



**Annual Report 2014**



alBaraka 

Sheikh  
**Saleh Abd Allah Kamel**  
Chairman  
Al Baraka Banking Group



His Excellency Mr.  
**Adnan Ahmed Yousif**  
Chairman

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**Mr. Ashraf Ahmed El Ghamrawy**  
Vice Chairman and Chief Executive

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## Introduction

The Bank has started to practice its businesses and different activities pursuant to the provisions of the tolerant Islamic Shari'a since more than twenty five years. Al Baraka Bank Egypt, S.A.E. was able as a pioneer Islamic institution during these years to impose itself strongly in the banking market arena in Egypt by the integrated system of Islamic developed products and services that it provides. The message of our Bank is represented in accompanying our partners along the course of success by the renewed banking solutions that it provides via an integrated work team; complying with the principles of the magnanimous Islamic Shari'a, by the guarantee of ethical and financial practices.

In this concern, it is worth mentioning that the Bank launches new and unprecedented financing programs in the Egyptian market that satisfy the requirements of the different brackets of the community, which all conform to the provisions of the Islamic Shari'a; among which are financing medical treatment, education and private universities, clubs and tours subscription ... etc., apart from financing automobiles, real estate financing, fitting medical clinics, and home appliances. All operations of the Bank are audited by an independent Shari'a Supervisory Board.

The Bank also provides direct financing for the different economic activities to companies and institutions that enjoy high credit worthiness and rating, and participates in the syndicated loans of economically feasible large projects that provide large employment opportunities through the Murabaha, Musharka and Mudaraba Transactions. The Bank also finances small and medium enterprises that directly contribute to supporting the national economy.

In addition, the Bank launches an integrated system of saving pools (deposits – sukuk – certificates). The Bank has also issued the first Islamic credit card in the Egyptian market (Al Baraka Card) and several other various banking services.

On the other hand, the Bank does not ignore its social responsibility as a pioneer Islamic institution through endeavoring to fulfill the requirements of the community, where through the Zakat Fund the Bank established therapeutic units for neurology treatment, dialysis and others for the poor for free in addition to donating to Children's Cancer Hospital 57357 for the treatment of children suffering from cancer. It also donated to develop the slums and Tahya Masr Fund to contribute to propelling the wheels of national economy and others works in its belief of the social responsibility of the Bank.

The number of the Bank's branches currently amounts to 28 branches distributed over major Egyptian governorates and cities, in addition to the foreign currency exchange offices. There are another 4 branches that are in the construction and fitting process in Zamalek, Haram, New Cairo & Sheikh Zayed areas.

Moreover, the equipping of the new head office in New Cairo is currently underway. It is scheduled for the Bank to move to the new head office by the end of 2015. This will be considered a quantum and civilized leap for the Bank.

Al Baraka Bank Egypt is considered one of the tributaries of Al Baraka Banking Group (ABG) which takes Bahrain as its headquarters. The Group is considered among the pioneers in the Islamic banking business at the level of the world. It provides its distinct banking services to approximately one billion persons in the countries in which it operates. The authorized capital of the Group amounts to US\$ 1.5 billion, and the total shareholders' equity amounts to US\$ 2 billion. The Group has a wide and geographic propagation represented in subsidiary banking units and representative offices in three continents in fifteen states that run more than 500 branches.

## Shareholders

As at 31 December 2014

Shareholders	Nationality	%
Al Baraka Banking Group	Bahrain	73.68
Others - Private Sectors	Egypt	4.05
Others - Individuals	Egypt	3.88
Misr Insurance Life Company	Egypt	3.87
Dallah Company for Real Estate Investment	Egypt	3.81
Misr Insurance Company	Egypt	2.98
AlGabr Co. For Real Estate Investment	Qatar	2.94
Zad Holding Co.	Qatar	2.62
Mohsen Badr Ali Khalafallah	Egypt	1.15
Others - Individuals	Different Nationalities	0.64
Others –Private Sectors	Different Nationalities	0.38

**Report of Board of Directors**  
**Enclosed with Financial Statements on Financial Year**  
**Ended 31 December 2014**  
**(Prepared Pursuant to Provisions of Article 40 of Rules of Listing)**

<b>Name of company</b>	<b>Al Baraka Bank Egypt</b>
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**Basic data**

<b>Company objective</b>	<p>The objective of the company is to practice all banking, financial and commercial services and transactions permitted to commercial banks pursuant to amended Law Number 43/1974, amended Law Number 163/1957, Law Number 120/1975 and other Egyptian laws that regulate the business of banks, in the Egyptian currency and foreign currencies, whether to its account or the account of third party or in association with it in addition to the businesses permitted to commercial banks as well as assuming all what is required by development works and projects.</p> <p>In general, the company carries out all banking, commercial, financial and investment business permitted to commercial banks, provided that in all cases the practice of the company to its activity would not be based on usury and would conform to the provisions of the tolerant Islamic Sharia.</p>		
<b>Term fixed for company</b>	25 years expiring on 28 April 2030	<b>Date of listing on Stock-Exchange</b>	25 December 1984
<b>Governing law</b>	Law Number 8/1997	<b>Nominal value of share</b>	EGP 7 or its equivalence in other currencies
<b>Last authorized capital</b>	EGP 1,000,000,000 (one billion Egyptian pounds)	<b>Last issued capital</b>	EGP 895,034,931
<b>Last paid up capital</b>	EGP 895,034,931	<b>Number &amp; date of enrollment in Commercial Register</b>	143761 on 10 October 2001

**Investors' relations**

<b>Name of contact person</b>	Sabry Makin Samuel		
<b>Address of Head office</b>	60 Mohy Eldin Abu El Ezz St., Dokki, Giza		
<b>Tel. nos.</b>	3748-1222/3748-1777	<b>Fax. nos</b>	3761-1436/3761-1437
<b>Website</b>	www.albaraka-bank.com.eg		
<b>E-mail Address</b>	financial@albaraka-bank.com.eg		

**Auditors**

<b>Name of auditor</b>	Mr. Tarek Salah Sayed Ahmed – Baker Tilly		
<b>Date of appointment</b>	21 April 2012		
<b>Number of enrollment in Authority</b>	105	<b>Date of enrollment in Authority</b>	13 November 2006

<b>Name of auditor</b>	Mr. Mohamed Ahmed Mahmoud Abu ElKassim–Allied for Accounting & Auditing		
<b>Date of appointment</b>	23 February 2013		
<b>Number of enrollment in Authority</b>	359	<b>Date of enrollment in Authority</b>	13 October 2008

## Shareholders Structure and Ownership Percentage of Members of the Board of Directors

Holders of 5% or More of Company's Share	Number of Shares on the Financial Statements Date	Percentage %
Al Baraka Banking Group	94210854	73.68%
<b>Total</b>	<b>94210854</b>	<b>73.68%</b>

Ownership of Members of the Board of Directors in company's Shares	Number of Shares on the Financial Statements Date	Percentage %
Al Baraka Banking Group	94210854	73.682%
Misr Insurance Company	3813937	2.983%
Mr. Ashraf Ahmed Moustafa El- Ghamrawy	1788	0.001%
Dr. Rokaya Riad Ismail	1308	0.001%
Dr. Hala Mohamed Saeed Mahmoud Al-Ramly	1099	0.001%
Dr. Adel Mounir Abd El-Hameed Rabeh	1099	0.001%
<b>Total ownership of Members of the Board of Director</b>	<b>98030085</b>	<b>76.669%</b>

Treasury Shares with Company Pursuant to Date of Purchase	Number of Shares Pursuant to Last Previous Disclosure Statement	Percentage %
N/A	N/A	N/A

## Board of Directors

### Last Formation of Board of Directors

Name	Post	Representation Entity	Capacity
Mr. Adnan Ahmed Yousif Abd El-Malek	Chairman	Al Baraka Banking Group	Non-executive
Mr. Ashraf Ahmed Moustafa El-Ghamrawy	Vice-Chairman & Chief Executive	Shareholders	Executive
Dr. Mohamed Nasser Salem Mohamed Abu Hamour	Member	Al Baraka Banking Group	Non-executive
Dr. Ali El-shenawy Abd El-Hady	Member	Al Baraka Banking Group	Non-executive
Mr. Sayed Ali Othman Farrag	Member	Al Baraka Banking Group	Non-executive
Dr. Shawky Al-Husseiny Mohamed Massoud Farag	Member	Al Baraka Banking Group	Non-executive
Mr. Ahmed Abu Bakr Ali Abd El-Aty	Member	Al Baraka Banking Group	Non-executive
Dr. Adel Mounir Abd El-Hameed Rabeh	Member	Shareholders	Independent Non-executive
Misr Insurance Company represented by Mr. Hussein Attallah Hussein Mohamed Shams	Member	Shareholders	Non-executive
Dr. Rokaya Riad Ismail	Member	Shareholders	Executive
Dr. Hala Mohamed Saeed Mahmoud Al-Ramly	Member	Shareholders	Independent Non-executive
Mr. Mohamed Salah El-Din Mohamed Othman	Member	Experienced	Independent Non-executive



## **Changes undergone on Board formation during year**

On 12 March 2014 the Ordinary General Assembly convened, and the members of the Board of Directors were elected for its new term as from the convening date of the Assembly resulting in the following changes:

<b>Name</b>	<b>Change</b>
Mr. Tarek Hussein Hassan Hosny	Member; membership expired
Dr. Medhat Abd EL-Hameed Sadek	Member; membership expired
Mr. Ali Mohamed Abd El-shafy Al-labban	Member; membership expired
Mr. Mohsen Badr Ali Khalafallah	Member; membership expired
Dr. Shawky Al-Husseiny Mohamed Massoud Farag	Representation entity of Al Baraka Banking Group instead of shareholders
Mr. Sayed Ali Othman Farrag	Representation entity of Al Baraka Banking Group instead of shareholders
Mr. Ahmed Abu Bakr Ali Abd El-Aty	Representation entity of Al Baraka Banking Group instead of experienced members
Dr. Adel Mounir Abd El-Hameed Rabeh	New member representing shareholders
Dr. Rokaya Riad Ismail	New member representing shareholders
Dr. Hala Mohamed Saeed Mahmoud Al-Ramly	New member representing shareholders

## **Meetings of Board of Directors**

The Board of Directors convened 6 times during the year.

### **Audit Committee**

#### **Last formation of Audit Committee:**

<b>Name</b>	<b>Representation Entity</b>
Mr. Ahmed Abu Bakr Ali, <b>Head</b>	Al Baraka Banking Group
Mr. Mohamed Salah El-Din Mohamed Othman, <b>Member</b>	Experienced member "independent"
Mr. Hussein Attallah Hussein, <b>Member</b>	Shareholders (Misr Insurance Co.)

## **Statement of competencies of committee and tasks entrusted thereto**

### **Objective of Committee**

Assist the Board of Directors in running its supervisory responsibilities, supervise the internal audit process and audit the financial data prescribed to be put forward before the Bank's shareholders and investors.

### **Committee's tasks & Competencies**

- Direct supervision on the Inspection & Follow up General Department and the evaluation of its performance. This includes ratifying the audit programs, the annual working plans, the periodic reports system, the type of reports and the administrative levels before which they are tabled as well as drawing the attention to the major risks that the Banks faces; observing its obligations towards the professional practice standards of the audit operations.
- Propose the appointment of the two auditors and fix their fees, and look into the issues related to their resignation or discharge in the manner that does not contradict the provisions of the law and the Law of the Accountability State Authority.
- Express the opinion with regards to the permit to entrust the two auditors to perform services to the Bank apart from auditing the financial statements, and in connection with the fees assessed for them in the manner that does not prejudice the requirements of their independence.
- Discuss the subjects that the Committee deems with the manager of the internal inspection and the compliance officer at the Bank, the two auditors and the competent officials as well as whatever any of them deems to discuss with the Committee.

- Study the annual financial statements before submitting to the Board of Directors to ratify them.
- Peruse the annual financial statements prepared for publishing before being published and ensure that they conform to the data of the financial statements and rules of publishing issued by the Central Bank.
- Coordinate between the tasks of the internal and the external audit and ensure the nonexistence of obstacles that hinder the communication between the manager of internal inspection and the two auditors and between the Board of Directors and the Audit Committee.
- Review the annual internal audit plan and its endorsement.
- Review the reports prepared by the Internal Inspection Department including the reports related to the adequacy extent of the internal control systems at the Bank and the compliance extent with what is mentioned in them as well as follow up the recommendations of this Department and the response extent of the Bank's management to them.
- Review the reports prepared by the compliance officer at the Bank, especially what relates to breaching the legislation in force, the internal regulations at the Bank and the instructions that the Central Bank issues.
- Study the obstacles that confront the internal audit operations or the work of the compliance officer, and propose the means that guarantee their eradication.
- Review the reports of the Internal Inspection Department of the Bank with regards to the availability extent of the qualified staff at this department, the qualification level of the compliance officer at the Bank and their level of training and qualification.
- Ensure that the executive management at the Bank audits the values of the collaterals submitted by customers against the finance and the credit facilities granted to them periodically and determine the procedures that should be taken to face any impairment in such values, and furnish them to the Board of Directors of the Bank to make decisions in their concern.
- Review the procedures taken by the management of the Bank to comply with the control guidelines and standards laid down by the Central Bank and verify that the management takes the corrective procedures in case they are violated.
- Verify that the Bank has established a control system and has taken executive procedures for anti-money laundering.
- Study the notes of the Central Bank mentioned in the reports on inspecting the Bank and its notes on the financial statements of the Bank, and furnish them to the Board of Directors accompanied by the recommendation of the Committee.
- Study the notes of the two auditors mentioned in their reports on the financial statements of the Bank and their reports sent to the management of the Bank during the year, and furnish them to the Board of Directors accompanied by the recommendation of the Committee.

### **Committee meetings**

- The committee holds a meeting at least every quarter attended by the two auditors of the Bank by an invitation from its head or by a request from either auditor. The committee may seek the assistance of whoever it deems in its work. The head of the committee puts forward the minutes of its meetings and its recommendations before the Board of Directors to take the measures it deems in their concern.
- The meetings of the committee is attended by the manager of the internal inspection and the compliance officer in addition to whoever the committee deems inviting from among the other members of the Board of Directors or the executive managers at the Bank without having a countable vote.
- The head of the committee appoints the official in charge of preparing for the meetings of the committee and the preparation of its minutes. It is imperative upon the committee to prepare an annual report on its works and its recommendations to be submitted to the Board of Directors of the Bank.
- The secretariat of the committee is assumed by the head of the Internal Audit & Follow Up Central Sectors.

## Works of committee during the year

<b>Number of convening times of Audit Committee</b>	5 sessions during 2014
<b>Were the reports of the committee put forward before the Board of Directors of the Bank?</b>	Yes, they were put forward before the Board of Directors in its session held on 21 January 2014.
<b>Did the reports of the Committee include substantial notes that should be dealt with?</b>	No, there were no substantial notes, but the notes pertaining to the executive and procedural aspects. The committee issues its recommendations, and the results of following up the implementations of its recommendations are put forward before the committee.
<b>Did the Board of Directors deal with the substantial notes?</b>	No, as there were no substantial notes that represent a risk to the assets of the Bank which is also reflected by the external supervisory entities, the matter that was praised by the Board of Directors.

## Data on company's staff

<b>Average number of staff at company during the year</b>	931 employee
<b>Average basic salary of the employee during the year</b>	EGP 81,948 /employee

## System of rewarding & inciting to employees & managers at company

Total shares available pursuant to rewarding & inciting system for employees and managers	N/A
Total rewarding & inciting shares granted to employees and managers during year	N/A
Number of beneficiaries from rewarding & inciting system for employees and managers	N/A
Total rewarding & inciting shares granted to the employees and managers since applying the system	N/A
Names & capacities of anyone who received 5% or more of total shares available (or 1% of company's capital) pursuant to system	N/A

## Violations & procedures related to Law of Capital Market & Rules of Listing

On 17 December 2014 the Securities Listing Committee at the Egyptian Stock-Exchange decided to impose a financial obligation on the Bank amounting to ten thousand pounds for violating the provisions of Article 32 of the rules of listing pertaining to the disclosure of the decisions of the Board of Directors because the Bank furnished the Disclosure Department with the decision of the Board of Directors on ratifying the budget of the Bank for 2015 after the trading session had started for the day following the issuance of the decision, where the Disclosure Department was furnished with the decision within less than one hour in view of the short time. It has been observed that this would not be repeated in the future.

## Contribution of company during the year in developing the community and preserving the environment

The Bank did not ignore its social role as a pioneering Islamic institution, where our Bank has donated the following via the Fund of Zakah & Charity Donations:

- A sum of EGP 10 million to Tahya Misr Fund that was established by an initiative from the President of the country to support the Egyptian economy in these hard economic conditions.
- A sum within the limits of approximately EGP 4 million to the Children's Cancer Hospital 57357 for the fittings of the new hospital scheduled for erection in Tanta City.
- A sum of EGP 2.6 million as support to Federation of Egyptian Banks initiative pertaining to the development of the slums of Greater Cairo.

## Honorable Shareholders

### Allah's peace and blessings upon you

On my behalf and on behalf of the Board of Directors of your Bank it pleases me to submit to your Excellencies the annual report on the activity of Al Baraka Bank Egypt for the financial year ended 31 December 2014. In this concern, I point out that in spite of the fact that most economic activities did not recover, yet our Bank was able by the grace of Allah Almighty and the efforts of its sincere executive machinery, its Board of Directors and the follow up of the committees branching off it to maintain its share in the market, but even increase it; where the deposits of its customers rose by a rate within the limits of 21% above the previous year for their value to become EGP 18.8 billion. So was the case with the murabaha transactions, the investment operations and financial investments which rose by a growth rate of 22% above the previous year, for their value to become approximately EGP 19.4 billion, and so was the balance sheet's total which rose to EGP 22.3 billion in 2014 at a rate of growth of 22% above the previous year.

Such rates are very good if compared to similar banks. The Bank has achieved net profits for 2014 amounting to approximately EGP 225.49 million against EGP 165.67 million in 2013 at a rate of growth amounting to 36%, for our Bank to be able to prepare draft dividends proposed before your esteemed Assembly at the rate of 15% for 2014 of the issued and paid up capital in a value amounting to EGP 134.3 million (at the rate of 7% as dividend shares used in increasing the capital of the Bank and a rate of 8% as cash dividends) against EGP 122.1 million during the previous year, with an increase in dividends amounting to EGP 12.2 million, at a rate of growth of 10% above the previous year; pending the approval of the Central Bank of Egypt and the General Assembly of the Bank's shareholders.

It is worth mentioning that the average market value of the share of our Bank during 2014 amounted to EGP 11.57/share at a rate of increase above the nominal value of the share EGP 7 amounting to 65%.

It is also worth mentioning in this concern the good quality of the Bank's utilizations portfolio and the adequacy of the provisions in spite of the difficult economic conditions and their adverse effect on a wide base of the Banks' customers, among which is our Bank.

This report will deal with the most important results that your Bank has achieved during financial year 2014 which reflect the positive efforts exerted on part of the Board of Directors and the executive management of the Bank.

## Most Significant Indicators of Balance Sheet as at 31 December 2014

### Total Balance Sheet

The total of the balance sheet as at 31 December 2014 amounted to EGP 22.3 billion at a rate of growth of approximately 22% above the previous year. This reflects the positive development taking place in the volume of business of the Bank and the growth of its activities in spite of the non-recovery of most sectors of the economic activity.

### Murabaha Transactions & Investment Operations

The net Murabaha transactions and investment operations as at 31 December 2014 amounted to EGP 14 billion against EGP 12.7 billion by the end of the previous year, at a rate of growth of approximately 10%. This reflects the strategy of the Bank and its executive plans in continuing the trend in investing mainly with good customers who enjoy high credit worthiness.

### Financial Investments

The financial investments at our Bank as at 31 December 2014 amounted to EGP 5.4 billion. They are concentrated in the financial investments held to maturity in order to maintain the liquidity ratio prescribed by the Central Bank of Egypt and the due precaution to maintain high liquidity under the current circumstances.

### Fixed Assets

The balances of fixed assets – after depreciation - as at 31 December 2014 amounted to EGP 334.3 million against EGP 252.6 million as at 31 December 2013, at an increase amounting to EGP 81.7 million. This increase is the outcome of the year's depreciation in the sum of EGP 18 million and an increase in the sum of EGP 99.7 million representing the value of the branches that were opened during financial year 2014 (Abbasyia & Saint Fatima) in addition to the new owned premises of Adly Branch as well as the new premises of Mohy El-Din Abu El Ezz Branch adjacent to the old branch.

### Customers' Deposits

The total of the customers saving pools amounted to EGP 18.8 billion as at 31 December 2014 at a rate of growth amounting to 21% above the previous year in spite of the contingent circumstances of launching the Suez Canal Certificates at a high fixed interest rate and for a relatively long term and the negative effect of the foregoing on the saving pools of banks among which is our Bank. The growth in the deposits of the Bank's customers is attributable to the presence of a wide base of customers that reflects the huge confidence on part of the public dealing in our Bank as a pioneer Islamic institution backed by a strong investor, namely "Al Baraka Banking Group". We also point out to the variety of the saving and investment pools of our Bank that satisfies the requirements of wide sectors of the community with regards to the term and periodicity of the return that are permanently updated to keep pace , be competitive and include all saving pools available in the Egyptian banking market.

It is worth mentioning that the balance of the no cost accounts as at 31 December 2014 amounted to EGP 2,459.8 million against EGP 1,962.1 million as at 31 December 2013, at a rate of growth amounting to 25%. This is attributable to the success of our Bank's policy in implementing its strategy that aims to develop no cost and low cost deposits in view of their immediate positive effect on increasing the profitability of the bank, and get rid of high cost funds.

## Business Results Of Financial Year Ended 31 December 2014

Under the strategy of our Bank that started since the assumption of the current executive management of the Bank, the huge positive efforts exerted and their success in implementing the policies of the Board of Directors and its plans aiming to continue the growth of the activity and the volume of business to increase the market share of the Bank, endeavoring to diversify and increase the profit positions and not to confine them to the returns on utilizations, and moving forward in maximizing commissions and other revenues, providing more banking services in addition to the cautious expansion in the retail funding operations in view of the current conditions as well as financing small and medium enterprises in cooperation with the Social Fund for Development and entering into syndicated finances with the biggest local and international banks for huge projects and economic feasible strategy, our Bank was able during 2014 by the grace of Allah Almighty to achieve net profits amounting to approximately EGP 225.49 million against EGP 165.67 million during the previous year, at a rate of growth amounting to approximately 36% above the previous year which is a very high rate under the current events and the unstable economic conditions that the country is experiencing; the matter that has enabled our Bank to propose distributing dividends among the shareholders at the rate of 15% for Financial Year 2014 amounting to approximately EGP 134.3 million, against EGP 122.1 million during previous year, at a rate of increase in the value of dividends during 2014 amounting 10% (at a rate of 7% as dividend shares used in increasing the capital of the Bank and a rate of 8% as cash dividends); pending the approval of the Central Bank of Egypt and the General Assembly of the shareholders of our Bank; taking into account the following negative factors :

- The non-recovery of the most sectors of the activity and the adverse effect of the foregoing on the volume of targeted growth in the utilizations and investments portfolio and consequently on the returns collected from them under the selective policy of our Bank with regard to the utilizations' customers .
- The rise is the severity of competition among banks to attract new customers; the matter that has adversely affected the returns and commissions collected from them as means to attract their transactions.
- The rise in the capital expenditure in implementation to the Strategies of our Bank regarding geographic expansion and propagation, which is actually deducted from the utilizable funds.
- The continued support of the provisions under the continued negative economic repercussions of the unstable political and security conditions that the country is witnessing and their adverse effect on the customers; taking into account that a rate of the provisions for good debts is deducted; we point out in this concern to the strict instructions of the Central Bank of Egypt to create new provisions in such circumstances to face the default in settlement of debts for three months and more.
- The negative effect of the continued status of economic instability for a term that is close to four years on numerous credit customers.
- The assets that devolved to our Bank from the settlements of bad debts which are difficult to dispose of and liquidate under the current conditions. This means the presence of frozen funds that do not yield return. This adversely affects the profitability of our bank.
- The continued necessity to maintain a high liquidity ratio to face the current conditions in Egypt, most of which are in the form of local debt instruments that could be easily liquidated. The government aims to largely reduce their return to lighten the burden of the domestic debt on the national economy.

## Total Revenues

The total revenues as at 31 December 2014 amounted to the sum of EGP 1,922.34 million against EGP 1,641.41 million in 2013, at an increase amounting to EGP 280.93 million at a rate of growth amounting to approximately 17%, which means the success of the Bank's strategy and its policy that aims to multiply its profitability positions and diversify its revenues.

## Expenses

### A. Returns Expenses

The returns expenses for 2014 amounted to the sum of EGP 1,072.37 million against EGP 945.83 million for 2013. It is worth mentioning the fierce competition among banks to attract deposits' customers and especially banks that suffer from shortage in their resources of funds, apart from several banks that have raised their rates of returns and fixed them for long periods of time.

### B. Administrative and Other Operating Expenses

The administrative and other operating expenses as at 31 December 2014 amounted to the sum of EGP 363.58 million. It is worth mentioning in this concern to the progressive increase in the volume and cost of the operating supplies, services, the cost of guarding and others as a result of the current conditions, in addition to the inauguration of our bank to two new branches and the rise in the volume of activity of our existing branches and the increase in all items of general expenses that follows, in addition to the cost of leasing finance of the new Head Office in the Fifth district and supporting the other provisions as a result of the increase is the bank's activity and the expansion of its business.

## Net Profits

Our bank achieved net profits during 2014 amounting to EGP 225.49 million against EGP 165.67 million during the previous year, at a rate of growth amounting to 36% for our bank to be able to propose draft dividends among shareholders at the rate of 15% of the issued and paid up capital; equivalent to EGP 134.3 million, at a rate of growth of 10% of the sum previously distributed to the shareholders for the previous year, "at the rate of 7% as dividend shares used in increasing the capital of the Bank and a rate of 8% as cash dividends among the shareholders".

According to the strategy of the Bank that agrees with the directives of the Central Bank of Egypt, a rate of 7% of the issued and paid capital of our Bank from the share of the shareholders in the dividends of financial year 2014 shall be used to increase the capital of the Bank to face the progressive expansion in the volume of its activities and business in general and in the field of utilization and investment in particular; endeavoring to maintain the capital adequacy standard and continuing the branching and ambitious geographic propagation plan of our Bank.

### Rates of Growth Achieved During Financial Year 2014

Item	Rate of Annual Growth During 2014
<b>Total Assets</b>	22%
<b>Customers' deposits</b>	21%
<b>Total utilizations &amp; investments</b>	22%
<b>Total equity</b>	14%
<b>Net Profit</b>	36%

It is also worth mentioning that the rate of non-performing loans by the end of financial year 2014 amounted to 5.4% of the customers' total utilizations portfolio. Such debts are covered in full by provisions taking into accounts the collaterals that are reckoned by the Central Bank of Egypt.

### Social Responsibility of the Bank

The Bank did not disregard its social role as a pioneer Islamic institution, where via the Fund of Zakah and Charity Donations the Bank donated a sum of EGP 10 million to Tahya Misr Fund that was founded by an initiative from the President of the country in order to support the Egyptian economy under such hard economic conditions. The Zakat Fund at our Bank also donated to the Children's Cancer Hospital 57357 by a sum within the limits of approximately EGP 4 million for the fittings of the new hospital scheduled for erection in Tanta City as well as a sum of EGP 2.6 million to support Federation of Egyptian Banks initiative pertaining to the development of the slums of Greater Cairo apart from the contribution of the Fund to establish therapeutic units for neurosurgery, intensive care units and dialysis units for free treatment for the poor, the contribution to the social solidarity project in Ramadan to provide an amount of basic consumable commodities for the poor and the needy in all parts of the country and organizing annual contests for the memorizers of the Holy Quran and rewarding them in all parts of the Arab Republic of Egypt since more than ten years .

### Training & Optimum Employment of Human Resources

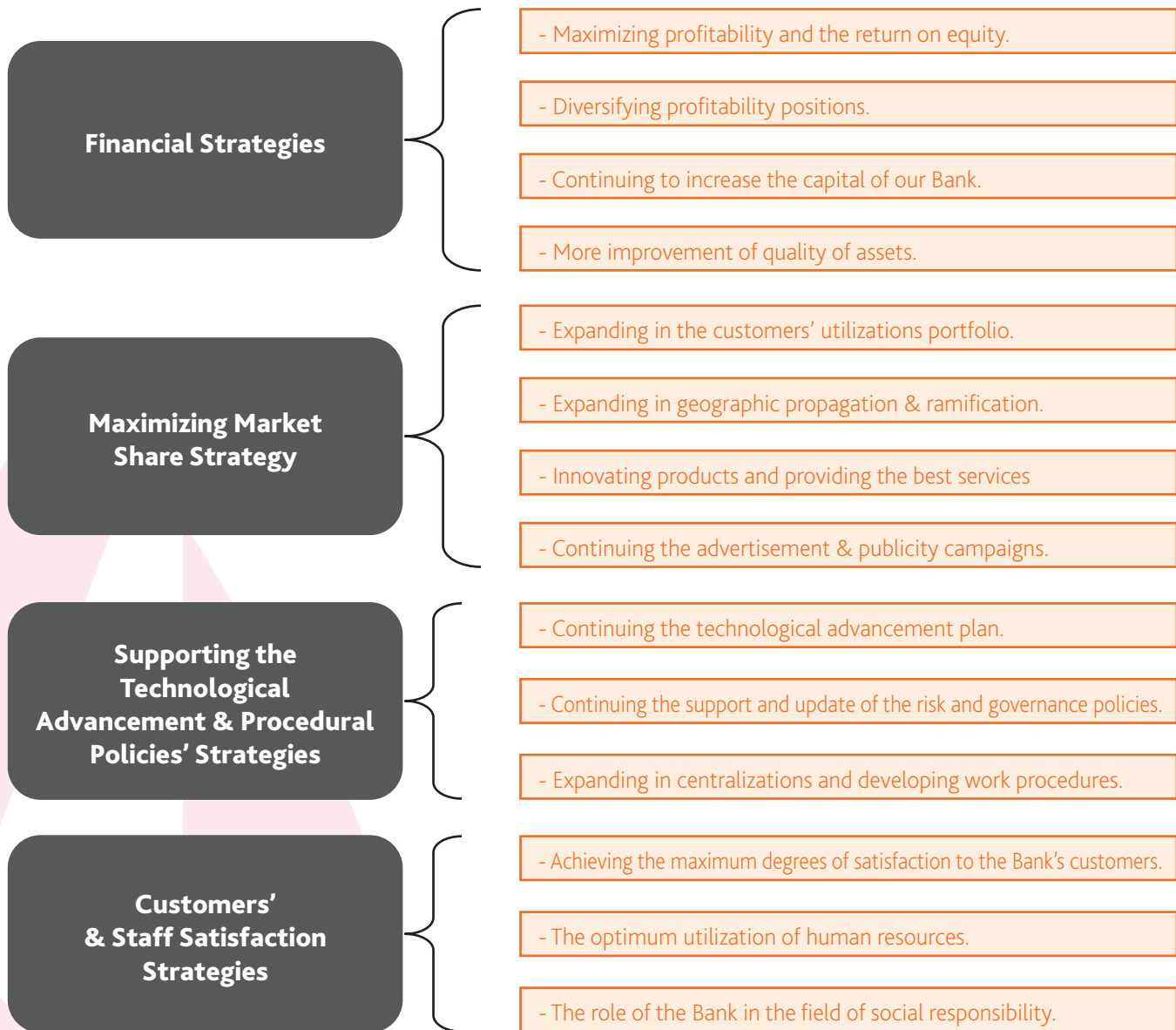
The human element is considered the most significant asset that our Bank owns; accordingly, our Bank takes constantly several procedures and steps in order to support its human resources, raise their efficiencies and level of performance as follows:

- The employees are taught the Islamic law guidelines for banking transactions.
- Endeavor to develop the association of the employee with the Bank, create the spirit of competition and incite the employees to attract good new customers.
- Provide training on the modern systems, the technology and the advanced banking industry.
- Train the employees on applying the best professional standards by the highest skill possible.
- Continue the endeavor to bring about a strong second row that is capable of bearing and holding the responsibility in the coming phase with efficiency.
- Continue maintaining a low staff rotation in order to keep the efficiencies available at the Bank.



## Future Outlook on The Strategies of Our Bank's Business during 2015

We demonstrate hereunder a summary of the most significant strategies of our Bank's business during 2015



Finally, we are all looking forward to the near future, hoping by the Will of Allah for the stability of the conditions in our beloved Egypt and the continued success of the Bank's course, the consolidation of its rise and the boom taking place in its activity, businesses and profitability by your support and the efforts of the Board of Directors and the Executive Management of the Bank. We are full of confidence and belief in our ability to increase the share of our bank in the market and achieve the sought targets and hopes during the coming phase by sincerity and dedication to work; together with the collaboration of all efforts so that our Bank could occupy the position that it deserves and hopes for among other banks operating in Egypt.

May Allah guide us and you to prosperity and success by His Will.

Allah's peace and blessings upon you all.

**Adnan Ahmed Yousif**  
  
**Chairman**

## Board of Directors

The Board of Directors is set up of a group of members who are qualified for their posts from among individual acquiring various potentials, skills and experiences. They are fully aware, knowledgeable and understandable of the tasks of the Board of Directors, the committees in which they participate and the supervisory and legal environment surrounding the Bank.

The Board of Directors pays special attention to control and apply the rules of governance. It issues several decisions that guarantee the compliance with the requirements of governance in all aspects of work at the Bank. It also endeavors to propagate and consolidate the culture of governance, whether among its members or among all staff of the Bank.

The Board of Directors endorses and follows up the implementation of strategies and policies that determine the current and future targets and govern the work of the main activities at the Bank within the framework of the accurate specification of the trend of risks and their acceptable levels pursuant the business circumstances and environment surrounding the Bank and within the framework of specified procedures to determine, measure and control the different risks pursuant to the activities of the targeted sector; together with endorsing the limits, competencies and exceptions accepted for each type of them.

The Board of Directors assumes its specified and endorsed competencies directly either by itself and/or via the authorizations issued to the committees branching off it. It follows up continuously their work and ensures their effectiveness.

## The Members of Board of Directors

### **H.E.Mr. Adnan Ahmed Yousif** **Chairman**

Mr. Adnan Ahmed Yousif is a highly regarded senior banker with over 38 years of international banking experience. He holds a Master of Business Administration degree from University of Hull, UK. He was earlier with Arab Banking Corporation, for over 20 years and last served as Director on its Board. As President & Chief Executive, Mr. Yousif has lead Al Baraka Banking Group (ABG) since inception, developing the Group into one of the largest and most diversified Islamic banking group in the world. He is also the Chairman of Al Baraka Turk Participation Bank, Banque Al Baraka D'Algerie, Al Baraka Bank Ltd. South Africa, Al Baraka Bank Lebanon, Jordan Islamic Bank, Al Baraka Bank Egypt, Al Baraka Bank Syria, Al Baraka Bank Sudan, Al Baraka Bank Pakistan Ltd, Vice Chairman of Al Baraka Islamic Bank, Bahrain and a Board member of Al Baraka Bank Tunisia. Mr. Yousif was the Chairman of the Union of Arab Banks, Lebanon for two terms (2007-2013). Besides having received many international awards including twice the Islamic Banker of the year award (2004 and 2009), he is the recipient of the Medal of Efficiency, a unique honor conferred by His Royal Highness – King Hamad Bin Isa Al Khalifa, the King of the Kingdom of Bahrain during the year 2011. Mr. Adnan Ahmed Yousif was honored with the Tatweej Award for Excellence in leadership and institutional performance in the category –“Wise Leadership in the field of Arab banking for 2012” granted by the Arab Administrative Development Organization - an Organization affiliated to the Arab league – in cooperation with the Tatweej Academy. In addition, he was awarded by LARIBA American Finance House the 2012 “LARIBA Award for Excellence in Achievement”, in recognition of his leadership role in consolidating and operating the largest diversified Islamic Banking Group in the world.

### **H.E.Mr. Ashraf Ahmed Moustafa El-Ghamrawy** **Vice Chairman and Chief Executive**

Bachelor of Commerce, 1977, Ein Shams University; Professional Diploma in Advanced Bank Credit, 2000. Currently, Chairman of the Egyptian Saudi Finance Company for Real-Estate Investment; Board Member and Chairman of the Audit Committee of the Egyptian Takaful (Property & Liability); Board Member of the Egyptian Company for the Shopping Centers Development; and of Al-Tawfeek Leasing Co., and Board Member of Trustees and Treasurer of the Egyptian Zakat Institution. Board Member and Member of the Risk Committee of Al Baraka Islamic Bank -Bahrain; and Member of the Faculty of Commerce (Males) Council, Al-Azhar-University; Member of the Accounting and Auditing Organization for Islamic Financial Institutions, and Member of the General Council for Islamic Banks and Financial Institutions. Member of the Union of Arab Banks; Member of Arab Academy for Banking and Financial Sciences; Member of the Islamic Financial Services Board; and Representative of Al Baraka Bank Egypt in the Federation of Egyptian Banks (FEB)

### **H.E. Dr. Mohamed Nasser Salem Abu Hamour**

PHD Economics, UK 1997; Occupied position of Minister of Finance, Jordan, 2009-2011; and Minister of Industry and Trade, Jordan, 7/2003 - 10/2003; Secretary General of the Ministry of Finance, 2000 -2003. Worked at the Central Bank of Jordan from 1987 to 1998. Part time Lecturer at University of Jordan, 1988. Occupying the Post of Chairman of the Board of Directors of a number of Jordanian Companies and Corporations, such as: (Arab Potash Company Ltd.; Irbid District Electricity Co; Free-Zone Corporation; Industrial Estates Corporation, Jordan Institution for Investment.....).

### **H.E. Mr. Mohamed Salah El-Din Mohamed Othman**

Bachelor of Commerce 1968; He served as General Manager of Arab International Bank. Currently, Member of the Board of Directors of Sues Canal Company for Technology Settling since 2008; Trustees of 6th of October University since 2008, Société des Etudes et Développement -Tunisia since 2004; Board Member of Suez Canal Bank from 2004 to 2007.

### **H.E. Dr. Shawky Al-Husseiny Mohamed Massoud Farag**

PHD in Accounting, 1967 from the U.S.A; worked as Professor and Head of the Accounting Section at the Faculty of Business Administration - American University, Cairo, and Board Member of National Bank of Egypt, 1991-2002; and as Advisor to the Governor of the Central Bank of Egypt and Executive Manager of the Egyptian Banking Institute, 1992-2002; Board Member of National Bank of Egypt, (UK) Limited, London, 2000-2002; as well as of the Metal Industries Holding Company, 1992-2005

### **H.E. Mr. Sayed Ali Othman**

Bachelor of Commerce Business Administration, 1971; Post Graduate Diploma in Accountancy and Auditing, 1979; He Served as Member of the Board of Directors of the National Company for Maize Products; as well as of the National Company for the [Railways] Sleeping-Cars' & Touristic Services; Advisor, Debts and Private Investments Processing, Banque Misr, 2006-2010. Formerly, Board Member of Export Development Bank of Egypt; Arab Contractors Company, Gulf Egypt for Hotels and Tourism and Egyptian Workers Bank

### **H.E. Mr. Ahmed Abu Bakr Ali Abd El-Aty**

Bachelor of Commerce, 1964; and joined the service of the National Bank of Egypt since graduation till 2001. Appointed as Vice- Chairman for Dream Land Group, and as, Vice-Chairman of the National Bank of Egypt 2002-2005

### **H.E. Dr. Ali El Shenawy Abd El-Hady**

Dr. Ali Hady is distinguished University Professor at the American University in Cairo. Head of the Department of Mathematics and Actuarial science. Director and founder of the Actuarial Science program. President of the statistical Association in the Islamic Countries. Formerly Deputy Director of the American University in Cairo and Emeritus Professor at Cornell University USA. Bachelor of Commerce Accounting section in 1972 Ein Shams University. Holds PHD with honors in statistics and master of philosophy in statistics and master of science in statistics. Has won numerous awards in scientific research. Member of the board of directors in several institution and companies. occupies many academic position at Egyptian and Foreign universities, has many scientific writings and is a lecturer at International and scientific conferences.

### **H.E. Mr. Hussein Atallah Hussein ( Misr Insurance Company Representative)**

Bachelor of Commerce Accounting section, Ein Shams University 1983, Post Graduate Diploma in Insurance,-Cairo University 1990, Advanced Insurance Post Graduate Diploma - Chartered Insurance Institute -London (Grade Rafik) 2004. Mr. Hussein worked in all fields of business insurance since 1986 especially domestic and external aviation insurance , compensation aviation and special risks. He received specialized training courses in the fields of aviation insurance, specialized re-insurance and subscription training course in aviation insurance. In addition of a specialized course in satellite engineering industrial during the period from 15/12/2013 to 19/12/2013 at University of Southampton. He succeeded in representing Misr Insurance Company in many aviation and aerospace insurance conferences, occupied various positions in the company, currently he is Head of Special Risk Sector.

### **H.E. Dr. Adel Mounir Abd EL-Hameed Rabeh**

He holds Bachelor of Commerce, Division of Insurance from Cairo University, PH.D. in philosophy from the University of Pennsylvania, USA and Master of Insurance. Occupies the post of Deputy Chairman of Misr Insurance Holding Co. and Vice Chairman of the General Committee for Financial Supervision and a Member of the Executive Committee of the International Association of Insurance Supervisors and Chairman of the World Commission for the application of the principles of Practice proper behavior of the market and is assigned part-time at the Faculty of Commerce, Cairo University as well as occupying many functions in bodies and universities in his field .He participates in many committees, seminars and specialized workshops locally and internationally .He also took part in the preparation of many of the bills and has many research and specialized studies

### **H.E. Dr. Rokaya Riad Ismail**

She holds Bachelor of Law, Cairo University , doctorate in public law in addition to the post-graduate diploma in public law and administrative sciences .Occupied the position of Member of the Board of Directors of several companies - member of Union Internationale des Avocats and certified International Arbitrator . Participates as a lecturer in specialized institutes as well as local and international seminars and has many studies and researches . Dr. Rokaya occupies the position of legal adviser for the Federation of Egyptian Banks (part-time) as well as a legal adviser to the Bank and supervising the Legal Sector

### **H.E.Dr. Hala Mohamed Saeed Mahmoud Al- Ramly**

Dr. Hala Al-Ramly is Associate Professor of economics and the former Chair of the Department of Economics at the American University in Cairo (AUC).She received her PhD (1993) in economics from The University of Houston, and her BA in economics from AUC (1985). Al-Ramly joined AUC in 1999.Before joining AUC, she worked at the University of Houston and Team International Management Consultants. Her research interests are in the area of macroeconomics and international monetary economics. She has several publications and gave several conference presentations. She also served as a consultant for the African Development Bank

## Top Executive Management

The Board of Directors always endeavors to keep attracting a unique group of members of the top management for the Bank that enjoys distinct experiences, high potentials and future vision for practicing good management and leadership for the staff of the Bank; together with determining the methods and means of communication via appropriate opened channels to achieve the required harmony between the top management of the Bank and the Board of Directors and its committees in the manner that achieves to the Board the constant supervision and the follow up of the work of the executive management at the Bank.

This is achieved by an organization chart with specific responsibilities that guarantee the presence of an effective system for internal control of all banking transactions continuously, based on segregating the tasks and avoiding conflict of interests.

The top management of the Bank applies strategies and policies that are ratified by the Board of Directors and ensures their activation. It submits proposals for their development or amendment and implements the required steps and procedures to determine, measure, follow up, control and reduce risks and their minimizing methods.

## Governance & compliance

Our Bank has complied and concurred with the instructions of governance starting from Feb. 2011 in the wake of the ratification of our Bank to the institutional system guide and the rules of good governance. The Bank continued applying the rules and standards of governance in the manner mentioned in the Governance Guide (Supervisory Instructions) which was endorsed in Aug. 2012 which agrees with the instructions of the Central Bank of Egypt. It also complied with the best international practices in the field of internal control systems and anchored the concept of governance at the banking sector issued by the Central Bank of Egypt in Sept. 2014.

During 2014 the Board of Directors adopted several decisions pertaining to the aspects of applying governance, whether related to the Board itself or the committees branching off it, including determining the tasks, duties and responsibilities that guarantee the harmony of the administrative structure of the Bank and the correlated relationships among the Board, its committees, the executive management and the other parties pursuant to the rules of governance that regulate such relationships within the framework of the general strategy of the Bank that determines the targets, the means of achieving them and following up their implementation on part of the executive management and ensuring the effectiveness of the internal control systems and risk management in the manner that guarantees that the activity of the Bank is conducted in a safe and sound approach within the framework of complying with the laws and guidelines in force and applying the principles of disclosure and transparency.

The Board evaluates its performance as a whole and at the level of each member of the Board separately, including the evaluation of the performance of the committees branching off it.

## Major shareholder of the Bank - Al Baraka Banking Group

Al Baraka Banking Group is a Bahraini joint-stock company licensed as an Islamic Wholesale Bank by the Central Bank of Bahrain. It is listed on Bahrain Stock-Exchange and on Dubai NASDAQ Stock-Exchange. Al Baraka Banking Group is considered among the pioneers in the Islamic banking business at the level of the world, as it provides its distinctive banking services to approximately one billion persons in the countries wherein it operates. The Group has earned a credit rating of BB+ for long term liabilities and B for short term liabilities by Standard & Poor's International Company. Al Baraka banks provide their banking and financial products and services pursuant to the principles of the provisions of the magnanimous Islamic Shari'a in the fields of retail banking, trade and investment in addition to treasury services.

The authorized capital of the Group amounts to US\$ 1.5 billion and total equity amounts to approx. US\$ 2 billion.

## Performance evaluation

Coping with the approved policy of governance ratified for our Bank, our Bank has taken official procedures with the objective of enabling the Board of Directors to officially evaluate its performance as a whole, its members as individuals and the committees branching off it pursuant to authenticated models.

## Disclosure and transparency

The bank applies the principle of disclosure and transparency in all its businesses within the framework of complying with the governance instructions, the rules issued by supervisory entities and the requirements of banking standards by providing the data and information that it is authorized to publish via the different mass media on the webpage of the official website of the Bank ([www.Albaraka-bank.com.eg](http://www.Albaraka-bank.com.eg)) in a full manner that agrees with the requirements of Al Baraka Banking Group (main investor of the Bank) in the manner that guarantees giving access to all visitors and concerned persons to all what relates to conformity, compliance and anti-money laundering and combating the finance of terrorism to the competent entities. They also include an overview of the compliance of our Bank with the Foreign Account Tax Compliance Act (FATCA) of America.

## Conflict of interests

The Board of Directors endorses policies related to the management of any conflict of interests and applies them to the Board of Directors, the executive management, the staff and direct or indirect related entities.

The annual financial report of the Bank shows a detailed explanation of any transactions that could represent conflict of interests. Any transactions that could represent conflict of interests whether with regards to the members of the Board of Directors, the executive management, the staff of the Bank and other related entities are put forward and endorsed by the Board of Directors.

## Preserving rights of shareholders

The Board of Directors adopts the policy of opening communication channels with the shareholders within the framework of learning of the opinions of major shareholders with regards to the performance of the Bank. This is carried out via the meetings of the general assembly of the Bank's shareholders that are held annually to encourage their effective participation in such meetings. Shareholders are provided with sufficient information at the right time with regards to the date, venue and the agenda of the assembly, and they are given the opportunity and are enabled to address their questions, whether oral or written within the framework of the compliance with Corporate Law no. 159/1981.

## Social responsibility

This is one of the strategic determinants that the Bank adopts with the aim of attaining the best practices at the local and regional level. The Bank endeavors to provide high quality financial and banking services to all categories and all type of sectors/segments of the community. Its work is governed by complying with the principles of the magnanimous Islamic Shari'a that prompt paying attention to the environment and the community. The Bank endeavors to achieve continued results based on the trust emanating from the content of the Bank's customers and shareholders, deepening the sense of allegiance and belonging for all employees of the Bank and the watchful follow up of the requirements of the community and the environment.

Our Bank complies with protecting human rights, admitting the principles of employees' rights and the contribution to fighting financial crimes.

Within the framework of activating the role of the Bank in the field of social responsibility, the Board of Directors established a committee branching off it (Social Responsibility Committee) and determined for it the powers, responsibilities and competencies to look after the activities of the social responsibility programs addressed to the surrounding environment as determined by the Board of Directors and as agreed upon pursuant the sums of the budget appropriated for this activity during each financial year. In addition, it established the Social Responsibility Committee (internally) to cooperate with the committee branching off the Board of Directors in performing its tasks.

## Spreading the culture of governance at our Bank

Our Bank endeavors to spread the culture of governance and encourage the top management, all employees as well as the customers of the Bank to apply the practices of governance. Such rules are established via the training courses that the employees at the Bank obtain from specialized training entities with the aim to spread the culture and raise the knowledge of all employees of the principles and applications of good governance through ambitious plans to lay the rules of governance and the constant intensification of the training courses in this field for all employees at the Bank and the top management; the matter that will have a good turnout for the comprehension and the good application of such rules.

## Compliance with applying conformity & compliance policies

Since 2008 our bank has laid down policies for conformity and compliance aiming to document the tasks and responsibilities correlated to them. Such policy was updated based on the principles mentioned in the legislation, laws, decisions and instructions issued by the supervisory authorities, in addition to the policies and procedures of the Bank and the trends of Al Baraka Banking Group, the main investor of the Bank that influence the transactions implemented at the Bank in the manner that conforms to the banking customs, international rules and the principles of corporate governance and the compliance of the ethical standards and the practices of good business together with complying with transparency in the manner that maintains the highest amount of good reputation to our Bank. What consolidates such policies is that all employees at the Bank are responsible and are committed to the rules, procedures and responsibilities of conformity and compliance in all their work and they are shared in doing so by all managers including the top management of the Bank.

A periodic quarterly report is submitted on the activity of conformity and compliance to the Audit Committee branching off the Board of Directors after furnishing the Vice-Chairman of the Board of Directors and the CEO with a copy of it at the same time to take the required rectifying procedures (if need may be), together with putting it forward before the Audit Committee in its first following meeting in the manner that guarantees the following :

- The implementation of the transactions of the Bank via an integrated framework of internal and external instructions, the compliance with the banking rules (such as the rules of Know Your Customer "KYC"), controlling the money laundering and combating the finance of terrorism operations as well as international trends such as the Foreign Account Tax Compliance Act (FATCA) for Americans.
- Notifying the Compliance Chief/Officer with the default of any manager or employee in his duties towards the process of complying with the laws and regulations.

## Islamic Shari'a operating risks

Our Bank, Al Baraka Bank Egypt practices all banking services and transactions, businesses and investments authorized to commercial banks on a non-usurious basis in the manner that agrees with the provisions and principles of the magnanimous Islamic Shari'a under the laws that regulate the foregoing.

Our bank belongs to Al Baraka Banking Group (main investors of the bank) considering it one of its units, where the group represents one of the biggest banking entities in the world that complies with applying the provisions and principles of the Islamic Shari'a in all its transactions.

This is consolidated by the fact that the organization chart of the Bank includes the Shari'a Supervisory Board that reports directly to the Board of Directors. It comprises three individuals from among the biggest scientists specialized in Islamic financial transactions and Shari'a well known for their sound Islamic opinion and profound knowledge of the transactions jurisprudence. The Board studies and scrutinizes the models of practical contracts and agreements, the procedural and technical evidences and the models used in the activities of the Bank, as well as any new products from the Islamic aspect. It issues decisions, recommendation and opinions that form to the Islamic Shari'a "Fatwa" in their final form. Its decisions are considered binding.

The Board through the endorsed mechanism, inspects and audits the transactions of the Bank and audits and inspects the revenues of the Bank and their sources through the quarterly financial positions before their endorsement. It submits reports through its periodic meetings, in addition to its annual independent report on the compliance extent of the Bank with all requirements of the Islamic Shari'a which it publishes within the annual financial report of the Bank.

In deepening this role, the Bank has appointed an internal Islamic Shari'a auditor that follows up and implements all Religious opinions, "Fatwa" provisions and recommendations issued by the Shari'a Supervisory Board pays field visits to all branches of the Bank to ensure the compliance with the foregoing in the daily businesses that the Bank performs, explains and draws the points of view of the Islamic Shari'a visions and the problems of application closer to each other. He puts forward the reports before the Shari'a Supervisory Board and the top management of the Bank. He has the authority to direct the competent entities to rectify the detected faults that do not conform to the Islamic Shari'a that could be corrected immediately.

## Board of Directors' Committees

The Board of Directors issues its decisions on establishing and forming committees branching off it as stipulated by the supervisory instructions of governance, in addition to the other committees that branch off it which contribute to managing and controlling the bank's activities and sectors; together with correlating the formation of the committees and their competencies to the experiences of their members with regards to the financial, banking, economic and legal aspects pursuant to the competencies issued to such committees.

The committees branching off the Board of Directors practice their responsibilities and duties within the framework of the competencies, powers and authorizations issued to them by the Board of Directors which agree with the requirements of governance by adopting the latest and best banking methods in following up and controlling the banking businesses entrusted to them. The formation of the committees and convening number of times also agrees with the requirements of governance and the laws and guidelines in force.

### 1. Governance & Nominations Committee

The committee comprises three non-executive members of the Board of Directors. It is basically concerned, in addition to the other tasks, with the periodic evaluation of the governance system at the Bank, the proposal of the appropriate changes in the ratified governance policies, the submittal of proposals, the periodic supervision of the governance policies and practices in addition to ensuring the compliance of the Bank with the optimum practice standards, the local laws and legislation, the supervisory instructions and the directives of Al Baraka Banking Group in this concern as well as all what relates to nominating the independent members of the Board of Directors, the appointment or renewal of the membership or the dismissal of one of the members of the Board of Directors.

### 2. Executive Committee

The committee is set up pursuant to what is mentioned in Article no. 82 of law no. 88/2003 from 7 members and is chaired by the Vice-Chairman of the Board of Directors and the CEO. It is particularly competent, pursuant to what is mentioned in Article no. 29 of the Executive Regulations of the same law in addition to the other competencies entrusted to it by the Board of Directors, to study and make decisions in connection with the financing and the facilities that the Bank grants within the framework of the competencies granted by the Board of Directors, express the opinion with regards to the customers' internal credit rating reports and express the opinion with regards to the organization chart and the job structure at the Bank.

### 3. Audit Committee

The committee is set up pursuant to what is mentioned in Article no. 82 of Law no. 88/2003 from three non-executive members. Its competencies, pursuant to what is mentioned in Article no. 27 of the Executive Regulations of the same law, is represented mainly in assisting the Board of Directors in managing its supervisory responsibilities, verifying the independence of the internal audit at the Bank as well as the Bank's external auditors, evaluating the integrity of the financial data of the Bank and guaranteeing the compliance of the Bank with effective internal audit procedures in addition to the other competencies entrusted to it by the Board of Directors. Its meetings are attended by the Head of the Internal Audit and Follow Up Sectors at the Bank.



#### **4. Risk Committee**

The committee is set up from three non-executive members. Its meetings are attended by the Head of the Risk Sector at the Bank. The committee is competent to follow up the compliance extent with the strategies and policies endorsed for the Bank, submits proposals in their concern and in particular what relates to the strategies of the capital, the Credit Risks Department, the liquidity risks, the market risks and the compliance and reputation risks. It lays down and implements a framework for the Risk and Control Departments at the Bank, follow up their work and evaluate the effects of such risks on achieving the targets of the Bank; together with guaranteeing the application of effective work policies, systems and evidences to manage all types of risks that the Bank faces and ensuring the effectiveness and efficiency of the Risk Department at the Bank with regards to determining, monitoring measuring, following-up, controlling and reducing, minimizing the Bank's overall exposures to risks.

#### **5. Payrolls Committee**

The committee is set up from three non-executive members of the Board of Directors (in addition to the CEO of the Bank). The committee is chaired by an independent non-executive member.

It is competent to ensure the independent supervision of all elements of the payrolls and the other incentives structure agreed upon in addition to determining the remunerations of the senior executives at the Bank, submitting its proposals with regards to the remunerations of the members of the Board of Directors, together with its concern with the supervisory jobs at the Bank (Risk Department – Compliance Department – Internal Audit) so that their variable salaries would reflect the performance level of the Bank and the risks to which it was exposed, and in general audit, develop and update the nominations and remunerations' policies at the Bank with the objective of evaluating them, measuring the extent of their appropriateness with other institutions and ensuring the ability of the Bank to attract and maintain the best elements.

The succession plan at the Bank which covers the labor turnover risk and which aim to provide a second and third row of leaders acquiring the potential and the efficiency to run the business in an effective way in case a job is vacated from its original occupant has been endorsed.

#### **6. Social Responsibility Committee**

The general targets of the Committee is represented in submitting recommendations to the Board of Directors with regards to any and all issues that arise from the program of Al Baraka Bank Egypt for social responsibility in addition to taking along other relevant issues. Moreover, the targets of the Committee includes as well guaranteeing that Al Baraka Bank Egypt's social responsibility program would be a pioneer in the social responsibility in its vision and strategy.

A decision is issued by the Board of Directors on the set up of the Committee, the capacity of its members, its convening periodicity, its responsibilities, duties and powers.

#### **7. Credit Committee**

The Committee verifies that the handling of the executive management of the Bank to the credit risks conforms to the decisions of the Board of Directors of the Bank in connection with the degrees of the accepted risk appetite, the minimum levels of credit rating and the utilization and financing policies at the Bank.

It verifies and ensures that the executive management of the Bank adopts the appropriate procedure to identify – and determine – the problems existing in the utilization and investment portfolio at an early stage in order to take the required rectifiable procedures and to form the sufficient volume of provision to face the utilization and investment losses and the preservation of this provision.

The Committee also decides whether or not the systems of controlling the utilization and investment risks are carried out according to what is required in the manner that guarantees the compliance with the laws, instructions and systems correlated to credit.

The Committee also evaluates the credit applications (pursuant to the powers granted to it by the Board) and evaluates the credit risks in all other business activities such as trading in securities, transactions of the foreign market exchange and borrowing by the collateral of shares.

A decision is issued by the Board of Directors on the set up of the Committee, the capacity of its members, its convening periodicity, its responsibilities, duties and powers.

### **8. Branches Committee**

This Committee is entrusted with the process of purchasing, fitting, preparing for new Branches and the renovation of the Bank's new headquarter and its Branches that needs improvements, ratifying the spending of the amounts prescribed in the items of the ratified budget as well as the special and/or determined approvals issued by the Board of Directors for establishing, fitting and renovating branches, Foreign currencies exchange outlets and service offices. The preparation of the required studies on the foregoing for opening new branches, Foreign exchange outlets, and offices, including required budgets and cost estimation along with their recommendation to the Board Directors for examination and ratification.

The Committee also reviews the tenders and mutual practices' policies at the Bank in the manner that guarantees verifying that the Bank adopts the best approaches with regards to tenders' procedures in the manner that also guarantees the compliance with all laws and the regulations of the Bank during looking into such tenders.

A decision is issued by the Board of Directors on the set up of the Committee, the capacity of its members, its convening periodicity, its responsibilities, duties and powers.

### **9. Top Management Committee**

The Top Management Committee branching off the Board of Directors (Board Committee) represents the highest administrative authority after the Board of Directors. It is the main entity in charge of the detailed audits of the operating activities and information. The committee practices its work within the framework of the competencies and authorities prescribed for it by the Board of Directors. It acts on behalf of the Board and delegates by its powers in cases of necessity, hastiness and the difficult convening of the Board in full for any reason. This Committee is chaired by the Chairman of the Board of Directors and its formation includes the majority of members of the Board of Directors; consequently, its decisions acquire the force of the decisions of the Board of Directors by the majority.

A decision is issued by the Board of Directors on the set up of the Committee, the capacity of its members, its convening periodicity, its responsibilities, duties and powers.

### **10. Zakah Fund Committee**

The main task of the Zakat Fund Committee is to look into spending the Zakat due on the Financial results of the Bank's activity achievement in its legal outlets pursuant to what is determined in the work system ratified for the Fund and in light of what is ratified and approved by the Islamic Shari'a advisor to Al Baraka Bank Egypt.

### **11. Shari'a Supervisory Board**

The Shari'a Supervisory Board of Al Baraka Bank Egypt in an independent body comprising scientists specialized in the Islamic Shari'a and the transactions jurisprudence. It is entrusted with directing the activities of the Bank, controlling and supervising them to ensure that they comply – in all fields of business, services and products – with the principles and provisions of the Islamic Shari'a.

### **12. Internal Islamic Audit**

An independent unit that reports directly to the Shari'a Supervisory Board from the technical aspect. It comprises one person or more entrusted with the task and responsibility of inspecting, rectifying and ensuring the compliance extent of the Bank with the Islamic Shari'a application in its transactions pursuant to the decisions and Religious opinions "Fatwa" of the Shari'a Supervisory Board.

The Board directs the internal Islamic auditor to assume auditing and controlling the compliance with the decisions issued by the Shari'a Supervisory Board and the requirements of the compliance with the Islamic Shari'a at the Bank upon carrying out, processing transactions and the immediate amendment, correction of any deficiency aspects that does not comply with Islamic Shari'a. It prepares a bi-annual report on the results of the foregoing to be tabled before the Board, together with furnishing the Audit Committee branching off the Board of Directors with a summary of this report.

### 13. Members of the Top Executive Management of the Bank

**Mrs. Zeinab Mohamed El Bahey El Safty,**

Chief Executive First Assistant

**Mr. Samy Fathy Mohamed Abdel Gawwad,**

CEO Senior Assistant Internal Operations & Treasury

**Mr. Salah Hassan Sweify Aly,**

Head of Internal Audit and Follow Up Central Sectors.

**Mr. Hazem Mohamed Mostafa,**

Head of Marketing, Financing & Investment Sectors.

**Mr. Mohamed Reda Ahmed Mostafa,**

In Charge of Foreign Operations Sector.

**Mrs. Mushira Mohamed Fathy Dakrouy,**

In Charge of Risk Sector

**Mr. Ali Ismail Ali Ismail,**

In Charge of International Relations & Financial Investments Accounts Sector

**Mr. Tarek Salah Eldin El Dafrway,**

In Charge of Branches and Central Units Sector

**Mr. Mahmoud Mohamed Saad Maher,**

In Charge of Legal Affairs Sector

**Dr. Adel Mohamed Ahmed El Alem,**

In Charge of Information Systems Sector

**Mr. Emad Mohamed Shalaby Mohamed,**

In Charge of General Department for Compliance

## Report of the Shari'a Supervisory Board

### To The Shareholders of Al Baraka Bank Egypt

Allah's peace and blessings upon you all

Pursuant to Article 29 of the Articles of Association of the Bank, the Shari'a Supervisory Board hereby submits its following report to the shareholders of Al Baraka Bank Egypt.

We have monitored the principles used and the contracts related to the dealings and the applications that the Bank has launched during and until the end of December 2014. Our monitoring was carried out to ensure that the Bank has complied with the provisions and principles of the Islamic Shari'a as well as the specific Fatwas, decisions and recommendations that we have issued.

We have carried out our monitoring that included documentation bases and the procedures adopted by the Bank on basis of testing each kind of transaction.

It is the responsibility of the management to ensure that the Bank operates pursuant to the provisions and principles of the Islamic Shari'a. Our responsibility is confined in expressing an independent opinion pursuant to our monitoring to the Bank's transactions and in preparing a report to you.

We have planned and implemented our monitoring in order to obtain all information and interpretations that we have considered necessary to provide us with sufficient evidences to give reasonable confirmation that the bank did not violate the provisions and principles of the Islamic Shari'a.

### We believe that

A. The contracts, transactions and dealings that the Bank concluded during the year ended 31 December 2014 were carried out pursuant to the provisions and principles of the Islamic Shari'a.

B. That the distribution of profits agrees with the basis that was accredited and that the dividends distributed among the holders of equity and the owners of investment accounts were paid according to the contracts concluded with them.

C. In view of the fact that the Articles of Association compels the Bank to pay the Zakat, it was calculated and paid in its legitimate outlets.

**We pray to Allah Almighty to guide us to victory and prosperity.**

**Allah's peace and blessing upon you.**

**Shari'a Supervisory Board**

Cairo: 15 January 2015



**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014  
TOGETHER WITH AUDITORS' REPORT**

## Auditors' Report

### To the Shareholders of Al Baraka Bank Egypt

#### Report on the financial statements

We have audited the accompanying financial statements of Al Baraka Bank Egypt(S.A.E) which comprise of the balance sheet as at 31 December 2014 and the related statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements

These financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these financial statements in a fair and clear manner in accordance with the rules of preparing and presenting the financial statements issued by the Central Bank of Egypt on 16 December 2008 and in light of the prevailing Egyptian laws .Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; this 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 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 financial statements . The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Al Baraka Bank Egypt (S.A.E) as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with the rules of preparing and presenting the financial statements issued by the Central Bank of Egypt on16 December 2008 and the Egyptian laws and regulations relating to the preparation of these financial statements.


### Report on Legal and Other Regulatory Requirements

According to the information and explanations given to us during the financial year ended 31 December 2014, no contravention of the Central Bank, banking and monetary institutions 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.

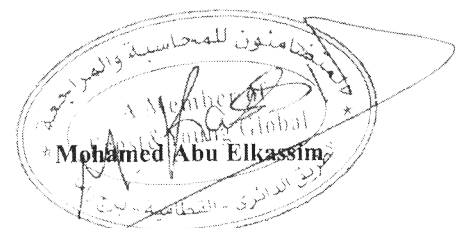
The financial information included in the Board of Directors' report which is prepared according to law no 159 of 1981 and its executive regulations , is in agreement with the books of the Bank insofar as such information is recorded therein.

**Cairo: 21 January 2015**



**BAKER TILLY**  
 WAHID ABDEL GHAFFAR & CO.  
 PUBLIC ACCOUNTANTS & CONSULTANTS

BT Wahid Abdel Ghaffar & Co. - BT  
 Public Accountants & Consultants



Member of  
 International Public Accountants Global  
 \* Mohamed Abu Elkassim \*

Allied for Accounting & Auditing - EY  
 Public Accountants & Consultants

**BALANCE SHEET**

For The Year Ended 31 December 2014

**LE**

	Note	31 December 2014	31 December 2013
<b>Assets</b>			
Cash and due from Central Bank of Egypt	(15)	<b>1 850 297 395</b>	1 391 800 002
Due from banks	(16)	<b>1 398 087 568</b>	298 618 991
Governmental notes	(17)	<b>3 604 639 048</b>	4 835 228 382
Investment operations with banks	(18)	<b>626 177 462</b>	704 319 618
Murabaha, Mudaraba and Musharka for customers	(19)	<b>8 462 499 124</b>	7 000 293 939
Al Ahram Bank loans	(19)	-	-
<b>Financial Investments</b>			
Available -for- sale	(20)	<b>136 690 160</b>	133 741 616
Held -to- maturity	(20)	<b>5 303 203 454</b>	3 046 257 911
Investments in subsidiaries and associates	(21)	<b>2 275 000</b>	2 275 000
Other assets	(22)	<b>561 805 970</b>	576 285 784
Fixed assets	(24)	<b>334 271 033</b>	252 628 177
<b>Total assets</b>		<b><u>22 279 946 214</u></b>	<u>18 241 449 420</u>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Due to banks	(25)	<b>928 870 415</b>	548 422 763
Customers' deposits	(26)	<b>18 828 036 360</b>	15 540 340 259
Other finances	(27)	<b>184 530 329</b>	162 967 609
Other liabilities	(28)	<b>960 021 957</b>	793 560 104
Other provisions	(29)	<b>49 636 420</b>	31 083 117
Deferred tax liabilities	(23)	<b>1 239 475</b>	219 750
<b>Total liabilities</b>		<b><u>20 952 334 956</u></b>	<u>17 076 593 602</u>
<b>Equity</b>			
Paid-in capital	(30)	<b>895 034 931</b>	813 668 121
Reserves	(31)	<b>232 122 519</b>	175 548 367
Retained earnings	(32)	<b>200 453 808</b>	175 639 330
<b>Total equity</b>		<b><u>1 327 611 258</u></b>	<u>1 164 855 818</u>
<b>Total liabilities and equity</b>		<b><u>22 279 946 214</u></b>	<u>18 241 449 420</u>

Ashraf Ahmed El Ghamrawy


  
 Vice Chairman and Chief Executive

Adnan Ahmed Yousif


  
 Chairman

- The accompanying notes from (1) to (37) are an integral part of these financial statements.
- Auditors' report attached.



**STATEMENT OF INCOME**
**For The Year Ended 31 December 2014**
**LE**

	Note	31 December 2014	31 December 2013
Return on Murabaha, Mudaraba, Musharka and similar revenues	(6)	<b>1 784 855 856</b>	1 515 642 792
Cost of deposits and similar costs	(6)	<b>(1 072 367 673)</b>	(945 833 802)
<b>Net income from return</b>		<b>712 488 183</b>	569 808 990
Fees and commissions income	(7)	<b>114 758 518</b>	91 377 456
Fees and commissions expenses	(7)	<b>(4 322 730)</b>	(3 246 276)
<b>Net income from fees and commissions</b>		<b>110 435 788</b>	88 131 180
Dividends income	(8)	<b>5 441 454</b>	4 286 437
Net trading income	(9)	<b>16 770 001</b>	30 111 846
Gains (Losses) from financial investments	(20)	<b>516 450</b>	(20 691 000)
(Impairment) reversal of credit losses	(12)	<b>(102 332 541)</b>	(87 592 504)
Administrative expenses	(10)	<b>(266 885 738)</b>	(260 139 951)
Zakah and Charity Donations Fund support		<b>(8 830 230)</b>	(3 159 853)
Other operating expenses	(11)	<b>(96 694 768)</b>	(34 816 590)
<b>Profit before income tax</b>		<b>370 908 599</b>	285 938 555
Income tax (expenses) revenues	(13)	<b>(145 423 235)</b>	(120 267 792)
<b>Net profit for the year</b>		<b>225 485 364</b>	165 670 763
<b>Earnings per share</b>	(14)	<b>1.52</b>	1.11

**Ashraf Ahmed El Ghamrawy**

**Vice Chairman and Chief Executive**
**Adnan Ahmed Yousif**

**Chairman**

● The accompanying notes from (1) to (37) are an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**
**For The Year Ended 31 December 2014**
**LE**

	Note	31 December 2014	31 December 2013
<b>Cash flows from operating activities</b>			
Net profit before income tax		<b>370 908 599</b>	285 938 555
<b>Adjustments to reconcile net profit to cash flows from operating activities</b>			
Fixed assets depreciation	(24)	<b>18 060 010</b>	30 861 977
Bonds premium / discount amortization	(20)	<b>(27 466 918)</b>	(3 805 410)
Impairment of assets	(12)	<b>102 332 541</b>	87 592 504
Other provision expense (reversal)	(11)	<b>19 548 801</b>	391 430
Gain from sale of financial investments	(20)	<b>(2 373 498)</b>	(162 358)
Impairment of available for sale equity / debt instruments	(20)	<b>1 857 048</b>	20 853 358
Foreign exchange revaluation differences of other provisions	(29)	<b>79 182</b>	307 370
Foreign exchange revaluation differences of financial investments	(20/31E)	<b>(11 147 508)</b>	(27 364 709)
Gain from sale of fixed assets	(11)	<b>(413 451)</b>	(300 147)
Dividends income	(8)	<b>(5 441 454)</b>	(4 286 437)
Used from the other provisions	(29)	<b>(1 074 680)</b>	(194 100)
Evaluation difference of subordinated loan	(27B)	<b>4 030 000</b>	13 886 514
<b>Operating profit before changes in assets and liabilities provided from operating activities</b>		<b>468 898 672</b>	403 718 547
<b>Net decrease (increase) in assets and liabilities</b>			
Balances with Central Banks within the mandatory reserve percentage	(15)	<b>(433 826 115)</b>	(394 579 586)
Governmental notes of more than three months maturity	(17)	<b>1 180 989 512</b>	(617 292 545)
Investment operations with banks	(18)	<b>78 142 156</b>	127 949 676
Murabaha, Mudaraba and Musharka for customers	(19)	<b>(1 561 469 662)</b>	(224 824 728)
Other assets	(22)	<b>(67 230 623)</b>	54 067 588
Due to banks	(25)	<b>380 447 652</b>	88 646 350
Customers' deposits	(26)	<b>3 287 696 101</b>	1 134 912 608
Other liabilities	(28)	<b>22 058 343</b>	(66 849 656)
<b>Net cash flow provided from operating activities</b>		<b>3 355 706 036</b>	505 748 254
<b>Cash flows from investing activities</b>			
(Payments) to purchase fixed assets and preparing branches	(24)	<b>(22 834 125)</b>	(16 289 156)
Proceeds from sale of fixed assets		<b>413 455</b>	300 147
Proceeds from recovery of financial investments other than financial assets held -for- trading	(20)	<b>573 947 297</b>	330 162 556
(Payment) to purchase financial investments other than financial assets held -for- trading	(20)	<b>(2 791 753 396)</b>	(679 813 457)
Collected dividends	(8)	<b>5 441 454</b>	4 286 437
<b>Net cash flow (used in) investing activities</b>		<b>(2 234 785 315)</b>	(361 353 473)

**STATEMENT OF CASH FLOWS (Cont.)**
**For The Year Ended 31 December 2014**
**LE**

	Note	31 December 2014	31 December 2013
<b>Cash flows from financing activities</b>			
Proceeds from long term restricted facility	(27A)	<b>25 000 000</b>	25 000 000
(Payments) of long term restricted finance	(27A)	<b>(7 467 280)</b>	(1 089 391)
Paid dividends	(32)	<b>(63 913 408)</b>	(20 200 000)
<b>Net cash flow (used in) provided from financing activities</b>		<b><u>(46 380 688)</u></b>	<u>3 710 609</u>
<b>Net increase in cash and cash equivalents</b>		<b>1 074 540 033</b>	148 105 390
<b>Cash and cash equivalents at the beginning of the year</b>		<b>543 030 467</b>	394 925 077
<b>Cash and cash equivalent at the end of the year</b>		<b><u>1 617 570 500</u></b>	<u>543 030 467</u>
<b>Cash and cash equivalent are represented in the following:</b>			
Cash and due from Central Bank of Egypt		<b>1 850 297 395</b>	1 391 800 002
Due from banks		<b>1 398 087 568</b>	298 618 991
Governmental notes		<b>3 604 639 048</b>	4 835 228 382
Balance with Central Bank within the mandatory reserve percentage		<b>(1 630 814 463)</b>	(1 196 988 348)
Governmental notes with maturity more than three months		<b>(3 604 639 048)</b>	(4 785 628 560)
<b>Cash and cash equivalents</b>	(33)	<b><u>1 617 570 500</u></b>	<u>543 030 467</u>

**Non-monetary transactions**

A Sum of LE 76 868 745 representing purchasing of fixed assets & preparing new branches, movement in both debit balances and payments to purchase fixed assets were eliminated for the purpose of preparing the cash flows statement.

The bank adjusted the change in Murabaha, Mudaraba & Musharka for customers item with the following: Change in assets reverted to bank in settlement of debts item (other assets) amounted to L.E 4 841 692, foreign exchange differences amounted to L.E 2 754 364, write - offs amounted to L.E 23 359 998 and recoveries amounted to L.E 754 533 .

- The accompanying notes from (1) to (37) are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2014

	Note	Paid-in Capital	Differences of nominal value from present value of subordinated finance	Reserves	Retained earnings	LE Total
<b>Balances as of 1 January 2013</b>		707 537 495	1 390 210	154 096 075	153 895 855	1 016 919 635
Net change in available for sale investments	(31)	-	-	(19 267 738)	-	(19 267 738)
Fair value reserve reversal resulting from impairment	(31)	-	-	20 853 358	-	20 853 358
Transferred from nominal value differences to retained earnings		-	(1 494 514)	-	1 494 514	-
Foreign currencies revaluation differences	(31)	-	104 304	775 496	-	879 800
Net profit for the year		-	-	-	165 670 763	165 670 763
Dividends (Employees and BODs)	(32)	-	-	-	(20 200 000)	(20 200 000)
Shareholders' dividends (used in full in capital increase)	(32)	106 130 626	-	-	(106 130 626)	-
Transferred to capital reserve	(31)	-	-	412 541	(412 541)	-
Transferred to legal reserve	(31)	-	-	14 033 654	(14 033 654)	-
<b>Total income for the year</b>		<b>813 668 121</b>	<b>-</b>	<b>170 903 386</b>	<b>180 284 311</b>	<b>1 164 855 818</b>
Transferred from general banking risk reserve	(31)	-	-	4 644 981	(4 644 981)	-
<b>Balances as of 31 December 2013</b>		<b>813 668 121</b>	<b>-</b>	<b>175 548 367</b>	<b>175 639 330</b>	<b>1 164 855 818</b>
<b>Balances as of 1 January 2014</b>		<b>813 668 121</b>	<b>-</b>	<b>175 548 367</b>	<b>175 639 330</b>	<b>1 164 855 818</b>
Net change in available for sale investments	(31)	-	-	(745 611)	-	(745 611)
Fair value reserve reversal resulting from impairment	(31)	-	-	1 857 048	-	1 857 048
Foreign currencies revaluation differences	(31)	-	-	72 047	-	72 047
Net profit for the year		-	-	-	225 485 364	225 485 364
Dividends (Employees and BODs)	(32)	-	-	-	(23 230 000)	(23 230 000)
Cash Dividends (Shareholders)	(32)	81 366 810	-	-	(81 366 810)	-
Shareholders' dividends (used in full in capital increase)	(32)	-	-	-	(40 683 408)	(40 683 408)
Transferred to capital reserve	(31)	-	-	300 147	(300 147)	-
Transferred to legal reserve	(31)	-	-	16 222 015	(16 222 015)	-
<b>Total income for the year</b>		<b>895 034 931</b>	<b>-</b>	<b>193 254 013</b>	<b>239 322 314</b>	<b>1 327 611 258</b>
Transferred to general banking risk reserve	(31)	-	-	38 868 506	(38 868 506)	-
<b>Balances as of 31 December 2014</b>		<b>895 034 931</b>	<b>-</b>	<b>232 122 519</b>	<b>200 453 808</b>	<b>1 327 611 258</b>

● The accompanying notes from (1) to (37) are an integral part of these financial statements.

**STATEMENT OF PROFIT APPROPRIATION (PROPOSED)**
**For The Year Ended 31 December 2014**
**LE**
**31 December 2014**
**31 December 2013**

Net profit for the year (as per income statement)	<b>225 485 364</b>	165 670 763
Transferred (to) general banking risk reserve	<b>(38 868 506)</b>	(4 644 981)
Transferred (to) capital reserve	<b>(413 451)</b>	(300 147)
	<b><u>186 203 407</u></b>	<u>160 725 635</u>
Add: Retained earnings at the beginning of the year	<b>13 836 950</b>	13 119 034
Add: Transferred from the difference between nominal value and present value of the Subordinated loan to retained earnings	-	1 494 514
<b>Total</b>	<b><u>200 040 357</u></b>	<u>175 339 183</u>
<b>Distributed as follows:</b>		
Legal reserve	<b>18 620 341</b>	16 222 015
Shareholders' first portion	<b>44 751 747</b>	40 683 408
Employees' share	<b>27 000 000</b>	20 125 000
Board of Directors remuneration	<b>4 000 000</b>	3 105 000
Shareholders' second portion	<b>89 503 493</b>	81 366 810
Retained earnings at the end of the year	<b>16 164 776</b>	13 836 950
<b>Total</b>	<b><u>200 040 357</u></b>	<u>175 339 183</u>

- The proposed shareholders' dividends for the year ended 31 December 2014 are equivalent to 15% of the Bank's paid up capital (7% stock dividends , 8% cash dividends).
- The accompanying notes from (1) to (37) are an integral part of these financial statements.

## Note To The Financial Statements For The Year Ended 31 December 2014

### 1. GENERAL INFORMATION

AlAhrām Bank (S.A.E) was established as a commercial bank on 19 March 1980 under law no. 43 for year 1974 and its amendments, which was replaced by the Investment law.

According to the decree of Extraordinary General Assembly held on 21 September 1988 the bank's name was changed to the Egyptian Saudi Finance Bank. The Bank provides corporate and retail banking and investment services under the provisions of the Islamic Sharia in the Arab Republic of Egypt through 28 branches. It employs more than 930 employees on the date of the balance sheet.

The head office of the bank is located at 60 Mohy El Din Abu El Ezz St., Dokki, Giza. The Bank is listed in Cairo and Alexandria Stock-Exchanges.

The Extraordinary General Assembly of the Bank held on 30 April 2009 decided to change the bank's name to Al Baraka Bank Egypt.

**The bank does not engage in financial derivatives transactions, forward contracts or loans according to its Islamic business rules. This applies to such terms whenever mentioned in the notes to the financial statements.**

### 2. SUMMARY OF ACCOUNTING POLICIES

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

#### A. Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS) issued in 2006 and their amendments and in accordance with the instructions of the Central Bank of Egypt (CBE), 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 revaluation of financial assets and liabilities held for trading, and financial investments available for Sale.

The independent financial statements of the Bank are prepared under the provisions of the relevant local laws.

The following is a summary of the significant changes in the accounting policies and financial statements consequent to the application of these accounting amendments:

- Disclosure requirements regarding the financial risks management objectives, policies and methods, and the capital adequacy management in addition to some of other notes.
- Related parties are identified according to the amended requirements and the relative new notes for those parties.
- Measurement of impairment losses of Murabaha, Musharka, Mudaraba transactions and other debt instruments at amortized cost has changed. Consequently, the general provision for Murabaha, Musharka, Mudaraba transactions is replaced with either aggregate provisions for groups of assets that bear credit risk and have similar specifications; or individual provision. The change in the applied method of charging provisions resulted in increase in the specific provisions charged for specific items by LE 46 635 245 for direct liabilities and LE (4 226 483) for contingent liabilities. The total increase in provisions charged for direct liabilities as of 1 January 2009 were transferred from the provisions according to the new method to a special reserve in shareholder's equity. The opening balance of other provisions was adjusted by the differences in contingent liabilities provisions.
- When determining the effective rate of return in order to apply the amortized cost method in calculating income and cost of return of debt instruments, fees and commissions related to debt instruments acquisition or issuance are identified and added or subtracted from the value of acquisitions/issuance as a part of the transaction cost. This has resulted in changing the effective rate of return for these instruments.

- The bank has reviewed the assets reverted to the bank in settlement of debts to confirm the compliance with the rules for classifying these assets as non current assets held for sale in "Other Assets". No differences in the reclassification or the value at which those assets are measured occurred, only the reclassification of the assets sold in installments was changed along with its effective rate of return.
- The bank reclassified the subordinated finance from the main shareholder and changed its value as it recognized the balance at present value. The cost of the subordinated finance was charged to the income statement and the difference between the nominal value and present value is amortized annually against increasing the retained earnings.

## B. Subsidiaries and Associates

### B-1 Subsidiaries

Companies - including special purpose entities (SPEs) - over which the bank has a direct or indirect power to control their financial and operational policies, generally the bank has ownership of more than one half of the voting rights. The existence of influence on the future voting right exercised or transferred in the present time is taken into consideration during the evaluation of whether the bank has a control over the entity or not.

### B-2 Associates

- Associates are entities over which the bank exercises a direct or indirect influence without reaching the extent of control. Normally the bank holds ownership equities ranging between 20% and 50% of the voting rights.
- Purchase method of accounting has been applied for the bank's acquisition of companies. The acquisition cost is measured by fair value or the equivalent value offered by the bank for acquired assets and/or issued shareholders' equity's instruments and/or obligations the bank incurred and/or obligations the bank accepted on behalf of the acquired company to complete the acquisition process at the date of the exchange process, plus any costs that can be directly attributed to the acquisition process. Net assets including acquired defined potential obligations are measured at fair value at the acquisition date regardless of the minority's rights existence. The excess of the acquisition cost over the fair value of the bank's share in the net assets is considered goodwill. And if there is a decrease in the acquisition cost below the net fair value referred to, the difference shall be recorded directly in the income statement within the item of "Other operating income" (expenses)
- The accounting for these investments in the bank's financial statements is made using the cost method. These investments are recorded by the acquisition cost including any goodwill deducted from it any impairment losses of its value. The profits appropriations are recorded in the income statement at its approval and when the bank has the right to collect it.

## C. Segment Reports

A business segment is a group of assets and operations related to providing products or services subjected to risks and rewards that differs from those of other business segments.

The geographical segment is related to providing products and services in a particular economic environment subjected to risks and rewards that differs from those of other geographical segments operating in a different economic environment.

## D. Foreign Currencies Translation

### D-1 Functional and presentation currency

- Items included on the financial statements of foreign branches of the Bank are measured using the currency of the basic economic environment in which the foreign branch operates its business (functional currency).
- The bank's financial statements are presented in Egyptian pounds which represent the bank's functional and presentation currency

### D-2 Transactions and balances in foreign currencies

- The bank's accounts are maintained in the Egyptian pound and foreign currencies transactions are translated during the year using the prevailing exchange rates at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at year-end using the prevailing exchange rates on that date. Foreign currencies exchange gains and losses resulted from settlement of such transactions and revaluation differences are recorded in the income statement in the following items:
  - \* Net trading income or net income from financial instruments held at fair value through the profit and loss for assets/ liabilities held for trading or at fair value through profit and loss at inception according to its type.
  - \* Other operating income (expenses) for remaining items.
- Changes in the fair value of monetary financial instruments held in foreign currencies and classified as investments available for sale (debt instruments) are analyzed to either as revaluation differences resulting from changes in the amortized cost of the instruments, differences resulting from changes in the prevailing exchange rates, or differences resulted from changes in the fair value of the instrument. Differences resulted from changes in the amortized cost are recognized in the income statement in "Return on Murabaha, Musharka, or Mudaraba and similar revenues", while differences related to changes in the prevailing exchange rates are recognized in "Other operating income (expenses)". Differences resulted from changes in the fair value (fair value reserve/financial investments available for sale) are recognized in shareholders' equity.
- The evaluation differences resulted from items other than those with the monetary nature include the profits and losses resulted from the change of the fair value such as the equity instruments held in fair value through profits and losses. The evaluation differences resulted from equity instruments classified as financial investments available for sale are recognized within the fair value reserve in the shareholders' equity.

### D-3 Foreign branches

Operating results and the financial position of foreign branches are translated to the presentation currency (if not operating in a hyperinflationary economy) for which functional currency differs from the bank's presentation currency are accounted for as follows:

- Assets and liabilities for each balance sheet presented for the foreign branch are translated using closing rates at the balance sheet date.
- Revenues and expenses for each income statement presented are translated using the average exchange rate, and in case the average rate does not represent acceptable proximity for the cumulative effect of the rates prevailing at the transactions dates; revenues and expenses are translated using the exchange rates of the transactions' dates.

Revaluation differences are recognized as separate item (Foreign currencies translation differences) in equity. Exchange differences resulting from the translation of the net investment in foreign branches, loans and other foreign currency instruments designated as hedge of such investment are also recognized in equity section in the same item. Such differences are recognized in the income statement when the foreign branch is sold in "Other operating revenues (expenses)"

## E. Financial Assets

The bank classifies financial assets among the following categories: financial assets classified at fair value through profit and loss, Facilities and debts financial investments held to maturity and financial investments available for sale. The management determines the classification of its investments at initial recognition.

### E-1 Financial assets classified at fair value through profit and loss

- This category includes financial assets held for trading and assets classified at inception at fair value through profit and loss.



- 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. Further, derivatives are classified as held for trading.

**Financial assets are classified at inception at the fair value through profit and loss in the following cases:**

- When such classification reduces the measurement inconsistency that could arise from handling the related derivative as held for trading at the time of the valuation of the financial instrument in the place of the derivative at amortized cost for loans and facilities to banks and customers, and issued debt instruments;
- When some investments, such as investments in equity instruments are managed, and valued at fair value according to the investment strategy or risk management and reports are prepared for the top management on this basis;
- The financial instruments such as held debt instruments, which contain one or more embedded derivatives that strongly affect cash flows are classified through fair value through profit and loss.
- Profits and losses resulting from changes in the fair value of the financial derivatives that managed in conjunction with the assets and liabilities classified at inception at fair value through profit and loss are recorded in the income statement under “Net income from financial instruments classified at inception at fair value through profit and loss”.
- No reclassification for any derivative from the financial instruments valued at fair value through profit and loss is made during the period in which it is held or its validity period. In addition, any instrument from the financial instruments valued at fair value through profit and loss, is not reclassified if it has been classified by the bank at its initial recognition as an instrument valued at fair value through profit and loss.

**E-2 Facilities and debts**

Facilities and debts represent non-derivative financial assets with fixed or determinable payment that are not quoted in an active market, with the exception of:

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

**E-3 Financial investments held to maturity**

Held to maturity investments represent non- derivative financial assets with fixed or determinable amount of payment and with a fixed maturity date, which the bank’s management has the intention and the ability to hold and maintain until the date of maturity. The whole group is to be reclassified as available for sale in case the bank sells a significant part of assets held to maturity except in cases of necessity.

**E-4 Financial investments available for sale**

Available for sale investments are non-derivative financial assets the bank has the intention to hold and maintain for an indefinite period. Such assets may be sold in response to needs for liquidity or to changes in return rates, exchange rates, or equity prices.

**The following shall be adopted concerning financial assets:**

- Purchase and sale transactions of the financial assets classified at fair value through profit and loss, of the held-to-maturity financial investments and of the available-for-sale investments shall be recognized in the ordinary way on the trade date on which the bank is committed to purchase or sell the asset.
- The financial assets which are not classified at inception at fair value through profit and loss shall be recognized at fair value plus the transaction costs, whereas financial assets classified at inception at fair value through profit and loss are recognized only at fair value with the transaction costs associated to those asset being reported in the income statement under "Net Trading Income" item.
- Financial assets shall be derecognized when the contractual right validity to receive cash flows from the asset expires or when the bank transfers most of risk and returns associated with the ownership to a third party. Financial liabilities are derecognized when they expire by either discharging, cancellation, or the expiration of the contractual period.
- Available –for– sale financial assets and financial assets classified at fair value through profit and loss shall be subsequently measured at fair value. Facilities and debts and held-to-maturity investments are subsequently measured at amortized cost.
- Gains and losses resulting from changes in the fair value of assets classified at fair value through profit and loss shall be recognized in the income statement in the period in which they are made, while the gains and losses arising from changes in the fair value of the available for sale investments shall be directly recognized in shareholders' equity statement, until the asset is derecognized or impaired. In which case, the cumulative profit and losses previously recognized in shareholders' equity statement shall be recognized in the income statement.
- Income calculated at the amortized cost method and gains and losses on foreign currencies related to the assets with monetary nature classified as available-for-sale assets shall be recognized in the income statement. Dividends resulting from equity instruments classified as available for sale shall be recognized in the income statement when the right of the bank to receive payment is established.
- Fair value of the investments quoted in active markets shall be defined pursuant to the current Bid Prices. In case there is no active market for the financial assets or the current Bid Prices are unavailable, the bank shall define the fair value by using one of the valuation methods. This includes either using arm's length transactions, discounted cash flow analysis, options pricing models or other valuation methods commonly used by market traders. In case the bank is unable to estimate the fair value of equity instruments classified as available for sale, their value shall be measured by cost after deducting any impairment in value.
- The bank shall reclassify the financial asset previously classified within the group of financial instruments available for sale and within the definition of debts (bonds) by transferring the same from the group of available for sale instruments to the group of financial assets held-to-maturity, when the bank has the intention and the ability to hold and maintain these assets through the near future or until maturity date. The reclassification shall be made at fair value on the date of reclassification. Any gains or losses related to these assets, which previously recognized within shareholders' equity shall be treated as follows:
  - 1- In case of the reclassification of financial assets with fixed maturity date, the gains or losses shall be amortized over the remaining lifetime of the investment held to maturity by using the effective return rate method. Any value difference based on the amortized cost and the value based on maturity date shall be amortized over the remaining lifetime of the financial asset by using the effective return rate method. Later, in case of any impairment in the financial asset value, any gains or losses previously recognized directly among shareholders' equity shall be recognized in the profit /loss statement.

2- In case of the financial asset that has an unfixed maturity date, the gains or losses shall remain within shareholders' equity until the asset is sold or disposed, and then be recognized within profit /loss statement. Later, in case of any impairment in the asset's value, any gains or losses previously recognized directly in shareholders' equity shall be recognized in the profits and losses as well.

- If the bank adjusts its estimates of payments or receivables, the book value of the financial asset (or the group of financial assets) shall be settled in a way that reflects the actual cash flows and the adjusted estimates, provided that the book value is recalculated by calculating the present value of future cash flows estimated by the actual return rate of the financial instrument. The result of the settlement shall be recognized as revenue or expenses in the profit and loss.
- In all cases, if the bank reclassifies a financial asset according to the abovementioned and on a subsequent date it raises its estimates of future cash receivables due to an increase in recovered cash, then the impact of this increase shall be recognized as an adjustment of the actual rate of return from the date of the estimates change and not as a settlement to the asset's book balance on the date of estimates change.

#### **F. Offsetting Financial Instruments**

Financial assets and liabilities are offset in case the bank has a legal right in force to undertake the offsetting of the recognized amounts and it intends to settle the amounts on a net basis or to receive the asset and settle the liability simultaneously.

The items of the agreements for purchasing treasury bills with commitment to resell and the agreements for selling treasury bills with commitment to repurchase shall be presented based on the net basis in the balance sheet within the item of treasury bills and other governmental notes.

#### **G. Return Income and Expenses**

Return on Murabaha transactions is recognized according to the accrual basis. Unearned return on Murabaha is recorded and proportionately amortized on Murabaha account over the Murabaha period along the year as from the date of cashing of funds till the date of repayment. The unearned portion of Murabaha returns is recorded at year-end in "Other Liabilities" item on the liabilities side of the balance sheet as it represents deferred revenues; such balance is deducted from the total Murabaha balances presented in the balance sheet. Recognizing the return on Murabaha transactions as revenues is ceased when there is uncertainty about recovering the value of such returns or the Murabaha principal.

#### **H. Fees and Commission Income**

Fees due for Murabaha, Musharka, or Mudaraba services are recognized as income when the service is rendered while the fees and commissions related to non-performing or impaired debts are suspended and recorded on off balance sheet. Then they are recognized as income on a cash basis when the return income is recognized according to Note (2-G ), as for fees which represent an integral part of the effective rate of return of the financial assets, they are recorded as an adjustment to the effective rate return.

Commitments fees on Murabaha, Musharka, or Mudaraba are to be suspended if there is a probability that these Murabaha, Musharka, or Mudaraba will be withdrawn on the ground that the bank receives these fees as a compensation for the continues intervention to acquire the financial instrument. Then they are recognized as adjustments to the effective rate of return on Murabaha, Musharka, or Mudaraba, when the period of commitment expire without the bank's issuance of Murabaha, Musharka, or Mudaraba, fees are recognized as revenue after the commitment expiry.

Fees on debt instruments held at fair value are recognized in income at the initial recognition. Fees on promoting syndicated Murabaha, Musharka, or Mudaraba are recognized as revenue upon the promotion completion and the bank doesn't retain any portion of the Murabaha, Musharka, ,Mudaraba or if the bank retains a portion for itself earning the rate of actual return that is made available to other participants as well.

Fees and commission resulting from negotiations or participating in negotiation on a transaction in favor of other party are recognized within the income statement- such as arranging the acquisition of shares or other financial instruments and acquiring or selling premises- at the completion of the relevant transaction. The administrative consultations' fees and other services are normally recognized on the basis of distribution over time relative to the service performance period whereas the financial planning management fees and custody services fees which are provided for long periods of time are recognized over the period during which the service is performed.

### **I.Dividends Income**

Dividends income shall be recognized when the right to receive such income is established.

### **J.Impairment Of Financial Assets**

#### **J-1 Financial assets recorded at amortized costs**

At reporting dates, the bank assesses whether there is objective evidence on the impairment of a financial asset or a group of financial assets. The financial asset or the group of assets shall be considered impaired and impairment losses shall be recognized when there is objective evidence on the impairment as a consequence of an event or more events that occurred after the initial recognition of the asset and such (Loss Event) affects the reliability of the estimated future cash flow of the financial asset or the group of financial assets.

The indicators that the bank considers to determine the existence of objective evidence on impairment losses include the following:

- Significant financial difficulties that face the borrower / debtor;
- Breach of the terms of the loan facility, such as the stopping of repayments;
- Expectation of the declaration of the borrower's bankruptcy, the entering into the liquidation lawsuit or the restructuring of the granted finance;
- Deterioration of the competitive position of the borrower;
- Granting privileges or concessions by the bank to the borrower for legal or economic reasons related to the latter's financial difficulties, which the bank may not accept granting the same in ordinary circumstances;
- The impairment of the collateral's value;
- The deterioration of the credit situation and positions.

Objective evidence of the impairment losses of a group of financial assets includes the existence of observable data indicating a decrease in the measurement in the future cash flows of the group since the initial recognition though it is not possible to determine the decline of each individual asset, such as the increase of default cases in regards with a bank product.

The bank estimates the period between the loss event and its identification for each specific portfolio. This period normally ranges between three and twelve months.

Further, the bank first assesses whether there is objective evidence of impairment exists for each individual financial asset if it represents significance. The assessment is made individually or collectively for the financial assets that are not significant on an individual basis. In this regard, the following shall be taken into account:

- If the bank identifies there is no objective evidence on the impairment of a financial asset assessed separately whether it has a significance of its own or not, then this asset shall be added to the group of financial assets with similar credit risk features for assessment together to estimate impairment pursuant to historic default ratios.
- If the bank identifies the existence of objective evidence of impairment of a financial asset assessed separately, then this asset shall not be included in the group of assets for which impairment losses are assessed on a collective basis.
- If the aforementioned assessment resulted in the non-existence of impairment losses, then the asset is included in the group.

The amount of impairment loss provision shall be measured by the difference between the asset's book value and the present value of expected future cash flows discounted by applying the original effective return rate of the asset, future credit losses not incurred should not be included in the above. The book value of the asset shall be reduced by using the impairment losses provision's account and the impairment charge on credit losses, shall be recognized in the income statement .

If the Murabaha, Mudaraba, Musharka or investment held to maturity date bears a variable return rate, then the discount rate applied to measure any impairment losses, shall be the effective return rate pursuant to the contract on determining the existence of objective evidence of the impairment of the asset. For practical purposes, the bank may measure the impairment loss value on the basis of the instrument's fair value by applying the quoted market rates. As for collateralized financial assets, the present value of the future cash flows expected from the financial asset shall be credited. Besides, these flows which result from the implementation and selling of the collateral after deducting the expenses related thereto shall be credited.

For the purposes of the estimation of impairment on group basis, the financial assets are pooled in groups of similar characteristics in terms of credit risk, based on classification process conducted by the bank, taking into consideration the type of asset, the industry, the geographical location, the collateral type, the position of arrears, and the other related factors. These characteristics are related to the assessment of future cash flows of the groups of these assets, as they are deemed an indicator of the debtors' ability to repay the amounts due pursuant to the contractual conditions of the assets under consideration.

Upon estimating the impairment of a group of the financial assets based on historical default ratios, the future cash flows of the group shall be estimated based on the contractual cash flows of the banks' assets and the amount of historical losses of these assets with similar credit risk characteristics of these assets held by the bank. The amount of historical losses shall be adjusted based on the current disclosed data in a way that reflects the impact of the current conditions which did not occur in the period over which the amount of historical losses has been identified. Besides, this will cause that the effects of the conditions that existed in the historical periods but no longer exists be cancelled.

The bank seeks that the forecasts of changes in cash flows of a group of assets are reflected in line with these changes in relevant reliable data which occur from time to time; for example, changes in unemployment rates, real estate prices, the position of repayments and any other factors indicating changes in the likelihood of loss in the group and its amount. The bank conducts a periodic review of the method and assumptions used to estimate future cash flows.

### **J-2 Available for sale investments**

On each reporting date, the bank estimates whether there is objective evidence on the impairment of an asset or a group of assets classified within financial investments available for sale. In the case of the existence of investments in equity instruments classified as available-for-sale investments, the significant or prolonged decline in the fair value of the instrument below its book value shall be taken into account upon the estimation of whether there is impairment in the asset or not.

During the period that starts from 1st of January 2009 the decline shall be considered as a significant one, when it reaches 10% of the book value cost and the decline shall be considered as a prolonged one if it continues for more than 9 months. If the mentioned evidence is available, then the accumulated loss shall be carried over from shareholders' equity to the income statement. The impairment in value recognized in the income statement concerning equity's instruments shall not be reversed, if a later increase in the fair value occurs. Meanwhile, in case the fair value of debt instruments classified available-for-sale instruments has increased, and has been found possible to objectively link the mentioned increase to an event that took place after the recognition of impairment in the income statement, then the impairment shall be reversed through the income statement.

## **K. Investments Property**

Investments property represent lands and buildings the bank owns in order to obtain rental revenues or capital appreciation. Consequently, these investments do not include the real estate assets where the bank practices its business and activities or the assets reverted to the bank in settlement of debts. The same accounting method applied for fixed assets, shall be applied for investments property.

## **L. Intangible Assets**

### **L-1 Goodwill**

Goodwill represents the rise in the cost of acquisition above the fair value of the share of the bank in net assets, including the determinable acquired probable liabilities of the subsidiary or associate company on the date of acquisition on the independent financial statement of the bank.

The goodwill impairment extent is tested annually, provided that the income statement would be debited by the value of goodwill depreciation at the rate of 20% annually or the value of impairment in its value, whichever is greater. The goodwill related to subsidiary and associate companies is included in determining the profits and losses from the sale of such companies (Note 2/B).

The goodwill is distributed over the cash generating units for purposes of testing the impairment. Cash generating units are represented in the main sectors of bank (Note 2/C)

### **L-2 Computer software**

Expenses related to development or maintenance of computer software are recognized as expenses on income statement at the time of incurring them. They are recognized as intangible assets in the expenses correlated directly to specific software that are under the control of the Bank from which the generation of economic benefits is expected whose cost exceeds more than one year. Direct expenses include the cost of employees on the software team in addition to appropriate share in related general expenses.

It is recognized as development cost in expenses if it leads to increasing or expanding the performance of the computer software above its original specifications, and is added to cost of the original software.

The cost of the computer software shall be amortized over their expected useful life with a maximum of three years.

### **L-3 Other intangible assets**

Other intangible assets represent intangible assets other than goodwill and computer software (for example but not limited to trademarks, licenses, and benefits of rental contracts).

The recognition of other intangible assets, at their acquisition cost, shall be recognized and amortized on the straight-line method or based on the economic benefits expected from these assets over their estimated useful life. Concerning the assets which do not have a finite useful life, they shall not be subject to amortization; however, they shall be annually assessed for impairment and the value of impairment, (if any), shall be charged to the income statement.

## **M. Fixed Assets**

Lands and buildings are mainly represented in head office premises, branches, and offices. All fixed assets shall be disclosed at historical cost minus accumulated depreciation and impairment losses. The historical cost includes expenses directly attributable to the acquisition of the fixed assets' items.

Subsequent expenditures shall be recognized within the book value of the outstanding asset or as an independent asset, as appropriate, when the generation of future economic benefits to the bank from the concerned asset and the reliable determination of its cost become possible. Any maintenance and fixing expenses, during the period in which they are incurred, shall be carried to other operating expenses.

Land shall not be subject to depreciation, while depreciation of other fixed assets shall be calculated using the straight-line method to allocate the cost over the useful life of the asset in a way that the remaining carrying value would equal to its residual value as follows:

Buildings and facilities	20 years
Leasehold improvements	According to type of assets (4-20) years
Office furniture & safes	4 years
Vehicles	4 years
Computers / integrated automated systems	2 years
Fixtures	20 years

The residual value and useful life of the fixed assets shall be reviewed on each reporting date and shall be adjusted whenever required. Depreciated assets shall be reviewed for purposes of determining the extent of impairment when an event or a change in conditions suggesting that the book value may not be redeemable occurs. Consequently, the book value of the asset shall be reduced immediately to the asset's net realizable value in case of the increase of the book value over the net realizable value.

The net realizable value represents the net selling value of the asset or its utilization value whichever is greater. Gains and losses from the disposal of fixed assets shall be determined by comparing the net proceeds at book value. Gains (losses) shall be included within other operating income (expenses) in the income statement.

#### **N. Non-Financial Assets Impairment**

Assets other than goodwill, which do not have a finite useful life, shall not be subject to amortization and shall be reviewed annually to determine whether there is any indication of impairment. Impairment of depreciable assets shall be assessed, whenever there are events or changes in conditions suggesting that the book value may not be redeemable.

The impairment loss shall be recognized and the asset's value shall be reduced by the excess in the asset's book value over its realizable value. The realizable value represents the net selling value of the asset or its utilization value whichever is greater. For purposes of the estimation of impairment, the asset shall be linked to the smallest available cash-generating unit. On the date of the preparing the financial statements. The non-financial assets that have been impaired shall be reviewed to assess a reversal of the impairment to the income statement

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

#### **O. Leases**

Finance lease is accounted for pursuant to law 95 for the year 1995 on leasing; if the lease contract gives the lessee the right to purchase the asset on a fixed date for a fixed amount and the contract's period represents more than 75% of the asset's expected useful life at least or the present value of total rental payments represents is not less than 90% of the asset value. Other leasing contracts shall be considered operational leasing ones.

##### **O-1 Rentals**

With regard to financial leasing contracts, the lease cost including the maintenance cost of leased assets shall be recognized within the expenses in the income statement for the period in which it has been incurred. If the bank decides to exercise the right of the purchase of leased assets, then the cost of the purchasing right shall be capitalized as fixed assets and amortized over the expected remaining useful life of the asset in the same way applied to similar assets.

Payments under the operational leasing minus any discounts granted by the lessor shall be recognized within expenses in the income statement by applying the straight-line method over the period of contract.

### **O-2 Lease out**

With regard to assets leased out, they are recorded among the fixed assets in the balance sheet and are depreciated along the expected useful life for this asset using the same method adopted for similar assets. Lease revenues are recognized on basis of the rate of return on lease contract in addition to a sum equivalent to the cost of depreciation for the year.

The difference between the revenue of the lease recognized on the income statement and the total accounts of leasing customers is charged to the balance sheet until the lease contract expires, where it is used for getting with the net book value of the leased out asset. The maintenance expenses and the security deposit are charged to the income statement when it bears them to the extent that is not borne by the lessee. When there are objective evidences that the Bank will not be able to collect all balances of leasing debtors, they are reduced to the value whose redemption is expected.

Regarding operating lease assets, they appear among the fixed assets on the balance sheet and are depreciated along the production life expected for the asset by the same method adopted with similar assets. The lease revenue is established minus any discounts granted to the lessee by straight line method along the contract duration.

### **P. Cash And Cash Equivalents**

For the purpose of the representation of the cash flow statement, cash and cash equivalents shall include the balances with maturity not exceeding three months from the date of the acquisition, and cash and balances at the Central Bank of Egypt, other than those that are deemed within the compulsory reserve, due from banks, treasury bills and other governmental notes.

### **Q. Other Provisions**

The restructuring costs and legal claims' provision shall be recognized when there is a legal or a present indicative obligation due to previous events, and it is also likely that the situation shall require the utilization of the bank's resources to settle the mentioned obligations with the provision of a reliable estimation of the obligation's value being possible.

When there are similar obligations, the cash outflow that can be used in settlement shall be identified, taking into consideration this set of liabilities. The related provision shall be recognized even if there is a little possibility that an outflow with respect to any one item is included in the same class of obligations.

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

The present value of payments estimated to settle obligations fixed to be settled one year from the date of the balance sheet is measured using appropriate rate for the same obligation settlement term without being affected by the prevailing tax rate, the matter that reflects the time value of money. If the term is less than one year, the estimated value of the obligation is calculated, unless its effect is substantial in which case it is considered at the present value.

### **R. Financial Collateral Contracts**

Financial collateral contracts are those contracts that are issued by the bank as collateral for murabaha, musharka and mudaraba transactions or overdrafts granted to its customers from other entities. They require the bank to carry out specific settlements to compensate their beneficiary for the loss that he incurred as a result of the default of the debtor in settling them to banks, financial institution and other entities on behalf of bank's customers.

The fair value is primarily recognized on the financial statement on the date of granting the collateral, which may reflect the charges of collateral. Subsequently, the obligation of the bank by virtue of the collateral is measured on basis of the first measurement amount minus the amortization calculated to recognize the collateral or the best forecast for the payments required to settle any financial obligation resulting from the financial collateral on the experience in similar transactions and historical losses supported by judgment of management.

Any increase in the liabilities resulting from the financial collateral is recognized in the income statement among the item "Other Operating Revenues (Expenses)"



## S. Income Taxes

The income tax on the year's profits or losses include the tax of the current year and the deferred tax and shall be recognized in the income statement, with the exception of the income tax on the items of shareholder's equity, which is directly recognized within shareholders' equity.

The income tax shall be recognized based on the net profit subject to tax through the application of the applicable tax rates at the date of preparing the balance sheet, in addition to the tax adjustments related to previous years.

Deferred tax arising from temporary timing differences between the book value of assets and liabilities calculated according to the accounting principles, as well as its values shall be recognized according to the tax principles. . Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates enacted or substantively enacted by the end of the reporting year.

The deferred tax assets shall be recognized when profits to be subject to tax in the future are likely to be generated, through which this asset can be utilized. The deferred tax shall be decreased with the portion from which the expected taxable benefit will not be achieved over the coming years. In case of the increase of the expected taxable benefits, the deferred tax assets shall be increased within the limit of previous reduction in the value of deferred tax assets.

## T. Borrowing

Facilities obtained by the bank shall be recognized at inception at fair value minus the cost of the facilities obtaining. Subsequently, the facilities shall be measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective return method shall be recognized to the income statement.

## U. Capital

### U-1 Cost of capital

The issuance expenses, directly attributable to the issuance of new shares or shares against the acquisition of an entity, or the issuance of options shall be presented as a deduction from the shareholders' equity in net proceeds after taxes.

### U-2 Dividends

Dividends shall be recognized through deducting the same from shareholders' equity in the period where the General Assembly meeting shareholder approves these dividends. They include the employees' share in profits and the remuneration of the board of directors prescribed by the article of association of the bank and the law.

### U-3 Treasury shares

In case the bank purchases capital Shares, the purchase sum is debited to total equity, where they represent the cost of treasury shares until they are revoked. If such shares are sold or reissued in a subsequent periods, all amounts received are credited to equity.

## V. Trust Activities

The bank does not practice custody activities. If it practices this activity the matter that may give rise to the acquiring or managing assets of third party, the assets and earnings resulting from them shall be excluded from the financial statements of the bank, as these assets are not owned by the bank.

## W. Comparative Figures

Comparative figures shall be reclassified whenever it is necessary to conform to the changes in the adopted presentation of the current year.

### 3. FINANCIAL RISK MANAGEMENT

The bank is exposed to a variety of financial risk, while it practices its business and activities, and the acceptance of risk is considered the basis of financial business. Some risk aspects or a combination of risk are analyzed, assessed, and managed. The bank targets to achieve adequate balance between the risk and return, and to minimize likely adverse impacts on its financial performance. The most important types of risk are credit risk, market risk, liquidity risk and other operating risks. Market risk includes the risk of foreign exchange rates, return rates and the other pricing risks.

The bank has developed risk management policies to define, analyze and control risk, and set, control and comply with its limits through a variety of reliable methods and up to date information systems. The bank conducts regular reviews and amendments of the risk management policies in order to reflect changes in the markets, products, and services, as well as the best up to date applications.

risk management is carried out by Risk Management Division in the light of the policies approved by the Board of Directors. Risk division identifies, assesses, and hedges against the financial risk in close collaboration with the different operating units of the bank. The board of directors provides written principles for risk management as a whole, in addition to written policies, which cover defined risk areas such as credit risk, foreign exchange risk, return rate risk, and the use of derivatives and non-derivatives financial instruments. In addition, Risk division is responsible for the periodic review of risk management and control environment independently.

#### A. Credit Risk

The bank is exposed to credit risk, which is the risk of default of one party on its obligations. Credit risk is considered as the most important risk the bank faces. Thus, the management carefully manages risk exposure. Credit risk is mainly represented in lending business from which activities of murabaha, musharka and mudaraba arise, and in investment activities which cause that the bank's assets include debt instruments. Credit risk is also found in the financial instruments off- balance sheet, such as murabaha, musharka and mudaraba commitments. The credit risk management team is the division, which reports to the board of directors, top management as well as heads of business units, conducts mainly all operations related to the management and control of the credit risk.

#### A-1 Measuring credit risk

##### Murabaha, Musharka, or Mudaraba for customers

To measure credit risk related to Murabaha, Musharka, or Mudaraba extended to banks and customers the bank examines the following three components:

- Probability of default of the customer or others in fulfilling their contractual obligations.
- The current position and the likely expected future development from which the bank can conclude the balance exposed to default (Exposure at default).
- Loss given default.

The daily activities of the bank's business involve the measurement of credit risk which reflects the expected loss (The Expected Loss Model) required by the Basel Committee on Banking Supervision. The operating measures may contradict with the impairment charge according to the Egyptian Accounting Standard no. (26), which depends on losses realized at the reporting date (realized losses model) and not on expected losses (Note A/3).

The bank estimates the probability of default at the level of every customer by applying internal rating methods to rate the creditworthiness of the different categories of customers in details. These methods have been developed for internal rating and the statistical analysis are taken into account together with the personal reasoning of credit officials to reach the adequate rating. The bank's customers have been divided into four categories of creditworthiness rating. The structure of creditworthiness adopted by the bank as illustrated in the following table reflects how probable default of each category is, which mainly means that credit positions move among mentioned categories pursuant to the change in the assessment of the extent of default probability. The assessment methods are reviewed and developed whenever required. Further, the bank periodically assesses the performance of the creditworthiness rating methods and how they are able to predict default cases.

**The bank's internal classifications' categories:**

Classification	The classification's meaning
1	Performing debts
2	Regular watching
3	Watch list
4	Non performing debts

The position exposed to default depends on the amounts the bank expects to be outstanding amounts when the default takes place; for example, as for murabaha, musharka and mudaraba the position is the nominal value while for commitments, the bank enlists all already withdrawn amounts in addition to these amounts expected to be withdrawn until the date of default, if it happens.

Loss given default or loss severity each represents the bank's expectations of the loss to the extent when claiming repayment of debt if the default occurs. Expressed by the percentage of loss to the debt; this certainly differs in accordance with category of the debtor, the claim's seniority and availability guarantees or other credit mitigation.

**Debt instruments, treasury bills and other bills**

Concerning debt instruments and bills, the bank uses the external foreign rating such as the rating of "Standard and Poors" or of similar agencies to manage credit risk. If such ratings are not available, then the bank applies similar methods to those applied to credit customers. Investment in securities, financial papers, and bonds shall be considered as a way to gain a better credit quality and maintain a readily available source to meet funding requirements at the same time.

**A-2 Risk mitigation and evasion policies**

The bank manages, mitigates, and controls credit risk concentration at the level of debtor, groups, industries, and countries.

The bank structures the levels of credit risk tolerance by placing limits for the risk tolerance in relation to each borrower or a class of borrowers, and at the level of economic activities and geographical sectors. Such risk shall be constantly monitored and controlled and shall be subject to reviews on an annual basis or more frequently if necessary. Limits of credit risk at the level of borrower/ the group / producer, the sector and the country shall be quarterly approved by the board of directors.

Lines of credit for any borrower including banks shall be divided into sub-lines which include in- and off- the balance sheet amounts and daily risk limit related to trading items such as forward foreign exchange contracts. Actual amounts shall be compared daily with the mentioned limits

Credit risk exposure is also managed by the regular analysis of the present and the potential borrowers' ability to fulfill their obligations and by amendment of the lending lines when appropriate.

**The following are some methods to mitigate risk:**

**Collaterals**

The bank shall set a range of policies and controls to mitigate credit risk. Among these implemented methods is to obtain a security against the extended funds. The bank shall set guide rules for defined types of acceptable collateral. .Main types of collaterals against Murabaha, Musharka and Mudaraba are:

- Real estate mortgage.
- Mortgage of business assets such as machinery and goods.
- Mortgage of financial instruments such as debt and equity instruments.

Longer-term finance and lending to corporate are often secured, while credit facilities granted to retail customers are generally unsecured. To reduce credit loss to its minimum level, the bank seeks to get additional collateral from the concerned parties as soon as indicators of impairment in Murabaha, Musharka and Mudaraba or facility appear.

Collateral held as a security against assets other than murabaha, musharka and mudaraba are determined by the nature of the instrument, and debt instruments and treasury bills are normally unsecured with the exception of asset-backed securities and the similar instruments backed by a securities portfolio.

The settlement risk arises in situations in which payment is by cash, equity instruments, or other securities or against expecting the obtainment of cash, equity instrument or other securities. Daily settlement limits are laid down for each other party to back up the consolidated settlement risk resulting from the transactions of the bank in any day.

## **A-2 Risk mitigation and evasion policies (Cont.)**

### **Master netting arrangements**

The bank mitigates the credit risk by entering into master liquidation agreements with counterparties that represent a significant volume of transactions. In general, these agreements do not result in conducting offset between balance sheet assets and liabilities because these settlements are always conducted on a gross basis. However, the credit risk associated to the contracts which serve the bank's interest is reduced through master liquidation agreements, as in case of default, all amounts with the counterparty are settled by clearance.

The bank's overall exposure to credit risk on derivative instruments subject to master liquidation agreements can be substantially changed within a short period, as it is affected by each transaction subject to these agreements.

### **Credit related commitments**

The primary purpose of credit related commitments is to ensure the availability of funds to the customer at demand. Guarantees and standby letters of credit also carry the same credit risk related to Murabaha, Musharka and Mudaraba. Documentary and commercial letters of credit which are issued by the bank on behalf of its customer to grant a third party the right of withdrawal from the bank within the limit of certain amounts and under predefined conditions – are collateralized by the underlying shipments of goods and consequently carry a lesser degree of risk, compared to direct Murabaha, Musharka and Mudaraba.

The commitments for granting credit represent the unutilized part of the authorized limit to grant Murabaha, Musharka and Mudaraba, guarantees, or documentary letters of credit. The bank is exposed to a potential loss that represents the amount equal to the total of unutilized commitments as concerning credit risk arising from credit granting commitments. Nevertheless, the amount of loss that is likely to occur is below the unutilized commitments, as most credit granting commitments represents potential liabilities of customers who have defined credit specifications. The bank monitors the duration until maturity date of credit commitments, as long term commitments have a higher degree of credit risk, compared to short-term commitments.

## **A-3 Impairment and provisions policies**

The internal systems of aforementioned assessments (note no. A-1) focus to a great extent on the planning of the credit quality, from the starting point of the recognition of lending and investment activities. However, the impairment losses incurred at the reporting date are only recognized for purpose of the preparation of financial statements based on objective evidence, which refers to impairment pursuant to the disclosure below in light of the implementation of different methods, we notice that there is not any material differences between the credit losses carried on the financial statements and the expected loss resulted from using the expected loss module used on balance sheet date for purposes of the Central Bank of Egypt's rules (note A - 4).

The impairment loss provision included in the balance sheet at the end of the fiscal year is derived from the four internal ratings; however, The following table shows the percentage for the items within the balance sheet related to Murabaha, Musharka and Mudaraba. and the relevant impairment for each of the bank's internal ratings:

31 December 2014			LE	
Bank's Assessment	Murabaha, Musharka and Mudaraba for customers	%	Impairment loss Provisions	%
<b>Performing debts</b>	<b>7 884 640 073</b>	<b>82.1%</b>	<b>17 177 102</b>	<b>2.7%</b>
<b>Regular watching</b>	<b>966 487 418</b>	<b>10.1%</b>	<b>67 082 220</b>	<b>10.4%</b>
<b>Watch List</b>	<b>234 032 511</b>	<b>2.4%</b>	<b>76 111 132</b>	<b>11.8%</b>
<b>Non performing debts</b>	<b>515 542 390</b>	<b>5.4%</b>	<b>482 761 447</b>	<b>75.1%</b>
	<b><u>9 600 702 392</u></b>	<b><u>100%</u></b>	<b><u>643 131 901</u></b>	<b><u>100%</u></b>

31 December 2013			LE	
Bank's Assessment	Murabaha, Musharka and Mudaraba for customers	%	Impairment loss Provisions	%
Performing debts	6 638 748 736	83.7%	23 315 949	4.2%
Regular watching	731 451 907	9.2%	23 674 211	4.2%
Watch List	78 871 203	1.0%	61 338 753	11%
Non performing debts	486 730 442	6.1%	450 547 920	80.6%
	<u>7 935 802 288</u>	<u>100%</u>	<u>558 876 833</u>	<u>100%</u>

The tools of internal rating help the management define whether there is objective evidence on the existence of impairment pursuant to the Egyptian Accounting Standard no. 26 and depending on the following indicators the bank has defined:

- Great financial difficulties facing the borrower or debtor;
- Breach of the Murabaha, Musharka and Mudaraba agreement's terms such as the non-payment;
- Expectation of the borrower's bankruptcy, entrance into liquidation case, or restructuring of the finance granted;
- Deterioration of the competitive position of the borrower;
- For economic or legal reasons related to the borrower's financial difficulties, the bank grants privileges and concessions to the borrower, which may not be approved thereby in normal circumstances;
- Deterioration of the collateral's value;
- Deterioration of the credit situation.

### A-3 Impairment and provisions policies (Cont.)

The bank's policies require review of all financial assets, which exceed defined relative importance at least annually or more if necessary. The impairment charge is to be defined to accounts that have been assessed on an individual basis by assessing the realized loss at the reporting date on each individual case and is to be applied individually to all accounts that have relative importance. The assessment usually includes the outstanding collateral with a reconfirmation of the possibility to realize the collateral as well as the expected collections from these identified accounts being made.

The impairment loss provision shall be made on the basis of a group of homogeneous assets by using the available historical experience, personal discretion, and statistical methods.

### A-4 The model for measuring the general banking risks

In addition to the four-creditworthiness ratings shown in (note no. A-1), the management also prepares ratings in the form of more detailed subgroups, which are in line with the requirements of the Central Bank of Egypt (CBE). Assets exposed to credit risk shall be rated in these subgroups pursuant to detailed rules and terms, which depend largely on customer related information, business and activities, financial position and regularity of payments thereof.

The bank calculates the provision required for the impairment of these assets exposed to credit risk, including credit related commitments based on defined rates set by the Central Bank of Egypt. In case the impairment loss provision required according to Central Bank of Egypt's rules exceeds the provisions as required for the purposes of the preparation of the financial statements according to the Egyptian Accounting Standards (EAS), that excess shall be debited to retained earnings and carried to the general reserve for banking risk in the shareholders' equity section. Such reserves shall be regularly adjusted, by any increase or decrease so that the reserve shall always be equal to the amount of increase between the two provisions. Such provision shall not be subject to distribution. As note no. (33-A) illustrates the movement on the general bank risk reserve during the financial year.

Following is an indication of corporate credit worthiness categories according to internal rating principles, compared to the rating principles of the Central Bank of Egypt, and of the required provision percentages for the impairment of assets exposed to credit risk:

Central Bank Of Egypt Classification	Classification Description	Required provision rate	Internal Classification	Internal Classification Description
1	Low risks	Zero	1	Performing loans
2	Average risks	1%	1	Performing loans
3	Satisfactory risks	1%	1	Performing loans
4	Reasonable risks	2%	1	Performing loans
5	Acceptable risks	2%	1	Performing loans
6	Marginally acceptable risks	3%	2	Regular follow up
7	Watch List	5%	3	Special follow up
8	Sub Standard	20%	4	Non performing loans
9	Doubtful	50%	4	Non performing loans
10	Bad debt	100%	4	Non performing loans

## A-5 Maximum limit for credit risk before collaterals

LE

31 December 2014

31 December 2013

### Credit risk exposures in the Balance Sheet (Net)

Governmental notes	<b>3 604 639 048</b>	4 835 228 382
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#### Financial assets held -for- trading

Debt instruments	--	--
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<b>Investment with banks</b>	<b>626 177 462</b>	704 319 618
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#### Murabaha, Musharka and Mudaraba for customers

##### Individuals

Current debit accounts	--	--
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Credit cards	<b>4 704 935</b>	--
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Personal Murabaha, Musharka and Mudaraba transactions	<b>666 275 072</b>	579 814 727
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Real estate Murabaha, Musharka and Mudaraba transactions	<b>179 220 367</b>	98 426 180
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##### Corporate

Current debit accounts	--	--
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Direct Murabaha, Musharka and Mudaraba transactions	<b>6 491 357 941</b>	5 616 973 952
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Joint Murabaha, Musharka and Mudaraba transactions	<b>1 097 101 327</b>	693 549 045
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Other Murabaha, Musharka and Mudaraba transactions	<b>23 839 482</b>	11 530 034
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#### Financial investments

Debt instruments	<b>5 374 453 967</b>	3 115 198 905
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<b>Total</b>	<b><u>18 067 769 601</u></b>	<u>15 655 040 843</u>
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### Credit risk exposures of off-balance sheet items (Net)

Discounted commercial paper	<b>94 997 117</b>	126 566 913
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Letters of guarantee	<b>1 059 312 344</b>	1 021 058 528
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Letters of credit	<b>199 745 367</b>	386 623 562
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<b>Total</b>	<b><u>1 354 054 828</u></b>	<u>1 534 249 003</u>
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The previous table represents the maximum limit of exposure as at 31 December 2014 and as at 31 December 2013, without taking into consideration any financial guarantees. As for the balance sheet items, the enlisted amounts depend on the net book value presented in the balance sheet.

As illustrated in the previous table 47% of the maximum Limit exposed to credit risk arises from (Murabaha, Musharka and Mudaraba) to customers against 45% as at 31 December 2013 whereas investments in the debt instruments represent 30% against 20% as at 31 December 2013.

The management has confidence in its abilities to continue of controlling and maintaining the minimum limit of credit risk resulted from Murabaha, Musharka and Mudaraba and debt instruments portfolios on the basis of the following:

92 % of (Murabaha, Musharka and Mudaraba) portfolio is classified in the two higher categories of the internal assessment against 93% as at 31 December 2013.

94% of (Murabaha, Musharka and Mudaraba) portfolio is free from any delays or impairment indicators against 90 % as at 31 December 2013.

Murabaha, Musharka and Mudaraba that have been assessed on an individual basis reach L.E 515 542 390 against LE 486 730 442 as at 31 December 2013, in which impairment was found at less than 94% against 93% as at 31 December 2013.

All debt instruments and governmental notes represent investments in debt instruments on the Egyptian Government.

### A-6 Murabaha, Musharka and Mudaraba transaction

The following is the position of Murabaha, Musharka and Mudaraba balances as regarding creditworthiness:

31 December 2014		LE
Bank's evaluation	Murabaha, Musharka and Mudaraba to customers	Investment operations with banks
With no delays or impairment	9 035 890 002	626 177 462
With delays but not subject to impairment	49 270 000	-
Subject to impairment	515 542 390	-
<b>Total</b>	<b>9 600 702 392</b>	<b>626 177 462</b>
Less:		
Returns under settlement	(495 071 367)	-
Impairment losses provision	(643 131 901)	-
<b>Net</b>	<b>8 462 499 124</b>	<b>626 177 462</b>

31 December 2013		LE
Bank's evaluation	Murabaha, Musharka and Mudaraba to customers	Investment operations with banks
With no delays or impairment	7 176 272 846	704 319 618
With delays but not subject to impairment	272 799 000	--
Subject to impairment	486 730 442	--
<b>Total</b>	<b>7 935 802 288</b>	<b>704 319 618</b>
Less:		
Returns under settlement	(376 631 516)	--
Impairment losses provision	(558 876 833)	--
<b>Net</b>	<b>7 000 293 939</b>	<b>704 319 618</b>

The total of Murabaha, Musharka and Mudaraba transaction impairment charge reached L.E 643 131 901 versus L.E 558 876 833 as at 31 December 2013 including L.E 482 761 447 versus L.E 450 547 920 at 31 December 2013 which represents the impairment of individual Murabaha, Musharka and Mudaraba transaction and the rest amounting to L.E 160 370 454 represents the impairment charge on a group basis of the credit portfolio

The Bank's Murabaha, Musharka and Mudaraba transaction portfolio increased by 21 % during the year as a result of the expansion in lending activities. The bank concentrates on dealing with big corporations, banks or individual enjoying credit solvency.

#### Murabaha, Musharka and Mudaraba with no past dues and not subject to impairment

The creditworthiness of Murabaha, Musharka and Mudaraba transaction portfolio with no past dues or impairment is evaluated with reference to the internal evaluation used by the bank.



### Murabaha, musharka and mudaraba for banks and customers (Net)

31 December 2014		Retail				Corporate		LE
Credit Cards	Personal Murabaha, Musharka and Mudaraba	Real Estate Murabaha, Musharka and Mudaraba	Direct Murabaha, Musharka and Mudaraba	Syndicated Murabaha, Musharka and Mudaraba	Other Murabaha, Musharka and Mudaraba	Total Murabaha, Musharka and Mudaraba for customers	Investment Operations with Banks	
<b>Performing</b>	2 406 921	168 702 451	175 206 798	6 122 855 271	1 097 101 327	-	7 566 272 768	626 177 462
<b>Regular Watching</b>	2 298 014	479 070 711	-	228 171 307	-	22 298 982	731 839 014	-
<b>Watch List</b>	-	-	-	140 331 363	-	-	140 331 363	-
<b>Non-Performing</b>	-	18 501 910	4 013 569	-	-	1 540 500	24 055 979	-
<b>Total</b>	<u>4 704 935</u>	<u>666 275 072</u>	<u>179 220 367</u>	<u>6 491 357 941</u>	<u>1 097 101 327</u>	<u>23 839 482</u>	<u>8 462 499 124</u>	<u>626 177 462</u>

The guaranteed Murabaha, Musharka and Mudaraba are not considered subject to impairment for the non performing category after taking into consideration the probability of collecting this guarantees.

31 December 2013		Retail				Corporate		LE
Credit Cards	Personal Murabaha, Musharka and Mudaraba	Real Estate Murabaha, Musharka and Mudaraba	Direct Murabaha, Musharka and Mudaraba	Syndicated Murabaha, Musharka and Mudaraba	Other Murabaha, Musharka and Mudaraba	Total Murabaha, Musharka and Mudaraba for customers	Investment Operations with Banks	
Performing	-	153 215 105	93 971 091	5 417 592 484	693 549 045	-	6 358 327 725	704 319 618
Regular Watching	-	403 572 728	-	196 408 679	-	9 178 263	609 159 670	-
Watch List	-	-	-	2 972 789	-	-	2 972 789	-
Non-Performing	-	23 026 894	4 455 089	-	-	2 351 771	29 833 754	-
<b>Total</b>	<u>-</u>	<u>579 814 727</u>	<u>98 426 180</u>	<u>5 616 973 952</u>	<u>693 549 045</u>	<u>11 530 034</u>	<u>7 000 293 938</u>	<u>704 319 618</u>

## A-6 Murabaha, Musharka and Mudaraba transaction (Cont.)

### Murabaha, Musharka and Mudaraba transaction with past dues but are not subject to impairment

These are Murabaha, Musharka and Mudaraba and advances with past dues up to 90 days but are not subject to impairment unless there is other information to the contrary. Murabaha, Musharka and Mudaraba and advances to customers with delays but not subject to impairment and the fair value of their collaterals are represented in the following:

31 December 2014	Retail			LE
	Credit Cards	Personal Murabaha, Musharka and Mudaraba	Real Estate Murabaha, Musharka and Mudaraba	Total
Past dues up to 30 days	-	7 557 000	3 115 000	10 672 000
Past dues more than 30 days to 60 days	-	4 103 000	1 205 000	5 308 000
Past dues more than 60 days to 90 days	-	2 227 000	1 418 000	3 645 000
<b>Total</b>	<u>-</u>	<u>13 887 000</u>	<u>5 738 000</u>	<u>19 625 000</u>
<b>Collaterals fair value</b>	<u>-</u>	<u>8 755 000</u>	<u>-</u>	<u>8 755 000</u>

	Corporate			LE
	Direct Murabaha, Musharka and Mudaraba	Syndicated Murabaha, Musharka and Mudaraba	Other Murabaha, Musharka and Mudaraba	Total
Past dues up to 30 days	-	-	528 000	528 000
Past dues more than 30 days to 60 days	28 905 000	-	212 000	29 117 000
Past dues more than 60 days to 90 days	-	-	-	-
<b>Total</b>	<u>28 905 000</u>	<u>-</u>	<u>740 000</u>	<u>29 645 000</u>
<b>Collaterals fair value</b>	<u>18 834 000</u>	<u>-</u>	<u>620 000</u>	<u>19 454 000</u>

### A-6 Murabaha, Musharka and Mudaraba transaction (Cont.)

At initial recognition of Murabaha, Musharka and Mudaraba transaction, the fair value of collaterals is evaluated on the basis of the same financial assets evaluation methods used, and in subsequent period to the fair value will be updated by the market prices or the similar assets' prices.

31 December 2013	Retail			LE
	Credit Cards	Personal Murabaha, Musharka and Mudaraba	Real Estate Murabaha, Musharka and Mudaraba	Total
Past dues up to 30 days	-	6 819 000	402 000	7 221 000
Past dues more than 30 days to 60 days	-	5 374 000	-	5 374 000
Past dues more than 60 days to 90 days	-	1 097 000	2 234 000	3 331 000
<b>Total</b>	<u>-</u>	<u>13 290 000</u>	<u>2 636 000</u>	<u>15 926 000</u>
<b>Collaterals fair value</b>	<u>-</u>	<u>9 826 000</u>	<u>-</u>	<u>9 826 000</u>

### Corporate

	Direct Murabaha, Musharka and Mudaraba	Syndicated Murabaha, Musharka and Mudaraba	Other Murabaha, Musharka and Mudaraba	Total
Past dues up to 30 days	167 339 000	-	1 288 000	168 627 000
Past dues more than 30 days to 60 days	17 203 000	-	-	17 203 000
Past dues more than 60 days to 90 days	70 765 000	-	278 000	71 043 000
<b>Total</b>	<u>255 307 000</u>	<u>-</u>	<u>1 566 000</u>	<u>256 873 000</u>
<b>Collaterals fair value</b>	<u>169 000 000</u>	<u>-</u>	<u>926 000</u>	<u>169 926 000</u>

### Murabaha, Musharka and Mudaraba transaction subject to impairment on an individual basis

The balance of Murabaha, Musharka and Mudaraba transaction which are subject to impairment on an individual basis, before taking into consideration the cash flow from collaterals, amounted to L.E 515 542 390 against L.E. 486 730 442 as at 31 December 2013.

Below is the analysis of the total value of Murabaha, Musharka and Mudaraba transaction subject to impairment on individual basis including the fair value of collaterals the bank has obtained against these Murabaha, Musharka and Mudaraba transactions.

### A-6 Murabaha, Musharka and Mudaraba transaction (Cont.)

	31 December 2014		31 December 2013		LE
	Murabaha, Musharka and Mudaraba subject to impairment on an individual basis	Collaterals fair value	Murabaha, Musharka and Mudaraba subject to impairment on an individual basis	Collaterals fair value	
<b>Retail</b>					
Debit current accounts	-	-	-	-	
Credit cards	-	-	-	-	
Personal Murabaha, Musharka and Mudaraba	<b>21 497 914</b>	-	26 187 756	-	
Real Estate Murabaha, Musharka and Mudaraba	<b>4 306 001</b>	-	4 653 644	-	
<b>Corporate</b>					
Debit current accounts	<b>1 249 489</b>	-	1 249 489	-	
Direct Murabaha, Musharka and Mudaraba	<b>409 557 994</b>	<b>71 276 806</b>	376 440 407	89 437 389	
Syndicated Murabaha, Musharka and Mudaraba	<b>77 091 056</b>	-	75 586 578	-	
Other Murabaha, Musharka and Mudaraba	<b>1 839 936</b>	-	2 612 568	-	
<b>Total</b>	<b><u>515 542 390</u></b>	<b><u>71 276 806</u></b>	<b><u>486 730 442</u></b>	<b><u>89 437 389</u></b>	

### A-7 Debt instruments and other Governmental notes

The following table represents an analysis of debt instruments, treasury bills and other governmental notes at the end of the financial year based on the assessment of Standard & Poor's rating or its equivalent:

	31 December 2014			LE
	Governmental notes	Trading Securities	Investments in Securities	Total
AAA	--	--	--	--
AA-to AA+	--	--	--	--
A- To A+	--	--	--	--
Less than A-	3 714 218 200	--	5 374 453 967	9 088 672 167
Unclassified	--	--	--	--
<b>Total</b>	<b><u>3 714 218 200</u></b>	<b><u>--</u></b>	<b><u>5 374 453 967</u></b>	<b><u>9 088 672 167</u></b>

### A-8 Acquisition of collaterals

During the current year, the bank obtained legal title of assets by acquiring some collateral as follows:

Nature of the assets	Book value (LE)
Land	-
Units	2 932 000

The acquired assets are classified within Other Assets caption in the balance sheet and are sold whenever possible.

### A-9 Concentration of financial assets risks exposed to credit risk Geographical segments

The following table represents an analysis of the bank's most important boundaries of credit risk at book value, Risks distributed on geographical segments in accordance with areas related to the bank customers.

31 December 2014	Egypt						LE
	Greater Cairo	Alexandria, Delta and Sinai	Upper Egypt	Total	Arabian Gulf Countries	Other Countries	Total
<b>governmental notes</b>	3 714 218 200	-	-	3 714 218 200	-	-	3 714 218 200
<b>Financial assets held -for- trading</b>							
Debt Instruments	-	-	-	-	-	-	-
<b>Investments operations with banks Murabaha, Mudaraba and Musharka with customers:</b>	305 962 656	-	-	305 962 656	231 363 033	88 851 773	626 177 462
<b>Retail</b>							
Debit current accounts	-	-	-	-	-	-	-
Credit cards	3 924 094	780 841	-	4 704 935	-	-	4 704 935
Personal Murabaha, Musharka and Mudaraba	670 832 552	142 656 320	-	813 488 872	-	-	813 488 872
Real Estate Murabaha, Musharka and Mudaraba	156 335 256	45 390 643	-	201 725 899	-	-	201 725 899
<b>Corporate</b>							
Debit current accounts	1 249 489	-	-	1 249 489	-	-	1 249 489
Direct Murabaha, Musharka and Mudaraba	5 922 593 678	1 450 489 943	-	7 373 083 621	-	-	7 373 083 621
Syndicated Murabaha, Musharka and Mudaraba	1 175 745 022	-	-	1 175 745 022	-	-	1 175 745 022
Other Murabaha, Musharka and Mudaraba	15 298 107	15 406 447	-	30 704 554	-	-	30 704 554
<b>Financial Investments</b>							
Debt instruments	5 374 453 967	-	-	5 374 453 967	-	-	5 374 453 967
<b>Total</b>	<u>17 340 613 021</u>	<u>1 654 724 194</u>	<u>-</u>	<u>18 995 337 215</u>	<u>231 363 033</u>	<u>88 851 773</u>	<u>19 315 552 021</u>
<b>31 December 2013</b>	<u>15 111 216 955</u>	<u>1 347 241 326</u>	<u>-</u>	<u>16 458 458 281</u>	<u>303 036 712</u>	<u>51 626 188</u>	<u>16 813 121 181</u>

## A-9 Concentration of financial assets risks exposed to credit risk (Cont.)

### Business Segments

The following represents an analysis of the most important boundaries of credit risk at book value, distributed according to the customers' business and activities.

31 December 2014								LE
	Financial Institutions	Industrial Institutions	Real estate Activity	Wholesale & retail business	Governmental sector	Other activities	Retail	Total
<b>Governmental notes</b>	-	-	-	-	3 714 218 200	-	-	3 714 218 200
<b>Financial assets held - for- trading</b>								
Debt Instruments	-	-	-	-	-	-	-	-
<b>Investments operations with banks</b>	626 177 462	-	-	-	-	-	-	626 177 462
<b>Murabaha, Musharka and Mudaraba transaction Retail</b>								
Current debit accounts	-	-	-	-	-	-	-	-
Credit cards	-	-	-	-	-	-	4 704 935	4 704 935
Personal Murabaha, Musharka and Mudaraba transaction	-	-	-	-	-	-	813 488 872	813 488 872
Real estate Murabaha, Musharka and Mudaraba transaction	-	-	-	-	-	-	201 725 899	201 725 899
<b>Murabaha, Musharka and Mudaraba transaction to Corporate</b>								
Current debit accounts	-	-	-	-	-	1 249 489	-	1 249 489
Direct Murabaha, Musharka and Mudaraba transaction	105 186 554	3 005 400 984	201 115 168	1 878 710 205	326 440 326	1 856 230 384	-	7 373 083 621
Syndicated Murabaha, Musharka and Mudaraba transaction	77 091 056	471 499 478	-	9 031 135	134 227 679	483 895 674	-	1 175 745 022
Other Murabaha, Musharka and Mudaraba transaction	-	-	-	-	-	30 704 554	-	30 704 554
<b>Financial Investments</b>								
Debt instruments	90 849 473	-	-	-	5 283 604 494	-	-	5 374 453 967
<b>Total</b>	<u>899 304 545</u>	<u>3 476 900 462</u>	<u>201 115 168</u>	<u>1 887 741 340</u>	<u>9 458 490 699</u>	<u>2 372 080 101</u>	<u>1 019 919 706</u>	<u>19 315 552 021</u>
31 December 2013	<u>999 548 696</u>	<u>2 655 704 851</u>	<u>213 345 688</u>	<u>1 458 769 011</u>	<u>8 485 193 131</u>	<u>2 194 432 026</u>	<u>806 127 778</u>	<u>16 813 121 181</u>

## **B. Market Risk**

The bank exposed to market risk represented in volatility in fair value or future cash flows resulted from changes in market prices. Market risk arise from the open positions of return rates, currency rates and the equity instruments as each of them is exposed to the market's general and specific movements as well as to the changes in the sensitivity level of market prices or rates such as return rates, foreign exchange rates and the equity instruments' prices. The bank separates exposures to market risk either held for trading or held for non-trading portfolios.

The trading portfolios include these positions resulting from the bank's direct dealing with customers or with the market. Whereas, the non-trading portfolios, arise mainly from management of the return rate of assets and liabilities related to retail transactions. These portfolios include the foreign exchange risks and equity instruments resulted from investments available for sale and held to maturity.

### **B-1 Methods of measuring market risk**

The following are the most important measurement methods used to control the market risk:

#### **Value at risk**

The bank applies a "value at risk" for trading and non trading portfolios to estimate the market risk of positions and the maximum of expected loss based on a number of assumptions for the various changes of market conditions. The board of directors sets limits for "value at risk" that may be classified separately by the bank for trading or non-trading portfolios.

Value at risk is a statistical expectation of the potential loss of the current portfolio due to market's adverse moves. It is an expression of the maximum value the bank can lose using a defined confidence factor (98%) consequently there is a statistical probability of (2%) that the actual loss may be greater than the expected value at risk. The value at risk model assumes a defined retention period (ten days) before closing of the open positions. It also assumes that the market movement during the retention period will follow the same pattern of movement that occurred during the previous 10 days. The bank should assess the past movement based on the data of the previous five years and applies these historical changes in rates, prices and indicators directly on current positions, a method known as historical simulation. Actual outputs should also be monitored and controlled on a regular basis to measure the appropriateness of assumptions and factors used to calculate value at risk.

The use of this approach does not prevent losses outside these limits in the event of more significant market movement as value at risk constitutes an integral part of bank's market risk control, the value at risk limits are established by the board annually for all trading and non trading portfolio operations and allocated to business units, the actual values at risk are compared with limits put by the bank.

The quality of value at risk model is controlled on a continuous basis through tests that reinforce the results of value at risk of the trading portfolio and the results of such tests are usually reported to top management and board of directors.

#### **Stress testing**

Stress testing provides indication of the expected loss that may arise from sharp adverse circumstances. Stress testing are designed to match the business using standard analysis for specific scenarios. The stress testing carried out by the bank risk department includes: risk factor stress testing, where sharp movements are applied to each risk category and emerging market stress test, as emerging market are subject to sharp movements; and subject to special stress test including possible stress events affecting specific positions or regions- for example the stress outcome to a region applying a free currency rate.

The results of the stress testing are reviewed by top management and board of directors.

## B-2 Summary of values at risk

### Total Value at risk according to type of risk

	LE					
	31 December 2014			31 December 2013		
	Average	Higher	Lower	Average	Higher	Lower
Exchange rate risk	3 940 990	27 092 000	584 000	3 492 920	20 847 000	874 000
Return rate risk	-	-	-	-	-	-
<b>Total value at risk</b>	<u><u>3 940 990</u></u>	<u><u>27 092 000</u></u>	<u><u>584 000</u></u>	<u><u>3 492 920</u></u>	<u><u>20 847 000</u></u>	<u><u>874 000</u></u>

### Total value at risk for trading portfolio according to type of Risk

	LE					
	31 December 2014			31 December 2013		
	Average	Higher	Lower	Average	Higher	Lower
Exchange rate risk	-	-	-	-	-	-
Return rate risk	-	-	-	-	-	-
<b>Total value at risk</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

### Total Value at risk for non-trading portfolio according to kind of Risk

	LE					
	31 December 2014			31 December 2013		
	Average	Higher	Lower	Average	Higher	Lower
Exchange rate risk	3 940 990	27 092 000	584 000	3 492 920	20 847 000	874 000
Return rate risk	-	-	-	-	-	-
<b>Total value at risk</b>	<u><u>3 940 990</u></u>	<u><u>27 092 000</u></u>	<u><u>584 000</u></u>	<u><u>3 492 920</u></u>	<u><u>20 847 000</u></u>	<u><u>874 000</u></u>

The Bank is not exposed to the rate of return risk since it distributes variable returns to customers related to the revenues and returns achieved quarterly. The rise in the value at risk, especially the rate of return is related to the rise in the sensitivity of the rate of return in global financial markets.

The Previous three results for the value at risk were calculated independently of the concerned positions and historical movements of markets. The total value at risk for the trading and non-trading does not constitute the value exposed to risk at the bank in view of the correlation between the kinds of risks and the kinds of portfolios, and the various impact entailing.



### B-3 The Risk of fluctuations in foreign exchange rates

The bank is exposed to the risk of fluctuations in foreign exchange rates in its financial position and cash flows. The board of directors has set limits of foreign currencies in total value for each position at the end of the day and also intraday which are monitored on the spot. The following table summarizes the extent of the bank's exposure to fluctuations in exchange rates risk at the end of the fiscal year. The below table includes the book value of financial instruments distributed into its component currencies:

31 December 2014	Equivalent in LE					
	EGP	USD	EUR	GBP	Other Currencies	Total
<b>Financial assets</b>						
Cash and due from Central Bank of Egypt	1 355 808 488	458 473 759	30 997 807	1 468 037	3 549 304	1 850 297 395
Due from banks	1 307 505 198	34 776 819	42 944 835	2 150 793	10 709 923	1 398 087 568
Governmental notes	2 452 175 000	1 071 015 000	191 028 200	-	-	3 714 218 200
Financial assets held -for- trading	-	-	-	-	-	-
Investment operations with Banks		399 446 126	147 612 700	29 828 152	49 290 484	626 177 462
Murabaha, Musharka and Mudaraba to customers	7 699 519 424	1 843 981 596	57 201 372	-	-	9 600 702 392
<b>Financial Investments</b>						
Available for sale	40 544 484	90 849 472	-	-	5 296 204	136 690 160
Held to maturity	<u>4 784 776 800</u>	<u>518 426 654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5 303 203 454</u>
<b>Total financial assets</b>	<u>17 640 329 394</u>	<u>4 416 969 426</u>	<u>469 784 914</u>	<u>33 446 982</u>	<u>68 845 915</u>	<u>22 629 376 631</u>
<b>Financial liabilities</b>						
Due to banks	333 700 000	501 479 852	93 690 255	-	308	928 870 415
Customers' deposits	14 830 557 877	3 520 892 948	381 148 129	31 734 355	63 703 051	18 828 036 360
Other finances	<u>41 728 329</u>	<u>142 802 000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184 530 329</u>
<b>Total financial liabilities</b>	<u>15 205 986 206</u>	<u>4 165 174 800</u>	<u>474 838 384</u>	<u>31 734 355</u>	<u>63 703 359</u>	<u>19 941 437 104</u>
<b>Net financial position</b>	<u>2 434 343 188</u>	<u>251 794 626</u>	<u>(5 053 470)</u>	<u>1 712 627</u>	<u>5 142 556</u>	<u>2 687 939 527</u>
31 December 2013						
Total financial assets	14 225 282 959	3 874 239 577	361 751 060	29 954 575	77 112 625	18 568 340 796
Total financial liabilities	12 142 723 997	3 673 361 351	332 077 168	33 367 727	70 200 388	16 251 730 631
Net financial position	<u>2 082 558 962</u>	<u>200 878 226</u>	<u>29 673 892</u>	<u>(3 413 152)</u>	<u>6 912 237</u>	<u>2 316 610 165</u>

#### B-4 Return rate risk

The bank is exposed to the impact of fluctuations in the levels of return rate that are prevailing in the market which is the cash flow risk of return rate represented in the volatility of future cash flow of a financial instrument due to changes in the return rate of the instrument. Whereas the return rate's fair value risk is the risk of fluctuations in the value of the financial instrument due to changes in return rates in the market.

The return margin may rise due to these changes but still the profit may decrease if unexpected movements occur. The board of directors sets limits for the level of difference in the re-pricing of return rate which the bank can maintain.

The following table summarizes the extent of the bank's exposure to the risk of fluctuations in return rates which includes the book value of financial instruments distributed on the basis of the price of re-pricing dates or maturity dates whichever is sooner:

	<b>LE</b>						
31 December 2014	Up to 1 month	1-3 months	More than 3 months - 1 year	More than 1 year - 5 years	More than 5 years	Without Return	Total
<b>Financial assets</b>							
Cash and due from Central Bank of Egypt		382 059 612	-	-	-	1 468 237 783	1 850 297 395
Due from banks	1 289 000 000	-	-	-	-	109 087 568	1 398 087 568
Governmental notes	735 604 000	547 950 000	2 430 664 200	-	-	-	3 714 218 200
Investment operations with Banks	309 983 732	120 283 522	132 330 839	32 130 450	-	31 448 919	626 177 462
Murabaha, Musharka and Mudaraba to customers	4 493 287 143	949 928 711	1 938 137 907	1 563 284 693	656 063 938	-	9 600 702 392
<b>Financial Investments</b>							
Available for sale	-	-	78 026 526	-	-	58 663 634	136 690 160
Held to maturity	-	317 047 517	1 097 592 697	1 985 327 972	1 903 235 268	-	5 303 203 454
<b>Total financial assets</b>	<u>6 827 874 875</u>	<u>2 317 269 362</u>	<u>5 676 752 169</u>	<u>3 580 743 115</u>	<u>2 559 299 206</u>	<u>1 667 437 904</u>	<u>22 629 376 631</u>
<b>Financial liabilities</b>							
Due to banks	223 502 519	168 681 200	397 543 584	-	-	139 143 112	928 870 415
Customers' deposits	7 280 283 513	9 087 949 534	-	-	-	2 459 803 313	18 828 036 360
Other finances	-	41 728 329	-	-	-	142 802 000	184 530 329
<b>Total financial liabilities</b>	<u>7 503 786 032</u>	<u>9 298 359 063</u>	<u>397 543 584</u>	<u>-</u>	<u>-</u>	<u>2 741 748 425</u>	<u>19 941 437 104</u>
<b>re pricing gap</b>	<u>(675 911 157)</u>	<u>(6 981 089 701)</u>	<u>5 279 208 585</u>	<u>3 580 743 115</u>	<u>2 559 299 206</u>	<u>(1 074 310 521)</u>	<u>2 687 939 527</u>
<b>31 December 2013</b>							
Total financial assets	3 706 813 602	2 115 590 733	6 246 726 996	4 779 583 383	521 855 385	1 197 770 697	18 568 340 796
Total financial liabilities	6 439 065 617	7 220 728 183	391 788 336	-	24 195 609	2 175 952 886	16 251 730 631
<b>re pricing gap</b>	<u>(2 732 252 015)</u>	<u>(5 105 137 450)</u>	<u>5 854 938 660</u>	<u>4 779 583 383</u>	<u>497 659 776</u>	<u>(978 182 189)</u>	<u>2 316 610 165</u>

### C. Liquidity Risk

Liquidity risk represents the risk that the bank faces difficulties in meeting its financial commitments when they fall due and replace funds when they are withdrawn. This may result in failure in fulfilling the bank obligation to repay to the depositors and fulfilling lending commitments.

#### Liquidity risk management

The bank's liquidity management process carried out by the bank's risk department includes:

- Daily funding is managed by monitoring future cash flow to ensure that all requirements can be fulfilled when due. This includes availability of liquidity as they due or to be borrowed by customers. To ensure that the bank reaches its objective, the bank maintains an active presence in global money markets.
- The bank maintains a portfolio of highly marketable assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.
- Monitoring liquidity ratios in relation with internal requirements and Central Bank of Egypt requirements.
- Managing concentrating and declaring facilities' maturities.

For monitoring and reporting purposes, the bank calculates the expected cash flows for the next day, week and month which are the main periods for liquidity management.

The starting point to calculate these expectations is analyzing the financial liabilities dues and expected financial assets collections.

Assets and liabilities department monitors the mismatch between medium term assets, the level and nature of unused Murabaha, Musharka and Mudaraba limits and the effect of contingent liabilities such as letters of guarantees and letters of credit.

#### Financing approach

Sources of liquidity are regularly reviewed by a separate team in the risk management department in order to maintain a wide diversification in currency, geographical, sources, products and maturities.

#### Non - Derivative Cash flows

The following table represents the cash flows paid by the bank by the non- derivative financial liabilities method distributed on basis of remaining of contractual maturities on the date of the balance sheet. The amounts mentioned in the table represent the contractual undiscounted cash flows. The bank manages liquidity risk on basis of expected undiscounted cash flows and not the contractual undiscounted cash flows:

31 December 2014	Up to 1 month	1-3 months	More than 3 months – 1 year	More than 1 year – 5 years	More than 5 years	Total
<b>Financial liabilities</b>						
Due to banks	362 645 631	168 681 200	397 543 584			928 870 415
Customers' deposits	4 388 794 279	2 474 812 328	4 834 385 776	4 062 333 530	3 067 710 447	18 828 036 360
Other finances				184 530 329		184 530 329
<b>Total financial liabilities</b>	<b>4 751 439 910</b>	<b>2 643 493 528</b>	<b>5 231 929 360</b>	<b>4 246 863 859</b>	<b>3 067 710 447</b>	<b>19 941 437 104</b>
<b>Total financial assets</b>	<b>12 569 124 273</b>	<b>1 618 162 233</b>	<b>4 501 132 946</b>	<b>3 284 893 240</b>	<b>656 063 939</b>	<b>22 629 376 631</b>

31 December 2013	Up to 1 month	1-3 months	More than 3 months – 1 year	More than 1 year – 5 years	More than 5 years	Total
<b>Financial liabilities</b>						
Due to banks	121 634 427	35 000 000	391 788 336	-	-	548 422 763
Customers' deposits	3 559 915 678	2 031 851 921	3 996 658 257	3 431 344 296	2 520 570 107	15 540 340 259
Other finances	-	-	-	-	162 967 609	162 967 609
<b>Total financial liabilities</b>	<b>3 681 550 105</b>	<b>2 066 851 921</b>	<b>4 388 446 593</b>	<b>3 431 344 296</b>	<b>2 683 537 716</b>	<b>16 251 730 631</b>
<b>Total financial assets</b>	<b>7 115 443 150</b>	<b>1 708 135 796</b>	<b>5 725 686 531</b>	<b>4 019 075 319</b>	<b>-</b>	<b>18 568 340 796</b>

The assets available to meet all liabilities and to cover commitments related to murabaha, musharka and mudaraba transactions include cash, balances with central banks, balances with banks, treasury bills and other governmental securities and murabaha, musharka and mudaraba transactions for banks and customers. The term of percentage of murabaha, musharka and mudaraba transactions for customers that mature within one year is extended during the ordinary activity of the bank. In addition, there is a pledge for some debt instruments, treasury bills and other governmental securities to guarantee the liabilities. The bank has the ability to face the unexpected net cash flows through the sale of securities and finding other funding source.

#### Off-Balance Sheet Items (Gross)

					LE
31 December 2014	Not more than 1 year	More than 1 year & less than 5 years	More than 5 years	Total	
<b>Acceptances</b>	<b>113 947 119</b>	<b>-</b>	<b>-</b>	<b>113 947 119</b>	
<b>Letters of guarantee</b>	<b>1 138 136 840</b>	<b>71 184 738</b>	<b>69 218</b>	<b>1 209 390 796</b>	
<b>Letters of credit (Import)</b>	<b>428 926 303</b>	<b>8 819 637</b>	<b>-</b>	<b>437 745 940</b>	
<b>Letters of credit (Export)</b>	<b>1 315 786</b>	<b>-</b>	<b>-</b>	<b>1 315 786</b>	
<b>Capital commitments</b>	<b>97 333 127</b>	<b>-</b>	<b>-</b>	<b>97 333 127</b>	
<b>Total</b>	<b>1 779 659 175</b>	<b>80 004 375</b>	<b>69 218</b>	<b>1 859 732 768</b>	
<b>31 December 2013</b>					
Acceptances	133 066 820	-	-	133 066 820	
Letters of guarantee	1 053 260 022	84 308 414	2 110 908	1 139 679 344	
Letters of credit (Import)	405 561 795	36 620 314	-	442 182 109	
Letters of credit (Export)	57 609 726	-	-	57 609 726	
Capital commitments	32 148 766	-	-	32 148 766	
<b>Total</b>	<b>1 681 647 129</b>	<b>120 928 728</b>	<b>2 110 908</b>	<b>1 804 686 765</b>	

## D. The Fair Value Of Financial Assets And Liabilities

### D-1 Financial instruments measured at fair value using evaluation methods

None of the items of financial assets and liabilities were evaluated using evaluation methods at the balance sheet date.

### D-2 Financial instruments not measured at fair value

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

	Book value		Fair value		LE
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	
<b>Financial Assets</b>					
Due from banks	<b>1 398 087 568</b>	298 618 991	<b>1 398 857 094</b>	298 618 991	
Investment operations with banks	<b>626 177 462</b>	704 319 618	<b>628 282 622</b>	719 158 786	
<b>Murabaha, Musharka and Mudaraba transactions</b>					
Customers	<b>850 200 374</b>	678 240 907	<b>850 200 374</b>	678 240 907	
Corporates	<b>7 612 298 750</b>	6 322 053 031	<b>7 612 298 750</b>	6 322 053 032	
<b>Financial investments</b>					
Held -to- maturity	<b>5 303 203 454</b>	3 046 257 911	<b>5 362 291 480</b>	3 237 568 060	
<b>Financial liabilities</b>					
Due to banks	<b>928 870 415</b>	548 422 763	<b>953 994 435</b>	550 270 717	
Customers' deposits	<b>18 828 036 360</b>	15 540 340 259	<b>19 341 131 029</b>	15 554 524 725	
Other finances	<b>184 530 329</b>	162 967 609	<b>187 329 092</b>	1 562 967 609	

#### Due from banks

The value of deposits and overnight deposits with variable return represents their present value. The fair value expected for deposits with variable return is forecasted according to the discounted cash flows using the rate of return prevailing in credit risk and similar maturity debts financial markets.

#### Investment Operations with Banks

The investment operations with banks are represented in facilities other than deposits with banks. The expected fair value of investment operations with banks represents the discounted value of future expected cash inflows. Cash flows are discounted using the present rate of return in the market to determine the fair value.

#### Murabaha, Musharka & Mudaraba Transactions for Customers

They are represented in net murabaha, musharka and mudaraba transactions after deducting the provision for impairment losses. The fair value expected from murabaha, musharka and mudaraba transactions for customers represent the discounted value of expected cash inflows. Cash flows are discounted using the present rate of return in market to determine the fair value.

#### Investment in Securities

Investment in Securities in the previous table includes only assets that bear a return for held to maturity, where available for sale assets are evaluated at fair value apart from equity instruments which the bank could not assess their fair value at a reliable degree. The fair value of held to maturity financial assets is determined according to market prices or prices obtained from brokers. If such data are not available, the fair value is assessed using the prices of capital markets for traded securities that enjoy similar credit characteristics, maturity date and rates.

#### Due to other banks and customers

The fair value assessed for deposits with no fixed maturity date which included deposits with no return represents the amount that will be paid at request. The fair value of deposits that bear fixed return and other finances that are not traded in active markets are determined according to discounted cash flows using the rate of return on new debts of similar maturity.

## E. Capital Management

The bank's objectives, when managing capital that includes other elements besides the shareholders' equity disclosed in the balance sheet, are represented in the following:

- Compliance with the capital's legal requirements in The Arab Republic of Egypt and in countries in which the branches of bank operate.
- Protection of the bank's ability on continuity and enabling it to continue in generating return to shareholders and other parties that deals with the bank.
- Maintenance of a sound strong capital base that supports the growth of business.

Capital adequacy and capital utilizations according to the requirements of regulators (the Central Bank of Egypt) are reviewed and monitored daily by the bank's management through models which depend on the guidelines of Basel Committee for Banking Supervision. Required data are submitted to the Central Bank of Egypt on a quarterly basis.

Central Bank of Egypt requires the following from the bank:

- Maintaining an amount of L.E 500 million as a minimum limit of issued and paid in capital.
- Maintaining a percentage between capital items and risk-weighted assets and contingent liabilities equals to or exceeds 10%. The branches of bank that operate outside the Arab Republic of Egypt are subject to the rules of supervision that regulate the banking business in countries in which they operate.

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

- **Tier one:** the first tier consist of two parts : the basic and the basic supplementary capital
- **Tier two :** is the subordinated capital and consists of the following:
  - 45% of the reserve value of foreign exchange revaluation differences
  - 45% of the value of special reserve
  - 45% of the increase of fair value over Book value of financial investments
  - 45% of the fair value reserve balance of financial investments available for sale
  - 45% of the increase in fair value over Book value of held financial investments
  - 45% of the increase in fair value over Book value of financial investments in subsidiaries and associates
- Loans (subordinated deposits with amortization of 20% of their value for each year of the last five years of its term )
- Provision for impairment losses for loans , facilities and regular contingent liabilities not exceeding 1.25% of credit losses of assets and regular contingent liabilities weighted by risk weights

● **The denominator of the capital adequacy ratio consists of the following:**

Credit Risk  
Market Risk  
Operating Risk

- The weighting of assets by risks ranges between zero up to 200% classified in accordance with the nature of the debit side of each asset so as to reflect the related credit risk, while taking into consideration cash collaterals. Same treatment is applied on off - balance amounts after making adjustments to reflect the contingent nature and probable losses for these amounts.
- The bank has complied with all local capital requirements. The following table summarizes the calculation of capital adequacy ratio according to Basel as at the end of the financial period.

## E. Capital Management (Cont.)

	31 December 2014	31 December 2013
	LE'000	LE'000
<b>Capital</b>		
<b>Tier one (Basic capital)</b>		
Issued and paid capital	895 035	813 668
Reserve (legal and capital)	81 880	81 880
Retained earnings	97 850	95 203
<b>Total basic capital</b>	<b>1 074 765</b>	<b>990 751</b>
Basic supplementary capital	-	-
Differences of nominal value from present value of subordinated finance	-	-
Total of disposals from basic capital	(181)	-
<b>Total tier one</b>	<b>1 074 584</b>	<b>990 751</b>
<b>Tier two</b>		
45% of the value of special reserve	-	-
45% of the increase in the fair value over book value of financial investments	34 936	27 071
Subordinated fund from main investor/ subordinated deposits	114 242	138 772
Provision for impairment losses for loans, facilities and regular contingent liabilities	137 138	117 253
<b>Total tier two</b>	<b>286 316</b>	<b>283 096</b>
<b>Total capital</b>	<b>1 360 900</b>	<b>1 273 847</b>
<b>Total risk weighted assets and contingent liabilities</b>	<b>12 042 339</b>	<b>10 303 683</b>
<b>Capital adequacy ratio (%)</b>	<b>11.30%</b>	<b>12.36%</b>

\*The Capital adequacy standard was added according to what was sent to the Central Bank of Egypt.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The bank applies estimates and assumptions which affect the amounts of assets and liabilities to be disclosed during the following financial years. Estimates and assumptions are continuously assessed on the basis of historical expertise and other factors as well, including the expectations of future events which are considered to be logical or reasonable in the light of available information and surrounding circumstances.

### A. Impairment Losses on Murabaha, Musharka & Mudaraba Transactions

The bank reviews (Murabaha, Musharka & Mudaraba Transactions) portfolio on at least a quarterly basis to assess impairment. The bank applies personal judgment when deciding the necessity of posting the impairment charges to the income statement so as to know if there is any reliable data which refer to the existence of a measurable decline in the expected future cash flows of (Murabaha, Musharka & Mudaraba Transactions) portfolio even before being acquainted with the decline at the level of each Murabaha, Musharka & Mudaraba in the portfolio. These evidences may include existing data which refer to the occurrence of a negative change in the ability of a portfolio of borrowers to repay the bank or local or economic circumstances related to default in the bank's assets. When scheduling the future cash flows, the management applies estimates based on prior experience. The method and assumptions applied in estimating the amount and timing of future cash flows are reviewed on a regular basis to eliminate any differences between estimated and actual losses according to experience.

### B. Impairment in Equity Instruments Investments Available For Sale

The bank defines impairment in equity's instruments' investments available for sale when there is a significant decline in their fair value below their cost. Determining whether the decrease is significant depends on personal judgment. To reach this judgment the bank estimates- among other factors- the usual volatility of the share price. Additionally, there could be impairment if there is evidence on the existence of deterioration in the financial position of the company, the bank invested in, or in its operating and financing cash flows or if there is deterioration in the industry's or sector's performance or in case of changes in technology.

If any increase in the fair value over cost is considered significant or extended, the bank shall achieve additional profits by the sum of L.E. 4 066 063 representing the transfer of the total fair value reserve profit to the income statement.

### C. Financial Investments Held To Maturity

The un-derivative financial assets with payments and maturity dates that are fixed or determinable are classified as financial investments held to maturity, and this classification requires to a great extent the application of personal judgment and to reach such decision the bank evaluates the intention and ability to hold these investments till maturity. If the bank fails to hold these investments till maturity date, with the exception of very special cases such as selling an insignificant amount near maturity, then these investments which were classified held to maturity should be reclassified available for sale investments. Consequently these investments shall be measured by fair value and not by amortized cost in addition to suspension of classifying any investments under the said item.

If using the classification of investments as held to maturity is suspended, the book value shall be raised by a sum of L.E. 59 088 026 to reach the fair value by recording a corresponding entry in the fair value reserve among equity.

### D. Income Tax

Due to the issuance of the law of income tax No 91/2005 and its executive regulations, the income tax is calculated on net taxable earnings as per the tax return issued according to the law, using the taxation rates prevailing on the date of preparing the financial statements, provided that they would be charged to the income statement.

## 5. SECTORIAL ANALYSIS

### A. Sectorial Analysis For Activities

Sectorial activity includes the operational transactions and assets used in providing banking services, managing their surrounding risks and the return correlated to this activity which may differ from other activities. Sectoral segment of transactions according to bank business includes the following:

- Bank's head office.
- Cairo Governorate branches
- Giza Governorate branches
- Alexandria Governorate branches
- Other branches

31 December 2014						LE
	Head office	Cairo Branches	Giza Branches	Alexandria Branches	Others	Total
<b>Income and expenses according to Sector activity</b>						
Sectorial activity income	1 058 950 694	799 940 200	450 156 955	235 396 250	244 108 433	2 788 552 532
Sectorial activity expenses	(1 218 215 540)	(538 861 610)	(317 159 142)	(158 473 424)	(184 934 217)	(2 417 643 933)
Profit before tax	(159 264 846)	261 078 590	132 997 813	76 922 826	59 174 216	370 908 599
Tax	(145 423 235)	-	-	-	-	(145 423 235)
Profit after tax	<u>(304 688 081)</u>	<u>261 078 590</u>	<u>132 997 813</u>	<u>76 922 826</u>	<u>59 174 216</u>	<u>225 485 364</u>
<b>Assets and liabilities according to Sector activity</b>						
Total sectorial activity assets	<u>1 935 114 376</u>	<u>9 452 458 374</u>	<u>5 596 300 123</u>	<u>2 461 174 056</u>	<u>2 834 899 285</u>	<u>22 279 946 214</u>
Total sectorial activity liabilities	<u>607 503 118</u>	<u>9 452 458 374</u>	<u>5 596 300 123</u>	<u>2 461 174 056</u>	<u>2 834 899 285</u>	<u>20 952 334 956</u>
<b>Sectorial activity's other items</b>						
Capital expenses	22 834 125					
Depreciation	18 060 010					
Impairment (burden) for credit losses	(102 332 541)					



31 December 2013						LE
	Head office	Cairo Branches	Giza Branches	Alexandria Branches	Others	Total
<b>Income and expenses according to Sector activity</b>						
Sectorial activity income	894 564 474	619 623 899	362 509 267	200 006 096	204 765 468	2 281 469 204
Sectorial activity expenses	(1 006 317 283)	(408 592 057)	(253 742 759)	(145 830 674)	(181 047 876)	(1 995 530 649)
Profit before tax	<u>(111 752 809)</u>	<u>211 031 842</u>	<u>108 766 508</u>	<u>54 175 422</u>	<u>23 717 592</u>	<u>285 938 555</u>
Tax	(120 267 792)	-	-	-	-	(120 267 792)
Profit after tax	<u>(232 020 601)</u>	<u>211 031 842</u>	<u>108 766 508</u>	<u>54 175 422</u>	<u>23 717 592</u>	<u>165 670 763</u>
<b>Assets and liabilities according to Sector activity</b>						
Total sectorial activity assets	<u>5 617 511 192</u>	<u>5 723 763 037</u>	<u>3 943 155 643</u>	<u>1 409 540 688</u>	<u>1 547 478 860</u>	<u>18 241 449 420</u>
Total sectorial activity liabilities	<u>4 452 655 374</u>	<u>5 723 763 037</u>	<u>3 943 155 643</u>	<u>1 409 540 688</u>	<u>1 547 478 860</u>	<u>17 076 593 602</u>
<b>Sectorial activity's other items</b>						
Capital expenses	16 289 156					
Depreciation	30 861 977					
Impairment (burden) for credit losses	(87 592 504)					

## B. Geographic Sectorial Analysis

31 December 2014				LE
	Cairo	Alex., Delta and Sinai	Upper Egypt	Total
<b>Income and expenses according to geographical segments</b>				
Geographical revenues	2 455 587 017	332 965 515	-	2 788 552 532
Geographical expenses	(2 197 924 709)	(219 719 224)	-	(2 417 643 933)
Profit before taxes	<u>257 662 308</u>	<u>113 246 291</u>	<u>-</u>	<u>370 908 599</u>
Tax	(145 423 235)	-	-	(145 423 235)
Profit after tax	<u>112 239 073</u>	<u>113 246 291</u>	<u>-</u>	<u>225 485 364</u>
<b>Assets and liabilities according to geographical segments</b>				
Total Geographical sectors' assets	<u>18 832 662 411</u>	<u>3 447 283 803</u>	<u>-</u>	<u>22 279 946 214</u>
Total Geographical sectors' liabilities	<u>17 505 051 153</u>	<u>3 447 283 803</u>	<u>-</u>	<u>20 952 334 956</u>
<b>Other Geographical segments Items</b>				
Capital expenditure	22 834 125			
Depreciation	18 060 010			
Impairment (burden) for credit losses	(102 332 541)			

31 December 2013				LE
	Cairo	Alex., Delta and Sinai	Upper Egypt	Total
Income and expenses according to geographical segments				
Geographical revenues	1 992 750 967	288 718 237	-	2 281 469 204
Geographical expenses	(1 791 243 130)	(204 287 519)	-	(1 995 530 649)
Profit before taxes	20 150 783	84 430 718	-	285 938 555
Tax	(120 267 792)	-	-	(120 267 792)
Profit after tax	81 240 045	84 430 718	-	165 670 763
Assets and liabilities according to geographical segments				
Total Geographical sectors' assets	16 174 106 306	2 067 343 114	-	18 241 449 420
Total Geographical sectors' liabilities	15 009 250 488	2 067 343 114	-	17 076 593 602
Other Geographical segments Items				
Capital expenditure	16 289 156			
Depreciation	30 861 977			
Impairment (burden) for credit losses	(87 592 504)			

## 6. NET INCOME FROM RETURN

	LE	
	31 December 2014	31 December 2013
<b>Returns on (Murabaha, Musharka and Mudaraba) and similar revenues from</b>		
Murabaha, Musharka and Mudaraba		
Banks	<b>83 492 524</b>	23 809 411
Customers	<b>820 997 905</b>	719 421 300
	<b>904 490 429</b>	743 230 711
Governmental notes	<b>399 745 720</b>	447 417 164
Investments in debt instruments held to maturity and available for sale	<b>480 619 707</b>	324 994 917
	<b>1 784 855 856</b>	1 515 642 792
<b>Cost of deposits and similar costs from</b>		
Current accounts and deposits		
Banks	<b>(45 453 135)</b>	(33 172 659)
Customers	<b>(1 023 882 626)</b>	(909 722 674)
	<b>(1 069 335 761)</b>	(942 895 333)
Other finances	<b>(3 031 912)</b>	(2 938 469)
<b>Total</b>	<b>(1 072 367 673)</b>	(945 833 802)
<b>Net</b>	<b>712 488 183</b>	569 808 990

The bank holds debt instruments to cover the prescribed liquidity ratio of the customers' deposits pursuant to the requirements of competent entities. We recommend that depositors observe the foregoing with regard to the returns on such instruments.

## 7. NET FEES AND COMMISSIONS INCOME

	31 December 2014	31 December 2013
		<b>LE</b>
<b>Fees and commissions income</b>		
Fees and commissions related to credit	<b>52 333 297</b>	48 040 323
Fees on the corporate financing services	<b>449 331</b>	191 752
Trust funds and custody fees	<b>632 338</b>	327 342
Other fees	<b>61 343 552</b>	42 818 039
	<b><u>114 758 518</u></b>	<u>91 377 456</u>
<b>Fees and commissions expenses</b>		
Other paid fees	<b>(4 322 730)</b>	(3 246 276)
	<b>(4 322 730)</b>	(3 246 276)
<b>Net</b>	<b><u>110 435 788</u></b>	<u>88 131 180</u>

## 8. DIVIDEND INCOME

	31 December 2014	31 December 2013
		<b>LE</b>
Investments available for sale	<b>3 529 474</b>	3 332 001
Investments held to maturity – Mutual funds certificates	<b>1 911 980</b>	954 436
	<b><u>5 441 454</u></b>	<u>4 286 437</u>

## 9. NET TRADING INCOME

	31 December 2014	31 December 2013
		<b>LE</b>
Profit from dealing in foreign currencies	<b>16 770 001</b>	30 111 846
	<b><u>16 770 001</u></b>	<u>30 111 846</u>

## 10. ADMINISTRATIVE EXPENSES

	31 December 2014	31 December 2013
		<b>LE</b>
<b>Employees cost</b>		
Salaries and wages	<b>(152 523 029)</b>	(141 149 010)
Social Insurance	<b>(5 056 680)</b>	(4 527 566)
	<b><u>(157 579 709)</u></b>	<u>(145 676 576)</u>
Other administrative expenses	<b>(109 306 029)</b>	(114 463 375)
	<b><u>(266 885 738)</u></b>	<u>(260 139 951)</u>

During the year 2014 the monthly average of net salaries, bonuses, and remunerations for the top Twenty key personnel in the bank combined net of tax and social insurance amounts to LE 1 208 596 compared to LE 1 167 335 during year 2013.

### 11. OTHER OPERATING REVENUES (EXPENSES)

	31 December 2014	31 December 2013
		<b>LE</b>
Profit (loss) from evaluation of monetary assets and liabilities denominated in foreign currency other than held for trading or designated at fair value through profit and loss.	<b>(395 146)</b>	908 928
Gain on sale of fixed assets	<b>413 451</b>	300 147
Operating and finance lease burden and other provisions (expense) reversal *	<b>(94 586 262)</b>	(44 266 925)
Others	<b>(2 126 811)</b>	8 241 260
	<b><u>(96 694 768)</u></b>	<b><u>(34 816 590)</u></b>

\*operating and finance lease burden include an amount of LE 75,037,461 as of 31 December 2014 against LE 43,875,495 as of 31 December 2013 .

### 12. IMPAIRMENT REVERSAL OF CREDIT LOSSES

	31 December 2014	31 December 2013
		<b>LE</b>
Murabaha, Musharka and Mudaraba for customers	<b>(104 106 169)</b>	(89 697 685)
Financial investments held to maturity	<b>1 773 628</b>	2 105 181
	<b><u>(102 332 541)</u></b>	<b><u>(87 592 504)</u></b>

### 13. INCOME TAX Revenues (Expenses)

	31 December 2014	31 December 2013
		<b>LE</b>
Current income taxes	<b>(144 403 510)</b>	(121 715 371)
Deferred taxes (note 23)	<b>(1 019 725)</b>	1 447 579
	<b><u>(145 423 235)</u></b>	<b><u>(120 267 792)</u></b>

### 14. EARNINGS PER SHARE

	31 December 2014	31 December 2013
		<b>LE</b>
Profits available for distribution to the bank's shareholders	<b>194 485 364</b>	142 440 763
Weighted average of shares outstanding	<b>127 862 133</b>	127 862 133
<b>Earnings per share</b>	<b><u>1.52</u></b>	<b><u>1.11</u></b>

## 15. CASH AND DUE FROM CENTRAL BANK OF EGYPT

LE

	31 December 2014	31 December 2013
Cash	219 482 932	194 811 654
Balances at Central Bank of Egypt within the mandatory reserve ratio	1 630 814 463	1 196 988 348
	<u>1 850 297 395</u>	<u>1 391 800 002</u>
Non-bearing balances	1 630 824 348	1 034 351 084
Bearing balances	219 473 047	357 448 918
	<u>1 850 297 395</u>	<u>1 391 800 002</u>

## 16. DUE FROM BANKS

LE

	31 December 2014	31 December 2013
Current accounts	109 087 568	98 618 991
Deposits	1 289 000 000	200 000 000
	<u>1 398 087 568</u>	<u>298 618 991</u>
Central Bank of Egypt other than the mandatory reserve ratio	1 289 000 000	200 000 000
Local banks	25 570 318	34 343 328
Foreign banks	83 517 250	64 275 663
	<u>1 398 087 568</u>	<u>298 618 991</u>
Non-bearing balances	109 087 568	98 618 991
Bearing balances	1 289 000 000	200 000 000
	<u>1 398 087 568</u>	<u>298 618 991</u>
Current balances	1 398 087 568	298 618 991
	<u>1 398 087 568</u>	<u>298 618 991</u>

## 17. GOVERNMENTAL NOTES

LE

	31 December 2014	31 December 2013
Treasury bills due 91 days	-	50 000 000
Treasury bills due 182 days	16 025 000	389 475 000
Treasury bills due 273 days	556 925 000	1 033 175 000
Treasury bills due 364 days	1 879 225 000	2 311 900 000
Treasury bills due 364 days –USD	1 071 015 000	1 110 176 000
Treasury bills due 364 days –EUR	191 028 200	163 074 370
	<u>3 714 218 200</u>	<u>5 057 800 370</u>
Unearned revenues	(109 579 152)	(222 571 988)
	<u>3 604 639 048</u>	<u>4 835 228 382</u>

The bank holds debt instruments to cover the prescribed liquidity ratio of the customers' deposits pursuant to the requirements of competent entities. We recommend that depositors observe the foregoing with regard to the returns on such instruments.

## 18. INVESTMENT OPERATIONS WITH BANKS

LE

	31 December 2014	31 December 2013
Investment operations with banks	<b>626 177 462</b>	704 319 618
	<b><u>626 177 462</u></b>	<u>704 319 618</u>
Current balances	<b>594 047 012</b>	695 993 298
Non-current balance	<b>32 130 450</b>	8 326 320
	<b><u>626 177 462</u></b>	<u>704 319 618</u>

The balance includes LE 41 412 580 which represents investment operations with Al Baraka Banking Group – the main shareholder in the bank – (against L.E 40 243 880 as of 31 December 2013). Returns from these operations during the year amounted to LE 507 094 (against LE 1 564 452 as of 31 December 2013).

## 19. MURABAHA, MUSHARKA AND MUDARABA FOR CUSTOMERS

LE

	31 December 2014	31 December 2013
<b>Retail</b>		
Debit current accounts	-	-
Credit cards	<b>4 704 935</b>	-
Personal (Murabaha, Musharka, and Mudaraba)	<b>813 488 872</b>	689 345 802
Real estate (Murabaha, Musharka and Mudaraba)	<b>201 725 899</b>	116 781 976
<b>Total (1)</b>	<b><u>1 019 919 706</u></b>	<u>806 127 778</u>
<b>Corporate</b>		
Debit current accounts	<b>1 249 489</b>	1 249 489
Direct (Murabaha, Musharka and Mudaraba)	<b>7 373 083 621</b>	5 991 015 982
Syndicated (Murabaha, Musharka and Mudaraba)	<b>1 175 745 022</b>	770 788 262
Other (Murabaha, Musharka and Mudaraba)	<b>30 704 554</b>	366 620 777
<b>Total (2)</b>	<b><u>8 580 782 686</u></b>	<u>7 129 674 510</u>
<b>Total Murabaha, Musharka and Mudaraba transactions for customers (1+2)</b>	<b>9 600 702 392</b>	7 935 802 288
Less: returns under settlement	<b>(495 071 367)</b>	(376 631 516)
Less: provisions for impairment losses	<b>(643 131 901)</b>	(558 876 833)
<b>Net</b>	<b><u>8 462 499 124</u></b>	<u>7 000 293 939</u>
Current balances	<b>6 122 855 271</b>	3 045 127 863
Non-current balances	<b>2 339 643 853</b>	3 955 166 076
	<b><u>8 462 499 124</u></b>	<u>7 000 293 939</u>

31 December 2014

31 December 2013

### Al Ahrum Bank Customer's loans

loans to customers	<b>5 042 477</b>	5 365 809
Loans provision	<b>(5 017 577)</b>	(5 341 612)
Suspended returns	<b>(24 900)</b>	(24 197)
	<b><u>-</u></b>	<u>-</u>

Al Ahrum Bank Customer's loans represents the balances of old debts for which a 100% provision is charged pertaining to Al Ahrum Bank customers prior to converting into a bank that operates pursuant to the provisions of the Islamic Sharia.

### Provisions for impairment losses

An analysis of the movements in the provision for impairment loss for Murabaha, Musharka and Mudaraba for customers according to the following types

Retail					LE
31 December 2014	Debit current accounts	Credit Cards	Personal Murabaha, Musharka and Mudaraba	Real Estate Murabaha, Musharka and Mudaraba	Total
<b>Balance as of 1 January 2014</b>	-	-	<b>8 111 062</b>	<b>1 446 578</b>	<b>9 557 640</b>
Impairment charge (reverse)	-	-	<b>3 359 489</b>	<b>(486 048)</b>	<b>2 873 441</b>
Write - offs	-	-	<b>(90 480)</b>	-	<b>(90 480)</b>
Recoveries	-	-	-	<b>106 000</b>	<b>106 000</b>
<b>Balance as of 31 December 2014</b>	<u>-</u>	<u>-</u>	<u><b>11 380 071</b></u>	<u><b>1 066 530</b></u>	<u><b>12 446 601</b></u>

Corporate					
	Debit current accounts	Direct Murabaha, Musharka and Mudaraba	Syndicated Murabaha, Musharka and Mudaraba	Other Murabaha, Musharka and Mudaraba	Total
<b>Balance as of 1 January 2014</b>	<b>1 249 489</b>	<b>468 981 407</b>	<b>77 239 217</b>	<b>1 849 080</b>	<b>549 319 193</b>
Impairment charge (reverse)	-	<b>96 515 127</b>	<b>1 643 819</b>	<b>3 073 782</b>	<b>101 232 728</b>
Write-offs	-	<b>(22 806 168)</b>	<b>(463 350)</b>	-	<b>(23 269 518)</b>
Recoveries	-	<b>648 533</b>	-	-	<b>648 533</b>
Foreign currency revaluation differences	-	<b>2 754 364</b>	-	-	<b>2 754 364</b>
<b>Balance as of 31 December 2014</b>	<u><b>1 249 489</b></u>	<u><b>546 093 263</b></u>	<u><b>78 419 686</b></u>	<u><b>4 922 862</b></u>	<u><b>630 685 300</b></u>

Retail					LE
31 December 2013	Debit current accounts	Credit Cards	Personal Murabaha, Musharka and Mudaraba	Real Estate Murabaha, Musharka and Mudaraba	Total
Balance as of 1 January 2013	338 247	-	7 723 355	1 099 251	9 160 853
Impairment charge (reverse)	-	-	518 806	2 404 724	2 923 530
Write - offs	(338 247)	-	(131 099)	(2 057 397)	(2 526 743)
Balance as of 31 December 2013	<u>-</u>	<u>-</u>	<u><b>8 111 062</b></u>	<u><b>1 446 578</b></u>	<u><b>9 557 640</b></u>

### Corporate

	Debit current accounts	Direct Murabaha, Musharka and Mudaraba	Syndicated Murabaha, Musharka and Mudaraba	Other Murabaha, Musharka and Mudaraba	Total
Balance as of 1 January 2013	3 994 652	537 467 376	101 207 039	111 950	642 781 017
Impairment charge (reverse)	-	73 197 154	11 839 871	1 737 130	86 774 155
Write-offs	(2 745 163)	(153 748 122)	(35 807 693)	-	(192 300 978)
Recoveries	-	55 000	-	-	55 000
Foreign currency revaluation differences	-	12 009 999	-	-	12 009 999
Balance as of 31 December 2013	<u>1 249 489</u>	<u>468 981 407</u>	<u>77 239 217</u>	<u>1 849 080</u>	<u>549 319 193</u>

## 20. FINANCIAL INVESTMENTS

LE

	31 December 2014	31 December 2013
<b>Financial investments available for sale</b>		
Debt instruments at fair value		
Quoted	<b>90 849 473</b>	86 766 326
Debt instruments at cost		
Unquoted	-	-
Equity instruments at fair value		
Quoted	<b>5 296 203</b>	8 028 074
Unquoted	<b>40 544 484</b>	38 947 216
<b>Total available for sale financial investments (1)</b>	<b><u>136 690 160</u></b>	<u>133 741 616</u>
<b>Financial investments held to maturity</b>		
Mutual funds certificates (originating bank must hold)	<b>26 929 846</b>	26 929 846
Debt instruments at amortized cost		
Quoted	<b>5 283 604 494</b>	3 028 432 579
Unquoted	-	-
Less: provision for Impairment losses	<b>(7 330 886)</b>	(9 104 514)
<b>Total Financial investments held to maturity (2)</b>	<b><u>5 303 203 454</u></b>	<u>3 046 257 911</u>
<b>Total of Financial investments(1+2)</b>	<b><u>5 439 893 614</u></b>	<u>3 179 999 527</u>
Current balances	<b>1 244 517 140</b>	344 832 579
Non-current balances	<b>4 195 376 474</b>	2 835 166 948
	<b><u>5 439 893 614</u></b>	<u>3 179 999 527</u>
Debt instrument with fixed return	<b>5 141 452 643</b>	2 655 867 204
Debt instrument with variable return	<b>233 001 324</b>	459 331 701
	<b><u>5 374 453 967</u></b>	<u>3 115 198 905</u>

The bank holds debt instruments to cover the prescribed liquidity ratio of the customers' deposits pursuant to the requirements of competent entities. We recommend that depositors observe the foregoing with regard to the returns on such instruments.



## 20. FINANCIAL INVESTMENTS (CONT.)

			LE
31 December 2014	Available for sale financial investments	Held to maturity financial investments	Total
<b>Balance as of 1 January 2014</b>	<b>133 741 616</b>	<b>3 046 257 911</b>	<b>3 179 999 527</b>
Additions during the year	<b>3 883 118</b>	<b>2 787 870 278</b>	<b>2 791 753 396</b>
Disposals during the year	<b>(4 831 179)</b>	<b>(568 913 000)</b>	<b>(573 744 179)</b>
Revaluation differences of monetary assets denominated in foreign currency	<b>2 744 762</b>	<b>8 474 793</b>	<b>11 219 555</b>
Amortization of premium and discount	<b>(272 926)</b>	<b>27 739 844</b>	<b>27 466 918</b>
Gain from changes in fair value – Note 31 (E)	<b>1 424 769</b>	-	<b>1 424 769</b>
Reverse (charge) provision for impairment losses	-	<b>1 773 628</b>	<b>1 773 628</b>
<b>Balance as of 31 December 2014</b>	<b><u>136 690 160</u></b>	<b><u>5 303 203 454</u></b>	<b><u>5 439 893 614</u></b>

			LE
31 December 2013	Available for sale financial investments	Held to maturity financial investments	Total
<b>Balance as of 1 January 2013</b>	<b>161 671 518</b>	<b>2 653 731 692</b>	<b>2 815 403 210</b>
Additions during the year	<b>1 425 800</b>	<b>678 387 657</b>	<b>679 813 457</b>
Disposals during the year	<b>(20 257 030)</b>	<b>(310 000 000)</b>	<b>(330 257 030)</b>
Revaluation differences of monetary assets denominated in foreign currency	<b>10 166 702</b>	<b>17 973 503</b>	<b>28 140 205</b>
Amortization of premium and discount	<b>(254 468)</b>	<b>4 059 878</b>	<b>3 805 410</b>
Gain from changes in fair value – Note 31 (E)	<b>(19 010 906)</b>	-	<b>(19 010 906)</b>
Reverse (charge) provision for impairment losses	-	<b>2 105 181</b>	<b>2 105 181</b>
<b>Balance as of 31 December 2013</b>	<b><u>133 741 616</u></b>	<b><u>3 046 257 911</u></b>	<b><u>3 179 999 527</u></b>

### Financial investments gain (loss)

		LE
	31 December 2014	31 December 2013
Gain on sale of financial investments available for sale	<b>2 373 498</b>	162 358
Impairment losses on equity instruments available for sale	<b>(2 285 850)</b>	(20 625 702)
Impairment losses on debt instruments available for sale	<b>428 802</b>	(227 656)
	<b><u>516 450</u></b>	<b><u>(20 691 000)</u></b>

### Provision for impairment losses settlement of financial investment Held to maturity

		LE
	31 December 2014	31 December 2013
Beginning balance	<b>(9 104 514)</b>	(11 209 695)
Reverse (charge) impairment of credit losses	<b>1 773 628</b>	2 105 181
<b>Ending balance</b>	<b><u>(7 330 886)</u></b>	<b><u>(9 104 514)</u></b>

## 21. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

LE

	31 December 2014	31 December 2013
<b>Egyptian Saudi Finance Company for Real Estate Investment *</b>	<b><u>2 275 000</u></b> <b><u>2 275 000</u></b>	<u>2 275 000</u> <u>2 275 000</u>
Country of the head office company	<b>Egypt</b>	Egypt
Company's total assets **	<b>6 563 601</b>	6 563 601
Company total liabilities without equity **	<b>196 879</b>	196 879
Company's revenues **	<b>753 936</b>	753 936
Company's profit (losses) **	<b>184 247</b>	184 247
Bank's ownership percentage	<b>40%</b>	40%

\*The company is not listed in the Egyptian stock market.

\*\*The latest audited financial statements of the company were used dated 31 December 2013.

## 22. OTHER ASSETS

LE

	31 December 2014	31 December 2013
Accrued revenues	<b>185 154 955</b>	128 074 564
Prepaid expenses	<b>85 205 660</b>	86 010 513
Down payments to purchase fixed assets	<b>665 590</b>	665 590
Down payments to purchase and prepare new branches	<b>32 849 332</b>	91 318 261
Assets reverted to the Bank in settlement of debts (after deducting impairment)	<b>234 377 222</b>	239 218 914
Deposits and custody	<b>1 457 496</b>	1 445 683
Other	<b>22 095 715</b>	29 552 259
	<b><u>561 805 970</u></b>	<u>576 285 784</u>

## 23. DEFERRED INCOME TAX

Deferred income taxes were calculated on deferred tax differences according to the liabilities method.

Deferred tax assets resulting from tax losses brought forward are recognized only if probable future tax benefits exist through which brought forward losses could be utilized.

Deferred tax assets and liabilities are offset if there is reasonable legal ground for offsetting the current tax on assets against current tax on liabilities and also when the deferred income tax appendant to the same tax administration.

### Deferred Tax assets and liabilities balances

LE

31 December 2014	Deferred tax assets	Deferred tax liabilities	31 December 2014
<b>Fixed assets</b>	-	<b>(5 122 752)</b>	<b>(5 122 752)</b>
<b>Provisions</b>	<b>3 883 277</b>	-	<b>3 883 277</b>
	<u><b>3 883 277</b></u>	<u><b>(5 122 752)</b></u>	<u><b>(1 239 475)</b></u>

LE

31 December 2013	Deferred tax assets	Deferred tax liabilities	31 December 2013
Fixed assets	-	(3 902 327)	(3 902 327)
Provisions	3 682 577	-	3 682 577
	<u>3 682 577</u>	<u>(3 902 327)</u>	<u>(219 750)</u>

### Movements in deferred tax assets and liabilities

LE

31 December 2014	Deferred tax assets	Deferred tax liabilities	31 December 2014
Balance at 1 January 2014	<b>3 682 577</b>	<b>(3 902 327)</b>	<b>(219 750)</b>
Additions during the year	<b>200 700</b>	<b>(1 220 425)</b>	<b>(1 019 725)</b>
Disposals during the year	-	-	-
Balance at 31 December 2014	<u><b>3 883 277</b></u>	<u><b>(5 122 752)</b></u>	<u><b>(1 239 475)</b></u>

LE

31 December 2013	Deferred tax assets	Deferred tax liabilities	31 December 2013
Balance at 1 January 2013	2 845 121	(4 512 450)	<b>(1 667 329)</b>
Additions during the year	837 456	-	<b>837 456</b>
Disposals during the year	-	610 123	<b>610 123</b>
Balance at 31 December 2013	<u>3 682 577</u>	<u>(3 902 327)</u>	<u><b>(219 750)</b></u>

## 24. FIXED ASSETS

					LE
	Lands and Buildings	leasehold Improvements	Machinery and Equipment	Other	Total
<b>Balance as of 1 January 2013</b>					
Cost	209 353 547	4 882 271	11 497 805	95 837 602	321 571 225
Accumulated depreciation	(25 049 741)	(811 088)	(9 838 634)	(50 792 725)	(86 492 188)
<b>Net book value</b>	<u>184 303 806</u>	<u>4 071 183</u>	<u>1 659 171</u>	<u>45 044 877</u>	<u>235 079 037</u>
Additions	25 442 375	13 093	5 123 717	17 831 932	48 411 117
Disposals	-	-	-	(531 100)	(531 100)
Depreciation expense	(8 330 934)	(244 331)	(1 395 714)	(20 890 998)	(30 861 977)
Disposals accumulated depreciation	-	-	-	531 100	531 100
<b>Net book value as of 31 December 2013</b>	<u>201 415 247</u>	<u>3 839 945</u>	<u>5 387 174</u>	<u>41 985 811</u>	<u>252 628 177</u>
<b>Balance as of 1 January 2014</b>					
Cost	234 795 922	4 895 364	16 621 522	113 138 434	369 451 242
Accumulated depreciation	(33 380 675)	(1 055 419)	(11 234 348)	(71 152 623)	(116 823 065)
<b>Net book value</b>	<u>201 415 247</u>	<u>3 839 945</u>	<u>5 387 174</u>	<u>41 985 811</u>	<u>252 628 177</u>
Additions	71 908 986	-	1 747 398	26 046 486	99 702 870
Disposals	-	-	-	(662 900)	(662 900)
Depreciation expense	(10 736 834)	(95 615)	(2 068 693)	(5 158 868)	(18 060 010)
Disposals accumulated depreciation	-	-	-	662 896	662 896
<b>Net book value as of 31 December 2014</b>	<u>262 587 399</u>	<u>3 744 330</u>	<u>5 065 879</u>	<u>62 873 425</u>	<u>334 271 033</u>
<b>Balance as of 31 December 2014</b>					
<b>Cost</b>	<b>306 704 908</b>	4 895 364	18 368 920	138 522 020	468 491 212
<b>Accumulated depreciation</b>	<b>(44 117 509)</b>	(1 151 034)	(13 303 041)	(75 648 595)	(134 220 179)
<b>Net book value</b>	<u><b>262 587 399</b></u>	<u>3 744 330</u>	<u>5 065 879</u>	<u>62 873 425</u>	<u>334 271 033</u>

## 25. DUE TO BANKS

LE

	31 December 2014	31 December 2013
Current accounts	<b>139 143 112</b>	74 634 427
Deposits	<b>789 727 303</b>	473 788 336
	<b><u>928 870 415</u></b>	<u>548 422 763</u>
Local banks	<b>396 518 681</b>	285 700 000
Foreign banks	<b>532 351 734</b>	262 722 763
	<b><u>928 870 415</u></b>	<u>548 422 763</u>
Non-return bearing balances	<b>139 143 112</b>	74 634 427
Return bearing balances	<b>789 727 303</b>	473 788 336
	<b><u>928 870 415</u></b>	<u>548 422 763</u>
Current balances	<b>928 870 415</b>	548 422 763
Non-current balances	-	-
	<b><u>928 870 415</u></b>	<u>548 422 763</u>

## 26. CUSTOMERS' DEPOSITS

LE

	31 December 2014	31 December 2013
Demand deposits	<b>1 921 998 814</b>	1 621 084 882
Time and notice deposits	<b>7 075 833 967</b>	5 042 285 072
Certificates of deposit and saving	<b>4 454 039 627</b>	4 105 089 442
Savings deposits	<b>4 838 359 453</b>	4 430 879 289
Other deposits	<b>537 804 499</b>	341 001 574
	<b><u>18 828 036 360</u></b>	<u>15 540 340 259</u>
Corporate deposits	<b>8 331 113 135</b>	5 846 576 243
Retail deposits	<b>10 496 923 225</b>	9 693 764 016
	<b><u>18 828 036 360</u></b>	<u>15 540 340 259</u>
Non-return bearing balances	<b>2 459 803 313</b>	1 962 086 456
Variable return balances	<b>16 368 233 047</b>	13 578 253 803
	<b><u>18 828 036 360</u></b>	<u>15 540 340 259</u>
Current balances	<b>14 998 063 178</b>	12 449 645 506
Non-current balances	<b>3 829 973 182</b>	3 090 694 753
	<b><u>18 828 036 360</u></b>	<u>15 540 340 259</u>

## 27. OTHER FINANCES

### A. Restricted Long Term Finances

Represents the Musharka contract between the bank and the Social Fund of Development (SFD) which amounted to LE 100 million to finance small enterprises with a finance form according to Islamic Sharia. The contract is to be implemented on two equal installments each of which amounted to LE 50 million with a portion of 50% for both parties for a period of 6 years starting from the transfer of the first installment from the SFD to the bank on 28 February 2013.

The Musharka profit (resulted from the finance operations) is distributed to the bank and the SFD equally after deducting 30% in favor of the bank as a fund manager.

The bank also has an obligation to pay a return equals the return applied in the bank for 3 months deposits on the lowest credit balance for the unused balance from the SFD share in the Musharka capital.

	31 December 2014	31 December 2013
		<b>LE</b>
Balance as of 1 January	<b>24 195 609</b>	-
Additions during the year	<b>25 000 000</b>	25 000 000
Payments during the year	<b>(7 467 280)</b>	(804 391)
Balance as of 31 December	<b><u>41 728 329</u></b>	<u>24 195 609</u>

### B. Subordinated Finance From Main Shareholder

On March 16, 2008 an agreement (investment Mudaraba deposit contract) was executed with Al Baraka Banking Group (main shareholder of the bank) to support the subordinated capital of the bank by a sum of US \$ 20 million. This deposit matured on 31 March 2013.

On 31 March 2013, Al Baraka Banking Group deposited US \$20 million – through performing a netting between the amount of the old and new contracts – as a (Deposit Mudaraba) to reinforce the bank's subordinate capital. The deposit to be matured on 30 June 2018. The deposit's return is calculated according to the return rates applied for the depositors in USD in the bank for 5 years in which its return is paid annually, and that is after waiving a portion of the bank's share as Mudarib estimated by 10%. Al Baraka Banking Group cannot withdraw the deposit unless by Central Bank of Egypt approval.

	31 December 2014	31 December 2013
		<b>LE</b>
Balance as of 1 January	<b>138 772 000</b>	124 989 790
Cost of subordinated finance from main Shareholder	-	1 494 514
Foreign currency revaluation differences	<b>4 030 000</b>	12 287 696
Balance as of 31 December	<b><u>142 802 000</u></b>	<u>138 772 000</u>
<b>Total other finances (A+B)</b>	<b><u>184 530 329</u></b>	<u>162 967 609</u>

## 28. OTHER LIABILITIES

	31 December 2014	31 December 2013
		<b>LE</b>
Accrued return	<b>541 017 451</b>	462 476 347
Unearned revenues	<b>34 008 788</b>	25 184 909
Accrued expenses	<b>38 220 779</b>	34 456 922
Creditors	<b>3 361 122</b>	3 361 122
Other credit balances	<b>343 413 817</b>	268 080 804
	<b><u>960 021 957</u></b>	<u>793 560 104</u>

## 29. OTHER PROVISIONS

	31 December 2014	31 December 2013
		<b>LE</b>
Balance as of 1 January	<b>31 083 117</b>	30 578 417
Charged to income statement	<b>19 548 801</b>	391 430
Utilized during the year	<b>(1 074 680)</b>	(194 100)
Foreign currency revaluation differences	<b>79 182</b>	307 370
Balance as of 31 December	<b><u>49 636 420</u></b>	<u>31 083 117</u>

The balance of other provisions represents the provisions charged to meet the probable legal and tax obligations in addition to provisions for contingent liabilities.

## 30. CAPITAL

The authorized capital amounted to LE1billion, the issued and paid up capital amounts to LE 895 034 931 as of the date of the financial statement at par value of L.E 7 per share. All issued shares are fully paid.

	<b>LE</b>		
31 December 2014	No. of shares	Ordinary shares	Total
<b>Balance as of 1 January 2014</b>	<b>116 238 303</b>	<b>813 668 121</b>	<b>813 668 121</b>
The Shareholders share in prior year earnings used in increasing issued and paid up capital	<b>11 623 830</b>	<b>81 366 810</b>	<b>81 366 810</b>
<b>Balance as of 31 December 2014</b>	<b><u>127 862 133</u></b>	<b><u>895 034 931</u></b>	<b><u>895 034 931</u></b>

			LE
31 December 2013	No. of shares	Ordinary shares	Total
Balance as of 1 January 2013	101 076 785	707 537 495	707 537 495
The Shareholders share in prior year earnings used in increasing issued and paid up capital	15 161 518	106 130 626	106 130 626
Balance as of 31 December 2013	<u>116 238 303</u>	<u>813 668 121</u>	<u>813 668 121</u>

On February 23, 2013 the General Assembly of the bank approved the capital increase in an amount – of LE 106 130 626 through the distribution of stock dividends to shareholders.

On March 12, 2014 the General Assembly of the bank approved the capital increase in an amount – of LE 81 366 810 through the distribution of stock dividends to shareholders.

### 31. RESERVES

			LE
Reserves are represented in	31 December 2014	31 December 2013	
General banking risk reserve	<b>104 964 908</b>	66 096 402	
Legal reserve	<b>77 854 573</b>	61 632 558	
Capital reserve	<b>4 024 648</b>	3 724 501	
Special reserve	<b>41 212 327</b>	41 212 327	
Fair value reserve - financial investments available for sale	<b>4 066 063</b>	2 882 579	
	<u><b>232 122 519</b></u>	<u>175 548 367</u>	

#### A. General Banking Risk Reserve

The Central Bank of Egypt instructions require forming a general banking risk reserve to face any unexpected risks, no distribution from the reserve shall be carried out except by the approval of the Central Bank of Egypt.

			LE
	31 December 2014	31 December 2013	
Balance as of 1 January	<b>66 096 402</b>	61 451 421	
Transferred from retained earnings	<b>38 868 506</b>	4 644 981	
Balance as of 31 December	<u><b>104 964 908</b></u>	<u>66 096 402</u>	

#### B. Legal Reserve

Pursuant to the local laws, 10% of the net earning is transferred to a non-distributable reserve until the balance of such reserve reaches 100% of the capital.



LE

	31 December 2014	31 December 2013
Balance as of 1 January	61 632 558	47 598 904
Transferred from retained earnings	16 222 015	14 033 654
Balance as of 31 December	<u>77 854 573</u>	<u>61 632 558</u>

### C. Capital Reserve

This reserve is reinforced using gains from sale of the bank's fixed assets for the purpose of supporting and enhancing the financial position of the bank.

LE

	31 December 2014	31 December 2013
Balance as of 1 January	3 724 501	3 311 960
Transferred from retained earnings	300 147	412 541
Balance as of 31 December	<u>4 024 648</u>	<u>3 724 501</u>

### D. Special Reserve

In accordance with the rules of preparing and presenting the financial statements issued by the Central Bank of Egypt's Board of Directors on 16 December 2008, the special reserve represents the impact of the change in accounting treatments.

LE

	31 December 2014	31 December 2013
Balance as of 1 January	41 212 327	41 212 327
Balance as of 31 December	<u>41 212 327</u>	<u>41 212 327</u>

### E. Fair Value Reserve- Financial Investment Available For Sale:

In accordance with the rules of preparing and presenting the financial statements issued by the Central Bank of Egypt's Board of Directors on 16 December 2008, profits and losses resulting from changes in the fair value of financial investments available for sale are directly recognized in equity in this account until the asset is disposed or its value is impaired, upon which time profits and losses previously recognized in equity are charged to the income statement.

LE

	31 December 2014	31 December 2013
Balance as of 1 January	2 882 579	521 463
Net profits/(losses) from change in fair value	1 424 769	(19 010 906)
profits (losses) transferred to income statement as a result of disposal	(2 170 380)	(256 832)
(losses) transferred to income statement as a result of impairment	1 857 048	20 853 358
Foreign currency revaluation differences	72 047	775 496
Balance as of 31 December	<u>4 066 063</u>	<u>2 882 579</u>

### 32. RETAINED EARNINGS

	31 December 2014	31 December 2013
		<b>LE</b>
Balance as of 1 January	<b>175 639 330</b>	153 895 855
Prior year dividends	<b>(23 230 000)</b>	(20 200 000)
Transferred to legal reserve	<b>(16 222 015)</b>	(14 033 654)
Transferred to capital reserve	<b>(300 147)</b>	(412 541)
Shareholders' Dividends	<b>(122 050 218)</b>	(106 130 626)
Net profit for the year	<b>225 485 364</b>	165 670 763
Transferred from difference between nominal value and present value of subordinated finance	-	1 494 514
Transferred (to) general banking risk reserve	<b>(38 868 506)</b>	(4 644 981)
Balance as of 31 December	<b><u>200 453 808</u></b>	<u>175 639 330</u>

### 33. CASH AND CASH EQUIVALENT

For purposes of cash flow statement presentation, cash and cash equivalent include the following balances which dates of maturity do not exceed three months from acquisition date

	31 December 2014	31 December 2013
		<b>LE</b>
Cash and Due from Central Bank of Egypt (included in note 15)	<b>219 482 932</b>	194 811 654
Due from banks (included in note 16)	<b>1 398 087 568</b>	298 618 991
Governmental notes (included in note 17)	-	49 599 822
	<b><u>1 617 570 500</u></b>	<u>543 030 467</u>

### 34. CONTINGENT LIABILITIES AND COMMITMENTS

#### A. Legal Claims

There are a number of existing cases filed against the bank at the date of the financial statement and the provision charged for these cases amounts to LE 3 280 871 against L.E 3 368 521 as of 31 December 2013.

#### B. Capital Commitments

	31 December 2014	31 December 2013
		<b>LE</b>
Capital commitments represented in contracts for the purchase of fixed assets and branches' fixtures	<b>84 044 127</b>	18 812 766
Capital commitments represented in financial investments	<b>13 289 000</b>	13 336 000
	<b><u>97 333 127</u></b>	<u>32 148 766</u>

### C. Finances, Guarantees and Facilities Commitments (Net)

The bank's commitments for finances, guarantees and facilities represented in the following:

	31 December 2014	31 December 2013
Acceptances	<b>94 997 117</b>	126 566 913
Letters of guarantees	<b>1 059 312 344</b>	1 021 058 528
Letters of credits	<b>199 745 367</b>	386 623 562
	<b><u>1 354 054 828</u></b>	<u>1 534 249 003</u>

LE

### 35. TAX POSITION

#### A- Income Tax

- The bank has been inspected from operation commence till 31/12/2002 and the assessed tax were paid .
- Years: 2003/ 2004 they were inspected and presented to internal commission and will be expected to result in tax losses.
- Years : 2005/ 2006 they were inspected and resulted in tax losses .
- Years : 2007 to 2013 the bank hasn't been inspected till date note that the tax return of these years presented to tax authority at due date .

#### B- Salaries Tax

- The bank has been inspected from operation commence till 31/12/2008 and the assessed tax were paid
- Years 2009 till 2013: the bank were not inspected amount due paid on monthly bases .

#### C- Stamp Duty Tax

- Most branches were inspected till 31/7/2006 and there were no any obligation on the bank .

### 36. RELATED PARTIES TRANSACTIONS

Al Baraka Banking group (Bahrain)- main shareholder - owns 73% of ordinary shares. As for the remaining 27%, it is owned by other shareholders.

Related parties transactions are carried at arm length.

Transactions were carried out with members of the board of directors and subsidiaries and associates companies, represented in the following:

#### A. Deposits From Related Parties

	Members of top management and Close family members		Subsidiary and associate companies	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Due to customers</b>				
Balance as of 1 January	<b>499 999 906</b>	426 933 796	<b>1 078 460</b>	1 076 094
Deposits transactions executed during the year	<b>144 832 958</b>	160 270 114	<b>142 571</b>	2 366
Deposits matured during the year	<b>(201 817 569)</b>	(87 204 004)	<b>(155 050)</b>	-
Balance as of 31 December	<b><u>443 015 295</u></b>	<u>499 999 906</u>	<b><u>1 065 981</u></b>	<u>1 078 460</u>
Cost of deposits	<b><u>19 381 041</u></b>	<u>16 700 842</u>	<b><u>67 413</u></b>	<u>67 491</u>

LE

## B. Other Finances (Subordinated Finance From Main Shareholder)

On March 16, 2008 an agreement (investment Mudaraba deposit contract) was executed with Al Baraka Banking Group (main shareholder of the bank) to support the subordinated capital of the bank by a sum of US \$ 20 million. This deposit matured on 31 March 2013.

On 31 March 2013, Al Baraka Banking Group deposited US \$20 million – through performing a netting between the amount of the old and new contracts – as a (Deposit Mudaraba) to reinforce the bank's subordinate capital. The deposit to be matured on 30 June 2018. The deposit's return is calculated according to the return rates applied for the depositors in USD in the bank for 5 years in which its return is paid annually, and that is after wavering a portion of the bank's share as Mudarib estimated by 10%. Al Baraka Banking Group cannot withdraw the deposit unless by Central Bank of Egypt approval.

	LE	
	31 December 2014	31 December 2013
Balance as of 1 January	<b>138 772 000</b>	124 989 790
Cost of subordinated finance from main Shareholder	-	1 494 514
Foreign currency revaluation differences	<b>4 030 000</b>	12 287 696
Balance as of 31 December	<b><u>142 802 000</u></b>	<u>138 772 000</u>

## C. Other Related Parties Transactions

	LE			
	Members of top management and Close family members		Subsidiary and associate companies	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Fees and commission revenues	<b>844</b>	496	<b>45 326</b>	31 140
	<b><u>844</u></b>	<u>496</u>	<b><u>45 326</u></b>	<u>31 140</u>

## D. Board Of Directors and Top Management Benefits

	LE	
	31 December 2014	31 December 2013
Salaries and short term benefits	<b>8 621 953</b>	7 677 133
	<b><u>8 621 953</u></b>	<u>7 677 133</u>

**37. MUTUAL FUNDS**

31 December 2014	Al Baraka Bank Egypt Fund ( Al Baraka )	National Bank of Egypt and Al Baraka Bank Egypt Fund (Bashayer)	Al Baraka Bank Egypt Fund (Al Motawazen)
Date of foundation	30 March 2006	31 March 2009	10 May 2010
License	No. 246 issued by the Capital Market Authority (CMA)	No. 432 issued by the Capital Market Authority (CMA)	No. 580 issued by the Egyptian Financial Supervisory Authority (EFSA)
Managed by	Hermes Fund Management Company	the National Fund Management Company	Al Tawfik Company for Portfolio Management
Total no. of certificates (certificate)	1 025 701	2 710 933	410 775
Par value amounts (LE)	102 570 100	271 093 300	41 077 500
Redemption value amounts (LE)	78 732 809	179 734 858	43 365 517
The share of the bank in the fund (certificate)	147 630	45 403	52 700
Par value amounts of the share of the bank in the fund (LE)	14 763 000	4 540 300	5 270 000
Redemption value amounts of the share of the bank in the fund (LE)	11 332 079	3 010 219	5 563 539
Fees & commissions included in fees and comm./other fees revenues in income statement (LE)	465 163	340 075	223 596
Returns from the contribution included in dividends caption in income statement (LE)	736 789	542 791	632 400

**Fund of Zakah and Charity Donations**

**Financial Statements**  
**For the year ended 31 December 2014**  
**&**  
**Auditors' Report**

## Auditors' Report

### To The Shareholders of Al Baraka Bank Egypt

#### Report on the Financial Statements

We have audited the enclosed financial statements of Zakah Fund at Al Baraka Bank Egypt represented in the balance sheet as at 31 December 2014 as well as the income & expenses accounts for financial year ended on this date, as well as a summary of the significant accounting policies and other notes.

#### Responsibility of Management for the Financial Statements

Such financial statements are the responsibility of the management of the Fund, for it is responsible for preparing and presenting the financial statements in a fair and clear manner pursuant to the standards of Egyptian accounting and in light of Egyptian laws in force. The responsibility of the management includes designing, implementing and maintaining internal control related to the preparation and presentation of the financial statements in a fair and clear manner free from any significant and effective misstatements whether resulting from falsification or error. Such responsibility also includes the selection of the appropriate accounting policies and their application as well as the preparation of the accounting forecasts that agree with the circumstances.

#### Responsibility of Auditor

Our responsibility is confined in expressing the opinion with regards to such financial statements in light of our audit thereto. Our audit was carried out pursuant to the Standards of Egyptian Auditing and in light of the Egyptian laws in force. Such standards require that we comply with the requirements of professional behavior, planning and performing the audit to obtain appropriate confirmation that the financial statements are free from any significant and effective errors.

The works of audit include the performance of procedures to obtain audit evidence in connection with the values and disclosures in the financial statements. The procedures selected depend on the personal judgment of the auditor. This includes the assessment of the risk of significant and effective misstatements in the financial statements, whether resulting from falsification or error. At the time of assessing such risk, the auditor puts into his consideration the internal control related to the preparation of the Bank to the financial statements and their fair and clear presentation in order to design appropriate audit procedures that agree with the circumstances, but not with the objective of expressing opinion with regards to the efficiency of the internal control at the Bank. The process of audit also includes an assessment of the extent of appropriateness of the accounting policies and significant accounting forecasts that were prepared by the management as well as the right presentation by which the financial statements were submitted.

We deem that the audit evidences that we have obtained are sufficient and appropriate, and are considered suitable grounds to express our opinion with regards to the financial statements.

#### Opinion


We believe that the above mentioned financial statements fairly and clearly express from all their significant aspects the financial position of Zakah Fund at Al Baraka Bank Egypt as at 31 December 2014, income & expenses for the financial year ending on this date pursuant to the Standards of Egyptian Accounting and in light of Egyptian laws in force related to the preparation of such financial statements.

#### Report on Legal & Other Regulatory Requirements

The fund keeps proper financial accounts that include all what is required by its statutes, and the figures of the balance sheet and income & expenses account agree with what is mentioned in such accounts.

The financial data mentioned in the report of the fund committee agree with what is mentioned in the books of the fund within the limits such data are recorded in the books.


Cairo on: 21/1/2015



**BAKER TILLY**  
WAHID ABDEL GHAFFAR & CO.  
PUBLIC ACCOUNTANTS & CONSULTANTS

BT Wahid Abdel Ghaffar & Co. - BT  
Public Accountants & Consultants

**Auditors**



Allied for Accounting & Auditing - EY  
Public Accountants & Consultants

**BALANCE SHEET**

For the year ended 31 December 2014

**LE**

	Note No	31 December 2014	31 December 2013
<b>Cash &amp; Balances with the Bank:</b>			
Investment current account		<b>444</b>	41 773
Limited term investment current account		<b>1 082 864</b>	8 304 872
<b>Total Current Accounts</b>		<b>1 083 308</b>	8 346 645
Charity investment account with return on Fund ( running alms)	(4)	<b>1 622 850</b>	1 622 850
<b>Total</b>		<b>2 706 158</b>	9 969 495
Income exceeds expenses		<b>1 083 308</b>	8 346 645
Against charity investment		<b>1 622 850</b>	1 622 850
<b>Total</b>		<b>2 706 158</b>	9 969 495

**Ashraf El Ghamrawy**

**Vice-Chairman & Chief Executive  
Vice Chairman of Zakah Committee**
**Adnan Ahmed Yousif**

**Chairman  
Chairman of Zakah Committee**

- Enclosed notes are an integral part of financial statements.
- Report of auditors enclosed.



## INCOME & EXPENSES

For the year ended 31 December 2014

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	31 December 2014	31 December 2013
<b>Income</b>		
Opening balance	8 346 645	5 674 503
<b>Zakah Collected</b>		
Islamically due on Bank's funds for previous year	3 159 853	2 810 491
<b>Total Zakah Collected</b>	<b>11 506 498</b>	<b>8 484 994</b>
Investment account return (current/limited term)	464 914	506 274
Returns on charitable investment accounts "running alms"	50 711	113 148
Support of bank to Zakah Fund	226 214	210 157
<b>Total Income</b>	<b>12 248 337</b>	<b>9 314 573</b>
<b>Expenses</b>		
<b>Zakah Spent</b>		
Students & Individuals	(750 000)	(9 500)
Hospitals, Foundations & Associations	(9 934 563)	(506 000)
<b>Total Zakah Spent</b>	<b>(10 684 563)</b>	<b>(515 500)</b>
Administrative & general expenses	(480 466)	(452 428)
<b>Total Expenses</b>	<b>(11 165 029)</b>	<b>(967 928)</b>
<b>Excess of Income above Expenses</b>	<b>1 083 308</b>	<b>8 346 645</b>

● Enclosed notes are an integral part of financial statements.

## NOTES TO FINANCIAL STATEMENTS

### For the year ended 31 December 2014

1. Fund of Zakah and Charity Donations of Al Baraka Bank Egypt was established pursuant to the decision of the Board of Directors held on 29 April 1994 with its head office located at the head office of the Bank. The funds of the Fund and its accounts are independent of the funds of the Bank and its accounts. The resources of the Fund comprise the following:

- Zakah imposed by Islam on the funds of the Bank.
- Donations, and monetary and in-kind grants that depositors or third part from among individuals or authorities provide as approved by the Fund Management Committee.

2. The Fund complies in all cases with spending Zakah in its Shari'a outlets.

3. The monetary basis is adopted at the time of establishing the Income and Expenses of the Fund.

4. The item "against charity Investment "as at 31 December 2014 is represented in the following:

L.E 1 622 850 value of charity deposits donated by third party to the Fund, of which the principal should not be touched, provided that its return would be spent pursuant to the system of the Bank as running alms by the knowledge of Zakah and Charity Donations Fund at the Bank.

## Head Office & Branches

### Head office

**Address:** 60 Mohy El-Din Abu El-Ezz Str., Dokki, Giza, Egypt  
**Postal Code:** 12311 Dokki  
**P.O.Box:** 455 Dokki, Giza, Egypt  
**Tel.:** (02)37481222-37481777(10 lines)  
**Fax:** (02) 37611436-37611437-37611453  
**Swift:** ABRKEGCA  
**e-mail:** central@albaraka-bank.com.eg  
**Internet:**www.albaraka-bank.com.eg

### Mohy El-din Abu El-Ezz Branch

**Address:** 62 Mohy El-Din Abu El-Ezz Str., Dokki, Giza, Egypt  
**P.O.Box:** 504 Dokki  
**Postal Code:** 12311 Dokki  
**Tel.:** (02)33383482-33383490 -33383494  
**Fax:** (02) 37611438-37617305  
**Swift:** ABRKEGCAEZZ  
**e-mail:** mohyeldin@albaraka-bank.com.eg

### Cairo Branch

**Address:** 12 Ettehad El-Mohamien El-Arab Str., Garden City, Cairo, Egypt.  
**P.O.Box:** 75 Maglesse El-Shaab, Cairo, Egypt.  
**Postal Code:** 11516  
**Tel.:** (02) 27947112 -27950673  
**Fax:** (02) 27949641  
**Swift:** ABRKEGCACAI  
**e-mail:** cairo@albaraka-bank.com.eg

### Adly Branch

**Address:** 9 Adly Street, Down Town Cairo, Egypt  
**P.O.Box:** 1994 Attaba, Cairo, Egypt  
**Postal Code:** 11511  
**Tel.:** (02) 23919304-23919250-23919209  
**Fax:** (02) 23919059  
**Swift:** ABRKEGCAALF  
**e-mail:** adly@albaraka-bank.com.eg

### Zakat Department

**Address:** Address of Adly Branch

### Heliopolis Branch

**Address:** 76 El-Sayed El-Merghany Str., Heliopolis, Cairo, Egypt.  
**P.O.Box:** 5986 Heliopolis West Cairo, Egypt  
**Postal Code:** 11757  
**Tel.:** (02) 24140018-24140019  
**Fax:** (02) 24140013  
**Swift:** ABRKEGCAMRG  
**e-mail:** heliopolis@albaraka-bank.com.eg

### Mohandessien Branch

**Address:** 45 Mohamed Hasan Helmy Str., Mohandessien, Giza, Egypt.  
**P.O.Box:** 409 Imbaba, Giza, Egypt.  
**Postal Code:** 12411  
**Tel.:** (02) 33037840-33037842  
**Fax:** (02) 33037841  
**Swift:** ABRKEGCAMOH  
**e-mail:** mohandessien@albaraka-bank.com.eg

### Akkad Branch

**Address:** El-Akkad Trade Center -Al-Nour City, Nasr City, Cairo ,Egypt.  
**P.O.Box:** 9017 Nasr City, Cairo, Egypt.  
**Postal Code:** 11765  
**Tel.:** (02) 24146517-24146518  
**Fax:** (02) 24146519  
**Swift:** ABRKEGCAAKD  
**e-mail:** akkad@albaraka-bank.com.eg

### Maadi Branch

**Address:** 3 Waheib Dous Str., El-Mahata Square , Maadi, Cairo , Egypt  
**P.O.Box:** 1259 Maadi  
**Postal Code:** 11728  
**Tel.:** (02) 27509879-27509881  
**Fax:** (02) 27509885  
**Swift:** ABRKEGCAMAD  
**e-mail:** maadi@albaraka-bank.com.eg

### 6th of October Branch

**Address:** 1st /A Area, Services Center Fifth & Sixth, in front of Vodafone 6th of October, Egypt.  
**P.O.Box:** 349 (6th of October ), Egypt  
**Postal Code:** 12566  
**Tel.:** (02) 38313964-38313965  
**Fax:** (02) 38313963  
**Swift:** ABRKEGCAOCT  
**e-mail:** sixoctober@albaraka-bank.com.eg

### Faisal Branch

**Address:** 2El-Salam Str., Faisal , Giza, Egypt  
**P.O.Box:** 68 Rabeia El-Gizy,Giza, Egypt  
**Postal Code:** 12515  
**Tel.:** (02) 37800327-37800329  
**Fax:** (02) 37800309  
**Swift:** ABRKEGCAFSL  
**e-mail:** faisal@albaraka-bank.com.eg

### Nasr City Branch

**Address:** 18 Ahmed Fakhry Str., Nasr City, Cairo, Egypt  
**P.O.Box:** 43 El-Andalus  
**Postal Code:** 11718  
**Tel.:** (02) 26712948-26712947  
**Fax:** (02) 26712928  
**Swift:** ABRKEGCANSR  
**e-mail:** nasrcity@albaraka-bank.com.eg

### El-Messaha - Dokki Branch

**Address:** 33El-Mesaha Str.,Dokki, Giza, Egypt  
**P.O.Box:** 112 Dokki  
**Postal Code:** 12311 Dokki  
**Tel.:** (02) 33366129-33366176  
**Fax:** (02) 33366078  
**Swift:** ABRKEGCADOK  
**e-mail:** dokki@albaraka-bank.com.eg

**Ahmed Orabi Branch**

**Address:** 13 Corner of Alhady and Alamin Str., from Ahmed Orabi Str. Sahafieen City, Agouza , Giza, Egypt  
**P.O.Box:** 20 Embaba  
**Postal Code:** 12411  
**Tel.:** (02) 33028543-33028544  
**Fax:** (02) 33028535  
**Swift:** ABRKEGCAORA  
**e-mail:** orabi@albaraka-bank.com.eg

**Al-Azhar Branch**

**Address:** 391 Port said Str. Al-Azhar Mall, Cairo, Egypt  
**P.O.Box:** 100 El-Ghoria  
**Postal Code:** 11639  
**Tel.:** (02) 25106191-25106192  
**Fax:** (02) 25106194  
**Swift:** ABRKEGCAZHR  
**e-mail:** azhar@albaraka-bank.com.eg

**Semuha Branch**

**Address:** 5 Dr. Sayed Fahmy Str., Section No. 5 Block 27 Semuha,, Alexandria, Egypt  
**P.O.Box:** 182 Semuha, Alexandria  
**Postal Code:** 21648  
**Tel.:** (03)4259142-4259145-4259146-4259147  
**Fax:** (03) 4259316  
**Swift:** ABRKEGCASOM  
**e-mail:** semuha@albaraka-bank.com.eg

**Alexandria Branch**

**Address:** 8 Bani El-abbassi Str., Azarita, Alexandria, Egypt  
**P.O.Box:** 279 Al-Manshya, Alexandria  
**Postal Code:** 2111  
**Tel.:** (03) 4875672-4875631  
**Fax:** (03) 4869930  
**Swift:** ABRKEGCAAZA  
**e-mail:** alexandria@albaraka-bank.com.eg

**Stanley Branch**

**Address:** 46 Abdelaziz Fahmy Pasha, Stanley El-Raml, Alexandria, Egypt  
**P.O.Box:** 211 Seedy Gaber  
**Postal Code:** 21311  
**Tel.:** (03) 5413893-5413892-5413897  
**Fax:** (03) 5413895  
**Swift:** ABRKEGCASTN  
**e-mail:** stanley@albaraka-bank.com.eg

**Borg El-Arab Branch**

**Address:** Fifth District, Bank's Area , New Borg El-Arab City , Alexandria, Egypt  
**P.O.Box:** 117 Borg El-Arab  
**Postal Code:** 21934  
**Tel.:** (03) 4595116-4595114  
**Fax:** (03) 4595115  
**Swift:** ABRKEGCABRG  
**e-mail:** borgelarab@albaraka-bank.com.eg

**Mansoura Branch**

**Address:** Corner of Suez Canal & El-Falaky Str., Toreal Area, El-Mansoura, Egypt  
**P.O.Box:** 90 El-Mansoura, Egypt  
**Postal Code:** 35511  
**Tel.:** (050) 2334503-2334504-2334505  
**Fax:** (050) 2334501  
**Swift:** ABRKEGCAMAN  
**e-mail:** mansoura@albaraka-bank.com.eg

**10th of Ramadan Branch**

**Address:** 4th /A Area City Main Center, 10th of Ramadan, Egypt  
**P.O.Box:** 1038 10th of Ramadan, Egypt  
**Postal Code:** 44635  
**Tel.:** (015) 389034-389035  
**Fax:** (015) 389033  
**Swift:** ABRKEGCAASH  
**e-mail:** tenthramadan@albaraka-bank.com.eg

**El-Rehab Branch**

**Address:** Office Buliding No 6 Bank's Area, El-Rehab City, Cairo, Egypt  
**P.O.Box:** 110 El-Rehab City  
**Postal Code:** 11841  
**Tel.:** (02) 26928758-26928757  
**Fax:** (02) 26928759  
**Swift:** ABRKEGCARHB  
**e-mail:** rehab@albaraka-bank.com.eg

**Sharm El-Sheikh Branch**

**Address:** Al-Salam Str., South of El-Central District,Sharm, El-Sheikh, Egypt  
**P.O.Box:** 408 Shram El-Sheikh  
**Postal Code:** 46619 Sharm El-Sheikh  
**Tel.:** (069) 3602674-3602675  
**Fax:** (069) 3602676  
**Swift:** ABRKEGCASHM  
**e-mail:** sharmsheikh@albaraka-bank.com.eg

**Shubra Branch**

**Address:** 72Rod El-Farag Str., - Shubra Egypt  
**P.O.Box:** 2 Dawaran Shubra  
**Postal Code:** 11689 Shubra  
**Tel.:** (02) 24330833-24330832  
**Fax:** (02) 24330834  
**Swift:** ABRKEGCASHB  
**e-mail:** shobra@albaraka-bank.com.eg

**Tanta Branch**

**Address:** 32 El-Geash Str., Tanta, Gharbia Egypt  
**P.O.Box:** 285 Tanta, Egypt  
**Postal Code:** 31111 District Post Gharbia  
**Tel.:** (040) 3405976-3405977  
**Fax:** (040) 3405998  
**Swift:** ABRKEGCATAN  
**e-mail:** tanta@albaraka-bank.com.eg

**El-Manial Branch**

**Address:** 83/73 Abdul Aziz Al Saud Str., El-Manial ,  
Cairo, Egypt

**P.O.Box:** 40 El-Malek El-Saleh

**Postal Code:** 11559

**Tel.:** (02) 23641374 - 23641366

**Fax:** (02) 23641352

**Swift:** ABRKEGCAMNL

**e-mail:** manial@albaraka-bank.com.eg

**El-Laselky - New Maadi Branch**

**Address:** 7/8 D/5 El-Laselky Str.,  
New Maadi - Cairo, Egypt

**P.O.Box:** 45 Sakr Koreish – New Maadi

**Postal Code:** 11931

**Tel.:** (02) 25168571-25165870 - 25172810

**Fax:** (02) 25202120

**Swift:** ABRKEGCALSK

**e-mail:** laselky@albaraka-bank.com.eg

**Al-Hadika Al-Dawlia Branch**

**Address:** 70 Ahmed El Zomor, 8th District, Nasr City,  
Cairo, Egypt.

**P.O.Box:** 9501 children village

**Postal Code:** 11787

**Tel.:** (02) 22727582-22727583

**Fax:** (02) 22727584

**Swift:** ABRKEGCAHDW

**e-mail:** zomor@albaraka-bank.com.eg

**Saint Fatima Branch**

**Address:** 168 Al Nozha Street –Heliopolis, Cairo, Egypt

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**Postal Code:** 11736

**Tel.:** (02) 27756322- 27756321

**Fax:** (02) 27756016

**Swift:** ABRKEGCASFM

**e-mail:** santfatima@albaraka-bank.com.eg

**Abbasyia Branch**

**Address:** 43 Abbasyia Street ,Cairo, Egypt

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**Postal Code:** 11517

**Tel.:** (02) 26842834-26842835-26842837

**Fax:** (02) 26842825

**Swift:** ABRKEGCAABS

**e-mail:** abasia@albaraka-bank.com.eg

**Al- Haram Branch**

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**P.O.Box:** 26 Al-Haram

**Postal Code:** 12556

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**Fax:** (02) 37713283

**Swift:** ABRKEGCAHRM

**e-mail:** haram@albaraka-bank.com.eg

**Underfoundation:**

New Head Office – New Cairo

Zamalek Branch– Zamalek

AlSheikh Zayed Branch – 6 October