

Bank Misr Annual Report for 2001 - 2002

Message from the Chairman

The financial year 2001/2002 witnessed important economic events on the international and local levels which was characterized by the increase of globalization and the revolution of information and communication technology, etc....

On the international level:-

The events of the eleventh of September 2001 had its negative impact on the economy leading to the delay in the growth rate and deepening the stagnation in the international economy. The information from the international bank manifested the decrease in the growth rate of the international trade.

On the local level:-

The Egyptian economy witnessed many economic changes during the financial year 2001/2002, the most important of which was the international stagnation which had its effect on all the countries of the world .during the year , a number of procedures were taken namely implementing the program of the Egyptian economy modernization in compliance with fixed plans and programs besides executing a national program for the youth and increasing the local request by the settlement of the state's debts and implementing the annual investment programs taking into consideration the social perspective besides rendering services for low income individuals. This was reflected on the rates of the economic performance either in general or sector level. On 2001/2002, the inflation rate reached 3.5% while state budget deficit in relation to the total local output was estimated during the same year by 3.3%.

The bank's leading role was obvious in serving the national economy and supporting the state's efforts by contributing to increase the savings rate through upgrading deposits at the rate of 13.1% (about L.E.7.1 billion) to reach L.E.61.1 billion .

The bank continued to boost the state's investment policy and was keen on its promotion to cope with the respective international developments on the economic, financial and banking levels, as follows:

- The bank contributed to 126 projects totaling L.E.2.8 billion. The Industry sector occupied the greatest share in the capitals of these projects while Banks and Financial sector, Tourism, Housing, Services and Food sectors trailed behind.

- contributing to solve the problem of unemployment and providing jobs to the youth as well as playing the role of the mediator between the Social Fund and individuals by granting loans necessary for small projects amounting to L.E.183.6 million for 5368 projects all over the country through 201 branches.

- The bank has made the procedures of establishing two companies i.e. Misr Al Amria Co. for Real Estate investment & the international Center Co. for Management and Evaluation.
- The bank extended its leading role in the field of plastic cards by issuing new cards for the purpose of variation to meet the requests for the use of plastic cards instead of cash money. The bank also constituted the banking insurance service besides the marketing of insurances for life products which proves the bank's unique and distinguished role in the service of his clients.
- The bank was unique in its geographical widespread covering the A.R.E. through 448 outlets. Besides, its existence in the European markets in France through Banque Misr-Paris branch, and Germany through Misr Bank-Europe at Frankfurt and in the Arab markets through Misr-Liban, Lebanon. This was also confirmed by an international operation network of correspondents covering the whole world through which the bank provided his clients with a variety of finance and investment services. The bank also rendered the service of Islamic transactions through 31 banking units spread all over the country.
- In spite of the status of the international economy which had its negative impacts on the local economy, the bank achieved a net profit amounting to L.E.139 million until 30/6/2002.

Finally, I seize this opportunity to express my sincerest thanks and appreciation to the previous chairman Dr. Bahaa El Din Helmy, and the former Board of Directors for their bounteous & fruitful efforts during the period of their work at the bank. I would also like to thank all employees who spared no effort to achieve these satisfactory results and their creative aspirations to realize the bank's leadership and growth.

May God lead us to the right path and peace be upon you.

Mohamed Kamal EL Din Barakat

Chairman of Banque Misr

Balance Sheet in 30/6/2002**Balance Sheet in 30/6/2002**

| Assets | LE. 000'S | |
|--|-------------------|-------------------|
| | 30/6/2001 | 30/06/2002 |
| cash and balances with the central bank of Egypt | 14.939.675 | 17.167.603 |
| Treasury bills and state bonds discountable at (CBE) | 7.296.176 | 7.875.397 |
| Investments for trading | 2.475.853 | 2.781.592 |
| Investments for reselling | 931.414 | 1.087.995 |
| Loans to customers and banks | 26.644.531 | 30.760.907 |
| investments for holding | 6.349.227 | 7.033.415 |
| contribution to banks and subsidiary companies | 1.051.467 | 1.120.941 |
| debit balances and other assets | 2.208.043 | 2.168.961 |
| Fixes assets (Less accumulated Depreciation) | 205.649 | 222.732 |
| Total Assets | 62.102.035 | 70.219.543 |
| Liabilities and share holders equity | 30/6/2001 | 30/06/2002 |
| Due to Banks | 2.712.917 | 4.528.794 |
| Customers Deposits | 53.966.139 | 61.059.785 |
| Credit balances and other liabilities | 1.647.154 | 1.483.336 |
| Long Term Loans | 1.743.221 | 960.316 |
| Total Liabilities | 60.069.431 | 68.032.231 |
| Share Holders Equity | 30/6/2001 | 30/06/2002 |
| Capital | 1.000.000 | 1.000.000 |
| Reserves | 1.032.604 | 1.048.312 |
| Total Shareholders' Equity | 2.032.604 | 2.048.312 |
| Net profit | 187.802 | 139.000 |
| Total Liabilities and Shareholders' Equity | 62.102.035 | 70.219.543 |
| Contingent liabilities and engagements | 30/6/2001 | 30/06/2002 |
| Letters of Credit and letters of Guarantee | 5.061.069 | 6.101.731 |

The Chairman

General Manager, Board member

Income Statement for The Financial Year Ended in 30/6/2002

Income Statement for The Financial Year Ended in 30/6/2002

| | LE. 000'S | |
|---|------------------|------------------|
| | 30/6/2001 | 30/06/2002 |
| Revenue from Loans and Deposits with Banks | 3.237.340 | 3.733.404 |
| Revenue from Treasury Bills and Bonds | 1.308.792 | 1.115.499 |
| Less | | |
| Costs of Deposits and Loans | (4.145.506) | (4.045.293) |
| Net Revenue | 400.626 | 803.61 |
| Commissions and charges from Banking Services | 702.752 | 768.181 |
| Distribution of Shares and Mutual Funds Ceertificates | 108.181 | 105.566 |
| Profits (losses) of Selling Investements for Trading | 9.517 | (933) |
| Profits (losses) of Foreign Exchange Transactions | (7.687) | (85.932) |
| Differences of evaluating investments for holding | (190.283) | (124.443) |
| Income from Other Operations | 174.151 | 23.497 |
| Net Income from Banking Activities | 1.197.257 | 1.489.546 |
| Less | | |
| Administrative, General and other Expenditure | (591.032) | (629.249) |
| Provisions | (266.063) | (620.594) |
| Diff.Of Evaluating Investments Holding | (67.681) | (56.79) |
| Profits (losses)from Banking Activities | 272.481 | 182.913 |
| Profits (Losses) from other Operations | 111 | 13.897 |
| Profits (losses) before deducting Taxes | 272.592 | 196.81 |
| Less | | |
| Taxes | (84.79) | (57.81) |
| Net Profits (losses) of the Period | 187.802 | 139 |
| The Shareholders Profits per share in L.E. | 0.173 | 0.13 |

Profit Distribution for The Financial Year Ended 30/6/2002

Profit Distribution for The Financial Year Ended 30/6/2002

| LE. 000'S | | |
|---|----------------|----------------|
| | 30/6/2001 | 30/06/2002 |
| Annual Net Profit | 187.802 | 139.000 |
| Less | | |
| Profit from selling fixed assets transferred to the capital reserve | 46 | 14.297 |
| Profits from selling Investments for holding transferred to the capital reserve | 20.487 | 6.488 |
| Net profit for distribution | 167.269 | 118.215 |
| Distributions | | |
| Legal reserve | 8.364 | 5.91 |
| Reserve of purchasing state Bonds | 8.363 | 5.911 |
| Reserve for rise of fixed assets prices | 8.363 | 5.911 |
| General reserve | 16.727 | 11.822 |
| Supportive reserve | 30 | 35.482 |
| Shareholders distributions | | |
| State Share in profit & Supervision and administration | 72.725 | 39.964 |
| Employees' Share | 22.727 | 13.215 |
| Total Shareholders' Equity | 167.269 | 118.215 |

Cash Flow Statement on 30/6/2002

Cash Flow Statement on 30/6/2002

| | 30/6/2001 | 30/06/2002 |
|--|------------------|--------------------|
| Net cash flows arising from operation activities | 1.370.159 | -1.082.158 |
| Net cash flows arising from Investment activities | 6.001 | -10.594 |
| Net cash flows arising from Financing activities | 317.566 | -28.088 |
| Net decrease (increase) in cash and Semi-cash during the period | 1.693.726 | (1.120.840) |
| Balance of cash and semi-cash at the beginning of the period | 7.034.125 | 8.727.851 |
| Balance od cash and semi-cash at the end of the period | 8.727.851 | 7.607.011 |

Auditors Report on the Financial Statements of Banque Misr on 30/6/2002

Auditors Report on the Financial Statements of Banque Misr on 30/6/2002

We have audited the financial statements of Banque Misr S.A.E represented in the Balance Sheet as of 30/6/2002, the Income and Cash Flows Statements & Notes for the year then ended. These financial statements are the responsibility of the bank's

management. Our responsibility is to express an opinion based on our audit We conducted our audit in accordance with the Egyptian Auditing Standards and in compliance with local laws and regulations In force and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances

These financial statements are void of any remarkable inadvertence. We have verified the assets of the bank and have ascertained that the calculation of the said assets and the bank's liabilities are in accordance with the Egyptian Accounting Standards. We believe that our audit gives us sound grounds to express our opinion thereon

The bank maintains regular accounts including all the required by law and the statutes of the bank and the accompanying statements are in agreement therewith. In our opinion, the financial statements referred to above present a fair view of the bank's financial position as on 30/6/2002 and the result of its operations and its cash flows for the year then ended & in accordance with the Egyptian Accounting Standards, local laws, and regulations

The financial information referred to in the report of the Board of Directors was prepared in conformity with law 159 for the year 1981 and the executive regulations thereto & agrees with the records of the bank in so far as such details are usually stated in books

Cairo 4/12/2002

Auditors

Magdi Kamel Saleh
Fellw of the Egyptian Society of Taxes
(.Abou-Seida & Co)
Zeinab Abdel Hamid Shehata
.Member of the Egyptian Society of Accountants & Aud
(.The Central Auditing Org)