is "Prudent" in that:

- Products subject to "market risk" which are offered by the bank to its customers are restricted to cash and simple financial derivatives such as interest rate swaps and foreign exchange swap and forward contracts.
- The only trading activity conducted by the bank is over-night foreign exchange position, within a prudent limit that cannot be exceeded.
- Open positions must be centrally managed and matched.

The front-office managers assume primary responsibility in terms of risk exposure; however, management lies with an independent structure being the Market Risk Controller (MRC), within Risk Division. The main function of MRC is the ongoing analysis, independently from the trading rooms, of the positions and risks linked to the market activities of the Bank and the comparison of these positions to the allowed limits. The MRC carries out the following functions:

Daily and periodic analysis and reporting (independently from the front office) of the exposures, stress tests and risks incurred by the Bank's market activities and comparison of said exposure and risks with the pre-set limits.

- Definition of The risk-measurement methods and control procedures, approval of The valuation methods used to calculate and monitor risks, including those made on a gross or nominal basis.
- Management of the approval process for limits.
- Reviewing new products or services from market risk aspect under New Product Committee to ensure that market risks are properly identified and controlled.

At the proposal of this MRC and Head of Risk Division, the Board sets the levels of authorized risk by type of market activity and makes the main decisions concerning Bank's market risk management.

(B/1) Methods of Measuring Market Risk and Defining Exposure Limits

As a part of managing market risk, the Bank has several hedging strategies and enters into interest rate swaps to balance the risks inherent in debt instruments and fixed rate long term loans, if the fair value option is applied. The bank uses a lot of methods to control market risk such as stress testing "ST".

Stress testing gives indicator of the loss volume expected that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios. The bank sets a maximum limit of expected losses of 10% from authorized limit according to internal bank rules.

(B/2) Stress test for foreign exchange risk

The following table provides F.X. position (whether short or long) for all balance sheet items and off balance sheet items.

Currency	Outstanding nominal F.X. position in EGP equivalent	F.X. short positions	F.X. long positions	Expected loss at 10%
USD	(597,914,848)	(597,914,848)	-	(59,791,485)
EUR	(3,657,678)	(3,657,678)	-	(365,768)
GBP	(19,879)	(19,879)	-	(1,988)
JPY	(15,773)	(15,773)	-	(1,577)
CHF	13,395	-	13,395	1,340
DKK	(247)	(247)	-	(25)
NOK	49,524	-	49,524	4,952
SEK	82,988	-	82,988	8,299
CAD	(5,755)	(5,755)	-	(576)
AUD	(38,652)	(38,652)	-	(3,865)
AED	(65,945)	(65,945)	-	(6,595)
KWD	530,406	-	530,406	53,041
OMR	(12)	(12)	-	(1)
QAR	156,223	-	156,223	15,622
SAR	(186,511)	(186,511)	-	(18,651)
EGP	601,072,766	-	601,072,766	-
Maximum expected loss from F.X. short positions to EGP at December 31, 2013				(60,107,277)
Maximum expected loss from F.X. short positions to EGP at December 31, 2012				2,146,169

(B/3) Foreign exchange rate volatility risk (concentration of FX risk on financial instruments)

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The board of directors set limits for foreign exchange risk at the total value of positions at the end of the day and during the day when timely control is exercised. The following table summarizes the bank's exposure to the risks of fluctuations in foreign exchange rates at the end of the reporting year. This table includes the carrying amounts of the financial instruments in terms of their relevant currencies and in EGP equivalent.

	EGP	USD	EUR	GBP	Other currencies	Total
Financial assets						
Cash and due from Central Bank of Egypt (CBE)	5,249,711,988	306,244,218	105,483,054	25,261,088	19,641,994	5,706,342,342
Due from banks	662,448,388	1,953,760,458	28,760,951	247,275,360	80,909,190	2,973,154,347
Treasury bills	15,369,921,847	372,310,919	-	-	-	15,742,232,766
Loans and credit facilities to customers, net	29,013,854,691	10,514,806,379	761,769,348	24,656,308	243,363	40,315,330,089
Financial derivatives	4,459,198	7,609,130	131,850	-	-	12,200,178
Financial investments						
Available for sale	10,833,111,946	1,670,731,867	674,661,154	-	-	13,178,504,967
Held to maturity	65,000,000	-	-	-	-	65,000,000
Other financial assets	511,857,812	38,857,847	22,398,870	127,452	31,628	573,273,609
Total financial assets	61,710,365,870	14,864,320,818	1,593,205,227	297,320,208	100,826,175	78,566,038,298
Financial liabilities						
Due to banks	80,228,963	185,476,107	44,986,690	8,449,535	6,249,178	325,390,473
Customers' deposits	52,056,706,813	12,278,393,348	2,895,526,318	332,625,539	123,558,450	67,686,810,468
Other loans	132,371,935	9,841,343	-	-	-	142,213,278
Other financial liabilities	764,462,037	8,439,434	720,769	212,171	1,367	773,835,778
Total financial liabilities	53,033,769,748	12,482,150,232	2,941,233,777	341,287,245	129,808,995	68,928,249,997
Net financial position- The balance sheet	8,676,596,122	2,382,170,586	(1,348,028,550)	(43,967,037)	(28,982,820)	9,637,788,301
At the end of the comparative year						
Total financial assets	46,200,774,283	14,910,857,648	3,203,509,647	336,903,476	144,945,854	64,796,990,908
Total financial liabilities	39,110,847,698	13,996,274,190	3,038,115,958	334,827,954	180,140,983	56,660,206,783
Net financial position- The balance sheet	7,089,926,585	914,583,458	165,393,689	2,075,522	(35,195,129)	8,136,784,125

(B/4) Structural Interest Rate Risk

Structural interest rate risk is linked to commercial activities and corporate center transactions. Structural interest rate risk arises from residual gaps (surplus or deficit) of the Bank's fixed-rate positions. The general principle is to reduce structural interest rate risk to the maximum extent.

Whenever possible, commercial operations are hedged against interest rate, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within the treasury department).

Consequently, structural interest rate risk only results from the residual positions remaining after hedging. The absence of interest rate derivative market in Egyptian pound makes it difficult to hedge positions in this currency.

Organization of the management of Structural Interest Rate risks

Identification and measurement of the risk is carried out by the Assets & Liabilities management Unit (ALMU) which comes under the authority of the bank Finance Department.

Risk assessment, limits and corrective actions are decided by the Assets & Liabilities management Committee (ALCO) headed by the Chairman with the participation of the Managing Directors, the Chief Financial Officer and the Commercial Divisions Heads, the Branch Network Head, the General Secretary and the Head of the Dealing Room.

Execution of the necessary actions decided by the ALCO for the rectification of the gaps is carried out by the dealing room through the financial market. Progress is reported and notified to the ALMU/ALCO.

Assets & Liabilities Management Committee (ALCO) duties

- Decide on The limits for The sensitivity.
- Review, validate and approve any assumptions used for The identification and measurements of The respective risks.
- Review interest rate Gap and sensitivity position reported through ALMU.
- Assess, amend and approve recommendations for bringing The Gap (if any) within The previously approved limits.

Assets & Liabilities Management Unit (ALMU) duties

- Document and maintain The respective risks management policy as approved by The ALCO.
- Construct and continuously elaborate on The models used for The identification and measurement of The respective risks.
- Report to ALCO on The respective exposures and The evolution of such exposures over time.
- Provide recommendations for bringing The gaps within limits.
- Follow up and notify ALCO of The progress made in The implementation of The ALCO decisions.

Dealing Room duties

Provide frequent updates on markets movements.

Execute and Report progress of ALCO approved recommendations.

Co-ordinate with ALMU on The spontaneous hedging of special transactions according to ALCO approved policy and recommendations.

Objective of the bank

The bank aim is to reduce exposure to structural interest rate risk as much as possible. Any residual interest rate risk exposure must comply with the sensitivity limits approved by the ALCO. Sensitivity is defined as the variation in the net present value of future residual fixed-rate positions for a 1% parallel increase in the yield curve. Adherence to applicable limits is closely monitored.

Measurement and monitoring of structural interest rate risks

In order to quantify the Bank's exposure to structural interest rate risks, all fixed rate assets and liabilities on future maturities are analyzed to identify any gaps.

On a quarterly basis, assets and liabilities are analyzed independently, without any prior matching. Maturities on outstanding positions are determined on the basis of the contractual terms of the transactions and models of historic client behavior (e.g. saving accounts) as well as conventional assumptions for some balance sheet items (e.g. equity).

Once the gaps have been identified for each major currency, the sensitivity is calculated as the variation of the net present value of the fixed rate position of an instantaneous parallel shift of the 1% in the yield curve of each major currency. The cumulative sensitivity for all currencies as well as for any single currency should not exceed the above mentioned limit.

The following table summarizes the extent to which the Bank is exposed to the risks of fluctuations in the interest rate including the carrying amount of the financial instruments distributed on the basis of the rate prevailing in re-pricing dates or maturity dates, whichever is earlier.

At the end of the current year	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Interest free	Total
Financial assets							
Cash and due from Central Bank of Egypt (CBE)	-	-	-	-	-	5,706,342,342	5,706,342,342
Due from banks	2,709,334,312	-	-	-	-	263,820,035	2,973,154,347
Treasury bills	2,956,219,535	2,143,533,137	10,642,480,094	-	-	-	15,742,232,766
Loans and credit facilities to customers, net	17,604,638,065	8,113,776,369	6,689,398,742	6,690,102,081	1,217,414,832	-	40,315,330,089
Financial derivatives	-	-	-	-	-	12,200,178	12,200,178
Financial investments							
Available for sale	-	481,112,033	1,295,301,054	6,375,240,593	4,712,515,555	314,335,732	13,178,504,967
Held to maturity	-	-	50,000,000	-	-	15,000,000	65,000,000
Other financial assets	-	-	-	-	-	573,273,609	573,273,609
Total financial assets	23,270,191,912	10,738,421,539	18,677,179,890	13,065,342,674	5,929,930,387	6,884,971,896	78,566,038,298
IRS (notional amount)	-	22,550,450	740,973,094	647,968,772	-	-	1,411,492,316
Financial liabilities							
Due to banks	40,617,540	-	27,917,457	-	-	256,855,476	325,390,473
Customer's deposits	19,406,992,242	9,952,279,882	12,291,933,487	11,301,569,469	25,230,000	14,708,805,388	67,686,810,468
Other loans	518,724	24,178,784	49,093,084	68,422,686	-	-	142,213,278
Other financial liabilities	-	-	-	-	-	773,835,778	773,835,778
Total financial liabilities	19,448,128,506	9,976,458,666	12,368,944,028	11,369,992,155	25,230,000	15,739,496,642	68,928,249,997
IRS (notional amount)	140,111,087	1,271,381,229	-	-	-	-	1,411,492,316
Re-pricing gap	3,681,952,319	(486,867,906)	7,049,208,956	2,343,319,291	5,904,700,387	(8,854,524,746)	9,637,788,301
At the end of the comparative year							
Total financial assets	21,719,315,858	9,517,426,243	16,296,570,013	10,573,825,138	1,873,230,231	4,816,623,425	64,796,990,908
IRS (notional amount)	1,504,524	27,337,198	653,770,927	1,600,072,616	7,522,617	-	2,290,207,882
Total financial liabilities	16,373,002,583	9,196,567,767	8,365,952,173	7,734,406,610	51,965,000	14,938,312,650	56,660,206,783
IRS (notional amount)	463,573,411	1,728,840,423	97,794,048	-	-	-	2,290,207,882
Re-pricing gap	4,884,244,388	(1,380,644,749)	8,486,594,719	4,439,491,144	1,828,787,848	(10,121,689,225)	8,136,784,125

- (C) **Liquidity Risk**
Liquidity risk is defined as the risk of not being able to meet cash flow or collateral requirements when they fall due and at a reasonable price.
The bank manages this exposure through modeling of its cash flow under several scenarios.
Organization of Liquidity Risk Management
Identification and measurement of the risk is carried out by the Assets & Liabilities management Unit (ALMU) which comes under the authority of the bank Finance Department.

Risk assessment and corrective actions are decided by the Assets & Liabilities management Committee (ALCO) headed by the Chairman with the participation of the Managing Directors, the Chief Financial Officer and the Commercial Divisions Heads, the Branch Network Head, the General Secretary and the Head of the Dealing Room.

Execution of the necessary actions decided by the ALCO for the rectification of the gaps is carried out by the dealing room and/or the business lines. Progress is reported and notified to the ALMU/ALCO.
Assets & Liabilities Management Committee (ALCO) duties
 - Review, validate and approve any assumptions and scenarios used for The identification and measurements of The respective risks.
 - Review The structured liquidity Gap reported by ALMU.
 - Assess, amend and approve recommendations for funding strategy and/or The portfolio composition for The remedy of The gaps.**Assets & Liabilities Management Unit (ALMU) duties**
 - Document and maintain the respective risks' management policy as approved by the ALCO.
 - Construct and continuously elaborate on the models used for the identification and measurement of the respective risks.
 - Report to ALCO on The respective exposures and The evolution of such exposures over time.
 - Follow up and notify ALCO of the progress made in the implementation of the ALCO decisions.
 - Co-ordinate with The various business lines for funding needs and Report potential impact on The liquidity gap.
 - Test and advice on The potential impact of any new product offering on The structured liquidity positions.**Dealing Room duties**
 - Is responsible for managing short term liquidity.
 - Provide frequent updates on markets' status and alerting signals of liquidity stretches.
 - Execute and Report progress of ALCO approved recommendations.
 - Communicate their funding needs to ALMU for the construction of the liquidity gap.**Objective of the bank**
The bank's objective is to finance its activities at the best possible rates under normal conditions and to ensure it can meet its obligations in the event of a crisis.
To this end, the main principles of the bank's liquidity management are as follows:
 - Management of The short-term liquidity in accordance with The regulatory framework.
 - Diversification of funding sources.
 - Maintenance of a portfolio of liquid assets.**Measurement and monitoring of structural liquidity risks**
The bank's liquidity management framework comprises the following processes:
 - Regular assessment of The Bank structural liquidity profile and its development over time.
 - Monitoring of the diversification of funding sources.
 - Assessment of the Bank's funding needs on the basis of the budget forecasts in order to plan appropriate funding solutions.

Liquidity gaps are constructed by listing the respective on and off-balance sheet-items according to the currency of denomination and residual maturity. Maturities on outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models of historic client behavior patterns (e.g. savings accounts) as well as conventional assumptions relating to certain balance sheet items (e.g. equity).

Liquidity Risk

Liquidity risk represents difficulty encountering the Bank in meeting its financial commitments upon maturity and refurbishing amounts withdrawn. This may results in failure in fulfilling obligations related to depositors and meeting lending commitments.

Contractual maturities	December 31,2013					Total
	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	
Financial liabilities						
Due to banks	297,473,016	-	28,118,943	-	-	325,591,959
Customer's deposits	34,319,472,758	10,431,535,192	13,825,028,553	12,905,839,324	30,666,013,71	71,512,541,840
Other loans	518,724	24,178,784	49,093,084	68,422,686	-	142,213,278
Total financial liabilities	34,617,464,498	10,455,713,976	13,902,240,580	12,974,262,010	30,666,013,71	980,347,077

- All balances shown in the table above represent the undiscounted cash flows; therefore, it is not possible to match these figures with the corresponding items in the statement of financial position.
- The spot foreign exchange rate and interest rate prevailing at that date are used in the above table.

Contractual maturities	December 31,2012					Total
	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	
Financial liabilities						
Due to banks	1,199,535,019	-	28,262,638	-	-	1,227,797,657
Customer's deposits	28,568,099,743	9,496,374,815	9,223,095,346	9,076,473,128	66,344,483	56,430,387,515
Other loans	-	-	128,277,421	-	2,491,890	130,769,311
Subordinated loans	902,768,933	-	-	-	-	902,768,933
Total financial liabilities	30,670,403,695	9,496,374,815	9,379,635,405	9,076,473,128	68,836,373	58,691,723,416

- All balances shown in the table above represent the undiscounted cash flows; therefore, it is not possible to match these figures with the corresponding items in the statement of financial position.
- The spot foreign exchange rate and interest rate prevailing at that date are used in the above table.

Assets available to meet all liabilities and cover loan commitments include cash, balances with central Banks, balances due from Banks, treasury bills and other governmental notes, and loans and facilities to Banks and clients. Maturity term of percentage of loans to clients that are maturing within a year is extended in the normal course of the Bank's business. Moreover, some debt instruments, treasury bills and other governmental notes are pledged to cover liabilities. The Bank has the ability to meet unexpected net cash flows through selling securities, and finding other financing sources.

Cash flow derivatives
Derivatives settled on a gross-basis

The bank is a party to derivative contracts that are settled on a gross-basis, in particular currency forward deals. The following table shows derivative financial liabilities that shall be settled in gross distributed over the remaining year of contractual maturities at the balance sheet date. The amounts shown in the table represent the undiscounted cash flows.

Maturities for statement of financial position items	December 31,2013					Total
	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	
Held-for-trading derivatives						
Currency forward deals						
Cash outflows	1,458,939,887	8,054,372	36,289,433	-	-	1,503,283,692
Cash inflows	1,459,231,213	8,056,719	40,663,342	-	-	1,507,951,274

	December 31,2012					Total
	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	
Held-for-trading derivatives						
Currency forward deals						
Cash outflows	100,719,185	158,264	147,274,900	-	-	248,152,349
Cash inflows	100,103,789	158,365	157,421,744	-	-	257,683,898

Cash flow for Off balance sheet items

Maturities for off-balance sheet items	December 31,2013				Total
	Less than one year	More than one year and less than 5 years	More than 5 years		
Loan commitments	41,524,116	-	-		41,524,116
Financial guarantees	1,219,202	-	-		1,219,202
Operating lease commitments	36,648,897	90,618,067	25,135,479		152,402,443
Capital commitments resulting from acquisition of Property and Equipment	426,005,966	-	-		426,005,966
Total	505,398,181	90,618,067	25,135,479		621,151,727

Maturities for off-balance sheet items	December 31,2012				Total
	Less than one year	More than one year and less than 5 years	More than 5 years		
Loan commitments	133,446,278	-	-		133,446,278
Financial guarantees	1,832,780	-	-		1,832,780
Operating lease commitments	42,575,438	97,469,505	31,033,788		171,078,731
Capital commitments resulting from acquisition of Property and Equipment	38,094,600	-	-		38,094,600
Total	215,949,096	97,469,505	31,033,788		344,452,389

(D) Fair value of financial assets and liabilities and sources of fair value

(D/1) Financial instruments measured at fair value

Financial assets classified as held for trading are measured at fair value with changes in fair value recognized in profit or loss and reported in the line item “net trading income” in the income statement.

Debt instruments classified as available for sale financial assets are measured at fair with changes in fair value recognized directly in equity and accumulated in the “revaluation reserve for available for sale investments”.

Equity instruments classified as available-for-sale financial assets that are traded in an active market are measured at fair value by reference to quoted market prices prevailing at the reporting date with changes in fair value recognized directly in equity and accumulated in the “revaluation reserve for available for sale investments”.

Equity instruments that do not have quoted prices in an active market and whose fair value cannot be measured reliably are stated at cost.

(D/2) Financial instruments not measured at fair value

The following table summarizes the carrying amount and fair value of financial assets and liabilities that are not stated in the statement of financial position at fair value:

	Carrying amount		Fair value	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Financial assets				
Due from banks	2,973,154,347	5,380,459,243	2,973,154,347	5,380,459,243
Loans and credit facilities to customers, net	40,315,330,089	37,061,630,506	Not determined	Not determined
Financial investments :				
Equity instruments available for sale	175,371,255	179,535,028	Not determined	Not determined
Held to maturity				
Debt instruments	50,000,000	50,000,000	51,370,569	50,697,222
Mutual fund certificates	15,000,000	15,000,000	22,770,385	20,218,855
Financial liabilities :				
Due to banks	325,390,473	1,227,569,263	325,390,473	1,227,569,263
Customers’ deposits	67,686,810,468	53,711,669,402	Not determined	Not determined
Other loans	142,213,278	130,769,311	142,213,278	130,769,311
Subordinated loan	-	884,660,000	-	884,660,000

It was impracticable to measure the fair value for the remainder financial assets & liabilities at the end of current or prior year.

Due from banks:

Fair value of variable interest rate of placements and deposits for one day represents the current value. Fair value expected for due to banks with free interest rate is the current value. Fair value expected for deposits bearing fixed interest rate is the current value for those deposits as it is maturity is less than one year.

Loans and facilities to customers:

Loans and facilities are stated at the statement of financial position net of allowance for impairment losses.

Available for sale investments not listed in stock exchange market

The fair value for available for sale investments not listed in stock exchange market cannot be measured reliably.

Held to maturity investments:

Held to maturity investments as shown in the preceding table include Egyptian treasury bonds classified as held to maturity investments. It also includes money market fund certificates at the date of the initial offering issued by the bank which should be held by the bank until maturity of the fund in accordance with the Egyptian law. Fair value of Egyptian treasury bonds classified as held to maturity investments is determined based on their quoted market prices at the reporting date. Fair value of the bank’s money market fund units is determined based on the redeemable price announced by the bank at the reporting date.

Customers’ deposits and due to other banks:

The estimated fair value for deposits of indefinite maturity, including free-interest rate deposits, represents the amount paid on demand.

(E) Capital management

For capital management purposes, the bank’s capital includes total equity as reported in the statement of financial position plus some other elements that are managed as capital. The bank manages its capital to ensure that the following objectives are achieved:

Compliance with the legally imposed capital requirements in Egypt.

Protecting the bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.

Maintaining a strong capital base to enhance growth of the bank’s operations.

Capital adequacy and uses are reviewed by the bank’s management in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE). Data are submitted and filed with the CBE on a quarterly basis. The CBE requires the bank to comply with the following:

Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital. The Bank paid-in capital amounted to EGP 4,878,894,920 at the end of the current year.

Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted average of the bank's assets and contingent liabilities. the bank's capital adequacy ratio reached 14.91% at the end of the current year. (December 31, 2012: 14.73%) according to Basel II.

The numerator in the capital adequacy ratio comprises the following 2 tiers:

- Tier 1: basic capital which comprises paid-in capital (net of treasury stock), plus: retained earnings and reserves resulting from profit appropriations (other than general reserve for banking risks & special reserve), less: any goodwill previously recognized and any carried forward losses.
- Tier 2: subordinated capital which comprises an amount equal to the loans general provision calculated in accordance with the credit rating bases issued by the CBE provided it does not exceed 1.25% from the total risk-weighted average of assets and contingent liabilities, plus: the carrying amount of subordinated loans/deposits maturing over more than 5 years (provided that such carrying amount shall be reduced by 20 % of its value in each of the last five years of their maturity), plus: 45 % of the increase in fair value above the carrying amount of available-for-sale investments, held to maturity investments, and investments in subsidiaries and associates and 45% from special reserve.

In calculating the numerator of the capital adequacy ratio, total value of tier 2 should not exceed total value of tier 1. Also, total value of subordinated loans (deposits) should not exceed 50 % of tier 1.

Assets are risk weighted at a range of 0 to 150 %. Risk classification of these assets is based on the type of the debtor as to reflect the associated credit risk and after consideration of cash collaterals. The same treatment is applied for the off-balance sheet items which shall be adjusted to reflect the contingent nature of and potential loss on these amounts.

Capital adequacy Standard had been prepared based on Basel II requirements, and Central Bank of Egypt Board of Directors had approved in its meeting held on December 18, 2012, which had been issued on December 24, 2012.

The tables below summarize the compositions of tier 1, tier 2 and the capital adequacy ratio based on Basel II:

According to Basel II	December 31, 2013	December 31, 2012
Tier 1 capital		
Share capital	4,878,894,920	4,435,359,020
General reserve	1,860,793,096	1,358,999,206
Legal reserve	470,582,501	393,780,178
Other reserves	9,208,496	8,675,144
Retained earnings	103,583,457	256,278,924
Total deduction from capital invested	(464,115)	(314,450)
Total tier 1 capital	7,322,598,355	6,452,778,022
Tier 2 capital		
45% from special reserve**	9,655,274	9,655,274
The equivalent amount of the loans general provision *	607,210,760	556,862,367
Subordinated loans	-	176,932,000
45 % of the increase in the fair value above the carrying amount of available for sale investment, held to maturity investments, and investments in associates.	297,742,035	56,003,216
Total tier 2 capital	914,608,069	799,452,857
Total capital	8,237,206,424	7,252,230,879
Risk weighted assets and contingent liabilities:		
Credit Risk	48,998,974,506	44,548,989,390
Market Risk	730,747,752	-
Operational Risk	5,503,508,020	4,683,948,829
Total risk weighted assets and contingent liabilities	55,233,230,278	49,232,938,219
Capital adequacy ratio for tier one	13.26%	13.11%
Capital adequacy ratio	14.91%	14.73%

- * Provided it does not exceed 1.25% from total value of risk weighted assets and contingent liabilities.
- Comparative figures Basel II had modified by excluding the amount of loans to customers impairment and contingent liabilities provisions on the special reserve and Incorporating the depreciation of leased assets on the gross income for the purpose of operational loss capital requirement.
- Based on Consolidated financial statement.

4- Significant accounting estimates and assumptions :

In the application of the bank's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Impairment of loans and facilities

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

This evidence includes data indicating negative change in the ability of a portfolio of borrowers to repay the bank, or local and economic circumstances related to default. On scheduling future cash flows, the management use estimates based on previous experience related to impairment of assets having similar credit risks. Such experience refers to impairment similar to that of the portfolio in question. The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on management given experience.

b. Impairment of investment in equity instruments available for sale :

Available-for sale equity investments are determined to be impaired when there has been a significant or prolonged decline in the fair value below its cost. The bank considers the decline in fair value as significant. The determination of whether the decline is significant or prolonged requires judgment. In making this judgment, the bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the investee's financial position or in its operating and financing cash flows, deterioration in the industry or sector performance in which it operates, or when changes in technology occur.

The bank is unlikely to suffer any additional loss, as the "revaluation reserve for available for sale investments," reported in equity does not include any unrealized losses from fair value measurement.

c. Fair value of derivatives

Fair value of derivative financial instruments not quoted in an active market is determined using valuation techniques. When these techniques (such as the pricing models) are used to determine fair value, periodic tests and review are performed on them using competent independent personnel other than those responsible for the preparation of such techniques. All such models have been approved and tested prior to use to ensure that their results reflect reliable data and prices that can be compared to the market. These models use market observable data only to the extent it is practical to obtain such data, however, some areas such as credit risk related to the bank and counterparties, volatility and correlations requires management's judgment. Changes in assumptions about these factors can affect the fair value of the financial instrument's disclosure.

d. Held to maturity investments:

Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity. This classification requires personal judgment therefore the bank Judge 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 tightly defined circumstances such as if an entity sells an insignificant amount of held to maturity investments close to maturity date, all held to maturity investments should be reclassified as available for sale, which will be measured at fair value instead of amortized cost. In addition, the bank shouldn't classify any investments as held to maturity for consecutive two years.

If classification of investments as held to maturity – other than stakes required to be retained by the group in accordance with the provisions of the law – were suspended by the bank, the carrying amount of the outstanding held to maturity investments at the end of the current reporting year would have increase by EGP 1,370,569 to reach the fair value with a corresponding increase in the available-for-sale valuation reserve within equity.

5- Segmentation analysis
(5/A) Segment activity Analysis

Segment activity includes operational processes, assets used in offering Banking services, management of surrounding risks and related yield. Such activity may be different from other activities. Segmentation analysis of operations according to banking activities includes:

Corporate:

This includes current account activities, deposits, debit current accounts, loans, credit facilities, and financial derivatives to large, medium, and small entities.

Individual :

This includes current account activities, deposits, savings, credit cards, personal loans, and real estate loans.

Other businesses:

They include other Banking activities such as fund management.

Inter-segment activities are affected within the bank's normal course of business. Assets and liabilities of each segment include operating assets and liabilities as shown in the bank's balance sheet.

At the end of the Current year

Income and expenses according to segment activity
(31 December 2013)

	Corporate	Investments	Individual	Other businesses	Total
Net interest income	1,322,254,496	(68,623,162)	978,889,399	927,730,708	3,160,251,441
Net fee and commission income	646,136,151	2,608,275	321,645,312	7,968,680	978,358,418
Dividend income	-	17,069,673	-	-	17,069,673
Net trading income	127,615,410	-	6,875,308	(4,218,446)	130,272,272
Gain (loss) on financial investments	-	2,335,807	-	-	2,335,807
Impairment credit losses	(447,283,752)	-	(102,710,340)	-	(549,994,092)
Administrative expenses	(473,397,211)	(2,766,902)	(818,280,620)	5,897,341	(1,288,547,392)
Other operating revenues (expenses)	(21,793,608)	(23,006,639)	(46,834,732)	57,715,874	(33,919,105)
Profit before income tax	1,153,531,486	(72,382,948)	339,584,327	995,094,157	2,415,827,022
Income tax expense	(288,382,872)	18,095,737	(84,896,081)	(320,326,632)	(675,509,848)
Net profit for the current year	865,148,614	(54,287,211)	254,688,246	674,767,525	1,740,317,174

Assets and liabilities according to segment activity
(31 December 2013)

	Corporate	Investments	Individual	Other businesses	Total
Segment activity assets	32,046,673,672	29,194,211,436	8,271,471,880	6,966,780,465	76,479,137,453
Unclassified assets	-	-	-	-	4,340,030,546
Total assets	32,046,673,672	29,194,211,436	8,271,471,880	6,966,780,465	80,819,167,999
Segment activity liabilities	37,890,527,452	-	29,796,283,016	467,603,751	68,154,414,219
Unclassified liabilities	-	-	-	-	2,759,921,421
Total liabilities	37,890,527,452	-	29,796,283,016	467,603,751	70,914,335,640

At the end of the comparative year

Income and expenses according to segment activity (31 December 2012)

Net interest income	1,104,995,156	(36,534,643)	872,510,323	691,238,212	2,632,209,048
Net fee and commission income	543,657,410	3,211,374	264,968,074	31,009,771	842,846,629
Dividend income	-	30,613,596	-	-	30,613,596
Net trading income	108,397,610	-	7,821,811	4,126,420	120,345,841
Gain (loss) on financial investments	-	(12,447,902)	-	-	(12,447,902)
Impairment credit losses	(484,356,691)	-	(81,267,037)	-	(565,623,728)
Administrative expenses	(410,253,297)	(6,334,336)	(728,318,313)	44,884,622	(1,100,021,324)
Other operating revenues (expenses)	83,871,394	(122,492,460)	(47,323,529)	58,451,778	(27,492,817)
Profit before income tax	946,311,582	(143,984,371)	288,391,329	829,710,803	1,920,429,343
Income tax expense	(236,577,896)	35,996,093	(72,097,832)	(111,169,890)	(383,849,525)
Net profit for the comparative year	709,733,686	(107,988,278)	216,293,497	718,540,913	1,536,579,818

At the end of the comparative year

Assets and liabilities according to segment activity (31 December 2012)

Segment activity assets	29,872,406,976	18,117,070,710	7,194,480,696	8,060,151,163	63,244,109,545
Unclassified assets	-	-	-	-	3,153,873,585
Total assets	29,872,406,976	18,117,070,710	7,194,480,696	8,060,151,163	66,397,983,130
Segment activity liabilities	30,833,258,792	-	22,878,410,610	1,358,338,574	55,070,007,976
Unclassified liabilities	-	-	-	-	2,080,478,369
Total liabilities	30,833,258,792	-	22,878,410,610	1,358,338,574	57,150,486,345

Segmentation analysis

(5/B)Segmental analysis by geographic area

At the end of the current year

Income and expenses according to geographical segments
(31 December 2013)

	Cairo	Giza	Alex	Delta	Red sea/ Upper Egypt	Head office	Total
Net interest income	878,720,982	754,110,823	328,112,659	247,166,349	90,934,097	861,206,531	3,160,251,441
Net fee and commission income	352,737,024	298,877,307	97,760,056	86,637,560	33,176,639	109,169,832	978,358,418
Dividend income	-	-	-	-	-	17,069,673	17,069,673
Net trading income	61,086,248	43,680,886	17,785,417	8,679,711	2,687,980	(3,647,970)	130,272,272
Gain (loss) on financial investments	-	-	-	-	-	2,335,807	2,335,807
Impairment credit losses	(253,378,622)	(243,294,850)	(23,292,273)	(3,411,373)	(19,682,902)	(6,934,072)	(549,994,092)
Administrative expenses	(468,339,638)	(419,598,028)	(180,700,205)	(139,197,189)	(84,243,092)	3,530,760	(1,288,547,392)
Other operating revenues (expenses)	(4,210,579)	(10,200,738)	(2,378,091)	1,996,772	(1,561,969)	(17,564,500)	(33,919,105)
Profit before income tax	566,615,415	423,575,400	237,287,563	201,871,830	21,310,753	965,166,061	2,415,827,022
Income tax expense	(141,653,853)	(105,893,850)	(59,321,891)	(50,467,958)	(5,327,688)	(312,844,608)	(675,509,848)
Net profit for the year	424,961,562	317,681,550	177,965,672	151,403,872	15,983,065	652,321,453	1,740,317,174

Assets and liabilities per geographical segments
(31 December 2013)

	Cairo	Giza	Alex	Delta	Red sea/ Upper Egypt	Head office	Total
Assets of geographical segments	18,475,621,168	11,814,112,794	4,966,115,536	5,130,762,804	1,494,059,019	38,673,755,740	80,554,427,061
Unclassified assets	-	-	-	-	-	-	264,740,938
Total assets	18,475,621,168	11,814,112,794	4,966,115,536	5,130,762,804	1,494,059,019	38,673,755,740	80,819,167,999
Liabilities of geographical segments	27,333,917,135	22,879,902,647	11,088,919,426	5,403,887,743	2,004,250,125	666,797,736	69,377,674,812
Unclassified liabilities	-	-	-	-	-	-	1,536,660,828
Total liabilities	27,333,917,135	22,879,902,647	11,088,919,426	5,403,887,743	2,004,250,125	666,797,736	70,914,335,640

At the end of the comparative year

Income and expenses according to geographical segments (31 December 2012)

	Cairo	Giza	Alex	Delta	Red sea/ Upper Egypt	Head office	Total
Net interest income	762,007,462	649,189,090	274,725,134	197,981,486	68,290,941	680,014,935	2,632,209,048
Net fee and commission income	284,373,804	237,148,750	78,236,111	73,328,070	25,045,084	144,714,810	842,846,629
Dividend income	-	-	-	-	-	30,613,596	30,613,596
Net trading income	42,981,874	31,451,703	15,162,169	10,214,935	2,972,122	17,563,038	120,345,841
Gain (loss) on financial investments	-	-	-	-	-	(12,447,902)	(12,447,902)
Impairment credit losses	(7,942,766)	(95,170,823)	(6,962,909)	(7,853,950)	(5,243,763)	(442,449,517)	(565,623,728)
Administrative expenses	(451,688,713)	(404,906,509)	(173,881,690)	(134,553,912)	(87,516,818)	152,526,318	(1,100,021,324)
Other operating revenues (expenses)	(22,885,980)	(20,748,959)	(9,087,415)	(7,596,938)	(4,710,264)	37,536,739	(27,492,817)
Profit before income tax	606,845,681	396,963,252	178,191,400	131,519,691	(1,162,698)	608,072,017	1,920,429,343
Income tax expense	(150,941,890)	(99,171,483)	(44,547,850)	(32,879,923)	290,675	(56,599,054)	(383,849,525)
Net profit for the year	455,903,791	297,791,769	133,643,550	98,639,768	(872,023)	551,472,963	1,536,579,818

At the end of the comparative year

Assets and liabilities per geographical segments (31 December 2012)

	Cairo	Giza	Alex	Delta	Red sea/ Upper Egypt	Head office	Total
Assets of geographical segments	17,632,058,600	10,820,835,015	4,350,784,784	4,441,464,362	1,217,576,157	27,683,266,343	66,145,985,261
Unclassified assets	-	-	-	-	-	-	251,997,869
Total assets	17,632,058,600	10,820,835,015	4,350,784,784	4,441,464,362	1,217,576,157	27,683,266,343	66,397,983,130
Liabilities of geographical segments	22,692,080,457	18,268,299,598	8,266,053,605	3,754,272,351	1,476,430,883	1,667,449,840	56,124,586,734
Unclassified liabilities	-	-	-	-	-	-	1,025,899,611
Total liabilities	22,692,080,457	18,268,299,598	8,266,053,605	3,754,272,351	1,476,430,883	1,667,449,840	57,150,486,345

Geographical Segmental analysis is based on the locations of branches through which the bank provides its services.

6-	Net interest income	December 31 ,2013	December 31 ,2012
	Interest from loans and similar income:		
	Loans and facilities:		
-	Customers	3,928,266,780	3,407,918,849
	Total	3,928,266,780	3,407,918,849
	Treasury bills and bonds	2,654,968,480	1,817,256,050
	Deposits and current accounts	11,706,426	26,097,250
	Net interest differential on hedging instruments (IRS contracts)	15,789,644	17,245,785
	Total	6,610,731,330	5,268,517,934
	Cost of deposits and similar costs :		
	Deposits and current accounts:		
-	Banks	(110,467,595)	(50,452,059)
-	Customers	(3,338,563,541)	(2,568,676,147)
	Total	(3,449,031,136)	(2,619,128,206)
	Other loans	(1,448,753)	(17,180,680)
	Total	(3,450,479,889)	(2,636,308,886)
	Net	3,160,251,441	2,632,209,048
7-	Net income from fee and commission:	December 31 ,2013	December 31 ,2012
	:Fees and commissions revenue		
	Credit fees and commissions	744,176,287	621,237,871
	Custody fees	13,366,525	7,664,196
	Investments commissions	26,197,769	28,896,636
	Other Fees	252,694,325	209,917,860
	Total	1,036,434,906	867,716,563
	Fee and commission expense:		
	Brokerage fees	(1,897,337)	(1,316,825)
	Other fees	(56,179,151)	(23,553,109)
	Total	(58,076,488)	(24,869,934)
	Net	978,358,418	842,846,629
8-	Dividend income	December 31 ,2013	December 31 ,2012
	Investment funds	400,000	-
	Available for sale investments	12,593,479	16,487,102
	Associates and subsidiaries	4,076,194	14,126,494
	Total	17,069,673	30,613,596
9-	Net trading income:	December 31 ,2013	December 31 ,2012
	Forex operations:		
	Foreign exchange trading gains	135,135,362	118,499,477
	Changes in fair value of currency forward contracts	(4,264,639)	(404,184)
	Held-for-trading debt instruments	(598,451)	2,250,548
	Total	130,272,272	120,345,841
10-	Administrative expenses	December 31 ,2013	December 31 ,2012
	Staff cost:		
	Salaries and wages	595,945,349	505,481,781
	Social insurance	24,500,102	20,403,987
	Pension cost:		
	Defined contribution scheme	44,007,253	39,091,462
	Other retirement benefits (Defined benefit scheme)	33,074,540	34,644,757
		697,527,244	599,621,987
	Depreciation and amortization	134,144,414	120,622,946
	Other administrative expenses	456,875,734	379,776,391
	Total	1,288,547,392	1,100,021,324
11-	Other operating revenues (expenses)	December 31 ,2013	December 31 ,2012
	Foreign exchange differences from translation of foreign currency monetary assets and liabilities other than held for trading items and those classified as at fair value through profit or loss on initial recognition	102,161,579	35,971,473
	Gain on sale of property, plant, and equipment	10,538	533,352
	Software cost	(19,915,771)	(18,012,447)
	Operating lease rental expense	(48,539,437)	(50,408,685)
	Gain on sale of foreclosed assets reverted to the bank in settlement of debts	115,449	-
	Other provisions (net of reversed amounts)	(78,421,606)	(10,576,649)
	Other income (expense)	10,670,143	15,000,139
	Total	(33,919,105)	(27,492,817)
12-	Impairment credit losses	December 31 ,2013	December 31 ,2012
	Loans and facilities to customers	(549,994,092)	(565,623,728)
	Total	(549,994,092)	(565,623,728)

13-	Income tax expense	December 31 ,2013	December 31 ,2012
	Current tax	(649,465,624)	(345,732,585)
	Deferred tax	(26,044,224)	(38,116,940)
	Total	(675,509,848)	(383,849,525)
	Additional data on deferred tax is disclosed in note 30. Income tax expense is different from the tax that would have arisen had the statutory tax rate been applied on pre-tax accounting profit as shown below:		
	Profit before tax	2,415,827,022	1,920,429,343
	Income tax calculated at 20 % tax rate	-	2,000,000
	Income tax calculated at 25 % tax rate	603,956,756	477,607,336
	Tax impact for:		
	Non-taxable income	(14,541,820)	(29,006,563)
	Non-deductible expenses for tax purposes	10,829,322	11,760,293
	Utilization of deferred tax assets	(37,054,590)	(37,356,575)
	Tax rate diff. on Egyptian T.Bills and T.bonds	31,263,507	(83,546,286)
	Prior-years' tax settlements	1,145,666	(23,527,258)
	Provision and segregated interest	53,866,783	27,801,638
	Effective income tax expense	649,465,624	345,732,585
A)	Tax Position		
A-1)	QNB ALAHLI Position:		
	Corporate Tax		
	The Bank's accounts were tax-inspected and settled with respect to Tax since the beginning of activity till the end of 2010.		
	Year 2011 have been inspected and the bank received tax claims to which it has objected. An internal committee has not been scheduled yet.		
	Year 2012 the Bank submitted its tax return on the due date and under inspection by tax authority.		
A-2)	Salaries Taxes		
	The Bank's books have been inspected, and the due tax was paid until year 2002.		
	Years 2003 till 2004 have been inspected and the bank received tax claims to which it has objected. An internal committee has not been scheduled yet.		
	Years 2005 till 2006 have been inspected by the tax authorities and waiting for tax claims.		
	Years 2007 till 2009 under inspection by the tax authorities.		
	Years 2010 till 2011 the bank is preparing required documents for these years to start inspection with tax authorities. Year 2012 the Bank submitted its tax return on the due date and books have not been inspected yet.		
A-3)	Stamp duties		
	The Banks books have been inspected for all branches until 31/07/2006, where the relevant final tax forms are yet to be received.		
	Period from 01/08/2006 till 31/12/2007 have been inspected by the tax authorities and waiting for tax claims.		
	Period from 01/01/2008 till 31/12/2011 the bank is preparing required documents for these years to start inspection with tax authorities. Year 2012 the Bank submitted its tax return on the due date and books have not been inspected yet.		
(B)	EX-MIBank Position:		
B-1)	Corporate Tax		
	The Bank's accounts were tax- inspected and settled since the beginning of activity till 30/11/2006.		
B-2)	Salaries duties		
	The Bank's books have been inspected, and the due tax was paid till 30/11/2006.		
B-3)	Stamp duties		
	The Bank's books have been inspected for all branches until 31/07/2006, where the relevant final tax forms are yet to be received.		
	Period from 01/08/2006 till 30/11/2006 have been inspected by the tax authorities and waiting for tax claims.		
	Other tax issues:		
	On April 29, 2013, the Law No. 9 of 2013 was issued to amend certain provisions of the Stamp Tax Law No.111 of 1980 and to replace the law No. 104 of 2012. The new law is effective the day of its issuance.		
	On May 18, 2013 the Law No.11 of 2013 was issued to amend certain provisions of the Income Tax Law issued by Law No. 91 of 2005 and replace the Law No. 101 of 2013. The new law is effective the day of its issuance.		
14-	Earning Per Share	December 31 ,2013	December 31 ,2012
	Net Profit for the year	1,740,317,174	1,536,579,818
	Remuneration for the Board Members (from the year's net profit)*	(1,900,000)	(1,850,000)
	Staff profit share (from the year's net profit)*	(180,555,556)	(175,377,999)
	Profit available to shareholders	1,557,861,618	1,359,351,819
	Weighted average number of the shares outstanding during the year	487,889,492	487,889,492
	Earning Per Share	3.19	2.79
.	Based on the Bank's Profit Distribution Proposal Statement, the amount will be subject to the ordinary GAM approval.		

15-	Cash and due from Central Bank of Egypt (CBE)	December 31 ,2013	December 31, 2012
	Cash	1,722,100,939	1,365,528,256
	Balances with CBE (mandatory reserve)	3,984,241,403	2,664,043,750
	Total	5,706,342,342	4,029,572,006
	Interest free balances	5,706,342,342	4,029,572,006
	Total	5,706,342,342	4,029,572,006
16-	Due from Banks	December 31 ,2013	December 31, 2012
	Current accounts	305,448,280	266,297,848
	Deposits	2,667,706,067	5,114,161,395
	Total	2,973,154,347	5,380,459,243
	Balances at CBE other than those under the mandatory reserve	1,891,252,987	1,631,447,840
	Local banks	520,364,264	50,163,535
	Foreign Banks	561,537,096	3,698,847,868
	Total	2,973,154,347	5,380,459,243
	Interest free balances	263,820,035	73,533,060
	Balances at floating interest rates	195,364,245	200,829,933
	Balances at fixed interest rates	2,513,970,067	5,106,096,250
	Total	2,973,154,347	5,380,459,243
	Current balances	2,973,154,347	5,380,459,243
	Total	2,973,154,347	5,380,459,243
17-	Treasury bills	December 31 ,2013	December 31, 2012
	91 days maturity	1,665,775,000	1,343,575,000
	182 days maturity	3,410,450,000	3,111,275,000
	More than 182 days maturity	11,352,473,000	8,399,511,000
		16,428,698,000	12,854,361,000
	Less : Unearned Interest	(686,465,234)	(648,837,954)
	Net	15,742,232,766	12,205,523,046
18-	Loans and credit facilities to customers, net	December 31 ,2013	December 31, 2012
	Individuals		
	Debit current accounts	703,620,587	683,159,432
	Credit cards	372,883,331	279,062,423
	Personal loans	7,247,573,654	6,300,474,070
	Real estate loans	311,802,626	191,457,456
	Total (1)	8,635,880,198	7,454,153,381
	Corporate including small loans for businesses		
	Debit current accounts	14,686,896,573	13,224,218,944
	Direct loans	10,555,979,885	8,534,517,386
	Syndicated loans and facilities	7,019,535,342	7,732,640,063
	Other loans	1,208,139,506	1,376,396,460
	Total (2)	33,470,551,306	30,867,772,853
	Total loans and facilities to customers (1+2)	42,106,431,504	38,321,926,234
	Less: Allowance for impairment losses	(1,743,321,711)	(1,206,223,953)
	Less: segregated interest	(27,693,859)	(36,045,480)
	Less: Unearned discount	(20,085,845)	(18,026,295)
	Net amount distributed as follows:	40,315,330,089	37,061,630,506
	Current balances	25,104,819,624	21,704,532,668
	Non-current balances	15,210,510,465	15,357,097,838
	Total	40,315,330,089	37,061,630,506

18-A Allowance for impairment losses

December 31, 2013			
Individuals	Specific provision	Collective provision	Total
Balance at beginning of the year	218,141,414	41,409,083	259,550,497
Impairment loss recognized during the year	101,220,917	1,489,423	102,710,340
Collections of loans previously written-off	-	2,714,132	2,714,132
Loans written-off during the year	(698,242)	-	(698,242)
Foreign exchange translation differences	9,403	-	9,403
Balance at end of the year	318,673,492	45,612,638	364,286,130
Corporate	Specific provision	Collective provision	Total
Balance at beginning of the year	452,600,384	494,073,072	946,673,456
Impairment loss recognized during the year	354,587,885	92,695,867	447,283,752
Loans written-off	(44,681,926)	-	(44,681,926)
Collections of loans previously written-off	-	3,663,331	3,663,331
Foreign exchange translation differences	8,692,568	17,404,400	26,096,968
Balance at end of the year	771,198,911	607,836,670	1,379,035,581
Total Balance	1,089,872,403	653,449,308	1,743,321,711
December 31, 2012			
Individuals	Specific provision	Collective provision	Total
Balance at beginning of the year	238,966,870	33,962,904	272,929,774
Impairment loss recognized during the year	73,825,582	7,441,455	81,267,037
Collections of loans previously written-off	-	4,724	4,724
Loans written-off during the year	(94,651,038)	-	(94,651,038)
Balance at end of the year	218,141,414	41,409,083	259,550,497
Corporate	Specific provision	Collective provision	Total
Balance at beginning of the year	634,299,040	210,214,662	844,513,702
Impairment loss recognized during the year	209,955,438	274,401,253	484,356,691
Loans written-off during the year	(391,963,969)	-	(391,963,969)
Collections of loans previously written-off	-	1,490,658	1,490,658
Foreign exchange translation differences	309,875	7,966,499	8,276,374
Balance at end of the year	452,600,384	494,073,072	946,673,456
Total Balance	670,741,798	535,482,155	1,206,223,953

19- Financial Derivatives

December 31 ,2013			
(A) Held for trading	Notional Amount	Assets	Liabilities
- Forward foreign exchange contracts	1,503,283,692	4,459,198	-
- Interest Rate Swap contracts	790,561,843	-	-
Total		4,459,198	-
(B) Fair Value Hedges			
- Interest rate Swap contracts	412,772,473	1,448,536	-
(C) Cash Flow Hedges			
- Interest rate Swap contracts	208,158,000	6,292,444	-
Total		12,200,178	-
December 31, 2012			
(A) Held for trading	Notional Amount	Assets	Liabilities
- Forward foreign exchange contracts	248,152,349	8,723,837	-
- Interest Rate Swap contracts	998,914,701	-	-
Total		8,723,837	-
(B) Fair value hedges			
- Interest rate Swap contracts	1,038,533,181	2,441,678	-
(C) Cash Flow Hedge			
- Interest rate Swap contracts	252,760,000	9,739,821	-
Total		20,905,336	-

Forward exchange contracts represent commitments to purchase local and foreign currencies including the unexecuted part of regular-way transactions. Interest rate swap contracts represent commitments to swap fixed interest rate with variable interest rate where the physical exchange of funds is not required except in foreign exchange swaps. The bank's credit risk represents the cost of potential replacement of the swaps in case other parties fail to meet their obligations. This risk is controlled on an ongoing basis in terms of fair value and percentage of contracted amounts. To control the outstanding credit risk, the bank assesses counterparties to the contract in the same manner used in lending activities.

- Fair Value Hedge

The bank uses interest rate swap contracts to mitigate part of the risk of potential increase in fair value of its fixed rate customer's deposits in foreign currencies to the extent caused by declining market interest rates.

Net derivative assets resulting from these swap contracts have a fair value of EGP 1,448,536 as of December 31, 2013 (December 31, 2012 net assets of EGP 2,441,678).

- Cash Flow Hedge

The bank uses interest rate swap contracts to hedge part of its risk to fluctuations in cash flows associated with its loans to customers.

The fair value for swaps represents net assets by EGP 6,292,444 as of December 31, 2013 (December 31, 2012: assets of EGP 9,739,821).

20- Financial Investments

December 31 ,2013 December 31, 2012		
Available for sale investments		
(A) Debt Instruments at Fair Value		
Listed Instruments in Egyptian Stock Exchange Market	10,629,868,918	3,101,499,113
Listed Instruments in Foreign Stock Exchange Market	2,234,300,317	2,254,788,635
Total Debt Instruments	12,864,169,235	5,356,287,748
(B) Equity Instruments - Fair Value:		
Listed Instruments in Egyptian Stock Exchange Market	72,646,984	47,414,822
(C) Money Market Funds and Balanced Funds		
Unlisted Instruments in Stock Exchange Market	66,317,493	132,962,816
(D) Equity Instruments - Cost Method:		
Unlisted Instruments in Stock Exchange Market	175,371,255	179,535,028
Total available for sale investments (1)	13,178,504,967	5,716,200,414
(A) Held to maturity investments		
Debt Instruments		
Listed Instruments in Stock Exchange Market	50,000,000	50,000,000
(B) Money Market Funds and Balanced Funds		
*Unlisted Instruments in Stock Exchange Market	15,000,000	15,000,000
Total held to maturity investments (2)	65,000,000	65,000,000
Total Financial Investments (1+2)	13,243,504,967	5,781,200,414
Current balances	1,826,413,087	243,217,525
Non-current balances	11,417,091,880	5,537,982,889
Total	13,243,504,967	5,781,200,414
Fixed interest debt instruments	12,914,169,235	5,406,287,748
Total Debt Instruments	12,914,169,235	5,406,287,748

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

	Available for sale investments	Held to maturity investments
Balance at the beginning of the current year	5,716,200,414	65,000,000
Additions	7,604,496,269	-
Amortization of premium / discount	(24,388,780)	-
Disposals (sale/redemption)	(845,109,705)	-
Translation differences resulting from monetary foreign currency assets	216,128,148	-
Changes in fair value	515,339,945	-
Less: Allowance for impairment loss	(4,161,324)	-
Balance at the end of the current year	13,178,504,967	65,000,000

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

Balance at the beginning of the comparative year	5,431,949,874	135,008,160
Additions	2,483,570,967	-
Amortization of premium / discount	(17,222,775)	(8,160)
Disposals (sale/redemption)	(2,409,397,550)	(70,000,000)
Translation differences resulting from monetary foreign currency assets	98,005,197	-
Changes in fair value	147,354,825	-
Less: Allowance for impairment loss	(18,060,124)	-
Balance at the end of the comparative year	5,716,200,414	65,000,000

Gain (loss) on financial investments	December 31 ,2013	December 31 ,2012
Gain on derecognition of investments available for sale	-	9,000
Gain on sale of available for sale assets	6,497,131	6,202,189
Loss of impairment of available for sale equity instruments	(4,161,324)	(18,060,123)
Loss from sale and liquidation of shares in affiliates	-	(598,968)
	2,335,807	(12,447,902)

* The bank's equity instruments classified in the held to maturity category represent bank subscribed stake at 5% from the total certificates' number of its first money market fund (Themar) upon its initial offering, in addition to the bank subscribed stake at 20% from the total certificates' number of its second money market fund (Tawazon), in addition to the 20% from the total certificates' number of its third money market fund (Tadawol) upon its initial offering. All stakes required to be retained by the bank until maturity of the funds in accordance with the provisions of the law, had a nominal value of EGP 5 million each.

21- Investments in subsidiaries and associates

The following table summarizes the bank's holdings in its subsidiaries and associates:

December 31 ,2013	Country of residence	Investee's assets	Investee's liabilities (excluding equity)	Investee's revenues	Investee's profit (loss)	Carrying amount	The bank stake
Soglease Egypt company	Egypt	2,037,482,080	1,823,115,307	652,804,640	18,250,476	144,915,453	99.98%
NSGB Life Insurance company	Egypt	735,261,340	611,497,276	51,083,223	43,052,559	11,526,000	25%
Société Générale Asset Management Egypt	Egypt	8,424,506	1,054,612	1,042,786	316,524	195,000	4.88%
Senouhi Company for Construction Materials	Egypt	13,468,793	2,152,250	11,323,695	(121,037)	1,847,250	23.09%
NSGB Factoring Company	Egypt	282,829,240	217,898,423	40,055,428	12,865,264	49,990,000	99.98%
Total		3,077,465,959	2,655,717,868	756,309,772	74,363,786	208,473,703	

The Bank's share for Société Générale asset Management Egypt (S.A.E) reached 4.88%; although the bank holds less than 20% of the company's equity , the bank has the ability to exercise significant influence through the company's board of directors.

On March 2013, the bank purchased the SG stake in Soglease “accounting for 40% from company's capital”, The bank stake on Soglease increased from 60% to 99.98% achieving the control over its financial and operating policies. The total consideration of this stake is EGP 77,931,453 recognized in investment in subsidiaries, accordingly the carrying value of Soglease in December 31, 2013 reached to EGP 144,915,453.

December 31, 2012	Country of residence	Investee's assets	Investee's liabilities (excluding equity)	Investee's revenues	Investee's profit (loss)	Carrying amount	The bank stake
Soglease Egypt company	Egypt	1,843,215,113	1,642,954,332	594,029,608	15,552,809	66,984,000	60%
NSGB Life Insurance company	Egypt	570,731,873	486,878,590	33,905,557	21,099,173	11,526,000	25%
Senouhi Company for Construction Materials	Egypt	13,831,852	2,533,531	10,323,184	(208,850)	1,847,250	23.09%
NSGB Factoring Company	Egypt	106,818,324	54,754,839	4,798,649	2,063,484	49,990,000	99.98%
Total		2,534,597,162	2,187,121,292	643,056,998	38,506,616	130,347,250	

22- Intangible assets

	December 31 ,2013	December 31, 2012
Software		
Net book value at the beginning of the year	98,327,325	93,646,164
Addition	48,530,422	26,819,453
Amortization	(28,375,694)	(22,138,292)
Net book value at the end of the year	118,482,053	98,327,325

23- Other assets

	December 31 ,2013	December 31, 2012
Accrued revenues	573,273,609	317,700,357
Pre-paid expenses	26,936,606	24,751,542
Advance payments for acquisition of property and equipment	303,045,126	23,386,183
Foreclosed assets reverted to the bank in settlement of debts	35,827,351	38,711,902
Deposits held with others and custody	2,853,436	2,951,863
Advance payments to tax authority	448,998,639	209,430,377
Others	46,385,444	37,757,510
Total	1,437,320,211	654,689,734

24- Property and Equipment

	Lands and buildings	Renovations of leased assets	Machinery & equipment	Others	Total
January 1, 2012					
Cost	862,440,069	94,550,231	320,036,918	78,992,693	1,356,019,911
Accumulated depreciation	(235,041,287)	(46,560,387)	(231,021,912)	(50,030,687)	(562,654,273)
Net book value	627,398,782	47,989,844	89,015,006	28,962,006	793,365,638
December 31, 2012					
Net book value at the beginning of the year	627,398,782	47,989,844	89,015,006	28,962,006	793,365,638
Additions	114,269,920	7,236,199	49,160,766	16,270,295	186,937,180
Disposals from Property and Equipment	(160,438)	-	-	-	(160,438)
Deprecation for the year	(45,323,647)	(12,348,227)	(35,598,896)	(5,213,884)	(98,484,654)
Net book value	696,184,617	42,877,816	102,576,876	40,018,417	881,657,726
January 1, 2013					
Cost	976,549,551	101,786,430	369,197,684	95,262,988	1,542,796,653
Accumulated depreciation	(280,364,934)	(58,908,614)	(266,620,808)	(55,244,571)	(661,138,927)
Net book value	696,184,617	42,877,816	102,576,876	40,018,417	881,657,726
December 31, 2013					
Net book value at the beginning of the year	696,184,617	42,877,816	102,576,876	40,018,417	881,657,726
Additions	86,079,124	2,762,707	28,187,255	22,950,366	139,979,452
Disposals from Property and Equipment	-	(175,797)	(226,687)	(76,386)	(478,870)
Disposals from accumulated depreciation	-	175,797	226,687	76,386	478,870
Depreciation for the year	(49,313,378)	(12,137,966)	(35,886,659)	(8,430,717)	(105,768,720)
Net book value	732,950,363	33,502,557	94,877,472	54,538,066	915,868,458
Balances at December 31, 2013					
Cost	1,062,628,675	104,373,340	397,158,252	118,136,968	1,682,297,235
Accumulated depreciation	(329,678,312)	(70,870,783)	(302,280,780)	(63,598,902)	(766,428,777)
Net book value	732,950,363	33,502,557	94,877,472	54,538,066	915,868,458

25- Due to banks	December 31 ,2013	December 31, 2012
Current accounts	297,440,839	126,312,881
Deposits	27,949,634	1,101,256,382
Total	325,390,473	1,227,569,263
Central banks	25,132,483	31,833,058
Local banks	1,309,544	1,076,883,734
foreign banks	298,948,446	118,852,471
Total	325,390,473	1,227,569,263
Non-interest bearing balances	256,855,476	94,479,824
Variable interest rate balances	40,585,363	31,833,057
Fixed interest rate balances	27,949,634	1,101,256,382
Total	325,390,473	1,227,569,263
Current balances	325,390,473	1,227,569,263
Total	325,390,473	1,227,569,263

26- Customers' deposits	December 31 ,2013	December 31, 2012
Demand deposits	15,247,985,915	12,520,136,399
Time deposits & on call accounts	34,123,193,515	27,756,016,295
Term saving certificates	10,933,225,144	7,712,294,994
Saving deposits	5,528,585,611	4,107,433,403
Other deposits*	1,853,820,283	1,615,788,311
Total	67,686,810,468	53,711,669,402
Corporate deposits	37,890,527,452	30,833,258,792
Retail deposits	29,796,283,016	22,878,410,610
Total	67,686,810,468	53,711,669,402
Non-interest bearing balances	14,708,805,388	14,135,924,710
Variable interest rate balances	5,568,120,611	4,268,581,403
Fixed interest rate balances	47,409,884,469	35,307,163,289
Total	67,686,810,468	53,711,669,402
Current balances	56,343,170,999	45,881,509,792
Non-current balances	11,343,639,469	7,830,159,610
Total	67,686,810,468	53,711,669,402

* Other deposits include deposits covering irrevocable letters of credit in the total of EGP 437,699,038 as of December 31, 2013 (December 31, 2012 EGP 342,595,975). The fair value of these deposits approximates its carrying amount.

27-A- Other loans	December 31 ,2013	December 31, 2012
European Investment Bank Loan	-	2,369,309
National Bank of Egypt loan (Ebab & Eco)	100,070,421	104,400,002
Commercial International Bank	42,142,857	24,000,000
Total	142,213,278	130,769,311

27-B- Subordinated loan

Represents a loan previously issued from SG Paris acquired on December 27, 2006 for USD 140,000,000 equivalent to EGP 884,660,000 as of December 31, 2012 .The loan original period was for 7 years ending on January 27, 2014, interest was payable in arrears at the end of each year at interest rate of 0.9% over LIBOR 12 months. The bank repaid the full loan amount on January 28, 2013.

28- Other liabilities	December 31 ,2013	December 31, 2012
Accrued interest	773,835,778	705,538,807
Unearned revenues	55,782,835	38,923,817
Accrued expenses	224,615,063	153,896,514
Sundry credit balances	169,026,917	156,219,620
Total	1,223,260,593	1,054,578,758

29- Other provisions

Description	Balance At the Beginning of the year	December 31, 2013			Used During the year	Balance At the End of the year
		Formed During the year	Released During the year	Foreign Currencies Translation Differences + (-)		
Provision for tax claims	334,725,502	69,700,000	-	-	-	404,425,502
Provision for legal claims	16,428,904	7,908,385	-	383,760	(2,058,529)	22,662,520
Provision for contingent liabilities	144,851,910	813,221	-	3,195,503	-	148,860,634
Provision for fidelity	12,339,478	-	-	1,209,929	-	13,549,407
Total	508,345,794	78,421,606	-	4,789,192	(2,058,529)	589,498,063

Description	Balance At the Beginning of the Year	December 31, 2012			Used During the Year	Balance At the End of the Year
		Formed During the Year	Released During the Year	Foreign Currencies Translation Differences + (-)		
Provision for tax claims	222,344,170	115,381,332	-	-	(3,000,000)	334,725,502
Provision for legal claims	16,025,639	764,129	-	165,852	(526,716)	16,428,904
Provision for contingent liabilities	246,680,531	-	(103,758,528)	1,929,907	-	144,851,910
Provision for fidelity	12,596,811	-	(547,114)	560,635	(270,854)	12,339,478
Provision for other claims	2,500,000	-	(1,263,170)	-	(1,236,830)	-
Total	500,147,151	116,145,461	(105,568,812)	2,656,394	(5,034,400)	508,345,794

30- Deferred income tax

Deferred tax has been calculated on all temporary tax differences using the balance sheet liability method and at a tax rate of 25% for the current financial year. The bank does not offset deferred tax assets and deferred tax liabilities unless the bank has a legally enforceable right to set off current tax assets against current tax liabilities; and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred tax assets and liabilities

Below are the balances and movements of deferred tax assets and liabilities:

Balances of deferred tax assets and liabilities: Tax impact on temporary differences arising from:	Deferred tax assets		Deferred tax liabilities	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Property and Equipment	-	-	(37,950,338)	(37,819,885)
Goodwill	108,045,372	145,089,499	-	-
Provisions (other than the provision for loan impairment)	110,377,038	99,246,682	-	-
Changes in fair value of available-for-sale investments	-	-	(30,157,554)	(48,790,119)
Effect of changes in accounting policies	-	-	(4,055,633)	(4,055,633)
Deferred tax assets (liabilities)	218,422,410	244,336,181	(72,163,525)	(90,665,637)
Net balance of DTA (DTL)	146,258,885	153,670,544		

Movement of deferred tax assets and liabilities:

	Deferred tax assets		Deferred tax liabilities	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Beginning balance	244,336,181	280,560,987	(90,665,637)	(90,216,642)
DT recognized during the year	(25,913,771)	(36,224,806)	18,502,112	(448,995)
Closing balance	218,422,410	244,336,181	(72,163,525)	(90,665,637)

Balances of deferred tax assets (liabilities) recognized directly in equity

	December 31, 2013	December 31, 2012
Cumulative change in fair value of available-for-sale investments	(30,157,554)	(48,790,119)
Effect of changes in accounting policies (special reserve)	(3,244,506)	(3,244,506)

31- Defined benefits obligation

	December 31, 2013	December 31, 2012
Amounts recognized in the statement of financial position:		
Liability for post-retirement medical benefits	174,667,322	148,496,423
Amounts recognized in the income statement:		
Post-retirement medical benefits	33,074,540	34,644,757
Post-retirement medical benefits obligation constitutes of: Balances shown in the statement of financial position are represented as follows:		
Present value of unfunded liabilities	256,907,014	229,416,000
Unrecognized actuarial loss	(82,239,692)	(80,919,577)
	174,667,322	148,496,423
Liability movements during the year are represented as follows:		
Beginning balance (at the beginning of the current year)	148,496,423	119,598,838
Current service cost	5,029,648	4,960,000
Interest cost	27,292,506	8,370,000
Actuarial losses	752,386	21,314,757
Benefits paid	(6,903,641)	(5,747,172)
	174,667,322	148,496,423
Amounts recognized in the income statement are shown below:		
Current service cost	5,029,648	4,960,000
Interest cost	27,292,506	8,370,000
Net actuarial gain (losses) recognized during the year	752,386	21,314,757
	33,074,540	34,644,757

The main actuarial assumptions used by the bank are outlined below:	December 31, 2013	December 31, 2012
Discount rate (two plans):		
A- QNB ALAHLI current employees plan	13.00%	4.30%
B- Ex-MIBank retirees plan	13.00%	3.90%
QNB ALAHLI -long term increase in the cost of medical care (on top of inflation)	13.82%	8.26%
Ex-MIBank - long term increase in the cost of medical care (on top of inflation)	13.82%	7.50%

Sensitivities to +1% in discount rate (duration of the plan):	Service cost	DBO
Post-retirement medical benefits	74.16%	24.95%

32- Issued and paid-up capital

(A) Authorized Capital

The authorized capital amounts to EGP 5 billion.

(B) Issued and Paid up Capital

The issued and paid up capital on January 1, 2013 amounted to EGP 4,435,359,020 representing 443,535,902 shares with a nominal value of EGP 10 each, of which 318,212,902 shares were paid in Egyptian pound and 125,323,000 shares were paid in foreign currency. The value of the shares paid in foreign currencies is recorded according to the exchange rates prevailing on the payment date.

On June 13, 2013 the Extra Ordinary General Assembly decided to increase the issued capital from 4,435,359,020 to EGP 4,878,894,920 by an amount of EGP 443,535,900 through a transfer from the General Reserves.

The issued and paid up capital amounted to EGP 4,878,894,920 on December 31,2013 representing 487,889,492 shares with a nominal value of 10 EGP each, of which 362,566,492 shares were paid in Egyptian pound and 125,323,000 shares were paid in foreign currency according to the exchange rates prevailing on the payment date.

33- Reserve for employee stock ownership plan (ESOP)

Societe Generale Paris (France), which was the parent of QNB ALAHLI, had launched new employees share ownership plan (ESOP) according to the Board of Directors decision in its meeting held on 2 November 2010. It had issued equity-settled share-based payments in its own equity shares to the bank's employees based on specific performance terms:

- 16 shares will be awarded if the S.G Group's Return on Equity (ROE) for 2012 after tax is at least 10%. If this condition is met, the shares will be made available at the end of March 2015.The condition was changed in May 2012, the shareholders accepted to replace the performance condition to be positive net income, group share 2012.
- 24 shares will be awarded if there is an improvement in customer satisfaction between 2010 and 2013. In the event that this condition is only partially met, a proportion of the shares will nevertheless be allocated. These shares will be made available at the end of March 2016.

The fair value of the equity instruments determined on the grant date was expensed on an accrual basis and reported in administrative expenses in the income statements with a corresponding increase in equity according to the bank' evaluation to the number of shares that will be issued.
During the first quarter of 2013, Societe Generale Paris (previously the Parent company) sold its entire majority stake in the bank's capital, but was committed to continue in the implementation of the ESOP and to meet all the employees rights in the shares provided to them in accordance with terms and maturities of such plan and without causing the bank to incur any additional cost in this regards.
The bank referred to IFRS 2 to account for the share based payment provided by the SG for the bank's employees, and had charged each financial period - since the beginning of the application of this plan - with the cost of employees benefit according to the plan against the ESOP reserve as this transaction represents is substance a contribution from the parent to its subsidiary.
Since Societe Generale Paris is no longer the Parent company after the sale of its shares, and in the light of its commitment to issue such shares with the absence of any obligation on the bank's side in this regards, the bank ceased to recognize additional employees benefits expense (as of the date on which Societe Generale Paris sold its share) while retaining the accumulated balance under the shareholder equity until granting the shares by Societe Generale Paris.

34- Reserves and retained earning

(1) Reserves	December 31 ,2013	December 31, 2012
General reserve (a)	1,860,793,096	1,358,999,206
General banking risk reserve (b)	57,798,674	123,047,602
Legal reserve (c)	470,582,501	393,780,178
Revaluation reserve of available for sale investments (d)	652,508,024	118,535,514
Special reserve (e)	147,044,179	147,044,179
Capital reserve	9,208,496	8,675,144
Cash flow risk hedging reserve	4,783,202	7,418,829
Total reserves at the end of the year	3,202,718,172	2,157,500,652

Reserve movements are as follows:

(a) General reserve

Balance at the beginning of the financial year	1,358,999,206	1,119,846,944
Transferred from retained earning	945,329,790	642,366,712
Transferred to capital increase	(443,535,900)	(403,214,450)
Balance at the end of the financial year	1,860,793,096	1,358,999,206

(b) General banking risk reserve

Balance at the beginning of the year	123,047,602	379,326,526
Transferred from the year's profit / to retained earnings	(65,248,928)	(256,278,924)
Balance at the end of the year	57,798,674	123,047,602

The CBE regulations require banks to form General Banking Risk Reserve to meet unexpected risks. Such reserve should be deducted from net profit through the statement of profit appropriation, until it is approved by the GAM meeting convened to approve the annual separate financial statements. Such reserve cannot be used unless with approval from the CBE.

(c) Statutory reserve

Balance at the beginning of the year	393,780,178	319,342,975
Transferred from the prior year's profit	76,802,323	74,437,203
Balance at the end of the year	470,582,501	393,780,178

According to the provisions of local laws and the bank's statutes, 5% of net profit of the year shall be transferred to a non-distributable statutory reserve until it reaches 100% of the bank's capital.

(d) Available for sale Investments Revaluation Reserve	December 31 ,2013	December 31, 2012
balance at the beginning of the year	118,535,514	(30,253,449)
Net gains (losses) resulting from changes in fair value during the year (Note 20)	515,339,945	147,354,825
Deferred tax recognized during the year (Note 30)	18,632,565	1,443,138
Net profit reclassified to income on de-recognition (Note 20)	-	(9,000)
balance at the end of the year	652,508,024	118,535,514

(e) Special Reserve

The application of the CBE new basis rules of preparation and presentation of financial statements as well as the modified principles of recognition and measurement requires to restate the comparative figures of the first financial year that have been impacted by this change, including comparative figures in the balance sheet and the income statements for the previous year As the impact of adjustment is positive, such impact was carried directly to retained earnings then transferred to the special reserve in equity and shall not be used except by approval from CBE. The following is a breakdown of the items that generated the special reserve amount:

Allowance for loans to customers	112,739,320
Contingent liabilities provision	39,486,484
Amortized cost method using EIR for held to maturity investments	253,607
Amortized cost method using EIR for available for sale investments	393,930
Deferred tax (Tax impact on adjustment)	(22,288,030)
Available for sale investments (Equity instruments)	16,458,868
Total	147,044,179

(2) Profit for the year and Retained earnings

	December 31 ,2013	December 31, 2012
Movements on retained earnings:		
balance at the beginning of the year	1,754,313,342	1,320,791,473
Net profit of the financial year	1,740,317,174	1,536,579,818
Previous year's profit distribution	(554,419,878)	(504,018,071)
Employees' profit share	(175,377,999)	(135,846,887)
Board of directors' remuneration	(1,850,000)	(1,800,000)
Transferred to capital reserve	(533,352)	(868,000)
Transferred to general reserve	(945,329,790)	(642,366,712)
Transferred to the statutory reserve	(76,802,323)	(74,437,203)
Transferred to / from general banking risk reserve	65,248,928	256,278,924
Balance at the end of the year	1,805,566,102	1,754,313,342

35- Cash and cash equivalents

For the purpose of presenting the cash flow statement, cash and cash equivalents include the following balances maturing within less than 3 months from placement or acquisition date.

	December 31 ,2013	December 31, 2012
Cash and balances with central banks	1,722,100,939	1,365,528,256
Due from banks in less than 3 months	2,819,418,347	3,443,865,159
Treasury bills and other governmental notes (91 days)	1,651,600,154	1,327,009,681
Total	6,193,119,440	6,136,403,096

36- Contingent liabilities and other commitments

(a) Legal claims (litigation)

Several lawsuits were brought against the bank and are still outstanding as of December 31, 2013. No provision has been formed since it is not probable the bank will incur losses in regard of these lawsuits.

(b) Capital commitments:

The bank is a party to contracts for capital commitments amounting to EGP 426,005,966 as of December 31, 2013 (EGP 38,094,600 in comparative year). These represent commitments by the bank for the purchases of buildings and equipment. Management is sufficiently confident that net profit shall be realized and finance shall be made available to cover these commitments.

(c) Commitments for loans, guarantees, and facilities

The bank's commitments for loans, guarantees and facilities are set out below:

	December 31 ,2013	December 31, 2012
Loan commitments	41,524,116	133,446,278
Accepted papers	947,970,707	1,141,504,957
L/Gs	14,631,455,884	12,572,991,349
Import L/Cs	2,471,161,333	1,853,805,467
Export L/Cs	205,348,072	201,007,062
Other contingent liabilities (Financial guarantees)	1,219,202	1,832,780
	18,298,679,314	15,904,587,893

(D) Commitments under operating lease contracts

Total minimum rental payments for the irrevocable operating lease contracts are as follows:

	December 31 ,2013	December 31, 2012
Not more than one year	36,648,897	42,575,438
More than one year and less than 5 years	90,618,067	97,469,505
More than 5 years	25,135,479	31,033,788
Total	152,402,443	171,078,731

37- Related-party transactions

Qatar National Bank SAQ is the ultimate parent and controlling party as at the end of the reporting period which owns 97.1% in the bank's ordinary shares whereas the remaining 2.9% are held by other shareholders. Until March 28, 2013,the bank was a subsidiary of Societe Generale Paris, France prior to the acquisition of the bank by QNB. A number of transactions have been conducted during the reporting period with related parties within the bank's normal course of business. These include loans, deposits, and foreign currency transactions.

Related party transactions with parents other than the payment of dividends on ordinary shares:

S.G Group	December 31 ,2013	December 31, 2012
Due from banks	48,852,421	53,668,136
Due to banks	37,362,206	73,446,688
Subordinated loan	-	884,660,000
Export LC	3,742,929	29,712,598
LGs for Banks	2,718,099,735	2,850,180,353
Forward currency deals	-	144,300,295
IRS contracts	1,016,211,394	1,790,750,532
QNB Group		
Due from banks	41,815,099	-
Due to banks	151,677,421	-
Export LC	-	-
LGs for Banks	399,901,861	-
Forward currency deals	1,478,491,798	-

(1) Loans and facilities to related parties

	Directors and others key management personnel (and close family members*)		Associates and Subsidiaries	
	December 31 ,2013	December 31, 2012	December 31 ,2013	December 31, 2012
Outstanding loans at the beginning of the financial year	623,370	353,229	1,281,782,564	1,083,868,085
Loans ALD Automotive during the year	-	-	-	(70,042,099)
Loans issued during the financial year	789,905	1,003,604	3,285,048,094	3,715,658,980
Loans repayment during the financial year	(1,214,963)	(733,463)	(2,868,591,967)	(3,447,702,402)
loans Outstanding at the end of the financial year	198,312	623,370	1,698,238,691	1,281,782,564
Interest on loans and similar income	52,633	55,880	138,093,941	94,222,156

* Loans granted to top management members and close family members at end of current year amounted to EGP 198,312 against EGP 623,370 at the end of pervious year, below table illustrates the nature of these loans. The average interest rate on these different types of loans is 12.20% (against average interest rate of 9.83 % in the comparative year).

** No provisions have been recognized in respect of loan provided to related parties.

On June 28, 2012, Sogelease Egypt Company (Subsidiary) signed an agreement with QNB ALAHLI to get a long term facility by amount of 400 MEGP, The contract provided that the bank bears the risk of non-repayment of the lessee for the rental amount in an amount not to exceed 200 MEGP The balance of the facility at December 31, 2013 amount of 398,324,154 EGP, the total facility balance disclosed within the balance of loans and facilities to Subsidiary.

On March 2013, The bank increase its share in Sogelease Egypt Company's equity to reach 99.98% instead of 60%.

Loans and advances to related parties can be analyzed below

	December 31 ,2013	December 31, 2012	December 31 ,2013	December 31, 2012
Overdrafts-current accounts	65,107	112,080	144	175
Cash Credit - Staff	113,052	157,420	-	-
Revolving term loan	-	-	1,188,389,026	810,789,585
Visa card	20,153	353,870	1,033	150
Equipment loans	-	-	509,848,488	470,992,654
Total	198,312	623,370	1,698,238,691	1,281,782,564

(2) Deposits from related parties

	Directors and others key management personnel (and close family members)		Associates and Subsidiaries	
	December 31 ,2013	December 31, 2012	December 31 ,2013	December 31, 2012
Deposits Outstanding at the beginning of the financial year	19,225,973	16,546,470	233,663,799	230,841,809
Loans for ALD Automotive at the beginning of the year	-	-	-	(132,794)
Société Générale Asset Management Egypt	-	-	8,424,504	-
Deposits placed during the year	64,973,968	56,449,283	7,809,571,234	7,876,695,482
Deposits repaid during the year	(49,047,944)	(53,769,780)	(7,783,506,383)	(7,873,740,698)
Deposits Outstanding at the end of the financial year	35,151,997	19,225,973	268,153,154	233,663,799
Cost of deposits and similar expenses	1,336,376	798,172	5,611,028	9,382,919

Deposits from related parties can be analyzed below

	December 31 ,2013	December 31, 2012	December 31 ,2013	December 31, 2012
Demand Deposits	5,195,376	310,102	19,830,424	12,934,139
Saving account	188,262	377,610	-	-
Certificates of deposits	16,827,000	6,197,000	-	-
Time Deposits	12,941,359	12,341,261	248,322,730	220,729,660
Total	35,151,997	19,225,973	268,153,154	233,663,799

(3) Other transactions with related parties

	Directors and others key management personal (and close family members)		Associates and Subsidiaries	
	December 31 ,2013	December 31, 2012	December 31 ,2013	December 31, 2012
Fee and commission income	26,340	29,220	14,171,697	3,843,856
Guarantees issued by the bank	-	-	135,935,201	61,227,481

The above guarantees comprise:

LGs	-	-	28,157	20,597
LCs	-	-	135,907,044	61,206,884
Total	-	-	135,935,201	61,227,481

The pricing for related parties’ transactions are being the same for other parties

In accordance with the instructions of the Central Bank of Egypt (CBE) rules in 23 August 2011, The monthly average of net salaries and benefits for top 20 employees with the largest salaries and benefits reached EGP 130,033 during the current year.

38- Money Market and balanced Funds

A- 1st Money Market Fund (THEMAR)

The bank has set up an investment fund under the name of “THEMAR” with daily accumulated interest as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

THEMAR initial offering was for one million certificates at nominal value of EGP 100 million, of which 50,000 certificates worth of EGP 5 Million were subscribed at by the bank at that time. EFG HERMES is managing this fund.

Total number of the outstanding certificates at December 31, 2013 reached 20,288,525 at a total value of EGP 3,781,882,503 The bank currently holds 405,771 certificates worth of EGP 71,317,493, of which EGP 5 million are classified as held to maturity investments and represent 5% from the total number of certificates that were initially issued, whereas the remaining value of EGP 66,317,493 which represents 2% of the increase in fund’s net asset value since initial subscription are classified as available for sale investments.

According to the management agreement and the fund’s prospectus, the bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 25,996,985 have been reported in the “fees and commission income” line item in the income statement.

B- 2nd Balanced Fund (Tawazon)

The bank has set up an investment fund under the name of Tawazon Fund with Periodic Income as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

Tawazon initial offering was for two hundred and fifty thousand certificates amounting to EGP 25 million, of which 50,000 certificates worth of EGP 5 million were subscribed at by the bank at that time. Belton Asset Management is managing this fund.

Total number of the outstanding certificates at December 31, 2013 reached 113,325 at a total value of EGP 14,752,093 The bank currently holds 50,000 certificates worth of EGP 5 million that are classified as held to maturity investments and represent 20% of the total number of certificates that were initially issued.

According to the management agreement and the fund’s prospectus, the bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 118,973 have been reported in the “fees and commission income” line item in the income statement.

C- 3rd Balanced Fund (Tadawol)

The bank has set up an investment fund under the name of Tadawol Fund with Periodic accumulated Income as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

Tadawol certificates was offered in a public offering amounting to EGP 25 million distributed over two hundred and fifty thousand certificates with a nominal value of EGP 100 each, subscriptions have only covered a number of one hundred and twenty five thousand certificates amounting to EGP 12.5 million, of which 50,000 certificates worth of EGP 5 million were subscribed at by the bank at that time. HC Fund manager Asset Management is managing this fund.

Total number of the outstanding certificates at December 31, 2013 reached 57,042 at a total value of EGP 7,919,004 The bank currently holds 50,000 certificates worth of EGP 5 million that are classified as held to maturity investments and represent 40% from the total number of certificates that were initially issued.

According to the management agreement and the fund’s prospectus, the bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 81,811 have been reported in the “fees and commission income” line item in the income statement.

39- Important Events:

The Extraordinary General Assembly held on June 13, 2013 decided to amend Article 2 of the bank’s statute to change the name of the bank from National Societe Generale Bank to QNB ALAHLI.

40- Subsequent Events:

On 02 January 2014, the Group has concluded the acquisition of a controlling stake of 75 % in NSGB Life Insurance. Accordingly, NSGB Life Insurance capital is currently owned by the group (the bank and its subsidiaries) as follows:

The Group anticipates that the incorporation of the financial position and results of NSGB Life Insurance will be completed and reported starting from 31 March 2014.

QNB ALAHLI Bank 99.98%

Factoring Company 0.01%

Sogelease Egypt Company 0.01%

The Group anticipates that the incorporation of the financial position and results of NSGB Life Insurance will be completed and reported starting from 31 March 2014.

Consolidated Financial Statements

AUDITORS' REPORT

To the shareholders of QNB ALAHLI Bank (S.A.E)

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of QNB ALAHLI Bank (S.A.E) and its subsidiaries (the group) which comprises the consolidated financial position as at December 31, 2013 and the related consolidated statements of income, changes in equity and consolidated cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Financial Statements

These consolidated financial statements are the responsibility of Bank’s management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Central Bank of Egypt’s rules pertaining to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on December 16, 2008, Egyptian Accounting Standards and in light of the prevailing Egyptian laws , management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of QNB ALAHLI (S.A.E) as of December 31, 2013 and of its financial performance and its consolidated cash flows for the year then ended in accordance with central bank of Egypt’s rules, pertaining to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Boards of Directors on December 16, 2008, the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Report on Legal and Other Regulatory Requirements

According to the information and explanations given to us during the financial year ended December 31, 2013 no contravention of the central bank, banking and monetary institution law No.88 of 2003 and articles of incorporation were noted.

The Bank maintains proper books of account, which include all that is required by law and by the statutes of the Bank; the financial statements are in agreement thereto.

The financial information included in the Board of Directors’ report, is in agreement with the books of the Bank insofar as such information is recorded therein.

Cairo: January 14, 2014

Auditors

Magdy Kamel Saleh
(Deloitte - Saleh, Barsoum & Abdel Aziz)
Accountants & Auditors

Ehab Morad Azer
Allied for Accounting and Auditing – EY
Public Accountants & Consultants

QNB ALAHLI S.A.E
Consolidated Statement of Financial Position
As at 31 December 2013

(All amounts are shown in Egyptian Pounds)

	Note	December 31, 2013	December 31, 2012
Assets:			
Cash and due from Central Bank of Egypt (CBE)	(15)	5,706,342,342	4,029,572,006
Due from banks	(16)	2,973,758,039	5,380,717,682
Treasury bills	(17)	15,742,232,766	12,205,523,046
Loans and credit facilities to customers, net	(18)	38,891,440,323	35,885,368,768
Financial derivatives	(19)	12,200,178	20,920,230
Financial Investments:			
- Available for sale	(20)	13,178,504,967	5,716,200,414
- Held to maturity	(20)	65,000,000	65,000,000
Investments in associates	(21)	33,913,288	23,572,104
Intangible assets	(22)	119,359,094	99,529,779
Other assets	(23)	1,577,347,518	718,665,140
Deferred tax assets	(31)	165,463,782	166,225,162
Assets leased under finance lease arrangements, net	(24)	1,875,977,861	1,708,611,232
Property and Equipment	(25)	917,310,547	884,129,083
Total assets		81,258,850,705	66,904,034,646
Liabilities and equity:			
Liabilities:			
Due to banks	(26)	325,390,473	1,227,569,263
Customers' deposits	(27)	67,686,386,964	53,661,253,352
Other loans	(28-A)	384,921,527	482,583,010
Other liabilities	(29)	1,288,677,135	1,092,058,596
Other provisions	(30)	597,679,030	516,526,761
Current income tax payable		791,595,264	382,501,335
Defined benefits obligation	(32)	174,667,322	148,496,423
Total liabilities		71,249,317,715	57,510,988,740
Equity:			
Issued and paid-up capital	(33)	4,878,894,920	4,435,359,020
Reserves	(35)	3,233,356,448	2,184,493,117
Reserve for employee stock ownership plan (ESOP)	(34)	17,653,165	15,663,771
Profit for the year and retained earnings	(35)	1,879,615,469	1,792,755,273
Total Equity Attributable to Equity Holders of the Bank		10,009,520,002	8,428,271,181
Non-controlling interests		12,988	80,114,725
Total equity		10,009,532,990	8,508,385,906
Subordinated loan	(28-B)	-	884,660,000
Total equity and subordinated loan		10,009,532,990	9,393,045,906
Total liabilities and equity		81,258,850,705	66,904,034,646

The accompanying notes from (1) to (41) are an integral part of these Consolidated financial statements.
(Auditors' report attached)

QNB ALAHLI S.A.E
Consolidated Income Statement
For the Year Ended 31 December 2013

(All amounts are shown in Egyptian Pounds)

	Note	From 01/10/2013 To 31/12/2013	From 01/01/2013 To 31/12/2013	From 01/10/2012 To 31/12/2012	From 01/01/2012 To 31/12/2012
Interest on loans and similar income	(6)	1,768,950,841	6,499,776,074	1,385,806,570	5,260,559,983
Cost of deposits and similar expense	(6)	(954,634,395)	(3,481,070,165)	(699,534,908)	(2,637,879,210)
Net interest income		814,316,446	3,018,705,909	686,271,662	2,622,680,773
Fee and commission income	(7)	269,400,215	1,038,812,442	224,206,687	868,836,554
Fee and commission expense	(7)	(18,044,133)	(58,077,472)	(7,878,853)	(24,874,521)
Net interest, fee and commission income		1,065,672,528	3,999,440,879	902,599,496	3,466,642,806
Dividend income	(8)	-	12,993,479	-	16,487,102
Net trading income	(9)	19,745,328	130,235,476	24,205,455	120,351,776
Gain (loss) on financial investments	(20)	428,406	2,335,806	4,115,659	(11,007,902)
Impairment credit losses	(12)	(214,232,391)	(550,697,349)	(182,854,403)	(565,623,728)
Administrative expenses	(10)	(327,219,754)	(1,307,985,942)	(291,973,141)	(1,103,125,123)
Other operating revenues (expenses)	(11)	27,153,822	169,738,594	3,250,322	(8,294,391)
Share of profits of associates		2,488,943	10,222,379	(189,233)	8,379,506
Profit before income tax		574,036,882	2,466,283,322	459,154,155	1,923,810,046
Income tax expense	(13)	(165,333,025)	(688,739,238)	(96,299,665)	(385,906,320)
Net profit for the year		408,703,857	1,777,544,084	362,854,490	1,537,903,726
Attributable to:					
Owners of the bank		408,702,941	1,776,032,012	361,427,362	1,536,476,349
Non-controlling interests		916	1,512,072	1,427,128	1,427,377
Net profit for the year		408,703,857	1,777,544,084	362,854,490	1,537,903,726
Earnings per share	(14)		3.19		2.79

The accompanying notes from (1) to (41) are an integral part of these Consolidated financial statements.

QNB ALAHLI S.A.E
Separate Statement Of Changes In Shareholder’s Equity
For the Year Ended 31 December 2013

(All amounts are shown in Egyptian Pounds)

	Capital	Legal Reserve	General Reserve	Special Reserve	Capital Reserve	Reserve For Transactions Under Common Control	AFS Investments Revaluation Reserve	General Banking Risk Reserve	Hedging Reserve - Cash Flow Hedge (CFH)	Reserve For Employee Stock Ownership Plan (ESOP)	Retained Earnings	Net Profit for The Year	Equity Attributable To Owners Of The Bank	Non-Controlling Interests	Total
December 31, 2012															
Balance at 1 January 2012	4,032,144,570	319,342,975	1,119,846,944	173,681,968	7,807,144	-	(30,253,449)	379,326,526	8,026,174	7,695,078	72,169	1,359,264,704	7,376,954,803	-	7,376,954,803
Transfer to reserves and retained earnings	-	74,437,203	642,366,712	-	868,000	-	-	-	-	-	(72,169)	(717,599,746)	-	-	-
Profit distribution for year 2011	-	-	-	-	-	-	-	-	-	-	-	(641,664,958)	(641,664,958)	-	(641,664,958)
Transfer from general reserve to capital increase	403,214,450	-	(403,214,450)	-	-	-	-	-	-	-	-	-	-	-	-
Net unrealized gain/(loss) on AFS investments, after deducting gains recycled to profit or loss relating to sold AFS investments as well as taxes – Note No.35	-	-	-	-	-	-	148,788,964	-	-	-	-	-	148,788,964	-	148,788,964
Net profit for the year	-	-	-	-	-	-	-	-	-	-	-	1,536,476,349	1,536,476,349	1,427,377	1,537,903,726
Business combination under common control	-	-	-	-	-	354,675	-	-	-	-	-	-	354,675	78,687,348	79,042,023
Cost of employee stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	-	7,968,693	-	-	7,968,693	-	7,968,693
Net unrealized gain/(loss) on CFH , net of tax	-	-	-	-	-	-	-	-	(607,345)	-	-	-	(607,345)	-	(607,345)
Transfer from general banking risk reserve	-	-	-	-	-	-	-	(256,278,924)	-	-	256,278,924	-	-	-	-
Balance at 31 December 2012	4,435,359,020	393,780,178	1,358,999,206	173,681,968	8,675,144	354,675	118,535,515	123,047,602	7,418,829	15,663,771	256,278,924	1,536,476,349	8,428,271,181	80,114,725	8,508,385,906
December 31, 2013															
Balance at 1 January 2013	4,435,359,020	393,780,178	1,358,999,206	173,681,968	8,675,144	354,675	118,535,515	123,047,602	7,418,829	15,663,771	256,278,924	1,536,476,349	8,428,271,181	80,114,725	8,508,385,906
Transfer to reserves and retained earnings	-	76,802,323	945,329,790	-	533,352	-	-	-	-	-	(217,944,391)	(804,721,074)	-	-	-
Profit distribution for year 2012	-	-	-	-	-	-	-	-	-	-	-	(731,755,275)	(731,755,275)	-	(731,755,275)
Transfer from general reserve to capital increase	443,535,900	-	(443,535,900)	-	-	-	-	-	-	-	-	-	-	-	-
Net unrealized gain/(loss) on AFS investments, after deducting gains recycled to profit or loss relating to sold AFS investments as well as taxes – Note No.35	-	-	-	-	-	-	533,972,510	-	-	-	-	-	533,972,510	-	533,972,510
Net profit for the year	-	-	-	-	-	-	-	-	-	-	-	1,776,032,012	1,776,032,012	1,512,072	1,777,544,084
Business combination under common control	-	-	-	-	-	3,645,808	-	-	-	-	-	-	3,645,808	(81,613,809)	(77,968,001)
Cost of employee stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	-	1,989,394	-	-	1,989,394	-	1,989,394
Net unrealized gain/(loss) on CFH , net of tax	-	-	-	-	-	-	-	-	(2,635,628)	-	-	-	(2,635,628)	-	(2,635,628)
Transfer from general banking risk reserve	-	-	-	-	-	-	-	(65,248,924)	-	-	65,248,924	-	-	-	-
Balance at 31 December 2013	4,878,894,920	470,582,501	1,860,793,096	173,681,968	9,208,496	4,000,483	652,508,025	57,798,678	4,783,201	17,653,165	103,583,457	1,776,032,012	10,009,520,002	12,988	10,009,532,990

The accompanying notes from (1) to (41) are an integral part of these Consolidated financial statements.

QNB ALAHLI S.A.E
Consolidated Statement Of Cash Flows
For the Year Ended 31 December 2013

(All amounts are shown in Egyptian Pounds)

	December 31, 2013	December 31, 2012
Cash flows from operating activities		
Profit before tax	2,466,283,322	1,923,810,046
Adjusted by:		
Property and equipment depreciation and Intangible assets amortization	134,938,156	120,797,878
Leased assets depreciation	419,078,578	-
Impairment credit losses	550,697,349	565,623,728
Utilized loans provision	(45,380,168)	(486,615,007)
Recovery from loans previously written off	6,377,463	1,495,382
Net formed / (reversed) other provisions	78,421,606	10,576,649
Utilized provisions other than loans provision	(2,058,529)	(5,034,400)
Translation differences of other provisions in foreign currencies	4,789,192	2,656,394
Translation differences of the subordinated loan	-	40,194,000
(Gain) on sale of property and equipment	(10,538)	(533,352)
Dividends income	(12,993,479)	(16,487,102)
Share of profits of associates applying the equity method	(10,222,379)	(8,379,506)
Gain on sale of investments in associates	-	(841,630)
Gain on sale of available for sale investments	(6,497,130)	(6,211,189)
Loss of impairment of available for sale equity instruments	4,161,324	18,060,123
Cost of share based payments	1,989,394	7,968,693
Operating profits before changes in assets and liabilities resulting from operating activities	3,589,574,161	2,167,080,707
Net decrease and increase in assets & liabilities		
Due from banks	462,660,431	(243,186,290)
Treasury bills	(3,212,119,247)	(3,048,705,573)
Loans to customers	(3,517,766,199)	(1,981,639,147)
Financial derivatives	5,205,881	14,488,949
Other assets	(858,877,376)	105,614,636
Due to banks	(902,178,790)	1,113,664,711
Customers' deposits	14,025,133,612	2,017,001,499
Credit balances and other liabilities	195,164,996	(378,797,468)
Defined benefits obligation	26,170,899	28,897,585
Leased assets - Lease contracts settlement	(26,569,182)	52,560,989
Paid income tax	(259,372,823)	(325,910,387)
Net cash flows resulting from (used in) operating activities (1)	9,527,026,363	(478,929,789)

The accompanying notes from (1) to (41) are an integral part of these Consolidated financial statements.

QNB ALAHLI S.A.E
Consolidated Statement Of Cash Flows
For the Year Ended 31 December 2013

(All amounts are shown in Egyptian Pounds)

Cash flows from investing activities		
Acquisition of property and equipment and branches preparation	(187,948,935)	(214,980,638)
Proceeds from sale of property and equipment	10,538	533,352
Proceeds from sale of Fin. investments other than held for trading investments	847,445,511	2,467,548,616
Acquisition of Fin. Inv. other than held for trading investments	(7,792,074,313)	(2,546,294,105)
Acquisition of leased assets	(801,442,865)	(40,972,155)
Proceeds from leased assets	241,566,840	-
Acquisition of Subsidiaries , net of cash acquired	(77,968,000)	(38,984,000)
Collected dividend income	12,993,479	10,987,102
Proceeds from sale of investments in associates	-	1,890,880
Cash dividends received from investments in associates	76,194	14,126,494
Net cash flows used in investing activities (2)	(7,757,341,551)	(346,144,454)
Cash flows from financing activities		
Long term loans	(97,661,483)	14,410,729
Payment to settle Long term Loans	-	(128,535,539)
Subordinated loan	(884,660,000)	-
Dividends paid	(730,301,732)	(639,490,896)
Net cash flows used in financing activities (3)	(1,712,623,215)	(753,615,706)
Net increase / decrease in cash and cash equivalents during the year (1+2+3)	57,061,597	(1,578,689,949)
Cash and cash equivalents at the beginning of the year	6,136,661,535	7,715,351,484
Cash and cash equivalents at the end of the year (36)	6,193,723,132	6,136,661,535
Cash and cash equivalents at end of the year are represented in :		
Cash and due from Central Bank of Egypt	5,706,342,342	4,029,572,006
Due from banks	2,973,758,039	5,380,717,682
Treasury bills	15,742,232,766	12,205,523,046
Balances with Central Bank of Egypt (mandatory reserve)	(3,984,241,403)	(2,664,043,750)
Balances due from banks with maturities more than 3 months	(153,736,000)	(1,936,594,084)
Treasury bills with maturity more than 3 months	(14,090,632,612)	(10,878,513,365)
Cash and cash equivalents at end of the year	6,193,723,132	6,136,661,535

The accompanying notes from (1) to (41) are an integral part of these Consolidated financial statements.

1. Background:

QNB ALAHLI (previously National Société Générale Bank) “S.A.E” was incorporated as an investment and commercial Bank on April 13, 1978, in accordance with the provisions of the Investment Law no 43 of 1974 and its Executive Regulations and the amendments thereon. The Bank provides all Banking services related to its activity, through its Head Office located in 5 Champlion Street - Downtown - Cairo and its 169 branches served by 4473 staff at the date of the financial statements. The Bank is listed on the Egyptian Stock Exchange (EGX).

These Financial statements have been submitted by board of directors in 14 January 2014.

2. Summary of significant accounting policies:-

2.1 Basis of preparation of the consolidated financial statements

These consolidated financial statements are prepared in accordance with Egyptian accounting standards issued in 2006 and its amendments and in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on 16 December 2008 under the historical cost convention, as modified by the measurement of financial assets and financial liabilities at fair value or amortized cost, as appropriate, including financial assets classified as at fair value through profit or loss, available for sale financial assets, held to maturity financial assets, loans and receivables and all derivative instruments.

These consolidated financial statements have been prepared in accordance with the Egyptian relevant local laws.

2.2.1 Basis of Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method unless the transaction does not constitute an acquisition in form or substance. Application of the purchase method involves the following steps:

- Identifying an acquirer,
- Measuring the cost of the business combination.
- And allocating, at the acquisition date, the cost of the combination to the assets acquired And liabilities And contingent liabilities assumed.

On acquisition date where control is obtained, the cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree, in addition to any costs directly attributable to the business combination.

Thus, the acquirer recognizes the acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition criteria at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale, that are recognized and measured at the lower of their carrying amounts, or fair value less costs to sell.

Goodwill arising on acquisition date is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The non-controlling interest in an acquiree is initially measured at the non-controlling interest proportionate share in the fair value of the assets, liabilities and contingent liabilities recognized at acquisition date.

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the acquirer includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

A business combination agreement may allow for adjustments to the cost of the combination that are contingent on one or more future events. The acquirer usually estimates the amount of any such adjustment at the time of initially accounting for the combination, even though some uncertainty exists. If the future events do not occur or the estimate needs to be revised, the cost of the business combination is adjusted accordingly.

However, when a business combination agreement provides for such an adjustment, that adjustment is not included in the cost of the combination at the time of initially accounting for the combination if it either is not probable or cannot be measured reliably. If that adjustment subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination.

In case of a business combination - made through step acquisitions for a Group reorganization purposes - involving entities or businesses under common control in which all of the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination, the acquirer recognizes the identifiable assets, liabilities and contingent liabilities that meet the recognition criteria at their carrying amounts previously reported at the books of the Group with common control.

Any difference between the consideration paid or transferred and the carrying amounts of the acquiree's net assets and contingent liabilities is reflected within equity as a reserve for transactions under common control. This policy is also applied in case of the groups' full or partial acquisition of shares held by the non-controlling interests in a subsidiary or the partial disposition of the Group's interest in a subsidiary while retaining control over that subsidiary.

Therefore, no adjustments are made to reflect new fair value at the date of the combination; rather fair value for net assets, and contingent liabilities acquired in such cases shall be determined based on the fair value that was previously determined when control was initially obtained, as adjusted by any changes in equity components that have occurred during the period from the date when control was initially obtained up to the date when control has increased or decreased.

Since combinations of entities or businesses under common control are scoped out of the CBE basis of preparation and presentation of the banks financial statements, EAS (29) and IFRS (3) Business Combinations, management applied the requirements of EAS (5) and IAS (8), which allows it, in the absence of a specific Standard or Interpretation specifically addressing certain transaction, event or other circumstances, to set and develop an appropriate accounting policy that results in information that is more reliable and relevant to the economic decisions making needs of the financial statements users.

2.2.2 Transactions Eliminated on Consolidation

Intra-group balances, and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2.3 Loss of Control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments, depending on the level of influence retained.

2.2.4 Basis of presentation of consolidation

The consolidated financial statements of the Group incorporate the financial statements of QNB ALAHLI (Parent) and entities controlled by the bank (its Subsidiaries) at the end of each reporting date.

A Subsidiary is an entity (including Special Purpose Entities) that is controlled, directly or indirectly, by the bank (Parent). Control exists when the bank has the power, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. This is usually achieved when the bank owns, directly or indirectly, through subsidiaries, more than half of the voting power of an entity, the existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

The Group fully consolidates its subsidiaries from the effective date in which control is obtained and deconsolidates them when such control ceases to exist.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of a Group entity to bring its accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. Losses applicable to owners of the non-controlling interests in excess of their interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that owners of the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

Since QNB ALAHLI incorporated NSGB factoring company in which it owns 99.9% of its capital, and increased its interest in Sogelease Egypt for Finance Lease to 100%, therefore, the full consolidation basis has been used for the preparation of the Group accompanying consolidated financial statements which comprise the financial statements of QNB ALAHLI (the parent) and its subsidiaries, NSGB Factoring and Sogelease for Finance lease, from the date in which control over each subsidiary was obtained.

Non-controlling interest in these consolidated financial statements represents interests held by investors other than QNB ALAHLI in the subsidiaries. Information on subsidiaries is set out below.

Company name	Origin Country	Company Capital EGP	Year of Controlling (Acquisition or Incorporation)	Group Stake %
NSGB Factoring Company	Egypt	50,000,000	2012	99.98
Sogelease Company	Egypt	80,000,000	2012	100

2.2.5 Investments in associates

An associate is an entity over which the Group has significant influence that is not control or joint control. Significant influence exists where the bank holds voting rights of 20% to 50% in an entity.

Acquisitions of Associates are accounted for using the purchase method; goodwill arising on acquisition of an associate, if any, is not presented separately, but is rather included within the carrying amount of the investment. Investments in associates are accounted for subsequently in the consolidated financial statements using the equity method.

According to the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and is subsequently adjusted to recognize the Group's share in profit or loss, and other changes in the net assets, of the associate.

2.3 Segment reporting

An operating segment is a group of assets and operations providing products or services whose risks and benefits are different from those associated with products or services provided by other operating segments. A geographical segment provides products or services within a specific economic environment characterized by risks and benefits different from those related to other geographical segments operating in a different economic environment.

The Bank is divided into two main business lines, which are Corporate Banking and Retail Banking. In addition, a Corporate Center acts as a central funding department for the Bank's core businesses. The dealing room, proprietary activity and other noncore businesses are reported under the Corporate Banking business line.

For the purpose of preparation of segment reporting by geographical region, segment profit and loss and assets and liabilities are presented based on the location of the branches. Given that the bank does not have any entity abroad, and unless otherwise stated in a specific disclosure, all equity and debt instruments of the bank issued by foreign institutions and credit facilities granted to foreign counterparties are reported based on the location of the domestic branch where such assets are recorded.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

The consolidated financial statements of the group are presented in the Egyptian pound which is the bank's functional and presentation currency.

2.4.2 Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the period are translated into the Egyptian pound using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at end of reporting period at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:

- Net trading income from held-for-trading assets And liabilities.
- Other operating revenues (expenses) from the remaining assets and liabilities.

Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as available for sale assets are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in the amortized cost are recognized and reported in the income statement in 'income from loans and similar revenues' whereas differences resulting from changes in foreign exchange rates are recognized and reported in 'other operating revenues (expenses)'. The remaining differences resulting from changes in fair value are recognized in equity and accumulated in the 'revaluation reserve of available-for-sale investments'.

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

Leased assets denominated in foreign currency which the group leases to others are measured at historical cost and translated to Egyptian pound using the exchange rates prevailing at the dates of the initial recognition.

2.5 Financial assets

The Bank classifies its financial assets into the following categories:

Financial assets classified as at fair value through profits or loss, loans and receivables, held to maturity financial assets, and available for sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined by management at the time of initial recognition.

2.5.1 Financial assets classified as at fair value through profit or loss

This category includes financial assets held for trading, and financial derivatives.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near term, or on initial recognition it is part of a portfolio of identified financial instruments that the bank manages together and has a recent actual pattern of short-term profit-taking, or it is a derivative that is not designated and effective as a hedging instrument.

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

2.5.3 Held to maturity financial assets

held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intent and ability to hold to maturity. The group will not classify any financial assets as held to maturity if the group has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held to maturity investments before maturity other than those allowed in specific circumstances.

2.5.4 Available for sale financial assets

Available for sale financial assets are those non-derivative financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

The following is applied in respect of all financial assets

- Regular-way purchases And sales of financial assets classified as at fair value through profit or loss, loans And receivables, held to maturity And available for sale are recognized using the settlement-date, which is the date that an asset is delivered to or by the entity.
- All financial assets, other than those classified as at fair value through profit or loss, are initially recognized at fair value plus transaction costs. Financial assets classified as at fair value through profit or loss are initially recognized at fair value. Transaction costs associated with those assets are expensed and reported in the income statement in 93 net trading income.
- The group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial liabilities are derecognized when they are extinguished; that is when the obligation is discharged, cancelled or it expires.
- Available-for-sale, held-for-trading And financial assets designated as at fair value through profit or loss are subsequently measured at fair value. loans And receivables And held to maturity investments are subsequently measured at amortized cost.

- Gains and losses arising from changes in the fair value of the financial assets classified as at fair value through profit or loss are recognized in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized directly in equity, until the financial asset is derecognized or impaired, at which time, the cumulative gain or loss previously recognized in equity is recognized in the income statement.
- Interest income calculated using the amortized cost method, and gains and losses arise from the foreign currency on monetary financial assets classified as available-for-sale financial investments shall be recognized in the income statement. Dividends resulted from the equity instruments classified as available for sale shall be recognized in the income statement when the entity's right to receive payment is established.
- The fair value of quoted investments in an active market is based on current bid prices. If there is no active market for a financial asset, it is measured at cost less of any impairment losses.

2.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the group has a legally enforceable right to offset the recognized amounts and it intends to settle these amounts on a net basis, or realize the asset and settle the liability simultaneously.

Items of purchase agreements of treasury bills with the obligation to resell and sale agreement of treasury bills with the obligation to repurchase (repos and reverse repos) are shown net in the balance sheet under the item of treasury bills.

2.7 Financial derivatives and hedge accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Fair values are determined based on quoted market prices in active markets, including recent market transactions, or valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are recognized as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives, such as the conversion option in a convertible bond, are treated as separate derivatives if they meet the definition of a financial derivative, and when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement unless the group chooses to designate the hybrid contact as a whole as at fair value through profit or loss.

The timing of recognition in profit or loss, of any gains or losses arising from changes in the fair value of derivatives, depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The parent bank designates certain derivatives as:

Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge).
Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met. At the inception of the hedging relationship, the bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the bank documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

2.7.1 Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized immediately in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in profit or loss. Additionally, interest differential on interest rate swaps is recognized in profit or loss as part of 'net interest income' line item in the income statement. Any ineffectiveness is recognized in profit or loss in 'net trading income'.

When the hedging instrument no longer qualifies for hedge accounting, the adjustment to the carrying amount of a hedged item, measured at amortized cost, arising from the hedged risk is amortized to profit or loss from that date to maturity of the asset using the effective interest method. Adjustment to the carrying amount of a hedged equity instrument that has been deferred in equity remains in equity until the asset is derecognized.

2.7.2 Cash flow hedge

The effective portion of changes in the fair value of derivatives designated and effective for cash flow hedge is recognized in equity while changes in fair value relating to the ineffective portion is recognized immediately in the income statement in "net trading income".

Amounts accumulated in equity are transferred to income statement in the relevant periods when the hedged item affects the income statement. The effective portion of changes in fair value of interest rate swaps and options are reported in "net trading income".

When a hedging item expires or is sold or if hedging instrument no longer qualifies for hedge accounting requirements, gains or losses that have been previously accumulated in equity remain in equity and are only recognized in profit or loss when the forecast transaction ultimately occurs. If the forecast transaction is no longer expected to occur any related cumulative gain or loss on the hedging instrument that has been recognized in equity shall be reclassified immediately to profit or loss.

2.7.3 Derivatives that do not qualify for hedge accounting

Where a derivative instrument does not qualify for hedge accounting, changes in fair value of that derivative and related interest are recognized immediately in the income statement in net trading income line item. However, gains or losses arising from changes in fair value of derivatives that are managed in conjunction with financial assets or financial liabilities, designated upon initial recognition at fair value through profit or loss, are included in net income from financial instruments designated upon initial recognition as at fair value through profit or loss.

2.8 Interest income and expense

Interest income and expense on all interest-bearing financial instruments, except for those classified as held for trading or designated as at fair value through profit or loss, are recognized in 'interest income' and 'interest expense' line items in the income statement using the effective interest rate method.

The effective interest rate is a method of calculating the amortized cost of a debt instrument whether a financial asset or a financial liability and of allocating its interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial debt instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating the effective interest rate, the Group estimates the future 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 to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income on loans is recognized on an accrual basis except for the interest income on non-performing loans, which ceases to be recognized as revenue when the recovery of interest or principle is in doubt.

Interest income on non-performing or impaired loans and receivables ceases to be recognized in profit or loss and is rather recorded off balance sheet in statistical records. Interest income on these loans is recognized as revenue on a cash basis as follows:

- 1- For retail loans, personal loans, small and medium business loans, real estate loans for personal housing and small loans for businesses, when interest income is collected and after recovery of all arrears.
- 2- For corporate loans, interest income is recognized on a cash-basis after the bank collects 25% of the rescheduled installments and provided these installments continue to be paid for at least one year.

If a loan continues to be performing thereafter, interest accrued on the principal then outstanding starts to be recognized as revenues. Interest that is marginalized prior to the date when the loan becomes performing is not recognized in profit or loss except when the total balance of loan, prior to that date, is paid in full.

2.9 Fees and commission income

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

Commitment fees received by the bank to originate a loan are deferred if it is probable that the bank will enter into a specific lending arrangement and are regarded as a compensation for an ongoing involvement with the acquisition of the financial instrument and recognized as an adjustment to the effective interest rate. If the commitment expires without the bank making the loan, the fees are recognized as revenue on expiry.

Loan syndication fees received by the bank are recognized as revenue when the syndication has been completed, only if the bank arranges the loan and retains no part of the loan package for itself (or retains a part at the same effective interest rate for comparable risk as other participants).

Fees and commissions that are earned on negotiating or participating in the negotiation of a transaction in favor of another entity, such as arrangements for the allotment of shares or another financial instrument or acquisition or sale of an enterprise on behalf of a client, are recognized as revenue when the transaction has been completed. Administrative consultations and other service fees are usually recognized as revenue on a straight-line basis over the period in which the service is rendered. Fees from financial planning management and custodian services provided to clients over long periods are usually recognized as revenue on a straight-line basis over the period in which these services are rendered.

Leasing revenues

Revenues from lease contracts are recognized based on the interest rate implicit in each contract plus an amount equal to depreciation of the leased asset. Debit/credit differences between revenue recognized in profit or loss and rental value for each period are recorded in “leased assets – lease contracts settlement” account in the balance sheet whose balance is to be settled against the carrying amount of leased asset at the end of the contract period.

2.10 Dividends income

Dividend income on investments in equity instruments and similar assets, other than investments in subsidiaries and associates, is recognized in the income statement when the bank’s right to receive payment is established.

2.11 Purchase and resale agreements and sale and repurchase agreements (repos and reverse repos)

Financial instruments sold under repurchase agreements, are not derecognized from the books. These are shown in the assets side as an addition to the “treasury bills and other governmental notes” line item in the balance sheet. On the other hand, the group’s obligation arising from financial instruments acquired under resale agreements, is shown as a deduction from the “treasury bills and other governmental notes” line item in the balance sheet. Differences between the sale and repurchase price or between the purchase and resale price is recognized as interest expense or income throughout the period of agreements using the effective interest rate method.

2.12 Impairment of financial assets

The group reviews all its financial assets, except those classified as at fair value through profit or loss, to assess whether an indication exists that these assets have suffered an impairment loss as described below:

Financial assets carried at amortized cost

At end of each reporting period, an assessment is made 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 group considers the following indicators to determine the existence of substantive evidence for impairment losses:

- Significant financial difficulty of the issuer or obligor.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- It is becoming probable that the borrower will enter bankruptcy or financial re-organization.
- Deterioration of the competitive position of the borrower.
- The lender, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- Impairment in the value of collaterals.
- Deterioration in the creditworthiness of the borrower.

An objective evidence for impairment loss of the financial asset includes observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with an individual financial asset in the group.

The bank estimates the period between the date on which the loss event has occurred and the date on which the impairment loss has been identified for each specific portfolio. For application purposes, the bank considers such period to equal one.

The group first assesses is made 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.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment based on the historical loss rates.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. An asset that is individually assessed for impairment but for which an impairment loss is not recognized is included in a group of other similar assets.

If there is objective evidence that an impairment loss on loans and receivables or held to maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If a loan, receivable or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate(s) determined under the contract at the date on which an objective evidence for impairment of the asset has been identified.

As a practical expedient, the bank may measure impairment of a financial asset carried at amortized cost on the basis of an instrument’s fair value using an observable market price. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective assessment of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors’ ability to pay all amounts due according to the contractual terms.

When assessing the impairment loss for a group of financial assets on the basis of the historical loss rates, future cash flows in the group are estimated on the basis of the contractual cash flows of the group’s assets and the historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The group ensures that estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the management to reduce any differences between loss estimates and actual loss experience.

Available-for-sale financial assets

At the end of each financial period, the bank assesses whether there is objective evidence that any financial asset or group of financial assets classified as available-for-sale has been impaired.

According to the central bank of Egypt’s rules, a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment. Such decline is presumed to be significant for the equity instruments if it reaches 10% of the cost of the financial instrument, whereas it is presumed a prolonged decline when it extends for a period of more than 9 months.

When a decline in the fair value of an available for sale financial asset has been recognized in equity and there is objective evidence that the asset is impaired the cumulative loss that had been recognized in the equity reserve shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

In respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity. However if, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss for that debt instrument.

2.13 Intangible assets

2.13.1 Goodwill

Goodwill, arising from the acquisition or legal merger of subsidiaries, represents the difference between the cost of the combination and the acquiree interest in the fair value of the identifiable assets, liabilities and qualifying contingent liabilities of the acquire at the acquisition date. Goodwill is annually tested for impairment and is written-down to profit or loss at an annual amortization of 20% or impairment loss whichever is higher.

2.13.2 Software (computer programs)

Expenditure on upgrade and maintenance of computer programs is recognized as an expense in the income statement in the period in which it is incurred. Expenditures directly incurred in connection with specific software are recognized as intangible assets if they are controlled by the group and when it is probable that they will generate future economic benefits within more than one year that exceed its cost. Direct costs include the cost of the staff involved in upgrading the software in addition to a reasonable portion of relative overheads.

Upgrade costs are recognized and added to the original cost of the software when it is likely that such costs will increase the efficiency or enhance the performance of the computers software beyond its original specification.

Cost of computer software recognized as an asset shall be amortized over the period of expected benefits which shall not exceed five years except for the core IT system that is amortized over ten years.

2.14 Property and Equipment

The Group’s property and equipment include lands and buildings of the bank which basically comprise the head office premises and branches building. All property and equipment are carried at historical cost net of accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the construction or acquisition of the items. Subsequent costs are included in the assets carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance expenses are recognized in profit or loss within “other operating costs” line item during the financial period in which they are incurred.

The group considers the residual value of its property and equipment as insignificant and immaterial in relation to the depreciable amount; therefore, the depreciable amount of the bank’s property and equipment is determined without any deduction for residual values. Depreciation is charged so as to write off the cost of assets, other than land which is not depreciated, over their estimated useful lives, using the straight-line method based on the following annual rates:

Buildings	Major structures	50 years
	Doors, windows and roofing	20 years
	Façades	10 years
Fixtures	Decoration & installations	10 years
	Lifts	15 years
	Electricity & Air conditioning	10 years
	Generators	30 years
	Telephone network & CCTV	10 years
	Firefighting system & Plumbing system	10 years
Leasehold improvements	Other installations	10 years
		The shortest of 10 years or contract period

Depreciation periods for property and equipment, other than buildings, depend on their useful lives which are usually estimated as specified below:

Furniture	10 years
Armored vaults	20-30 years
IT equipment	5 years
Electric appliances	5 years
Vehicles	5 years

The carrying amounts of its depreciable property and equipment are reviewed whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of the asset’s net realizable value or value in use. Gains or losses on disposals are determined by comparing proceeds with relevant carrying amount. These are included in profit or loss in other operating income (expenses) in the income statement.

2.15 Impairment of non-financial assets

Non-financial assets that do not have definite useful lives, except for goodwill are not amortized. These are annually tested for impairment. Depreciable property and equipment are tested for impairment whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. Impairment loss is recognized and the carrying amount of an asset is reduced to the extent that such carrying amount exceeds the asset’s recoverable amount.

The recoverable amount of an asset is the higher of the asset’s net realizable value or value in use. For the purpose of estimating the impairment loss, where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

At end of each year, the Group reviews non-financial assets for which an impairment loss is recognized to assess whether or not all or part of such impairment losses should be reversed through profit or loss.

2.16 Leasing

lease contracts are accounted according to Law 95 of 1995 for financial lease. All other lease contracts are recognized as operating leases.

2.16.1 As a lessee

Lease payments made under operating leases, net of any discounts received from the lessor, are recognized as an expense in profit or loss on a straight-line basis over the lease term.

2.16.2 As a lessor

Assets leased out under operating lease contracts are reported as part of the fixed assets in the statement of financial position and are depreciated over the expected useful lives of the assets, on the same basis as other property assets. Lease rental income is recognized in profit or loss, net of any discounts granted to the lessee, using the straight line method over the contract term.

Assets leased out under finance lease contracts, are reported in the statement of financial position within fixed assets and are depreciated over the expected useful life of the assets using the same method followed in depreciating similar assets. Lease income is recognized using the rate of return implicit is each lease contract in addition to an amount equal to depreciation charge for the period. Differences between lease income recognized in the income statement and rental receivable from lease customers are accumulated and reported in the statement of financial position in a separate account until duration of the lease contract expires, at which time offset occurs between the account balance and net book value of leased assets.

Maintenance and insurance expenses shall be charged to the income statement when incurred to the extent that they are chargeable to the lessee. If substantive evidence indicates that the group could not be able to collect all balances due from finance lease debtors, these balance are reduced to their expected realizable value.

Depreciation is charged so as to write off the cost of leased assets, other than land which is not depreciated, over their estimated useful lives, using the straight-line method based on the following annual rates:

Computers	2-8 years
Equipment	4-10 years
Vehicles	4-5 years
Building	17-50 years

2.17 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances due within three months from date of placement or acquisition. They include cash and balances placed with the Central Bank of Egypt (other than those required under the mandatory reserve), current accounts with Banks and treasury bills, certificates of deposits and other governmental notes.

2.18 Other provisions

Provisions for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the date of consolidated financial statements are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the reporting date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions.

For obligations due within less than twelve months from the date of consolidated financial statements, provisions are calculated based on undiscounted expected cash outflows unless the time value of money is material, in which case provisions are measured at present value.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses) line item.

2.19 Financial guarantees

A financial guarantee contract is a contract issued by the group as security for loans or debit current accounts due from its clients to other entities that requires the group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are generally issued by the bank to beneficiary banks, corporations and other entities on behalf of the bank’s clients.

When a financial guarantee is recognized initially, it is measured at its fair value plus, transaction costs that is directly attributable to the issue of such financial guarantee.

After initial recognition, a financial guarantee contract issued by the bank is measured at the higher of:

(I)

The amount initially recognized less, when appropriate, cumulative amortization of security fees recognized as income in profit or loss using the straight-line method over the term of the guarantee; and

(II)

The best estimate for the payments required to settle any financial obligation resulting from the financial guarantee at the reporting date.

Such estimates are made based on experience in similar transactions and historical losses as supported by management judgment.

Any increase in the obligations resulting from the financial guarantee, is recognized within other operating income (expenses) in the income statement.

2.20 Employee benefits

Post-employment benefits (defined benefit plans) and defined contribution plans:

The bank is liable for all obligations arising from its plans for employee benefits which comply, in all material respects, with the principles set out below. Starting 1 January 2009, the bank has fully complied with the policy referred to below, and recognized any adjustments, resulting from the first full implementation of amendments to the CBE rules, directly on retained earnings.

The bank provides several post-employment benefits to its employees, such as the medical care scheme which qualifies as a defined-benefit plan. A defined benefit plan commits the Bank, either formally or constructively, to pay a certain amount or level of future benefits and therefore bears the medium- or long-term risk.

The Bank recognizes the defined benefit obligation as a liability in the statement of financial position under “obligations for post-retirement schemes” to cover the total value of such obligations. This is assessed regularly by independent actuary using the projected unit credit method. This valuation technique incorporates assumptions about demographics variables, staff turnover, salary growth rate and discount and inflation rates.

When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the defined benefit obligation. Differences arising from changes in the actuarial assumptions and estimates are recognized in the income statement as actuarial gains or losses to the extent of the higher of the following two amounts as of the end of the previous financial period:

•

10% of the present value of the defined benefit obligation (before deducting plan assets) and

•

10% of the fair value of the plan assets.

Actuarial gains and losses that exceed the 10 percent criteria above are amortized to profit or loss over the expected average remaining working lives of the participating employees.

Past service cost is recognized immediately to the extent that the benefits have already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. Annual cost of employee benefits plans is reported as part of general and administrative expenses (employee costs).

Defined contribution plans are pension schemes whereby the group pays defined contributions to an independent entity. The group shall not be under legal or constructive obligation to pay more contributions if this entity doesn’t maintain adequate assets to pay-off the employees’ benefits in return for their service in the current and previous periods.

According to the defined contribution plans, contributions are paid to private sector pension scheme under mandatory or voluntary contractual arrangement. The group shall be under no additional obligation other than the contribution payments. Contributions to defined contribution retirement benefit plans are recognized as employee benefits cost when employees have rendered service entitling them to the contributions. Prepaid contributions shall be recognized as assets to the extent that these contribution payments will reduce future payments or result in cash refunds.

Share based payments arrangements:

Until the end of the first quarter of 2013, the bank applies a share-based payment scheme (ESOP) that is settled in its parent Societe Generale Bank (formerly parent) own equity instruments. The bank follows IFRS 2 since the CBE requirements and EAS 39 do not address the accounting for share based payment arrangements involving equity instruments of the parent. The fair value of services rendered by qualifying employees is reported in the income statement in “administrative expenses” line item. Total amount of employees’ services is determined by reference to the fair value of granted options at the grant date and is expensed on a straight-line basis over the relevant vesting period. Non-market based vesting conditions, such as profit targets, are not taken into account in determining the fair value of equity settled share-based payments (options) at the grant date, therefore, such fair value shall not change subsequently. Non-market based vesting conditions are included in the assumptions used by the Bank to estimate the number of equity instruments expected to vest at the end of each reporting period. At the end of each reporting period, the bank revises its estimate of the number of equity instruments expected to vest based on information provided from the parent. The impact of the revision of the original estimates, if any, is recognized in profit or loss with a corresponding adjustment to the Employee Stock Ownership Plan reserve in equity.

2.21 Income taxes

Income tax expense on the period's profit or loss represents the sum of the tax currently payable and deferred tax and is recognized in the income statement, except when they relate to items that are recognized directly in equity, in which case the tax is also recognized in equity.

The Bank’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period, in addition to income tax differences related to prior years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. However, when it is expected that the tax benefit will increase, the carrying amount of deferred tax assets shall increase to the extent of previous reduction.

2.22 Borrowings

Loans obtained by the bank are initially recognized at fair value net of transaction costs incurred in connection with obtaining the loan. Borrowings are subsequently measured at amortized cost, with the difference between net proceeds and the value to be paid over the borrowing period, recognized in profit or loss using the effective interest rate method.

2.23 Capital

2.23.1 Capital issuance cost

Issued and paid up-capital (i.e. bank’s own equity instruments) is initially measured at the cash proceeds received, less transaction costs directly attributable to the issuance of new shares, issuance of shares to effect business combination, or issue of share options. Transaction costs, net of tax benefits, are reported as a deduction from equity.

2.23.2 Dividends

Dividends on equity instruments issued by the group entities are recognized when the general assembly of the group's shareholders approves them. Dividends include the non-controlling interests’ share in the subsidiaries’ dividends, and employees’ profit share and board of directors’ remuneration as prescribed by the articles of incorporation of the bank and Group entities as well as the corporate law.

2.24 Fiduciary activities

The bank carries out fiduciary activities that result in ownerships or management of assets on behalf of individuals, trusts, and retirement benefit plans and other institutions. These assets and income arising thereon are not recognized the group’s consolidated financial statements, as they are not assets or income of the bank or the group.

2.25 Comparative figures

Comparative figures are reclassified, where necessary, to conform to changes in the current year’s presentation.

3. Management of financial risks

The group is exposed to various financial risks, mainly as a result of activities conducted by the bank and some subsidiaries. Since financial activities are based on the concept of accepting risks and analyzing and managing individual risks or group of risks altogether, the group aims at achieving a well-balanced risks and relevant rewards, as appropriate and to reduce the probable adverse effects on the group'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 risk, interest rate risk and other pricing risks.

For example, the bank has laid down risk management policies to determine and analyze the risks, set limits to the risks and control them through reliable methods and up-to-date systems. The Bank regularly reviews the risk management policies and systems and amendments thereto, so that they reflect the changes in markets, products and services and the best up-to-date applications.

Risks are managed in accordance with preapproved policies by the board of directors. The risk management department identifies, evaluates and covers financial risks, in close collaboration with the bank's various operating units. The board of directors provides written rules which cover certain risk areas, such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative financial instruments. Moreover, the risk department is responsible for the periodic review of risk management and the control environment independently.

Risk management strategy

The bank operates in business lines, which generate a range of risks whose frequency, severity and volatility can be of different and significant magnitudes. A greater ability to calibrate its risk appetite and risk parameters, the development of risk management core competencies, as well as the implementation of a high-performance and efficient risk management structure are therefore critical undertakings for the bank.

Thus, the primary objectives of the bank's risk management framework are:

- To contribute to the development of the Bank in various business lines to reach an ideal level of general risk.
- To guarantee the Bank's sustainability as a going concern, through the implementation of a high-quality risk management infrastructure.
- In defining the Bank's overall risk appetite, the bank management takes various considerations and variables into account, including:
 - The relative balance between risk and reward of the bank's various activities.
 - Earnings sensitivity to business, credit and economic cycles.
 - The aim of achieving a well-balanced portfolio of earnings streams.

Risk management governance and risk principles

Bank's risk management governance is based on:

i) Strong managerial involvement, throughout the entire organization, starting from the Board of Directors down to operational field management teams.

ii) A tight framework of internal procedures and guidelines.

iii) Continuous supervision by business lines and support functions as well as by an independent body to monitor risks and to enforce rules and procedures.

Within the Board, the Risk and Audit Committees are more specifically responsible for examining the consistency of the internal framework for monitoring risks and compliance.

Risk categories

The following are part of the risks associated with the bank's Banking activities:

a- **Credit risk:**
(including country risk): represents risk of losses arising from the inability of the Bank's customers, sovereign issuers or other counterparties to meet their financial commitments.

Credit risk also includes the replacement risk linked to market transactions. In addition, credit risk may be further increased by a concentration risk, which arises either from large individual exposures or from groups of counterparties with a high default probability.

b- **Market risk:**
represents risk of loss resulting from changes in market prices and interest rates.

c- **Operational risk:**
(including legal, compliance, accounting, environmental, reputational risks, etc.): represents risk of loss or fraud or of producing inaccurate financial and accounting data due to inadequacies or failures in procedures and internal systems, human error or external events. Additionally, operational risks may also take the form of compliance risk, which is the risk of the bank incurring either legal, administrative or disciplinary sanctions or financial losses due to failure to comply with relevant rules and regulations.

d- **Structural interest and exchange rate risk:**
represents risk of loss or of residual depreciation in the bank's balance sheet and off-balance sheet assets arising from changes in interest or exchange rates. Structural interest and exchange rate risk arises from banking commercial activities and on Corporate Center transactions (operations on equities, investments and bond issues).

e- **Liquidity risk:**
represents the risk that the bank might not be able to meet its obligations as they become due.

The bank dedicates significant resources to constantly adapting its risk management to its activities and ensures that its risk management framework operates in full compliance with the following fundamental principles of:

- Full independence of risk assessment departments from the operating divisions.
- Consistent approach to risk assessment and monitoring applied throughout the Bank.

The Risk Division is independent from the Bank's operating entities and reports directly to general management. Its role is to contribute to the development and profitability of the bank by ensuring that the risk management framework in place is both robust and effective. It employs various teams specializing in the operational management of credit and market risk.

More specifically, the Risk Division:

- Defines and approves the methods used to analyze, assess, approve and monitor credit risks, country risks, market risks and operational risks; conducts a critical review of commercial strategies in high risk areas and continually seeks to improve such risk forecasting and management.
- Contributes to independent assessment by analyzing transactions implying a credit risk and by providing guidance on transactions proposed by sales managers.

Identifying a frame for all Banks' operational risks.

The Assets and Liabilities Unit under the Finance Division, for its part, is entrusted with assessing and managing other major types of risks, namely liquidity and structural risks (resulting from interest rate, exchange rate and liquidity) as well as the bank's long term financing, management of capital requirements and equity structure.

The Internal Legal Counsel deals with compliance and legal risks.

Responsibility for devising the relevant risk management structure and defining risk management operating principles lies mainly with both the Risk Division and, in particular fields, the assets and liabilities management under Finance Division.

The Bank's Risk Committee is in charge of reviewing all the Bank's key risk management issues and meets at least on quarterly basis. Risk Committee's monthly meetings involve members of the Executive Committee, the heads of the business lines and the Risk Division managers and are used to review all the core strategic issues: risk-taking policies, assessment methods, material and human resources, analysis of credit portfolios and of the cost of risk, market and credit concentration limits (by product, country, sector, region, etc.)

On the other hand, the Assets and Liabilities management committee (ALCO) is competent for matters relating to funding and liquidity policymaking and planning.

All new products and activities or products under development must be submitted to the New Product Committee.

This New Product Committee aims at ensuring that, prior to the launch of a new activity or product, all associated risks are fully understood, measured, approved and subject to adequate procedures and controls, using the available information and processing systems.

Operational risks, permanent control and Audit (periodic) control process are supervised by the Audit and Accounts Committee that meets on a quarterly basis.

Finally, the Bank's risk management principles, procedures and infrastructures and their implementation are monitored by the Internal Audit team and the External Auditors.

(A) CREDIT RISKS

The Bank is exposed to the credit risk which is the risk resulting from failure of the client to meet its contractual obligations towards the Bank. The credit risk is considered to be the most significant risk for the Bank, therefore requiring careful management. The credit risk manifests itself in the lending activities and debt instruments in Bank’s assets as well as off balance sheet financial instruments, such as letters of credit and letters of guarantee.

(A/1) Credit risk management: organization and structure

Maintaining comprehensive and efficient management and monitoring of credit risk – which constitutes the bank’s primary source of risk – is vital to preserving bank financial strength and profitability. As a result, the Bank implements a tight credit risk control framework, whose cornerstone is the Credit Risk Policy and Authorities defined jointly by the Risk Division and the Business Lines, and is subject to periodic review and approval by the Board of Directors.

Within the Risk Division, persons are responsible for:

- Setting credit limits by customer, customer group or transaction type.
- Approving credit score or internal customer rating criteria.
- Monitoring and surveillance of large exposures and various credit portfolios.
- Reviewing specific and general provisioning policies.

In addition, comprehensive portfolio analysis is performed in order to provide guidance to the General Management on the bank’s overall credit risk exposure as well as reporting to Risk Committee.

The Risk Division also helps define criteria for measuring risk and defining appropriate provisioning practices.

Risk approval

Embedded in bank's credit policy is the concept that approval of any credit risk undertaking must be based on sound knowledge of the client and a thorough understanding of the client's business, the purpose, nature and structure of the transaction and the sources of repayment, while bearing in mind the Bank's risk strategy and risk appetite.

The risk approval process is based on four core principles:

- All transactions involving replacement risk (debtor risk, non-settlement or non-delivery risk and issuer risk) must be pre-authorized.
- Staff assessing credit risk is fully independent from the decision-making process.
- Subject to relevant credit delegations, responsibility for analyzing and approving risk lies with the most appropriate business line or credit risk unit, which reviews all authorization requests relating to a specific client or client group, to ensure a consistent approach to risk management
- All credit decisions systematically include internal obligor risk ratings, as proposed by business lines and vetted by the Risk Division and approved by concerned Credit Committee.

Risk management and audit

Changes in the quality of outstanding commitments are reviewed on a periodic basis and at least once a quarter, as part of the “sensitive names” and provisioning procedures. This review is based on analyses performed by the business divisions and the risk function. Furthermore, the Internal Audit also carries out file reviews or risk audits in the Bank’s Branch Groups and reports its findings to the General Management.

Replacement risk

Replacement risk provides the measurement of the replacement cost of a transaction in the event of default by the original counterparty and the necessity to close the ensuing position with counterparty; hence, the replacement cost is the result of the market price between the date on which the original transaction is entered into and the default date. Transactions giving rise to replacement risk include interest rate swaps and forward FX deals.

Replacement risk management

The bank places great emphasis on carefully monitoring its replacement risk exposure in order to minimize its losses in case of default of its counterparties and counterparty limits are, therefore, assigned to all trading counterparties, irrespective of their status (bank, other financial institution, corporate and public institutions).

(A/2) Risk measurement and internal ratings

Bank rating system is based on three key pillars:

- The internal ratings models used to measure and quantify counterparty risk.
- A set of procedures defining guidelines for devising and using ratings (scope, frequency of rating revision, procedure for approving ratings, etc.).
- Reliance on human judgment to improve modeling results to include elements outside the scope of rating model.

Credit risk rating is supported by a set of procedures ensuring reliable, consistent and timely default and loss data detection.

Rating models are reviewed and developed when necessary. The Bank regularly evaluates performance of credit rating models and their capacity to predict default cases.

The calculations used to measure and monitor replacement risk include:

- Current Average risk (CAR) is a calculation of the Average risk of all the future scenarios, excluding the negative scenarios, i.e., when the replacement makes a gain.
- Credit VAR is a calculation of the largest loss that would be incurred in 99% of cases.

Following are some risk mitigations methods:

The bank designs several policies and controls for credit risk mitigation such as collaterals for funds provided. The bank lays down guidelines for specific categories of the accepted collaterals.

The main types of collaterals for loans and facilities are:

- Real estate mortgage
- Pledge on business assets like machinery and merchandise.
- Pledge in financial instruments like debt instruments and equity.

The long term financing and lending for companies are often collateralized while credit facilities for persons are not collateralized. The bank attempts to mitigate the credit risk through additional collaterals from the concerned parties immediately on arising of impairment indicators for any of the loans or facilities.

Collaterals taken to secure assets other than loans and facilities are identified according to the nature of the instrument.

Debit instruments and treasury bills are often not collateralized.

Derivatives

The Bank exercise prudential strict control procedures on net open positions of derivatives. i.e. The difference between sale and purchase agreements at the level of value and duration. The amount exposed to credit risk at any time is determined at fair value of the instrument that may achieve benefit to the bank. i.e. any assets with high positive fair value which represents insignificant part of contractual imputed value used to reflect the volume of existing instruments. This credit risk is managed as part of overall lending limit granted to the customer together with the potential risk as a result of market changes.

The bank doesn't obtain collaterals for credit risk related to such instruments except for the amounts requested by the bank as marginal deposits from other parties.

(A/3)Provisioning policy

The Bank policies require review of all financial assets exceeding a specific level of materiality at least each year or more frequently when changes in circumstances require the Bank to do so. Impairment is determined for accounts that are assessed individually for impairment based on the losses experienced at the reporting date on a case by case basis. Such policies are applied to all individual accounts that are assessed to be significant. Assessment usually includes the existing collateral, reconfirmation of enforcement on such collateral and collections expected from such accounts.

A provision for impairment losses is formed for a group of similar financial assets based on the available historical experience, personal judgment and statistical methods.

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 (or events) has (have) an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant irrespective from any collaterals obtained. The Bank considers the following factors in determining whether there is objective evidence of impairment:

- The existence of unpaid installments (overdue installments over three months for corporations and over one month for individuals).
- The existence of an objective evidence of counterparty credit risk or when The counterparty is subject to judiciary proceedings.

The allowance for impairment losses reported in the balance sheet at the end of the reporting period is derived from the four internal credit risk ratings; however, major part of that allowance is usually driven by the last two rating degrees.

The following table illustrates the proportional distribution of loans and facilities reported in the balance sheet for each of the four internal ratings of the Bank and their relevant impairment losses:

	December 31, 2013		December 31, 2012	
	Loans and facilities	Impairment loss provision	Loans and facilities	Impairment loss provision
1- Good debts	91%	14%	90%	14%
2- Normal watch-list	5%	21%	7%	30%
3- Special watch-list	0%	2%	0%	0%
4- Non performing loans	4%	63%	3%	56%
	100%	100%	100%	100%

(A/4) General Model for Measurements of Banking Risks:

In addition to the four categories of the Bank's internal credit ratings indicated above, management classifies loans and facilities based on more detailed subgroups in accordance with the CBE requirements. Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record. The Bank calculates the allowances 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 allowance required for impairment losses as per CBE credit worthiness rules exceeds the provisions as required by the application of the discounted cash flow method or the loss rates method, that excess shall be debited to retained earnings and carried to the general banking reserve risk in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so that the reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution; note (35) shows the movement on the general banking risk reserve during the financial period.

Below is a statement of credit rating for corporations as per the Bank's internal ratings compared with those of CBE's; it also includes the percentages of provisions required for impairment of assets exposed to credit risk.

CBE rating	Description	Required Provision According to ORR	Internal Rating	Internal Description
1	Low risk	0%	1	Good debts
2	Moderate risks	1%	1	Good debts
3	Satisfactory risks	1%	1	Good debts
4	Appropriate risks	2%	1	Good debts
5	Acceptable risks	2%	1	Good debts
6	Marginally accept-able risks	3%	2	Normal watch-list
7		5%	3	Special watch-list
8	Substandard debts	20%	4	Non-performing loans
9	Doubtful debts	50%	4	Non-performing loans
10	Bad debts	100%	4	Non-performing loans

(A/5) Maximum limit for credit risk before collaterals

Balance sheet items exposed to credit risks	December 31, 2013	December 31, 2012
Treasury bills	15,742,232,766	12,205,523,046
Loans and facilities to customers		
Retail loans		
Debit current accounts	703,620,587	683,159,432
Credit cards	372,883,331	279,062,423
Personal loans	7,247,573,654	6,300,474,070
Real estate loans	311,802,626	191,457,456
Corporate loans		
Debit current accounts	13,492,255,700	12,413,429,360
Direct loans	10,046,131,396	8,063,524,732
Syndicated loans and facilities	7,019,535,342	7,732,640,063
Other loans	1,489,442,360	1,481,916,960
Provision for impairment loss, segregated interest & unearned discount	(1,791,804,673)	(1,260,295,728)
Financial derivatives	12,200,178	20,920,230
Financial investments		
Debt instrument	12,914,169,235	5,406,287,748
Other assets	572,994,087	317,289,597
Total	68,133,036,589	53,835,389,389
Off balance sheet items exposed to credit risks		
Financial guarantees	1,219,202	1,832,780
Loans and other irrevocable credit commitments	41,524,116	133,446,278
L/Cs	2,588,466,185	1,993,605,645
Accepted papers	900,106,884	1,141,504,957
L/Gs	14,631,455,884	12,572,991,348
Total	18,162,772,271	15,843,381,008

The preceding table shows the maximum limit exposure to risks at the end of December 31, 2013 and December 31, 2012 without taking into consideration collaterals held by the bank, if any. For balance sheet items, amounts stated depend on the net carrying amount shown in the balance sheet.

The preceding table shows that 57% of the maximum limit exposed to credit risk at the end of current reporting year is attributable to loans and facilities to customers against 67% at the end of the prior year, investments in debt instruments constitute 19% against 10% at the end of the prior year and treasury bills constitute 23% against 23% at the end of the prior year.

The management is confident of its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from loan portfolio, facilities, and debt instruments based on the following facts:

- 96% of the loan and facilities portfolio at the end of the current reporting year comprises loans and facilities classified at the top 2 categories of the internal rating against 97% at the end of the prior year.
- 95% of the loan and facilities portfolio at the end of the current reporting year does not have arrears or indicators of impairment against 93% at the end of the prior year.
- Loans and facilities that are individually assessed for impairment at the end of the current reporting year have a carrying amount of EGP 1,548,134,288 Impairment on these loans and facilities represents 72% from their carrying amount. Loans and facilities, that are individually assessed for impairment at the end of the prior year had a carrying amount of EGP 1,007,461,034 and their impairment represents 70% from such carrying amount.
- The Bank applied more prudential selection process on granting loans and facilities during the current reporting year ended December 2013.
- 92% of investments in debt instruments and treasury bills at the end of the current reporting year comprise local sovereign debt instruments against 87% at the end of the prior year.

(A/6) Loans and facilities

Balances of loans and facilities in terms of credit risk rating are analyzed below:

	December 31, 2013		December 31, 2012	
	Loans and facilities to customers	Loans and facilities to banks	Loans and facilities to customers	Loans and facilities to banks
Neither have arrears nor impaired	38,443,696,398	-	34,446,617,753	-
Have arrears but not impaired	691,414,310	-	1,691,585,709	-
Impaired	1,548,134,288	-	1,007,461,034	-
Total	40,683,244,996	-	37,145,664,496	-
Less: allowance for impairment losses	(1,744,024,969)	-	(1,206,223,953)	-
Less: Segregated interest	(27,693,859)	-	(36,045,480)	-
Less: unearned discount	(20,085,845)	-	(18,026,295)	-
Net	38,891,440,323	-	35,885,368,768	-

Total credit allowance for loans and facilities at the end of the current reporting year amounted to EGP 1,744,024,969 (EGP 1 206 223 953 at the end of the prior year) of which EGP 1,089,872,403 represent impairment on individual loans (EGP 670 741 798 at the end of the prior year) and EGP 654,152,566 represent impairment for groups of financial assets in the credit portfolio (EGP 535 482 155 at the end of the prior year).

Note (18-A) includes additional information on the allowance for impairment losses for loans and facilities to customers during the current reporting year.

During the current accounting year the loans and facilities portfolio increase by 10% due to the increase on lending activity.

Loans and facilities which do not have arrears and are not subject to impairment

The credit quality of loans and facilities that do not have arrears and which are not subject to impairment is assessed by reference to the bank's internal rating.

Loans and facilities to customers

	December 31, 2013				
	Retail				
Rating	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
Good debts	692,653,065	248,226,446	6,637,661,298	266,490,135	7,845,030,944
Normal watch-list	-	-	-	-	-
Special watch-list	-	-	-	-	-
Total	692,653,065	248,226,446	6,637,661,298	266,490,135	7,845,030,944
	Corporate				
	Debit current accounts	Direct loans	Syndicated loans and facilities	Other loans	Total
Good debts	13,121,433,074	8,466,049,470	5,869,646,490	1,411,496,254	28,868,625,288
Normal watch-list	172,049,614	208,418,768	1,122,230,689	57,322,548	1,560,021,619
Special watch-list	124,960,873	43,138,295	-	1,919,379	170,018,547
Total	13,418,443,561	8,717,606,533	6,991,877,179	1,470,738,181	30,598,665,454

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

	December 31, 2012				
	Retail				
Rating	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
Good debts	683,159,432	190,707,110	5,751,840,867	182,009,181	6,807,716,590
Normal watch-list	-	-	-	-	-
Special watch-list	-	-	-	-	-
Total	683,159,432	190,707,110	5,751,840,867	182,009,181	6,807,716,590
	Corporate				
	Debit current accounts	Direct loans	Syndicated loans and facilities	Other loans	Total
Good debts	11,489,999,101	6,573,619,883	6,732,821,940	1,439,393,811	26,235,834,735
Normal watch-list	779,050,423	206,681,943	365,668,555	42,523,149	1,393,924,070
Special watch-list	9,023,477	118,881	-	-	9,142,358
Total	12,278,073,001	6,780,420,707	7,098,490,495	1,481,916,960	27,638,901,163

The bank has not considered any non-performing loans and facilities guaranteed by cash collaterals to be impaired based on the assessment that it is probable that the bank will realize the amounts of the collaterals backing such non-performing loans and facilities.

Loans and facilities which have arrears but are not subject to impairment

These are loans and facilities with past-due installments but are not subject to impairment, unless information has otherwise indicated. Loans and facilities to customers which have arrears but are not subject to impairment are analyzed below.

	December 31, 2013				
	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
< 30 days	-	37,566,480	283,882,263	34,050,716	355,499,459
30 – 60 days	-	-	-	-	-
60 – 90 days	-	-	-	-	-
Total	-	37,566,480	283,882,263	34,050,716	355,499,459

	Debit current accounts	Direct loans	Syndicated loans and facilities	Other loans	Total
< 30 days	-	16,772,335	6,938,600	18,704,179	42,415,114
30 – 60 days	-	38,172,218	-	-	38,172,218
60 – 90 days	-	160,408,692	-	-	160,408,692
> 90 days	-	94,918,827	-	-	94,918,827
Total	-	310,272,072	6,938,600	18,704,179	335,914,851

	December 31, 2012				
	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
< 30 days	-	34,562,806	281,475,059	-	316,037,865
30 – 60 days	-	-	-	-	-
60 – 90 days	-	-	-	-	-
Total	-	34,562,806	281,475,059	-	316,037,865

	Corporate				
	Debit current accounts	Direct loans	Syndicated loans and facilities	Other loans	Total
< 30 days	-	326,916,150	95,022,062	-	421,938,212
30 – 60 days	-	287,882,670	480,661,020	-	768,543,690
60 – 90 days	-	-	-	-	-
> 90 days	-	185,065,942	-	-	185,065,942
Total	-	799,864,762	575,683,082	-	1,375,547,844

Past due loans and facilities are those amounts, or any part thereof, which have fallen due but for which no payment has been received in accordance with the contractual terms. These include arrears for years more than one day. Figures shown in the note represent the whole balance of the loan or facility and not only the past due amounts. These do not include the remaining loans and facilities of the same customer so long default has not fully or partially occurred on those loans.

On initial recognition of loans and facilities, the fair value of collaterals, if any, is assessed based on valuation methods used for similar assets but are not recognized in the financial statements since these do not represent assets of the bank at that date. In subsequent years, the fair value is updated to reflect the market price or prices for similar assets.

Loans and facilities which are individually impaired
Loans and facilities to customers

At the end of the current reporting year, the carrying amount of loans and facilities, that are assessed to be individually impaired excluding any cash flows expected to arise from the associated guarantees, amounted to EGP1,548,134,288 against EGP 1,007,461,034 at the end of the prior year.
The following table provides a breakdown of the balance of such loans and facilities which are individually impaired including the fair value of the collaterals shall prevail when calculating the provisions.

December 31, 2013					
Retail					
	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	10,967,522	87,090,405	326,030,093	11,261,775	435,349,795
Fair value of collaterals	-	8,465,903	46,062,059	973,513	55,501,475
Corporate					
	Debit current accounts	Direct loans	Syndicated loans and facilities	Other loans	Total
Loans which are individually impaired	73,812,139	1,018,252,791	20,719,563	-	1,112,784,493
Fair value of collaterals	-	-	-	-	-
December 31, 2012					
Retail					
	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	-	53,792,507	267,158,144	9,448,275	330,398,926
Fair value of collaterals	-	8,557,155	37,939,465	-	46,496,620
Corporate					
	Debit current accounts	Direct loans	Syndicated loans and facilities	Other loans	Total
Loans which are individually impaired	135,356,359	483,239,263	58,466,486	-	677,062,108
Fair value of collaterals	-	7,329,635	-	-	7,329,635

Restructured loans and facilities:

The bank applies different types of restructuring policies to its loans and facilities, which include extending payment terms, executing forced management programmes and applying prepayment and extension provisions to the loan. The applied restructuring policies depend on factors or criteria that indicate, in management judgment that the counterparty’s continuous payment of the loan is unlikely to occur in the absence of such restructuring policies that are subject to ongoing review. Within the bank renegotiated outstanding loans relate to long-term loans made to any type of clientele (retail and corporate loans clients).

Total renegotiated loans amounted to EGP 81,125,330 at the end of the current reporting year against EGP 180,679,000 at the end of the prior year. These balances do not include any amounts whose commercial terms were renegotiated to preserve the quality of the bank’s relationship with its clients, including those terms pertaining to loans interest rates and/or loans repayment years.

The bank practice calls for most clients whose loans have been renegotiated to be maintained in the “non-performing” category, as long as the bank remains uncertain of their ability to meet their future commitments in accordance with the definition of default under Basel II.

Loans and facilities to customers	December 31, 2013	December 31, 2012
Corporate loans		
Direct loans	81,125,330	180,679,000
Total	81,125,330	180,679,000

(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 per last rating for Standard and Poor’s and its equivalent

	Rating	December 31, 2013	December 31, 2012
Egyptian Treasury Bills	B-	15,742,232,766	12,205,523,046
Available- for- sale financial assets			
Egyptian Treasury Bonds	B-	10,629,868,918	3,101,499,113
US Treasury Bonds	AA+	1,559,883,357	1,638,271,472
France Treasury Bonds	AA+	228,993,978	207,580,855
German Treasury Bonds	AAA	445,422,982	408,936,308
Held to maturity investments			
Egyptian Treasury Bonds	B-	50,000,000	50,000,000
Total		28,656,402,001	17,611,810,794

(A/8) Acquisition of collaterals

During the current reporting year the Bank has not acquired any additional foreclosed assets in order to settle debts.

(A/9) Concentration of risks of financial assets exposed to credit risks
(Geographical segments)

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting year (excluding allowances for impairment). The gross amount of all financial assets including loans and facilities is segmented into the geographical regions of the bank's clients except for investments in foreign treasury bonds which are reported in the “other countries” category.

	Arab Republic of Egypt						Other Countries	Total
	Cairo	Giza	Alex	Delta	Red Sea & Upper Egypt	Total		
Treasury bills	15,742,232,766	-	-	-	-	15,742,232,766	-	15,742,232,766
Loans and facilities to customers								
Retail loans								
Debit current accounts	367,215,394	125,990,901	96,552,552	71,067,528	42,794,212	703,620,587	-	703,620,587
Credit cards	149,258,158	131,939,316	46,945,149	24,391,698	20,349,010	372,883,331	-	372,883,331
Personal loans	2,343,495,754	2,437,267,977	1,039,994,782	1,056,606,985	370,208,156	7,247,573,654	-	7,247,573,654
Real estate loans	109,992,868	121,214,318	30,058,008	23,304,741	27,232,691	311,802,626	-	311,802,626
Corporate loans								
Debit current accounts	5,694,333,562	3,950,386,781	1,876,652,455	1,277,456,708	693,426,194	13,492,255,700	-	13,492,255,700
Direct loans	4,764,108,191	3,178,623,982	1,129,514,869	816,584,325	157,300,029	10,046,131,396	-	10,046,131,396
Syndicated loans and facilities	2,756,648,414	1,831,337,210	590,965,812	1,840,583,906	-	7,019,535,342	-	7,019,535,342
Other loans	1,191,870,057	42,053,079	21,137,465	98,676,881	135,704,878	1,489,442,360	-	1,489,442,360
Financial derivatives	-	-	-	2,815,463	-	2,815,463	9,384,715	12,200,178
Financial Investments								
Debt instruments	10,679,868,918	-	-	-	-	10,679,868,918	2,234,300,317	12,914,169,235
Other assets	432,581,434	43,370,744	25,486,834	31,740,955	4,218,805	537,398,772	35,595,315	572,994,087
Total at the end of the year	44,231,605,516	11,862,184,308	4,857,307,926	5,243,229,190	1,451,233,975	67,645,560,915	2,279,280,347	69,924,841,262
Total at the end of the comparative year	32,085,981,412	10,758,670,136	4,266,655,055	4,526,322,347	1,155,197,718	52,792,826,668	2,302,858,449	55,095,685,117

Concentration of risks of financial assets exposed to credit risks
(Business segments)

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting year (excluding allowances for impairment). The gross amount of all financial assets is segmented into business sectors in which the bank’s clients operate.

	Agricultural Entities	Industrial Entities	Trading Institutions	Service Institutions	Governmental Sector	Foreign Governmental	Other Activities	Individuals	Total
Treasury bills	-	-	-	-	15,742,232,766	-	-	-	15,742,232,766
Loans and facilities to customers									
Retail loans									
Debit current accounts	-	-	-	-	-	-	-	703,620,587	703,620,587
Credit cards	-	-	-	-	-	-	-	372,883,331	372,883,331
Personal loans	-	-	-	-	-	-	-	7,247,573,654	7,247,573,654
Real estate loans	-	-	-	-	-	-	-	311,802,626	311,802,626
Corporate loans									
Debit current accounts	75,115,182	9,280,012,219	2,156,450,528	1,980,677,771	-	-	-	-	13,492,255,700
Direct loans	213,193,360	7,443,413,606	1,536,089,977	853,434,453	-	-	-	-	10,046,131,396
Syndicated loans and facilities	-	5,382,644,485	-	1,636,890,857	-	-	-	-	7,019,535,342
Other loans	3,096,708	894,396,987	138,974,202	290,490,031	-	-	162,484,432	-	1,489,442,360
Financial derivatives	-	2,815,463	-	-	-	-	9,384,715	-	12,200,178
Financial Investments									
Debt instruments	-	-	-	-	10,679,868,918	2,234,300,317	-	-	12,914,169,235
Other assets	1,343,526	106,049,974	17,665,222	28,234,981	344,289,291	35,595,315	-	39,815,778	572,994,087
Total at the end of current year	292,748,776	23,109,332,734	3,849,179,929	4,789,728,093	26,766,390,975	2,269,895,632	171,869,147	8,675,695,976	69,924,841,262
Total at the end of the comparative year	261,664,650	21,016,891,728	3,483,347,929	4,732,762,649	15,458,632,186	2,287,210,279	364,967,519	7,490,208,177	55,095,685,117

(B) MARKET RISKS

Market risk is the risk of losses resulting from unfavorable changes in market parameters. It contains all trading book transactions as well as some banking book portfolios valued using the mark-to-market approach. The bank's policy on market risk transactions is “Prudent” in that:

- Products subject to “market risk” which are offered by the bank to its customers are restricted to cash and simple financial derivatives such as interest rate swaps and foreign exchange swap and forward contracts.
 - The only trading activity conducted by the bank is over-night foreign exchange position, within a prudent limit that cannot be exceeded.
 - Open positions must be centrally managed and matched.
- The front-office managers assume primary responsibility in terms of risk exposure; however, global management lies with an independent structure being the Market Risk Controller (MRC), within Risk Division. The main function of MRC is the ongoing analysis, independently from the trading rooms, of the positions and risks linked to the market activities of the Bank and the comparison of these positions to the allowed limits. The MRC carries out the following functions:
- Daily and periodic analysis and reporting (independently from the front office) of the exposures, stress tests and risks incurred by the Bank's market activities and comparison of said exposure and risks with the pre-set limits.
 - Definition of The risk-measurement methods and control procedures, approval of The valuation methods used to calculate and monitor risks, including those made on a gross or nominal basis.
 - Management of the approval process for limits.
 - Reviewing new products or services from market risk aspect under New Product Committee to ensure that market risks are properly identified and controlled.

At the proposal of this MRC and Head of Risk Division, the Board sets the levels of authorized risk by type of market activity and makes the main decisions concerning Bank's market risk management.

(B/1) Methods of Measuring Market Risk and Defining Exposure Limits

As a part of managing market risk, the Bank has several hedging strategies and enters into interest rate swaps to balance the risks inherent in debt instruments and fixed rate long term loans, if the fair value option is applied. The bank uses a lot of methods to control market risk such as stress testing “ST”.

Stress testing gives indicator of the loss volume expected that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios. The bank sets set a maximum limit of expected losses of 10% from authorized limit according to internal bank rules.

(B/2) Stress test for foreign exchange risk

The following table provides F.X position (whether short or long) for all balance sheet items and off balance sheet items.

currencies	Outstanding nominal F.X. position in EGP equivalent	F.X. short positions	F.X. long positions	Expected loss at 10%
USD	(590,135,980)	(590,135,980)	-	(59,013,598)
EUR	(3,657,678)	(3,657,678)	-	(365,768)
GBP	(19,879)	(19,879)	-	(1,988)
JPY	(15,773)	(15,773)	-	(1,577)
CHF	13,395	-	13,395	1,340
DKK	(247)	(247)	-	(25)
NOK	49,524	-	49,524	4,952
SEK	82,988	-	82,988	8,299
CAD	(5,755)	(5,755)	-	(576)
AUD	(38,652)	(38,652)	-	(3,865)
AED	(65,945)	(65,945)	-	(6,595)
KWD	530,406	-	530,406	53,041
OMR	(12)	(12)	-	(1)
QAR	156,223	-	156,223	15,622
SAR	(186,511)	(186,511)	-	(18,651)
EGP	593,293,898	-	593,293,898	-
Maximum expected loss from FX short positions to EGP at December 31, 2013				(59,329,390)
Maximum expected loss from FX short positions to EGP at December 31, 2012				2,164,880

(B/3) Foreign exchange rate volatility risk (concentration of FX risk on financial instruments)

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The board of directors set limits for foreign exchange risk at the total value of positions at the end of the day and during the day when timely control is exercised. The following table summarizes the bank's exposure to the risks of fluctuations in foreign exchange rates at the end of the reporting year. This table includes the carrying amounts of the financial instruments in terms of their relevant currencies and in EGP equivalent.

	EGP	USD	Euro	GBP	Other currencies	Total
Financial assets						
Cash and due from Central Bank of Egypt (CBE)	5,249,711,988	306,244,218	105,483,054	25,261,088	19,641,994	5,706,342,342
Due from banks	663,052,080	1,953,760,458	28,760,951	247,275,360	80,909,190	2,973,758,039
Treasury bills	15,369,921,847	372,310,919	-	-	-	15,742,232,766
Loans and credit facilities to customers, net	27,873,640,006	10,303,831,511	689,069,135	24,656,308	243,363	38,891,440,323
Financial derivatives	4,459,198	7,609,130	131,850	-	-	12,200,178
Financial investments						
Available for sale	10,833,111,946	1,670,731,867	674,661,154	-	-	13,178,504,967
Held to maturity	65,000,000	-	-	-	-	65,000,000
Other financial assets	511,578,290	38,857,847	22,398,870	127,452	31,628	572,994,087
Total financial assets	60,570,475,355	14,653,345,950	1,520,505,014	297,320,208	100,826,175	77,142,472,702
Financial liabilities						
Due to banks	80,228,963	185,476,107	44,986,690	8,449,535	6,249,178	325,390,473
Customer's deposits	52,056,633,244	12,278,043,312	2,895,526,419	332,625,539	123,558,450	67,686,386,964
Other loans	375,080,184	9,841,343	-	-	-	384,921,527
Other financial liabilities	774,724,157	10,344,952	1,358,341	212,171	1,367	786,640,988
Total financial liabilities	53,286,666,548	12,483,705,714	2,941,871,450	341,287,245	129,808,995	69,183,339,952
Net financial position - The balance sheet						
	7,283,808,807	2,169,640,236	(1,421,366,436)	(43,967,037)	(28,982,820)	7,959,132,750
At the end of the comparative year						
Total financial assets	45,164,934,078	14,780,227,057	3,193,581,278	336,903,476	144,945,854	63,620,591,743
Total financial liabilities	39,371,884,032	14,045,258,619	3,038,352,567	334,827,954	180,140,983	56,970,464,155
Net financial position - The balance sheet	5,793,050,046	734,968,438	155,228,711	2,075,522	(35,195,129)	6,650,127,588

(B/4) Structural Interest Rate Risk

Structural interest rate risk is linked to commercial activities and corporate center transactions. Structural interest rate risk arises from residual gaps (surplus or deficit) of the Bank's fixed-rate positions. The general principle is to reduce structural interest rate risk to the maximum extent.

Whenever possible, commercial operations are hedged against interest rate, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within the treasury department).

Consequently, structural interest rate risk only results from the residual positions remaining after hedging. The absence of interest rate derivative market in Egyptian pound makes it difficult to hedge positions in this currency.

Organization of the management of Structural Interest Rate risks

Identification and measurement of the risk is carried out by the Assets & Liabilities management Unit (ALMU) which comes under the authority of the bank Finance Department.

Risk assessment, limits and corrective actions are decided by the Assets & Liabilities management Committee (ALCO) headed by the Chairman with the participation of the Managing Directors, the Chief Financial Officer and the Commercial Divisions Heads, the Branch Network Head, the General Secretary and the Head of the Dealing Room.

Execution of the necessary actions decided by the ALCO for the rectification of the gaps is carried out by the dealing room through the financial market. Progress is reported and notified to the ALMU/ALCO.

Assets & Liabilities Management Committee (ALCO) duties

- Decide on The limits for The sensitivity.
- Review, validate and approve any assumptions used for The identification and measurements of The respective risks.
- Review interest rate Gap and sensitivity position reported through ALMU.
- Assess, amend and approve recommendations for bringing The Gap (if any) within The previously approved limits.

Assets & Liabilities Management Unit (ALMU) duties

- Document and maintain The respective risks management policy as approved by The ALCO.
- Construct and continuously elaborate on The models used for The identification and measurement of The respective risks.
- Report to ALCO on The respective exposures and The evolution of such exposures over time.
- Provide recommendations for bringing The gaps within limits.
- Follow up and notify ALCO of The progress made in The implementation of The ALCO decisions.

Dealing Room duties

- Provide frequent updates on markets movements.
- Execute and Report progress of ALCO approved recommendations.
- Co-ordinate with ALMU on The spontaneous hedging of special transactions according to ALCO approved policy and recommendations.

Objective of the bank

The bank aim is to reduce exposure to structural interest rate risk as much as possible. Any residual interest rate risk exposure must comply with the sensitivity limits approved by the ALCO. Sensitivity is defined as the variation in the net present value of future residual fixed-rate positions for a 1% parallel increase in the yield curve. Adherence to applicable limits is closely monitored.

Measurement and monitoring of structural interest rate risks

In order to quantify the Bank's exposure to structural interest rate risks, all fixed rate assets and liabilities on future maturities are analyzed to identify any gaps.

On a quarterly basis, assets and liabilities are analyzed independently, without any prior matching. Maturities on outstanding positions are determined on the basis of the contractual terms of the transactions and models of historic client behavior (e.g. saving accounts) as well as conventional assumptions for some balance sheet items (e.g. shareholders' equity).

Once the gaps have been identified for each major currency, the sensitivity is calculated as the variation of the net present value of the fixed rate position of an instantaneous parallel shift of the 1% in the yield curve of each major currency. The cumulative sensitivity for all currencies as well as for any single currency should not exceed the above mentioned limit.

The following table summarizes the extent to which the Bank is exposed to the risks of fluctuations in the interest rate including the carrying amount of the financial instruments distributed on the basis of the rate prevailing in re-pricing dates or maturity dates, whichever is earlier.

	At the end of the current year	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Interest free	Total
Financial assets								
Cash and due from Central Bank of Egypt (CBE)	-	-	-	-	-	-	5,706,342,342	5,706,342,342
Due from banks	2,709,938,004	-	-	-	-	-	263,820,035	2,973,758,039
Treasury bills	2,956,219,535	2,143,533,137	10,642,480,094	-	-	-	-	15,742,232,766
Loans and facilities to customers	15,996,975,934	8,215,335,703	6,771,611,773	6,690,102,081	1,217,414,832	-	-	38,891,440,323
Financial derivatives	-	-	-	-	-	-	12,200,178	12,200,178
Financial investments								
Available for sale	-	481,112,033	1,295,301,054	6,375,240,593	4,712,515,555	-	314,335,732	13,178,504,967
Held to maturity	-	-	50,000,000	-	-	-	15,000,000	65,000,000
Other financial assets	-	-	-	-	-	-	572,994,087	572,994,087
Total financial assets	21,663,133,473	10,839,980,873	18,759,392,921	13,065,342,674	5,929,930,387	-	6,884,692,374	77,142,472,702
IRS (notional amount)	-	22,550,450	740,973,094	647,968,772	-	-	-	1,411,492,316
Financial liabilities								
Due to banks	40,617,540	-	27,917,457	-	-	-	256,855,476	325,390,473
Customer's deposits	19,406,870,870	9,952,279,882	12,291,933,487	11,301,569,469	25,230,000	14,708,503,256	67,686,386,964	67,686,386,964
Other loans	100,934,927	33,045,686	82,024,337	150,999,409	17,917,168	-	-	384,921,527
Other financial liabilities	-	-	-	-	-	-	786,640,988	786,640,988
Total financial liabilities	19,548,423,337	9,985,325,568	12,401,875,281	11,452,568,878	43,147,168	15,751,999,720	69,183,339,952	69,183,339,952
IRS (notional amount)	140,111,087	1,271,381,229	-	-	-	-	-	1,411,492,316
Re-pricing gap	1,974,599,049	(394,175,474)	7,098,490,734	2,260,742,568	5,886,783,219	(8,867,307,346)	-	7,959,132,750
At the end of the comparative year								
Total financial assets	20,543,512,559	9,517,426,243	16,296,570,013	10,573,825,138	1,873,230,231	4,816,227,559	63,620,591,743	63,620,591,743
IRS (notional amount)	752,262	25,832,675	647,000,570	1,563,964,043	3,761,308	-	-	2,241,310,858
Total financial liabilities	16,322,586,533	9,196,567,767	8,414,849,197	7,923,095,077	166,193,208	14,947,172,373	56,970,464,155	56,970,464,155
IRS (notional amount)	463,573,411	1,728,840,423	48,897,024	-	-	-	-	2,241,310,858
Re-pricing gap	3,757,904,877	(1,382,149,272)	8,479,824,362	4,214,694,104	1,710,798,331	(10,130,944,814)	-	6,650,127,588

(C) Liquidity Risk

Liquidity risk is defined as the risk of not being able to meet cash flow or collateral requirements when they fall due and at a reasonable price.

The bank manages this exposure through modeling of its cash flow under several scenarios.

Organization of Liquidity Risk Management

Identification and measurement of the risk is carried out by the Assets & Liabilities management Unit (ALMU) which comes under the authority of the bank Finance Department.

Risk assessment and corrective actions are decided by the Assets & Liabilities management Committee (ALCO) headed by the Chairman with the participation of the Managing Directors, the Chief Financial Officer and the Commercial Divisions Heads, the Branch Network Head, the General Secretary and the Head of the Dealing Room.

Execution of the necessary actions decided by the ALCO for the rectification of the gaps is carried out by the dealing room and/or the business lines. Progress is reported and notified to the ALMU/ALCO.

Assets & Liabilities Management Committee (ALCO) duties

- Review, validate and approve any assumptions and scenarios used for The identification and measurements of The respective risks.
- Review The structured liquidity Gap reported by ALMU.
- Assess, amend and approve recommendations for funding strategy and/or The portfolio composition for The remedy of The gaps.

Assets & Liabilities Management Unit (ALMU) duties

- Document and maintain the respective risks' management policy as approved by the ALCO.
- Construct and continuously elaborate on the models used for the identification and measurement of the respective risks.
- Report to ALCO on The respective exposures and The evolution of such exposures over time.
- Follow up and notify ALCO of the progress made in the implementation of the ALCO decisions.
- Co-ordinate with The various business lines for funding needs and Report potential impact on The liquidity gap.
- Test and advice on The potential impact of any new product offering on The structured liquidity positions.

Dealing Room duties

- Is responsible for managing short term liquidity
- Provide frequent updates on markets’ status and alerting signals of liquidity stretches
- Execute and Report progress of ALCO approved recommendations.
- Communicate their funding needs to ALMU for the construction of the liquidity gap.

Objective of the bank

The bank’s objective is to finance its activities at the best possible rates under normal conditions and to ensure it can meet its obligations in the event of a crisis.

To this end, the main principles of the bank’s liquidity management are as follows:

- management of The short-term liquidity in accordance with The regulatory framework.
- Diversification of funding sources
- Maintenance of a portfolio of liquid assets.

Measurement and monitoring of structural liquidity risks

The bank’s liquidity management framework comprises the following processes:

- Regular assessment of The Bank structural liquidity profile and its development over time.
- Monitoring of the diversification of funding sources.
- Assessment of the Bank’s funding needs on the basis of the budget forecasts in order to plan appropriate funding solutions.

Liquidity gaps are constructed by listing the respective on and off-balance sheet-items according to the currency of denomination and residual maturity. Maturities on outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models of historic client behavior patterns (e.g. savings accounts) as well as conventional assumptions relating to certain balance sheet items (e.g. shareholders’ equity).

Liquidity risk

Liquidity risk represents difficulty encountering the Bank in meeting its financial commitments upon maturity and refurbishing amounts withdrawn. This may results in failure in fulfilling obligations related to depositors and meeting lending commitments.

	December 31, 2013					
Contractual maturities	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	297,473,016	-	28,118,943	-	-	325,591,959
Customer’s deposits	34,319,049,254	10,431,535,192	13,825,028,553	12,905,839,324	30,666,013	71,512,118,336
Other loans	8,303,346	37,180,977	101,753,991	219,766,045	17,917,168	384,921,527
Total financial liabilities	34,624,825,616	10,468,716,169	13,954,901,487	13,125,605,369	48,583,181	72,222,631,822

- All balances shown in the table above represent the undiscounted cash flows; therefore, it is not possible to match these figures with the corresponding items in the statement of financial position.
- The spot foreign exchange rate and interest rate prevailing at that date are used in the above table.

	December 31, 2012					
	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	1,199,535,019	-	28,262,638	-	-	1,227,797,657
Customer’s deposits	28,517,683,691	9,496,374,815	9,223,095,346	9,076,473,128	66,344,483	56,379,971,463
Other loans	-	-	36,135,023	(762,813,154)	1,209,261,141	482,583,010
Subordinated loans	902,768,933	-	-	-	-	902,768,933
Total financial liabilities	30,619,987,643	9,496,374,815	9,287,493,007	8,313,659,974	1,275,605,624	58,993,121,063

- All balances shown in the table above represent the undiscounted cash flows; therefore, it is not possible to match these figures with the corresponding items in the statement of financial position.
- The spot foreign exchange rate and interest rate prevailing at that date are used in the above table.

Assets available to meet all liabilities and cover loan commitments include cash, balances with central Banks, balances due from Banks, treasury bills and other governmental notes, and loans and facilities to Banks and clients. Maturity term of percentage of loans to clients that are maturing within a year is extended in the normal course of the Bank’s business. Moreover, some debt instruments, treasury bills and other governmental notes are pledged to cover liabilities. The Bank has the ability to meet unexpected net cash flows through selling securities, and finding other financing sources.

Cash flow derivatives
Derivatives settled on a gross-basis

The bank is a party to derivative contracts that are settled on a gross-basis, in particular currency forward deals. The following table shows derivative financial liabilities that shall be settled in gross distributed over the remaining period of contractual maturities at the balance sheet date. The amounts shown in the table represent the undiscounted cash flows.

Maturities for financial position items	Up to one month	December 31, 2013				Total
		More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	
Held-for-trading derivatives						
Currency forward deals						
- Cash outflows	1,458,939,887	8,054,372	36,289,433	-	-	1,503,283,692
- Cash inflows	1,459,231,213	8,056,719	40,663,342	-	-	1,507,951,274

	Up to one month	December 31, 2012				Total
		More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	
Held-for-trading derivatives						
Currency forward deals						
- Cash outflows	100,719,185	158,264	147,274,900	-	-	248,152,349
- Cash inflows	100,103,789	158,365	157,421,744	-	-	257,683,898

Cash flow for Off balance sheet items

Maturities for off-balance sheet items	December 31, 2013				Total
	Less than one year	More than one year and less than 5 years	More than 5 years		
Loan commitments	41,524,116	-	-		41,524,116
Financial guarantees	1,219,202	-	-		1,219,202
Operating lease commitments	36,648,897	90,618,067	25,135,479		152,402,443
Capital commitments resulting from acquisition of Property and Equipment	426,005,966	-	-		426,005,966
Total	505,398,181	90,618,067	25,135,479		621,151,727

December 31, 2012				
Loan commitments	133,446,278	-	-	133,446,278
Financial guarantees	1,832,780	-	-	1,832,780
Operating lease commitments	42,575,438	97,469,505	31,033,788	171,078,731
Capital commitments resulting from acquisition of Property and Equipment	38,094,600	-	-	38,094,600
Total	215,949,096	97,469,505	31,033,788	344,452,389

(D) **Fair value of financial assets and liabilities and sources of fair value**

(D/1) **Financial instruments measured at fair value**

Financial assets classified as held for trading are measured at fair value with changes in fair value recognized in profit or loss and reported in the line item “net trading income” in the income statement.

Debt instruments classified as available for sale financial assets are measured at fair with changes in fair value recognized directly in equity and accumulated in the “revaluation reserve for available for sale investments”.

Equity instruments classified as available-for-sale financial assets that are traded in an active market are measured at fair value by reference to quoted market prices prevailing at the reporting date with changes in fair value recognized directly in equity and accumulated in the “revaluation reserve for available for sale investments”.

Equity instruments that do not have quoted prices in an active market and whose fair value cannot be measured reliably are stated at cost.

(D/2) **Financial instruments not measured at fair value**

The following table summarizes the carrying amount and fair value of financial assets and liabilities that are not stated in the statement of financial position at fair value:

	Carrying amount		Fair value	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Financial assets				
Due from banks	2,973,758,039	5,380,717,682	2,973,758,039	5,380,717,682
Loans and credit facilities to customers, net	38,891,440,323	35,885,368,768	Not Determined	Not Determined
Financial investments :				
Equity instruments available for sale	175,371,255	179,535,028	Not Determined	Not Determined
Held to maturity				
Debt instruments	50,000,000	50,000,000	51,370,569	50,697,222
Mutual fund certificates	15,000,000	15,000,000	22,770,385	20,218,855
Financial liabilities :				
Due to banks	325,390,473	1,227,569,263	325,390,473	1,227,569,263
Customers' deposits	67,686,386,964	53,661,253,350	Not Determined	Not Determined
Other loans	384,921,527	482,583,010	384,921,527	482,583,010
Subordinated loan	-	884,660,000	-	884,660,000

It was impracticable to measure the fair value for the remainder financial assets & liabilities at the end of current or prior year.

Due from Banks:

The carrying amount of variable interest rate placements and deposits for one day represents its fair value. For non-interest bearing balances due from banks, the carrying amount represents their fair value. The carrying amount of fixed interest rate deposits represents their fair value since the maturity of these deposits is less than one year.

Loans and facilities to customers:

Loans and facilities are stated at the statement of financial position net of allowance for impairment losses.

Available for sale investments not listed in stock exchange market:

The fair value for available for sale investments not listed in stock exchange market cannot be measured reliably.

Held to maturity investments:

Held to maturity investments as shown in the preceding table include Egyptian treasury bonds classified as held to maturity investments. It also includes money market fund certificates at the date of the initial offering issued by the bank which should be held by the bank until maturity of the fund in accordance with the Egyptian law. Fair value of Egyptian treasury bonds classified as held to maturity investments is determined based on their quoted market prices at the reporting date. Fair value of the bank's money market fund units is determined based on the redeemable price announced by the bank at the reporting date.

Customers' deposits and due to other banks:

The estimated fair value for deposits of indefinite maturity, including free-interest rate deposits, represents the amount paid on demand.

(E) Capital management

For capital management purposes, the bank’s capital includes total equity as reported in the statement of financial position plus some other elements that are managed as capital. The bank manages its capital to ensure that the following objectives are achieved:

- Compliance with the legally imposed capital requirements in Egypt.
- Protecting the bank’s ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth of the bank’s operations.

Capital adequacy and uses are reviewed by the bank’s management in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE). Data are submitted and filed with the CBE on a quarterly basis. The CBE requires the bank to comply with the following:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-in capital. the bank’s paid-in capital amounted to EGP 4,878,894,920 at the end of the current year.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted average of the bank’s assets and contingent liabilities. The bank’s capital adequacy ratio reached 14.91% at the end of the current year. (December 31, 2012: 14.73%) according to basel II.

The numerator in the capital adequacy ratio according to Basel II comprise the following 2 tiers:

- Tier 1: basic capital which comprises paid-in capital (net of treasury stock), plus: retained earnings and reserves resulting from profit appropriations (other than general reserve for banking risks and special reserves), less: any goodwill previously recognized and any carried forward losses.
- Tier 2: subordinated capital which comprises an amount equal to the loans general provision calculated in accordance with the credit rating bases issued by the CBE provided it does not exceed 1.25% from the total risk-weighted average of assets and contingent liabilities, plus: the carrying amount of subordinated loans/deposits maturing over more than 5 years (provided that such carrying amount shall be reduced by 20 % of its value in each of the last five years of their maturity), plus: 45 % of the increase in fair value above the carrying amount of available-for-sale investments, held to maturity investments, and investments in subsidiaries and associates and 45% from capital reserve.

In calculating the numerator of the capital adequacy ratio, total value of tier 2 should not exceed total value of tier 1. Also, total value of subordinated loans (deposits) should not exceed 50 % of tier 1.

Assets are risk weighted at a range of 0 to 150 %. Risk classification of these assets is based on the type of the debtor as to reflect the associated credit risk and after consideration of cash collaterals. The same treatment is applied for the off-balance sheet items which shall be adjusted to reflect the contingent nature of and potential loss on these amounts.

Capital adequacy Standard had been prepared based on Basel II requirements, and Central Bank of Egypt Board of Directors had approved in its meeting held on December 18,2012.which had been issued on December 24,2012.

The tables below summarizes the compositions of teir 1, teir 2 and the capital adequacy ratio based on Basel II:

According to Basel II	December 31, 2013	December 31, 2012
Tier 1 capital		
Share capital	4,878,894,920	4,435,359,020
General reserve	1,860,793,096	1,358,999,206
Legal reserve	470,582,501	393,780,178
Other reserves	9,208,496	8,675,144
Retained earnings	103,583,457	256,278,924
Total deduction from capital invested	(464,115)	(314,450)
Total tier 1 capital	7,322,598,355	6,452,778,022
Tier 2 capital		
45% from special reserve**	9,655,274	9,655,274
The equivalent amount of the loans general provision *	607,210,760	556,862,367
Subordinated loans	-	176,932,000
45 % of the increase in the fair value above the carrying amount of available for sale investment, held to maturity investments, and investments in associates.	297,742,035	56,003,216
Total tier 2 capital	914,608,069	799,452,857
Total capital	8,237,206,424	7,252,230,879
Risk weighted assets and contingent liabilities:		
Credit Risk	48,998,974,506	44,548,989,390
Market Risk	730,747,752	-
Operational Risk	5,503,508,020	4,683,948,829
Total risk weighted assets and contingent liabilities	55,233,230,278	49,232,938,219
Capital adequacy ratio for tier one	13.26%	13.11%
Capital adequacy ratio	14.91%	14.73%

- * Provided it does not exceed 1.25% from total value of risk weighted assets and contingent liabilities.
- ** Comparative figures Basel II had modified by excluding the amount of loans to customers impairment and contingent liabilities provisions on the special reserve and Incorporating the depreciation of leased assets on the gross income for the purpose of operational loss capital requirement.

4- Significant accounting estimates and assumptions :

In the application of the bank’s accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Impairment of loans and facilities

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

This evidence includes data indicating negative change in the ability of a portfolio of borrowers to repay the bank, or local and economic circumstances related to default. On scheduling future cash flows, the management use estimates based on previous experience related to impairment of assets having similar credit risks. Such experience refers to impairment similar to that of the portfolio in question. The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on management given experience.

b. Impairment of investment in equity instruments available for sale :

Available-for sale equity investments are determined to be impaired when there has been a significant or prolonged decline in the fair value below its cost. The bank considers the decline in fair value as significant. The determination of whether the decline is significant or prolonged requires judgment. In making this judgment, the bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the investee’s financial position or in its operating and financing cash flows, deterioration in the industry or sector performance in which it operates, or when changes in technology occur.

The bank is unlikely to suffer any additional loss, as the “revaluation reserve for available for sale investments,” reported in equity does not include any unrealized losses from fair value measurement.

c. Fair value of derivatives

Fair value of derivative financial instruments not quoted in an active market is determined using valuation techniques. When these techniques (such as the pricing models) are used to determine fair value, periodic tests and review are performed on them using competent independent personnel other than those responsible for the preparation of such techniques. All such models have been approved and tested prior to use to ensure that their results reflect reliable data and prices that can be compared to the market. These models use market observable data only to the extent it is practical to obtain such data, however, some areas such as credit risk related to the bank and counterparties, volatility and correlations requires management’s judgment. Changes in assumptions about these factors can affect the fair value of the financial instrument’s disclosure.

d. Held to maturity investments:

Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity. This classification requires personal judgment therefore the bank Judge 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 tightly defined circumstances such as if an entity sells an insignificant amount of held to maturity investments close to maturity date, all held to maturity investments should be reclassified as available for sale, which will be measured at fair value instead of amortized cost. In addition, the bank shouldn’t classify any investments as held to maturity for consecutive two years.

If classification of investments as held to maturity – other than stakes required to be retained by the group in accordance with the provisions of the law – were suspended by the bank, the carrying amount of the outstanding held to maturity investments at the end of the current reporting year would have increase by EGP 1,370,569 to reach the fair value with a corresponding increase in the available-for-sale valuation reserve within equity.

5
(5/A) Segmentation analysis
Segmental analysis by activity

Segment activity includes operational processes, assets used in offering Banking services, management of surrounding risks and related yield. Such activity may be different from other activities. Segmentation analysis of operations according to banking activities includes:

Corporate: This includes current account activities, deposits, debit current accounts, loans, credit facilities, and financial derivatives to large, medium, and small entities.

Individuals: This includes current account activities, deposits, savings, credit cards, personal loans, and real estate loans.

Other businesses: They include other Banking activities such as fund management.

Inter-segment activities are affected within the bank’s normal course of business. Assets and liabilities of each segment include operating assets and liabilities as shown in the bank’s balance sheet.

Income and expenses according to segmental activities (31 December 2013)	Corporate	Investments	Individual	Other businesses	Total
Net interest income	1,180,708,964	(68,623,162)	978,889,399	927,730,708	3,018,705,909
Net fee and commission income	648,512,703	2,608,275	321,645,312	7,968,680	980,734,970
Dividend income	(4,076,194)	17,069,673	-	-	12,993,479
Net trading income	127,578,614	-	6,875,308	(4,218,446)	130,235,476
Gain (loss) on financial investments	-	2,335,806	-	-	2,335,806
Impairment credit losses	(447,987,009)	-	(102,710,340)	-	(550,697,349)
Administrative expenses	(492,835,761)	(2,766,902)	(818,280,620)	5,897,341	(1,307,985,942)
Other operating revenues (expenses)	181,864,091	(23,006,639)	(46,834,732)	57,715,874	169,738,594
Share of profits of associates	-	10,222,379	-	-	10,222,379
Profit before income tax	1,193,765,408	(62,160,570)	339,584,327	995,094,157	2,466,283,322
Income tax expense	(301,612,262)	18,095,737	(84,896,081)	(320,326,632)	(688,739,238)
Net profit for the Current year	892,153,146	(44,064,833)	254,688,246	674,767,525	1,777,544,084

Assets and liabilities according to segmental activities (31 December 2013)	Corporate	Investments	Individual	Other businesses	Total
Segment activity assets	32,499,365,459	29,019,651,021	8,271,471,880	6,966,780,465	76,757,268,825
Unclassified assets	-	-	-	-	4,501,581,880
Total assets	32,499,365,459	29,019,651,021	8,271,471,880	6,966,780,465	81,258,850,705
Segment activity liabilities	38,132,812,197	-	29,796,283,016	467,603,751	68,396,698,964
Unclassified liabilities	-	-	-	-	2,852,618,751
Total liabilities	38,132,812,197	-	29,796,283,016	467,603,751	71,249,317,715

At the end of comparative year Income and expenses according to segmental activities (31 December 2012)	Corporate	Investments	Individual	Other businesses	Total
Net interest income	1,095,466,881	(36,534,643)	872,510,323	691,238,212	2,622,680,773
Net fee and commission income	544,772,814	3,211,374	264,968,074	31,009,771	843,962,033
Dividend income	(14,126,494)	30,613,596	-	-	16,487,102
Net trading income	108,403,545	-	7,821,811	4,126,420	120,351,776
Gain (loss) on financial investments	1,440,000	(12,447,902)	-	-	(11,007,902)
Impairment credit losses	(484,356,691)	-	(81,267,037)	-	(565,623,728)
Administrative expenses	(413,357,096)	(6,334,336)	(728,318,313)	44,884,622	(1,103,125,123)
Other operating revenues (expenses)	103,069,820	(122,492,460)	(47,323,529)	58,451,778	(8,294,391)
Share of profits of associates	-	8,379,506	-	-	8,379,506
Profit before income tax	941,312,779	(135,604,865)	288,391,329	829,710,803	1,923,810,046
Income tax expense	(238,634,691)	35,996,093	(72,097,832)	(111,169,890)	(385,906,320)
Net profit for the Comparative year	702,678,088	(99,608,772)	216,293,497	718,540,913	1,537,903,726

At the end of comparative year Assets and liabilities according to segmental activities (31 December 2012)	Corporate	Investments	Individual	Other businesses	Total
Segment activity assets	30,405,029,803	18,010,295,564	7,194,480,696	8,060,151,163	63,669,957,226
Unclassified assets	-	-	-	-	3,234,077,420
Total assets	30,405,029,803	18,010,295,564	7,194,480,696	8,060,151,163	66,904,034,646
Segment activity liabilities	31,188,720,668	-	22,878,410,610	1,304,274,347	55,371,405,625
Unclassified liabilities	-	-	-	-	2,139,583,115
Total liabilities	31,188,720,668	-	22,878,410,610	1,304,274,347	57,510,988,740

Segmentation analysis
(5/B) Segmental analysis by geographic area
At the end of current year

Income and expenses according to geographical segments (31 December 2013)	Cairo	Giza	Alex	Delta	Red sea / Upper Egypt	Head office	Total
Net interest income	737,175,450	754,110,823	328,112,659	247,166,349	90,934,097	861,206,531	3,018,705,909
Net fee and commission income	355,113,576	298,877,307	97,760,056	86,637,560	33,176,639	109,169,832	980,734,970
Dividend income	-	-	-	-	-	12,993,479	12,993,479
Net trading income	61,049,452	43,680,886	17,785,417	8,679,711	2,687,980	(3,647,970)	130,235,476
Gain (loss) on financial investments	-	-	-	-	-	2,335,806	2,335,806
Impairment credit losses	(254,081,879)	(243,294,850)	(23,292,273)	(3,411,373)	(19,682,902)	(6,934,072)	(550,697,349)
Administrative expenses	(487,778,188)	(419,598,028)	(180,700,205)	(139,197,189)	(84,243,092)	3,530,760	(1,307,985,942)
Other operating revenues (expenses)	199,447,120	(10,200,738)	(2,378,091)	1,996,772	(1,561,969)	(17,564,500)	169,738,594
Share of profits of associates	-	-	-	-	-	10,222,379	10,222,379
Profit before income tax	610,925,531	423,575,400	237,287,563	201,871,830	21,310,753	971,312,245	2,466,283,322
Income tax expense	(154,883,243)	(105,893,850)	(59,321,891)	(50,467,958)	(5,327,688)	(312,844,608)	(688,739,238)
Net profit for the Current year	456,042,288	317,681,550	177,965,672	151,403,872	15,983,065	658,467,637	1,777,544,084

Assets and liabilities according to geographical segments (31 December 2013)	Cairo	Giza	Alex	Delta	Red sea / Upper Egypt	Head office	Total
Assets of geographical segments	19,069,782,351	11,814,112,794	4,966,115,536	5,130,762,804	1,494,059,019	38,499,195,325	80,974,027,829
Unclassified assets	-	-	-	-	-	-	284,822,876
Total assets	19,069,782,351	11,814,112,794	4,966,115,536	5,130,762,804	1,494,059,019	38,499,195,325	81,258,850,705
Liabilities of geographical segments	27,641,581,878	22,879,902,647	11,088,919,426	5,403,887,743	2,004,250,125	666,834,280	69,685,376,099
Unclassified liabilities	-	-	-	-	-	-	1,563,941,616
Total liabilities	27,641,581,878	22,879,902,647	11,088,919,426	5,403,887,743	2,004,250,125	666,834,280	71,249,317,715

At the end of comparative year Income and expenses according to geographical segments (31 December 2012)	Cairo	Giza	Alex	Delta	Red sea / Upper Egypt	Head office	Total
Net interest income	752,479,187	649,189,090	274,725,134	197,981,486	68,290,941	680,014,935	2,622,680,773
Net fee and commission income	285,489,208	237,148,750	78,236,111	73,328,070	25,045,084	144,714,810	843,962,033
Dividend income	-	-	-	-	-	16,487,102	16,487,102
Net trading income	42,987,809	31,451,703	15,162,169	10,214,935	2,972,122	17,563,038	120,351,776
Gain (loss) on financial investments	1,440,000	-	-	-	-	(12,447,902)	(11,007,902)
Impairment credit losses	(7,942,766)	(95,170,823)	(6,962,909)	(7,853,950)	(5,243,763)	(442,449,517)	(565,623,728)
Administrative expenses	(454,792,512)	(404,906,509)	(173,881,690)	(134,553,912)	(87,516,818)	152,526,318	(1,103,125,123)
Other operating revenues (expenses)	(3,687,554)	(20,748,959)	(9,087,415)	(7,596,938)	(4,710,264)	37,536,739	(8,294,391)
Share of profits of associates	-	-	-	-	-	8,379,506	8,379,506
Profit before income tax	615,973,372	396,963,252	178,191,400	131,519,691	(1,162,698)	602,325,029	1,923,810,046
Income tax expense	(152,998,685)	(99,171,483)	(44,547,850)	(32,879,923)	290,675	(56,599,054)	(385,906,320)
Net profit for the Comparative year	462,974,687	297,791,769	133,643,550	98,639,768	(872,023)	545,725,975	1,537,903,726

At the end of comparative year Assets and liabilities according to geographical segments (31 December 2012)	Cairo	Giza	Alex	Delta	Red sea / Upper Egypt	Head office	Total
Assets of geographical segments	18,231,128,190	10,820,835,015	4,350,784,784	4,441,464,362	1,217,576,157	27,576,491,197	66,638,279,705
Unclassified assets	-	-	-	-	-	-	265,754,941
Total assets	18,231,128,190	10,820,835,015	4,350,784,784	4,441,464,362	1,217,576,157	27,576,491,197	66,904,034,646
Liabilities of geographical segments	23,030,957,944	18,268,299,598	8,266,053,605	3,754,272,351	1,476,430,883	1,667,449,840	56,463,464,221
Unclassified liabilities	-	-	-	-	-	-	1,047,524,519
Total liabilities	23,030,957,944	18,268,299,598	8,266,053,605	3,754,272,351	1,476,430,883	1,667,449,840	57,510,988,740

Geographical Segmental analysis is based on the locations of branches through which the bank provides its services.

6- Net interest income	December 31, 2013	December 31, 2012
Interest from loans and similar income:		
Loans and facilities:		
- Customers	3,817,309,836	3,399,945,425
Total	3,817,309,836	3,399,945,425
Treasury bills and bonds	2,654,968,480	1,817,256,050
Deposits and current accounts	11,706,426	26,097,250
Net interest differential on hedging instruments (IRS contracts)	15,791,332	17,261,258
Total	6,499,776,074	5,260,559,983
Cost of deposits and similar expense :		
Deposits and current accounts:		
- Banks	(141,098,944)	(53,556,085)
- Customers	(3,338,522,468)	(2,567,142,445)
Total	(3,479,621,412)	(2,620,698,530)
Other loans	(1,448,753)	(17,180,680)
Total	(3,481,070,165)	(2,637,879,210)
Net	3,018,705,909	2,622,680,773
7- Net income from fee and commission	December 31, 2013	December 31, 2012
Fee and commission income :		
Credit fees and commissions	744,176,288	621,237,871
Custody fees	13,366,525	7,664,196
Investments commissions	26,197,769	28,896,636
Other Fees	255,071,860	211,037,851
Total	1,038,812,442	868,836,554
Fee and commission expense:		
Brokerage fees	(1,897,337)	(1,316,825)
Other fees	(56,180,135)	(23,557,696)
Total	(58,077,472)	(24,874,521)
Net	980,734,970	843,962,033
8- Dividend income	December 31, 2013	December 31, 2012
Investment funds	400,000	-
Available for sale investments	12,593,479	16,487,102
Total	12,993,479	16,487,102
9- Net trading income:	December 31, 2013	December 31, 2012
Forex operations:		
Foreign exchange trading gains	135,098,566	118,505,412
Changes in fair value of currency forward contracts	(4,264,639)	(404,184)
Held-for-trading debt instruments	(598,451)	2,250,548
Total	130,235,476	120,351,776
10- Administrative expenses	December 31, 2013	December 31, 2012
Staff cost:		
Salaries and wages	606,213,194	507,218,358
Social insurance	24,777,876	20,422,498
Pension cost:		
Defined contribution scheme	44,433,882	39,169,562
Other retirement benefits (Defined benefit scheme)	33,074,540	34,644,757
	708,499,492	601,455,175
Depreciation & amortization	134,938,156	120,797,878
Other administrative expenses	464,548,294	380,872,070
Total	1,307,985,942	1,103,125,123
11- Other operating revenues (expenses)	December 31, 2013	December 31, 2012
Foreign exchange differences from translation of foreign currency monetary assets and liabilities other than held for trading items and those classified as at fair value through profit or loss on initial recognition	102,161,579	35,971,473
Gain on sale of property, plant, and equipment	10,538	533,352
Software cost	(20,112,871)	(18,101,847)
Operating lease rental expense	(48,559,396)	(50,408,685)
Gain on sale of foreclosed assets reverted to the bank in settlement of debts	115,449	-
Other provisions (net of reversed amounts)	(78,421,605)	(10,576,649)
Finance leases revenue	631,057,918	36,316,495
Other leasing revenues	21,665,299	2,285,470
Depreciation of leased assets	(419,078,578)	(19,314,139)
Impairment loss on leased assets	(29,769,882)	-
Other income (expense)	10,670,143	15,000,139
Total	169,738,594	(8,294,391)

12- Impairment credit losses	December 31, 2013	December 31, 2012
Loans and facilities to customers	(550,697,349)	(565,623,728)
Total	(550,697,349)	(565,623,728)
13- Income tax expense	December 31, 2013	December 31, 2012
Current tax	(669,345,295)	(347,658,553)
Deferred tax	(19,393,943)	(38,247,767)
Total	(688,739,238)	(385,906,320)
Additional data on deferred tax is disclosed in note (31). Income tax expense is different from the tax that would have arisen had the statutory tax rate been applied on pre-tax accounting profit as shown below:		
Profit before tax	2,466,283,322	1,923,810,046
Income tax calculated at 20 % tax rate	-	2,516,388
Income tax calculated at 25 % tax rate	616,570,831	477,807,027
Tax impact for:		
Non-taxable income	(16,078,367)	(27,569,816)
Non-deductible expenses for tax purposes	11,027,333	11,664,262
Utilization of deferred tax assets	(37,088,347)	(37,487,402)
Tax rate diff. on Egyptian T.Bills and T.bonds	31,263,507	(83,546,286)
Prior-years' tax settlements	1,925,517	(23,527,258)
Provision and segregated interest	61,724,821	27,801,638
Effective income tax expense	669,345,295	347,658,553

Tax Position

A) QNB ALAHLI Position:
A-1) Corporate Tax

The Bank's accounts were tax-inspected and settled with respect to Tax since the beginning of activity till the end of 2010.
Year 2011 have been inspected and the bank received tax claims to which it has objected. An internal committee has not been scheduled yet.
Year 2012 the Bank submitted its tax return on the due date and under inspection by tax authority.

A-2) Salaries Taxes

The Bank's books have been inspected, and the due tax was paid until year 2002.
Years 2003 till 2004 have been inspected and the bank received tax claims to which it has objected. An internal committee has not been scheduled yet.
Years 2005 till 2006 have been inspected by the tax authorities and waiting for tax claims.
Years 2007 till 2009 under inspection by the tax authorities.
Years 2010 till 2011 the bank is preparing required documents for these years to start inspection with tax authorities.
Year 2012 the Bank submitted its tax return on the due date and books have not been inspected yet.

A-3) Stamp duties

The Bank's books have been inspected, and the due tax was paid for all branches until 31/07/2006, where the relevant final tax forms are yet to be received.
Period from 01/08/2006 till 31/12/2007 have been inspected by the tax authorities and waiting for tax claims.
Period from 01/01/2008 till 31/12/2011 the bank is preparing required documents for these years to start inspection with tax authorities.
Year 2012 the Bank submitted its tax return on the due date and books have not been inspected yet.

(B) EX-MIBank Position:
B-1) Corporate Tax

The Bank's accounts were tax- examined and settled since the beginning of activity till 30/11/2006.

B-2) Salaries Taxes

The Bank's books have been inspected, and the due tax was paid till 30/11/2006.

B-3) Stamp duties

The Bank's books have been inspected, and the tax due was paid for all branches until 31/07/2006, where the relevant final tax forms are yet to be received.
Period from 01/08/2006 till 30/11/2006 have been inspected by the tax authorities and waiting for tax claims.

(C) Sogelease Egypt Position (affiliated company):	
C-1) Corporate Tax	
Years from activity inception until 2001 the company was tax inspected, assessment was carried out and the payment thereof was made be it known that the company is exempted from corporate tax for the period of five years ending on December 31, 2002.	
Years from 2002 to 2004, the Company was tax re-inspected on actual basis by the Tax Authority according to the decision of the internal committee to perform the tax re-inspection, which resulted in notifying the company of the following: Corporate tax amounted to EGP 15,161,855 for year’s 2003/2004 taking into consideration that the company is exempted from corporate tax for the year 2002 according to the stipulation of article (16) of the investment guarantees and incentives Law no. 8 for year 1997. - Movables tax amounted to EGP 113,849. - Tax imposed on independent bases amounted to EGP 2,545,536. The company objected to the result of the tax inspection, and the tax dispute is submitted to the internal committee but it’s not yet settled to date.	
Year 2005, the Company was tax inspected, tax assessment was carried out and the payment thereof was made. Year 2006, an estimative tax inspection was conducted for that period and the company objected to the tax inspection result form (19) in legal due date. The internal committee issued a decree of re-inspection of the period on actual basis & the company was re-inspected on actual basis but the company objected the results of the re-inspection and the dispute was submitted to the internal committee which is not yet studied by tax authority. Year 2007, actual tax inspection conducted for that period and the company objected to the tax inspection result form (19) in legal due date. the dispute was submitted to the internal committee which is not yet studied by tax authority. Years from 2008 till 2012, the company submitted its tax returns according to stipulation of law (91) for year 2005 during the legal due date and the company is not yet inspected to date.	
C-2) Salary tax	
Years from activity inception until 31/12/2007, an estimative tax inspection was conducted for that period and the company objected to the tax inspection result. The internal committee issued a decree of re-inspection of the period on actual basis & the company was re-inspected on actual basis but the results of the re-inspection are not yet declared to date. Years from 2008 to 2012, the company was tax inspected but the results was not yet declared to date.	
C-3) Stamp duties	
Period from 1/1/2001 to 31/12/2007, the Company was tax inspected and the tax assessment was carried out and the payment thereof was made. Period from 1/1/2008 to 31/12/2010, the company was tax inspected, tax assessment was carried out and the payment thereof was made. Period from 1/1/2011 to 31/12/2012, no tax inspection has been carried out up till date.	
(D) Factoring Company Position (affiliated company):	
D-1) Corporate Tax	
The company is subject to income tax law No. 91 of 2005 and its executive statute. Year 2012, the company submitted the tax returns on the due date and the tax inspection has not been carried out by the tax administration up to this date	
D-2) Salary tax	
The company is not abided by deducting and delivering salary taxes, as the company’s employees are seconded by QNB ALAHLI (Major Shareholder).	
D-3) Withholding tax	
The company is committed to withholding tax and delivering it to tax authority on due dates.	

Other Tax Issues

On April 29, 2013, the Law No. 9 of 2013 was issued to amend certain provisions of the Stamp Tax Law No.111 of 1980 and to replace the law No. 104 of 2012. The new law is effective the day of its issuance. On May 18, 2013 the Law No.11 of 2013 was issued to amend certain provisions of the Income Tax Law issued by Law No. 91 of 2005 and replace the Law No. 101 of 2013. The new law is effective the day of its issuance.

14- Earnings per share	December 31, 2013	December 31, 2012
Net profit for the year related to banks’ shareholders	1,740,317,174	1,536,579,818
Remuneration for the Board Members (from the year’s net profit)*	(1,900,000)	(1,850,000)
Staff profit share (from the year’s net profit)*	(180,555,556)	(175,377,999)
Profit available to shareholders	1,557,861,618	1,359,351,819
Weighted average number of the shares outstanding during the year	487,889,492	487,889,492
** Earning Per Share	3.19	2.79
* Based on the Bank’s Profit Distribution Proposal Statement, the amount will be subject to the ordinary GAM approval.		
** Based on separate financial statements		
15- Cash and due from Central Bank of Egypt (CBE)	December 31, 2013	December 31, 2012
Cash	1,722,100,939	1,365,528,256
Balances with CBE (mandatory reserve)	3,984,241,403	2,664,043,750
Total	5,706,342,342	4,029,572,006
Interest free balances	5,706,342,342	4,029,572,006
Total	5,706,342,342	4,029,572,006
16- Due from banks	December 31, 2013	December 31, 2012
Current accounts	306,051,972	266,556,287
Deposits	2,667,706,067	5,114,161,395
Total	2,973,758,039	5,380,717,682
Balances at CBE other than those under the mandatory reserve	1,891,252,987	1,631,447,840
Local banks	520,962,507	50,413,877
Foreign Banks	561,542,545	3,698,855,965
Total	2,973,758,039	5,380,717,682
Interest free balances	263,820,035	73,533,060
Balances at floating interest rates	195,967,937	201,088,372
Balances at fixed interest rates	2,513,970,067	5,106,096,250
Total	2,973,758,039	5,380,717,682
Current balances	2,973,758,039	5,380,717,682
Total	2,973,758,039	5,380,717,682
17- Treasury bills	December 31, 2013	December 31, 2012
91 days maturity	1,665,775,000	1,343,575,000
182 days maturity	3,410,450,000	3,111,275,000
More than 182 days maturity	11,352,473,000	8,399,511,000
	16,428,698,000	12,854,361,000
Less : Unearned Interest	(686,465,234)	(648,837,954)
Net	15,742,232,766	12,205,523,046

18- Loans and credit facilities to customers, net	December 31, 2013	December 31, 2012
Individuals		
Debit current accounts	703,620,587	683,159,432
Credit cards	372,883,331	279,062,423
Personal loans	7,247,573,654	6,300,474,070
Real estate loans	311,802,626	191,457,456
Total (1)	8,635,880,198	7,454,153,381
Corporate including small loans for businesses		
Debit current accounts	13,492,255,700	12,413,429,360
Direct loans	10,046,131,396	8,063,524,732
Syndicated loans and facilities	7,019,535,342	7,732,640,063
Other loans	1,489,442,360	1,481,916,960
Total (2)	32,047,364,798	29,691,511,115
Total loans and facilities to customers (1+2)	40,683,244,996	37,145,664,496
Less: Allowance for impairment losses	(1,744,024,969)	(1,206,223,953)
Less: segregated interest	(27,693,859)	(36,045,480)
Less: Unearned discount	(20,085,845)	(18,026,295)
Net to be distributed as follows:	38,891,440,323	35,885,368,768
Current balances	24,190,778,347	20,999,263,583
Non-current balances	14,700,661,976	14,886,105,185
Total	38,891,440,323	35,885,368,768

18-A Allowance for impairment losses

	December 31, 2013		
Individuals	Specific provision	Collective provision	Total
Balance at the beginning of the year	218,141,414	41,409,083	259,550,497
Impairment loss recognized during the year	101,220,917	1,489,423	102,710,340
Collections of loans previously written-off	-	2,714,132	2,714,132
Loans written-off during the year	(698,242)	-	(698,242)
Foreign exchange translation differences	9,403	-	9,403
Balance at end of the year	318,673,492	45,612,638	364,286,130
Corporate			
Balance at beginning of the year	452,600,384	494,073,072	946,673,456
Impairment loss recognized during the year	354,587,885	93,399,124	447,987,009
Loans written-off	(44,681,926)	-	(44,681,926)
Collections of loans previously written-off	-	3,663,331	3,663,331
Foreign exchange translation differences	8,692,568	17,404,401	26,096,969
Balance at end of the year	771,198,911	608,539,928	1,379,738,839
Total	1,089,872,403	654,152,566	1,744,024,969

	December 31, 2012		
Individuals	Specific provision	Collective provision	Total
Balance at beginning of the year	238,966,870	33,962,904	272,929,774
Impairment loss recognized during the year	73,825,582	7,441,455	81,267,037
Collections of loans previously written-off	-	4,724	4,724
Loans written-off during the year	(94,651,038)	-	(94,651,038)
Balance at end of the year	218,141,414	41,409,083	259,550,497
Corporate			
Balance at beginning of the year	634,299,040	210,214,662	844,513,702
Impairment loss recognized during the year	209,955,438	274,401,253	484,356,691
Loans written-off during the year	(391,963,969)	-	(391,963,969)
Collections of loans previously written-off	-	1,490,658	1,490,658
Foreign exchange translation differences	309,875	7,966,499	8,276,374
Balance at end of the year	452,600,384	494,073,072	946,673,456
Total	670,741,798	535,482,155	1,206,223,953

19- Financial Derivatives	December 31, 2013		
	Notional Amount	Assets	Liabilities
(A) Held-for-trading			
- Forward foreign exchange contracts	1,503,283,692	4,459,198	-
- Interest rate swap contracts	790,561,843	-	-
Total		4,459,198	-
(B) Fair value Hedge			
- Interest rate swap contracts	412,772,473	1,448,536	-
(C) Cash flow hedge			
- Interest rate swap contracts	208,158,000	6,292,444	-
Total		12,200,178	-

	December 31, 2012		
	Notional Amount	Assets	Liabilities
(A) Held-for-trading			
- Forward foreign exchange contracts	248,152,349	8,723,837	-
- Interest Rate Swap	950,017,677	14,894	-
Total		8,738,731	-
(B) Fair value hedge			
- Interest rate swaps contracts	1,038,533,181	2,441,678	-
(C) Cash flow hedge			
- Interest rate swap contracts	252,760,000	9,739,821	-
Total		20,920,230	-

Forward exchange contracts represent commitments to purchase local and foreign currencies including the unexecuted part of regular-way transactions. Interest rate swap contracts represent commitments to swap fixed interest rate with variable interest rate where the physical exchange of funds is not required except in foreign exchange swaps. The bank's credit risk represents the cost of potential replacement of the swaps in case other parties fail to meet their obligations. This risk is controlled on an ongoing basis in terms of fair value and percentage of contracted amounts. To control the outstanding credit risk, the bank assesses counterparties to the contract in the same manner used in lending activities.

- **Fair Value Hedge**
The bank uses interest rate swap contracts to mitigate part of the risk of potential increase in fair value of its fixed rate customer's deposits in foreign currencies to the extent caused by declining market interest rates. Net derivative assets resulting from these swap contracts have a fair value of EGP 1,448,536 as of December 31, 2013 (December 31, 2012 net assets of EGP 2,441,678).
- **Cash Flow Hedge**
The bank uses interest rate swap contracts to hedge part of its risk to fluctuations in cash flows associated with its loans to customers. The fair value for swaps represents net assets by EGP 6,292,444 as of December 31, 2013 (December 31, 2012: assets of EGP 9,739,821).

20- Financial investments

Available for sale investments	December 31, 2013	December 31, 2012
(A) Debt Instruments at Fair Value		
Listed Instruments in Egyptian Stock Exchange Market	10,629,868,918	3,101,499,113
Listed Instruments in Foreign Stock Exchange Market	2,234,300,317	2,254,788,635
Total Debt Instruments	12,864,169,235	5,356,287,748
(B) Equity Instruments at Fair Value:		
Listed Instruments in Egyptian Stock Exchange Market	72,646,984	47,414,822
(C) Money Market Funds and balanced Funds		
Unlisted Instruments in Stock Exchange Market	66,317,493	132,962,816
(D) Equity Instruments at Cost Method:		
Unlisted Instruments in Stock Exchange Market	175,371,255	179,535,028
Total available for sale investments (1)	13,178,504,967	5,716,200,414
Held to maturity investments		
(A) Debt Instruments		
Listed Instruments in Stock Exchange Market	50,000,000	50,000,000
(B) Money Market Funds		
Unlisted Instruments in Stock Exchange Market*	15,000,000	15,000,000
Total held to maturity investments (2)	65,000,000	65,000,000
Total Financial Investments (1+2)	13,243,504,967	5,781,200,414
Current balances	1,826,413,087	243,217,525
Non-current balances	11,417,091,880	5,537,982,889
Total	13,243,504,967	5,781,200,414
Fixed interest debt instruments	12,914,169,235	5,406,287,748
Total	12,914,169,235	5,406,287,748
	Available for sale investments	Held to maturity investments
Balance at the beginning of the current year	5,716,200,414	65,000,000
Additions	7,604,496,269	-
Amortization of premium / discount	(24,388,780)	-
Disposals (sale/redemption)	(845,109,705)	-
Translation differences resulting from monetary foreign currency assets	216,128,148	-
Changes in fair value	515,339,945	-
Deduct: Provision for impairment loss	(4,161,324)	-
Balance at the end of the current year	13,178,504,967	65,000,000
The following table analyzes movement on financial investments during the comparative year		
Balance at the beginning of the comparative year	5,431,949,874	135,008,160
Additions	2,483,570,967	-
Amortization of premium / discount	(17,222,775)	(8,160)
Disposals (sale/redemption)	(2,409,397,550)	(70,000,000)
Translation differences resulting from monetary foreign currency assets	98,005,197	-
Changes in fair value	147,354,825	-
Deduct: Provision for impairment loss	(18,060,124)	-
Balance at the end of the comparative year	5,716,200,414	65,000,000

Gain (loss) on financial investments	December 31, 2013	December 31, 2012
Gain on derecognition of investments available for sale	-	9 000
Gain on sale of available for sale assets	6,497,130	6,202,189
loss of impairment of available for sale equity instruments	(4,161,324)	(18,060,123)
Profit of selling shares in affiliates	-	841,032
Total	2,335,806	(11,007,902)

* The bank’s equity instruments classified in the held to maturity category represent bank subscribed stake at 5% from the total certificates’ number of its first money market fund (Themar) upon its initial offering, in addition to the bank subscribed stake at 20% from the total certificates’ number of its second money market fund (Tawazon), in addition to the 20% from the total certificates’ number of its third money market fund (Tadawol) upon its initial offering. All stakes required to be retained by the bank until maturity of the funds in accordance with the provisions of the law, had a nominal value of EGP 5 million each.

21- Investments in associates

The following table summarizes the bank’s holdings in its associates:

December 31, 2013	Country of residence	Investee’s assets	Investee’s liabilities (excluding equity)	Investee’s revenues	Investee’s profit (loss)	Carrying amount	The bank stake
Société Générale Company Asset Management Egypt	Egypt	8,424,506	1,054,612	1,042,786	316,524	359,282	4.88%
NSGB Life Insurance Company	Egypt	735,261,340	611,497,276	51,083,223	43,052,559	30,941,016	25%
Senouhi Company for Construction Materials	Egypt	13,468,793	2,152,250	11,323,695	(121,037)	2,612,990	23.09%
Total		757,154,639	614,704,138	63,449,704	43,248,046	33,913,288	

The Bank’s share for Société Générale asset Management Egypt (S.A.E) reached 4.88%; although the bank holds less than 20% of the company’s equity , the bank has the ability to exercise significant influence through the company’s board of directors.

December 31, 2012	Country of residence	Investee’s assets	Investee’s liabilities (excluding equity)	Investee’s revenues	Investee’s profit (loss)	Carrying amount	The bank stake
NSGB Life Insurance company	Egypt	570,731,873	486,878,590	33,905,557	21,099,173	20,963,321	25%
Senouhi Company for Construction Materials	Egypt	13,831,852	2,533,531	10,323,184	(208,850)	2,608,783	23.09%
Total		584,563,725	489,412,121	44,228,741	20,890,323	23,572,104	

22- Intangible assets	December 31, 2013	December 31, 2012
Software		
Net book value at the beginning of the year	99,529,779	93,646,164
Net book value at subsidiaries controlled during the year	-	345,132
Addition	48,773,575	27,778,707
Amortization	(28,944,260)	(22,240,224)
Net book value at the end of the year	119,359,094	99,529,779

23- Other assets	December 31, 2013	December 31, 2012
Accrued revenues	573,147,310	317,289,597
Pre-paid expenses	29,549,640	27,904,483
Advance payments for acquisition of property and equipment	303,045,126	23,386,183
Foreclosed assets reverted to the bank in settlement of debts	35,827,351	38,711,902
Deposits held with others and custody	2,853,436	2,951,863
Advance payments to tax authority	449,196,127	209,430,377
Others	183,728,528	98,990,735
Total	1,577,347,518	718,665,140

24- Assets leased under finance lease arrangements, net	December 31, 2013	December 31, 2012
Leased assets under finance leases	2,299,835,048	2,159,037,601
Leased assets – under settlement account	(423,857,187)	(450,426,369)
Total	1,875,977,861	1,708,611,232

24-A Leased assets under finance leases, net

	Building	Vehicles	Equipment	Computers	Total
Cost					
January 1, 2012	628,366,551	1,123,506,987	1,369,222,230	4,898,217	3,125,993,985
Additions	25,301,290	168,986,919	567,134,550	4,513,885	765,936,644
Disposals	(46,529,888)	(232,658,718)	(288,422,555)	(766,678)	(568,377,839)
Total	607,137,953	1,059,835,188	1,647,934,225	8,645,424	3,323,552,790
Accumulated depreciation					
January 1, 2012	33,436,464	577,679,073	484,596,340	372,244	1,096,084,121
Depreciation for the year	19,774,692	191,843,851	169,685,476	472,541	381,776,560
Disposals	(2,969,088)	(169,765,626)	(140,487,785)	(122,993)	(313,345,492)
Total	50,242,068	599,757,298	513,794,031	721,792	1,164,515,189
Net book value as of					
December 31, 2012	556,895,885	460,077,890	1,134,140,194	7,923,632	2,159,037,601
Cost					
January 1, 2013	607,137,953	1,059,835,188	1,647,934,225	8,645,424	3,323,552,790
Additions	161,056,278	218,779,440	409,150,353	12,456,794	801,442,865
Disposals	(8,336,806)	(337,462,453)	(256,510,429)	(4,131,539)	(606,441,227)
Total	759,857,425	941,152,175	1,800,574,149	16,970,679	3,518,554,428
Accumulated depreciation					
January 1, 2013	50,242,068	599,757,298	513,794,031	721,792	1,164,515,189
Depreciation for the year	22,868,494	164,491,589	230,834,470	884,025	419,078,578
Disposals	(887,143)	(262,966,710)	(100,523,391)	(497,143)	(364,874,387)
Total	72,223,419	501,282,177	644,105,110	1,108,674	1,218,719,380
Net book value as of					
December 31, 2013	687,634,006	439,869,998	1,156,469,039	15,862,005	2,299,835,048

25- Property and Equipment

	Lands and buildings	Renovations of leased assets	Machinery & equipment	Others	Total
January 1, 2012					
Cost	862,440,069	94,550,231	320,036,918	78,992,693	1,356,019,911
Accumulated depreciation	(235,041,287)	(46,560,387)	(231,021,912)	(50,030,687)	(562,654,273)
Net book value	627,398,782	47,989,844	89,015,006	28,962,006	793,365,638
December 31, 2012					
Net book value at the beginning of the year	627,398,782	47,989,844	89,015,006	28,962,006	793,365,638
Additions	114,269,920	7,236,199	49,576,585	16,283,366	187,366,070
Additions related to subsidiaries controlled	-	-	388,988	2,494,579	2,883,567
Disposals from Property and Equipment	(160,438)	-	-	(10,302)	(170,740)
Disposals from accumulated depreciation	-	-	-	10,302	10,302
Deprecation for the year	(45,323,647)	(12,348,227)	(35,641,704)	(5,244,076)	(98,557,654)
Depreciation related to subsidiaries controlled	-	-	(289,751)	(478,349)	(768,100)
Net book value	696,184,617	42,877,816	103,049,124	42,017,526	884,129,083
January 1, 2013					
Cost	976,549,551	101,786,430	370,002,491	97,760,336	1,546,098,808
Accumulated depreciation	(280,364,934)	(58,908,614)	(266,953,367)	(55,742,810)	(661,969,725)
Net book value	696,184,617	42,877,816	103,049,124	42,017,526	884,129,083
December 31, 2013					
Net book value at the beginning of the year	696,184,617	42,877,816	103,049,124	42,017,526	884,129,083
Additions	86,079,124	2,762,707	28,221,785	22,111,744	139,175,360
Disposals from Property and Equipment	-	(175,797)	(226,280)	(76,386)	(478,463)
Disposals from accumulated depreciation	-	175,797	226,280	76,386	478,463
Deprecation for the year	(49,313,378)	(12,137,966)	(36,018,539)	(8,524,013)	(105,993,896)
Net book value at December 31,2013	732,950,363	33,502,557	95,252,370	55,605,257	917,310,547
Balances at December 31, 2013					
Cost	1,062,628,675	104,373,340	397,997,996	119,795,694	1,684,795,705
Accumulated depreciation	(329,678,312)	(70,870,783)	(302,745,626)	(64,190,437)	(767,485,158)
Net book value	732,950,363	33,502,557	95,252,370	55,605,257	917,310,547

26- Due to banks	December 31, 2013	December 31, 2012
Current accounts	297,440,839	126,312,881
Deposits	27,949,634	1,101,256,382
Total	325,390,473	1,227,569,263
Central banks	25,132,483	31,833,058
Local banks	1,309,544	1,076,883,734
foreign banks	298,948,446	118,852,471
Total	325,390,473	1,227,569,263
Non-interest bearing balances	256,855,476	94,479,824
Variable interest rate balances	40,585,363	31,833,057
Fixed interest rate balances	27,949,634	1,101,256,382
Total	325,390,473	1,227,569,263
Current balances	325,390,473	1,227,569,263
Total	325,390,473	1,227,569,263

27- Customers' deposits	December 31, 2013	December 31, 2012
Demand deposits	15,247,683,783	12,518,617,373
Time deposits and on call accounts	34,123,072,143	27,707,119,271
Term saving certificates	10,933,225,144	7,712,294,994
Saving deposits	5,528,585,611	4,107,433,403
Other deposits*	1,853,820,283	1,615,788,311
Total	67,686,386,964	53,661,253,352
Corporate deposits	37,890,103,948	30,782,842,742
Retail deposits	29,796,283,016	22,878,410,610
Total	67,686,386,964	53,661,253,352
Non-interest bearing balances	14,708,503,256	14,134,405,683
Variable interest rate balances	5,568,120,611	4,268,581,403
Fixed interest rate balances	47,409,763,097	35,258,266,266
Total	67,686,386,964	53,661,253,352
Current balances	56,342,747,495	45,831,093,742
Non-current balances	11,343,639,469	7,830,159,610
Total	67,686,386,964	53,661,253,352

* Other deposits include deposits covering irrevocable letters of credit in the total of EGP 437,699,038 as of December 31, 2013 (December 31, 2012 EGP 342,595,975). The fair value of these deposits approximates its carrying amount.

28-A Other loans	December 31, 2013	December 31, 2012
SG Loan	-	48,897,024
United Nation Bank Loan	47,677,742	59,967,155
European Investment Bank Loan	-	2,369,309
National Bank of Egypt loan	195,920,268	218,824,253
Bank Du Caire Loan	4,513,981	11,043,617
Commercial International Bank Loan	136,809,536	141,481,652
Total	384,921,527	482,583,010

28-B Subordinated loan

Represents a loan previously issued from SG Paris acquired on December 27, 2006 for USD 140,000,000 equivalent to EGP 884,660,000 as of December 31, 2012 .The loan original period was for 7 years ending on January 27, 2014, interest was payable in arrears at the end of each year at interest rate of 0.9% over LIBOR 12 months. The bank repaid the full loan amount on January 28, 2013.

29- Other liabilities	December 31, 2013	December 31, 2012
Accrued interest	786,640,988	714,398,530
Unearned revenues	64,056,215	47,077,129
Accrued expenses	226,847,104	158,904,183
Sundry credit balances	211,132,828	171,678,754
Total	1,288,677,135	1,092,058,596

30- Other provisions

Description	Balance At the Beginning Of the year	Formed During The year	December 31, 2013			
			Released During The year	Foreign Currencies Translation Differences + (-)	Used During The year	Balance At The end of year
Provision for Tax claims	342,906,469	69,700,000	-	-	-	412,606,469
Provision for Legal claims	16,428,904	7,908,385	-	383,760	(2,058,529)	22,662,520
Provision for contingent liabilities	144,851,910	813,221	-	3,195,503	-	148,860,634
Provision for fidelity	12,339,478	-	-	1,209,929	-	13,549,407
Total	516,526,761	78,421,606	-	4,789,192	(2,058,529)	597,679,030

Description	December 31, 2012						
	Balance At the Beginning Of the year	Balance for Sogelease At the beginning Of the year	Formed During The Year	Released during The Year	Foreign Currencies Translation Differences + (-)	Used During The Year	Balance At the End of Year
Provision for Tax claims	222,344,170	8,180,967	115,381,332	-	-	(3,000,000)	342,906,469
Provision for Legal claims	16,025,639	-	764,129	-	165,852	(526,716)	16,428,904
Provision for contingent liabilities	246,680,531	-	-	(103,758,528)	1,929,907	-	144,851,910
Provision for fidelity	12,596,811	-	-	(547,114)	560,635	(270,854)	12,339,478
Provision for other claims	2,500,000	-	-	(1,263,170)	-	(1,236,830)	-
Total	500,147,151	8,180,967	116,145,461	(105,568,812)	2,656,394	(5,034,400)	516,526,761

31- Deferred income tax

Deferred tax has been calculated on all temporary tax differences using the balance sheet liability method and at a tax rate of 25% for the current financial year. The bank does not offset deferred tax assets and deferred tax liabilities unless the bank has a legally enforceable right to set off current tax assets against current tax liabilities; and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred tax assets and liabilities

Below are the balances and movements of deferred tax assets and liabilities:

Balances of deferred tax assets and liabilities:	Deferred tax assets		Deferred tax liabilities	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Tax impact on temporary differences arising from:				
Property and Equipment	-	-	(38,144,514)	(37,919,335)
Goodwill	108,045,372	145,089,499	-	-
Provisions (other than the provision for loan impairment)	129,776,111	111,900,750	-	-
Changes in fair value of available-for-sale investments	-	-	(30,157,554)	(48,790,119)
Effect of changes in accounting policies	-	-	(4,055,633)	(4,055,633)
Deferred tax assets (liabilities)	237,821,483	256,990,249	(72,357,701)	(90,765,087)
Net balance of DTA (DTL)	165,463,782	166,225,162		

Movement of deferred tax assets and liabilities:

	Deferred tax assets		Deferred tax liabilities	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Beginning balance	256,990,249	280,560,987	(90,765,087)	(90,216,642)
Deferred tax for Sogelease Company at date of acquisition	-	12,685,444	-	-
DT recognized / utilized during the year	(19,168,766)	(36,256,182)	18,407,386	(548,445)
Closing balance	237,821,483	256,990,249	(72,357,701)	(90,765,087)

Balances of deferred tax assets (liabilities) recognized directly in equity

	December 31, 2013	December 31, 2012
Cumulative change in fair value of available-for-sale investments	(30,157,554)	(48,790,119)
Effect of changes in accounting policies (special reserve)	(3,244,506)	(3,244,506)

32- Defined benefits obligation	December 31, 2013	December 31, 2012
Amounts recognized in the statement of financial position:		
Liability for post-retirement medical benefits	174,667,322	148,496,423
Amounts recognized in the income statement:		
Post-retirement medical benefits	33,074,540	34,644,757
Post-retirement medical benefits obligation constitutes of:		
Balances shown in the statement of financial position are represented as follows:		
Present value of unfunded liabilities	256,907,014	229,416,000
Unrealized actuarial loss	(82,239,692)	(80,919,577)
	174,667,322	148,496,423
Liability movements during the year are represented as follows:		
Beginning balance (at the beginning of the current year)	148,496,423	119,598,838
Current service cost	5,029,648	4,960,000
Interest cost	27,292,506	8,370,000
Actuarial losses	752,386	21,314,757
Benefits paid	(6,903,641)	(5,747,172)
	174,667,322	148,496,423
Amounts recognized in the income statement are shown below:		
Current service cost	5,029,648	4,960,000
Interest cost	27,292,506	8,370,000
Net actuarial losses (gain) recognized during the year	752,386	21,314,757
	33,074,540	34,644,757
The main actuarial assumptions used by the bank are outlined below:	December 31, 2013	December 31, 2012
Discount rate (two plans):		
A-QNB ALAHLI current employees plan	13.00%	4.30%
B-Ex-MIBank retirees plan	13.00%	3.90%
QNB ALAHLI long term increase in the cost of medical care (on top of inflation)	13.82%	8.26%
Ex-MIBank long term increase in the cost of medical care (on top of inflation)	13.82%	7.50%
Sensitivities to +1% in discount rate (duration of the plan):	Service cost	DBO
Post-retirement medical benefits	74.16%	24.95%

33- Issued and paid-up capital

(A) Authorized Capital

The authorized capital amounts to LE 5 billion.

(B) Issued and Paid in Capital

The issued and paid up capital on January 1, 2013 amounted to EGP 4,435,359,020 representing 443,535,902 shares with a nominal value of EGP 10 each, of which 318,212,902 shares were paid in Egyptian pound and 125,323,000 shares were paid in foreign currency. The value of the shares paid in foreign currencies is recorded according to the exchange rates prevailing on the payment date.

On June 13, 2013 the Extra Ordinary General Assembly decided to increase the issued capital from 4,435,359,020 to EGP 4,878,894,920 by an amount of EGP 443,535,900 through a transfer from the General Reserves.

The issued and paid up capital amounted to EGP 4,878,894,920 on December 31,2013 representing 487,889,492 shares with a nominal value of 10 EGP each, of which 362,566,492 shares were paid in Egyptian pound and 125,323,000 shares were paid in foreign currency according to the exchange rates prevailing on the payment date.

34- Reserve for employee stock ownership plan (ESOP)

Societe Generale Paris (France), which was the parent of QNB ALAHLI, had launched new employees share ownership plan (ESOP) according to the Board of Directors decision in its meeting held on 2 November 2010. It had issued equity-settled share-based payments in its own equity shares to the bank's employees based on specific performance terms:

- 16 shares will be awarded if the S.G Group's Return on Equity (ROE) for 2012 after tax is at least 10%. If this condition is met, the shares will be made available at the end of March 2015.The condition was changed in May 2012, the shareholders accepted to replace the performance condition to be positive net income, group share 2012.
- 24 shares will be awarded if there is an improvement in customer satisfaction between 2010 and 2013. In the event that this condition is only partially met, a proportion of the shares will nevertheless be allocated. These shares will be made available at the end of March 2016.

The fair value of the equity instruments determined on the grant date was expensed on an accrual basis and reported in administrative expenses in the income statements with a corresponding increase in equity according to the bank' evaluation to the number of shares that will be issued.

During the first quarter of 2013, Societe Generale Paris (previously the Parent company) sold its entire majority stake in the bank's capital, but was committed to continue in the implementation of the ESOP and to meet all the employees rights in the shares provided to them in accordance with terms and maturities of such plan and without causing the bank to incur any additional cost in this regards.

The bank referred to IFRS 2 to account for the share based payment provided by the SG for the bank's employees, and had charged each financial period - since the beginning of the application of this plan - with the cost of employees benefit according to the plan against the ESOP reserve as this transaction represents is substance a contribution from the parent to its subsidiary.

Since Societe Generale Paris is no longer the Parent company after the sale of its shares, and in the light of its commitment to issue such shares with the absence of any obligation on the bank's side in this regards, the bank ceased to recognize additional employees benefits expense (as of the date on which Societe Generale sold its share) while retaining the accumulated balance under the shareholder equity until granting the shares by Societe Generale.

35- Reserves and retained earning

(1) Reserves	December 31, 2013	December 31, 2012
General reserve (a)	1,860,793,096	1,358,999,206
General banking risk reserve (b)	57,798,678	123,047,602
Legal reserve (c)	470,582,501	393,780,178
Revaluation reserve of available for sale investments (d)	652,508,025	118,535,515
Special reserve (e)	173,681,968	173,681,968
Capital reserve	9,208,496	8,675,144
Cash flow risk hedging reserve	4,783,201	7,418,829
Reserve for business combinations under common control	4,000,483	354,675
Total reserves at the end of the year	3,233,356,448	2,184,493,117
Reserve movements are as follows:		
(a) General reserve		
Balance at the beginning of the financial year	1,358,999,206	1,119,846,944
Transferred from retained earnings	945,329,790	642,366,712
Transferred to capital increase	(443,535,900)	(403,214,450)
Balance at the end of year	1,860,793,096	1,358,999,206
(b) General banking risk reserve		
Balance at the beginning of year	123,047,602	379,326,526
Transferred to retained earnings	(65,248,924)	(256,278,924)
Balance at the end of year	57,798,678	123,047,602

The CBE regulations require banks to form General Banking Risk Reserve to meet unexpected risks. Such reserve should be deducted from net profit through the statement of profit appropriation, until it is approved by the GAM meeting convened to approve the annual financial statements. Such reserve cannot be used unless with approval from the CBE.

	December 31, 2013	December 31, 2012
(c) Statutory reserve		
Balance at the beginning of year	393,780,178	319,342,975
Transferred from the prior year's profit	76,802,323	74,437,203
Balance at the end of year	470,582,501	393,780,178

According to the provisions of local laws and the bank's statutes, 5% of net profit of the year shall be transferred to a non-distributable statutory reserve until it reaches 100% of the bank's capital.

	December 31, 2013	December 31, 2012
(d) Available for sale Investments Revaluation Reserve		
Balance at the beginning of year	118,535,515	(30,253,449)
Net gains (losses) resulting from changes in fair value during the year (Note 20)	515,339,945	147,354,826
Deferred tax recognized during the year (Note 31)	18,632,565	1,443,138
Net profit reclassified to income on de-recognition (Note 20)	-	(9,000)
Balance at the end of year	652,508,025	118,535,515

(e) **Special Reserve**

The application of the CBE new basis rules of preparation and presentation of financial statements as well as the modified principles of recognition and measurement requires to restate the comparative figures of the first financial period that have been impacted by this change, including comparative figures in the balance sheet and the income statements for the previous period. As the impact of adjustment is positive, such impact was carried directly to retained earnings then transferred to the special reserve in equity and shall not be used except by approval from CBE. The following is a breakdown of the items that generated the special reserve amount:

Allowance for loans to customers	112,739,320
Contingent liabilities provision	39,486,484
Amortized cost method using EIR for investments held to maturity	253,607
Amortized cost method using EIR for available for sale investments	393,930
Applying the equity method on investments in associates	26,637,789
Deferred tax (Tax impact on adjustments)	(22,288,030)
Available for sale investments (Equity instruments)	16,458,868
Total	173,681,968

	December 31, 2013	December 31, 2012
(2) Profit for the year and Retained earnings		
Movements on retained earnings:		
Balance at the beginning of year	1,792,755,273	1,359,336,873
Net profit of the financial year	1,776,032,012	1,536,476,349
Previous year's profit appropriations	(554,419,878)	(504,018,071)
Employees' profit share	(175,377,999)	(135,846,887)
Board of directors' remuneration	(1,957,398)	(1,800,000)
Transferred to capital reserve	(533,352)	(868,000)
Transferred to general reserve	(945,329,790)	(642,366,712)
Transferred to the statutory reserve	(76,802,323)	(74,437,203)
Transferred from general banking risk reserve	65,248,924	256,278,924
Balance at the end year	1,879,615,469	1,792,755,273

36- **Cash and cash equivalents**

For the purpose of presenting the cash flow statement, cash and cash equivalents include the following balances maturing within less than 3 months from placement or acquisition date.

	December 31, 2013	December 31, 2012
Cash and balances with central banks	1,722,100,939	1,365,528,256
Due from banks in less than 3 months	2,820,022,039	3,444,123,598
Treasury bills and other governmental notes (91 days)	1,651,600,154	1,327,009,681
Total	6,193,723,132	6,136,661,535

37- **Contingent liabilities and other commitments**

(a) **Legal claims (litigation)**
Several lawsuits were brought against the bank and are still outstanding as of December 31, 2013. No provision has been formed since it is not probable the bank will incur losses in regard of these lawsuits.

(b) **Capital commitments:**
The bank is a party to contracts for capital commitments amounting to EGP 426,005,966 as of December 31, 2013 (EGP 38,094,600 in comparative year). These represent commitments by the bank for the purchases of buildings and equipment. Management is sufficiently confident that net profit shall be realized and finance shall be made available to cover these commitments.

(c) **Commitments for loans, guarantees, and facilities**
The bank's commitments for loans, guarantees and facilities are set out below

	December 31, 2013	December 31, 2012
Loan commitments	41,524,116	133,446,278
Accepted papers	900,106,884	1,141,504,957
L/Gs	14,631,455,884	12,572,991,348
Import L/Cs	2,383,118,113	1,792,598,583
Export L/Cs	205,348,072	201,007,062
Other contingent liabilities (Financial guarantees)	1,219,202	1,832,780
Total	18,162,772,271	15,843,381,008

(d) **Commitments for operating lease contracts**
Total minimum rental payments for the irrevocable operating lease contracts are as follows:

	December 31, 2013	December 31, 2012
Not more than one year	36,648,897	42,575,438
More than one year and less than 5 years	90,618,067	97,469,505
More than 5 years	25,135,479	31,033,788
Total	152,402,443	171,078,731

38-Related-party transactions

Qatar National Bank SAQ is the ultimate parent and controlling party as at the end of the reporting period which owns 97.1% in the bank's ordinary shares whereas the remaining 2.9% are held by other shareholders.Until March 28, 2013,the bank was a subsidiary of Societe Generale Paris, France prior to the acquisition of the bank by QNB. A number of transactions have been conducted during the reporting period with related parties within the bank's normal course of business. These include loans, deposits, and foreign currency transactions.

Related party transactions with parents other than the payment of dividends on ordinary shares:

<u>S.G Group</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Due from banks	48,852,421	53,668,136
Due to banks	37,362,206	73,446,688
Subordinated loan	-	884,660,000
Export LCs	3,742,929	29,712,598
LGs for Banks	2,718,099,735	2,850,180,353
Forward currency deals	-	144,300,295
IRS contracts	1,016,211,394	1,790,750,532
Other loan	-	48,897,024
 <u>QNB Group</u>		
Due from banks	41,815,099	-
Due to banks	151,677,421	-
Export LC	-	-
LGs for Banks	399,901,861	-
Forward currency deals	1,478,491,798	-

A- Loans and facilities to related parties

	<u>Directors and others key management personnel (and close family members*)</u>		<u>Associates</u>	
	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Outstanding loans at the beginning of the financial year	623,370	353,229	325	1,083,868,085
Loans for ALD Automotive in the beginning of the financial year	-	-	-	(70,042,099)
Loans for Sogelease in the beginning of the financial year	-	-	-	(1,013,520,613)
Loans issued during the financial year	789,905	1,003,604	57,124	382,895
Loans repayment during the financial year	(1,214,963)	(733,463)	(56,272)	(687,943)
Loans outstanding at the end of the financial year	198,312	623,370	1,177	325
Interest income on loans	52,633	55,880	105	4,234

* Loans granted to top management members and close family members at end of current year amounted to EGP 198,312 against EGP 623,370 at the end of pervious year, below table illustrates the nature of these loans. The average interest rate on these different types of loans is 12.20% (against average interest rate of 9.83% in the comparative year).

** No provisions have been recognized in respect of loan provided to related parties.

On March 2013, The group increase its share in Sogelease Egypt Company's equity to reach 100% instead of 60%.

The Loans and advances to Affiliates and subsidiaries are:

	<u>Directors and others key management personnel (and close family members*)</u>		<u>Associates</u>	
	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Overdrafts - current accounts	65,107	112,080	144	175
Cash credit - Staff	113,052	157,420	-	-
Visa card	20,153	353,870	1,033	150
Total	198,312	623,370	1,177	325

B- Deposits from related parties

	<u>Directors and others key management personnel (and close family members*)</u>		<u>Associates</u>	
	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Deposits outstanding at the beginning of the financial year	19,225,973	16,546,470	183,247,748	230,841,809
Deposit for ALD Automotive in the beginning of the financial year	-	-	-	(132,794)
Deposit for Sogelease in the beginning of the financial year	-	-	-	(56,305,802)
Deposit for Société Générale Company Asset Management Egypt	-	-	8,424,504	-
Deposits placed during the year	64,973,968	56,449,283	7,517,509,873	4,036,066,666
Deposits repaid during the year	(49,047,944)	(53,769,780)	(7,443,438,876)	(4,027,222,131)
Deposits outstanding at the end of the financial year	35,151,997	19,225,973	265,743,249	183,247,748
Interest expense on deposits	1,336,376	798,172	5,560,453	6,122,337

Deposits from related parties can be analyzed below

Current accounts	5,195,376	310,102	17,541,891	11,415,112
Saving accounts	188,262	377,610	-	-
Certificates of deposits	16,827,000	6,197,000	-	-
Time deposits	12,941,359	12,341,261	248,201,358	171,832,636
Total	35,151,997	19,225,973	265,743,249	183,247,748

Other transactions with related parties

	<u>Directors and others key management personnel (and close family members*)</u>		<u>Associates</u>	
	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Fee and commission income	26,340	29,220	1,731,028	1,023,767
Guarantees issued by the bank	-	-	28,158	20,597

The above guarantees comprise:

LGs	-	-	28,158	20,597
Total	-	-	28,158	20,597

The pricing for related parties' transactions are being the same for other parties.

In accordance with the instructions of the Central Bank of Egypt (CBE) rules in 23 August 2011, The monthly average of net salaries and benefits for top 20 employees with the largest salaries and benefits reached EGP 130,033 during the current year.

39- Money Market and balanced Funds

A- 1st Money Market Fund (THEMAR)

The bank has set up an investment fund under the name of “THEMAR” with daily accumulated interest as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

THEMAR initial offering was for one million certificates at nominal value of EGP 100 million, of which 50,000 certificates worth of EGP 5 Million were subscribed at by the bank at that time. EFG HERMES is managing this fund.

Total number of the outstanding certificates at December 31, 2013 reached 20,288,525 at a total value of EGP 3,781,882,503 The bank currently holds 405,771 certificates worth of EGP 71,317,493, of which EGP 5 million are classified as held to maturity investments and represent 5% from the total number of certificates that were initially issued, whereas the remaining value of EGP 66,317,493 which represents 2% of the increase in funds net asset value since initial subscription are classified as available for sale investments.

According to the management agreement and the fund’s prospectus, the bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 25,996,985 have been reported in the “fees and commission income” line item in the income statement.

B- 2nd Balanced Fund (Tawazon)

The bank has set up an investment fund under the name of Tawazon Fund with yearic Income as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

Tawazon initial offering was for two hundred and fifty thousand certificates amounting to EGP 25 million, of which 50,000 certificates worth of EGP 5 million were subscribed at by the bank at that time. Beltone Asset Management is managing this fund.

Total number of the outstanding certificates at December 31, 2013 reached 113,325 at a total value of EGP 14,752,093 The bank currently holds 50,000 certificates worth of EGP 5 million that are classified as held to maturity investments and represent 20% of the total number of certificates that were initially issued.

According to the management agreement and the fund’s prospectus, the bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 118,973 have been reported in the “fees and commission income” line item in the income statement.

C- 3rd Balanced Fund (Tadawol)

The bank has set up an investment fund under the name of Tadawol Fund with yearic accumulated Income as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

Tadawol certificates was offered in a public offering amounting to EGP 25 million distributed over two hundred and fifty thousand certificates with a nominal value of EGP 100 each, subscriptions have only covered a number of one hundred and twenty five thousand certificates amounting to EGP 12.5 million, of which 50 000 certificates worth of EGP 5 million were subscribed at by the bank at that time. HC Fund manager Asset Management is managing this fund.

Total number of the outstanding certificates at December 31, 2013 reached 57,042 at a total value of EGP 7,919,004 The bank currently holds 50,000 certificates worth of EGP 5 million that are classified as held to maturity investments and represent 40% from the total number of certificates that were initially issued.

According to the management agreement and the fund’s prospectus, the bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current year amounting to EGP 81,811 have been reported in the “fees and commission income” line item in the income statement.

40- Important Events:

The Extraordinary General Assembly held on June 13, 2013 decided to amend Article 2 of the bank’s statute to change the name of the bank from National Societe Generale Bank to QNB ALAHLI.

41- Subsequent Events:

On 02 January 2014, the Group has concluded the acquisition of a controlling stake of 75 % in NSGB Life Insurance. Accordingly, NSGB Life Insurance capital is currently owned by the group (the bank and its subsidiaries) as follows:

- QNB ALAHLI Bank 99.98%
- Factoring Company 0.01%
- Sogelease Egypt Company 0.01%

The Group anticipates that the incorporation of the financial position and results of NSGB Life Insurance will be completed and reported starting from 31 March 2014.



Human Resources

Human Resources

In order to constructively continue the last two years aim, we are focusing on “Employee Satisfaction” together with the new challenges and support the Bank’s ambitious expansion strategy. In order to achieve this, the HR Action Plan is concentrated on 3 main directions:

Continuous Staff Development:

Empowered with a better knowledge and closer relationships with our internal customers, the ‘HR Business Partners’ work at providing the best career awareness and development plans to ensure efficient performance and business enhancement. This is achieved through introducing comprehensive assessment methods to ensure matching the right people in the right places, through focusing on developing and preparing future leaders, and by aligning learning and development activities with business strategies. Also sharing with QNB Group will help in building a better more comprehensive training and development programs for all staff.

Effective Interaction:

In an effort to have a supporting and encouraging environment that maintains close HR presence and interaction with the staff, the ‘HR Change Agents’ go on emphasizing this year on providing to the staff with a diversified and enhanced communication tools and channels such as Ask-HR Ticketing system, HR Communication e-mails, HR visits, as well as a Global Satisfaction Survey to help the staff expressing their thoughts and ideas.

HR Efficiency:

To achieve all the above targets, we will continue optimizing our internal processes with a specific focus this year on Employment domain and enhancing our internal tools, such as Employee Self Service in Oracle. Working within a new Group environment will also allow us sharing HR best practices with QNB and clearly benefit from each other.

In coherence with previous years target, “Employee Satisfaction & Development” remains our main and mandatory concern, for facing the new challenges and to achieve the bank’s short, medium, & long term plans.



Corporate Social Responsibility

Over the last years, Corporate Social Responsibility Committee at QNB ALAHLI has participated in many CSR activities, such as participating in healthcare campaigns, contributing to improve the standard of living for people of modest means, and taking part in education development process; thus creating a work environment capable of dealing with a more sophisticated society in order to achieve the bank's long-term strategic vision.

In 2013, the CSR Committee continued to establish a conceptual framework for QNB ALAHLI; targeting the neediest segments of the society through the three main sectors of healthcare, social support and education:

QNB AA covered almost 59% of healthcare donations in 2013; a step that reflects the importance of this sector and its desperate need for development especially in Upper Egypt. The bank donated a number of advanced medical devices to many medical institutions and public hospitals that provide free of charge service in highly-populate poor areas.

For example, QNB AA donated a blood analysis device to Ain Shams University Hospital - Bone Marrow Transplantation Unit. The bank also participated in financing the MRI unit at the Heart Center in Aswan.

Moreover, QNB AA donated an aphaeresis device to the National Heart Institute (NHI), in addition to the catheter operations room (Hybrid), the first of its kind in Egypt.

QNB AA continued targeting the neediest social segments in order to improve their social standards through donations presented to a number of NGOs specialized in community services and orphans care. Further, the bank took part at 'Warm Egypt' campaign in order to provide the Egyptian poor areas with blankets nationwide.

In the educational field, the Bank has financed tuition fees for a number of underprivileged students who are unable to afford the tuition fees at the College of Law, University of Alexandria. Moreover, the bank donated a number of computers to support the educational process at the Faculty of Engineering, Cairo University.

In addition, QNB AA, in cooperation with Misr El Kheir Foundation, financed one of the largest projects that covered establishing an environment-friendly school at El-Menia to serve Upper Egyptians.

All these activities mirror the bank's belief that paying attention to social services is a moral duty that vitally contributes to the society development.

QNB ALAHLI Branches Network

QNB ALAHLI Branches Network

Head Office 1: Dar Champollion - 5 Champollion St. - Downtown - 2664 Cairo Tel: (202) 27707000 Fax: (202)27707099 Telex: 93894 NASOG UN 22307 NASOG UN	Fax: (202) 23994299
Head Office 2: 54 El Batal Ahmed Abdel Aziz St. - Mohandessin - 12411 Giza Tel: (202) 33324100 Fax: (202) 33324199	6.Manial Branch: 18 Manial St. - El Mamalik Square - El Rawdah - 11553 Cairo Tel.: (202) 23661200 Fax: (202) 23661299
Dealing Room: Tel.: (202) 27707510/30/50 Reuters Dealing Code: NSGE Reuters Page: NSBG	7.Manial Palace Branch: 78 El Manial St. - 11451 Cairo Tel.: (202) 25352200 Fax: (202) 25352298
Cairo Branches:	8.El Kamel Mohamed Branch: 2 El Kamel Mohamed St. - Zamalek - 11561 Cairo Tel.: (202) 27281600 Fax: (202) 27281699
1. Head Office & Champollion Branch: 5 Champollion St. - Downtown - 11111 Cairo Tel.: (202) 27707000 Fax: (202) 27707099	9.Ahmed Heshmat Branch: 31 Ahmed Hesmat St. - Zamalek - 44561 Cairo Tel.: (202) 27281700 Fax: (202) 27281799
2. Talaat Harb Branch: 10 Talaat Harb St. - Evergreen Building - Downtown - 11511 Cairo Tel.: (202) 27708005 Fax: (202) 27708095	10.Shobra Branch: 53 Shobra St. - Shobra- 11231 Cairo Tel.: (202) 25945900 Fax: (202) 25945999
3. Bab El Louk Branch: 6 El Falaky Square - Bab El Louk – Downtown - 11513 Cairo Tel.: (202) 27919512/23 Fax: (202) 27919598/99	11.Aghakhan Branch: 12th Tower - Nile Towers - Aghakhan - 11614 Cairo Tel.:(202) 22253000 Fax: (202) 22253099
4. Alfy Branch: 14 Alfy St. - Downtown - 11511 Cairo Tel.: (202) 25970890 Fax: (202) 25970899	12.Nile City Branch: 2005 Kornish El Nile - Nile City Towers - North Tower - Ground Floor -11611 Cairo Tel.: (202) 24619243 Fax: (202) 24619244
5. Kasr El Nile Branch: 39 Kasr El Nile St. - Downtown - 11511 Cairo Tel.: (202) 23994200	13.Opera Branch: 42 Gomhoria St. - Opera Square - Downtown - 11511- Cairo Tel.: (202) 23999500 Fax: (202) 23999599
	14.El Sayeda Zeinab Branch: 202 Port Said St. - El Sayeda Zeinab - 11461

Cairo Tel.: (202)2 3993400 Fax: (202) 23993499	Tel.: (202) 24136300/23/30 Fax: (202) 24136349
15.Rod El Farag: 74 Rod El Farag St. - El Sahel - Shobra - 11241 Cairo Tel.: (202) 24291000 Fax: (202) 24291098	25.Heliopolis Branch: 7 El- Sayed El Merghany St. - Heliopolis - 11361 Cairo Tel.: (202) 24163700 Fax: (202) 24163798
16.Kasr El Aini Branch: 5 El Kasr El Aini St. - Down Town - 11441 Cairo Tel.: (202) 25352100 Fax: (202) 25352199	26.Mahkama Square Branch: 36 El Hegaz St. - Heliopolis - 11351 Cairo Tel.: (202) 26311700 - (202) 26311741 Fax: (202) 26311799
17.Mineyet El Sereg Branch: 173 Shobra St. - El Sahel - Shobra - 11241 Cairo Tel.: (202) 22050575 Fax: (202) 22052454	27.Hegaz Branch: 143/145 El Hegaz St. - Heliopolis -11771 Cairo Tel.: (202) 26311600/97 Fax: (202) 26311698/99
18.Ramsis/Ghamra Branch: 219 Ramsis St. - 11271 Cairo Tel.: (202) 25971100 Fax: (202) 25971199	28.Triumph Branch: 102 Osman Ebn Affan St. - Heliopolis - 11361 Cairo Tel.: (202) 26311400 Fax: (202) 26311499
19.Teraa Bolakia Branch : 156 Teraa Bolakia St. - Shoubra – 11231 Cairo Tel.: (202) 22009741 Fax: (202) 22009742	29.New Nozha Branch: 3A Dr. Mohamed Kamel Hussein St. -11796 Cairo Tel.: (202) 26253600 - (202) 26253603 Fax: (202) 26253699
20.Bab El Sheria Branch : 472 Port Said St. - Bab El Sheria - 11271 Cairo Tel: (202) 25891873/4 Fax: (202) 25891876	30.Nozha Branch: 7 El Hegaz Square - Heliopolis - 11771 Cairo Tel.: (202) 22410432 - (202) 26390597 Fax: (202) 26326682
21.Faggalla Branch : 39 Kamel Sedky St. – Faggalla- El Zaher - 11271 Cairo Tel.: (202) 25880658 Fax: (202) 25880673	31.Safir Square Branch: 60 Abou Bakr El-Sedik - Safir Square – Heliopolis - 11361 Cairo Tel.: (202) 26310700 Fax: (202) 26310799
22.Abbasseya Branch: 111 El Abbasseya St. - Abbasseya - 11517 Cairo Tel.: (202) 24884000 Fax: (202) 24884099	32.Roxy Branch: 25 El Kobba St. - Heliopolis - 11757 Cairo Tel.: (202) 24563600 Fax: (202) 24563699
23.Hadayek El Kobba Branch: 16 Waley El Ahd St. - Saray El Hadayek Mall - 11646 Cairo Tel.: (202) 24885700 Fax: (202) 24885799	33.Merghany Branch: 95D El-Sayed El-Merghany St. - El Shams Tower - Heliopolis - 11361 Cairo Tel.: (202) 24164800 Fax: (202) 24164899
24.Thawra Branch: 18 El Thawra St. - Heliopolis - 11341 Cairo	34.City Stars Branch: City Stars Mall - Omar Ben El-Khatib St. –

Market Level- Nasr City -11361 Cairo
Tel.: (202) 24802480 - (202) 24802481
Fax: (202) 24802483

35.Sheraton Heliopolis Branch:
5, Khaled Ebn El Walid St., Heliopolis - 11736 Cairo
Tel.: (202) 22667136
Fax: (202) 22667158

36.Sakr Koreish Branch:
90 Sakr Koreish Building - Masaken Sheraton - Heliopolis - 11736 Cairo
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37.Shorouk City Branch:
Heliopolis Club - Shorouk City - 14811 Cairo
Tel.: (202) 26875581
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38.ABB Branch:
7 Dr. Mohamed Kamel Hussein St. - New Nozha - ABB Company - 11796 Cairo
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39.Arab Academy Branch:
Block 1159 - Building 1 - Mosheir Ahmed Ismail - St. Sheraton - Heliopolis Buildings - Heliopolis - 11736 Cairo
Tel.: (202) 22686751
Fax: (202) 22686751

40.El Rehab Branch:
Banks Area - Zone B-El Rehab City - 11841 El Rehab City
Tel.: (202) 26940200
Fax: (202) 26940299

41.Shams Branch:
48 Farid Semeka St. - Heliopolis - 11371 Cairo
Tel.: (202) 26207092
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42.Makram Ebeid Branch:
86 Makram Ebeid St. - Nasr City- 11371 Cairo
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43.Nasr City Branch:
3 Abbas El-Akkad St. - Nasr City - 11471 Cairo
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44.Ard El Golf Branch:
5 Samir Mokhtar St. - Heliopolis - 11341 Cairo
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Fax: (202) 24139399

45.Abbas El Akkad:
20 Abou El Attahia St. - Ext. of Abbas El Akkad St. - Nasr City -11471 Cairo
Tel.: (202) 22769500
Fax: (202) 22769599

46.Tayaran Branch:
32 Tayaran St. - Nasr City - 11709 Cairo
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Fax: (202) 24078199

47.Hassan Mamoon Branch:
125 Hassan El Mammon St.- Zone 6 - Nasr City - 11391Cairo
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Fax: (202) 22769099

48.Sebak Branch:
32 Al Andalus St. - Heliopolis - 11351 Cairo

49.Obour Buildings Branch:
18 Salah Salem St. - Heliopolis - 11811 Cairo
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(202) 24054019
Fax: (202) 24054021

50.Beirut Branch:
22 Beirut St. -Heliopolis - 11341 Cairo
Tel.: (202) 24563800
Fax: (202) 24563897 - (202) 24563898

51.House of Financial Affairs Branch:
Abdel-Aziz El Shenawy St. - Nasr City - 11371 Cairo
Tel.: (202) 24010496 - (202) 24011067
Fax: (202) 24011952

52.Makrizi Branch
17 El Makrizi St. - Roxy - Heliopolis - 11341 Cairo
Tel.: (202) 22570676
Fax: (202) 22570668

53.El Nasr Road Branch
17 Rabaa Investment Bldg - El Nozha St. - Nasr City - 11371 Cairo
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Fax: (202) 24159475

54.Ain Shams Branch:
115 Selim El Awal St. - Ain Shams - 11321 Cairo
Tel.: (202) 26311900
Fax: (202) 26311999

55.Helmeyet El Zeitun Branch:
Bait El-Ezz Towers - Ibn El-Hakam Square - Helmeyet El-Zeitun - 11321 Cairo
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Fax: (202) 26312099

56.Sindbad Branch:
81 Joseph Tito St. - Airport Road - New Nozha – 11769 Cairo
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Fax: (202) 26253799

57.Gisr El Suez:
149 Gisr El-Suez St. - El Nozha - Heliopolis - 11321 Cairo
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Fax: (202) 26371859

58.Egypt Air Branch:
Egypt Air Bldg - South Bldg - Finger 6 – Airport Road - Nasr City - 11776 Cairo
Tel.: (202) 22679517

59.Ahmed Fakhry Branch:
23 Ahmed Fakhry St. - Block 126 – El Hay El Sades - Nasr City - Cairo
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Fax: (202) 22739316

60.Almaza Branch:
103 El Thawra St. - Almaza - 11341 Cairo
Tel.: (202) 24193681
Fax: (202) 22903668

61.Kasr El-Tahra Branch:
62 Tomanbay St. - Helmyet El Zaytoun
Tel.: (202) 24560100
Fax: (202) 24560199

62.Mustafa El Nahas Branch
112 Mustafa El Nahas St. - 6th District - Entrance 2 - Nasr city -11391 Cairo
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(202) 26703493
Fax: (202) 26703495

63.Zaker Hussein Branch:
2 Ahmed El Zomor St. - Nasr city - 11471 Cairo
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Fax: (202) 22871152

64.Ibn Maged Branch:
235 Hegaz St.- Helioplolis - Cairo
Tel.: (202) 26250100
Fax: (202) 26250199

Giza Branches:

65.Gameat El Dowal Branch:
9 Gameat El Dowal Al Arabia St. - Mohandessin - 12411 Giza
Tel.: (202) 33003700
Fax: (202) 33003799

66.El Batal Ahmed Abdel Aziz Branch:
54 El Batal Ahmed Abdel Aziz St. - Mohandessin - 12411 Giza
Tel.: (202) 33324100/01
Fax: (202) 33324196.

67.Lebanon st. Branch:
30 Lebanon St. - Mohandessin - 12655 Giza
Tel.: (202) 33000900
Fax: (202) 33000999

68.Dokki Branch:
64 Mossadak St. - Dokki - 12311 Giza
Tel.: (202) 33338900
Fax: (202) 33338999

69.Messaha Branch:
5 Messaha Square - Dokki - 12311 Giza
Tel.: (202) 33338198
Fax: (202) 33338199

70.Agouza Branch:
1 Aswan Square - Agouza - 12645 Giza
Tel.: (202) 33000500
Fax: (202) 33000599

71.Sphinx Branch:
3 Ahmed Orabi St.- Mohandessin - 12655 Giza
Tel.: (202) 33002500
Fax: (202) 33002599

72.Sudan Branch:
168 Sudan St. - Mohandessin - 12655 Giza
Tel.: (202) 33007300
Fax: (202) 33007399

73.Faisal Branch:
179 El Malek Faisal St. - 12944 Giza
Tel.: (202) 33891601
Fax: (202) 33891699

74.King Faisal Branch:
457 King Faisal St. - 12111 Giza
Tel.: (202) 37891300
Fax: (202) 37891399

75.Haram Branch:
360, El Haram St. - 12555 Giza
Tel.: (202) 35992400 - (202) 35992498
Fax: (202) 35992499

76.AL-Marriotia:
44 Haram St. - Crystal Palace Mall Giza
Tel.: (202) 33866002
Fax: (202) 33866088

77.Nasr El-Din Branch:
426 Pyramids Road - Borg El-Gezira El-Arabia - Haram - 12555 Giza
Tel.: (202) 35674200
Fax: (202) 35674299

78.Mourad st. Branch
24 Mourad St. - Giza - 12511 Giza
Tel.: (202) 35684865- (202) 35684869
(202) 35684871
Fax: (202) 35684869

79.Giza Branch:
61 Mohamed Bahi El Din Barakat St. - 12511 Giza
Tel.: (202) 33311100
Fax: (202) 33311184 – (202) 33311199

80.El Nile Branch:
5 Wisa Wasef St. - Borg El Riyadh - El Nile - 12511 Giza
Tel.: (202) 35732095 – (202) 35732080
Fax: (202) 35732080

81.Mohi El-Din Abo El Ezz Branch:
72 Mohi El Din Abo El Ezz St. - Dokki - 12311 Giza
Tel.: (202) 33321780
Fax: (202) 33321799

82.Wadi El Nil Branch:
22 Wadi El Nil St. - Mohandessin - 12411 Giza
Tel.: (202) 33001900
Fax: (202) 33001999

83.Mostafa Mahmoud Branch:
2 EL Fawakeh St. - Mohandessin - 12411 Giza
Tel.: (202) 33315000
Fax: (202) 33315097- (202) 3331509
(202) 33315099

84.Galaa Branch:
106 Nile St. - Agouza - 12311 Giza
Tel.: (202) 33323300 - (202) 33323400
Fax: (202) 33323399 - (202) 33323499

85. El Bahr El Aazam Branch:
304 El Bahr El Aazam St. - El Kawthar Bldg - 12211 Giza
Tel.: (202) 35670700
Fax: (202) 35670799

86.Kit-Kat Branch:
5A Mohamed Roushdy St. - El-Nabawy El Mohandess Square - Agouza - 12311 Giza
Tel.: (202) 33080200
Fax: (202) 33080299

87.Bolak El Dakroor Branch:
57 El Sudan Street - Dokki – 12311 Giza
Tel.: (202) 37618708 – (202) 37618738
Fax: (202) 37618747

88.Shehab Branch
7 Shehab St. - El Mohandessin - 12411 Giza
Tel.: (202) 37618783
Fax: (202) 37617965

Maadi and Mokatam Branches:

89.Mahata Square Branch:
1 El Mahata Square - Sarayat El Maadi - 11728 Cairo
Tel.: (202) 27680000 – (202) 27680098
Fax: (202) 27680098

90.Street 9 Branch:
Corner St., 9 & 79 St. - Maadi - 11693 Cairo
Tel.: (202) 27683803
Fax: (202) 27683899

91.New Maadi Branch:
48 El-Nasr St. - New Maadi - 11431 Cairo
Tel.: (202) 27557300
Fax: (202) 27557399

92.El-Nasr Branch:
Crossroads of Nasr & El Lasilky St. - Part 7 - Block 1, Maadi - 11742 Cairo
Tel.: (202) 27067200
Fax: (202) 27067299

93.Maadi Degla Branch:
Crossroads of 218 & 231 St. - 11693 Cairo
Tel.: (202) 25220600/20
Fax: (202) 25220699

94.Mokatam Branch:
Cross roads of 9 and 10 St. - El Hadba El Olya - 11585 Cairo
Tel.: (202) 25031800
Fax: (202) 25031819

95.Wadi Degla Branch:
Wadi Degla Club - Zahraa El Maadi - 11693 Cairo
Tel.: (202) 25195136
Fax: (202) 25195168

96.Corniche El Maadi Branch:
380 Jawharet El Maadi Tower - Corniche El-Nile - Maadi - 11728 Cairo
Tel.: (202) 25296400
Fax: (202) 25296499

97.Kattameya Road Branch:
2 Badr Tower - El Kattameya Road - 11742 Cairo
Tel.: (202) 27557390
Fax: (202) 27557398

98.New Cairo:
Downtown Mall - 90th St. - 5th Settlement District - New Cairo
Tel.: (202) 2314 6075/6/7
Fax: (202) 2314 6078

99.Helwan:
13 Moustafa El Maraghy St. - Helwan – 11722 Helwan
Tel.: (202) 25485600
Fax: (202) 25485699

Alexandria Branches:

100.Roushdy Branch:
240 El Guish Road - Businessmen Bldg - Syria St. Corner- 21311 Alexandria
Tel.: (03) 5419500
Fax: (03) 5419599

101.Borg El Arab Branch:
New Borg El Arab City - 22511 Alexandria
Tel.: (03) 4630100
Fax: (03) 4592558

102.Zizinia Branch:
601, El Horeya St. - 21411 Alexandria
Tel.: (03) 5819300
Fax: (03) 5749093

103.Kafr Abdou Branch:
26 Ismailia St. - Intersection of Ismailia Street with St.Giny Street Kafr Abdou - 21511 Alexandria

Tel.: (03) 5419560 – (202) 5419567
Fax: (03) 5419596

104.Fawzy Mooaz Branch:
74A Fawzy Mooaz - Saraya Bldg- Alexandria
Tel.: (03) 4196700
Fax- (03) 4196799

105.Semouha Branch:
35 Victor Emanuel St. - Semouha - 21615 Alexandria
Tel.: (03) 4195900
Fax: (03) 4195999

106.Mostafa Kamel Branch:
16 Ibrahim Sherif St. - Mostafa Kamel – 21311 Alexandria
Tel.: (03) 5419600
Fax: (03) 5419699

107.Fouad St. Branch:
39 El Horreya Steel Attarin - 21311 Alexandria
Tel.: (03) 4966860
Fax: (03) 4966909

108.Sultan Hussein Branch:
47 Sultan Hussein St. - 21521 Alexandria
Tel.: (03) 4883100
Fax: (03) 4883196

109.Safia Zaghloul Branch:
33 Safia Zaghloul St. - 21519 Alexandria
Tel.: (03) 4883000
Fax: (03) 4883099

110.Miami Branch:
265 Gamal Abdel Nasser St. - Miami - 21411 Alexandria
Tel.: (03) 5381000
Fax: (03) 5381099

111.Montazah Branch:
794 Tanzeem Military Road - El Madndara – El Montazah - 21421 Alexandria
Tel.: (03) 5544483
Fax: (03) 5544482

112.Alexandria Entrance Branch:
Unit 11 - Fence of the International Garden - Alexandria Entrance - 21111 Alexandria
Tel.: (03) 3872000
Fax: (03) 3872099

113.Alex Port Branch:
Unit No. 6,7 - Investment Bldg - Alex Port – 21534 Alexandria

Tel.: (03) 4833343
Fax: (03) 4877797

114.Ibrahimeya Branch:
118 Port Said St. - Ibrahimeya -21321
Alexandria
Tel.: (03) 5980400
Fax: (03) 5980499

115.Loran Branch:
723 Horreya Road - Loran -
21111 Alexandria
Tel.: (03) 5759016
Fax: (03) 5759052

116.Mansheya Branch:
2 Salah Salem St. - El Mansheya - 21351
Alexandria
Tel.: (03) 4881200
Fax: (03) 4881299

117.Khaled Ebn El Waleed:
631 El Geish St. with Khaled Ebn El Waleed St. –
Miami - 21421 Alexandria
Tel.: (03) 5381100
Fax: (03) 5381199

118.Glym branch:
78 Abdel Salam Aref St. - Glym - Alexandria
Tel.: (03) 5815500
Fax: (03) 5815599

119.Agami branch:
El Betash - Gate 8 - Agami Star Mall - 21221
Alexandria
Tel: (03) 4318708
Fax: (03)4318709

120.Sporting Branch:
293 El Horreya Road - Alexandria

121.Wabour El-Mayah Branch:
243 Ahmed Ismaiel St. - Behind The Olympic
Club – Wabour El Mayah - Alexandria.
Tel.: (03) 4260548 – (03) 4296342- (03) 4295684
Fax: (03) 4294189

6th of October & 10th of Ramadan Branches:

122.6th of October Branch:
Industrial Zone 4 - Banks’ area - 6th of October
City - 12563 6th of October
Tel.: (202) 38281600/02
Fax: (202) 38281649 – (202) 38281647

123.Dandy Mall Branch:

Kilo 28th - Cairo - Alexandria Desert Road –
14111 6th of October
Tel.: (202) 35367200
Fax: (202) 35367299

124.6th of October Residential Area Branch:
El Fath Buildings - Unit #7 - Bldg #B - Block
#23/2 - Central Axis - 12451 6th of October
Tel.: (202) 38274000
Fax: (202) 38274099

125.10th of Ramadan Branch:
Banks Area – 10th of Ramadan City - 44637
10th of Ramadan City
Tel.: (015) 390300
Fax: (015) 378327 – (015) 390398 – (015) 390399

126.6th of October - Distinguished District
Branch:
El Gamaa Mall - Behind Misr University for
Science & Technology - Distinguished District -
12451 6th of October
Tel.: (202) 38351392
Fax: (202) 38351392

127.Sheikh Zayed Branch:
El Mogawra El Owla - El hay El sakany El Thany
- Building 105 - 6th of October
Tel.: (202) 38519707
Fax: (202) 38519709

128.Badr City Branch
Block 29 - El Mogawra2 - District no.1 in front of
Russian University - 11829 Badr City
Tel.: (202) 28647592/3
Fax: (202) 28647594

129.Obour City Industrial Zone Branch:
District 1 - Industrial Zone - Banks’ Area –Obour
City -18111 Obour
Tel.: (202) 24140200/1
Fax: (202) 24140299

130.Obour City Branch:
Shops 34 & 35 outer fence of City Club El Obour
City – 11828 Obour
Tel.: (202) 46140300
Fax:(202) 46140399

131.1st Industrial Zone - 10th of Ramadan
Branch:
Piece no.14 A Services area Between (A1 and
A-1) – 44411 10th of Ramadan city

Delta Branches:

132.Mohafza Square Branch:
242 El Geish St. - Midan El Mohafza - Mansoura
– 35511 El Dakahleya
Tel.: (050) 228 0000
Fax: (050) 228 0099

133.Mansoura Branch:
213 El Gomhoria St. - Mansoura - 35511
Mansoura
Tel.: (050) 2280300
Fax: (050) 2280399

134.Tanta Branch:
El Safwa Plaza Center Tower - Tanta - 31511 El
Gharbeya
Tel.: (040) 338 5600
Fax: (040) 338 5699

135.Delta City Mall Branch:
42 El Geish St. - Delta City Mall - Tanta - 31111
Tanta
Tel.: (040) 3385200
Fax: (040) 3385298

136.Damietta Branch:
67 Saad Zaghloul St. - Corniche El Nile - 34111
Damietta
Tel.: (057) 2279912 – (057) 2279917
Fax: (057) 2279902 - (057) 2269948

137.Damietta Port:
Investment Building – First Floor – Damietta
Port - 34516 Damietta
Tel.: (057) 2292405 – (057) 2292406
Fax: (057) 2292408

138.Mahalla Branch:
22 El Tegara School St. (Shokry El Kawatly
Previously) - El Mahalla - 31911 Mahalla
Tel.: (040) 2281000
Fax: (040) 2281099

139.El Zagazig Branch:
Saad Zaghloul St. - El Bahr - Borg Abou Aisha –
44111 El Zagazig
Tel.: (055) 2390000
Fax: (055) 2390099

140.Damnhour Branch:
19 El Gomhoria St. - In front of Cinema El Nasr -
Damnhour
Tel.: (045) 3370900
Fax: (045) 3370999

141.Mit Ghamr:
Port Said St. - Abu Aisha tower - Meet Ghamr -
35611Dakahleya
Tel.: (050) 6930000
Fax: (050) 6930099

142.Shebeen El Koum:
Gamal Abd El Nasser St. - Sharaf Square - Borg
El Kawsar – 32111 Shebeen El Koum
Tel.: (048) 2229397
Fax: (048) 2229395

Suez Canal Branches:

143.Portsaid Branch:
Miami Tower - 23 July St. - –42111 Portsaid
Tel.: (066) 3390100
Fax: (066) 3390198/99

144.Shark El Tafria Branch:
Shark El Tafria Port - Portsaid

145.Portsaid- El Gomhuria St. Branch
58 El Gomhuria St. - Safwa class tower - 42111
Portsaid
Tel.: (066) 3390300
Fax: (066) 3390399

146.Ismailia Branch:
Panorama El Ismailia Tower - Unit no.1 - El
Mawkaf El Gedid St. - Corner El Eshreen St. &
Shebeen El Koom St. - Infront Of Courts Center -
Ismailia City – 41111 Ismailia.
Tel.: (064) 3269000
Fax: (064) 3269099

147.Suez Branch:
5 El Galaa St. - 43221 Suez
Tel.: (062) 3393300
Fax: (062) 3393399

148.Sadat Branch:
Piece of land No.1 center services seventh
district Ahmed Ismael St. - Front of Area No.11
- Sadat City
Tel.: (048) 2625300

149.Kafr El Shikh Branch:
19 Ramezeya - Takseem El Moharbeen El
Kodmaa - Salah Salem Street - East City District

150.Teda Branch:
The third sector - North west Gulf of Suez -
Economic Zone - Ain Sokhna - 43511 Suez
Tel.: (062) 371048/9 - (062) 3710490
Fax: (062) 3710491

151.El Ain El Shokna Branch:
KM 46 Suez - Ain El Sokhna - Hurgada Desert
Road – Stella Di Mare Resort fence
Tel.: (062) 3393600
Fax: (062) 3393699

Red Sea Branches:

152.Grand Beach Branch:
Siva Grand Beach Hotel - Elmamsha el syahy –
279 Hurghada
Tel.: (065) 3416100
Fax: (065)3416199

153.Hurghada Sheraton Road Branch:
36 El Gabl El Shamaly St. - 84511 Hurghada
Tel.: (065) 3416500
Fax: (065) 3416599

154.El Dahar - Hurghada Branch:
1 Hurghada Stadium shops - El Nasr St. - El
Dahar - 84511 Hurghada
Tel.: (065) 3562000
Fax: (065) 3562099

155.Hurghada Banks Area - El Khawthar:
Banks Area - Block 8 - Hurghada - 84111 Red
Sea
Tel.: (065) 3418710 – (065) 3418722
Fax: (065) 3418799

Sinai Branches:

156.Sharm El Sheikh Branch:
Neama Bay Al Salam Road - Opposite Gafy
Resort - 46619 Sharm El Sheikh
Tel.: (069) 3622000
Fax: (069) 3622099

157.Hadabet Um Sid Branch:
Commercial Unit No. (4) at the City for aquatic
games, entertainment & restaurant and shops
at Um Sid - Sharm El Sheikh - 46619 South
Sinai
Tel.: (069) 3622090
Fax: (069) 3622095

158.Nabq Bay Branch:
Commercial Unit No. (R1) at the oriental resort
- Beside the main entrance to the hotel Nabq -
Sharm El Sheikh - 46619 South Sinai
Tel.: (069) 3622050
Fax: (069) 3622055

Upper Egypt Branches:

159.Assuit Branch:
2 El Gomhuria St. - Al Wataneya Towers - 7111
Assuit
Tel.: (088) 2422500
Fax: (088) 2422599

160.Beni Suef Branch:
16, Port Said St. - Takseem El Horreya - –62111
Beni Suef
Tel.: (082) 4494001
Fax: (082) 4494099

161.Aswan Branch:
Shark El Bandar St. - City Center Aswan – 81111
Aswan
Tel.: (097) 2391000
Fax: (097) 2391099

162.Fayoum Branch:
10 Horreya St. - Bandar Fayoum - Fayoum
Tel.: (084) 6390700
Fax: (084) 6390799

163.Sohag Branch:
46 Corniche El Nil El Kebly St. - Borg El Nil -
Sohag
Tel.: (093) 2380600
Fax: (093) 2380699

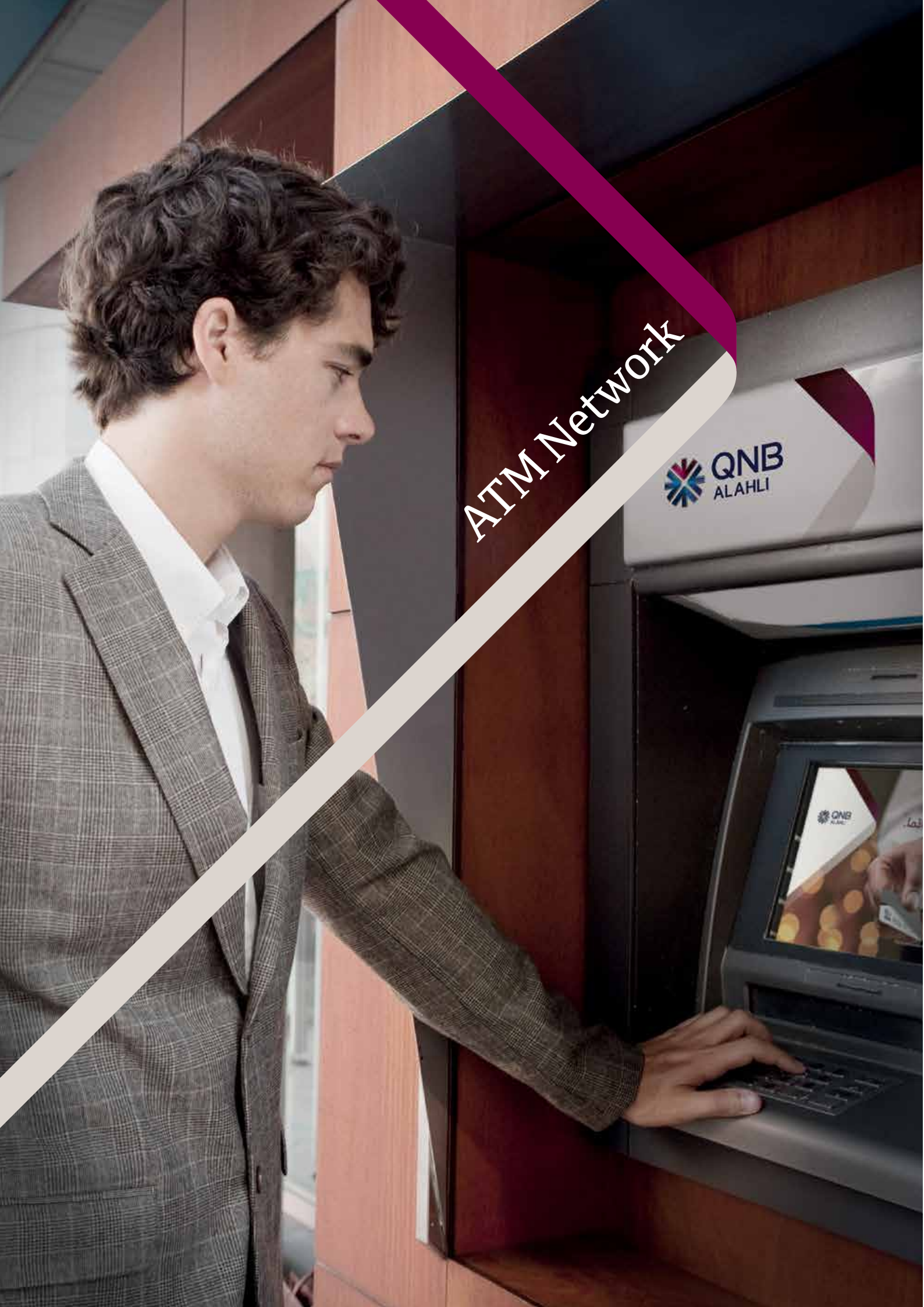
164.Luxor Branch
109 Karnak Temple St., Luxor 85111,
Tel.: (2095) 239 9101
Fax: (2095) 239 9199

165.Minya Branch
76 Shalaby Section - Sarofiem - Gharb El Minya
- Minya
Tel.: (2086) 238 6300
Fax: (2086) 238 6399

Kallubeya:

166.Banha Branch :
26 Saad Zaghloul St. - Banha - 13111 Kallubeya
Tel.: 0133806200
Fax: 0133806299

167.Shobra El-Khaima Branch:
135 15th of May St. - Teraa El-Bolakia -
Mansheyet El-Horia - Shobra El-Khaima - 13411
Kallubeya.



QNB ALAHLI Offsite ATM Network:

Call 19700 or visit www.qnbalahli.com

Four Seasons -Nile Plaza*:
1089 Corniche El Nil- Garden City

Novartis Co.:
Sawah St.- Amiryra

Egypt Gas*:
El warak -Kornishe Elnile

Town Gas:
El warak -Kornishe Elnile

Misr Petroleum Company*:
El Tawfikeia Ahmed Orabi Sq. Down Town

Bisco Misr*:
Sawah St.- Amiryra

Arab Contractors*:
6th of October street – treat el Ismailia sabekan

Egyptian Company for Starch and Glucose*:
6th of October street – Shoubra EL-Khima

Heliopolis and Nasr City:

Egyptian Airports Co.*:
Cairo International Airport

City stars:
City stars - Second Retail Level- 4th floor food court.

Petrogas:
Tayran St. -Nasr City

PWtagasco:
3 Anwar El Mofty St.- Nasr City Behind Tibba mall

Ministry of Electricity:
Ramsis St. Extension - Abasseyra Square

ECG:
El Sefarat District – Nasr City

Egypt Air*:
Airport buildings (9 ATM machines)

Town Gas*:
El Wafaa w El Amal - 10th district

IT Soft*:
Free Zone - Nasr City

Egypt Gas*:
30 El Mofateshin Street - Alamza

Maadi & Helwan:

Carrefour Cairo:
Ring Road - Katanmya

Torah Cement Company*:
Misr/Helwan Agricultural Road

Link Dot Net:
Misr/Helwan Agricultural Road - Maadi

La Paire:
El Bassatin Industrial Zone

Cement Portland:
Kafr El Elw - Helwan

DSD (Arab Contractors):
Ring Road – Torah

Alexandria:

Carrefour Alexandria:
Alex/Cairo Desert Road

Petrochemical Company:
36 Alex./Cairo Desert Road – Amreya - Alexandria

Lord factory:
Ard El sobheya – El Nozha - Alexandria

Arab Academy*:
Miami

Arab Academy*:
Abu Keir

Alex Fertilizers*:
Free Industrial Zone Alex

Alexandria National Iron& Steel
Company(EZDK)*:
El Dekheila – Alagami

Eastern Tobacco Co.*:
91 Suez Canal St.- Moharram Baik

PMS (Petroleum Marine Service)*:
Free Industrial Zone Alex

Bisco Misr :
El Seyouf – Alexandria

Town Gas*:
Sidi Kereir/ Km 21 – Alexandria

Orouba Mall:
Km 34.5 – Alexandria road

Petrojet*:
Merghem/Km 17 – Alexandria

Orascom / Marrasy*:
In front of Marrasy Village/Km - 155 Alex.
Matrouh Road

Palestine Hotel*:
Montzah Gardens – Alexandria

AMOC Company*:
ElSad Elali St. - Wadi Elkamar – Alexandria

Unilever*:
Industrial Zone - Borg El Arab City

Faragallo Company*:
Industrial Zone - Borg El Arab City

West Delta for electricity production*:
Sidi Kereir/Km 21

10th of Ramadan:

Kandil Industries Factory:
Plot #3/6 Industrial Area - Zone 2 - 10th of
Ramadan City

Oriental Weavers (3 machines)*:
Industrial Zone

Family Nutration:
Abderkawy St. - industrial zone A1

ABB*:
Industrial zone

Eipico Co.:
Industrial City - 10th of Ramadan

MAC Co. (2 ATMs)*:
Industrial Zone B1 - 10th of Ramadan

MAC Co. (1 ATM)*:
Industrial Zone B3 - 10th of Ramadan

Swiss Company for readymade clothes:
3rd Industrial Zone block A1 - 10th of Ramadan

Best Cheese:
2nd Industrial Zone - 10th of Ramadan

MEMCO:
Industrial Zone B1 - 10th of Ramadan

Cadbury:
Second Industrial Zone - 10th of Ramadan

Ceramica Cleopatra (2 machines)*:
First Industrial Zone - 10th of Ramadan

Fresh Electric for Home appliances:
Industrial Zone B4 - 10th of Ramadan

Ceramica La beaute:
Industrial Zone A3 – 10th of Ramadan

Ideal Standard:
2nd industrial zone block 24 beside fresh
Company

Ferometalico:
Km 15 Cairo Bilbis Road

Hurghada:

Beach El Batros Hotel:
Hurghada – El Mamsha El Seyahy Road

Stiegenberger El Daw Hotel:
Hurghada – El Mamsha El Seyahy Road

Senzo Mall:
Hurghada

Sharm El Sheikh:

Old Market:
Old Market - Sharm El Balad

C-Club Hotel:
Nabq Bay - Sharm El Sheikh

Maritime Hotel:
El Salam Road - Sharm El Balad

Nubian Village:
Nabq bay - Sharm El Sheikh

Roman Theater:
El Salam Road

Pyramisa Hotel:
Sharks Bay

Others:

Renaissance Cinema:
El Geish St. - Suez

Delta Fertilizers Company (2 ATMs):
El Mansoura – Talkha

El Ezz Steel Factory(Sadat City)*:
Ezz Steel Manufacturing Co - Main Entrance

Takki Showroom:
Hasballa Kafrawy St. -New Damietta

Semeramis Hotel El Arish:
El Fatth St. - El Fariq Fouad Zekry - El Areesh
City

Kapci:
Industrial Zone Portsaid

MCV (2 Machines):
NEW Salheya City

Egyptian Fertilizers Company:
End of El Shokhana Road

Ghabbour:
Km 3 Cairo – Alex agricultural Road.

Suez Cement Company*:
Km 35 El Ein El Sokhana Road

Arab Contractors*:
10 6 of October St. (previously El Ismailia St.)

El Ezz Steel Factory (El Ein El Sokhana)*:
El Sokhana – Suez desert road

Ghabbour:
Abou Rawash

Suez Steel Company:
Industrial Zone Attaka

Arab Dairy (Panda - 2 Machines)*:
Sandabis – Qualyoubeya

Ceramica Cleopatra (2 Machines)*:
El Ain El Sokhna industrial zone

Metco for Metal Industries:
Free Zone – Port Said

La Farge Cement*:
Km 93 Cairo – Sokhna Road

Hero Food Industries (Vitrac)*:
Terssa – Toukh - Qualyoubeya

EL-Kods EL-Sharif (Super Market):
15 May St. - Mostored

Giza System:
Plot No. 176 - Second sector - City Center - New
Cairo

Petrojet Suez:
Entrance of Suez City

Sekeem:
Gelfina - Belbeis - Sharkia

Fayoum Sugar:
New Fayoum City - Kasr EL Basel

Madinaty:
Inside the mall

Uniplast Company:
4th industrial zone BADR City

Egyptian Drilling Company:
Km 17.5 Cairo - Suez Mapco - Damietta Free
Zone

6th of October:

Flora:
2nd industrial zone – 6th of October City

Universal:
Industrial zone

El Rasheedy Al Mezan:
Industrial Zone - 6th of October

Mobica Company*:
Abou Rawash

Mobinil Company Smart Village:
Smart Village

Nahdet Misr for printing:
1st Industrial Zone – 6th of October City

Misr Food:
1st industrial zone

Eastern Tobacco*:
El Wahat Road

Inter Cairo:
6 industrial Zone

Ghabour Service Center:
Abou Rawash Industrial Zone

Future Pipe:
First industrial Zone

El Bardy for paper industries:
Forth industrial Zone

Mall of Arabia:
El Mehwar el Markazi – Entrance of October City

Electro Star:
First Industrial Zone beside Xerox

Ceramica Art*:
Behind Mercedes Factory – El Matowerin Area

Mongianes*:
Abou Rawash

Americana plaza:
Entrance of Sheikh Zayed City

Hydilina:
2nd Industrial Zone - Plot 72 - Behind Domty

Haram & Giza:

Eastern Tobacco(1 machines)*:
450 El Ahram St. - Giza

Suez Canal Insurance Company:
Mohamed Kamel Morsy St. - Off El Batal Ahmed

Obour City:

Moemen Chain:
First industrial zone - Behind Souk El Obour - Obour City

Pack Line:
First industrial zone - Behind Souk El Obour - Obour City

MCV:
Km 24 Cairo/Ismailia Desert Road

El Nour Factory:
Industrial Zone - Block 12008

Abou Ghali Service Center:
Km 28 Cairo/Ismailia desert road

El Arousa Tea:
1st Industrial Zone - Obour city

AMOUN Company:
1st Industrial Zone - Block 13015

El Shrouk for Printing:
1st Industrial Zone - Block 13003 - Behind Obour market - Obour City

* For payroll clients only.

