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Chairman Message

In light of the recent economic challenges that have faced Egypt over 2014 and that resulted in reforms serving investment and economy, QNB ALAHLI succeeded in maintaining its leading role in the Egyptian banking sector and efficiently overcame economic turbulences supported by its believe in the Egyptian market potential with its long term opportunities for growth. This is based on its focus on financial inclusion and its role in developing banking awareness in Egypt. Moreover, the bank management has adopted balanced policies driven by clearly defined primary goals. We aim to achieve these goals to attract more promising opportunities taking into consideration the economic expectations in the country. All of these policies, as well as our continuous efforts in developing businesses, aim at making the bank the best and most guaranteed choice in the financial market through our long term support for our customers.

QNB ALAHLI has achieved noticeable prosperity through the year 2014, and managed to develop new execution techniques for the Egyptian economy. The bank, also, has played a major role in contributing to the rise of the Egyptian economy, aided by its innovative policies that have made us capable of achieving unprecedented accomplishments on every level regarding our operations and services for our customers.

We are honored to belong to a leading financial entity such as QNB Group which is considered to be one of the strongest banks in the world. The year 2014 marked the celebration of QNB Group 50th Anniversary. Founded in 1964, it has since grown into the leading regional MENA financial institution. Today, QNB Group is an innovative international business establishment that operates in more than 26 countries and across the continents, with over 14,500 employees in over 615 locations working towards providing our clients with the best and most efficient banking experience. QNB; that was ranked as one of the (World's 50 safest banks), vision is to become a Middle East and Africa Icon by 2017. Therefore, we are privileged to be a part of such a leading financial group, that through its resources and support, has helped QNB ALAHLI boost its results and performance during 2014.

QNB ALAHLI positive results are a direct outcome of the bank long time experience in the Egyptian market, successful fiscal policies, as well as the bank competency and flexible executive policies and procedures. This is the foundation that we have built upon in order to develop the bank operations, surpass challenges, face market competition, and benefit from the opportunities offered, supported by our wide base of branches that have risen to 179 branches by the end of 2014, providing an excellent geographical coverage to meet the biggest number of clients on every given level. The rapid growth in net profits last year, as proved by results of the FY ending on December 31st, 2014, drove the bank to a net profit of EGP 2.319mn with a 30% increase compared to last year. While total deposits amounted to EGP 85.5bn recording a 26% increase in comparison to the end of 2013, backed up with a EGP 35.4bn for individuals deposits registering 19% increase, and a EGP 50bn for corporate deposits with a 32% increase. Moreover, deposits market share on a standalone basis reached 5.43%, up from 5.14% in December 2013.

Through its employee relentless efforts and dedication, the bank has succeeded in solidifying its position in the Egyptian financial market, offering clients original and exceptional banking products and services, alongside an outstanding performance in quality and customer service. All of which have earned QNB ALAHLI Egypt's best bank in SMEs, best corporate banking, and best retail banking awards according to Global Banking and Finance Magazine.

The bank full range of depository and lending products in the retail division are designed in order to meet our clients' banking needs. As a result, QNB ALAHLI relies on the diversity of its retail banking products, offering segmentation packages based on clients' profile and financial needs such as Safwa, Tamayoz, and Banky, all of which have satisfied our large and diverse base of clients.

Our continued support for SMEs through our thorough program depends not only on our distinctive banking services, but also on incorporated solutions through our subsidiaries, represented by QNB ALAHLI life insurance company that provides a diverse range of products to cater to the clients' need for saving, QNB ALAHLI financial leasing company, which is the leading finance lease entity in Egypt, with a book value of rented assets worth EGP 1.632 bn., and QNB ALAHLI factoring company that is involved in all types of local and international factoring services, which are fully equipped with cutting-edge technologies and experts, providing swift commercial solutions to meet all need of clients. All of these subsidiaries are available in our wide Network of branches hosting a team of experts who serve this important segment of customers.

Moreover, QNB ALAHLI commitment towards corporate social responsibility activities and dedication to the development of the community is derived from the realization that contributing to the society goes hand in hand with our thriving for success. Thus, the bank has been keen on supporting various charity projects over the last year, one of which has been our 20 million pounds donation for the "long live Egypt fund" dedicated for supporting the Egyptian economy and the development of Egypt and to ease the burden off the Egyptian citizen's shoulders. As for social responsibility, the bank gave donations to various organizations invested in orphans' care.

Regarding the bank support for the health sector, we have established the first operational Hybrid room in the National Heart Institute, as well as donating equipment for many hospitals. In regards to the educational aspect, QNB ALAHLI realizes the great potential in supporting education and the benefits derived from it. Accordingly, we financed the construction of many schools in rural areas and upper Egypt. In accordance with the our policy of supporting sports, the bank sponsored for the first time the World Cup squash tournament. The foundation of our support for these activities comes from our belief that keeping attention to social services is a moral duty that would improve productivity.

On the behalf of the management, board of directors, and myself, I would like to extend our most genuine appreciation and gratitude to the employees for their outstanding performance, accomplishments, as well as, their loyalty and dedication. All of which guarantee more prosperity and growth for our bank. Furthermore, I am confident that the bank achievements will be moving forward through the sincere efforts of its employees and their ability to overcome current challenges and face future ones.

I would also like to thank our esteemed clients for their continuous trust in the bank. Through constant research, we promise that the bank will keep on offering more innovative products and services based on studying their needs and ambitions. In addition, we are committed to launching new products and services that exceed our clients banking expectations and enhance their special banking experience through our network. Finally, we aspire to more excellence, strengthening our leadership role in the Egyptian market, while we continue to prosper with success.

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.

QNB ALAHLI Leasing :

Created in 1997:

QNB ALAHLI Leasing 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 QNB ALAHLI - Factoring (0.0.1%). QNB ALAHLI Leasing 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 2.092 Billion by end of 2014.

QNB ALAHLI Life Insurance Company

Created in 2003:

QNB ALAHLI 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 QNB ALAHLI 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% growth 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.

- Year 2014: Remarkable achievement reaching 230 MEGP of collected premiums with positive result of 56 MEGP before taxes in year 2013/2014 with an increase of more than 37% from last year.

QNB ALAHLI Factoring Company:

QNB ALAHLI factoring is one of the financial institutions owned by QNB ALAHLI by 99.98%. Established in 2011 and started to practice the factoring activities in mid. 2012 under the supervision of EFSA. The company offers local and international factoring services, for small, medium and large businesses, which operate its sales with credit terms, through a full range of services such as immediate finance, account management, collection of receivables as well as coverage against their debtors credit default locally and internationally relying on its network of correspondents around the world.

According to EFSA statistics, QNB ALAHLI Factoring Company has acquired the largest market share during 2014 which reached approximately 46% of the total factoring operations in Egypt placing the company as the first factoring services provider in the market comparing to the 2nd place during 2013 with a market share 40% despite lack of awareness of the new product and the contraction of the economy during the past years.

The company has achieved remarkable success during its second year as the total factoring operations has reached 1.7 billion EGP during the year 2014 in comparison to 1.3 billion EGP with a growth rate 28%.

Board Of Directors and Committees

Board Of Directors and Committees:

Board of Directors:

Mr. Mohamed Osman El-Dib	Chairman & Managing Director
Mr. Ali Ahmed Al-Kuwari	Board Member
Mr. Ali Rashid Al Mohannadi	Board Member
Mr. Ramzi Mari	Board Member
Mr. Grant Eric Lowen	Board Member
Mr. Abdulla Mubarak Al-Khalifa	Board Member
Mr. Yousef Mahmoud Al-Neama	Board Member
Ms. Heba Ali Ghaith Al-Tamimi	Board Member
Mr. Tarek Abdel Raouf Magdy Fayed	Board Member

Executive Committee :

Mr. Mohamed Osman El-Dib	Head of Executive Committee
Mr. Tarek Abdel Raouf Magdy Fayed	Executive Committee Member
Mr. Ihab Rafaat	Executive Committee Member
Dr. Hassan Saleh	Executive Committee Member
Mr. Bassem Nour	Executive Committee Member
Mr. Tarek El Mahmoudy	Executive Committee Member
Mr. Sameh Badry	Executive Committee Member
Mrs. Mona El- Darandly	Executive Committee Member

Audit Committee:

Mr. Yousef Mahmoud Al-Neama	Head of Audit Committee
Mr. Ramzi Mari	Audit Committee Member
Ms. Heba Ali Ghaith Al-Tamimi	Audit Committee Member

Head Office Divisions

Head Office Divisions

Mr. Tarek Fayed

Assistant Managing Director / Chief Business Officer

Mr. Ihab Rafaat

Chief Operating Officer

Dr. Hassan Saleh

Chief Strategy Officer

Mrs. Mona El-Darandaly

Chief Risk Officer

Mr. Sameh Badry

Chief Financial Officer

Mr. Bassem Nour

Head of Commercial & Marketing Animation Division

Mr. Tarek El Mahmoudy

Head Of Technical Management & Banking Services Division

Mr. Bahaa El Shafie

Head Of Corporate& Investment Banking Division

Mr. Gamal Zewany

Head Of Operations Division

Mr. Nazmy Saad

Network Division – Co Head

Mr. Abdelmoneim Ashmawy

Network Division – Co Head

Mrs. Mona Badry

Head of Human Resources Division



Corporate & Investment Banking Activities

In 2014, Egypt witnessed appealing economic results taking its path onto economic reforms; a result attributable to political stability featured by several measures undertaken by the government for the development of several economic sectors. Foreign direct investments started to rebound gradually, backed by rating agencies' several upgrade of Egypt's outlook. Such tempting market conditions paved the road for numerous opportunities for existing and potential corporate clients.

QNBAA Corporate and Investment Banking arm continued to support clients' needs as well as their growth strategies with different types and size of transactions. We continued to provide tailor-made products and services to accommodate the nature of the transactions present and ensuring completion in a timely manner to meet the growing economic demand. In the meanwhile, we continued to play a vital leading role in financing mega infrastructure and energy related projects to support the growing economy, and with sizable tickets, capitalizing on our significant lending capacity.

Harvesting the results of the opportunities seized during 2014, QNBAA continued its prolonged strong market presence which was reflected in a significant growth in our corporate loans portfolio reaching a level of EGP 38 billion in FY2014 representing 20% growth compared to FY2013. This is owed to the efficient procedures adopted without compromising the quality of our portfolio, proven by a lower NPL ratio in FY2014 of 3.06% compared to 3.60% in FY2013. With such, we were able to prosperously contribute to the bank's operating income while engaging in seeking synergy opportunities within QNB Group, all of which supported the Group's strategy for a growing market share.

Our outlook for FY2015 remains positive and we shall continuously strive to increase our presence in the market in order to constantly present a spectrum of innovative products and services coping with market developments while continuing to provide the utmost level of client satisfaction and needed support.

Retail Banking



Over the past few years **QNB ALAHLI** has asserted its position as one of the main players in the Egyptian Banking market and one of the essential business pillars with the aim of focusing Bank efforts on building a sales oriented organization and create a product management methodology which copes with the Bank's directions to help maintain and retain clients at every stage of their financial lives.

In 2014, **QNB ALAHLI** has achieved extraordinary results with its strategic vision that has been realized by improving and enhancing some of the existing products and launching new services and packages to fulfill all Clients evolving banking needs and expectations to maintain its competitive edge. Thus, new and innovative products have been added to the Bank products family in different fields to match the dynamic market; for example, in the Mortgage Finance field we coped with the Central Bank of Egypt mortgage finance initiative for low and middle income clients to reach all social classes of the society including untapped segments. On the other hand, we launched Payroll packages for the companies that proactively meet the basic banking needs of both the companies and their staff.

Moreover, **QNB ALAHLI** was keen to be present in different venues and events to build a direct relationship channel with its existing and potential Clients segments through sponsoring various events in different fields

- **Children and parents**, **QNB ALAHLI** sponsored one of the major events for Parents & Children that gather educators, experts, businesses and their customers in one place. The event had a great success with our special designed activation booth as well as tailored giveaways & offers which attracted a huge number of parents and kids.
- **2014 VISA FIFA World cup**, **QNB ALAHLI** launched in alignment with Visa International, an activation campaign for 3 months rotated in 3 well known malls to increase the usage of its range of cards.
- **Summer 2014**, **QNB ALAHLI** extended its presence through sponsoring one of the ultimate summer destinations for Egypt elite society at the North Coast.

QNB ALAHLI is always aiming to excel by developing new products and services to sustain its brand name, maintain a strong and healthy relationship with its clients base, attract new potential clients and assure the Bank's rightful position as a leading Bank in the Market.

Small & Medium Enterprises

SMALL & MEDIUM ENTERPRISES

SME Banking is a very important growth vehicle for the economy as well as for QNBAA; from 2009 till 2014 SME Banking business grew strong & efficient. Our success can largely be attributed to a unique business model through offering SMEs programs; consulting, financing & services; answering the needs of such important segment.

QNBAA as one of the market leaders is perfectly positioned to support SMEs all over Egypt through building a diversified portfolio of SMEs clients from a variety of sectors such as manufacturing, trading and services.

Last year has been a great year for SMEs as it ended with a total exposure of EGP 4,600 Mio as well as moving 70 clients with EGP 500 Mio funded portfolio from SMEs to Corporate in line with SMEs mission "From Micro to Corporate".

SMEs market proved to be a resilient sector even in a difficult market economic context, and yet another fruitful year ends and a new promising year begins; the positive results in the last few years are a testimony that we are doing a fine job in authenticating QNBAA's management vision which is to grow swiftly & firmly throughout the coming years.

We are re-affirming on our commitment to further develop & grow SME banking in QNBAA through a strong network of branches all over Egypt capitalizing on our solid model, vast expertise and diversified portfolio.

QNBALAH commercial offer to SMEs is including:
Consultancy:

•Financial Advisory:

Offering banking-financial advices 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 & 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.

Business Credit cards

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.

QNB ALAHLI
(Egyptian Joint Stock Company)

**Separate Financial Statements
Together With Auditors' Report
For The Year Ended December 31, 2014**

Deloitte - Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

Allied for Accounting and Auditing – EY
Accountants & Consultants

Deloitte - Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

Allied for Accounting and Auditing - EY
Accountants & Consultants

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 separate financial position as at December 31, 2014 and the related 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, 2014 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, 2014 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 13, 2015


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

Auditors


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

QNB ALAHLI S.A.E
Separate Statement of Financial Position
As at 31 December 2014

(All amounts are shown in Egyptian Pounds)

	Note	December 31, 2014	December 31, 2013
Assets:			
Cash and due from Central Bank of Egypt (CBE)	(15)	7,188,344,482	5,708,342,342
Due from banks	(16)	5,777,870,344	2,973,154,347
Treasury bills	(17)	20,763,457,096	15,742,232,766
Loans and credit facilities to customers, net	(18)	48,612,476,475	40,315,330,089
Financial derivatives	(19)	3,862,276	12,200,178
Financial Investments:			
- Available-for-sale	(20)	18,401,339,153	13,178,504,967
- Held to maturity	(20)	15,000,000	65,000,000
Investments in subsidiaries and associates	(21)	206,127,586	208,473,703
Intangible assets	(22)	103,286,698	118,482,053
Other assets	(23)	1,863,785,426	1,437,320,211
Deferred tax assets	(30)	145,959,614	146,258,885
Property and Equipment	(24)	1,066,183,832	915,868,458
Total assets		102,205,892,784	80,819,167,999
Liabilities and equity:			
Liabilities:			
Due to banks	(25)	1,394,153,408	325,390,473
Customer deposits	(26)	83,649,702,339	67,666,810,468
Financial derivatives	(19)	35,566,913	-
Other loans	(27)	128,960,631	142,213,278
Other liabilities	(28)	1,455,468,586	1,223,260,593
Other provisions	(29)	661,996,362	589,498,063
Current income tax payable		968,084,102	772,495,443
Defined benefits obligation	(31)	212,610,364	174,667,322
Total liabilities		90,506,542,705	70,914,335,640
Equity:			
Issued and paid-up capital	(32)	5,610,729,150	4,878,894,920
Reserves	(34)	4,066,956,326	3,202,718,172
Reserve for employee stock ownership plan (ESOP)	(33)	17,653,163	17,653,163
Profit for the year and retained earnings	(34)	2,065,011,438	1,805,566,102
Total equity		11,699,350,079	9,904,832,359
Total liabilities and equity		102,205,892,784	80,819,167,999


 Mohamed Osman El-Dib
 Chairman and Managing Director

The accompanying notes from (1) to (38) are an integral part of these Separate financial statements.
 (Auditors' report attached)

QNB ALAHLI S.A.E
Separate Income Statement
For the Year Ended 31 December 2014

(All amounts are shown in Egyptian Pounds)

	Note	From January 01, 2014 To December 31, 2014	From January 01, 2013 To December 31, 2013
Interest on loans and similar income	(6)	8,279,810,267	6,610,751,330
Cost of deposits and similar expense	(6)	(4,491,634,061)	(3,450,479,889)
Net interest income		3,788,176,206	3,160,251,441
Fee and commission income	(7)	1,174,877,906	1,036,434,906
Fee and commission expense	(7)	(76,528,859)	(58,076,488)
Net interest, fee and commission income		4,884,525,253	4,138,609,859
Dividend income	(8)	14,320,656	17,069,673
Net trading income	(9)	62,072,358	130,272,272
Gain / (Loss) on financial investments	(20)	3,650,443	2,335,807
Impairment credit losses	(12)	(302,003,219)	(549,994,092)
Administrative expenses	(10)	(1,370,677,993)	(1,289,347,392)
Other operating revenues (expenses)	(11)	(117,849,619)	(33,919,105)
Profit before income tax		3,174,038,079	2,415,827,022
Income tax expense	(13)	(973,520,502)	(675,509,848)
Net profit for the year		2,198,517,577	1,740,317,174
Earnings per share	(14)	3.54	2.78


 Mohamed Osman El-Dib
 Chairman and Managing Director

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

QNB ALAHLIS.A.E
Separate Statement Of Changes In Shareholder's Equity
For the Year Ended 31 December 2014

(All amounts are shown in Egyptian Pounds)

	Issued and Paid Up Capital	Legal Reserve	General Reserve	Special Reserve	Capital Reserve	Available-for-sale Investments Revaluation Reserve	General Banking Risk Reserve	Hedging Reserve - Cash Flow Hedge (CFH)	Retained Earnings	Net Profit for the Year	Reserve for Employee Stock Ownership Plan (ESOP)	Total
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 Available-for-sale investments, after deducting gains recycled to profit or loss relating to sold available-for-sale 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 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
December 31, 2014												
Balance at 1 January 2014	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
Transfer to reserves and retained earnings	-	87,015,332	1,536,084,676	-	10,538	-	-	-	(65,248,928)	(1,557,861,618)	-	-
Remuneration for board members and Employees' profit share from Profit distribution for year 2013	-	-	-	-	-	-	-	-	-	(182,455,556)	-	(182,455,556)
Transfer from general reserve to capital increase	731,834,230	-	(731,834,230)	-	-	-	-	-	-	-	-	-
Net unrealized gain/(loss) on Available-for-sale investments, after deducting gains recycled to profit or loss relating to sold available-for-sale investments as well as taxes - Note No.34	-	-	-	-	-	(219,227,334)	-	-	-	-	-	(219,227,334)
Net profit for the year	-	-	-	-	-	-	-	-	-	2,198,517,577	-	2,198,517,577
Net unrealized loss on CFH, net of tax	-	-	-	-	-	-	-	(2,316,967)	-	-	-	(2,316,967)
Transfer to general banking risk reserve	-	-	-	-	-	-	133,506,139	-	-	(133,506,139)	-	-
Balance at 31 December 2014	5,610,729,150	557,597,833	2,665,043,542	147,044,179	9,219,034	433,280,690	191,304,813	2,466,235	-	2,065,011,438	17,653,165	11,699,350,079


 Mohamed Osman El-Dib
 Chairman and Managing Director

The accompanying notes from (1) to (38) 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 2014

(All amounts are shown in Egyptian Pounds)

	Note	December 31, 2014	December 31, 2013
Cash flows from operating activities			
Profit before tax		5,174,058,979	2,410,827,023
Adjusted by:			
Property and Equipment depreciation and Intangible assets amortization		138,889,458	134,144,814
Impairment credit losses	(12)	502,003,219	549,994,092
Loans written off during the year		(178,288,309)	(43,380,168)
Recovery from loans previously written off		5,744,259	8,377,483
Net funded / (overfunded) other provisions		25,514,023	76,471,606
Utilized provisions other than loans provision		(4,518,999)	(2,058,529)
Translation differences of other provisions in foreign currencies		1,304,271	4,789,191
Termination differences resulting from monetary foreign currency Available-for-sale investments		(6,103,720)	(218,138,148)
Amortization of premium / discount for bonds		(133,301,345)	24,388,780
(Gain) on sale of Property and Equipment		6998,350	(10,558)
Dividend income	(9)	(14,320,868)	(17,069,673)
(Gain) on sale of Available-for-sale investments	(20)	(8,683,328)	(6,497,131)
Loss on impairment of Available-for-sale equity instruments	(20)	5,402,882	4,161,324
Cost of share based payments			1,889,394
Operating profits before changes in assets and liabilities resulting from operating activities		5,356,759,441	2,952,949,100
Net decrease / increase in assets and liabilities			
Due from banks		(1,558,854,248)	462,600,431
Treasury bills		(4,377,133,911)	(3,212,119,247)
Loans and credit facilities to customers		(8,426,624,585)	(3,764,690,970)
Financial derivatives		40,594,662	3,190,989
Other assets		(438,468,215)	(792,833,477)
Due to banks		1,068,762,979	(902,176,790)
Customer deposits		17,962,891,871	13,973,141,066
Other liabilities		235,607,993	167,208,291
Defined benefits obligation		37,945,042	26,170,899
Income tax paid		(771,133,762)	(243,149,032)
Net cash flows resulting from operating activities (1)		6,841,526,438	8,682,577,260
Cash flows from investing activities			
Acquisition of Property and Equipment and branches preparation		(225,996,796)	(188,909,874)
Proceeds from sale of Property and Equipment		3,685,888	10,538
Proceeds from sale of financial investments other than held for trading investments		2,237,966,252	881,606,894
Acquisition of financial investments other than held for trading investments		(7,482,588,320)	(7,604,496,289)
Acquisition of subsidiaries		(57,653,683)	(77,831,453)
Dividends received		14,320,858	17,069,673
Net cash flows used in investing activities (2)		(5,571,265,942)	(7,002,250,545)
Cash flows from financing activities			
Long term loans		(11,252,647)	(1,443,967)
Subordinated loan			(884,600,000)
Dividends paid		(182,455,556)	(730,184,375)
Net cash flows used in financing activities (3)		(195,708,303)	(1,603,410,366)
Net increase in cash and cash equivalents during the year (1+2+3)		1,074,552,193	56,716,545
Cash and cash equivalents at the beginning of the year		6,181,119,440	6,136,403,095
Cash and cash equivalents at the end of the year	(35)	7,255,671,750	6,193,119,640
Cash and cash equivalents at end of the year are represented by:			
Cash and due from Central Bank of Egypt	(15)	7,188,544,483	5,706,343,343
Due from banks	(16)	5,777,870,544	2,973,534,947
Treasury bills		20,763,407,096	11,742,232,796
Salances with Central Bank of Egypt (mandatory reserve)		(3,445,195,440)	(3,964,241,403)
Salances due from banks with maturities more than 3 months		(351,236,306)	(133,734,000)
Treasury bills with maturity more than 3 months		(18,667,768,523)	(16,090,632,612)
Cash and cash equivalents at end of the year		7,255,671,750	6,193,119,640



Mohamed Osman El-Dib
Chairman and Managing Director

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

QNB ALAHLI S.A.E

Statement of Profit Distribution Proposal

For the Year Ended 31 December 2014

(All amounts are shown in Egyptian Pounds)

	December 31, 2014	December 31, 2013
Net year's profits (from income statement)	2,198,517,577	1,740,317,174
Deduct/Add :		
Profits of sale fixed assets transferred to capital reserve	(698,330)	(10,538)
Change in General Banking Risk Reserve	(133,506,139)	65,248,928
Distributable year's net profits	2,064,313,108	1,805,555,564
To be distributed as follows:		
Statutory reserve	109,890,962	87,015,332
General reserve	1,742,990,835	1,536,084,676
Employees' profit share	206,431,311	180,555,556
Remuneration for board members	5,000,000	1,900,000
Total	2,064,313,108	1,805,555,564

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2014

(All amounts are shown in Egyptian Pounds)

1. Background:

QNB ALAHLI "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 179 branches served by 4,988 staff at the date of the financial statements. The Bank is listed on the Egyptian Stock Exchange (EGX).

These Financial statements were approved by the Board of Directors on January 13, 2015.

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 applicable laws of Egypt.

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, 2014 to get complete information on the Bank's financial position, income satatment, cash flows and change in shareholders equity.

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 investments 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 in subsidiaries and associates are subsequently accounted for using the cost method on the separate financial statements. According to the cost method; investmments 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.

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2014

(All amounts are shown in Egyptian Pounds)

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 pounds. Transactions in foreign currencies during the year are translated into the Egyptian pounds 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 'Interest on 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 credit worthiness deterioration.

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2014

(All amounts are shown in Egyptian Pounds)

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 are 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 the bank 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 (net trading income) unless the group chooses to designate the hybrid contract 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.

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
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(All amounts are shown in Egyptian Pounds)

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.

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2014

(All amounts are shown in Egyptian Pounds)

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)

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

2.12.1 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 ,in that field the below items will be considered:

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

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(All amounts are shown in Egyptian Pounds)

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.

2.12.2 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.

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 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 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 as follows:
Three to 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.

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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		50 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.

The bank has changed the useful life of the buildings that were depreciated on 30 years to 50 years, to depreciate the net book value of those assets at the beginning of the current year over the rest of new useful life. This change did not result in a significant impact on the financial statements.

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.

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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 overdrafts 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

2.20.1 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.

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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.

2.20.2 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 financial statements presentation.

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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.

For example, The Bank has 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 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 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.

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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.

(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.

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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 must be pre-authorized, replacement risk is bearing a loss when a bank is forced to replace a contract in case of breaching the original party's contract (debtor risk, non-settlement or non-delivery risk and issuer risk).

- 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.

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Following are some risk mitigations methods:
Collaterals

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 credit facilities to customers 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 credit 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.

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(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.

Allowance for impairment loss 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.

As a result of the change in the bank provisioning and impairment policy during the current year, The bank restate the comparative figures for loans and credit facilities to individual customers (retail) which have arrears more than 30 days and less or equal 90 days to be added in loans and credit facilities which have arrears but are not subject to impairment instead of loans and credit facilities which are individually impaired, and restate the comparative figures for the allowance related to their customers to be added in impairment for group of financial assets instead of impairment of loans and credit facilities which are individually impaired .

The allowance for impairment losses reported in the balance sheet at the end of the reporting year 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 credit facilities reported in the balance sheet for each of the four internal ratings of the Bank and their relevant impairment losses:

	December 31, 2014		December 31, 2013	
	Loans and credit facilities	Allowance for impairment loss	Loans and credit facilities	Allowance for impairment loss
1- Good debts	91%	18%	91%	14%
2- Normal watch-list	4%	14%	5%	21%
3- Special watch-list	2%	6%	1%	3%
4- Non performing loan	3%	62%	3%	62%
	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 credit 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 year.

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 acceptable 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

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

Balance sheet items exposed to credit risks	December 31, 2014	December 31, 2013
Treasury bills	20,763,457,096	15,742,232,766
Loans and credit facilities to customers		
Retail loans		
Overdrafts	957,232,998	703,620,587
Credit cards	382,841,169	372,883,331
Personal loans	8,633,385,062	7,247,573,654
Real estate loans	445,336,956	311,802,626
Corporate loans		
Overdrafts	18,849,728,977	14,686,896,573
Direct loans	12,242,599,835	10,555,979,885
Syndicated Loans and facilities	7,905,019,772	7,019,535,342
Other loans	1,115,950,093	1,208,139,506
Allowance for impairment loss, segregated interest & unearned discount	(1,919,618,387)	(1,791,101,415)
Financial derivatives	3,862,276	12,200,178
Financial investments		
Debt instrument	18,115,102,032	12,914,169,235
Other Financial assets	709,313,958	573,273,609
Total	88,204,211,837	69,557,205,877
Off balance sheet items exposed to credit risks	December 31, 2014	December 31, 2013
Financial guarantees	611,302	1,219,202
Loans and other irrevocable credit commitments	36,190,900	41,524,116
L/Cs	2,365,783,224	2,676,509,405
Accepted papers	834,772,530	947,970,707
L/Gs	15,715,374,845	14,631,455,884
Total	18,952,732,801	18,298,679,314

The preceding table shows the maximum limit exposure to risks at the end of December 2014 and December, 2013 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 related to Balance sheet items exposed to credit risks shows that 55% of the maximum limit exposed to credit risk at the end of current reporting year is attributable to Loans and credit facilities to customers against 58% at the end of the prior year, investments in debt instruments constitute 21% against 19% at the end of the prior year and treasury bills constitute 24% 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:

- 95% of the loans and credit facilities portfolio at the end of the current reporting year comprises Loans and credit facilities classified at the top 2 categories of the internal rating against 96% at the end of the prior year.
- 95% of the loan and credit facilities portfolio at the end of the current reporting year does not have arrears or indicators of impairment against 95% at the end of the prior year.
- Loans and credit facilities that are individually assessed for impairment at the end of the current reporting year have a carrying amount of EGP 1,494,086,177 Impairment on these Loans and credit facilities represents 79% from their carrying amount. Loans and credit facilities, that are individually assessed for impairment at the end of the prior year had a carrying amount of EGP 1,465,090,964 and their impairment represents 75% from such carrying amount.
- The Bank applied more prudential selection process on granting Loans and credit facilities during the current reporting year ended December 31,2014.
- 95% of investments in debt instruments and treasury bills at the end of the current reporting year comprise local sovereign debt instruments against 92% at the end of the prior year.

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(A/6) Loans and credit facilities

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

	December 31, 2014		December 31, 2013	
	Loans and credit facilities to customers	Loans and credit facilities to banks	Loans and credit facilities to customers	Loans and credit facilities to banks
Neither have arrears nor impaired	47,908,246,790	-	39,885,587,085	-
Have arrears but not impaired	1,129,761,895	-	755,753,455	-
Impaired	1,494,086,177	-	1,465,090,964	-
Total	50,532,094,862	-	42,106,431,504	-
Less: Allowance for impairment losses	(1,874,327,631)	-	(1,743,321,711)	-
Less: Segregated interest	(21,539,030)	-	(27,693,859)	-
Less: Unearned discount	(23,751,726)	-	(20,085,845)	-
Net	48,612,476,475	-	40,315,330,089	-

Total credit allowance for Loans and credit facilities at the end of the current reporting year amounted to EGP 1,874,327,631 (EGP 1,743,321,711 at the end of the prior year) of which EGP 1,160,841,000 represent impairment on individual loans (EGP 1,076,393,963 at the end of the prior year) and EGP 713,486,631 represent impairment for groups of financial assets in the credit portfolio (EGP 666,927,748 at the end of the prior year).

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

During the current accounting year the Loans and credit facilities portfolio increase by 21% due to the increase on lending activity.

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

The credit quality of Loans and credit 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 credit facilities to customers

	December 31, 2014				
	Retail				
Rating	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Good debts	947,243,345	300,058,889	7,727,053,375	397,812,626	9,372,168,235
Normal watch-list	-	-	-	-	-
Special watch-list	-	-	-	-	-
Total	947,243,345	300,058,889	7,727,053,375	397,812,626	9,372,168,235

	Corporate				
	Syndicated Loans and facilities				
	Overdrafts	Direct loans	Other loans		Total
Good debts	18,222,673,546	10,352,651,445	6,713,934,784	1,060,987,800	36,350,247,575
Normal watch-list	488,312,231	281,997,852	716,929,242	52,051,332	1,539,290,657
Special watch-list	120,505,541	48,968,075	474,155,746	2,910,961	646,540,323
Total	18,831,491,318	10,683,617,372	7,905,019,772	1,115,950,093	38,536,078,555

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

	December 31, 2013				
	Retail				
Rating	Overdrafts	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				
	Syndicated Loans and facilities				
	Overdrafts	Direct loans	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.

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

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

December 31,2014					
Retail					
	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
< 30 days	-	39,691,870	572,279,970	30,875,786	642,847,626
30 – 60 days	-	10,638,435	88,576,442	7,111,933	106,326,810
60 – 90 days	-	4,150,044	21,002	-	4,171,046
Total	-	54,480,349	660,877,414	37,987,719	753,345,482

Corporate					
	Overdrafts	Direct loans	Syndicated Loans and facilities	Other loans	Total
< 30 days	-	153,016,727	-	-	153,016,727
30 – 60 days	-	28,255,039	-	-	28,255,039
60 – 90 days	-	15,504,385	-	-	15,504,385
> 90 days	-	179,640,262	-	-	179,640,262
Total	-	376,416,413	-	-	376,416,413

December 31,2013					
Retail					
	Overdrafts	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	-	6,443,596	70,802,747	2,290,265	79,536,608
60 – 90 days	-	3,478,475	28,241	-	3,506,716
Total	-	47,488,551	354,713,251	36,340,981	438,542,783

Corporate					
	Overdrafts	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

Past due Loans and credit 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 credit facilities of the same customer so long default has not fully or partially occurred on those loans.

On initial recognition of Loans and credit 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.

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

At the end of the current reporting year the carrying amount of Loans and credit facilities, that are assessed to be individually impaired excluding any cash flows expected to arise from the associated guarantees, amounted to EGP 1,494,086,177 against EGP 1,465,090,964 at the end of the prior year.

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

December 31, 2014					
Retail					
	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	9,989,653	28,301,931	245,454,273	9,536,611	293,282,468
Fair value of collaterals	-	2,456,751	37,531,584	3,838,863	43,827,198

Corporate					
	Overdrafts	Direct loans	Syndicated Loans and facilities	Other loans	Total
Loans which are individually impaired	18,237,659	1,182,566,050	-	-	1,200,803,709
Fair value of collaterals	-	5,634,380	-	-	5,634,380

December 31,2013					
Retail					
	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	10,967,522	77,168,334	255,199,105	8,971,510	352,306,471
Fair value of collaterals	-	4,942,440	27,515,948	-	32,458,388

Corporate					
	Overdrafts	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	-	-	-	-	-

Restructured Loans and credit facilities:

The bank applies different types of restructuring policies to its Loans and credit 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 144,625,679 at the end of the current reporting year against EGP 81,125,330 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 credit facilities to customers

	December 31, 2014	December 31,2013
Corporate loans		
Direct loans	144,625,679	81,125,330
Total	144,625,679	81,125,330

(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, 2014	December 31,2013
Egyptian Treasury Bills	B-	20,763,457,096	15,742,232,766
Available- for- sale financial assets			
Egyptian Treasury Bonds	B-	16,311,401,233	10,629,868,918
US Treasury Bonds	AA+	1,417,401,578	1,559,883,357
France Treasury Bonds	AA	-	228,993,978
German Treasury Bonds	AAA	386,299,221	445,422,982
Held to maturity investments			
Egyptian Treasury Bonds	B-	-	50,000,000
Total		38,878,559,128	28,656,402,001

(A/8) Acquisition of collaterals

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

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(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 credit 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.

	Cairo	East Cairo	Giza	Arab Republic of Egypt		Red Sea & Upper Egypt	Total	Other countries	Total
	Alex	Delta							
Treasury bills	20,763,457,096	-	-	-	-	-	20,763,457,096	-	20,763,457,096
Loans and credit facilities to customers									
Retail loans									
Overdrafts	360,527,487	131,506,349	176,651,088	122,454,548	79,717,760	86,375,766	957,232,998	-	957,232,998
Credit cards	109,148,264	82,370,510	90,053,168	51,507,880	30,233,700	19,527,647	382,841,169	-	382,841,169
Personal loans	1,892,842,543	2,127,123,857	1,619,986,686	1,237,199,647	1,334,521,717	421,710,612	8,633,385,062	-	8,633,385,062
Real estate loans	111,712,823	119,578,967	102,899,659	46,140,959	28,577,860	36,426,688	445,336,956	-	445,336,956
Corporate loans									
Overdrafts	5,834,746,525	3,629,334,885	3,834,897,322	2,598,332,265	1,857,989,129	1,094,428,851	18,849,728,977	-	18,849,728,977
Direct loans	3,834,731,055	1,505,509,709	3,193,208,882	2,364,737,516	1,111,627,855	232,784,818	12,242,599,835	-	12,242,599,835
Syndicated loans and facilities	2,323,922,056	1,102,544,957	2,090,289,738	446,521,702	1,941,741,319	-	7,905,019,772	-	7,905,019,772
Other loans	727,063,808	200,898,684	17,504,745	4,282,989	2,202,862	163,997,005	1,115,950,093	-	1,115,950,093
Financial derivatives	-	-	-	-	-	-	-	3,862,276	3,862,276
Financial investments									
Debt instruments	16,311,401,233	-	-	-	-	-	16,311,401,233	1,803,700,799	18,115,102,032
Other financial assets	537,597,985	31,185,182	36,325,032	27,832,216	43,613,755	5,220,600	681,774,770	27,539,188	709,313,958
Total at the end of the current year	52,807,150,875	8,930,053,100	11,161,816,320	6,899,009,722	6,430,225,957	2,060,471,987	88,288,727,961	1,835,102,263	90,123,830,224
Total at the end of the comparative year	42,029,221,900	6,552,974,315	8,935,069,639	4,857,307,926	5,243,229,190	1,451,233,975	69,069,026,945	2,279,280,347	71,348,307,292

(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	-	-	-	-	20,763,457,096	-	-	-	20,763,457,096
Loans and credit facilities to customers									
Retail loans									
Overdrafts	-	-	-	-	-	-	-	957,232,998	957,232,998
Credit cards	-	-	-	-	-	-	-	382,841,169	382,841,169
Personal loans	-	-	-	-	-	-	-	8,633,385,062	8,633,385,062
Real estate loans	-	-	-	-	-	-	-	445,336,956	445,336,956
Corporate loans									
Overdrafts	114,740,906	11,932,357,397	3,107,998,851	3,694,631,823	-	-	-	-	18,849,728,977
Direct loans	237,335,529	8,110,614,720	2,374,852,145	1,519,797,441	-	-	-	-	12,242,599,835
Syndicated loans and facilities	-	6,473,652,971	-	1,431,366,801	-	-	-	-	7,905,019,772
Other loans	-	930,607,289	163,997,005	3,891,815	-	-	17,453,984	-	1,115,950,093
Financial derivatives	-	-	-	-	-	-	3,862,276	-	3,862,276
Financial investments									
Debt instruments	-	-	-	-	16,311,401,233	1,803,700,799	-	-	18,115,102,032
Other financial assets	1,490,285	116,179,903	23,902,237	28,147,104	467,954,083	27,539,188	-	44,101,158	709,313,958
Total at the end of current year	353,566,720	27,563,412,280	5,670,750,238	6,677,834,984	37,542,812,412	1,831,239,987	21,316,260	10,462,897,343	90,123,830,224
Total at the end of the comparative year	292,746,776	23,109,332,754	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

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(B) Market Risk

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	Short/Long F.X. positions	F.X. short positions	F.X. long positions	Expected loss at 10%
USD	(38,505,883)	(38,505,883)	-	(3,850,588)
EUR	(769,061)	(769,061)	-	(76,906)
GBP	(747,736)	(747,736)	-	(74,774)
JPY	118,511	-	118,511	11,851
CHF	(46,371)	(46,371)	-	(4,637)
DKK	6,176	-	6,176	618
NOK	377,055	-	377,055	37,706
SEK	4,966	-	4,966	497
CAD	11,260	-	11,260	1,126
AUD	(68,175)	(68,175)	-	(6,818)
AED	287,514	-	287,514	28,751
KWD	145,115	-	145,115	14,512
OMR	(13)	(13)	-	(1)
QAR	729,910	-	729,910	72,991
SAR	(204,967)	(204,967)	-	(20,497)
EGP	38,661,699	-	38,661,699	-
Maximum expected loss at December 31, 2014				(3,866,169)
Maximum expected loss at December 31, 2013				(60,107,277)

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(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)	6,757,992,630	272,513,855	89,893,373	22,556,799	45,387,825	7,188,344,482
Due from banks	274,815,218	3,100,536,410	60,775,127	235,346,954	106,396,635	3,777,870,344
Treasury bills	20,054,332,245	709,124,851	-	-	-	20,763,457,096
Loans and credit facilities to customers, net	34,883,811,654	12,843,840,439	809,558,676	75,009,417	256,289	48,612,476,475
Financial derivatives	-	3,744,145	118,131	-	-	3,862,276
Financial investments						
Available-for-sale	16,490,397,927	1,524,574,203	386,567,025	-	-	18,401,539,155
Held to maturity	15,000,000	-	-	-	-	15,000,000
Other financial assets	648,903,396	46,267,181	13,647,272	159,302	336,807	709,313,958
Total financial assets	79,125,253,070	18,500,601,084	1,360,559,604	333,072,472	152,377,556	99,471,863,786
Financial liabilities						
Due to banks	1,312,096,962	52,448,581	15,716,438	6,632,065	7,259,362	1,394,153,408
Customer deposits	66,991,636,976	15,502,892,238	2,689,330,845	324,084,501	141,757,779	85,649,702,339
Financial derivatives	35,566,913	-	-	-	-	35,566,913
Other loans	123,158,944	5,801,687	-	-	-	128,960,631
Other financial liabilities	992,968,442	24,955,342	800,921	132,222	513	1,018,857,440
Total financial liabilities	69,455,428,237	15,586,097,848	2,705,848,204	330,848,788	149,017,654	88,227,240,731
Net financial position	9,669,824,833	2,914,503,236	(1,345,288,600)	2,223,684	3,359,902	11,244,623,055

At the end of the comparative year						
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
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	8,676,596,122	2,382,170,586	(1,348,028,550)	(43,967,037)	(28,982,820)	9,637,788,301

(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.

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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.

Bank's Objective of Interest Rate Risk Management

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)	-	-	-	-	-	7,188,344,482	7,188,344,482
Due from banks	1,517,429,603	1,769,223,959	-	-	-	491,216,782	3,777,870,344
Treasury bills	532,518,022	5,730,440,305	14,500,498,769	-	-	-	20,763,457,096
Loans and credit facilities to customers, net	38,247,074,058	663,429,422	3,076,692,461	5,583,253,817	1,042,026,717	-	48,612,476,475
Financial derivatives	-	-	-	-	-	3,862,276	3,862,276
Financial investments							
Available-for-sale	-	55,880,399	1,995,176,311	9,095,185,475	6,968,859,847	286,437,123	18,401,539,155
Held to maturity	-	-	-	-	-	15,000,000	15,000,000
Other financial assets	-	-	-	-	-	709,313,958	709,313,958
Total financial assets	40,297,021,683	8,218,974,085	19,572,367,541	14,678,439,292	8,010,886,564	8,694,174,621	99,471,863,786
IRS (notional amount)	-	30,345,425	437,148,136	99,961,400	-	-	567,454,961
Financial liabilities							
Due to banks	1,298,995,387	-	-	-	-	95,158,021	1,394,153,408
Customer deposits	25,081,070,145	13,906,904,849	16,616,780,492	13,618,254,535	23,149,000	16,403,543,318	85,649,702,339
Financial derivatives	35,566,913	-	-	-	-	-	35,566,913
Other loans	24,926,460	8,677,162	54,008,843	41,348,166	-	-	128,960,631
Other financial liabilities	-	-	-	-	-	1,018,857,440	1,018,857,440
Total financial liabilities	26,440,558,905	13,915,582,011	16,670,789,335	13,659,602,701	23,149,000	17,517,558,779	88,227,240,731
IRS (notional amount)	94,711,918	472,743,043	-	-	-	-	567,454,961
Re-pricing gap	13,761,750,860	(6,139,005,544)	3,338,726,342	1,118,797,991	7,987,737,564	(8,823,384,158)	11,244,623,055
At the end of the comparative year							
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
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

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(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.

Bank's Objective of Liquidity Risk Management

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.

December 31,2014						
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	1,409,935,917	-	-	-	-	1,409,935,917
Customer deposits	41,782,559,686	14,470,910,051	18,538,087,757	15,249,436,118	26,597,178	90,067,590,790
Other loans	24,926,460	8,677,162	54,008,843	41,348,166	-	128,960,631
Total financial liabilities	43,217,422,063	14,479,587,213	18,592,096,600	15,290,784,284	26,597,178	91,606,487,338

- 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 31,2013						
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 deposits	34,319,472,758	10,431,535,192	13,825,028,553	12,905,839,324	30,666,013	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.

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 credit 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.

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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.

December 31,2014						
Maturities for statement of financial position items	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
Held for trading derivatives						
Currency forward deals						
Cash outflows	1,490,245,779	10,209,290	-	-	-	1,500,455,069
Cash inflows	1,454,981,096	9,996,140	-	-	-	1,464,977,236

December 31,2013						
Maturities for statement of financial position items	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
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

Cash flow for Off balance sheet items

December 31,2014				
Maturities for off -balance sheet items	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Loan commitments	36,190,900	-	-	36,190,900
Financial guarantees	611,302	-	-	611,302
Operating lease commitments	47,938,382	148,596,251	36,778,794	233,313,427
Capital commitments resulting from acquisition of Property and Equipment	409,057,263	-	-	409,057,263
Total	493,797,847	148,596,251	36,778,794	679,172,892

December 31,2013				
Maturities for off -balance sheet items	Less than one year	More than one year and less than 5 years	More than 5 years	Total
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

(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.

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(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, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Financial assets				
Due from banks	3,777,870,344	2,973,154,347	3,777,870,344	2,973,154,347
Loans and credit facilities to customers, net	48,612,476,475	40,315,330,089	Not determined	Not determined
Financial investments :				
Equity instruments Available-for-sale	169,991,983	175,371,255	Not determined	Not determined
Held to maturity				
Debt instruments	-	50,000,000	-	51,370,569
Mutual fund certificates	15,000,000	15,000,000	26,549,475	22,770,385
Financial liabilities :				
Due to banks	1,394,153,408	325,390,473	1,394,153,408	325,390,473
Customer deposits	85,649,702,339	67,686,810,468	Not determined	Not determined
Other loans	128,960,631	142,213,278	128,960,631	142,213,278

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 of placements and deposits for one day represents reasonable estimate for its fair 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 credit facilities to customers:

Loans and credit 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.

Customer 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-up capital. The Bank paid-up capital amounted to EGP 5,610,729,150 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 15.51% at the end of the current year. (December 31, 2013: 14.91%) according to Basel II.

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The numerator in the capital adequacy ratio according to Basel II comprise the following 2 tiers:

- Tier 1: basic capital which comprises paid-up 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 with equivalent amount of the loans general provision which 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 200 %. 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, 2014	December 31, 2013
Tier 1 capital		
Share capital	5,610,729,150	4,878,894,920
General reserve	2,665,043,542	1,860,793,096
Legal reserve	557,597,833	470,582,501
Other reserves	9,219,034	9,208,496
Retained earnings	56,881,804	103,583,457
Total deduction from capital invested	(81,247,328)	(464,115)
Total tier 1 capital	8,818,224,035	7,322,598,355
Tier 2 capital		
45% from special reserve	8,643,920	9,655,274
Impairment provision for loans and contingent liabilities*	695,823,005	607,210,760
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.	200,173,574	297,742,035
Total tier 2 capital	904,640,499	914,608,069
Total capital	9,722,864,534	8,237,206,424
Risk weighted assets and contingent liabilities:		
Credit Risk	56,127,589,549	48,998,974,506
Market Risk	8,821,487	730,747,752
Operational Risk	6,538,531,686	5,503,508,020
Total risk weighted assets and contingent liabilities	62,674,942,722	55,233,230,278
Capital adequacy ratio for tier one	14.07%	13.26%
Capital adequacy ratio	15.51%	14.91%

- * Provided it does not exceed 1.25% from total value of risk weighted assets and contingent liabilities.
- Based on Consolidated financial statement after the disposal of insurance activity.

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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 period.

a. Impairment of Loans and credit facilities

The bank reviews its Loans and credit 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.

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5-Segmentation analysis

(5/A) 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, Overdrafts, 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 segmental activities (December 31, 2014)	Corporate	Investments	Individual	Other businesses	Total
Net interest income	1,542,651,132	(80,207,768)	1,182,574,983	1,143,157,859	3,788,176,206
Net fee and commission income	678,215,880	6,447,324	404,159,055	7,526,788	1,086,349,047
Dividend income	-	14,320,856	-	-	14,320,856
Net trading income	72,401,616	-	6,418,437	(16,747,695)	62,072,358
Gain / (Loss) on financial investments	-	3,650,443	-	-	3,650,443
Impairment credit losses	(228,881,794)	-	(73,121,425)	-	(302,003,219)
Administrative expenses	(537,748,006)	(597,487)	(855,660,385)	23,327,885	(1,370,677,993)
Other operating revenues (expenses)	(53,828,859)	17,544,321	(66,463,550)	(15,101,531)	(117,849,619)
Profit before income tax	1,472,809,969	(38,842,311)	597,907,115	1,142,163,306	3,174,038,079
Income tax expense	(417,699,595)	9,061,882	(168,913,379)	(397,969,410)	(975,520,502)
Net profit for the current year	1,055,110,374	(29,780,429)	428,993,736	744,193,896	2,198,517,577

Assets and liabilities according to segmental activities (December 31, 2014)	Corporate	Investments	Individual	Other businesses	Total
Segment activity assets	38,496,348,911	39,446,123,637	10,116,127,564	9,224,928,069	97,283,528,181
Unclassified assets	-	-	-	-	4,922,364,603
Total assets	38,496,348,911	39,446,123,637	10,116,127,564	9,224,928,069	102,205,892,784
Segment activity liabilities	50,287,018,377	-	35,362,803,288	1,558,561,626	87,208,383,291
Unclassified liabilities	-	-	-	-	3,298,159,414
Total liabilities	50,287,018,377	-	35,362,803,288	1,558,561,626	90,506,542,705

At the end of the comparative year

Income and expenses according to segmental activities (December 31, 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 comparative year	865,148,614	(54,287,211)	254,688,246	674,767,525	1,740,317,174

At the end of the comparative year

Assets and liabilities according to segmental activities (December 31, 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

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(5/B) Segmental analysis by geographic area

At the end of the current year

Income and expenses according to geographical segments (December 31, 2014)	Cairo	East Cairo	Giza	Alex	Delta	Red sea/ Upper Egypt	Head office	Total
Net interest income	735,525,281	549,514,682	634,351,519	391,776,495	315,888,349	117,430,161	1,043,689,719	3,788,176,206
Net fee and commission income	274,686,632	172,518,688	264,439,549	104,542,880	105,560,373	49,841,615	124,759,310	1,096,349,047
Dividend income	-	-	-	-	-	-	14,320,856	14,320,856
Net trading income	31,702,515	11,637,070	23,697,649	7,889,140	6,016,466	2,104,609	(20,975,091)	62,072,358
Gain / (Loss) on financial investments	-	-	-	-	-	-	3,650,443	3,650,443
Impairment credit losses	(118,956,328)	(76,423,446)	(86,970,139)	(27,456,160)	34,423,622	(26,620,768)	-	(302,003,219)
Administrative expenses	(338,855,225)	(285,919,158)	(326,683,930)	(200,641,617)	(160,750,730)	(89,985,363)	32,158,030	(1,370,677,993)
Other operating revenues (expenses)	(24,816,278)	(29,267,135)	(31,760,339)	(14,822,401)	(11,911,643)	(7,755,211)	2,483,388	(117,849,619)
Profit before income tax	559,286,597	342,060,701	477,074,309	261,288,337	289,226,437	45,015,043	1,200,086,655	3,174,038,079
Income tax expense	(160,074,467)	(96,634,567)	(134,075,730)	(73,515,128)	(82,658,033)	(12,917,893)	(415,644,684)	(975,520,502)
Net profit for the current year	399,212,130	245,426,134	342,998,579	187,773,209	206,568,404	32,097,150	784,441,971	2,198,517,577

Assets and liabilities according to geographical segments (December 31, 2014)	Cairo	East Cairo	Giza	Alex	Delta	Red sea/ Upper Egypt	Head office	Total
Assets of geographical segments	14,778,499,946	8,827,678,789	11,177,062,641	7,012,233,778	6,396,449,610	2,099,433,359	51,667,288,349	101,958,646,472
Unclassified assets	-	-	-	-	-	-	-	247,246,312
Total assets	14,778,499,946	8,827,678,789	11,177,062,641	7,012,233,778	6,396,449,610	2,099,433,359	51,667,288,349	102,205,892,784
Liabilities of geographical segments	26,477,646,793	17,674,551,900	19,597,113,050	13,811,630,370	7,042,633,251	2,827,010,624	1,233,265,889	88,663,851,877
Unclassified liabilities	-	-	-	-	-	-	-	1,842,690,828
Total liabilities	26,477,646,793	17,674,551,900	19,597,113,050	13,811,630,370	7,042,633,251	2,827,010,624	1,233,265,889	90,506,542,705

At the end of the comparative year

Income and expenses according to geographical segments (December 31, 2013)	Cairo	East Cairo	Giza	Alex	Delta	Red sea/ Upper Egypt	Head office	Total
Net interest income	672,140,966	433,292,099	519,408,317	326,427,140	246,810,772	89,799,591	872,372,556	3,160,251,441
Net fee and commission income	274,373,118	145,375,683	236,704,650	99,078,963	87,611,435	33,691,811	101,522,758	978,358,418
Dividend income	-	-	-	-	-	-	17,069,673	17,069,673
Net trading income	42,753,770	20,747,698	40,000,493	17,429,765	8,343,194	2,643,264	(1,645,912)	130,272,272
Gain / (Loss) on financial investments	-	-	-	-	-	-	2,335,807	2,335,807
Impairment credit losses	(216,037,981)	(147,089,933)	(83,175,386)	(22,684,319)	(31,402,012)	(44,778,172)	(4,826,289)	(549,994,092)
Administrative expenses	(328,488,108)	(247,928,573)	(305,274,475)	(179,417,018)	(138,986,143)	(84,269,745)	(4,183,330)	(1,288,547,392)
Other operating revenues (expenses)	(27,250,339)	(16,485,573)	(13,190,289)	(10,101,596)	(5,205,591)	(4,832,465)	43,146,748	(33,919,105)
Profit before income tax	417,491,426	187,911,401	394,473,310	230,732,935	167,171,655	(7,745,716)	1,025,792,011	2,415,827,022
Income tax expense	(104,531,667)	(47,077,964)	(98,880,730)	(57,917,831)	(41,809,860)	1,930,699	(327,222,495)	(675,509,848)
Net profit for the comparative year	312,959,759	140,833,437	295,592,580	172,815,104	125,361,795	(5,815,017)	698,569,516	1,740,317,174

At the end of the comparative year

Assets and liabilities according to geographical segments (December 31, 2013)	Cairo	East Cairo	Giza	Alex	Delta	Red sea/ Upper Egypt	Head office	Total
Assets of geographical segments	14,845,224,576	6,461,714,141	8,982,795,245	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	14,845,224,576	6,461,714,141	8,982,795,245	4,966,115,536	5,130,762,804	1,494,059,019	38,673,755,740	80,819,167,999
Liabilities of geographical segments	20,457,189,977	14,069,123,401	15,687,506,404	11,088,919,426	5,403,887,743	2,004,250,125	666,797,736	69,377,674,812
Unclassified liabilities	-	-	-	-	-	-	-	1,536,680,828
Total liabilities	20,457,189,977	14,069,123,401	15,687,506,404	11,088,919,426	5,403,887,743	2,004,250,125	666,797,736	70,914,355,640

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

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6- Net interest income	December 31, 2014	December 31, 2013
Interest from loans and similar income:		
Loans and credit facilities:		
- Customers	4,307,704,811	3,928,266,780
Total	4,307,704,811	3,928,266,780
Treasury bills and bonds	3,951,772,331	2,654,968,480
Deposits and current accounts	9,833,045	11,706,426
Net interest differential on hedging instruments (IRS contracts)	10,500,080	15,789,644
Total	8,279,810,267	6,610,731,330
Cost of deposits and similar expense :		
Deposits and current accounts:		
- Banks	(165,875,749)	(106,291,074)
- Customers	(4,309,269,960)	(3,338,563,541)
Total	(4,475,145,709)	(3,444,854,615)
REPO arrangements	(16,488,352)	(4,176,521)
Subordinated loan	-	(1,448,753)
Total	(4,491,634,061)	(3,450,479,889)
Net	3,788,176,206	3,160,251,441
7- Net fee and commission income:	December 31, 2014	December 31, 2013
Fee and commission income		
Credit fees and commissions	836,622,252	744,176,287
Custody fees	9,200,211	13,366,525
Investments commissions	18,915,030	26,197,769
Other fees	310,140,413	252,694,325
Total	1,174,877,906	1,036,434,906
Fee and commission expense:		
Brokerage fees	(2,225,813)	(1,897,337)
Other fees	(76,303,046)	(56,179,151)
Total	(78,528,859)	(58,076,488)
Net	1,096,349,047	978,358,418
8- Dividend income	December 31, 2014	December 31, 2013
Investment funds	200,000	400,000
Available-for-sale investments	14,120,856	12,593,479
Associates and subsidiaries	-	4,076,194
Total	14,320,856	17,069,673
9- Net trading income:	December 31, 2014	December 31, 2013
Forex operations:		
Foreign exchange trading gains	102,457,251	135,135,362
Changes in fair value of currency forward contracts	(40,026,111)	(4,264,639)
Held for trading debt instruments	(358,782)	(598,451)
Total	62,072,358	130,272,272
10- Administrative expenses	December 31, 2014	December 31, 2013
Staff cost:		
Salaries and wages	605,112,368	595,945,349
Social insurance	29,319,920	24,500,102
Pension cost:		
Defined contribution scheme	49,942,145	44,007,253
Other retirement benefits (Defined benefit scheme)	47,052,063	33,074,540
	731,426,496	697,527,244
Depreciation and amortization	138,889,438	134,144,414
Other administrative expenses	500,362,059	456,875,734
Total	1,370,677,993	1,288,547,392
11- Other operating revenues (expenses)	December 31, 2014	December 31, 2013
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	38,907,083	102,161,579
Gain on sale of Property and Equipment	698,330	10,538
Software cost	(50,558,572)	(19,915,771)
Operating lease rental expense	(54,042,319)	(48,539,437)
Gain on sale of foreclosed assets reverted to the bank in settlement of debts	-	115,449
Other provisions (net of reversed amounts)	(75,514,023)	(78,421,606)
Other income (expense)	22,659,882	10,670,143
Total	(117,849,619)	(33,919,105)
12- Impairment credit losses	December 31, 2014	December 31, 2013
Loans and credit facilities to customers	(302,003,219)	(549,994,092)
Total	(302,003,219)	(549,994,092)

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13- Income tax expense	December 31, 2014	December 31, 2013
Current tax	(967,715,407)	(649,465,624)
Deferred tax	(7,805,095)	(26,044,224)
Total	(975,520,502)	(675,509,848)
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	3,174,038,079	2,415,827,022
Income tax calculated at 25 % tax rate (not exceed one million Egyptian pound)	250,000	603,956,756
Income tax calculated at 30 % tax rate (exceed one million Egyptian pound)	951,911,424	-
Tax impact for:		
Non-taxable income	(1,353,062)	(14,541,820)
Non-deductible expenses for tax purposes	10,973,469	10,829,322
Utilization of deferred tax assets	(42,547,211)	(37,054,590)
Tax rate difference on Egyptian T.Bills and T.bonds	-	31,263,507
Prior-years' tax settlements	(1,361,681)	1,145,666
Provision and segregated interest	49,842,468	53,866,783
Effective income tax expense	967,715,407	649,465,624

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 December, 2010.
Year 2011 & 2012 have been inspected and the bank received tax claims to which it has objected. And an internal committee was scheduled and waiting for an appeal committe.
Year 2013 the Bank submitted its tax return on the due date and books have not been inspected yet.
A-2) Salaries Taxes
The Bank's books have been inspected, and the due tax was paid until year 2004.
Year 2005 and 2006 have been inspected by the tax authorities and waiting for tax claims.
Years 2007 till 2009 under inspection by the tax authorities.
Year 2010 and 2011 the Bank is preparing required documents for these years to start inspection with tax authorities.
Year 2012 and 2013 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, for all branches until July 31, 2006, where the relevant final tax forms are yet to be received.
Period from August 01 ,2006 till December 31, 2007 have been inspected and the bank received tax claims to which it has objected. An internal committee has not been scheduled yet.
Period from January 01, 2008 till December 31 ,2010 have been inspected by the tax authorities and waiting for tax claims.
Period from January 01, 2011 till March 31, 2013 have been inspected by tax authorities and waiting for tax claims
Period from April 01, 2013 till December 31, 2013 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 November 30,2006.
B-2) Salaries taxes
The Bank's books have been inspected, and the due tax was paid till November 30, 2006.
B-3) Stamp duties
The Bank's books have been inspected for all branches until July 31, 2006, where the relevant final tax forms are yet to be received.
Period from August 01, 2006 till November 30, 2006 have been inspected and the bank received tax claims to which it has objected. An internal committee has not been scheduled yet.
- Other tax issues:
On June 4, 2014, the interim president approved the Law No.44 of year 2014 to impose a temporary annual tax on income for a period of three years from the current tax period by 5% on taxable profit that exceed one million Egyptian pound from the income of individual or corporate according to the provisions of the Income Tax Act No. 91 of year 2005.
- This decision had been published in official news paper on the same date, and effective in the next day of publish.
- On June 30, 2014, the president approved the Law No.53 of year 2014 amending some provisions of income tax Law No. 91 of year 2005 and stamp duties Law No.111 of year 1980.
- The executive regulation related to the amendments of the income tax law has not been issued until the date of issuance of the financial statements to identify accurately the impact of these amendments. The identified tax impact on the financial statements for these amendments made according to the best estimate which built to be in line with the tax law and it's amended articles..

14- Earnings Per Share	December 31, 2014	December 31, 2013
Net Profit for the year	2,198,517,577	1,740,317,174
Remuneration for the Board Members (from the year's net profit)*	(5,000,000)	(1,900,000)
Staff profit share (from the year's net profit)*	(206,431,311)	(180,555,556)
Profit available to shareholders	1,987,086,266	1,557,861,618
Weighted average number of the shares outstanding during the year	561,072,915	561,072,915
Earning Per Share	3.54	2.78

* Based on the Bank's Profit Distribution Proposal Statement, the amount will be subject to the ordinary GAM approval.

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15- Cash and due from Central Bank of Egypt (CBE)	December 31, 2014	December 31, 2013
Cash	1,745,149,033	1,722,100,939
Balances with CBE (mandatory reserve)	5,443,195,449	3,984,241,403
Total	7,188,344,482	5,706,342,342
Interest free balances	7,188,344,482	5,706,342,342
Total	7,188,344,482	5,706,342,342

16- Due from Banks	December 31, 2014	December 31, 2013
Current accounts	463,571,185	305,448,280
Deposits	3,314,299,159	2,667,706,067
Total	3,777,870,344	2,973,154,347
Balances at CBE other than those under the mandatory reserve	2,120,460,159	1,891,252,987
Local banks	551,649,766	520,364,264
Foreign Banks	1,105,760,419	561,537,096
Total	3,777,870,344	2,973,154,347
Interest free balances	491,216,782	263,820,035
Balances at floating interest rates	323,590,603	195,364,245
Balances at fixed interest rates	2,963,062,959	2,513,970,067
Total	3,777,870,344	2,973,154,347
Current balances	3,777,870,344	2,973,154,347
Total	3,777,870,344	2,973,154,347

17- Treasury bills	December 31, 2014	December 31, 2013
91 days maturity	2,665,600,000	1,665,775,000
182 days maturity	5,079,575,000	3,410,450,000
More than 182 days maturity	16,966,935,000	11,352,473,000
Less : Unearned interest	(979,635,504)	(686,465,234)
Total	23,732,474,496	15,742,232,766
Less : Repos transaction	(2,969,017,400)	-
Net	20,763,457,096	15,742,232,766

18- Loans and credit facilities to customers, net	December 31, 2014	December 31, 2013
Individuals		
Overdrafts	957,232,998	703,620,587
Credit cards	382,841,169	372,883,331
Personal loans	8,633,385,062	7,247,573,654
Real estate loans	445,336,956	311,802,626
Total (1)	10,418,796,185	8,635,880,198
Corporate including small loans for businesses		
Overdrafts	18,849,728,977	14,686,896,573
Direct loans	12,242,599,835	10,555,979,885
Syndicated loans and facilities	7,905,019,772	7,019,535,342
Other loans	1,115,950,093	1,208,139,506
Total (2)	40,113,298,677	33,470,551,306
Total loans and credit facilities to customers (1+2)	50,532,094,862	42,106,431,504
Less: Allowance for impairment losses	(1,874,327,631)	(1,743,321,711)
Less: Segregated interest	(21,539,030)	(27,693,859)
Less: Unearned discount	(23,751,726)	(20,085,845)
Net amount distributed as follows:	48,612,476,475	40,315,330,089
Current balances	33,042,526,002	25,104,819,624
Non-current balances	15,569,950,473	15,210,510,465
Total	48,612,476,475	40,315,330,089

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18-A Allowance for impairment losses

December 31, 2014					
Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at beginning of the year	8,230,833	74,559,695	270,900,646	10,594,956	364,286,130
Net impairment loss recognized during the year	11,008,371	44,579,272	20,759,248	(3,225,466)	73,121,425
Loans written-off during the year	(9,741,718)	(91,031,224)	(36,311,779)	-	(137,084,721)
Collections of loans previously written-off	-	-	2,220,541	-	2,220,541
Foreign exchange translation differences	-	-	3,058	-	3,058
Balance at end of the year	9,497,486	28,107,743	257,571,714	7,369,490	302,546,433
Corporate	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Balance at beginning of the year	201,539,454	917,382,679	222,053,091	38,060,357	1,379,035,581
Net impairment loss recognized during the year	44,741,374	224,997,017	(39,306,790)	(1,549,807)	228,881,794
Loans written-off during the year	(13,314,285)	(27,870,303)	-	-	(41,184,588)
Collections of loans previously written-off	-	3,523,718	-	-	3,523,718
Foreign exchange translation differences	222,826	1,014,280	245,507	42,080	1,524,693
Balance at end of the year	233,189,369	1,119,047,391	182,991,808	36,552,630	1,571,781,198
Total	242,686,855	1,147,155,134	440,563,522	43,922,120	1,874,327,631

December 31, 2013					
Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at beginning of the year	7,699,695	39,943,318	205,314,184	6,593,300	259,550,497
Net impairment loss recognized during the year	593,502	34,812,051	63,303,131	4,001,656	102,710,340
Loans written-off during the year	(62,364)	(195,674)	(440,204)	-	(698,242)
Collections of loans previously written-off	-	-	2,714,132	-	2,714,132
Foreign exchange translation differences	-	-	9,403	-	9,403
Balance at end of the year	8,230,833	74,559,695	270,900,646	10,594,956	364,286,130

Corporate	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Balance at beginning of the year	319,213,387	537,626,020	74,675,822	15,158,227	946,673,456
Net impairment loss recognized during the year	(121,476,709)	406,689,800	140,103,168	21,967,493	447,283,752
Loans written-off during the year	(908,168)	(43,773,758)	-	-	(44,681,926)
Collections of loans previously written-off	-	3,663,331	-	-	3,663,331
Foreign exchange translation differences	4,710,944	13,177,286	7,274,101	934,637	26,096,968
Balance at end of the year	201,539,454	917,382,679	222,053,091	38,060,357	1,379,035,581
Total	209,770,287	991,942,374	492,953,737	48,655,313	1,743,321,711

19- Financial Derivatives

December 31, 2014			
(A) Held for trading	Notional amount	Assets	Liabilities
- Forward foreign exchange contracts	1,500,455,069	-	35,566,913
- Interest rate swap contracts	70,479,900	-	-
Total		-	35,566,913
(B) Fair value hedge			
- Interest rate swap contracts	354,173,061	953,818	-
(C) Cash flow hedge			
- Interest rate swap contracts	142,802,000	2,908,458	-
Total		3,862,276	35,566,913
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 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	-

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 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 953,818 as of December 31, 2014 (December 31, 2013 net assets of EGP 1,448,536).

- 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 2,908,458 as of December 31, 2014 (December 31, 2013: assets of EGP 6,292,444)

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20- Financial Investments

Available-for-sale investments	December 31, 2014	December 31, 2013
(A) Debt Instruments at Fair Value		
Listed Instruments in Egyptian Stock Exchange Market	16,311,401,233	10,629,868,918
Listed Instruments in Foreign Stock Exchange Market	1,803,700,799	2,234,300,317
Total Debt Instruments	18,115,102,032	12,864,169,235
(B) Equity Instruments at Fair Value :		
Listed Instruments in Egyptian Stock Exchange Market	58,038,890	72,646,984
(C) Money Market Funds and Balanced Funds		
Unlisted Instruments in Stock Exchange Market	58,406,250	66,317,493
(D) Equity Instruments at Cost Method :		
Unlisted Instruments in Stock Exchange Market	169,991,983	175,371,255
Total Available-for-sale investments (1)	18,401,539,155	13,178,504,967
Held to maturity investments		
(A) Debt Instruments		
Listed Instruments in Stock Exchange Market	-	50,000,000
(B) Mutual funds		
Unlisted Instruments in Stock Exchange Market*	15,000,000	15,000,000
Total held to maturity investments (2)	15,000,000	65,000,000
Total Financial Investments (1+2)	18,416,539,155	13,243,504,967
Current balances	2,051,056,710	1,826,413,087
Non-current balances	16,365,482,445	11,417,091,880
Total	18,416,539,155	13,243,504,967
Fixed interest debt instruments	18,115,102,032	12,914,169,235
Total Debt Instruments	18,115,102,032	12,914,169,235

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	13,178,504,967	65,000,000
Additions	7,492,588,220	-
Amortization of premium / discount	133,391,145	-
Disposals (sale/redemption)	(2,178,912,907)	(50,000,000)
Translation differences resulting from monetary foreign currency assets	6,103,770	-
Changes in fair value	(224,733,158)	-
Less: Allowance for impairment loss	(5,402,882)	-
Balance at the end of the current year	18,401,539,155	15,000,000

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

Balance at the beginning of the comparative 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 comparative year	13,178,504,967	65,000,000
Gain / (Loss) on financial investments	December 31, 2014	December 31, 2013
Gain on sale of Available-for-sale assets	9,053,325	6,497,131
Loss of impairment of Available-for-sale equity instruments	(5,402,882)	(4,161,324)
Total	3,650,443	2,335,807

* 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 QNB ALAHLI First Fund with cumulative daily return (THEMAR Money Market Fund) upon its initial offering, in addition to the bank subscribed stake at 20% from the total certificates' number of its QNB ALAHLI Second Fund with periodic / cumulative return (Tawazon Balanced Fund) , in addition to the 20% from the total certificates' number of its QNB ALAHLI Third Fund with periodic / cumulative return (Tadawol Equity Fund) 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.

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21- Investments in subsidiaries and associates

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

December 31, 2014	Country of residence	Investee's assets	Investee's liabilities (excluding equity)	Investee's revenues	Investee's profit (loss)	Carrying amount	The bank stake
QNB ALAHLI leasing company (Subsidiary)	Egypt	2,320,409,758	2,084,052,203	737,669,556	21,990,783	144,915,453	99.98%
QNBALAHLI Life Insurance company (Subsidiary)	Egypt	924,426,045	763,176,840	53,874,021	41,450,384	69,179,676	99.98%
QNB ALAHLI Asset Management Egypt (Subsidiary)	Egypt	7,191,632	1,029,612	19,582	(783,422)	195,007	97.38%
QNB ALAHLI Factoring Company (Subsidiary)	Egypt	443,986,234	362,833,140	59,694,676	16,222,276	49,990,000	99.98%
Senouhi Company for Construction Materials (Associates)	Egypt	14,082,492	2,679,679	12,495,514	279,917	1,847,250	23.09%
Total		3,710,096,161	3,213,771,474	863,753,349	79,159,838	266,127,386	

In January 2014, the Bank has purchased the share owned by SG Holding Company financial services company in QNBALAHLI Life Insurance, accounting for 74.98% of the company's capital, and then increased its contribution in the company from 25% to 99.98%. The cost of this additional share purchased EGP 57,653,676 has been added to the investment to become the carrying value of the investment in the December 31, 2014 amounting EGP 69,179,676.

In June 2014, the Bank has purchased the share owned by QNB ALAHLI S.A. Company in QNB ALAHLI Asset Management Egypt Company, accounting for 92.5% of the company's capital, and then increased its contribution in the company from 4.875% to 97.375%. The cost of this additional share purchased EGP 7.

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
QNB ALAHLI leasing company (Subsidiary)	Egypt	2,037,482,080	1,823,115,307	652,804,640	18,250,476	144,915,453	99.98%
QNBALAHLI Life Insurance company (Associates)	Egypt	735,261,340	611,497,276	51,083,223	43,052,559	11,526,000	25%
QNB ALAHLI Asset Management Egypt (Associates)	Egypt	8,424,506	1,054,612	1,042,786	316,524	195,000	4.88%
QNB ALAHLI Factoring Company (Subsidiary)	Egypt	282,829,240	217,898,423	40,055,428	12,865,264	49,990,000	99.98%
Senouhi Company for Construction Materials (Associates)	Egypt	13,468,793	2,152,250	11,323,695	(121,037)	1,847,250	23.09%
Total		3,077,465,959	2,655,717,868	756,309,772	74,363,786	208,473,703	

22- Intangible assets

	December 31, 2014	December 31, 2013
Software		
Net book value at the beginning of the year	118,482,053	98,327,325
Addition	18,646,464	48,530,422
Amortization	(33,841,819)	(28,375,694)
Net book value at the end of the year	103,286,698	118,482,053

23- Other assets

	December 31, 2014	December 31, 2013
Accrued revenues	709,313,958	573,273,609
Pre-paid expenses	33,759,164	26,936,606
Advance payments for acquisition of Property and Equipment	346,528,747	303,045,126
Foreclosed assets reverted to the bank in settlement of debts	32,067,851	35,827,351
Deposits held with others and custody	4,730,244	2,853,436
Advance payments to tax authority	664,815,177	448,998,639
Others	72,570,285	46,385,444
Total	1,863,785,426	1,437,320,211

24- Property and Equipment

	Lands and buildings	Renovations of leased assets	Machinery & equipment	Others	Total
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
Deprecation 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

January 1, 2014					
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

December 31, 2014					
Net book value at the beginning of the year	732,950,363	33,502,557	94,877,472	54,538,066	915,868,458
Additions	193,478,685	11,495,710	42,210,323	10,165,614	257,350,332
Disposals from Property and Equipment	(7,561,101)	-	-	(801,400)	(8,362,501)
Disposals from accumulated depreciation	6,196,101	-	-	179,061	6,375,162
Depreciation for the year	(46,345,699)	(11,985,045)	(36,890,046)	(9,826,829)	(105,047,619)
Net book value	878,718,349	33,013,222	100,197,749	54,254,512	1,066,183,832
Balances at December 31, 2014					
Cost	1,248,546,259	115,869,050	439,368,575	127,501,182	1,931,285,066
Accumulated depreciation	(369,827,910)	(82,855,828)	(339,170,826)	(73,246,670)	(865,101,234)
Net book value	878,718,349	33,013,222	100,197,749	54,254,512	1,066,183,832

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	December 31, 2014	December 31, 2013
25- Due to banks		
Current accounts	125,154,117	297,440,839
Deposits	1,268,999,291	27,949,634
Total	1,394,153,408	325,390,473
Central banks	23,768,523	25,132,483
Local banks	651,758,024	1,309,544
Foreign banks	718,626,861	298,948,446
Total	1,394,153,408	325,390,473
Non-interest bearing balances	95,158,021	256,855,476
Variable interest rate balances	29,996,096	40,585,363
Fixed interest rate balances	1,268,999,291	27,949,634
Total	1,394,153,408	325,390,473
Current balances	1,394,153,408	325,390,473
Total	1,394,153,408	325,390,473

	December 31, 2014	December 31, 2013
26- Customer deposits		
Demand deposits	18,110,165,047	15,247,985,915
Time deposits and call accounts	44,800,816,698	34,123,193,515
Term saving certificates	14,115,827,941	10,933,225,144
Saving deposits	5,906,552,226	5,528,585,611
Other deposits*	2,716,340,427	1,853,820,283
Total	85,649,702,339	67,686,810,468
Corporate deposits	50,286,899,051	37,890,527,452
Retail deposits	35,362,803,288	29,796,283,016
Total	85,649,702,339	67,686,810,468
Non-interest bearing balances	16,403,543,318	14,708,805,388
Variable interest rate balances	5,922,937,226	5,568,120,611
Fixed interest rate balances	63,323,221,795	47,409,884,469
Total	85,649,702,339	67,686,810,468
Current balances	72,008,298,804	56,343,170,999
Non-current balances	13,641,403,535	11,343,639,469
Total	85,649,702,339	67,686,810,468

* Other deposits include deposits covering irrevocable letters of credit in the total of EGP 350,282,044 as of December 31, 2014 (December 31, 2013 EGP 437,699,038). The fair value of these deposits approximates its carrying amount.

	December 31, 2014	December 31, 2013
27- Other loans		
National Bank of Egypt (Ebab & Eco)	75,112,060	100,070,421
Commercial International Bank	53,848,571	42,142,857
Total	128,960,631	142,213,278

	December 31, 2014	December 31, 2013
28- Other liabilities		
Accrued interest	1,018,857,440	773,835,778
Unearned revenues	52,263,538	55,782,835
Accrued expenses	234,655,845	224,615,063
Sundry credit balances	149,691,763	169,026,917
Total	1,455,468,586	1,223,260,593

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29- Other provisions

December 31, 2014						
Description	Balance 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 the year
+ (-)						
Provision for tax claims	404,425,502	52,000,000	-	-	-	456,425,502
Provision for legal claims	22,662,520	-	(2,503,290)	8,152	(4,319,995)	15,847,387
Provision for contingent liabilities	148,860,634	17,214,513	-	902,638	-	166,977,785
Provision for fidelity	13,549,407	8,802,800	-	393,481	-	22,745,688
Total	589,498,063	78,017,313	(2,503,290)	1,304,271	(4,319,995)	661,996,362

December 31, 2013						
Description	Balance 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 the year
+ (-)						
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

30- Deferred income tax

Deferred tax has been calculated on all temporary tax differences using the balance sheet method and using the expected tax rate on a time that the bank will recognize a benefit from assets / incurred liabilities at a tax rate of 25% and 30% for the current financial period. 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, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Property and Equipment	-	-	(40,016,032)	(37,950,338)
Goodwill	85,201,494	108,045,372	-	-
Provisions (other than the provision for loan impairment)	127,481,515	110,377,038	-	-
Changes in fair value of Available-for-sale investments	-	-	(24,651,730)	(30,157,554)
Effect of changes in accounting policies	-	-	(4,055,633)	(4,055,633)
Deferred tax assets (liabilities)	212,683,009	218,422,410	(68,723,395)	(72,163,525)
Net balance of DTA (DTL)	143,959,614	146,258,885		

Movement of deferred tax assets and liabilities:

	Deferred tax assets		Deferred tax liabilities	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Beginning balance	218,422,410	244,336,181	(72,163,525)	(90,665,637)
DT recognized / utilized during the year	(5,739,401)	(25,913,771)	3,440,130	18,502,112
Closing balance	212,683,009	218,422,410	(68,723,395)	(72,163,525)

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

	December 31, 2014	December 31, 2013
Cumulative change in fair value of Available-for-sale investments		(24,651,730)
Effect of changes in accounting policies (special reserve)		(3,244,506)

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31- Defined benefits obligation

	December 31, 2014	December 31, 2013
Amounts recognized in the statement of financial position:		
Liability for post-retirement medical benefits	212,610,364	174,667,322
Amounts recognized in the income statement:		
Post-retirement medical benefits	47,052,063	33,074,540
Post-retirement medical benefits obligation constitutes of: Balances shown in the statement of financial position are represented as follows:		
Present value of unfunded liabilities	272,149,452	256,907,014
Unrecognized actuarial loss	(59,539,088)	(82,239,692)
	212,610,364	174,667,322
Liability movements during the year are represented as follows:		
Balance at the beginning of the financial year	174,667,322	148,496,423
Current service cost	11,939,506	5,029,648
Interest cost	32,612,894	27,292,506
Actuarial losses	2,499,663	752,386
Benefits paid	(9,109,021)	(6,903,641)
	212,610,364	174,667,322
Amounts recognized in the income statement are shown below:		
Current service cost	11,939,506	5,029,648
Interest cost	32,612,894	27,292,506
Actuarial losses recognized during the year	2,499,663	752,386
	47,052,063	33,074,540

The main actuarial assumptions used by the bank are outlined below:	December 31, 2014	December 31, 2013
Discount rate (two plans):		
A- QNB ALAHLI current employees plan	15.25%	13.00%
B-Ex-MIBank retirees plan	15.25%	13.00%
QNB ALAHLI -long term increase in the cost of medical care (on top of inflation)	14.52%	13.82%
Ex-MIBank - long term increase in the cost of medical care (on top of inflation)	14.52%	13.82%

Sensitivities to +1% in discount rate (duration of the plan):	Service cost	DBO
Post-retirement medical benefits	19.67%	17.64%

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32- Issued and paid-up capital

(A) Authorized Capital

The Extraordinary General Assembly held on February 26, 2014 decided to increase the Authorized capital to become EGP 10,000,000,000 (ten billion Egyptian pounds) instead of EGP 5,000,000,000 (five billion Egyptian pounds)

The authorized capital amounts to EGP 10 billion.

(B) Issued and Paid up Capital

- The issued and paid up capital on December 31, 2014 amounted to EGP 4,878,894,920 representing 487,889,492 shares with a nominal value of EGP 10 each, of which 362,566,492 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.

- The Extraordinary General Assembly held on February 26, 2014 decided to increase a capital from EGP 4,878,894,920 to EGP 5,610,729,150 , an increase of EGP 731,834,230 (only seven hundred and thirty-one million and eight hundred and thirty four thousand and two hundred and thirty Egyptian pounds) by deducting the general reserve.

- The issued and paid up capital amounted to EGP 5,610,729,150 on December 31, 2014 representing 561,072,915 shares with a nominal value of EGP10 each, of which 435,749,915 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 employees share ownership plan (ESOP) according to the Board of Directors decision in its meeting held on November 2 ,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 instead of Return on Equity (ROE) for 2012 after tax is at least 10%, 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.

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34- Reserves and retained earnings

(1) Reserves	December 31, 2014	December 31, 2013
General reserve (a)	2,665,043,542	1,860,793,096
General banking risk reserve (b)	191,304,813	57,798,674
Legal reserve (c)	557,597,833	470,582,501
Available-for-sale investments revaluation reserve (d)	433,280,690	652,508,024
Special reserve (e)	147,044,179	147,044,179
Capital reserve	9,219,034	9,208,496
Hedging reserve - Cash Flow Hedge (CFH)	2,466,235	4,783,202
Total reserves at the end of the year	4,005,956,326	3,202,718,172
Reserve movements are as follows:		
(a) General reserve		
Balance at the beginning of the financial year	1,860,793,096	1,358,999,206
Transferred from retained earnings	1,536,084,676	945,329,790
Transferred to capital increase	(731,834,230)	(443,535,900)
Balance at the end of the year	2,665,043,542	1,860,793,096
(b) General banking risk reserve		
Balance at the beginning of the year	57,798,674	123,047,602
Transferred from net profit for the year / (to retained earnings)	133,506,139	(65,248,928)
Balance at the end of the year	191,304,813	57,798,674

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) Legal Reserve	December 31, 2014	December 31, 2013
Balance at the beginning of the year	470,582,501	393,780,178
Transferred from the net profit for the prior year	87,015,332	76,802,323
Balance at the end of the year	557,597,833	470,582,501

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, 2014	December 31, 2013
Balance at the beginning of the year	652,508,024	118,535,514
Net gains (losses) resulting from changes in fair value during the year (Note 20)	(224,733,158)	515,339,945
Deferred tax recognized during the year (Note 30)	5,505,824	18,632,565
Balance at the end of the year	433,280,690	652,508,024

(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 and credit facilities 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

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2014

(All amounts are shown in Egyptian Pounds)

(2) Profit for the year and Retained earnings

	December 31, 2014	December 31, 2013
Movements on retained earnings:		
Balance at the beginning of the year	1,805,566,102	1,754,313,342
Net profit of the financial year	2,198,517,577	1,740,317,174
Previous year's profit distribution	-	(554,419,878)
Employees' profit share	(180,555,556)	(175,377,999)
Board of directors' remuneration	(1,900,000)	(1,850,000)
Transferred to capital reserve	(10,538)	(533,352)
Transferred to general reserve	(1,536,084,676)	(945,329,790)
Transferred to the legal reserve	(87,015,332)	(76,802,323)
Transferred to / (from) general banking risk reserve	(133,506,139)	65,248,928
Balance at the end of the year	2,065,011,438	1,805,566,102

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, 2014	December 31, 2013
Cash and balances with central banks	1,745,149,033	1,722,100,939
Due from banks in less than 3 months	3,426,634,144	2,819,418,347
Treasury bills and other governmental notes (91 days)	2,095,688,573	1,651,600,154
Total	7,267,471,750	6,193,119,440

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, 2014. 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 409,057,263 as of December 31, 2014 (EGP 426,005,966 on December 31, 2013). 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, 2014	December 31, 2013
Loan commitments	36,190,900	41,524,116
Accepted papers	834,772,530	947,970,707
L/Gs	15,715,374,845	14,631,455,884
Import L/Cs	2,178,199,756	2,471,161,333
Export L/Cs	187,583,468	205,348,072
Other contingent liabilities (Financial guarantees)	611,302	1,219,202
Total	18,952,732,801	18,298,679,314

(D) Commitments under operating lease contracts

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

	December 31, 2014	December 31, 2013
Not more than one year	47,938,382	36,648,897
More than one year and less than 5 years	148,596,251	90,618,067
More than 5 years	36,778,794	25,135,479
Total	233,313,427	152,402,443

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2014

(All amounts are shown in Egyptian Pounds)

37- Related-party transactions

Qatar National Bank SAQ is the ultimate parent and controlling party as at the end of the reporting year which owns 97.1% in the bank's ordinary shares whereas the remaining 2.9% are held by other shareholders.

A number of transactions have been conducted during the reporting year 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:

QNB Group	December 31, 2014	December 31, 2013
Due from banks	57,647,383	41,815,099
Due to banks	644,093,585	151,677,421
LGs for Banks	906,965,264	399,901,861
Forward currency deals	1,484,465,709	1,478,491,798

(A) Loans and credit facilities to related parties

	Directors and others key management personnel (and close family members*)		Associates and Subsidiaries	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Outstanding loans at the beginning of the financial year	198,312	623,370	1,698,238,691	1,281,782,564
Changes on Directors	310,262	-	-	-
Loans issued during the financial year	-	789,905	1,031,810,375	3,285,048,094
Loans repayment during the financial year	(248,510)	(1,214,963)	(615,475,730)	(2,868,591,967)
loans Outstanding at the end of the financial year	260,064	198,312	2,114,573,336	1,698,238,691
Interest income on loans	10,768	52,633	169,153,392	138,093,941

* Loans granted to top management members and close family members at end of current year amounted to EGP 260,064 against EGP 198,312 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 3.01% (against average interest rate of 12.20% in the comparative year).

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

In June 28, 2012, QNB ALAHLI leasing 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, 2014 amount of EGP 373,688,443, the total facility balance disclosed within the balance of Loans and credit facilities to Subsidiary and,

In June 30, 2014, QNB ALAHLI leasing Company (Subsidiary) signed an agreement with QNB ALAHLI to get a long term facility by amount of USD 10,900,000 , 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 USD 9,800,000 . The balance of the facility at December 31, 2014 amount the equivalent of EGP 71,236,797, the total facility balance disclosed within the balance of Loans and credit facilities to Subsidiary.

In January 2014, The bank increase its share in QNBALAHLI Life Insurance company's equity to reach 99.98% instead of 25% and in June 2014, The bank increase its share in QNB ALAHLI Asset Management Egypt Company's equity to reach 97.375% instead of 4.875%

Loans and credit facilities to related parties can be analyzed below

	Directors and others key management personnel (and close family members)		Associates and Subsidiaries	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Overdrafts	-	65,107	173	144
Cash Credit - Staff	260,064	113,052	-	-
Revolving term loan	-	-	1,669,647,923	1,188,389,026
Visa card	-	20,153	-	1,033
Equipment loans	-	-	444,925,240	509,848,488
Total	260,064	198,312	2,114,573,336	1,698,238,691

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2014

(All amounts are shown in Egyptian Pounds)

(B) Deposits from related parties

	Directors and others key management personnel (and close family members)		Associates and Subsidiaries	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Deposits outstanding at the beginning of the financial year	35,151,997	19,225,973	268,153,154	233,663,799
Changes on Directors	(20,054,324)	-	-	-
Deposit for QNB ALAHLI Asset Management Egypt	-	-	-	8,424,504
Deposits placed during the year	2,729,446	64,973,968	24,982,299	7,809,571,234
Deposits repaid during the year	(882,829)	(49,047,944)	(96,823,338)	(7,783,506,383)
Deposits outstanding at the end of the financial year	16,944,290	35,151,997	196,312,115	268,153,154
Interest expense on deposits	242,809	1,336,376	7,992,240	5,611,028

Deposits from related parties can be analyzed below

	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Demand Deposits	5,997,456	5,195,376	9,270,233	19,830,424
Saving account	9,588	188,262	-	-
Certificates of deposits	55,000	16,827,000	-	-
Time Deposits	10,882,246	12,941,359	187,041,882	248,322,730
Total	16,944,290	35,151,997	196,312,115	268,153,154

(C) Other transactions with related parties

	Directors and others key management personal (and close family members)		Associates and Subsidiaries	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Fee and commission income	8,447	26,340	11,964,353	14,171,697
Guarantees issued by the bank	-	-	67,876,509	135,935,201
The above guarantees comprise:				
LGs	-	-	47,436	28,157
LCs	-	-	67,829,073	135,907,044
Total	-	-	67,876,509	135,935,201

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 2,540,800 during the current year.

QNB ALAHLI S.A.E
Notes to the Separate Financial Statements
For the Year Ended 31 December 2014

(All amounts are shown in Egyptian Pounds)

38- Money Market and balanced Funds

A- QNB ALAHLI First Fund with cumulative daily return (THEMAR Money Market Fund)

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, 2014 reached 16,942,048 at a total value of EGP 3,425,834,584 The bank currently holds 338,841 certificates worth of EGP 63,406,250 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 58,406,250 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 18,769,145 have been reported in the "fees and commission income" line item in the income statement.

B- QNB ALAHLI Second Fund with periodic / cumulative return (Tawazon Balanced Fund)

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. Beltone Asset Management is managing this fund.

Total number of the outstanding certificates at December 31, 2014 reached 110,330 at a total value of EGP 16,782,263 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 80,206 have been reported in the "fees and commission income" line item in the income statement.

C- QNB ALAHLI Third Fund with periodic / cumulative return (Tadawol Equity Fund)

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 were 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, 2014 reached 81,266 at a total value of EGP 14,357,329 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 65,680 have been reported in the "fees and commission income" line item in the income statement.

Consolidated Financial Statements

QNB ALAHLI
(Egyptian Joint Stock Company)

**Consolidated Financial Statements
Together With Auditors' Report
For The Year Ended December 31, 2014**

Deloitte - Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

Allied for Accounting and Auditing – EY
Accountants & Consultants

Deloitte - Saleh, Barsoum & Abdel Aziz
Accountants & Auditors

Allied for Accounting and Auditing – EY
Accountants & Consultants

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, 2014 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, 2014 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, 2014 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 13, 2015


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


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 2014

(All amounts are shown in Egyptian Pounds)

	Note	December 31, 2014	December 31, 2013
Assets:			
Cash and due from Central Bank of Egypt (CBE)	(15)	7,188,348,272	5,706,542,342
Due from banks	(16)	3,777,960,747	2,973,738,039
Treasury bills	(17)	21,009,054,529	13,742,232,766
Trading investments	(18)	248,794,203	-
Loans and credit facilities to customers, net	(19)	46,940,647,841	38,891,440,323
Financial derivatives	(20)	3,882,276	12,200,178
Financial Investments:			
- Available-for-sale	(21)	18,401,538,155	13,178,504,967
- Held to maturity	(21)	249,732,102	65,000,000
Investments in associates	(22)	2,632,910	33,913,288
Intangible assets	(23)	104,432,843	110,358,094
Other assets	(24)	2,066,478,888	1,577,547,518
Deferred tax assets	(33)	170,929,940	165,463,782
Assets leased under finance lease arrangements, net	(25)	2,003,003,470	1,675,977,801
Property and Equipment	(26)	1,069,440,811	917,310,547
Total assets		103,325,933,593	81,258,850,705
Liabilities and equity:			
Liabilities:			
Due to banks	(27)	1,394,153,408	525,390,473
Customer deposits	(28)	85,457,547,644	57,686,386,964
Financial derivatives	(20)	35,566,913	-
Other loans	(29)	347,844,960	384,921,527
Other liabilities	(30)	1,574,973,968	1,288,677,133
Other provisions	(31)	680,927,064	587,679,030
Insurance policyholders' rights	(32)	702,852,282	-
Current income tax payable		998,749,130	791,595,264
Defined benefits obligation	(34)	212,610,364	174,667,322
Total liabilities		91,405,205,733	71,249,317,715
Equity:			
Issued and paid-up capital	(35)	5,610,729,150	4,878,894,920
Reserves	(37)	4,036,594,598	3,233,356,448
Reserve for employee stock ownership plan (ESOP)	(36)	17,653,188	17,653,165
Profit for the year and retained earnings	(37)	2,258,727,013	1,879,615,469
Total equity attributable to equity holders of the bank		11,920,703,926	10,009,520,002
Non-controlling interests		23,934	12,988
Total equity		11,920,727,860	10,009,532,990
Total liabilities and equity		103,325,933,593	81,258,850,705


 Mohamed Osman El-Dib
 Chairman and Managing Director

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 2014

(All amounts are shown in Egyptian Pounds)

	Note	From January 01, 2014 To December 31, 2014	From January 01, 2013 To December 31, 2013
Interest on loans and similar income	(6)	8,209,513,322	6,499,776,074
Cost of deposits and similar expense	(6)	(4,508,472,674)	(3,481,070,165)
Net interest income		3,696,840,648	3,018,705,909
Fee and commission income	(7)	1,158,759,575	1,038,812,442
Fee and commission expense	(7)	(78,530,262)	(58,077,472)
Net interest, fee and commission income		4,777,069,961	3,999,440,879
Dividend income	(8)	14,320,856	12,993,479
Net trading income	(9)	60,991,913	130,233,476
Gain / (Loss) on financial investments	(21)	3,650,443	2,335,806
Impairment credit losses	(12)	(302,660,285)	(550,697,349)
Administrative expenses	(10)	(1,416,464,033)	(1,307,985,942)
Other operating revenues (expenses)	(11)	174,105,626	169,738,594
Share of profits of associates		(772)	10,222,379
Profit before income tax		3,536,713,709	2,466,283,322
Income tax expense	(13)	(1,011,562,420)	(688,739,238)
Net profit for the year		2,519,151,289	1,777,544,084
Attributable to:			
Equity holders of the bank		2,319,149,024	1,776,032,012
Non-controlling interests		2265	1,512,072
Net profit for the year		2,319,151,289	1,777,544,084
Earnings per share	(14)	3.54	2.78


 Mohamed Osman El-Dib
 Chairman and Managing Director

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

QNB ALAHLI S.A.E
Consolidated Statement Of Changes In Shareholder's Equity
For the Year Ended 31 December 2014

(All amounts are shown in Egyptian Pounds)

	Issued and Paid Up Capital	Legal Reserve	General Reserve	Special Reserve	Capital Reserve	Reserve for Transactions Under Common Control	Available-for- sale 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 Equity Holders of the Bank	Non-Controlling Interests	Total
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 Available-for-sale investments, after deducting gains recycled to profit or loss relating to sold available-for-sale investments as well as taxes - Note No.37	-	-	-	-	-	-	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 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
December 31, 2014															
Balance at 1 January 2014	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
Transfer to reserves and retained earnings	-	87,015,332	1,536,084,676	-	10,538	-	-	-	-	-	(29,534,090)	(1,593,576,456)	-	-	-
Remuneration for board members and Employees' profit share from Profit distributions	-	-	-	-	-	-	-	-	-	-	(3,965,243)	(182,455,556)	(186,420,799)	-	(186,420,799)
Transfer from general reserve to capital increase	731,834,230	-	(731,834,230)	-	-	-	-	-	-	-	-	-	-	-	-
Net unrealized gain/(loss) on Available-for-sale investments, after deducting gains recycled to profit or loss relating to sold available-for-sale investments as well as taxes - Note No.37	-	-	-	-	-	-	(219,227,335)	-	-	-	-	-	(219,227,335)	-	(219,227,335)
Net profit for the year	-	-	-	-	-	-	-	-	-	-	-	2,319,149,024	2,319,149,024	2,265	2,319,151,289
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	8,681	8,681
Net unrealized loss on CFH , net of tax	-	-	-	-	-	-	-	-	(2,316,966)	-	-	-	(2,316,966)	-	(2,316,966)
Transfer to general banking risk reserve	-	-	-	-	-	-	-	133,506,135	-	-	(133,506,135)	-	-	-	-
Balance at 31 December 2014	5,610,729,150	557,597,833	2,665,043,542	173,681,968	9,219,034	4,000,483	433,280,690	191,304,813	2,466,235	17,653,165	70,084,124	2,185,642,889	11,920,703,926	23,934	11,920,727,860



Mohamed Osman El-Dib
Chairman and Managing Director

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 2014

(All amounts are shown in Egyptian Pounds)

Note	December 31, 2014	December 31, 2013
Cash flows from operating activities		
Profit before tax	3,330,713,709	2,466,283,322
Adjusted by:		
Property and Equipment depreciation and Intangible assets amortization	140,567,483	134,938,156
Leased assets depreciation	476,448,333	419,078,578
Impairment credit losses	(12) 362,660,285	550,897,549
Loans written off during the year	(178,269,209)	(45,360,168)
Recovery from loans previously written off	5,744,259	6,377,463
Net formed / (reversed) other provisions	79,121,783	78,471,806
Utilized provisions other than loans provision	(4,319,993)	(2,058,525)
Translation differences of other provisions in foreign currencies	1,304,271	4,789,182
Translation differences resulting from monetary foreign currency Available-for-sale investments	(6,103,770)	(216,128,148)
Amortization of premium / discount for bonds	(133,541,843)	24,388,780
Forward insurance policyholders' rights provisions during the year	136,272,252	
(Gain) on sale of Property and Equipment	(698,330)	(10,538)
Dividend income	(8) (14,320,836)	(12,593,479)
Share of profits of associates applying the equity method	772	(10,222,379)
(Gain) on sale of Available-for-sale investments	(21) (3,055,329)	(6,497,130)
Loss on impairment of Available-for-sale equity instruments	(21) 5,402,882	4,161,324
Negative goodwill resulting from acquiring subsidiaries	(11) (41,754,462)	
Cost of share based payments		1,589,394
Operating profits before changes in assets and liabilities resulting from operating activities	4,090,294,131	3,597,834,793
Net decrease / increase in assets and liabilities		
Due from banks	(1,656,454,246)	462,660,431
Treasury bills	(4,569,012,435)	(3,212,119,247)
Trading investments	(33,564,688)	
Loans and credit facilities to customers	(8,179,342,753)	(3,317,788,199)
Financial derivatives	40,594,964	5,205,881
Other assets	(483,111,520)	(898,677,376)
Due to banks	1,068,762,935	(902,178,790)
Customer deposits	18,625,423,190	14,029,133,612
Other liabilities	251,693,299	195,164,596
Defined benefits obligation	37,943,042	26,170,859
Leased assets - Lease contracts settlement	32,773,816	(26,569,182)
Income tax paid	(807,616,338)	(259,372,823)
Net cash flows resulting from operating activities (1)	7,820,385,307	9,335,286,995
Cash flows from investing activities		
Acquisition of Property and Equipment and branches preparation	(277,167,416)	(187,948,935)
Proceeds from sale of Property and Equipment	2,685,669	10,538
Proceeds from sale of financial investments other than held for trading investments	2,237,966,631	951,606,839
Acquisition of financial investments other than held for trading investments	(7,725,610,102)	(7,604,486,270)
Acquisition of leased assets	(859,251,425)	(801,442,665)
Proceeds from leased assets	233,937,671	241,566,840
Acquisition of subsidiaries, net of cash acquired	(48,924,614)	(77,968,000)
Dividends received	14,320,836	12,593,479
Cash dividends received from investments in associates		76,194
Net cash flows used in investing activities (2)	(6,523,043,130)	(7,665,602,183)
Cash flows from financing activities		
Long term loans	(37,076,567)	(97,661,483)
Subordinated loan		(884,660,000)
Dividends paid	(186,420,799)	(730,301,732)
Net cash flows used in financing activities (3)	(223,497,366)	(1,712,623,215)
Net increase in cash and cash equivalents during the year (1+2+3)	1,073,842,811	57,061,597
Cash and cash equivalents at the beginning of the year	6,193,723,132	6,136,661,535
Cash and cash equivalents at the end of the year	(38) 7,267,565,943	6,193,723,132
Cash and cash equivalents at end of the year are represented in :		
Cash and due from Central Bank of Egypt	(15) 7,188,346,272	5,706,342,342
Due from banks	(16) 3,777,960,747	2,973,758,039
Treasury bills	21,009,054,328	15,742,232,766
Balances with Central Bank of Egypt (mandatory reserve)	(9,443,195,449)	(3,984,241,403)
Balances due from banks with maturities more than 3 months	(351,238,200)	(153,736,000)
Treasury bills with maturity more than 3 months	(18,913,365,956)	(14,690,632,612)
Cash and cash equivalents at end of the year	7,267,565,943	6,193,723,132

Mohamed Osman El-Dib
Chairman and Managing Director

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

QNB ALAHLI S.A.E
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(All amounts are shown in Egyptian Pounds)

1. Background:

QNB ALAHLI "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 179 branches served by 5,063 staff at the date of the financial statements. The Bank is listed on the Egyptian Stock Exchange (EGX).

These Financial statements were approved by the Board of Directors on January 13, 2015.

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 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 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 applicable laws of Egypt.

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 , 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.

QNB ALAHLI S.A.E
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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.

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 QNB ALAHLI Factoring Company in which it owns 99.9% of its capital, increased its interest in QNB ALAHLI Leasing Company to 100%, and increased in QNB ALAHLI Life Insurance Company to 100% instead of 25%, and increased in QNB ALAHLI Asset Management Egypt Company to 99.875% instead of 4.875%,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, QNB ALAHLI Factoring, QNB ALAHLI Leasing Company, QNB ALAHLI Life Insurance Company and QNB ALAHLI Asset Management Egypt Company 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 %
QNB ALAHLI Factoring Company	Egypt	50,000,000	2012	99.98
QNB ALAHLI Leasing Company	Egypt	80,000,000	2012	100
QNB ALAHLI Life Insurance Company	Egypt	60,000,000	2014	100
QNB ALAHLI Asset Management Egypt Company	Egypt	4,000,000	2014	99.875

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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 Pounds. Transactions in foreign currencies during the year are translated into the Egyptian Pounds 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 'Interest on 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'.

Leased assets denominated in foreign currency which the group leases to others are measured at historical cost and translated to Egyptian Pounds 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.

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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.

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:

- The group intends to sell immediately or in the short term, which are classified as held for trading.
- 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 Investments held for trading

Investments held for trading, including investment portfolios managed by others and investment in Mutual Funds not issued by Insurance Companies and acquired for trading purposes, are valued at fair value (market value or redemption value) at the balance sheet date. Profit / Loss arising from revaluation is recorded under Net trading income.

2.5.5 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 '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.

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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 contract 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.

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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.

Insurance revenues

Premium income and Claim expense is recognized on accrual basis.

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)

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

2.12.1 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.

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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.

2.12.2 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.

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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		50 years
	Decoration & installations	10 years
Fixtures	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 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.

The bank has changed the useful life of the buildings that were depreciated on 30 years to 50 years, to depreciate the net book value of those assets at the beginning of the current year over the rest of new useful life. This change did not result in a significant impact on the financial statements.

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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.

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2.19 Insurance activity

2.19.1 Technical reserves

2.19.1.1 Mathematical reserve

The mathematical reserve is calculated by the actuarial expert according to the technical basis approved by the board of the Egyptian Financial Supervisory Authority (Formerly Egyptian Insurance Supervisory Authority), in addition to the portion of each certificate from the increase (decrease) in the capital value resulting from insurance premiums invested in investment portfolio for the account of policyholders.

2.19.1.2 Provision for outstanding claims

A provision for outstanding claims is established for life and personal accident insurance policies. Which were reported before the year-end but not settled at the balance sheet date.

2.19.2 Receivables arising from insurance contracts

Receivables arising from insurance contract either as instalments under collection or current accounts of insured parties are carried at amortized cost which represent nominal balances, net of impairment loss.

2.19.3 Due from insurance and reinsurance companies

Insurance and reinsurance companies stated at amortized cost, which represent its book value, net of allowance for impairment loss.

2.20 Financial guarantees

A financial guarantee contract is a contract issued by the group as security for loans or overdrafts 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.

2.21 Employee benefits

2.21.1 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.

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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.

2.21.2 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.

2.22 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 Group'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.

2.23 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.

2.24 Capital

2.24.1 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.

2.24.2 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.

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2.25 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.

2.26 Comparative figures

Comparative figures are reclassified, where necessary, to conform to changes in the current year's financial statements 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.

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- 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.

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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 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 must be pre-authorized ,replacement risk is bearing a loss when a bank is forced to replace a contract in case of breaching the original party's contract (debtor risk, non-settlement or non-delivery risk and issuer risk).
- 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).

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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:

Collaterals

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 credit 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 credit 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.

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(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.

Allowance for impairment loss 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.

As a result of the change in the bank provisioning and impairment policy during the current year, The bank restate the comparative figures for loans and credit facilities to individual customers (retail) which have arrears more than 30 days and less or equal 90 days to be added in loans and credit facilities which have arrears but are not subject to impairment instead of loans and credit facilities which are individually impaired, and restate the comparative figures for the allowance related to their customers to be added in impairment for group of financial assets instead of impairment of loans and credit facilities which are individually impaired .

The allowance for impairment losses reported in the balance sheet at the end of the reporting year 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 credit facilities reported in the balance sheet for each of the four internal ratings of the Bank and their relevant impairment losses:

	December 31, 2014		December 31, 2013	
	Loans and credit facilities	Allowance for impairment loss	Loans and credit facilities	Allowance for impairment loss
1- Good debts	91%	18%	91%	14%
2- Normal watch-list	4%	14%	5%	21%
3- Special watch-list	2%	6%	1%	3%
4- Non performing loans	3%	62%	3%	62%
	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 credit 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 (37) shows the movement on the general banking risk reserve during the financial year.

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 acceptable 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

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

Balance sheet items exposed to credit risks	December 31, 2014	December 31, 2013
Treasury bills	21,009,054,529	15,742,232,766
Loans and credit facilities to customers		
Retail loans		
Overdrafts	957,232,998	703,620,587
Credit cards	382,841,169	372,883,331
Personal loans	8,633,385,062	7,247,573,654
Real estate loans	445,336,956	311,802,626
Corporate loans		
Overdrafts	17,180,081,054	13,492,255,700
Direct loans	11,797,674,595	10,046,131,396
Syndicated loans and facilities	7,905,019,772	7,019,535,342
Other loans	1,560,054,946	1,489,442,360
Allowance for impairment loss, segregated interest & unearned discount	(1,920,978,711)	(1,791,804,673)
Financial derivatives	3,862,276	12,200,178
Financial investments		
Debt instrument	18,349,834,134	12,914,169,235
Other financial assets	714,970,469	572,994,087
Total	87,018,369,249	68,133,036,589

Off balance sheet items exposed to credit risks	December 31, 2014	December 31, 2013
Financial guarantees	611,302	1,219,202
Loans and other irrevocable credit commitments	36,190,900	41,524,116
L/Cs	2,307,830,892	2,588,466,185
Accepted papers	824,895,790	900,106,884
L/Gs	15,715,374,845	14,631,455,884
Total	18,884,903,729	18,162,772,271

The preceding table shows the maximum limit exposure to risks at the end of December, 2014 and December, 2013 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 related to Balance sheet items exposed to credit risks shows that 54% of the maximum limit exposed to credit risk at the end of current reporting year is attributable to Loans and credit facilities to customers against 57% at the end of the prior year, investments in debt instruments constitute 21% against 19% at the end of the prior year and treasury bills constitute 24% 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:

- 95% of the loans and credit facilities portfolio at the end of the current reporting year comprises Loans and credit facilities classified at the top 2 categories of the internal rating against 96% at the end of the prior year.

- 95% of the loans and credit facilities portfolio at the end of the current reporting year does not have arrears or indicators of impairment against 95% at the end of the prior year.

- Loans and credit facilities that are individually assessed for impairment at the end of the current reporting year have a carrying amount of EGP 1,495,352,311 Impairment on these Loans and credit facilities represents 79% from their carrying amount. Loans and credit facilities, that are individually assessed for impairment at the end of the prior year had a carrying amount of EGP 1,465,090,964 and their impairment represents 75% from such carrying amount.

- The Bank applied more prudential selection process on granting Loans and credit facilities during the current reporting year ended December 31, 2014.

- 95% of investments in debt instruments and treasury bills at the end of the current reporting year comprise local sovereign debt instruments against 92% at the end of the prior year.

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(A/6) Loans and credit facilities
Balances of Loans and credit facilities in terms of credit risk rating are analyzed below:

	December 31, 2014		December 31, 2013	
	Loans and credit facilities to customers	Loans and credit facilities to banks	Loans and credit facilities to customers	Loans and credit facilities to banks
Neither have arrears nor impaired	46,229,163,014	-	38,443,696,398	-
Have arrears but not impaired	1,137,111,227	-	774,457,634	-
Impaired	1,495,352,311	-	1,465,090,964	-
Total	48,861,626,552	-	40,683,244,996	-
Less: Allowance for impairment losses	(1,875,687,955)	-	(1,744,024,969)	-
Less: Segregated interest	(21,539,030)	-	(27,693,859)	-
Less: Unearned discount	(23,751,726)	-	(20,085,845)	-
Net	46,940,647,841	-	38,891,440,323	-

Total credit allowance for Loans and credit facilities at the end of the current reporting year amounted to EGP 1,875,687,955 (EGP 1,744,024,969 at the end of the prior year) of which EGP 1,161,094,227 represent impairment on individual loans (EGP 1,076,393,963 at the end of the prior year) and EGP 714,593,728 represent impairment for groups of financial assets in the credit portfolio (EGP 667,631,006 at the end of the prior year).

Note (19-A) includes additional information on the allowance for impairment losses for Loans and credit facilities to customers during the current reporting year.

During the current accounting year the Loans and credit facilities portfolio increase by 21% due to the increase on lending activity.

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

The credit quality of Loans and credit 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 credit facilities to customers

	December 31, 2014				
	Retail				
Rating	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Good debts	947,243,345	300,058,889	7,727,053,375	397,812,626	9,372,168,235
Normal watch-list	-	-	-	-	-
Special watch-list	-	-	-	-	-
Total	947,243,345	300,058,889	7,727,053,375	397,812,626	9,372,168,235

	Corporate				
	Syndicated loans and facilities				
	Overdrafts	Direct loans	Other loans		Total
Good debts	16,553,025,623	9,907,726,205	6,713,934,784	1,496,477,187	34,671,163,799
Normal watch-list	488,312,231	281,997,852	716,929,242	52,051,332	1,539,290,657
Special watch-list	120,505,541	48,968,075	474,155,746	2,910,961	646,540,323
Total	17,161,843,395	10,238,692,132	7,905,019,772	1,551,439,480	36,856,994,779

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

	December 31, 2013				
	Retail				
Rating	Overdrafts	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				
	Syndicated loans and facilities				
	Overdrafts	Direct loans	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.

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

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

	December 31, 2014				
	Retail				
	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
< 30 days	-	39,691,870	572,279,970	30,875,786	642,847,626
30 – 60 days	-	10,638,435	88,576,442	7,111,933	106,326,810
60 – 90 days	-	4,150,044	21,002	-	4,171,046
Total	-	54,480,349	660,877,414	37,987,719	753,345,482

	Corporate				
	Syndicated loans and facilities				
	Overdrafts	Direct loans	Other loans		Total
< 30 days	-	153,016,727	-	6,976,611	159,993,338
30 – 60 days	-	28,255,039	-	-	28,255,039
60 – 90 days	-	15,504,385	-	372,721	15,877,106
> 90 days	-	179,640,262	-	-	179,640,262
Total	-	376,416,413	-	7,349,332	383,765,745

	December 31, 2013				
	Retail				
	Overdrafts	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	-	6,443,596	70,802,747	2,290,265	79,536,608
60 – 90 days	-	3,478,475	28,241	-	3,506,716
Total	-	47,488,551	354,713,251	36,340,981	438,542,783

	Corporate				
	Syndicated loans and facilities				
	Overdrafts	Direct loans	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

Past due Loans and credit 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 credit facilities of the same customer so long default has not fully or partially occurred on those loans.

On initial recognition of Loans and credit 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.

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

At the end of the current reporting year, the carrying amount of Loans and credit facilities, that are assessed to be individually impaired excluding any cash flows expected to arise from the associated guarantees, amounted to EGP 1,495,352,311 against EGP 1,465,090,964 at the end of the prior year.

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

December 31, 2014					
Retail					
	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	9,989,653	28,301,931	245,454,273	9,536,611	293,282,468
Fair value of collaterals	-	2,456,751	37,531,584	3,838,863	43,827,198
Corporate					
	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Loans which are individually impaired	18,237,659	1,182,566,050	-	1,266,134	1,202,069,843
Fair value of collaterals	-	5,634,380	-	-	5,634,380
December 31, 2013					
Retail					
	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	10,967,522	77,168,334	255,199,105	8,971,510	352,306,471
Fair value of collaterals	-	4,942,440	27,515,948	-	32,458,388
Corporate					
	Overdrafts	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	-	-	-	-	-

Restructured loans and facilities:

The bank applies different types of restructuring policies to its Loans and credit 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 144,625,679 at the end of the current reporting year against EGP 81,125,330 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 credit facilities to customers

Corporate loans	December 31, 2014	December 31, 2013
Direct loans	144,625,679	81,125,330
Total	144,625,679	81,125,330

(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, 2014	December 31, 2013
Egyptian Treasury Bills	B-	21,009,054,529	15,742,232,766
Available- for- sale financial assets			
Egyptian Treasury Bonds	B-	16,311,401,233	10,629,868,918
US Treasury Bonds	AA+	1,417,401,578	1,559,883,357
France Treasury Bonds	AA	-	228,993,978
German Treasury Bonds	AAA	386,299,221	445,422,982
Held to maturity investments			
Egyptian Treasury Bonds	B-	234,732,102	50,000,000
Total		39,358,888,663	28,656,402,001

(A/8) Acquisition of collaterals

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

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(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 credit 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					Red Sea & Upper Egypt	Total	Other Countries	Total
	Cairo	East Cairo	Giza	Alex	Delta				
Treasury bills	21,009,054,529	-	-	-	-	-	21,009,054,529	-	21,009,054,529
Loans and credit facilities to customers									
Retail loans									
Overdrafts	360,527,487	131,506,349	176,651,088	122,454,548	79,717,760	86,375,766	957,232,998	-	957,232,998
Credit cards	109,148,264	82,370,510	90,053,168	51,507,880	30,233,700	19,527,647	382,841,169	-	382,841,169
Personal loans	1,892,842,543	2,127,123,857	1,619,986,686	1,237,199,647	1,334,521,717	421,710,612	8,633,385,062	-	8,633,385,062
Real estate loans	111,712,823	119,578,967	102,899,659	46,140,359	28,577,860	36,426,688	445,336,956	-	445,336,956
Corporate loans									
Overdrafts	4,165,098,602	3,629,334,885	3,834,897,322	2,598,332,265	1,857,989,129	1,094,428,851	17,180,081,054	-	17,180,081,054
Direct loans	3,389,805,815	1,505,509,709	3,193,208,882	2,364,737,516	1,111,627,855	232,784,818	11,797,674,595	-	11,797,674,595
Syndicated loans and facilities	2,323,922,056	1,102,544,957	2,090,289,738	446,521,702	1,941,741,319	-	7,905,019,772	-	7,905,019,772
Other loans	1,171,168,661	200,898,684	17,504,745	4,282,989	2,202,862	163,997,005	1,560,054,946	-	1,560,054,946
Financial derivatives	-	-	-	-	-	-	-	3,862,276	3,862,276
Financial Investments									
Debt instruments	16,546,133,335	-	-	-	-	-	16,546,133,335	1,803,700,799	18,349,834,134
Other financial assets	543,254,496	31,185,182	36,325,032	27,832,216	43,613,755	5,220,600	687,431,281	27,539,188	714,970,469
Total at the end of the current year	51,622,668,611	8,930,053,100	11,161,816,320	6,899,009,722	6,430,225,957	2,060,471,987	87,104,245,697	1,835,102,263	88,939,347,960
Total at the end of the comparative year	40,605,755,870	6,552,974,315	8,935,059,639	4,857,307,926	5,243,229,190	1,451,233,975	67,645,560,915	2,279,280,347	69,924,841,262

(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	-	-	-	-	21,009,054,529	-	-	-	21,009,054,529
Loans and credit facilities to customers									
Retail loans									
Overdrafts	-	-	-	-	-	-	-	957,232,998	957,232,998
Credit cards	-	-	-	-	-	-	-	382,841,169	382,841,169
Personal loans	-	-	-	-	-	-	-	8,633,385,062	8,633,385,062
Real estate loans	-	-	-	-	-	-	-	445,336,956	445,336,956
Corporate loans									
Overdrafts	114,740,906	11,932,357,397	3,107,998,851	2,024,983,900	-	-	-	-	17,180,081,054
Direct loans	237,335,529	8,110,614,720	2,374,852,145	1,074,872,201	-	-	-	-	11,797,674,595
Syndicated loans and facilities	-	6,473,652,971	-	1,431,366,801	-	-	-	-	7,905,019,772
Other loans	-	1,164,921,889	312,589,740	65,089,333	-	-	17,453,984	-	1,560,054,946
Financial derivatives	-	-	-	-	-	-	3,862,276	-	3,862,276
Financial Investments									
Debt instruments	-	-	-	-	16,546,133,335	1,803,700,799	-	-	18,349,834,134
Other financial assets	1,490,285	116,179,902	23,902,237	24,110,822	477,646,877	27,539,188	-	44,101,158	714,970,469
Total at the end of the current year	353,566,720	27,797,726,879	5,819,342,973	4,620,423,057	38,032,834,741	1,831,239,987	21,316,260	10,462,897,343	88,939,347,960
Total at the end of the comparative 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

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(B) Market Risk

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.

Currency	Short/Long F.X. positions	F.X. short positions	F.X. long positions	Expected loss at 10%
USD	(24,812,344)	(24,812,344)	-	(2,481,234)
EUR	1,390,401	-	1,390,401	139,040
GBP	(747,736)	(747,736)	-	(74,774)
JPY	118,511	-	118,511	11,851
CHF	(46,371)	(46,371)	-	(4,637)
DKK	6,176	-	6,176	618
NOK	377,055	-	377,055	37,706
SEK	4,966	-	4,966	497
CAD	11,260	-	11,260	1,126
AUD	(68,175)	(68,175)	-	(6,818)
AED	287,514	-	287,514	28,751
KWD	145,115	-	145,115	14,512
OMR	(13)	(13)	-	(1)
QAR	729,910	-	729,910	72,991
SAR	(204,967)	(204,967)	-	(20,497)
EGP	22,808,698	-	22,808,698	-
Maximum expected loss at December 31, 2014				(2,280,869)
Maximum expected loss at December 31, 2013				(59,329,390)

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(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)	6,757,996,420	272,513,855	89,893,373	22,556,799	45,387,825	7,188,348,272
Due from banks	274,905,621	3,100,536,410	60,775,127	235,346,954	106,396,635	3,777,960,747
Treasury bills	20,299,929,678	709,124,851	-	-	-	21,009,054,529
Trading investments	248,784,203	-	-	-	-	248,784,203
Loans and credit facilities to customers, net	33,525,557,242	12,669,025,154	670,799,739	75,009,417	256,289	46,940,647,841
Financial derivatives	-	3,744,145	118,131	-	-	3,862,276
Financial investments						
Available-for-sale	16,490,397,927	1,524,574,203	386,567,025	-	-	18,401,539,155
Held to maturity	249,732,102	-	-	-	-	249,732,102
Other financial assets	654,726,752	46,100,336	13,647,272	159,302	336,807	714,970,469
Total financial assets	78,502,029,945	18,325,618,954	1,221,800,667	333,072,472	152,377,556	98,534,899,594
Financial liabilities						
Due to banks	1,312,096,962	52,448,581	15,716,438	6,632,065	7,259,362	1,394,153,408
Customer deposits	66,933,350,405	15,369,106,226	2,689,228,733	324,084,501	141,757,779	85,457,527,644
Financial derivatives	35,566,913	-	-	-	-	35,566,913
Other loans	342,043,273	5,801,687	-	-	-	347,844,960
Other financial liabilities	1,006,203,324	24,956,431	1,642,603	132,222	513	1,032,935,093
Total financial liabilities	69,629,260,877	15,452,312,925	2,706,587,774	330,848,788	149,017,654	88,268,028,018
Net financial position	8,872,769,068	2,873,306,029	(1,484,787,107)	2,223,684	3,359,902	10,266,871,576

At the end of the comparative year						
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
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	7,283,808,807	2,169,640,236	(1,421,366,436)	(43,967,037)	(28,982,820)	7,959,132,750

(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.

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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.

Bank's Objective of Interest Rate Risk Management

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.

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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)	-	-	-	-	-	7,188,348,272	7,188,348,272
Due from banks	1,517,429,603	1,769,223,959	-	-	-	491,307,185	3,777,960,747
Treasury bills	549,430,543	5,805,679,485	14,653,944,501	-	-	-	21,009,054,529
Trading investments	-	-	-	-	-	248,784,203	248,784,203
Loans and credit facilities to customers, net	37,493,149,046	649,520,642	2,875,127,015	4,893,926,237	1,028,924,901	-	46,940,647,841
Financial derivatives	-	-	-	-	-	3,862,276	3,862,276
Financial investments							
Available-for-sale	-	55,880,399	1,995,176,311	9,095,185,475	6,968,859,847	286,437,123	18,401,539,155
Held to maturity	-	-	1,292,113	22,313,955	211,126,034	15,000,000	249,732,102
Other financial assets	-	-	-	-	-	714,970,469	714,970,469
Total financial assets	39,560,009,192	8,280,304,485	19,525,539,940	14,011,425,667	8,208,910,782	8,948,709,528	98,534,899,594
IRS (notional amount)	-	30,345,426	437,148,135	99,961,400	-	-	567,454,961
Financial liabilities							
Due to banks	1,298,995,387	-	-	-	-	95,158,021	1,394,153,408
Customer deposits	25,043,216,079	13,899,528,991	16,568,988,656	13,526,958,904	23,149,000	16,395,686,014	85,457,527,644
Financial derivatives	35,566,913	-	-	-	-	-	35,566,913
Other loans	105,541,919	18,097,978	93,980,280	125,121,020	5,103,763	-	347,844,960
Other financial liabilities	-	-	-	-	-	1,032,935,093	1,032,935,093
Total financial liabilities	26,483,320,298	13,917,626,969	16,662,968,936	13,652,079,924	28,252,763	17,523,779,128	88,268,028,018
IRS (notional amount)	94,711,919	472,743,042	-	-	-	-	567,454,961
Re-pricing gap	12,981,976,975	(6,079,720,100)	3,299,719,139	459,307,143	8,180,658,019	(8,575,069,600)	10,266,871,576

At the end of the comparative year							
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
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
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

(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.

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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.

Bank's Objective of Liquidity Risk Management

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, 2014					
	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	1,409,935,917	-	-	-	-	1,409,935,917
Customer deposits	41,736,848,316	14,463,534,192	18,490,295,921	15,158,140,486	26,597,178	89,875,416,093
Other loans	39,340,754	23,343,447	117,579,699	162,467,152	5,113,908	347,844,960
Total financial liabilities	43,186,124,987	14,486,877,639	18,607,875,620	15,320,607,638	31,711,086	91,633,196,970

- 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, 2013					
	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 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.

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.

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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 statement of financial position items	Up to one month	December 31, 2014				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	1,490,245,779	10,209,290	-	-	-	1,500,455,069
Cash inflows	1,454,981,096	9,996,140	-	-	-	1,464,977,236

Maturities for statement of 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

Cash flow for Off balance sheet items

Maturities for off -balance sheet items	December 31, 2014			
	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Loan commitments	36,190,900	-	-	36,190,900
Financial guarantees	611,302	-	-	611,302
Operating lease commitments	47,938,382	148,596,251	36,778,794	233,313,427
Capital commitments resulting from acquisition of Property and Equipment	409,057,263	-	-	409,057,263
Total	493,797,847	148,596,251	36,778,794	679,172,892

Maturities for off -balance sheet items	December 31, 2013			
	Less than one year	More than one year and less than 5 years	More than 5 years	Total
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

(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.

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(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, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Financial assets				
Due from banks	3,777,960,747	2,973,758,039	3,777,960,747	2,973,758,039
Loans and credit facilities to customers, net	46,940,647,841	38,891,440,323	Not Determined	Not Determined
Financial investments :				
Equity instruments Available-for-sale	169,991,983	175,371,255	Not Determined	Not Determined
Held to maturity				
Debt instruments	234,732,102	50,000,000	239,608,585	51,370,569
Mutual fund certificates	15,000,000	15,000,000	26,549,475	22,770,385
Financial liabilities :				
Due to banks	1,394,153,408	325,390,473	1,394,153,408	325,390,473
Customer deposits	85,457,527,644	67,686,386,964	Not Determined	Not Determined
Other loans	347,844,960	384,921,527	347,844,960	384,921,527

It was impracticable to measure the fair value for the remainder financial assets & liabilities at the end of current year 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 credit facilities to customers:

Loans and credit 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.

Customer 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.

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(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-up capital. the bank's paid-up capital amounted to EGP 5,610,729,150 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 15.51% at the end of the current year. (December 31, 2013: 14.91%) 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-up 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 200 %. 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, 2014	December 31, 2013
Tier 1 capital		
Share capital	5,610,729,150	4,878,894,920
General reserve	2,665,043,542	1,860,793,096
Legal reserve	557,597,833	470,582,501
Other reserves	9,219,034	9,208,496
Retained earnings	56,881,804	103,583,457
Total deduction from capital invested	(81,247,328)	(464,115)
Total tier 1 capital	8,818,224,035	7,322,598,355
Tier 2 capital		
45% from special reserve	8,643,920	9,655,274
Impairment provision for loans and contingent liabilities*	695,823,005	607,210,760
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.	200,173,574	297,742,035
Total tier 2 capital	904,640,499	914,608,069
Total capital	9,722,864,534	8,237,206,424
Risk weighted assets and contingent liabilities:		
Credit Risk	56,127,589,549	48,998,974,506
Market Risk	8,821,487	730,747,752
Operational Risk	6,538,531,686	5,503,508,020
Total risk weighted assets and contingent liabilities	62,674,942,722	55,233,230,278
Capital adequacy ratio for tier one	14.07%	13.26%
Capital adequacy ratio	15.51%	14.91%

- * Provided it does not exceed 1.25% from total value of risk weighted assets and contingent liabilities.
- Based on Consolidated financial statement after the disposal of insurance activity.

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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 period.

a. Impairment of Loans and credit facilities

The bank reviews its Loans and credit 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 increased by EGP 4,876,483 to reach the fair value with a corresponding increase in the available-for-sale valuation reserve within equity.

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(All amounts are shown in Egyptian Pounds)

5- Segmentation analysis
(3/A) 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, Overdrafts, 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 and insurance activity.

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 segmental activities	Corporate	Investments	Individuals	Other businesses	Total
(December 31, 2014)					
Net interest income	1,397,621,846	(80,207,768)	1,182,574,983	1,196,851,587	3,696,840,688
Net fee and commission income	679,057,699	6,447,324	404,159,055	(9,434,765)	1,080,229,313
Dividend income	-	14,320,856	-	-	14,320,856
Net trading income	72,481,394	-	6,418,437	1,792,082	80,691,913
Gain / (Loss) on financial investments	-	3,650,443	-	-	3,650,443
Impairment credit losses	(229,538,860)	-	(73,121,425)	-	(302,660,285)
Administrative expenses	(559,541,407)	(597,487)	(855,660,385)	(664,754)	(1,416,464,033)
Other operating revenues (expenses)	169,430,522	59,298,783	(66,463,550)	11,839,871	174,105,626
Share of profits of associates	-	(772)	-	-	(772)
Profit before income tax	1,529,511,194	2,911,379	597,907,115	1,200,384,021	3,330,713,709
Income tax expense	(436,971,180)	9,061,882	(168,913,379)	(414,739,743)	(1,011,562,420)
Net profit for the current year	1,092,540,014	11,973,261	428,993,736	785,644,278	2,319,151,289

Assets and liabilities according to segmental activities	Corporate	Investments	Individuals	Other businesses	Total
(December 31, 2014)					
Segment activity assets	38,923,806,200	39,182,629,161	10,116,127,564	9,946,915,763	98,169,478,688
Unclassified assets	-	-	-	-	5,156,454,905
Total assets	38,923,806,200	39,182,629,161	10,116,127,564	9,946,915,763	103,325,933,593
Segment activity liabilities	50,502,920,598	-	35,362,803,288	2,072,221,321	87,937,945,207
Unclassified liabilities	-	-	-	-	3,467,260,526
Total liabilities	50,502,920,598	-	35,362,803,288	2,072,221,321	91,405,205,733

At the end of comparative year					
Income and expenses according to segmental activities	Corporate	Investments	Individuals	Other businesses	Total
(December 31, 2013)					
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	-	12,993,479	-	-	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	1,197,841,602	(66,236,764)	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 comparative year	896,229,340	(48,141,027)	254,688,246	674,767,525	1,777,544,084

At the end of comparative year					
Assets and liabilities according to segmental activities	Corporate	Investments	Individuals	Other businesses	Total
(December 31, 2013)					
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

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(5/B) Segmental analysis by geographic area

At the end of current year								
Income and expenses according to geographical segments (December 31, 2014)	Cairo	East Cairo	Giza	Alex	Delta	Red sea / Upper Egypt	Head office	Total
Net interest income	644,189,723	549,514,682	634,351,519	391,776,495	315,888,349	117,430,161	1,043,689,719	5,696,840,648
Net fee and commission income	258,566,898	172,518,688	264,439,549	104,542,880	105,560,373	49,841,615	124,759,310	1,080,229,313
Dividend income	-	-	-	-	-	-	14,320,856	14,320,856
Net trading income	50,322,070	11,637,070	23,697,649	7,889,140	6,016,466	2,104,609	(20,975,091)	80,691,913
Gain / (Loss) on financial investments	-	-	-	-	-	-	3,650,443	3,650,443
Impairment credit losses	(119,613,394)	(76,423,446)	(86,970,139)	(27,456,160)	34,423,622	(26,620,768)	-	(302,660,285)
Administrative expenses	(384,641,265)	(285,919,158)	(326,683,930)	(200,641,617)	(160,750,730)	(89,985,363)	32,158,030	(1,416,464,033)
Other operating revenues (expenses)	225,384,505	(29,267,135)	(31,760,339)	(14,822,401)	(11,911,643)	(7,755,211)	44,237,850	174,105,626
Share of profits of associates	-	-	-	-	-	-	(772)	(772)
Profit before income tax	674,208,537	342,060,701	477,074,309	261,288,337	289,226,437	45,015,043	1,241,840,345	3,330,713,709
Income tax expense	(196,116,385)	(96,634,567)	(134,075,730)	(73,515,128)	(82,658,033)	(12,917,893)	(415,644,684)	(1,011,962,420)
Net profit for the current year	478,092,152	245,426,134	342,998,579	187,773,209	206,568,404	32,097,150	826,195,661	2,319,151,289

Assets and liabilities according to geographical segments (December 31, 2014)								
	Cairo	East Cairo	Giza	Alex	Delta	Red sea / Upper Egypt	Head office	Total
Assets of geographical segments	16,133,918,760	8,827,678,789	11,177,062,641	7,012,233,778	6,396,449,610	2,099,433,359	51,403,793,873	103,060,870,810
Unclassified assets	-	-	-	-	-	-	-	275,362,783
Total assets	16,133,918,760	8,827,678,789	11,177,062,641	7,012,233,778	6,396,449,610	2,099,433,359	51,403,793,873	103,325,833,593
Liabilities of geographical segments	27,326,714,091	17,674,551,900	19,597,113,050	13,811,630,370	7,042,633,251	2,827,010,624	1,233,265,889	89,512,919,175
Unclassified liabilities	-	-	-	-	-	-	-	1,892,286,558
Total liabilities	27,326,714,091	17,674,551,900	19,597,113,050	13,811,630,370	7,042,633,251	2,827,010,624	1,233,265,889	91,405,205,733

At the end of comparative year								
Income and expenses according to geographical segments (December 31, 2013)	Cairo	East Cairo	Giza	Alex	Delta	Red sea / Upper Egypt	Head office	Total
Net interest income	530,595,434	433,292,099	519,408,317	326,427,140	246,810,772	89,799,591	872,372,556	3,018,705,909
Net fee and commission income	276,749,670	145,375,683	236,704,650	99,078,963	87,611,435	33,691,811	101,522,758	980,734,970
Dividend income	-	-	-	-	-	-	12,993,479	12,993,479
Net trading income	42,716,974	20,747,698	40,000,493	17,429,765	8,343,194	2,643,264	(1,645,912)	130,235,476
Gain / (Loss) on financial investments	-	-	-	-	-	-	2,335,806	2,335,806
Impairment credit losses	(216,741,238)	(147,089,933)	(83,175,386)	(22,684,319)	(31,402,012)	(44,778,172)	(4,826,289)	(550,697,349)
Administrative expenses	(347,926,658)	(247,928,573)	(305,274,475)	(179,417,018)	(138,986,143)	(84,269,745)	(4,183,330)	(1,307,985,942)
Other operating revenues (expenses)	176,407,360	(16,485,573)	(13,190,289)	(10,101,596)	(5,205,591)	(4,832,465)	43,146,748	169,738,594
Share of profits of associates	-	-	-	-	-	-	10,222,379	10,222,379
Profit before income tax	461,801,542	187,911,401	394,473,510	230,732,935	167,171,655	(7,745,716)	1,031,938,195	2,466,283,322
Income tax expense	(117,761,057)	(47,077,964)	(98,880,730)	(57,917,831)	(41,809,860)	1,930,699	(327,222,495)	(688,739,238)
Net profit for the comparative year	344,040,485	140,833,437	295,592,580	172,815,104	125,361,795	(5,815,017)	704,715,700	1,777,544,084

At the end of comparative year								
Assets and liabilities according to geographical segments (December 31, 2013)	Cairo	East Cairo	Giza	Alex	Delta	Red sea / Upper Egypt	Head office	Total
Assets of geographical segments	15,439,385,759	6,461,714,141	8,982,795,245	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	15,439,385,759	6,461,714,141	8,982,795,245	4,966,115,536	5,130,762,804	1,494,059,019	38,499,195,325	81,258,850,705
Liabilities of geographical segments	20,764,854,720	14,069,123,401	15,687,506,404	11,088,919,426	5,403,887,743	2,004,250,125	666,834,280	69,885,376,099
Unclassified liabilities	-	-	-	-	-	-	-	1,953,941,616
Total liabilities	20,764,854,720	14,069,123,401	15,687,506,404	11,088,919,426	5,403,887,743	2,004,250,125	666,834,280	71,249,317,715

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

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6- Net interest income	December 31, 2014	December 31, 2013
Interest from loans and similar income:		
Loans and credit facilities:		
- Customers	4,187,332,767	3,817,309,836
Total	4,187,332,767	3,817,309,836
Treasury bills and bonds	3,997,647,430	2,654,968,480
Deposits and current accounts	9,833,045	11,706,426
Net interest differential on hedging instruments (IRS contracts)	10,500,090	15,791,332
Total	8,205,313,322	6,499,776,074
Cost of deposits and similar expense :		
Deposits and current accounts:		
- Banks	(190,050,077)	(136,922,423)
- Customers	(4,301,934,245)	(3,338,522,468)
Total	(4,491,984,322)	(3,475,444,891)
REPO arrangements	(16,488,352)	(4,176,521)
Subordinated loan	-	(1,448,753)
Total	(4,508,472,674)	(3,481,070,165)
Net	3,696,840,648	3,018,705,909
7- Net fee and commission income:	December 31, 2014	December 31, 2013
Fee and commission income :		
Credit fees and commissions	834,544,497	744,176,288
Custody fees	9,200,211	13,366,525
Investments commissions	18,915,030	26,197,769
Other fees	296,099,837	255,071,860
Total	1,158,759,575	1,038,812,442
Fee and commission expense:		
Brokerage fees	(2,225,813)	(1,897,337)
Other fees	(76,304,449)	(56,180,135)
Total	(78,530,262)	(58,077,472)
Net	1,080,229,313	980,734,970
8- Dividend income	December 31, 2014	December 31, 2013
Investment funds	200,000	400,000
Available-for-sale investments	14,120,856	12,593,479
Total	14,320,856	12,993,479
9- Net trading income:	December 31, 2014	December 31, 2013
Forex operations:		
Foreign exchange trading gains	102,537,029	135,098,566
Investment funds held for trading	18,539,777	-
Changes in fair value of currency forward contracts	(40,026,111)	(4,264,639)
Held for trading debt instruments	(358,782)	(598,451)
Total	80,691,913	130,235,476
10- Administrative expenses	December 31, 2014	December 31, 2013
Staff cost:		
Salaries and wages	628,775,719	606,213,194
Social insurance	30,179,770	24,777,876
Pension cost:		
Defined contribution scheme	50,621,750	44,433,882
Other retirement benefits (Defined benefit scheme)	47,052,063	33,074,540
Total	756,629,302	708,499,492
Depreciation and amortization	140,687,485	134,938,156
Other administrative expenses	519,147,246	464,548,294
Total	1,416,464,033	1,307,985,942
11- Other operating revenues (expenses)	December 31, 2014	December 31, 2013
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	41,340,556	102,161,579
Gain on sale of Property and Equipment	698,330	10,538
Software cost	(51,416,468)	(20,112,871)
Operating lease rental expense	(56,867,932)	(48,559,396)
Gain on sale of foreclosed assets reverted to the bank in settlement of debts	-	115,449
Other provisions (net of reversed amounts)	(79,121,783)	(78,421,605)
Finance leases revenue	713,023,151	631,057,918
Other leasing revenues	24,593,786	21,665,299
Depreciation of leased assets	(476,448,323)	(419,078,578)
Loss from selling leased assets	(5,262,023)	-
Impairment loss on leased assets	(29,480,000)	(29,769,882)
Negative goodwill resulting from acquiring subsidiaries*	41,754,462	-
Net Income received from Insurance activity**	28,631,988	-
Other income (expense)	22,659,882	10,670,143
Total	174,105,626	169,738,594

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* On January 02, 2014, the Group concluded the acquisition of controlling stock in QNB ALAHLI Life Insurance Company using the acquisition method, also in June, 30 2014, the Goup concluded the acquisition of controlling stock in QNB ALAHLI Asset Management Egypt Company which resulted in a gain with total amount of 41,754,462 EGP. The following table describes the results of the acquisition:

The fair value of Subsidiary Companies assets and liabilities:	QNB ALAHLI Life Insurance Company	QNB ALAHLI Asset Management Egypt Company
Total Assets	735,261,340	8,014,161
Total Liabilities	611,497,276	1,068,720
Net Assets	123,764,064	6,945,441
Purchase consideration transferred	57,666,747	7
Net book value of the investment as at the acquisition date	30,941,016	338,591
Non-controlling interests	-	8,682
Negative Goodwill resulted from the acquisition	35,156,301	6,598,161
Total negative goodwill resulting from acquiring subsidiaries	41,754,462	

** The following table summarize net income received from Insurance activity:	December 31, 2014
Direct premium	249,944,702
Re-insurance premium ceded	(27,256,496)
Technical reserve during the year	(126,582,904)
Outgoing re-insurance commissions	283,136
Other revenues	5,928,752
Claims Paid	(68,461,283)
Re-insurance pay-back claim	9,277,628
Change in Provision for Outstanding Claims Balance	(9,689,348)
Allowance for impairment loss on receivable arising from insurance contracts	(4,812,199)
Total	28,631,988

12- Impairment credit losses	December 31, 2014	December 31, 2013
Loans and credit facilities to customers	(302,660,285)	(550,697,349)
Total	(302,660,285)	(550,697,349)

13- Income tax expense	December 31, 2014	December 31, 2013
Current tax	(1,011,672,940)	(669,345,295)
Deferred tax	110,520	(19,393,943)
Total	(1,011,562,420)	(688,739,238)

Additional data on deferred tax is disclosed in note (33). 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	3,330,713,709	2,466,283,322
Income tax calculated at 25 % tax rate (not exceed one million Egyptian pound)	797,493	-
Income tax calculated at 30 % tax rate (exceed one million Egyptian pound)	998,257,122	616,570,831
Tax impact for:		
Non-taxable income	(16,431,144)	(16,078,367)
Non-deductible expenses for tax purposes	10,973,469	11,027,333
Utilization of deferred tax assets	(42,487,784)	(37,088,347)
Tax rate difference on Egyptian T.Bills and T.bonds	-	31,263,507
Prior-years' tax settlements	(988,681)	1,925,517
Tax losses not recognized	175,900	-
Provision and segregated interest	61,376,565	61,724,821
Effective income tax expense	1,011,672,940	669,345,295

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 December, 2010. Year 2011 & 2012 have been inspected and the bank received tax claims to which it has objected. And an internal committee was scheduled and waiting for an appeal committe. Year 2013 the Bank submitted its tax return on the due date and books have not been inspected yet.

A-2) Salaries Taxes

The Bank's books have been inspected, and the due tax was paid until year 2004. Year 2005 and 2006 have been inspected by the tax authorities and waiting for tax claims. Years 2007 till 2009 under inspection by the tax authorities. Year 2010 and 2011 the Bank is preparing required documents for these years to start inspection with tax authorities. Year 2012 and 2013 the Bank submitted its tax return on the due date and books have not been inspected yet.

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A-3) Stamp duties

The Bank's books have been inspected, for all branches until July 31, 2006, where the relevant final tax forms are yet to be received. Period from August 01 ,2006 till December 31, 2007 have been inspected and the bank received tax claims to which it has objected. An internal committee has not been scheduled yet. Period from January 01, 2008 till December 31, 2010 have been inspected by the tax authorities and waiting for tax claims. Period from January 01, 2011 till March 31, 2013 have been inspected by tax authorities and waiting for tax claims Period from April 01, 2013 till December 31, 2013 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 November 30, 2006.

B-2) Salaries Taxes

The Bank's books have been inspected, and the due tax was paid till November 30, 2006.

B-3) Stamp duties

The Bank's books have been inspected,for all branches until July 31, 2006, where the relevant final tax forms are yet to be received. Period from August 01, 2006 till November 30, 2006 have been inspected and the bank received tax claims to which it has objected. An internal committee has not been scheduled yet.

(C) QNB ALAHLI Leasing Position (affiliated company):

C-1) Corporate Tax

Year 2001, the Company was tax inspected, tax assessment was carried out and the payment thereof was made. 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 on 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 on 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 on 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 til 2009, 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 2010 till 2011, actual tax inspection conducted for that period and the company waiting form (19). Year 2012 till 2013 the company submitted its tax return on the due date and books have not been inspected yet.

C-2) Salary tax

Years from activity inception until December 31, 2007, the Company was tax inspected, tax assessment was carried out and the payment thereof was made. Years from 2008 to 2012, the company was tax inspected but the results was not yet declared to date. Year 2013 , no tax inspection has been carried out up till date.

C-3) Stamp duties

Period from January 01, 2001 to December 31, 2007, the Company was tax inspected and the tax assessment was carried out and the payment thereof was made. Period from January 01, 2008 to December 31, 2010, the company was tax inspected, tax assessment was carried out and the payment thereof was made.

Period from January 01, 2011 till now, no tax inspection has been carried out up till date.

(D) QNB ALAHLI 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. Year 2013, 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).

C-3) Stamp duties

The company is subject to stamp duty tax law No. 111 of 1980 and its amendment and the copmany not have been inspeted till now.

D-3) Withholding tax

The company is committed to withholding tax and delivering it to tax authority on due dates.

(E) QNB ALAHLI Life Insurance Company Position (affiliated company):

E-1) Corporate Tax

The company has received deemed tax claim from inception till 30 June 2005. The company objected on the deemed tax claim at the due date. No tax inspection has taken place from 1 July 2005 up to 30 June 2012. years from 1 July 2012 to 30 June 2014 The copmany prepares its tax return and paid the tax due on the legal dates.

E-2) Salary tax

The tax authority inspection and settlement took place for the period since inception till 2006. Years from 2007 up to 30 June 2010 has been inspected and the company objected on on a tax due in legal date in internal committee. Years from 1 July 2011 till 30 June 2014, the copmany paid a tax in due date and not inspected till now.

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E-3) Stamp duties
The tax inspection has take place from 2004 up to 30 June 2006.
years from 1 July 2006 till 30 June 2012 under inspection now.
years from 1 July 2012 till 30 June 2014 not inspected till now.

(F) QNB ALAHLI Asset Management Egypt Company Position (affiliated company):
F-1) Corporate Tax
Tax inspection has taken place from the begainig of activity till 2004, an estimative tax inspection was conducted for that period and the company objected on the tax inspection result. The internal committee issued a decree of re-inspection of the period on actual basis.
Tax inspection has taken place from the begainig of activity 2002 till liquidation date 05 October, 2010 on actual basis which resulted an accrued tax amounted EGP 3,000,000. The company objected on the tax inspection result. The internal committee issued a project to decrease the tax difference to be EGP 642,584.
Years 2011, 2012 and 2013 the Bank submitted its tax return on the due date and books have not been inspected yet.

F-2) Salaries Taxes
Tax inspection has taken place from the beginning of activity till liquidation date.

Other tax issues:
On June 4, 2014, the interim president approved the Law No.44 of year 2014 to impose a temporary annual tax on income for a period of three years from the current tax period by 5% on taxable profit that exceed one million Egyptian pound from the income of individual or corporate according to the provisions of the Income Tax Act No. 91 of year 2005.
This decision had been published in official news paper on the same date, and effective in the next day of publish.
On June 30, 2014, the president approved the Law No.53 of year 2014 amending some provisions of income tax Law No. 91 of year 2005 and stamp duties Law No.111 of year 1980.
The executive regulation related to the amendments of the income tax law has not been issued until the date of issuance of the financial statements to identify accurately the impact of these amendments. The identified tax impact on the financial statements for these amendments made according to the best estimate which built to be in line with the tax law and it's amended articles..

14- Earnings per share	December 31, 2014	December 31, 2013
Net profit for the year	2,198,517,577	1,740,317,174
Remuneration for the Board Members (from the year's net profit)*	(5,000,000)	(1,900,000)
Staff profit share (from the year's net profit)*	(206,431,311)	(180,555,556)
Profit available to shareholders	1,987,086,266	1,557,861,618
Weighted average number of the shares outstanding during the year	561,072,915	561,072,915
** Earning Per Share	3.54	2.78
* 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, 2014	December 31, 2013
Cash	1,745,152,823	1,722,100,939
Balances with CBE (mandatory reserve)	5,443,195,449	3,984,241,403
Total	7,188,348,272	5,706,342,342
Interest free balances	7,188,348,272	5,706,342,342
Total	7,188,348,272	5,706,342,342
16- Due from banks	December 31, 2014	December 31, 2013
Current accounts	463,661,588	306,051,972
Deposits	3,314,299,159	2,667,706,067
Total	3,777,960,747	2,973,758,039
Balances at CBE other than those under the mandatory reserve	2,120,460,159	1,891,252,987
Local banks	551,740,169	520,962,507
Foreign Banks	1,105,760,419	561,542,545
Total	3,777,960,747	2,973,758,039
Interest free balances	491,307,185	263,820,035
Balances at floating interest rates	323,590,603	195,967,937
Balances at fixed interest rates	2,963,062,959	2,513,970,067
Total	3,777,960,747	2,973,758,039
Current balances	3,777,960,747	2,973,758,039
Total	3,777,960,747	2,973,758,039
17- Treasury bills	December 31, 2014	December 31, 2013
91 days maturity	2,665,600,000	1,665,775,000
182 days maturity	5,085,150,000	3,410,450,000
More than 182 days maturity	17,216,260,000	11,352,473,000
Less : Unearned Interest	(988,938,071)	(686,465,234)
Total	23,978,071,929	15,742,232,766
Less : Repos transaction	(2,969,017,400)	-
Net	21,009,054,529	15,742,232,766
18- Trading investments	December 31, 2014	December 31, 2013
Mutual Fund certificates	248,784,203	-
Total	248,784,203	-

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19- Loans and credit facilities to customers, net	December 31, 2014	December 31, 2013
Individuals		
Overdrafts	957,232,998	703,620,587
Credit cards	382,841,169	372,883,331
Personal loans	8,633,385,062	7,247,573,654
Real estate loans	445,336,956	311,802,626
Total (1)	10,418,796,185	8,635,880,198
Corporate including small loans for businesses		
Overdrafts	17,180,081,054	13,492,255,700
Direct loans	11,797,674,595	10,046,131,396
Syndicated loans and facilities	7,905,019,772	7,019,535,342
Other loans	1,560,054,946	1,489,442,360
Total (2)	38,442,830,367	32,047,364,798
Total loans and credit facilities to customers (1+2)	48,861,626,552	40,683,244,996
Less: Allowance for impairment losses	(1,875,687,955)	(1,744,024,969)
Less: Segregated interest	(21,539,030)	(27,693,859)
Less: Unearned discount	(23,751,726)	(20,085,845)
Net amount distributed as follows:	46,940,647,841	38,891,440,323
Current balances	31,815,622,608	24,190,778,347
Non-current balances	15,125,025,233	14,700,661,976
Total	46,940,647,841	38,891,440,323

December 31, 2014					
Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at the beginning of the year	8,230,833	74,559,695	270,900,646	10,594,956	364,286,130
Net impairment loss recognized during the year	11,008,371	44,579,272	20,759,248	(3,225,466)	73,121,425
Loans written-off during the year	(9,741,718)	(91,031,224)	(36,311,779)	-	(137,084,721)
Collections of loans previously written-off	-	-	2,220,541	-	2,220,541
Foreign exchange translation differences	-	-	3,058	-	3,058
Balance at end of the year	9,497,486	28,107,743	257,571,714	7,369,490	302,546,433

Corporate	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Balance at beginning of the year	201,539,454	917,382,679	222,053,091	38,763,615	1,379,738,839
Net impairment loss recognized during the year	44,741,374	224,997,017	(39,306,790)	(892,741)	229,538,860
Loans written-off during the year	(13,314,285)	(27,870,303)	-	-	(41,184,588)
Collections of loans previously written-off	-	3,523,718	-	-	3,523,718
Foreign exchange translation differences	222,826	1,014,280	245,507	42,080	1,524,693
Balance at end of the year	233,189,369	1,119,047,391	182,991,808	37,912,954	1,573,141,522
Total	242,686,855	1,147,155,134	440,563,522	45,282,444	1,875,687,955

December 31, 2013					
Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at beginning of the year	7,699,695	39,943,318	205,314,184	6,593,300	259,550,497
Net impairment loss recognized during the year	593,502	34,812,051	63,303,131	4,001,656	102,710,340
Loans written-off during the year	(62,364)	(195,674)	(440,204)	-	(698,242)
Collections of loans previously written-off	-	-	2,714,132	-	2,714,132
Foreign exchange translation differences	-	-	9,403	-	9,403
Balance at end of the year	8,230,833	74,559,695	270,900,646	10,594,956	364,286,130

Corporate	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Balance at beginning of the year	319,213,387	537,626,020	74,675,822	15,158,227	946,673,456
Net impairment loss recognized during the year	(121,476,710)	406,689,800	140,103,168	22,670,751	447,987,009
Loans written-off during the year	(908,168)	(43,773,758)	-	-	(44,681,926)
Collections of loans previously written-off	-	3,663,331	-	-	3,663,331
Foreign exchange translation differences	4,710,945	13,177,286	7,274,101	934,637	26,096,969
Balance at end of the year	201,539,454	917,382,679	222,053,091	38,763,615	1,379,738,839
Total	209,770,287	991,942,374	492,953,737	49,358,571	1,744,024,969

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20- Financial Derivatives

	December 31, 2014		
	Notional amount	Assets	Liabilities
(A) Held for trading			
- Forward foreign exchange contracts	1,500,455,069	-	35,566,913
- Interest rate swap contracts	70,479,900	-	-
Total		-	35,566,913
(B) Fair value hedge			
- Interest rate swap contracts	354,173,061	953,818	-
(C) Cash flow hedge			
- Interest rate swap contracts	142,802,000	2,908,458	-
Total		3,862,276	35,566,913

	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 swaps 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	-

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 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 953,818 as of December 31, 2014 (December 31, 2013 net assets of EGP 1,448,536).

- 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 2,908,458 as of December 31, 2014 (December 31, 2013: assets of EGP 6,292,444).

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21- Financial investments

Available-for-sale investments	December 31, 2014	December 31, 2013
(A) Debt Instruments at Fair Value		
Listed Instruments in Egyptian Stock Exchange Market	16,311,401,233	10,629,868,918
Listed Instruments in Foreign Stock Exchange Market	1,803,700,799	2,234,300,317
Total Debt Instruments	18,115,102,032	12,864,169,235
(B) Equity Instruments at Fair Value :		
Listed Instruments in Egyptian Stock Exchange Market	58,038,890	72,646,984
(C) Money Market Funds and balanced Funds		
Unlisted Instruments in Stock Exchange Market	58,406,250	66,317,493
(D) Equity Instruments at Cost Method :		
Unlisted Instruments in Stock Exchange Market	169,991,983	175,371,255
Total Available-for-sale investments (1)	18,401,539,155	13,178,504,967
Held to maturity investments		
(A) Debt Instruments		
Listed Instruments in Stock Exchange Market	234,732,102	50,000,000
(B) Mutual Funds		
Unlisted Instruments in Stock Exchange Market*	15,000,000	15,000,000
Total Held to maturity investments (2)	249,732,102	65,000,000
Total Financial Investments (1+2)	18,651,271,257	13,243,504,967
Current balances	2,052,348,823	1,826,413,087
Non-current balances	16,598,922,434	11,417,091,880
Total	18,651,271,257	13,243,504,967
Fixed interest debt instruments	18,349,834,134	12,914,169,235
Total Debt Instruments	18,349,834,134	12,914,169,235

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	13,178,504,967	65,000,000
Additions	7,492,588,220	233,021,882
Acquiring from subsidiaries companies	-	1,559,522
Amortization of premium / discount	133,391,145	150,698
Disposals (sale/redemption)	(2,178,912,906)	(50,000,000)
Translation differences resulting from monetary foreign currency assets	6,103,770	-
Changes in fair value	(224,733,159)	-
Less: Allowance for impairment loss	(5,402,882)	-
Balance at the end of the current year	18,401,539,155	249,732,102

The following table analysis movement on financial investments during the comparative year

Balance at the beginning of the comparative 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 comparative year	13,178,504,967	65,000,000
Gain / (Loss) on financial investments	December 31, 2014	December 31, 2013
Gain on sale of Available-for-sale assets	9,053,325	6,497,130
loss of impairment of Available-for-sale equity instruments	(5,402,882)	(4,161,324)
Total	3,650,443	2,335,806

* 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 QNB ALAHLI First Fund with cumulative daily return (THEMAR Money Market Fund) upon its initial offering, in addition to the bank subscribed stake at 20% from the total certificates' number of its QNB ALAHLI Second Fund with periodic / cumulative return (Tawazon Balanced Fund) , in addition to the 20% from the total certificates' number of its QNB ALAHLI Third Fund with periodic / cumulative return (Tadawol Equity Fund) 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.

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22- Investments in associates

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

December 31, 2014	Country of residence	Investee's assets	Investee's liabilities (excluding equity)	Investee's revenues	Investee's profit (loss)	Carrying amount	The bank stake
Senouhi Company for Construction Materials (Associates)	Egypt	14,082,492	2,679,679	12,495,514	279,917	2,632,910	23.09%
Total		14,082,492	2,679,679	12,495,514	279,917	2,632,910	

In January 2014, the Group has purchased the share owned by SG Holding Company financial services company in QNB ALAHLI Life Insurance Company, accounting for 75% of the company's capital, and then increased its contribution in the company from 25% to 100%. The cost of this additional share purchased EGP 57,666,747.

In June 2014, the Group has purchased the share owned by QNB ALAHLI S.A. Company in QNB ALAHLI Asset Management Egypt Company, accounting for 95% of the company's capital, and then increased its contribution in the company from 4.875% to 99.875%. The cost of this additional share purchased EGP 7.

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
QNB ALAHLI Asset Management Egypt (Associates)	Egypt	8,424,506	1,054,612	1,042,786	316,524	359,282	4.875%
QNB ALAHLI Life Insurance Company (Associates)	Egypt	735,261,340	611,497,276	51,083,223	43,052,559	30,941,016	25%
Senouhi Company for Construction Materials (Associates)	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	

23- Intangible assets

	December 31, 2014	December 31, 2013
Software		
Net book value at the beginning of the year	119,359,094	99,529,779
Net book value at subsidiaries controlled at the acquisition date	110,365	-
Addition	19,391,727	48,773,575
Amortization	(34,428,343)	(28,944,260)
Net book value at the end of the year	104,432,843	119,359,094

24- Other assets

	December 31, 2014	December 31, 2013
Accrued revenues	714,970,469	573,147,310
Pre-paid expenses	34,157,670	29,549,640
Advance payments for acquisition of Property and Equipment	347,064,997	303,045,126
Foreclosed assets reverted to the bank in settlement of debts	32,067,851	35,827,351
Deposits held with others and custody	4,732,509	2,853,436
Advance payments to tax authority	665,177,329	449,196,127
Receivables arising from insurance contracts, net	73	-
Due from insurance and re-insurance companies	205,134	-
Others	268,102,656	183,728,528
Total	2,066,478,688	1,577,347,518

25- Assets leased under finance lease arrangements, net

	December 31, 2014	December 31, 2013
Leased assets under finance leases	2,548,700,479	2,299,835,048
Leased assets – under settlement account	(456,631,003)	(423,857,187)
Total	2,092,069,476	1,875,977,861

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25-A Leased assets under finance leases, net

	Building	Vehicles	Equipment	Computers	Total
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

Cost					
January 1, 2014	759,857,425	941,152,175	1,800,574,149	16,970,679	3,518,554,428
Additions	241,031,430	321,657,776	395,961,770	600,449	959,251,425
Disposals	(89,185,668)	(224,462,607)	(256,967,394)	(217,465)	(570,833,134)
Total	911,703,187	1,038,347,344	1,939,568,525	17,353,663	3,906,972,719

Accumulated depreciation					
January 1, 2014	72,223,419	501,282,177	644,105,110	1,108,674	1,218,719,380
Depreciation for the year	25,364,838	172,859,122	276,844,458	1,379,905	476,448,323
Disposals	(20,514,099)	(180,606,424)	(135,594,016)	(180,924)	(336,895,463)
Total	77,074,158	493,534,875	785,355,552	2,307,655	1,358,272,240

Net book value as of					
December 31, 2014	834,629,029	544,812,469	1,154,212,973	15,046,008	2,548,700,479

26- Property and Equipment

	Lands and buildings	Renovations of leased assets	Machinery & equipment	Others	Total
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	732,950,363	33,502,557	95,252,370	55,605,257	917,310,547

January 1, 2014					
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

December 31, 2014					
Net book value at the beginning of the year	732,950,363	33,502,557	95,252,370	55,605,257	917,310,547
Additions	193,478,685	11,495,710	42,354,562	10,446,732	257,775,689
Additions related to subsidiaries controlled at the acquisition date	-	1,206,200	3,550,952	2,362,136	7,119,288
Disposals from Property and Equipment	(7,561,101)	-	(6,452)	(801,400)	(8,368,953)
Disposals from accumulated depreciation	6,196,101	-	6,452	179,061	6,381,614
Deprecation for the year	(46,345,699)	(12,224,868)	(37,290,775)	(10,397,800)	(106,259,142)
Depreciation related to subsidiaries controlled at the acquisition	-	(437,134)	(3,107,024)	(954,274)	(4,498,432)
Net book value at December 31, 2014	878,718,349	33,542,465	100,760,085	56,439,712	1,069,460,611

Balances at December 31, 2014					
Cost	1,248,546,259	117,075,250	443,897,058	131,803,162	1,941,321,729
Accumulated depreciation	(369,827,910)	(83,532,785)	(343,136,973)	(75,363,450)	(871,861,118)
Net book value	878,718,349	33,542,465	100,760,085	56,439,712	1,069,460,611

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27- Due to banks	December 31, 2014	December 31, 2013
Current accounts	125,154,117	297,440,839
Deposits	1,268,999,291	27,949,634
Total	1,394,153,408	325,390,473
Central banks	23,768,523	25,132,483
Local banks	651,758,024	1,309,544
Foreign banks	718,626,861	298,948,446
Total	1,394,153,408	325,390,473
Non-interest bearing balances	95,158,021	256,855,476
Variable interest rate balances	29,996,096	40,585,363
Fixed interest rate balances	1,268,999,291	27,949,634
Total	1,394,153,408	325,390,473
Current balances	1,394,153,408	325,390,473
Total	1,394,153,408	325,390,473

28- Customer deposits	December 31, 2014	December 31, 2013
Demand deposits	18,102,307,743	15,247,683,783
Time deposits and call accounts	44,616,499,307	34,123,072,143
Term saving certificates	14,115,827,941	10,933,225,144
Saving deposits	5,906,552,226	5,528,585,611
Other deposits*	2,716,340,427	1,853,820,283
Total	85,457,527,644	67,686,386,964
Corporate deposits	50,094,724,356	37,890,103,948
Retail deposits	35,362,803,288	29,796,283,016
Total	85,457,527,644	67,686,386,964

Non-interest bearing balances	16,395,686,014	14,708,503,256
Variable interest rate balances	5,922,937,226	5,568,120,611
Fixed interest rate balances	63,138,904,404	47,409,763,097
Total	85,457,527,644	67,686,386,964

Current balances	71,816,124,109	56,342,747,495
Non-current balances	13,641,403,535	11,343,639,469
Total	85,457,527,644	67,686,386,964

* Other deposits include deposits covering irrevocable letters of credit in the total of EGP 350,282,044 as of December 31, 2014 (December 31, 2013 EGP 437,699,038). The fair value of these deposits approximates its carrying amount.

29- Other loans	December 31, 2014	December 31, 2013
Union National Bank	49,001,386	47,677,742
National Bank of Egypt	150,497,159	195,920,268
Bank Du Caire	-	4,513,981
Commercial International Bank	122,615,209	136,809,536
Egyptian Gulf Bank	25,731,206	-
Total	347,844,960	384,921,527

30- Other liabilities	December 31, 2014	December 31, 2013
Accrued interest	1,032,935,093	786,640,988
Unearned revenues	63,551,958	64,056,215
Accrued expenses	246,776,740	226,847,104
Due to insurance and re-insurance companies	32,735,240	-
Sundry credit balances	198,974,937	211,132,828
Total	1,574,973,968	1,288,677,135

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31- Other provisions	December 31, 2014						
Description	Balance at the beginning of the year	Result from acquiring Subsidiaries	Formed during the year	Released during the year	Foreign currencies translation differences + (-)	Used during the year	Balance at the end of the year
Provision for Tax claims	412,606,469	7,141,975	55,547,760	-	-	-	475,296,204
Provision for Legal claims	22,662,520	-	-	(2,443,290)	8,152	(4,319,995)	15,907,387
Provision for contingent liabilities	148,860,634	-	17,214,513	-	902,638	-	166,977,785
Provision for fidelity	13,549,407	-	8,802,800	-	393,481	-	22,745,688
Total	597,679,030	7,141,975	81,565,073	(2,443,290)	1,304,271	(4,319,995)	680,927,064

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 the 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

32- Insurance Policyholders' Rights	December 31, 2014	December 31, 2013
Technical Reserves for Insurance activities	661,155,000	-
Provision for outstanding claims	41,697,282	-
Total	702,852,282	-

33- Deferred income tax

Deferred tax has been calculated on all temporary tax differences using the balance sheet method and using the expected tax rate on a time that the bank will recognize a benefit from assets / incurred liabilities at a tax rate of 25% and 30% 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, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Tax impact on temporary differences arising from:				
Property and Equipment	-	-	(40,305,775)	(38,144,514)
Goodwill	85,201,494	108,045,372	-	-
Provisions (other than the provision for loan impairment)	154,741,584	129,776,111	-	-
Changes in fair value of Available-for-sale investments	-	-	(24,651,730)	(30,157,554)
Effect of changes in accounting policies	-	-	(4,055,633)	(4,055,633)
Deferred tax assets (liabilities)	239,943,078	237,821,483	(69,013,138)	(72,357,701)
Net balance of DTA (DTL)	170,929,940	165,463,782		

Movement of deferred tax assets and liabilities:	Deferred tax assets		Deferred tax liabilities	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Beginning balance	237,821,483	256,990,249	(72,357,701)	(90,765,087)
Deferred tax liabilities for subsidiaries at date of acquisition	-	-	(150,186)	-
DT recognized / utilized during the year.	2,121,595	(19,168,766)	3,494,749	18,407,386
Closing balance	239,943,078	237,821,483	(69,013,138)	(72,357,701)

Balances of deferred tax assets (liabilities) recognized directly in equity	December 31, 2014	December 31, 2013
Cumulative change in fair value of Available-for-sale	(24,651,730)	(30,157,554)
Effect of changes in accounting policies (special reserve)	(3,244,506)	(3,244,506)

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34- Defined benefits obligation	December 31, 2014	December 31, 2013
Amounts recognized in the statement of financial position:		
Liability for post-retirement medical benefits	212,610,364	174,667,322
Amounts recognized in the income statement:		
Post-retirement medical benefits	47,052,063	33,074,540
Post-retirement medical benefits obligation constitutes of:		
Balances shown in the statement of financial position are represented as follows:		
Present value of unfunded liabilities	272,149,452	256,907,014
Unrecognized actuarial loss	(59,539,088)	(82,239,692)
	212,610,364	174,667,322
Liability movements during the year are represented as follows:		
Beginning balance (at the beginning of the current year)	174,667,322	148,496,423
Current service cost	11,939,506	5,029,648
Interest cost	32,612,894	27,292,506
Actuarial losses	2,499,663	752,386
Benefits paid	(9,109,021)	(6,903,641)
	212,610,364	174,667,322
Amounts recognized in the income statement are shown below:		
Current service cost	11,939,506	5,029,648
Interest cost	32,612,894	27,292,506
Actuarial losses recognized during the year	2,499,663	752,386
	47,052,063	33,074,540
The main actuarial assumptions used by the bank are outlined below:	December 31, 2014	December 31, 2013
Discount rate (two plans):		
A-QNB ALAHLI current employees plan	15.25%	13.00%
B-Ex-MIBank retirees plan	15.25%	13.00%
QNB ALAHLI long term increase in the cost of medical care (on top of inflation)	14.52%	13.82%
Ex-MIBank long term increase in the cost of medical care (on top of inflation)	14.52%	13.82%
Sensitivities to +1% in discount rate (duration of the plan):	Service cost	DBO
Post-retirement medical benefits	19.67%	17.64%

35- Issued and paid-up capital

(A) Authorized Capital

The Extraordinary General Assembly held on February 26, 2014 decided to increase the Authorized capital to become EGP 10,000,000,000 (ten billion Egyptian pounds) instead of EGP 5,000,000,000 (five billion Egyptian pounds).

The authorized capital amounts to EGP 10 billion.

(B) Issued and Paid up Capital

The issued and paid up capital on December 31, 2014 amounted to EGP 4,878,894,920 representing 487,889,492 shares with a nominal value of EGP10 each, of which 362,566,492 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.

The Extraordinary General Assembly held on February 26, 2014 decided to increase a capital from EGP 4,878,894,920 to EGP 5,610,729,150 , an increase of EGP 731,834,230 (only seven hundred and thirty-one million and eight hundred and thirty four thousand and two hundred and thirty Egyptian pounds) by deducting the general reserve.

The issued and paid up capital amounted to EGP 5,610,729,150 on December 31,2014 representing 561,072,915 shares with a nominal value of EGP 10 each, of which 435,749,915 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.

36- Reserve For Employee Stock Ownership Plan (ESOP)

Societe Generale Paris (France), which was the parent of QNB ALAHLI, had launched employees share ownership plan (ESOP) according to the Board of Directors decision in its meeting held on November 2, 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. instead of Return on Equity (ROE) for 2012 after tax is at least 10%, 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.

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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 Paris.

37- Reserves and retained earnings	December 31, 2014	December 31, 2013
(1) Reserves		
General reserve (a)	2,665,043,542	1,860,793,096
General banking risk reserve (b)	191,304,813	57,798,678
Legal reserve (c)	557,597,833	470,582,501
Available-for-sale investments revaluation reserve (d)	433,280,690	652,508,025
Special reserve (e)	173,681,968	173,681,968
Capital reserve	9,219,034	9,208,496
Hedging reserve - Cash Flow Hedge (CFH)	2,466,235	4,783,201
Reserve for transactions under common control	4,000,483	4,000,483
Total reserves at the end of the year	4,036,594,598	3,233,356,448
Reserve movements are as follows:		
(a) General reserve		
Balance at the beginning of the financial year	1,860,793,096	1,358,999,206
Transferred from retained earnings	1,536,084,676	945,329,790
Transferred to capital increase	(731,834,230)	(443,535,900)
Balance at the end of the year	2,665,043,542	1,860,793,096
(b) General banking risk reserve		
Balance at the beginning of the year	57,798,678	123,047,602
Transferred from net profit for the year / (to retained earnings)	133,506,135	(65,248,924)
Balance at the end of the year	191,304,813	57,798,678

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, 2014	December 31, 2013
(c) Legal Reserve		
Balance at the beginning of the year	470,582,501	393,780,178
Transferred from the net profit for the prior year	87,015,332	76,802,323
Balance at the end of the year	557,597,833	470,582,501

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, 2014	December 31, 2013
Balance at the beginning of the year	652,508,025	118,535,515
Net gains (losses) resulting from changes in fair value during the year (Note 21)	(224,733,159)	515,339,945
Deferred tax recognized during the year (Note 33)	5,505,824	18,632,565
Balance at the end of the year	433,280,690	652,508,025

(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 and credit facilities 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
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

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(2) Profit for the year and Retained earnings	December 31, 2014	December 31, 2013
Movements on retained earnings:		
Balance at the beginning of year	1,879,615,469	1,792,755,273
Net profit of the financial year	2,319,149,024	1,776,032,012
Previous year's profit distribution	-	(554,419,878)
Employees' profit share	(184,520,799)	(175,377,999)
Board of directors' remuneration	(1,900,000)	(1,957,398)
Transferred to capital reserve	(10,538)	(533,352)
Transferred to general reserve	(1,536,084,676)	(945,329,790)
Transferred to the legal reserve	(87,015,332)	(76,802,323)
Transferred to / (from) general banking risk reserve	(133,506,135)	65,248,924
Balance at the end year	2,255,727,013	1,879,615,469

38- 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, 2014	December 31, 2013
Cash and balances with central banks	1,745,152,823	1,722,100,939
Due from banks in less than 3 months	3,426,724,547	2,820,022,039
Treasury bills and other governmental notes (91 days)	2,095,688,573	1,651,600,154
Total	7,267,565,943	6,193,723,132

39- Contingent liabilities and other commitments

(a) Legal claims (litigation)

Several lawsuits were brought against the bank and are still outstanding as of December 31, 2014. 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 409,057,263 as of December 31, 2014 (EGP 426,005,966 on December 31, 2013). 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, 2014	December 31, 2013
Loan commitments	36,190,900	41,524,116
Accepted papers	824,895,790	900,106,884
L/Gs	15,715,374,845	14,631,455,884
Import L/Cs	2,120,247,424	2,383,118,113
Export L/Cs	187,583,468	205,348,072
Other contingent liabilities (Financial guarantees)	611,302	1,219,202
Total	18,884,903,729	18,162,772,271

(d) Commitments under operating lease contracts

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

	December 31, 2014	December 31, 2013
Not more than one year	47,938,382	36,648,897
More than one year and less than 5 years	148,596,251	90,618,067
More than 5 years	36,778,794	25,135,479
Total	233,313,427	152,402,443

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40- Related-party transactions

Qatar National Bank SAQ is the ultimate parent and controlling party as at the end of the reporting year which owns 97.1% in the bank's ordinary shares whereas the remaining 2.9% are held by other shareholders.
A number of transactions have been conducted during the reporting year 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:

QNB Group	December 31, 2014	December 31, 2013
Due from banks	57,647,383	41,815,099
Due to banks	644,093,585	151,677,421
LGs for Banks	906,965,264	399,901,861
Forward currency deals	1,484,465,709	1,478,491,798

A- Loans and credit facilities to related parties

	Directors and others key management personnel (and close family members*)		Associates	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Outstanding loans at the beginning of the financial year	198,312	623,370	1,177	325
Changes on Directors	310,262	-	-	-
Loans for Subsidiaries controlled at the acquisition date	-	-	(1,033)	-
Loans issued during the financial year	-	789,905	29	57,124
Loans repayment during the financial year	(248,510)	(1,214,963)	-	(56,272)
Loans outstanding at the end of the financial year	260,064	198,312	173	1,177
Interest income on loans	10,768	52,633	25	105

* Loans granted to top management members and close family members at end of current year amounted to EGP 260,064 against EGP 198,312 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 3.01% (against average interest rate of 12.20% in the comparative year).

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

In January 2014, the Group has purchased the share owned by SG Holding Company financial services company in QNB ALAHLI Life Insurance , accounting for 75% of the company's capital, and then increased its contribution in the company from 25% to 100%. The cost of this additional share purchased EGP 57,666,747.

In June 2014, the Group has purchased the share owned by QNB ALAHLI S.A. Company in QNB ALAHLI Asset Management Egypt Company, accounting for 95% of the company's capital, and then increased its contribution in the company from 4.875% to 99.875%. The cost of this additional share purchased EGP 7.

	Directors and others key management personnel (and close family members)		Associates	
Loans and credit facilities to related parties can be analyzed below	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Overdrafts	-	65,107	173	144
Cash credit - Staff	260,064	113,052	-	-
Visa card	-	20,153	-	1,033
Total	260,064	198,312	173	1,177

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B- Deposits from related parties

	Directors and others key management personnel (and close family members)		Associates	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Deposits outstanding at the beginning of the financial year	35,151,997	19,225,973	265,743,249	183,247,748
Changes on Directors	(20,054,324)	-	-	-
Deposit for Subsidiaries controlled at the acquisition date	-	-	(262,965,809)	8,424,504
Deposits placed during the year	2,729,446	64,973,968	1,360,599	7,517,509,873
Deposits repaid during the year	(882,829)	(49,047,944)	(619)	(7,443,438,876)
Deposits outstanding at the end of the financial year	16,944,290	35,151,997	4,137,420	265,743,249
Interest expense on deposits	242,809	1,336,376	136,241	5,560,453
Deposits from related parties can be analyzed below				
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Demand deposits	5,997,456	5,195,376	1,412,929	17,541,891
Saving accounts	9,588	188,262	-	-
Certificates of deposits	55,000	16,827,000	-	-
Time deposits	10,882,246	12,941,359	2,724,491	248,201,358
Total	16,944,290	35,151,997	4,137,420	265,743,249

C- Other transactions with related parties

	Directors and others key management personnel (and close family members)		Associates	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Fee and commission income	8,447	26,340	19,569	1,731,028
Guarantees issued by the bank	-	-	47,432	28,158
The above guarantees comprise:				
LGs	-	-	47,432	28,158
Total	-	-	47,432	28,158

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 2,540,800 during the current year.

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41- Money Market and balanced Funds

A- QNB ALAHLI First Fund with cumulative daily return (THEMAR Money Market Fund)

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, 2014 reached 16,942,048 at a total value of EGP 3,425,834,584. The Group currently holds 1,569,173 certificates worth of EGP 312,190,453, 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 58,406,250 which represents 2% of the increase in fund's net asset value since initial subscription are classified as available-for-sale investments and EGP 248,784,203 are classified as trading 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 18,769,145 have been reported in the "fees and commission income" line item in the income statement.

B- QNB ALAHLI Second Fund with periodic / cumulative return (Tawazon Balanced Fund)

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. Beltone Asset Management is managing this fund.

Total number of the outstanding certificates at December 31, 2014 reached 110,330 at a total value of EGP 16,782,263 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 80,206 have been reported in the "fees and commission income" line item in the income statement.

C- QNB ALAHLI Third Fund with periodic / cumulative return (Tadawol Equity Fund)

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 were 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, 2014 reached 81,266 at a total value of EGP 14,357,329 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 65,680 have been reported in the "fees and commission income" line item in the income statement.

Human Resources

HR Strategy for 2014 was to remain focused 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 and Ask HR Hotline “77600”, 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.



Human Resources



Corporate Social Responsibility

QNBAA social responsibility commission and over the past years has participated in many social responsibility activities by contributing in various fields of medical care and providing social and athletic support in addition to supporting the educational process which contributed in creating a work environment able to deal with more developed society in order to achieve long term strategic vision for the bank.

Through 2014 the commission has continued in setting the conceptual framework of the bank's social responsibility issues by participating in projects that aim to support the most vulnerable sectors of society through multiple divisions.

Out of QNBAA's interest in social responsibility and in recognition of the interrelationship between the development of the society and the success of its major institutions, QNBAA was keen to participate in many charitable projects and applied them in accordance with the values, objectives and principles of the QNB group. These activities represent an important part of the activities carried out by the bank's management in order to achieve the development goals in the community. The social responsibility offered by the bank is based on a variety of different themes including cultural and athletic support, as well as, the bank's employees social participation and the development of health and education all over Egypt.

QNBAA has continued to target the most social groups in need to raise their living standard through a variety of donations, and comes on top of these projects the Bank's donation with 20 million pounds for "Long Live Egypt fund" in order to support the Egyptian economy and the development of Egypt and to ease the burden on the Egyptian citizen's shoulders.

The bank has also donated for a number of non-governmental organizations specialized in community service and orphan's care, as well as participated in the "2014 winter campaign" in collaboration with Misr El Kheir association and Resalet Noor Ala Noor to provide and supply poor areas in Egypt with blankets and delivering it to deprived citizens all across Egypt.

The bank also held a celebratory for Orphans day in one of the entertaining places for children in collaboration with Dar El Orman Association, and provided financial support for special associations which supported orphans. Furthermore, the bank has financed the development and rehabilitation of "Awlad Al Sheikh" village in Minya governorate in collaboration with Misr El Kheir Association and a number of villages in the city of Edfu in Aswan collaborating with Noor Al Noor Association. These projects include rebuilding of the poor houses' ceilings, delivering fresh water to a number of houses as well as the reconstruction of a number of houses..etc.

Regarding the bank's support for the health sector in our society, the bank has established the first operational Hybrid room in the National Heart Institute, in addition to that, the bank has donated with an ultra sound device to the center of Al Qasr Al Aini for kidney disease. Other than a respirator for new born babies in Housh Eissa central hospital followed by the health directorate of Beheira. Besides, the bank has provided a number of electrocardiograph machines to Al Qasr Al Aini new educational hospital, in addition to providing the medical rehabilitation unit for patients with myocardial failure and open heart surgery for the cardiovascular department in Alexandria University's hospital. In addition to donating with blood gas analyzer device to Al Khazendar general hospital.

With regards to the educational aspect, the Bank pays special attention to the educational domain and encourages its skills for different age groups all across Egypt. This is shown through the bank's participation in establishing many educational institutions such as financing the construction of Ali Mohamed Rahil primary school in Al Sharqeya governorate in collaboration with Noor Ala Noor association. As well as, participating with Noor Ala Noor Association in the development of three schools in Edfu city in Aswan besides the bank's contribution in providing the unable students in the Faculty of Law in Alexandria University with tuition fees and in a number of faculties in Assiut University.

Completing QNBAA's role in supporting various service projects, the bank has sponsored the World Cup Squash tournament for Women which was held in different Wadi Degla Sporting Club branches in Egypt, and the bank's sponsorship for this athletic event comes in continuation for its role in supporting initiatives that will strengthen its activities and the development of Egyptian society. All these activities are a result of the bank's belief that keeping attention to social services is a moral duty that would improve productivity and maximize profits.

QNB ALAHLI Branches Network

QNB ALAHLI Branches Network

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Head Office 2:
54 El Batal Ahmed Abdel Aziz St. -
Mohandessin - 12311 Giza
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Fax: (202) 33324199

Treasury & Dealing Room:
Tel.: (202) 27707530/50
Reuters Dealing Code: QNBE
Reuters Page: QNBE
Bloomberg Page: QNBA

Cairo Region
Beirut Group:
Almaza:
103 El Thawra Street -Almaza – 11341 - Cairo
Tel: (202)24193681
Fax: (202)22903668

Beirut:
22 Beirut St. Heliopolis – 11341- Cairo
Tel: (202)24563800
Fax: (202)24563897

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- lot number 10(a) morbaa 279 kesm Masr
elgedida – 11341 Cairo
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Fax: (202)24632099

El Merghany:
95 D Borg El Shams Buildings, Al Sayed
Merghany Street, Heliopolis, 11341- Cairo
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Fax:(202)24164899

Ard El Golf:
5 Samir Mokhtar St. Arad El-Golf, Heliopolis –
11341- Cairo
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Fax: (202)24139399

Al Sebak:
32 nehro str. Heliopolis, 11351- Cairo
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Fax: (202)24562299

Thawra:
18 El-Thawra St. Heliopolis, 11341- Cairo
Tel: (202)24136300
Fax: (202)24136349

Champollion Group:
Champollion:
5 Champollion St., down Town- 11111 Cairo
Tel: (202)27707003
Fax: (202)27707099

Kasr El Nil:
39 Kasr El Nil St., mostafa kamel square Down
Town, 11121- Cairo
Tel: (202)23994200
Fax: (202)23994299

Manial Palace:
78 Manial St., 11451-Cairo
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Fax: (202)25352299

Opera:
42 El-Gomhouria St. Opera Square, Down Town,
11121- Cairo
Tel: (202)23999500
Fax: (202)23999599

Down Town Group:
Ahmed Heshmat:
31 Ahmed Hesmat St., zamalek – 11211-Cairo
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Fax: (202)27281799

Bab El Louq:
6 Falaky Square, Bab El Louq -Down Town,
11121- Cairo
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Fax: (202)27919599

Bab El Sheria:
472 Port Said St.,Bab El Sheria, 11271- Cairo
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Fax: (202)25891876

EL-Kamel Mohamed:
2 El-Kamel Mohamed St. Zamalek- 11211- Cairo
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202 Portsaid st, El Sayeda Zeinab , 11461-Cairo
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5 Elkasr Elaainy St., Down Town, 11121- Cairo
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Fax: (202)25352199

Nile City:
2005A Korniche el nile - nile city towers - north
tower - ground floor – 11221- Cairo
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Fax: (202)24619244

Ramsis - Ghamra
219 Ramsis-Ghamra, 11271 - Cairo
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Fax: (202)25971199

Hegaz group:
ABB:
7 Dr. Mohamed Kamel Hussein,ABB Company,
New Nozha, 11769 - Cairo
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Fax: (202)26205227

El Mahkama Square:
42 El-Hegaz St. Heliopolis, 11351- Cairo
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Fax: (202)26311799

El Nozha:
7 Midan El Hagaz, Heliopolis, 11361- Cairo
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Fax: (202)26326682

El Shams:
48 Farid Semeka St., Heliopolis, 11351- Cairo
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Fax: (202)21804093

Hegaz:
143 & 145 Al Hegaz St., Heliopolis, 11361- Cairo
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Fax: (202)26311699

Ibn Maged Street:
235, Hegaz St , Heliopolis , 11351- Cairo
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Fax: (202)26250199

Safir:
60, Abo Bakr El-Seddik St., Safir Square –
Heliopolis, 11361- Cairo
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Fax: (202)26310799

Triumph:
102 Othman Ibn Affan – Heliopolis, 11361-
Cairo
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Fax: (202)26311499

Heliopolis Group:
Ain Shams:
115 Selim El Awel St. - Ain shams, 11321 – Cairo
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Fax: (202)26311999

Gisr El-Suez:
149, Gesr El Suez st.-El Nozha-Heliopolis,
11351- Cairo
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Fax: (202)26371859

Hadayek El Kobba:
16 Waly El-Aahd St, Saray El-Hadayek Mall,
11331 – Cairo
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7 El Merghany St., Heliopolis, 11341- Cairo
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Ibn Elhakam square, Beet El Ezz Towers, 11321
– Cairo
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Fax: (202)26312099

Kasr El-Tahra:
62 Toman Bey Street, Helmyet El Zaiton, 11321-
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Fax: (202)24560199

Makrizi:
4 Al Awhady St. from Al Makrizi St. , Roxy -
Maser El Gedida – 11341- Cairo
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Fax: (202)22570668

Roxy:
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East Cairo Region:
10th of Ramadan Group
10th of Ramadan:
Banks Area -10th of Ramadan – 44411 – Cairo
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Fax: (2015)390399

Maadi Degla:
Cross Roads Of 218 & 231 St., Maadi Degla ,
11435- Cairo
Tel: (202)25220600
Fax: (202)25220699

1st Industrial Zone - 10th of Ramadan:
14A service area - 10th of ramadan - AL sharkia-
44411 – Cairo
Tel: (2015)392100
Fax: (2015)392199

Mokatam:
Corner of Road 9 & 10 El Hadaba El Olya -
Mokattam , 11439- Cairo
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Fax: (202)25031899

Badr City:
Block#29, El Mogawra 2, District no.1, in front
of Russian University, Badr City, 11829- Cairo
Tel: (202)28609129 – 28609130
Fax: 28609162

New Maadi:
48 Al Nasr Avenue, New Maadi, Helwan, 11435-
Cairo
Tel: (202)27067200
Fax: (202)27067299

City plaza Mall- El Shorouk:
Plot# 35-45 - sherouk Entrance #1- City plaza
Mall- Cairo Suez Desert road, 11837- Cairo

Nasr Street:
Block 1- Cross Road, Nasr and El-Lasilky, New
Maadi, 11435- Cairo
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Fax: (202)27557399

Obour City:
Shop 34 & 35 - Obour city club - Obour City,
18111 – Cairo
Tel: (202)46140300
Fax: (202)46140399

Street 9:
Corner of Roads 9 & 79, Maadi, 11431- Cairo
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Fax: (202)27683899

Obour City Industrial Zone:
lot 1 , banks area , industrial zone A , Obour city,
18111- Cairo
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Fax: (202)46140299

Wadi Degla:
Wadi Degla Club, Zahraa El Maadi, Helwan,
11435- Cairo
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Fax: (202)25195168

Maadi Group
El Mahatta Square:
1 El-Mahatta Square, Sarayat El-Maadi, Helwan,
11431 – Cairo
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Fax: (202)27680099

Makram Ebeid Group
Abbas El Akkad:
20 Abo el ataheya str. , Abas El akad Ext. -
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Fax: (202)22769599

Helwan:
13, Mohamed Mostafa El Maraghy, Helwan,
11421- Cairo
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40 Ahmed Fakhry street-block 126-6th district-
Naser city- 11391- Cairo
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380 gahara el maadi building - kornish El Nil -
Maadi – 11431- Cairo
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Arab Academy:
Faculty of Engineering building - Mousheer
Ahmed Ismail st. - plot no. 1159- Masaken
Sheraton - 11361- Cairo
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Hassan El Maamoun:
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18 El Obor Building, Salah Salem St, Helopolis,
Naser City, 11371 Cairo
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Banks Area - B district - Rehab city – Tagamoa,
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Building no. 2 Abrag Badr-Quattemyia road,
19111- Cairo
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Nasr City Group:
Abasia
111 Abbassia St.- 11381-cairo
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Madinty:
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- First phase - number 103, 19511 –Cairo
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Down Town project-90 street-5th Settlement-
New Cairo, 11835- Cairo
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173, Shoubra st. Sahel – Shoubra, 11241- Cairo
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Rod El-Farag:
74 , Rod Elfarag st., Elsahel, Shoubra, 11241-
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Shoubra:
53 Shobra St., Shoubra, 11231- Cairo
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Shoubra El-Khima:
135, 15 May street-El Teraa El Boulakya-
Mansheit El Hourrya - shoubra el khyma-
13211- Qalubiya
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Giza Group:
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304 Elbahr Elaazam st. , borg elkawsar, 12211-
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Fax: (202)33321799

Mourad:
24, Murad St., 12211- Giza
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Fax: (202)35684869

Dandy Mall:
Dandy Mall, Cairo-Alex. Desert Rd. (kilo 28),
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Tel: (202)35367200
Fax: (202)35367299

Faisal:
179 King Faisal St., haram , 12151-Giza
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Fax: (202)33891699

Haram:
360 Al- Haram St., Haram, 12111- Giza
Tel: (202)35992400
Fax: (202)35992499
King Faisal:
457, faisal st. , 12111- Giza
Tel: (202)37891300
Fax: (202)37891399

Mariottia:
44 Al Haram Street, Crystal Palace Mall, 12111-
Giza
Tel: (202)33866002
Fax: (202)33866088

Nasr El Din:
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Haram – 12111-Giza
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Fax: (202)37617965
Sphinx:
3 Ahmed Orabi St., Sphinx Square, 12411-Giza
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Fax: (202)33002599

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168, Sudan St., Mohandeseen , 12411- Giza
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Fax: (202)33007399

Wady El-Nile:
22 Wadi El Nile st. El mohandesen , 12411-Giza
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Fax: (202)33001999

October Group
October - industrial zone:
October city - banks area - industrial zone
12451- Giza
Tel: (202)38281600
Fax: (202)38281699

6 October Distinguished District:
University mall - behind Misr university - 6
October, 12451- Giza
Tel: (202)38247514
Fax: (202)38247513

El-Shiekh Zaied:
Al mogawra 1 - Blg 105 front of zayed hospital -
6 october, 12461- Giza
Tel: (202)37944107
Fax: (202)37944109

October Residential Area:
El Fath buildings unit 7 , building b , block 23,
6th of October , 12451- Giza
Tel: (202)38274000
Fax: (202)38274099

Smart Village:
Egyptian exchange building - smart village, 6th
of October, 12577- Giza
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Fax: (202)35371053

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Roushdy Group:
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19 El Gomhoria st. , Karta, 22111- Damanhour
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Fax: (2045)3370999

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Waleed,Miami, 21421- Alex
Tel: (203)5381100
Fax: (203)5381199

Miami:
265 Gamal Abdel Nasser Avenue, Miami, 21421-
Alex
Tel: (203)5381000
Fax: (203)5381099

Roushdy:
240 El Geish Road (Courniche) – 21311-Alex
Tel: (203)5419500
Fax: (203)5419599

Sporting:
293, El Horreya Road , 21311- Alex
Tel: (203)4291624
Fax: (203)4291598

Semouha Group:
Fawzy Moaaz Street:
74 A , (fawzy Moaz) st. , Semouha, 21431- Alex
Tel: (203)4196700
Fax: (203)4196799

Glym:
78 Abdel- Salam Aref st., Glym – 21311 Alex
Tel: (203)5815500
Fax: (203)5815599

Kafr Abdou:
26 Ismaillia str . - across Ismallia with saint
geni - kafer abdo – 21311-Alex
Tel: (203)5419560
Fax: (203)5419596

Loran:
723,Tareq Elhorreya , Loran, 21411- Alex
Tel: (203)5702634

Fax: (203)5702635
Moustafa Kamel:
16 Ibrahim Sherif St. - Mostafa Kamel, 21311-
Alex
Tel: (203)5419600
Fax: (203)5419699

Semouha:
35 Vector Emanuel Square, Smouha, 21431-Alex
Tel: (203)4199000
Fax: (203)4195999

Wabour El-Mayah:
243 Ahmed Ismail str. Behind Olympic club
Wabour El Maya, 21131- Alex
Tel: (203)4294189
Fax: (203)4295684

Zizenya:
601 El-Horaya St., 21411- Alex
Tel: (203)5819300
Fax: (203)5819399
Sultan Hussien Group
Agami:
Gate no 8 , Agami star mall - Bitash -21221-
Alex
Tel: (203)4318708
Fax: (203)4318709

Ahmed Orabi Square - El Manshya:
6 Ahmed Orabi Square - Ksm Manshia – 21111
– Alex
Tel: (203)4885200
Fax: (203)4885299

Alex Port:
Unit no. 6 , 7 , Ground floor , Investment
Building , Alexandria Port, 21111- Alex
Tel: (203)4833343
Fax: (203)4877797

Alexandria Entrance:
Unit no 11, next to AL hadika Al dawleya - Alex
Entrance-21121- Alex
Tel: (203)3872000
Fax: (203)3872099

Borg El- Arab:
New Borg El Arab city – 23121- Alex
Tel: (203)4630100
Fax: (203)4630199

Fouad Street:
39 El horeya - El Attareen -21131-Alex
Tel: (203)4966860
Fax: (203)4966909

Ibrahimia:
118, Portsaid st. near Hehya street,
ElIbrahimya, 21321 – Alex
Tel: (203)5980400
Fax: (203)5980499

Mansheya:
2, Salah Salem st.near ElSenteral St., El
Aatareen,El Mansheya, 21111- Alex
Tel: (203)4881200
Fax: (203)4881299

Safia Zaghloul:
33 Safia Zaghloul St.,- 21131-Alex
Tel: (203)4883000
Fax: (203)4883099

Sultan Hussein:
47 Al Sultan Hussien St., 21131- Alex
Tel: (203)4883100
Fax: (203)4883199

Delta & Suez Canal Region
Mansoura Group
Delta City Mall:
42 El Guesh St, Borg Delta, City Mall – 31111-
Tanta
Tel: (2040)3385200
Fax: (2040)3385299

El Mansoura:
213 El Gommuhuria St., 35111- Mansoura
Tel: (2050)2280300
Fax: (2050)2280399

El Mehalla:
22 El Tegara School St. 31911- Mehalla
Tel: (2040)2281000
Fax: (2040)2281099

El Mohafza Square:
242 El- Guish St., El Mohafza Sq. – 35111-
Mansoura
Tel: (2050)2280000
Fax: (2050)2280099

Kafr El Sheikh:
19 Ramezeya - Takseem El Moharbeen El
Kodmaa - Salah Salem Street - East City
District,
33111- Kafr El Sheikh
Tel: (2)01202220754

Lewaa Abdel Aziz St. :
Intersection of Lewaa Abdel Aziz St. and Abdel
Aziz Ayad St. – 44111- zagazig
Tel: (2055)2390600
Fax: (2055)2390699

Meet Ghamr:
42 Portsaid st. - Mit Ghamer -borg abou aisha-
35311-Dakhleia
Tel: (2050)6930000
Fax: (2050)6930099

Sadat City:
Block 1, Mehwar Khadamat, seventh District,
Horreya Mall, Ahmed Ismael St., Area No.11,
Sadat City, 32897- Menofya
Tel: (2048)2625300
Fax: (2048)2625399

Shebeen El-Kom:
21 Gamal Abd El Nasser st. Saharf square
- kawthar building - Shebyn el kom, 32111-
Menofya
Tel: (2048)2229416
Fax: (2048)2229395

Tanta:
El- Safwa Plaza Center- El-Kady St.- 31111-
Tanta
Tel: (2040)3385600
Fax: (2040)3385699

Zagazig:
Saad Zaghloul St. - Al Bahr - Abou Aisha
building - 44111- Zagazig
Tel: (2055)2390000
Fax: (2055)2390099

Port Said Group:
Damietta:
67 Saad Zagloul St. Cornish El Nil, 34111-
Damietta
Tel: (2057)2279912 – 2279917
Fax: (2057)2279902 – 2269948

Damitta Port:
Investment Building, Damietta Port first floor,
34516- Damietta
Tel: (2057)2292405 – 2292406
Fax: (2057)2292408

El-Ain El-Sokhna:
(El Suez - El Sokhna – Hurghada) Kilo 46 Desert
Road - Stella Di Mare resort fence, 43552- Suez
Tel: (2062)3393600

Fax: (2062)3393699
El-Gomhoreya:
58 El-Goumhoria St. – 43111-Port Said
Tel: (2066)3390300
Fax: (2066)3390399

Ismailia:
Panorama Bldg., plot 1 - El mowa’f El Gadid st.-
corner el 20 st. with Shebeen El Korn St.-
infront of Mogamaa El Mahakem, 41111 -
Ismalia
Tel: (2064)3269000
Fax: (2064)3269099

Port Said:
Miami building - 23 july st., 42111 - port said
Tel: (2066)3390100
Fax: (2066)3390199

Shark El-Tafria Port:
Shark El-Tafria Port - 42532 Portsaid
Tel: (2066)3390380
Fax: (2066)3390389

Teda:
Ain sokhna - industrial economical zone -
service building - first step – 43552- Suez
Tel: (2062)3710487
Fax: (2062)3710490

Suez:
5 El Galaa Street, 43111- Suez
Tel: (2062)3393300
Fax: (2062)3393399

Red Sea and Upper Egypt Region:
Assuit Group:
Assuit
2 Al Gomhuria Street- EL watania buildings -
building no A, 71111- Assuit
Tel: (2088)2422500
Fax: (2088)2422599

Aswan:
City Center Aswan, commercial mall -Shark El
Bandar st. – 81111- Aswan
Tel: (2097)2391000
Fax: (2097)2391099

Beni Suef:
16 Port Said st., Takseem el Houreya - 62111-
Bani Suef
Tel: (2082)4494000
Fax: (2082)4494099

Fayoum:
10, El Hourrya st., Baher youssef - 63111-El
Fayuom
Tel: (2084)6390700
Fax: (2084)6390799

Luxor:
109 Ma’abad El Karnak st.,beside Mubarak
Library - 85111- Luxor
Tel: (2095)2399100
Fax: (2095)2399199

Menia:
76 Taksem shalaby - 6111 - Menia
Tel: (2086)2386300
Fax: (2086)2386399

Qena:
Building no 9 – district no 65 – 23 july st., 83111
- Qena
Tel: (2096)5390600
Fax: (2096)5390699

Sohag:
46 Korniche El Nile st. Borg El Nile kebly -
82111- sohag
Tel: (2093)2380600
Fax: (2093)2380699

Hurghada Group
El-Dahar:
1, Hurghada Stadium shops, El Nasr Avenue -
Dahhar, 84111 - Hurghada
Tel: (2065)3562000
Fax: (2065)3562099

El-Kawthar Hurgada:
Banks Area -Block 8 - el kawther zone, 84111-
Hurghada
Tel: (2065)3418700
Fax: (2065)3418799

Grand Beach:
Grand Beach Resort – 84111-Hurghada
Tel: (2065)3416100
Fax: (2065)3416199

Hadabet Um El Sid:
Store no . 4 , Project of Madinat Elalaab Elmaeya
, Hadabet Um Elsid, 46619-Sharm el sheikh
Tel: (2069)3622091
Fax: (2069)3622095

Hurghada Sheraton Road:
36 North Mountain Road, 84111-Hurghada
Tel: (2065)3416500
Fax: (2065)3416599

Nabq Bay:
Commercial part (R1) front of oriental hotel
resort - khalyg Nabq – 84111- Red Sea
Tel: (2069)3622050
Fax: (2069)3622055

Sharm El-Shekh:
El Salam road - Khalyg Nema – 46619- Sharm El
Sheikh
Tel: (2069)3622000
Fax: (2069)3622099

Specialized Corporate Group
El Batal Ahmed Abdel Aziz:
54 Al Batal A. A. Aziz St., Mohndeseen , 12311-
Giza
Tel: (202) 33324100
Fax: (202)33324177

Talaat Harb:
10 Talaat Harb- Ever Green building - down
town – 11121-Cairo
Tel: (202)27708000
Fax: (202)27708095

NEW Branches

Kafr Eldawar:
Building no 1 in Adghan – 50 kanal st. –
entrance of new bridge – kafer el dawar city –
22221- El Behera governorate
Tel: (2045)2249000
Fax: (2045)2249099

Strip Mall:
Commercial store no 11 - plot # 9 & 10 of auto
ville project - strip mall - Dahshour road - 12857-
EL Sheikh zayed - Giza
Tel: (202)38573071

Emerald Empire:
Unit # 23 ground and first floor - Extension of
Zaker Hussein St., Emerled center - EL Nakhil
city -1st sattelment –11865- New Cairo

Sun city Mall:
Store no A28F floor F commercial center Sun
City - Masaken Sheraton - Autostorad road -
Heliopolis -11361- cairo
Tel: (202)22650500

Fax: (202)2265059
Mall of Arabia:
Unit no 071 H – Mall of Arabia – 6 of October
-12451- Giza
Tel: (202)38260230
Fax: (202)38260231

Cairo Festival City:
Plot no. 0-025, Al Futtaim land, Taha Hussein
St., Cairo Festival City Mall - 5th Setteltment-
11835, New Cairo
Tel: (202)26168178
Fax: (202)26168179



QNB ALAHLI Offsite ATM Network:

Downtown:-

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 Str. Nasr City Behind tibba mall

-Ministry of Electricity:
Ramsis St. Extension, Abasseya Square

-ECG:
El Sefarat District – Nasr City

-Egypt Air:*
Airport buildings (9 ATM machines)

-Town Gas:*
El Wafaa we el Amal – 10th district

-IT Soft :*
Free Zone – Nasr City

-Egypt Gas :
30 el mofateshin street Alamza

-Egyptian Drilling Company
Cairo Suez Road K 17.5

-EL-Galla Military Hospital:
Salah Salem St, GALAA Family Military Hospital

Maadi & Helwan:

-Carrefour Cairo:
Ring Road – Katameya

-Torah Cement Company:*
Misr- Helwan agricultural road

- Link Dot Net:
Misr Helwan agricultural road- Maadi

- La Poire :
El Bassatin Industrial Zone

- Cement Portland:
Kafr El Elw- Helwan

- DSD (Arab Contractors):*
Ring Road – Torah

- Wadi Houf:
Ring Road - Wadi Houf

Haram & Giza:

- Eastern Tobacco(1 machine):
450 El Ahram St.-Giza

- Suez Canal Insurance Company:
Mohamed Kamel Morsy Street of El Batal Ahmed

- Mercato:
346 King Faisal St., Haram- Giza

-First Mall:
Four Seasons Giza

10th of Ramadan:

- 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 ready made 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 B10 - 4th of Ramadan

- Ceramica La beaute
Industrial Zone A10 – 3th of Ramadan

- Ideal Standard
2nd industrial zone block 24 beside fresh Company

- Ferometalico
Kilo 15 Cairo bilbis Road

-El Yossr
Zone 3 industrial zone A1

[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

[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

Americana plaza:
Entrance of Sheikh Zayed City

-Mobinil Hazem Hassan:
Pyramids Heights –Hazem Hassan area (6th of October)

-Tiba For Trading (Juhayna):
Crazy Water Corridor – Entrance # 2 – EL-Sheikh Zayed

-City Scape Mall:
Central Spine , EL Horreya SQ, 6th of October

- Exception Supermarket:
EL Thawra EL Maadnia St . Hadayek EL Ahram

- ICO Pack:*
3rd Industrial zone plot 154 - 6th of October

- Monginis:
4 El prencissa street - Abou Rawash

- Dice Factory:
5 & 6 Anabeb Al Petrol St., industrial zone, Gisir El Suez, Behind Bavaria Factory

[Alexandria:](#)
- Carrefour Alexandria:
Alex. /Cairo dessert Road

- Petrochemical Company:
36 Alexandria/ 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 *
Semouha – Alexandria

-West Delta for Electricity production *
Sidi Kereir / km 21 – Alexandria

- Orouba Mall
Km 34,5 – Alexandria Cairo desert road

- Petrojet *
Merghem / km 17 – Alexandria

- Orascom / Marrasi *
In front of Marrasy Village km 155 Alex Matrouh road

- Palestine Hotel *
Montzah Gardens – Alexandria

- AMOC Company *
ELSad Elali Street , Wadi Elkamar – Alexandria

- Uniliver *
Industrial Zone , Borg El Arab City

- Faragallo Company *
Industrial Zone , Borg El Arab City

-Petrojet Alex 2:
Al Maadeye, behind Webco company beside Abu Keer electricity stationary

- Beyti Company:
KM 72 Alex Cairo Desert road, Nubaria, Beyti

- Pharco Group:
Borg Al Arab area, 3rd industrial zone, no. 18 Bedaya company St. infront of Mills Company

[Sharm El Sheikh:](#)
-Old Market:
Old market - Sharm elbalad

- Maritime Hotel:
El Salam Road - Sharm elbalad

- Nubian Village:
Nabq bay-Sharm El-Sheikh

- Congress Center - Joli Ville
El Salam Road- Sharm El Sheikh

Hurghada:

-Beach El Batros Hotel:
Hurghada – El Mamsha El Seyahy Road

-Senzo Mall :
Hurghada

Others:

- Renaissance Cinema:
El Geish Street- 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

- Kapci :
Industriel Zone Port Saïd

- 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

- El Ezz Steel Factory (El Ein El Sokhana): *
El Sokhana – Suez desert road

- 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 Street ,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

- Madinty:
Inside the mall

- Uniplast Company:
4th industrial zone BADR City

- MOPCO:*
Damietta Free Zone

- Cairo Festival:
Cairo Festival City Mall New Cairo

- Kabanni Furniture:
Mahmoud Moustafa KAMEL St, 1st settlement-
new Cairo

- Oilibya Petroleum Station:
Plot no /38 5th settlement- new Cairo

- Rowing Club Aswan:
Rowing Club - Aswan Cornish elneel –beside
MacDonald's

• For payroll clients only