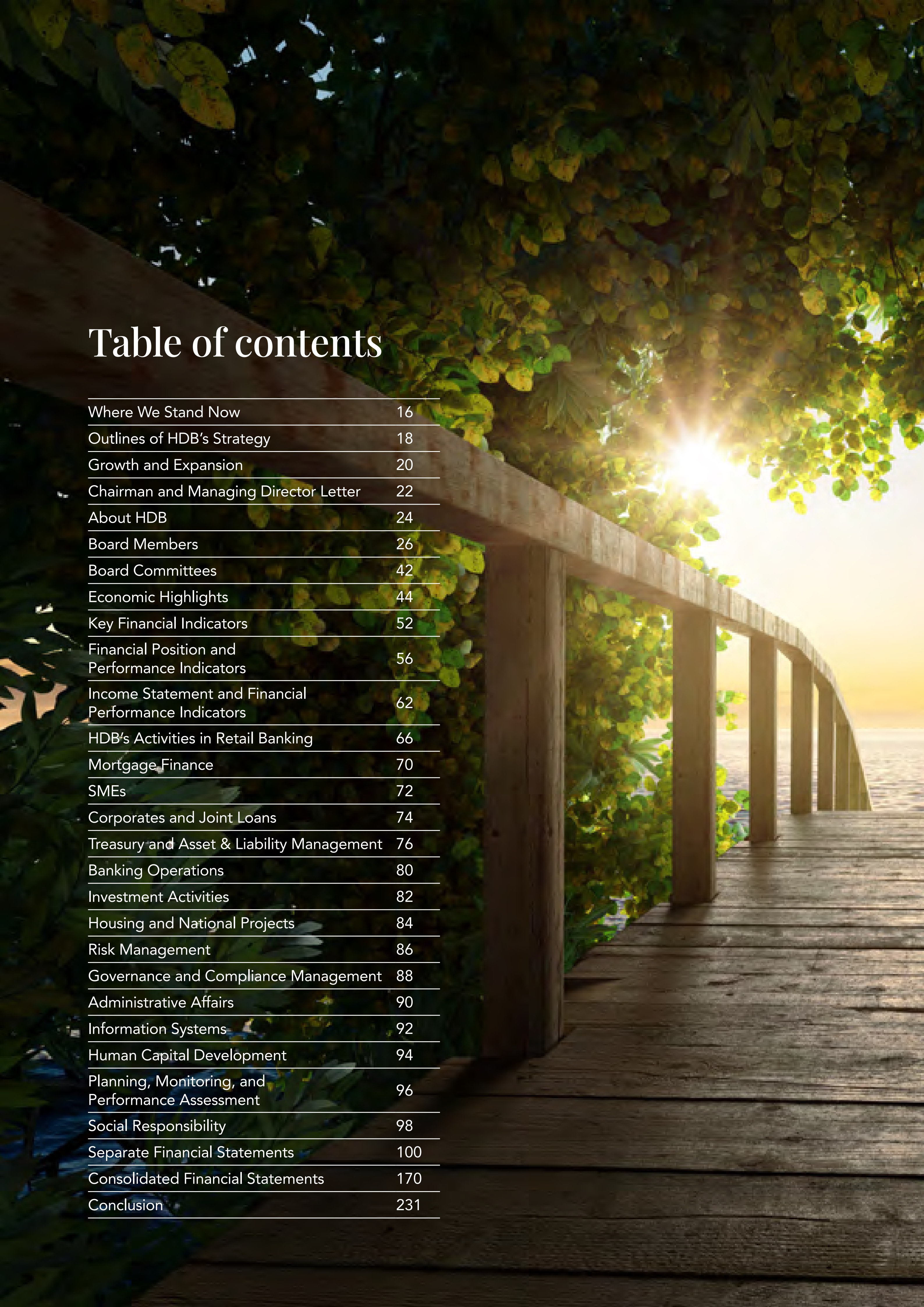
Embarking on a Transformative Journey

Annual Report 2021

Housing & Development Bank
بنـك التعمير و الإسكان



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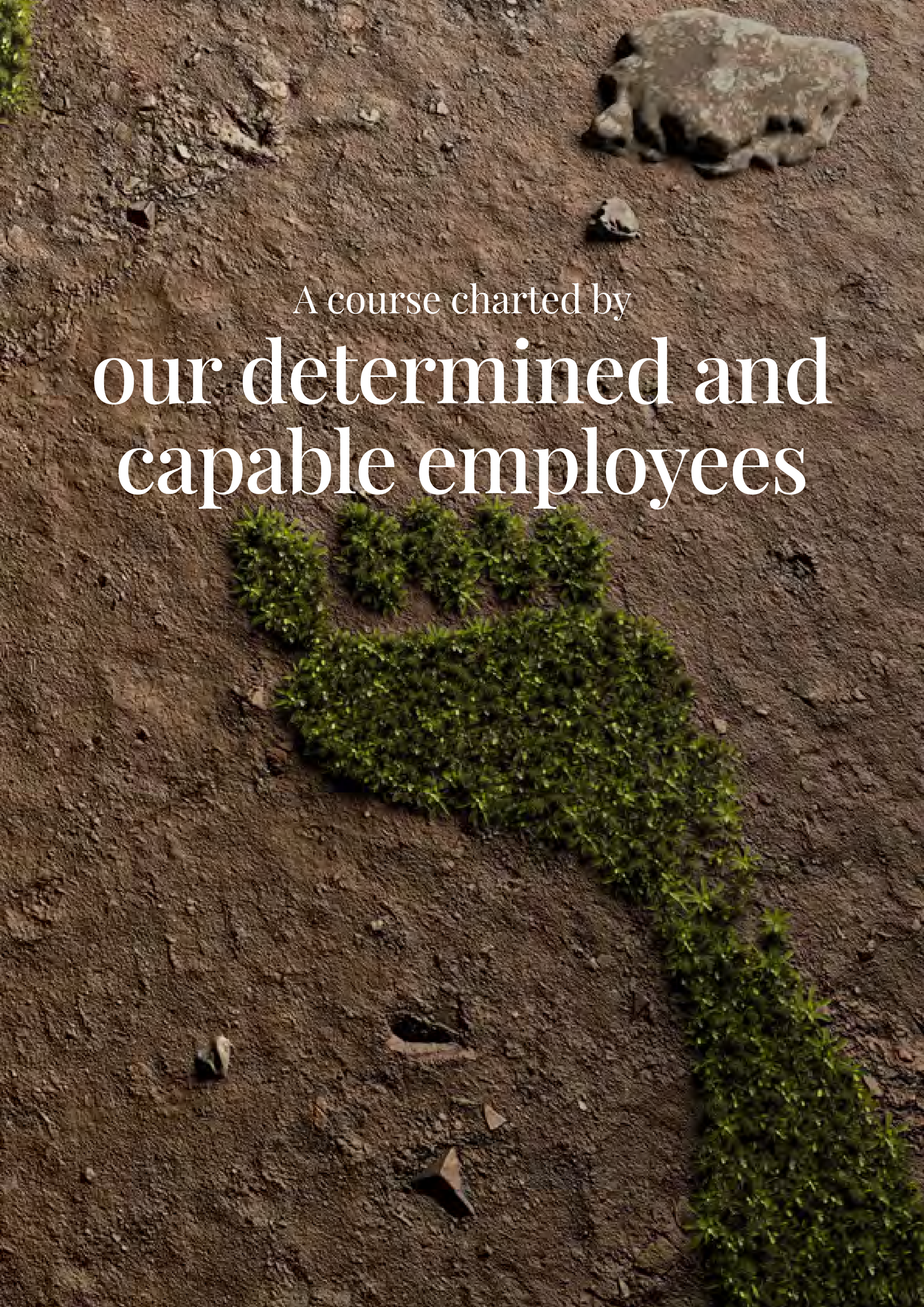
An approach guided by proven principles

A strategy rooted in

state-of-the-art technology

A course charted by

our determined and capable employees



That’s the continuous advancement

We build on our success to propel continual progress

Our plan revolves around

embracing challenges

Our first

test

Implementing a

unique and compelling business model

Our next
aim

Transforming from
a pioneering urban
development bank to a

full-service commercial bank

Where We Stand Now...

17		Subsidiaries and associates
100+		Branches nationwide
400+		ATMs nationwide
2718		Number of employees
76,278	billions, Egyptian pounds	Total assets
24,673	billions, Egyptian pounds	Net loan portfolio

At a Glance,
Another Year of Our Journey

19,83%		Return on equity
3,269	billions, Egyptian pounds	Net interest income
2+	millions	Number of Customers
62,896		Customer deposits
1,830	billions, Egyptian pounds	Net profit after tax
411	millions, Egyptian pounds	Net fees and commission income

Outlines of HDB's Strategy

Our Vision

We aspire to become a top commercial bank while maintaining high operational efficiency.

Our mission

We pursue excellence in providing the finest banking, housing, and real estate services to our customers through the ongoing development of our human capital and providing high-quality services attuned to our customers' needs and our shareholders' ambitions.

Our values

Credibility

We believe credibility is an essential attribute of the banking business. We hold on to credibility in our relationships with our customers and stakeholders, moving forward to preserve our bank's interests, standing, and reputation.

Our customers are our partners

Our business focuses on understanding our customers' current and future needs and providing top-notch banking services to meet those needs efficiently and professionally. .

Excellence

We always pursue excellence in our banking activities, aligning with local and international standards. We are committed to our business's comprehensive and continuous development, aiming to provide our customers with high-level services.

Team spirit

We believe in teamwork to achieve our bank's vision and goals and foster strong bonds and work relationships among employees while encouraging a constructive spirit of competition.

Respect

We build all our relationships on a foundation of respect, equal treatment, and dignity at all levels.

Sustainable development

We always strive to be responsible and altruistic members of our society. Our purpose extends beyond profits - we are dedicated to achieving sustainable development goals through adherence to environmental, social, and governance standards.

Growth and Expansion

During 2021, HDB supported and promoted financial literacy outreach, particularly among underserved customer segments, including individuals who had never held a bank account. We are committed to financial inclusion, reaching these new customer segments, and expanding the bank›s customer base.

Our bank achieved a major milestone in 2021 of more than 100 branches across Egypt. In addition, the bank added 115 ATMs in 2021, bringing the total number to 407.

HDB opened 25 new HDB Royal branches in 2021 and plans to reach 44 branches in 2022, enabling the bank to achieve wealth segment goals. HDB Royal's customer base grew from 1,852 at the beginning of 2021 to 2,550 at the end of 2021. The wealth segment deposit size increased from 5.52 billion EGP to 7.13 billion EGP by the end of 2021.

25
HDB Royal branches opened

2550
HDB Royal customers

7.13
billion EGP increase in wealth deposit portfolio

407
ATMs

Chairman and Managing Director Letter

On behalf of the Board of Directors and all HDB employees, it gives me immense pleasure to present the bank's 2021 Annual Report.

Housing & Development Bank maintained high growth rates and achieved extraordinary outcomes in 2021. This success was due to the bank's ambitious management strategy, which the bank adopted and worked hard to implement through clear business plans to attain the bank's vision and objectives. Our strategy focuses on several key areas, including expanding our footprint in providing banking products and services, further development in digital services, geographical expansion, and improving the quality of customer services. This approach is consistent with the Central Bank of Egypt's (CBE) adopted regulatory policies for the banking sector, which has contributed to the sector's safety and stability.

The CBE issued several key decisions complementing the economic reform measures implemented since exchange rate liberalization in November 2016. That is in addition to the precautionary measures related to commercial and economic activities that were – and are - still in place to contain the spread of COVID-19.

This year we witnessed the reaping of the fruits of the economic and banking reform achievements, the issuing of numerous qualitative decisions that contributed to organizing the market and regulating business in all sectors, the launching of many initiatives to support the industrial and tourism sectors and help struggling factories, and the launching of housing initiatives for low- and middle-income classes. Such measures helped boost the foreign exchange reserve to its highest level, exceeding $45 billion. The impacts of the economic reform program still receive international acclaim, as the S&P report maintained its sovereign rating of Egypt's economy at "B" while maintaining a stable outlook. Furthermore, the IMF predictions for Egypt show that the Egyptian economy will be the second strongest Arab and African economy. The IMF further predicts that Egypt's overall deficit to GDP ratio will decline in 2022 compared to 2021 and that the YoY GDP will surge in 2022 by 11.7%.

In 2021, HDB maintained its remarkable positive financial results. The bank achieved a consolidated net profit after income tax of 2.028 billion EGP and a net profit on a standalone basis after income tax of 1.830 billion EGP, thanks to the Board of Directors' and all HDB employees' increasing and resolute efforts exerted in implementing the bank's development strategy to become one of the top full-service commercial banks in the Egyptian market. This strategy aims to provide innovative and high-quality banking services and products that meet the needs of current and potential customers while keeping up with the digital trend and continuing the development and expansion plan in line with the state's plans and directives on digital transformation and financial inclusion. In addition, the bank has launched new services and has developed other existing ones following its strategy, which promotes financial inclusion, and attracts new segments of society that are not adequately covered by the banking sector to engage them in receiving banking services.

Our top priority last year was digital expansion, as we worked on developing and offering digital services that fit the needs of our customers. We launched several applications and digital services, including Internet Banking and Mobile Banking, that provide customers with more than 50 services, developing and expanding electronic wallet services and issuing cards to promote using electronic payments. This action demonstrates how we built upon what we learned from the Covid-19 pandemic - transformation to a digital economy is no longer a luxury. In this regard, the CBE took the initiative and issued regulations to provide electronic payment services, contributed to advancing digital financial literacy, and expanded an easy and safe electronic payment base across all governorates.

One of the main pillars of HDB's strategy is the geographical expansion to cover all governorates, including opening new branches, adding more ATMs, and upgrading existing branches. These achievements promote financial inclusion to make financial services available to various segments of society.

HDB possesses a wealth of skilled human resources and extensive banking and managerial expertise. The bank has also hired a selection of the best employees to boost the efficiency of the bank's qualitative work. Furthermore, the bank has been training its employees to qualify for leadership positions to face the challenges and competitive conditions in the banking industry. All while continuously working to invest in developing skilled banking and administrative cadres using cutting-edge professional training programs to improve performance and provide our customers with the best and most efficient services.

Thanks to HDB's ambitious strategy and plans that it accurately and efficiently implemented, HDB maintained solid financial performance during this exceptional year, resulting in positive business outcomes.

HDB achieved high growth in operating income, as by the end of 2021, the total assets hit 76.278 billion EGP, with a growth rate of up to 30.8% compared to 2020.

HDB achieved the highest growth rates in corporate loans among all the banks listed on the Egyptian Stock Exchange, with a growth rate of 36.7%. In addition, the bank's total individual loan portfolio significantly increased by 19.5%.

According to financial indicators, this leap in the facility loan portfolio reflects higher customer trust in HDB as the loans and credit facilities portfolio leapfrogged by 5.5 billion EGP with a growth rate of 25.6%, demonstrating the bank's success in providing competitive banking services and products that cater to the needs of all customer segments.

The bank achieved the highest growth rates in the deposits portfolio among the banks listed on the Egyptian Stock Exchange, with an increase of 15.8 billion EGP and a deposit growth rate of 33.47%, reflecting the success of the bank's policy to boost depositors' trust. Furthermore, the total loan-to-deposit ratio (LDR) has reached 42.8%.

Dividends from financial assets, subsidiaries, and associates increased by 72% compared to 2020. Credit loss allowance decreased to 162 million EGP from 178 million EGP in 2020. This is attributed to the increase in the loans and advances portfolio, the bank's prudential policy to address the implications of COVID-19 at all sectoral and individual levels, and the preservation of the rights of depositors and shareholders.

Regarding equity, the bank achieved a growth rate of 25.10%, one of the highest growth rates among the banks listed on the Egyptian Exchange. Such fruitful results improved capital structure management efficiency and boosted capital base growth, as the capital adequacy ratio increased to 23.58% as of 31 December 2021.

At the level of CBE initiatives to support different sectors and CBE's positive and influential role in supporting the national economy – which shows that the banking sector will always be a key partner in economic growth and sustainable development – HDB took part in these initiatives to support the Egyptian economy and drive development by providing the financing needed to contribute to the economic growth and to support different sectors.

HDB believes it has a significant role in supporting small and medium enterprises (SMEs), given their considerable part in boosting the economy and demonstrating HDB's commitment to follow CBE's directions. In fulfilling this role, HDB achieved significant growth in SME financing, with an increase of 27.3%.

HDB is the pioneering bank in real estate development projects. We continue to support real estate financing and aim to offer integrated solutions through our subsidiaries and associates whose different activities complement the banking and real estate services.

Those positive indicators clearly show the effectiveness and flexibility of the policies and procedures the bank has adopted. This adaptability has helped HDB grow its operations, get through crises and tough market competition, and take advantage of market opportunities through its network of branches that provide the best geographical coverage to meet the needs of as many customers as possible at all levels.

Housing & Development Bank consistently strives to achieve its clear goals in accordance with its ambitious strategy to ensure its sustainable growth journey can continue across all indicators, relying on its growing market share in the banking and real estate sectors.

Finally, I express my sincere thanks and appreciation to the bank's esteemed shareholders and customers for their trust, which constantly motivates us to achieve more results and make unprecedented achievements. We promise to exert more efforts toward attaining HDB's vision and strategic goals with steady and well-informed steps supported by our customers' and shareholders' trust.

I extend my gratitude to those who contributed to our success and achievements beyond expectations. I especially would like to thank the Board of Directors, the executive management, and all of HDB's employees for their efforts and dedication to accomplish such achievements while showing teamwork spirit, aiming to make more successes and continue our growth journey.

I am also pleased to express our sincere thanks to Mr. CBE Governor and Mr. Minister of Housing, Utilities, and Urban Communities, for their generous and continuous support.

Chairman and Managing Director
Hassan Ghanem

About HDB

Housing & Development Bank, founded in 1979 (as an Egyptian joint stock company), is one of the distinct models of pioneering banks specializing in housing and urban development that evolved into an all-service commercial bank offering all banking services. Customers' loyalty and trust in HDB, for more than 40 years, have been the primary foundation for the bank's transformation into a full-fledged commercial bank. Throughout this journey, HDB earned its customers' trust and loyalty by realizing thousands of families' dreams through its housing projects, which target various segments of society and which are a distinct highlight in the Egyptian real estate sector to date. This trust was the most potent motivator for expanding the provision of a comprehensive set of competitive banking services. In recent years, the bank has made significant strides in developing and modernizing its banking services for individuals and corporates, in line with banking sector developments and keeping pace with the application of every new financial technology.

HDB has significantly developed and improved its services to meet banking needs across all customer segments. The bank has expanded its geographical footprint to cover all governorates with up to 100 branches and more than 400 ATMs. At the same time, HDB worked on providing and improving digital services, which is currently the bank's top priority.

HDB achieved outstanding results in a short amount of time and gained a large customer base of more than 2 million people. Besides ranking highly in delivering banking products and services, the bank has pioneered real estate financing in Egypt and the Middle East.

Board Members

Experience...
means a lot.

01. Mr. Hassan Ghanem
02. Dr. Asim Abdelhamid Al-Gazzar
03. Mrs. Engineer. Randa Ali Saleh Al-Minshawi
04. Mrs. Naira Nazih Ahmed Amin
05. Mr. Engineer. Tarek Kabil Mohamed Abdelaziz Kabil
06. Mr. Engineer. Khaled Mahmoud Ahmed Abbas

07. Dr. Gamal Sorour Salem Younis
08. Mr. Professor. Ahmed Attia Mohamed Abu Al-Wafa
09. Mr. Hossam El Din Hefnawy Mustafa Kamel
10. Mr. Professor. Ahmed Saad Eddin Abdo Abu Hindia (Ahmed Abu Hindia)
11. Mr. Sherif Ahmed Mohamed El-Sayed El-Akhdar

Mr.

Hassan Ghanem

Chairman and Managing Director – Housing & Development Bank

Mr. Ghanem joined the Housing & Development Bank in September 2017, where he held the position of the Managing Director for Banking Affairs, then became Vice Chairman and Managing Director in January 2018. In December 2019, Mr. Ghanem officially began his position as the Chairman and Managing Director of the Housing and Development Bank.

Mr. Ghanem has been in the banking sector for 34 years. He has extensive experience in corporate finance, structured finance, banking operations, and corporate banking services for multinational companies. Ghanem gained such vast experience working for regional and domestic international financial institutions.

- Mr. Ghanem became Head of Corporate Banking Services and Head of the Banking Investment, Financial Institutions, and Bank Transfers Sector at ALEXBANK in October 2014. He was appointed Executive Board Member of ALEXBANK's Board of Directors and Head of the Medium-Sized Enterprises Department in March 2017. He was in charge of all corporate finance sectors at the time.
- Ghanem was the Head of the Corporate Banking Sector at Emirates NBD (formerly BNP Paribas).
- He held several leading positions at several entities, including membership on the Board of Directors at Emirates NBD Company for Financial Leasing and Alcatel Egypt Company, one of the international companies working in the communications field.
- Ghanem started his professional banking career at MI Bank, ascending to banking jobs and leadership positions between 1986 and 2005.

Educational qualifications:

- Bachelor's Degree from the Faculty of Commerce - Ain Shams University.
- Master's Degree in Business Administration MBA (Finance).
- Diploma in Finance and Investment.

Dr.

Asim Abdelhamid Al-Gazzar

Member of the Board of Directors and
Representative of the Urban Communities Authority

Minister of Housing, Utilities & Urban Communities.

Minister of Housing, Utilities (2020 - present).

Chairman of the General Authority for Urban Planning at the Ministry of Housing and Urban Communities.

Faculty Member at the Faculty of Regional and Urban Planning - Cairo University.

Educational qualifications:

- Bachelor's Degree in Regional and Urban Planning - Cairo University.
- Ph.D. in Urban Design Department - Faculty of Regional and Urban Planning, Cairo University.
- He has numerous diplomas and degrees in urban design, ecotourism, environmental monitoring methods and techniques, and environmental impact assessment and management from several universities, including Cairo University, Oxford Brookes (UK), and George Washington University (US).

Dr. Asim Abdelhamid is a Board member at:

- Technical Secretariat of Higher Council for Urban Planning and Development.
- Housing & Development Bank.
- Ministerial Committee for the Development of the Suez Canal Axis.
- Tourism Development Authority.
- National Center for Planning State Land Use.
- Saudi Egyptian Company.
- Numerous other centers, institutions, and technical committees.

He also has a wealth of scientific research and studies, including:

- The Nile waterfront development to cities in Aswan Governorate.
- The Nile waterfront development to Cairo Governorate.
- Planning standards for utility services in Egyptian cities.
- Environmental impact assessment.
- He participated in several major tourism projects in Al-Ain al-Sokhna, Marsa Alam, the North Coast, Helwan, the Pyramids, and Ras Al-Barr.

Mrs. Engineer.

Randa Ali Saleh Al-Minshawi

Member of the Board of Directors and Representative of the Urban Communities Authority

First Assistant to the Prime Minister and Deputy Minister of Housing, Utilities, and Urban Communities (2019-present).

Educational qualifications:

- Bachelor of Architectural Engineering – 1985.
- Mrs. Randa Al-Minshawi has work experience in public work since she graduated from university.
- She ascended through administrative and leadership positions thanks to her skills and diligence.

She occupied several positions in the Ministry of Housing before 2019, including:

- Supervisor in the Office of the Minister of Housing.
- First Undersecretary of the Ministry of Housing(2011- 2017).
- Head of Central Management of the Minister’s Office (October 2009-June 2011).

Mrs.

Naira Nazih Ahmed Amin

Independent Expert Board Member

Educational qualifications:

Bachelor of Economics and Business Administration.

She held and ascended through many positions:

- Citibank, throughout its different sectors:
    - Private and public corporate finance.
    - Foreign and financial transactions.
    - Head of Corporate Finance and Credit in Egypt.
    - Head of Corporate Finance and Manager of Credit Risk Department – Tunisia.
    - First Officer (Director General) – Tunisia.
    - Regional Director of Credit Risk in North Africa for Citibank Group

- General Manager of Retail Banking and Branch Networks - Bank Audi.
- CEO and Managing Director - Piraeus Bank.

Mr. Engineer.

Tarek Kabil Mohamed Abdelaziz Kabil

Independent Expert Board Member

Egyptian Minister of Trade and Industry – 2015-2018

Educational qualifications:

Bachelor’s degree in Mechanical Engineering – Alexandria University.

Member of several large companies and economic and investment groups due to his work and academic experience in economy and commerce.

- Cleopatra Hospitals Group.
- Housing & Development Bank.
- Egyptian-American Enterprise Fund.
- Lilas Group – Tunisia.
- City Edge Developments Company.
- Egypt Foods Group.

Mr. Tarek Kabil has had extensive work experience since he graduated and became Minister of Trade and Industry. Since 1979, he has worked at several large companies, inside and outside of Egypt, including:

- Arab Petroleum Pipelines Company (SUMED).
- Procter & Gamble.
- PepsiCo, Inc.
- Abraj Group.

Mr. Tarek Kabil’s success continued after his transition from the private sector to public service. He had numerous achievements as Minster of Trade and Industry of Egypt. He helped establish Egypt’s first Micro, Small, and Medium Enterprises Authority and Export Development Authority.

Mr. Engineer.

Khaled Mahmoud Ahmed Abbas

Member of the Board of Directors and Representative of
the Urban Communities Authority

Engineer. Khaled Mahmoud Abbas is the Deputy Minister of Housing and Utilities and Urban Communities.

Educational qualifications:

Bachelor's degree in Architectural Engineering - Ain Shams University, has several specialized courses in:

- Business administration.
- Strategies and corporate structuring - business development.

Engineer. Khaled was the Executive Director of the Social Housing Finance Fund and a member of the Board of Directors at several major institutions and companies:

- Housing and Development Bank.
- Insurance Holding Company.
- Administrative Capital for Urban Development.
- El Mostakbal for Urban Development.
- Al Oula Real Estate Finance Company.
- Holding Company for Construction.

Dr.

Gamal Sorour Salem Younis

Member of the Board of Directors and Representative of
Misr Life Insurance Company

Dr. Gamal Sorour is the Head of the Investment Sector at Misr Life Insurance Company. He has ascended through leadership positions in the company.

Educational qualifications:

- Bachelor's degree in Commerce – Helwan University.
- Postgraduate Diploma in Financial Management- Cairo University.
- Master's degree from the Arab Academy for Science, Technology & Maritime Transport.
- Ph.D. in General Management from Faculty of Economics and Political Science - Cairo University.

He had also been a member of the boards of directors at several banks operating in Egypt: Misr Iran Development Bank, Egyptian Gulf Bank, Société Arabe Internationale de Banque (SAIB).

Dr. Gamal's career extends beyond his academic and professional success, as his work experience exceeded banking services to expertise in the investment sector. He assessed feasibility studies for investment projects in all aspects, planned financial and administrative corporate restructuring, and led numerous investment and accounting activities.

Dr. Gamal attended several courses and workshops in several banks and companies in London and Switzerland.

Mr. Professor.

Ahmed Attia Mohamed Abu Al-Wafa

Member of the Board of Directors and Representative of Al Awqaf Egyptian Authority

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He holds many positions within the Ministry of Awqaf, including:

- Undersecretary of the Ministry for Economic and Investment Affairs at Al Awqaf Authority.
- General Manager of Financial and Administrative Affairs at El Doaah Hospital.
- General Manager at the General Administration of Training Centers.
- Head of the Revenue Surplus Accounts Department.
- Manager of the Office of the Head of the Central Administration for Financial Affairs.
- General Manager of Central Agency for Organization & Administration.

He took several courses to hone his knowledge and professional skills, including:

- Several courses in computer science organized by the Council of Ministers.
- International Computer Driving License.
- Tax training course from the Ministry of Finance.
- A general qualification course at the Ministry of Awqaf.

Mr. Ahmed Attia has extensive management experience and professional competence that combines the required tools, academic skills, and administrative qualities.

Mr.

Hossam El Din Hefnawy Mustafa Kamel

Board member and Representative of
Misr Life Insurance Company

Mr. Hossam El Din Hefnawy is the Head of the General Insurance Sector - Central Region.

Educational qualifications:

- Bachelor of Commerce (Insurance Division) - Cairo University.
- Postgraduate Diploma.
- Degree from the Chartered Insurance Institute – London.
- Fellowship of the Chartered Insurance Institute – London.

He ascended through positions in the Insurance Sector and held several leading roles, including:

- General Manager of the Reinsurance Sector at the Office of the Head of the Sector.
- General Manager of Accident and Fire Insurance.
- Manager of Risk Management.

He is also a member of the Board of Directors of some major companies and institutions, such as:

- Board Member of HDB Bank and a member of the Audit, Governance, and Risk Committees.
- Board Member of Dakahlia Sugar Company.
- Board Member of ACPA Company.
- Board Member of Gastec Company.

Mr. Hossam El Din Hefnawy has taken several courses and workshops, inside and outside of Egypt, on insurance, accounting, industrial hazards, and financial risk management. He also visited Arab and foreign markets, including: Qatar, Turkiye, Sudan, UAE, and Bahrain.

Mr. Professor

Ahmed Saad Eddin Abdo Abu Hindia (Ahmed Abu Hindia)

Shareholder

Educational qualifications:

Bachelor of Law – Ain Shams University, 1987.

Professional experience:

He has served as an attorney and legal advisor for many companies, institutions, and individuals in Egypt and other Arab and foreign countries. He is an arbitrator registered on the Roll of Arbitrators at the Ministry of Justice and the Cairo Regional Center for International Commercial Arbitration.

Associations membership:

- Member of the Egyptian Bar Association.
- Member of the International Bar Association.
- Member of the Arab Lawyers Union.
- Member of the Cairo Regional Center for International Commercial Arbitration.
- Member of the American Chamber of Commerce in Egypt.
- Member of the Egyptian Lebanese Businessmen Friendship Association.
- Member of the Arab Business Administration Association.

Board Member at:

- El Sewedy Electric Company SAE - Audit Committee member.
- National Company for Maize Products SAE - Audit Committee member.
- Egyptian Resorts Company SAE.
- First Arabian Development & Investment Co (Vice Chairman).
- Cairo Three A for International Industries.
- Egypt Hydrocarbon Corporation SAE.
- Oriental Petrochemicals Company SAE.
- Delta Tourism & Hotels SAE.
- Arab Investment Company SAE.
- Gulf Construction & Development Company SAE.
- Information Technology and Services Co SAE.
- Femex for Trade S.A.E.
- New City Housing and Development Company SAE.
- Haram City Contractors SAE.

Mr.

Sherif Ahmed Mohamed El-Sayed El-Akhdar

Representative of RIMCO EGT Investment Company

Educational qualifications:

- MSc in Financial Sciences - George Washington University.
- Bachelor's degree in accounting (Economics) - The American University in Cairo.

Founder and Executive Partner in:

Managing a direct investment fund of $100 million - BPI Partners for Direct Investment (SAE.) Cairo, Egypt.

Partner and member of the Executive Committee

- Extensive experience in finding opportunities, structuring deals, and managing portfolios.
- Experience in deal-making of company shares purchasing, deal-structuring and deal creation, at a total value of $240 million.
- Overseeing financial portfolio investments and representing the board of directors in these operations in several sectors, including real estate, manufacturing, energy, auto, non-bank financial services, tourism, and consumer goods.
- Managing the operational and financial restructuring of an international manufacturer producing kitchen and tableware.
- Managing the exit deal of two investment companies.
- Managing the operations of securing finance for mutual funds, with more than $196 million.
- Conducting due diligence examinations, consultations with external consultants, meetings with executive boards, and discussions with financing entities.
- Analyzing market conditions and reading markets for different types of investments- American Capital Strategies Limited, (Washington DC, USA).
- Assisting in drafting strategic guidelines, forming structures, and drafting investment memoranda for three private equity funds with a capital value equal to $4.7 billion, a hedge fund of $500 million, and a public debt distress fund of $500 million.
- Working with investors on securing finances, overseeing investments, and post-closing operations.
- Preparing models for mergers and acquisitions, stock purchase operations, and conducting required assessments - ABT Associates, Inc., (Washington DC, USA).

Consultant:

- Providing support in financial services and customer portfolios in emerging markets concerning identifying and investigating issues related to strategy, policy, markets, organization, and operation.
- Serving customers on strategic issues through communication with management bodies, analyzing the financial performance of investment operations, and conducting analyses for companies.
- Analyzing the financial services industry in different emerging markets and preparing competitive analyses for several banks and insurance companies.

Mr. Sherif was/is a representative of the Boards of Directors at:

- LimeVest Partners S.A.E.
- Dar Al Teb for Medical Services SAE.
- Al-Ebtesama Hospital S.A.E.
- Beltone Direct Investment SAE.
- Madinet Nasr Housing & Development SAE.
- Metalar S.A.E.
- Total Egypt.
- Pickalbatros Holding for Financial Investments SAE.
- The Arab Financial Investment Company SAE.

Associations membership:

- Member of the Frontier Markets Board at the Association of Direct. Investment in Emerging Markets.
- Member of the Egyptian Association for Direct Investment.

Other:

- Awarded the Graduation Cup from the American University in Cairo for Academic Achievement and Extracurricular Activities.
- Languages: Arabic, English (Fluent).

Vice Chairman:

- Mr. Sherif concluded seven acquisitions in several sectors.
- He analyzed the applicability of new investment strategies, geographical and sectoral.
- He identified additional acquisitions and financing opportunities.

Assistant Managing Directors

Mr.

Mohamed Mustafa Ahmed Abdel-Aty

Assistant Managing Director for Operations

- Born in November 1966, Mr. Mohamed Mustafa holds a bachelor's degree in Business Administration from the Faculty of Commerce, Ain Shams University, in 1988, with a "Good" grade. He joined Egyptian American Bank in June 1991. He attended several courses in banking: International Financial Reports – Financial Instruments; Proactive Banking Relationships – supervised by Cohen Brown Management Group Inc.; International Credit Risk Assessment; Great Leaders, Great Teams, Great Results Program – Dubai, UAE.

- He ascended through the ranks until he became Head of the Customer Service Department at the Egyptian American Bank – Maadi Branch in 1994.

- In December 1995, he was appointed Manager of the Customer Service Department at Mashreq Bank - Salam Branch. In 1997, he was promoted to Chief Officer of Customer Services. He was appointed manager of the Baniyas Branch - Mashreq Bank in 1998 and the Traffic Branch in 1999. He took over as manager of Mashreq Bank's Salam branch in 2001.

- In 2001, he was Deputy Manager of Mashreq Bank's Salam Branch in Cairo. Then he became a regional manager, and Deputy Manager of Mashreq Bank in Abu Dhabi and Al Ain, UAE, since 2005.

- Mr. Mohamed Mustafa then became the Deputy Manager of Mashreq Bank in Cairo, and Manager of the Distribution Department in 2009.

- In 2013, he started his position as the Deputy CEO of Union National Bank – Egypt. Then, in 2017, he was promoted and named the Deputy CEO and Member of the Board of Directors at Union National Bank.

Mr.

Walid Mohamed Hamdy Mattar

Assistant Managing Director for Retail Banking and Branches

- He holds a Bachelor of Business Administration Sciences.
- He held and ascended through many positions:
  - Sales manager of American Express bank cards – Cairo.
  - Public Relations Manager for Corporate Accounts at Diners Club – Cairo.
  - Sales manager of bank cards – the United Bank – Egypt.
  - Sales manager at Piraeus Bank-Egypt, where he created and developed work plans and strategies in the Credit Department, until he was promoted to manager of the Credit Department responsible for loans of goods and cars.
  - Manager of Projects Department and Deputy Resident Director of Citibank, Cairo, Egypt.
  - Manager at Financial Funding Department at Banque Du Caire, Cairo
  - General Manager of the Financial Funding Department at Banque Du Caire, Cairo, Egypt.

Mr.

Tamer Ismail Negm

Assistant Managing Director for Corporate Credit,
Joint Loans, Treasury, and Investment

- Education:
  - Bachelor of Business Administration Sciences (Banks Department) – Sadat Academy for Management Sciences.
  - Postgraduate Diploma in Management Sciences.
  - Professional Diploma in Banking Credit Basics from the Arab Academy for Banking and Financial Sciences – American Bankers Association.
- He held and ascended through many positions:
  - Credit Officer at Corporate Credit Department - Misr International Bank.
  - Assistant Supervisor of Corporate Credit - Misr International Bank.
  - Head of Central Relationship Management for Company Group of Misr International Bank.
  - Head of Central Companies Group Sector at Misr International Bank (merged with National Societe Generale Bank).
  - General Manager and Head of Major Companies Department at BNP Paribas-Egypt.
  - Deputy General Manager of Central Companies Group at BNP Paribas.
  - Manager of Major Companies Department at BNP Paribas.
  - Executive Director of Corporate Banking Department at ALEXBANK.

Board Committees

1. Audit Committee	
Mrs. Naira Nazih Ahmed Amin	**Chair**
Dr. Gamal Sorour Salem	Member
Mr. Sherif Ahmed Mohamed El-Sayed El-Akhdar	Member

2. Risk Committee	
Mr. Engineer. Tarek Kabil Mohamed Abdelaziz	**Chair**
Mr. Hassan Ismail Ghanem	Member
Dr. Gamal Sorour Salem	Member
Mrs. Naira Nazih Ahmed Amin	Member
Mr. Professor. Ahmed Attia Mohamed Abu Al-Wafa	Member
Mr. Hossam El Din Hefnawy Mustafa	Member
Mr. Professor. Ahmed Saad Eddin Abdo Abu Hindia	Member

3. Governance and Nomination Committee	
Mr. Engineer. Tarek Kabil Mohamed Abdelaziz	**Chair**
Dr. Gamal Sorour Salem	Member
Mr. Hossam El Din Hefnawy Mustafa	Member

4. Remunerations Committee	
Mr. Professor. Ahmed Saad Eddin Abdo Abu Hindia	**Chair**
Mr. Engineer. Khaled Mahmoud Abbas	Member
Mr. Sherif Ahmed Mohamed El-Sayed El-Akhdar	Member

5. Donations Committee	
Mr. Hassan Ismail Ghanem	**Chair**
Dr. Asim Abdelhamid Al-Gazzar	Member
Mrs. Engineer. Randa Ali Al-Minshawi	Member
Mr. Professor. Ahmed Attia Mohamed Abu Al-Wafa	Member
Mr. Professor. Ahmed Saad Eddin Abdo Abu Hindia	Member

6. Engineering and Property Affairs Committee

Mr. Engineer. Khaled Mahmoud Abbas	**Chair**
Dr. Asim Abdelhamid Al-Gazzar	Member
Mr. Engineer. Tarek Kabil Mohamed Abdelaziz	Member
Mrs. Engineer. Randa Ali Al-Minshawi	Member

7. IT Board Committee

Mr. Hassan Ismail Ghanem	**Chair**
Mr. Engineer. Khaled Mahmoud Abbas	Member
Mrs. Engineer. Randa Ali Al-Minshawi	Member
Mr. Professor. Ahmed Attia Mohamed Abu Al-Wafa	Member

8. Investment Committee

Dr. Gamal Sorour Salem	**Chair**
Dr. Asim Abdelhamid Al-Gazzar	Member
Mr. Engineer. Tarek Kabil Mohamed Abdelaziz	Member
Mr. Engineer. Khaled Mahmoud Abbas	Member
Mrs. Naira Nazih Ahmed Amin	Member
Mr. Hossam El Din Hefnawy Mustafa	Member
Mr. Sherif Ahmed Mohamed El-Sayed El-Akhdar	Member
Mr. Professor. Ahmed Saad Eddin Abdo Abu Hindia	Member

Key Economic Highlights in **2021**


79.32
67.63
62.5
.52

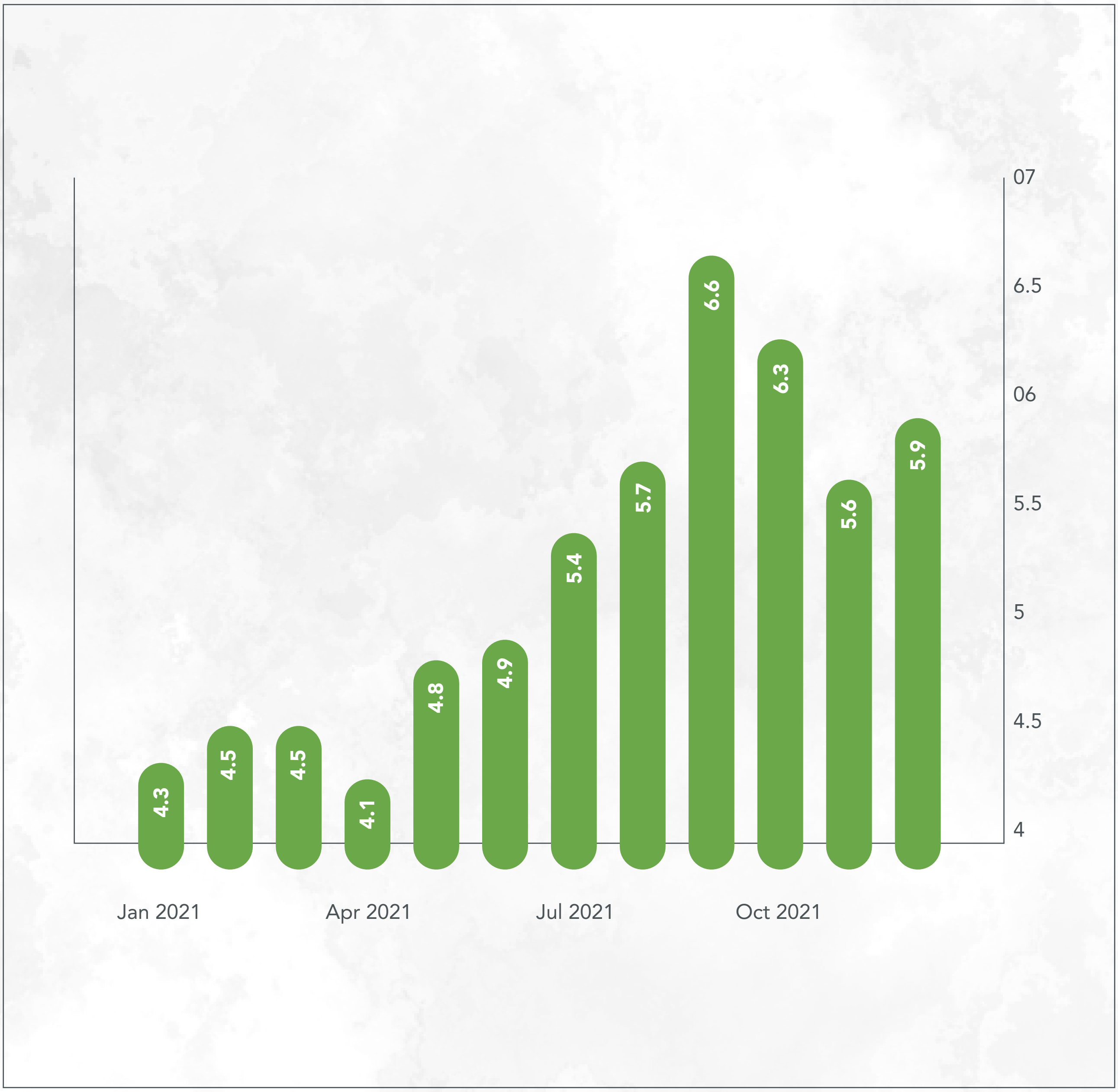
Key Highlights

GDP rate

Gross Domestic Product grew by 7.15% year-over-year (YOY) in Q2 of 2021 compared to Q2 of 2020. According to the IMF's estimations, the Egyptian economy will become the second biggest African economy during 2022, after ranking third in 2021.

Inflation rates during 2021

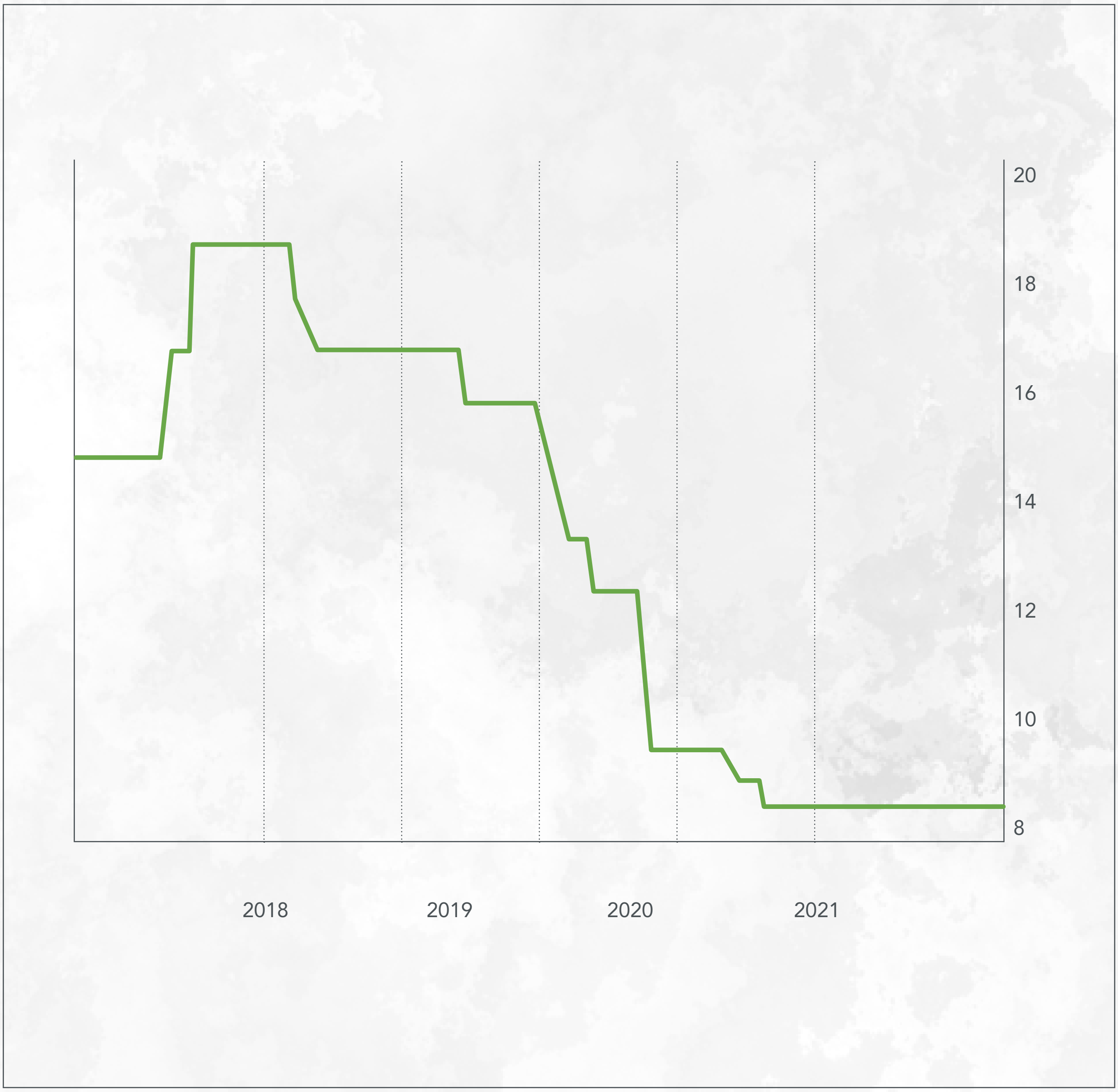
The annual inflation rate in Egypt increased to 5.9% in December 2021 from 5.6% in November 2020, remaining under market expectations of 6.1% and within the CBE's targeted range of between 5%-9%.



Key Highlights

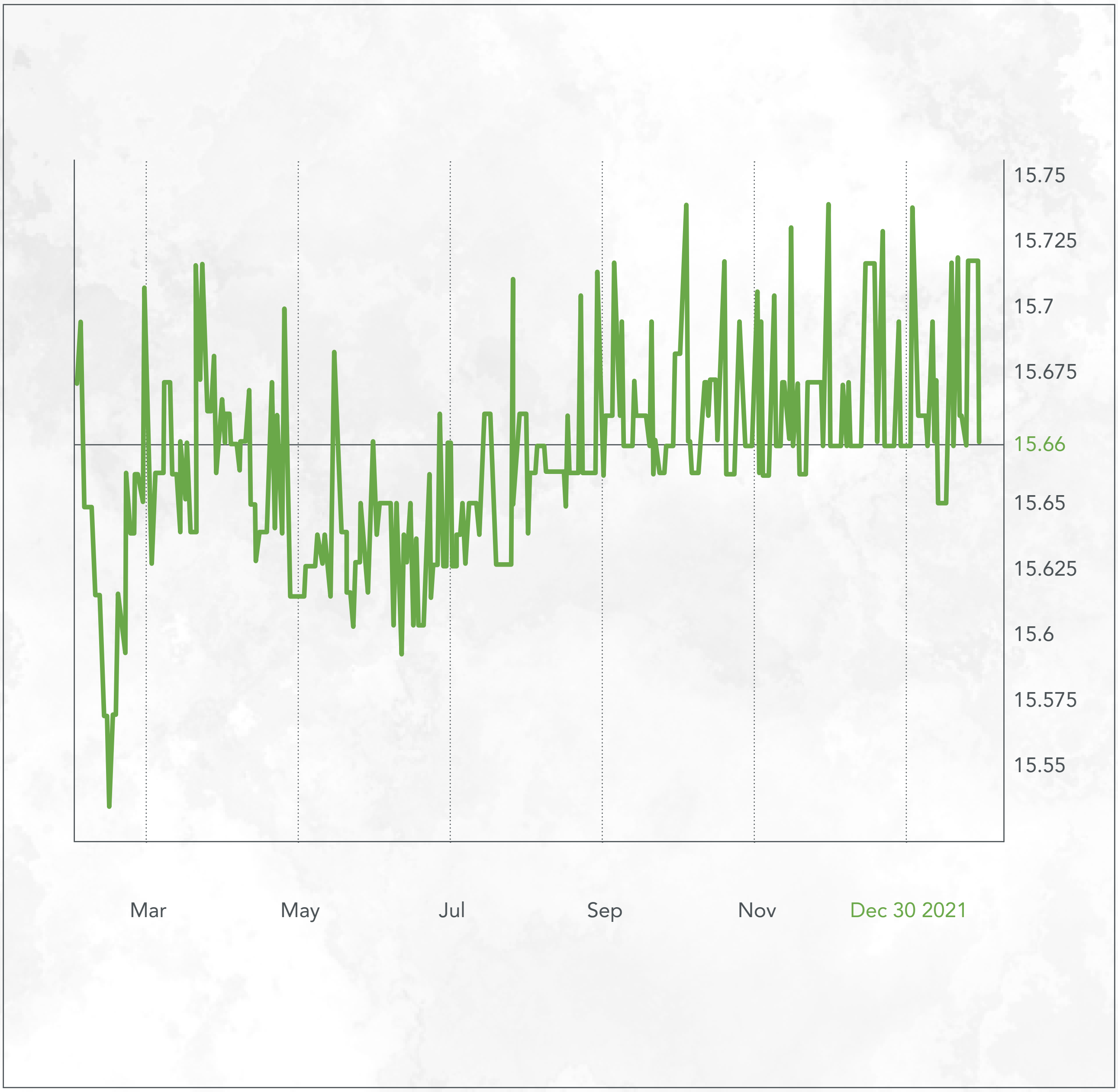
Changes in interest rates during 2021

As expected, the CBE maintained the primary interest rate unchanged at 8.25% on 16 December 2021. This interest rate decision came after the most significant one-time reduction of interest rates last year. The CBE's Monetary Policy Committee reduced interest rates multiple times during 2020, the last of which was at its meeting held in November 2020, by 0.5% to reach 8.25%.



Changes in USD exchange rates during 2021

The USD exchange rate has remained stable since the beginning of 2021, at a buying rate of 15.66 EGP in December, compared to 15.68 EGP at the beginning of the year, which is the average exchange rate announced by the Central Bank of Egypt.



Credit Rating

B Stable

Standard and Poor's Rating

B2 Stable

Moody's Rating

B+ Stable

Fitch Rating

As per the latest announcement by the CBE in October 2021, compared to December 2020, total assets in Egyptian banks have grown from 7.022 billion EGP in FY 2020 to 8.758 billion EGP in FY 2021, with a growth rate of 25%.

The volume of credit granted by banks in Egypt increased by 20% in FY 2021 compared to FY 2020, reaching 5.936 billion EGP.

It is worth mentioning that the LDR ratio increased to 49% in October 2021 from 48% in the FY ending 2020.

As of October 2021, deposits with banks (including government deposits) increased by 12% (675 billion EGP) to reach 6.191 billion EGP.

Deposits in local currency during 2021 grew by 12% (658 billion EGP) to reach 5.385 billion EGP in October 2021. Deposits in foreign currency during 2021 rose by 2.23% (equal to 18 billion EGP) to reach 807 billion EGP.

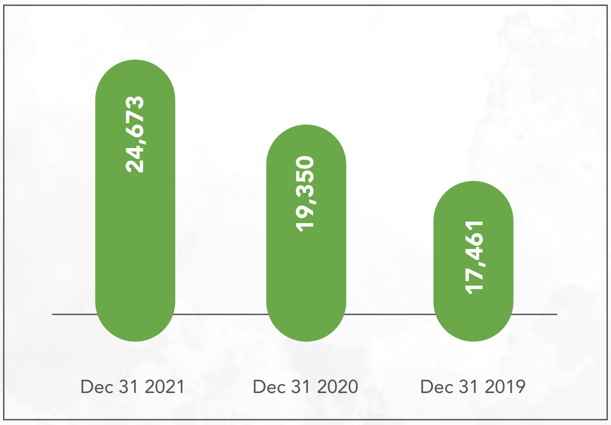
Predictions suggest a prospective boom in corporate financing due to interest rate stability during 2021. This stability will help expand corporate loans for businesses to finance their capital expenditures on new investments and expansions. While there is a rise in banks' profit margins, interest rates are expected to remain stable in 2022.

Key Financial
Indicators in 2021


lect Sector
Fund 12.31%

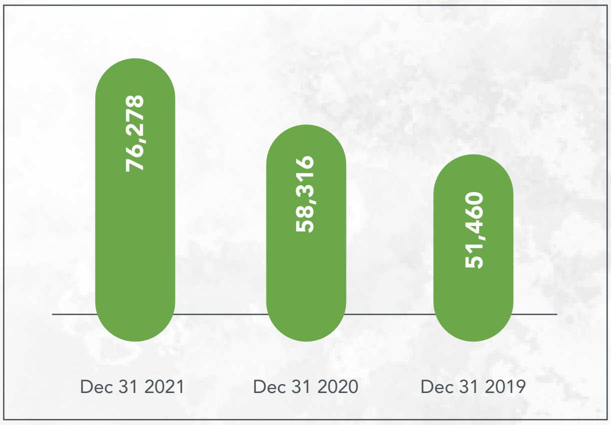
(Million EGP)

Net loan portfolio



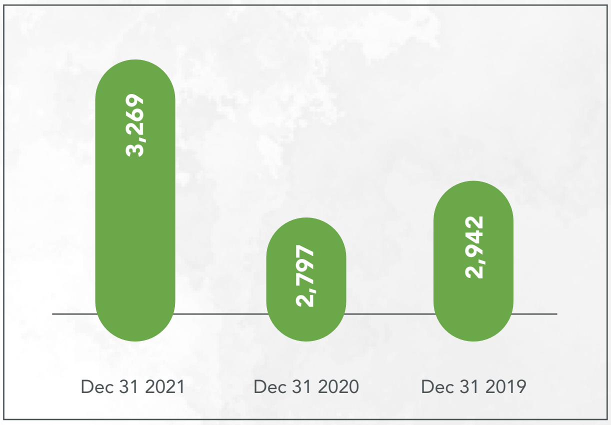
Net loan portfolio increased by 5,323 million EGP (27.51%) in 2021 compared to 2020

Total assets



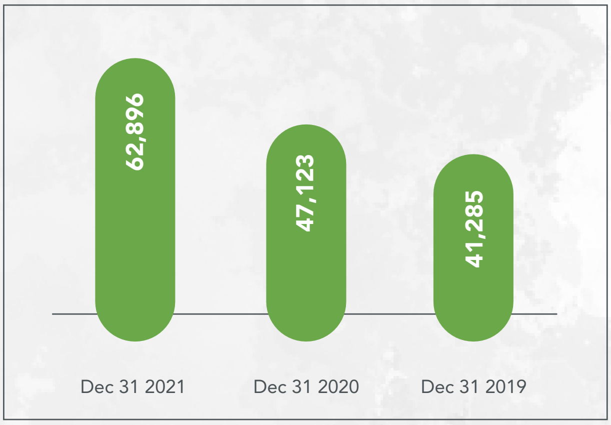
Bank's total assets increased by 17,962 million EGP (30.80%) in 2021 compared to 2020

Net interest income



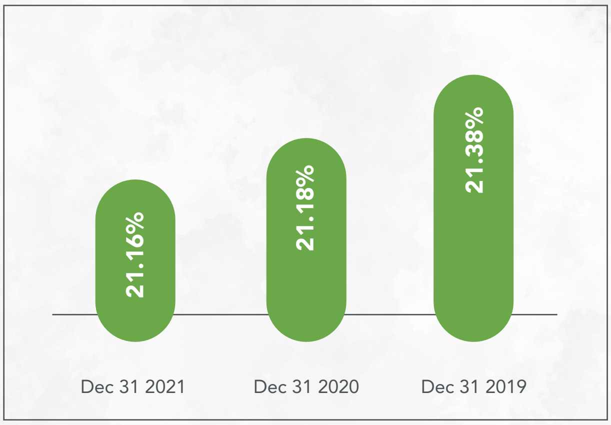
Net interest income increased by 472 million EGP (16.85%) in 2021 compared to 2020

Customer deposit portfolio



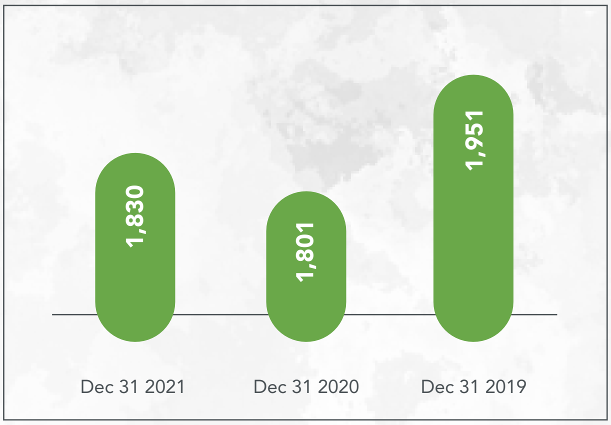
Customer deposits grew by 15,773 million EGP (33.47%) in 2021 compared to 2020

Administrative expenses to total income ratio



Total expenses to total income ratio dropped from 21.18% in 2020 to 21.16% in 2021.

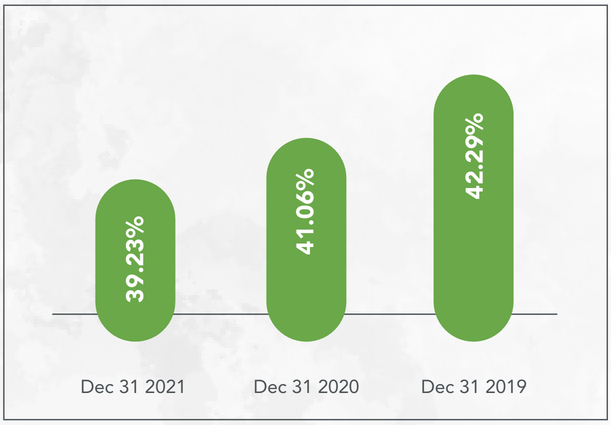
Net profit for the year



Net profit grew by 29 million EGP (1.63%) in 2021 compared to 2020

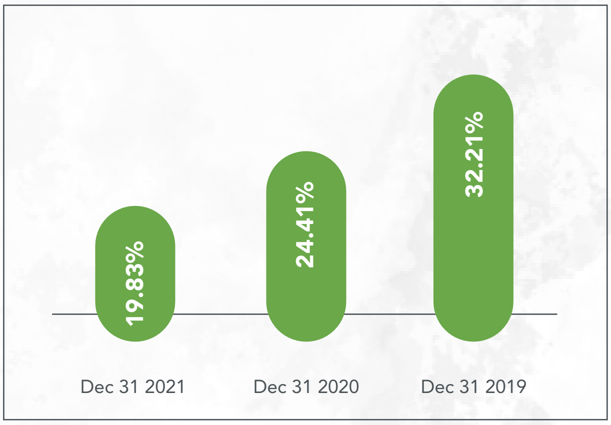
(Million EGP)

Net loan-to-customer deposit ratio



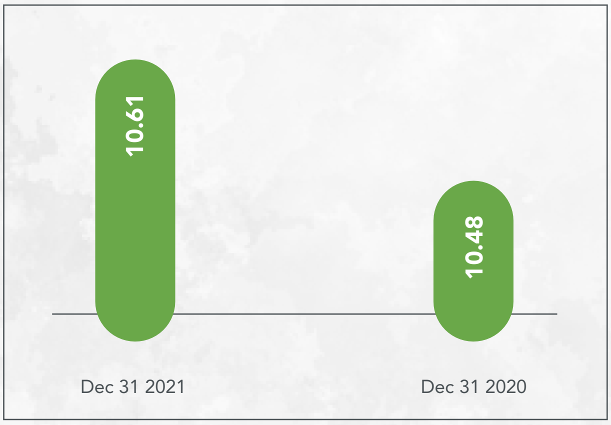
Net loan-to-customer deposit ratio in 2021 is 39.23%, lower by 1.83% than in 2020

Return on equity



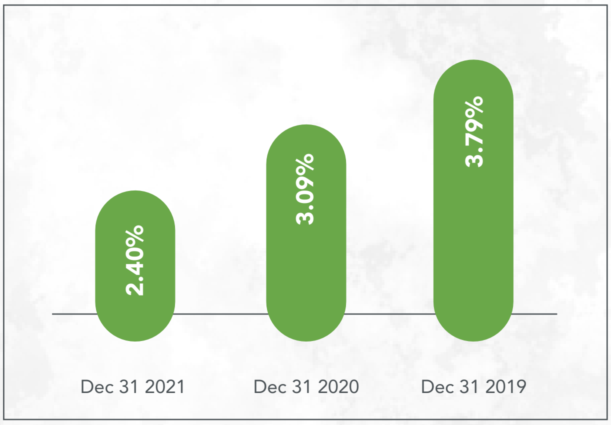
Return on equity ratio (including net profit for 2021) is 19.83%, lower by 4.57% than in 2020.

Earnings per share



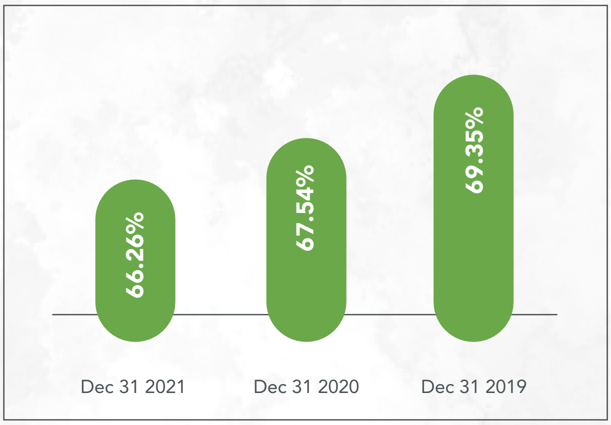
Earnings per share in 2021 is 10.61 EGP, higher by 2.58% than in 2020

Net return on assets



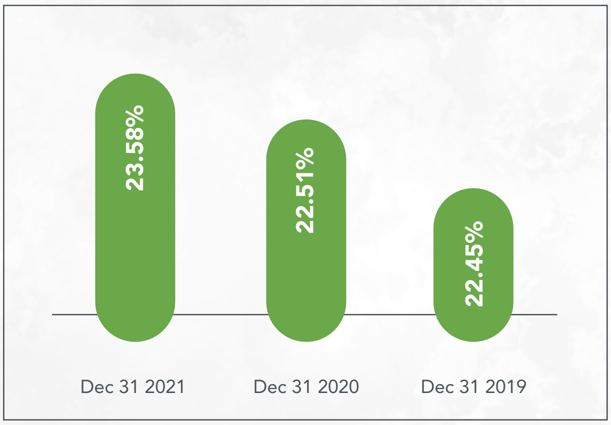
Return rate on total assets in 2021 is 2.40%, lower by 0.70% than in 2020

Total expenses to total income ratio



Expenses to total income ratio in 2021 is 66.26%, lower by 1.28% than in 2020

Capital adequacy ratio



Capital adequacy ratio in 2021 is 23.58%, higher by 1.07% than in 2020

Financial Position and Performance Indicators

YOY **2021**

Financial position - Assets

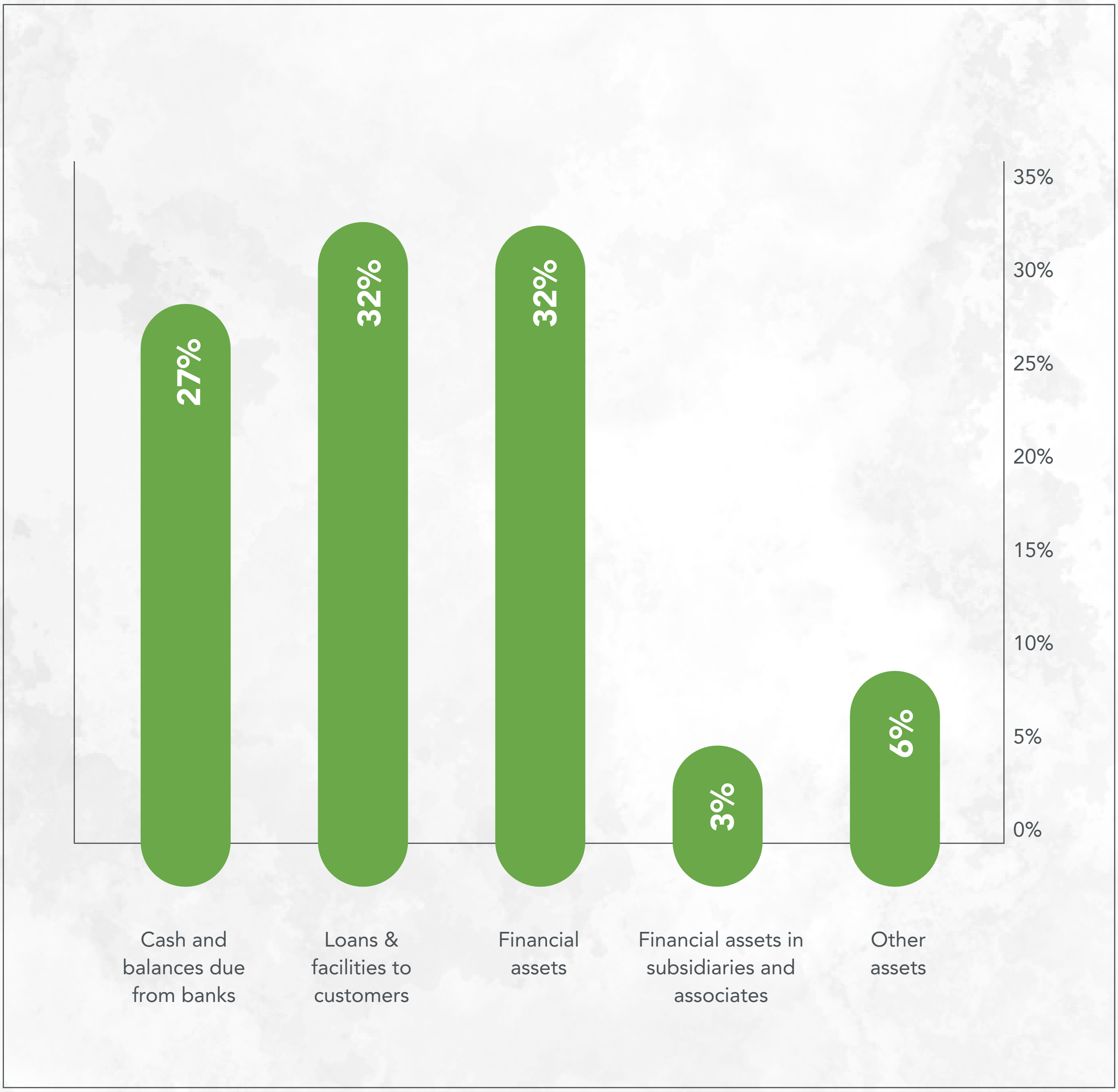
Assets	31-12-2021	31-12-2020	Change	
(Million EGP)			**Value**	**%**
Cash and balances with the CBE	6,773	5,801	972	16.76%
Balances due from banks	14,138	3,790	10,348	273.03%
Loans & facilities to customers	24,673	19,350	5,323	27.51%
Financial assets				
At fair value through profit and loss	471	418	53	12.68%
At fair value through other comprehensive income	19,095	18,710	385	2.06%
At amortized costs	4,824	5,049	(225)	-4.46%
Financial assets in subsidiaries and associates	1,944	1,663	281	16.90%
Housing projects	1,114	1,001	113	11.29%
Investment properties	92	99	(7)	-7.07%
Intangible assets	92	104	(12)	-11.54%
Other assets	1,953	1,274	679	53.30%
Deferred tax assets	75	47	28	61.70%
Fixed assets	1,034	1,010	24	2.38%
Total assets	**76,278**	**58,316**	**17,962**	**30.80%**

Financial performance of assets

The bank's assets grew by approximately 17.962 billion EGP (+31%) as compared to 2020, attributed to the following:

- The net loans and credit facilities portfolio increased by 5.323 billion EGP (+28%) compared to 2020. This growth resulted from the increase in retail loans of 2.681 billion EGP (+20%) and corporate loans of 2.817 billion EGP (+37%) before deducting provisions.
- The increase in financial assets (debt instruments) of 43 million EGP (+0.18%) as a result of the bank's purchase of treasury bonds and bills, as well as the increase in balances with banks of 10.348 billion EGP (+273%), indicate that the bank used excess liquidity to purchase treasury bills and deposits with the Central Bank and other banks.
- The LDR decreased to 39.41% in 2021 from 41.06% in 2020.

Total assets as of 31-12-2021



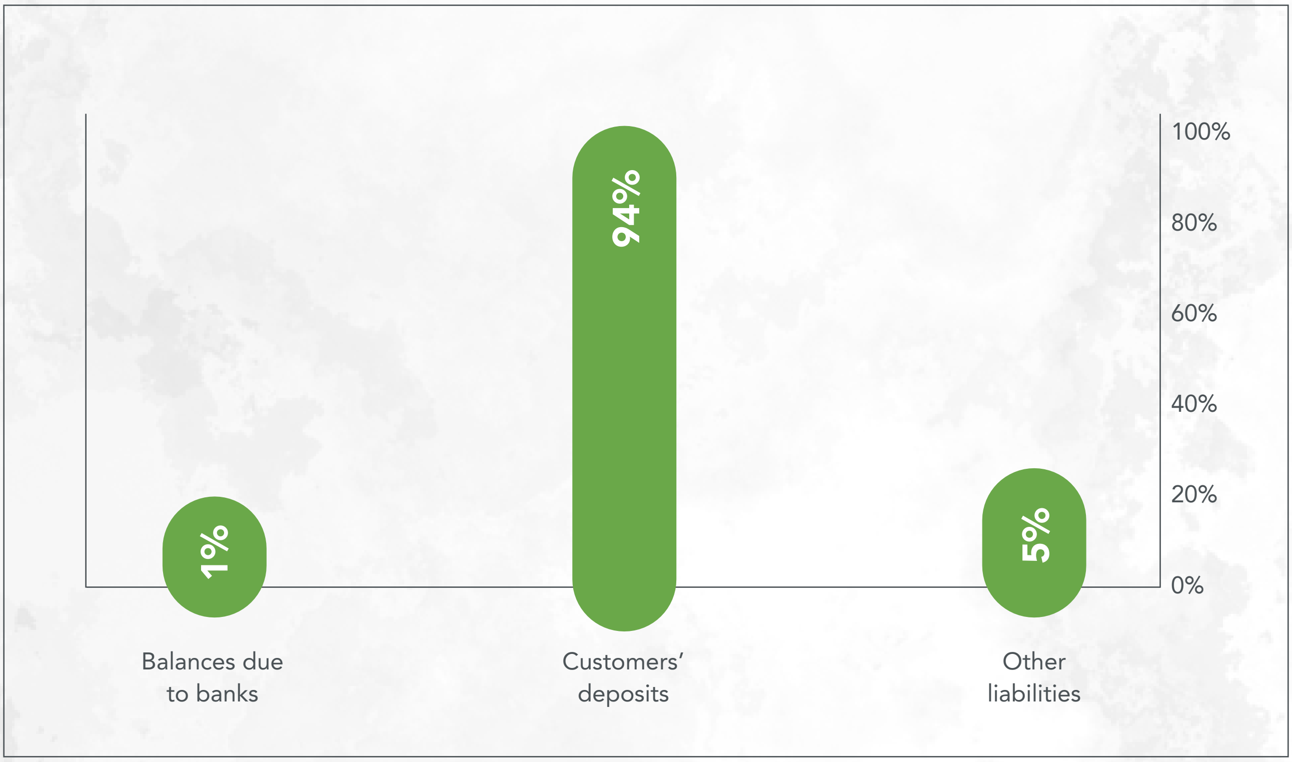
Financial position - liabilities and equity

Liabilities and equity	31-12-2021	31-12-2020	Change	
Liabilities			**Value**	**%**
Balances due to banks	737	787	(50)	-6.37%
Customers' deposits	62,896	47,123	15,773	33.47%
Financial derivatives	2	0	2	-
Other loans	475	566	(91)	-16.15%
Dividends payable	49	37	12	32.35%
Other liabilities	2,340	1,879	471	24.56%
Other provisions	328	312	16	5.18%
Current income tax liabilities	167	187	(20)	-10.69%
Retirement benefit obligations	55	47	8	17.51%
Total liabilities	67,049	50,938	16,111	35.49%
Equity				
Paid-up capital	1,518	1,265	253	20.00%
Amounts reserved for capital increase	253	380	(127)	-33.33%
Reserves	4,869	3,766	1,103	29.27%
Retained earnings (including net profit of the year)	2,215	1,842	373	20.27%
Other comprehensive income	374	125	249	198.55%
Total shareholders' equity	9,229	7,378	1,851	25.09%
Total liabilities and equity	**76,278**	**58,316**	**17,962**	**30.80%**

Financial performance of liabilities and equity

- The wealth segment deposit portfolio, the primary funding source, rose by 15.773 billion EGP (33%), while the deposits of retail customers went up by 4.4 billion EGP (24.60%). Corporate deposits increased as well by 11.3 billion EGP (+38.90%).
- The ratio of corporate deposits to total deposits is 65.79%, while the percentage of retail deposits to total deposits is 34.21%.
- Shareholders' equity increased by approximately 1.851 billion EGP (+25.10%) compared to 2020, explicitly attributing to the net profit growth in 2021 to 1.830 billion EGP.

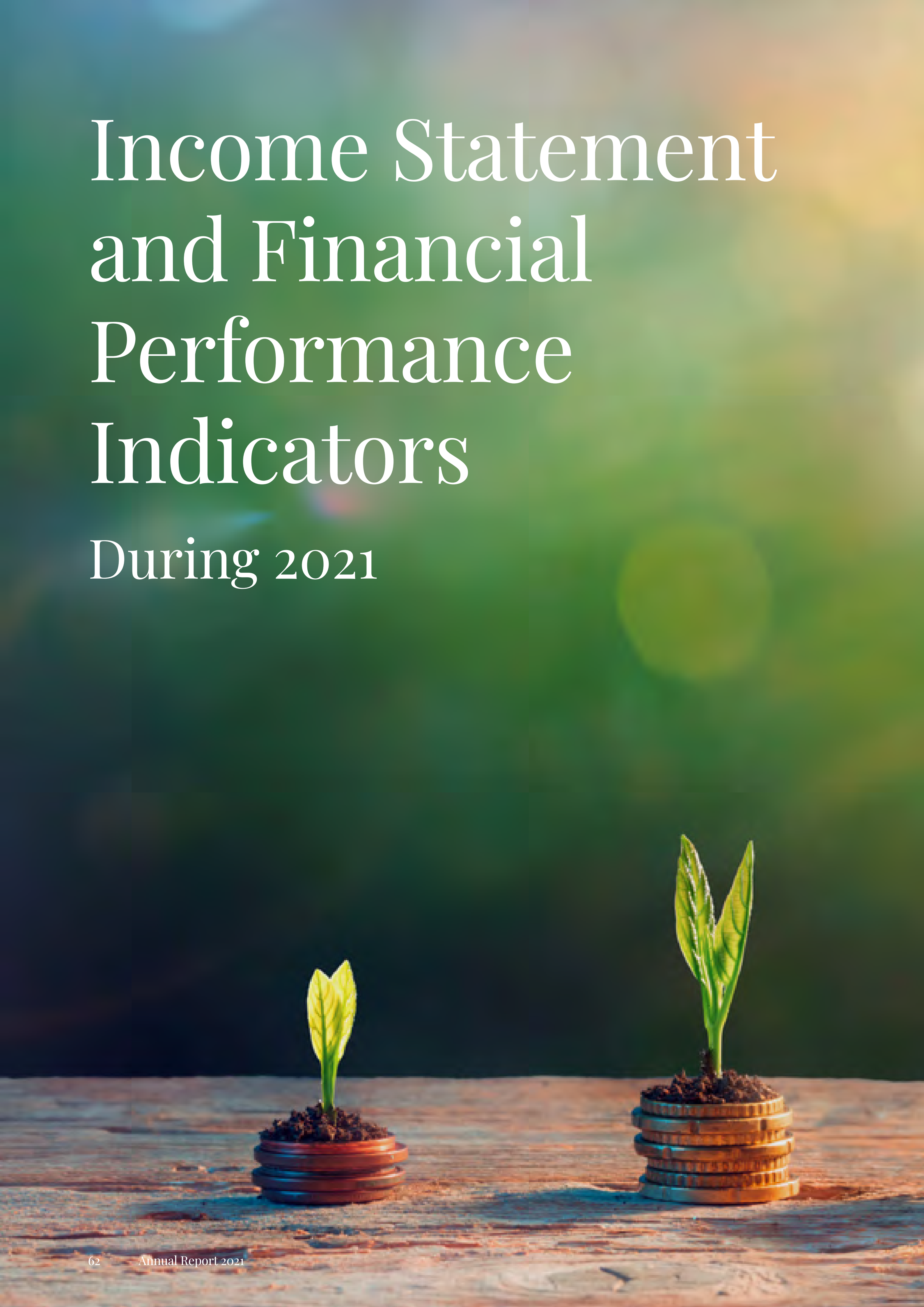
Liabilities as of 31-12-2021



Equity as of 31-12-2021

Income Statement and Financial Performance Indicators

During 2021



Income statement

Income statement	31-12-2021	31-12-2020	Change	
(Million EGP)			**Value**	**%**
Interest from loans and similar income	6,965	6,026	939	16%
Interest on deposits and similar expenses	(3,697)	(3,229)	(468)	14%
Net interest income	3,269	2,797	472	17%
Fees and commissions revenue	451	407	44	11%
Fees and commissions expenses	(40)	(48)	8	17-%
Net fees and commissions income	411	359	52	14%
Dividends income	195	113	82	73%
Net trading income	62	53	9	17%
Housing projects profits	398	360	38	11%
Financial investment profits	32	-	32	
Credit impairment loss	(162)	179	(341)	-190%
Administrative expenses	(1,753)	(1,513)	(251)	16%
Reversal of other provisions	(21)	36	46	158-%
Other operating revenues	181	132	49	37%
Net profit for the year before income tax	2,612	2,516	96	3.84%
Income tax expenses	(782)	(715)	(67)	9%
Net profit for the year	1,830	1,801	29	1.65%
Earnings per share for the year	10.61	10.48	0.27	2.58%

Financial performance of income statement

Net interest income: +472 million EGP (+17%)

» Interest on loans and similar income increased by 939 million EGP (+16%) due to the growth in fund sources (i.e., customer deposits). The bank perfectly utilized these funds during 2021 through a remarkable variety of loans, facilities, treasury bonds, bills, and deposits with the CBE, leading to a significant rise in the net interest income.

» Cost of deposits and similar expenses increased by 468 million EGP (+14%) due to the significant increase in customer deposit portfolios of 16 billion EGP.

Dividends income: +82 million EGP (+73%).

» This growth in dividends income is attributable to the 2021 profit growth of our subsidiaries and associates and the ensuing rise in the bank's share in dividends income from these companies. This success results from restructuring the boards of directors of most of the bank's companies by selecting and appointing experienced cadres who could achieve this growth.

Credit impairment loss: +341 million EGP (190%)

» This credit impairment loss resulted from applying IFRS 9 (which increased the loan impairment loss) and the growth in the loan portfolio for corporates and individuals.

Administrative expenses: +251 million EGP (+16%)

» This increase is due in part to the wage and salary adjustments made on 1 October 2021 to align compensations with prevailing industry rates, which increased administrative expenses by 65 million EGP (+10.8%) and impacted the whole period ending December 2021. Additionally, administrative expenses increased due to annual bonus payments executed on 1 October 2021 and yearly promotions.

» In-kind benefits increased by 19 million EGP compared to 2020 (+77%) due to the rise in medical expenses arising from COVID-19 and its repercussions.

» Other administrative expenses increased by 157 million EGP, mainly resulting from increased operating expenses of 113 million EGP (26.3%). These are life insurance expenses for retail customers due to the rise in the retail loans portfolio. It also includes the expenses due to increased security, maintenance, cleaning, internet services, technical support systems, and annual license renewal expenses.

» Current expenditures, including depreciation and amortization of fixed assets, intangible assets, and rents, increased by 48 million EGP (+15.87%) is due to expanding the bank's branches network, establishing HDB Royal hubs, and upgrading the overall banking system following the CBE requirements to tighten the control on banking operations in line with international guidelines.

HDB's Retail Activities

During 2021

Financial Data

1. Retail portfolio

The bank achieved 107% of its sales target in 2021, as the loans issued in 2021 totaled 4.4 billion EGP compared to the target of 4.1 billion EGP.

The previous results in sales positively impacted growth in the retail portfolio. The bank made 103% of the retail portfolio target, where the portfolio balance as of 2021 year-end-closing totaled 7.4 billion EGP from 5.4 billion EGP at 2020 year-end-closing, with an increase of 1.9 billion EGP (35%).
The bank achieved 111% of the growth target in retail portfolio, by 1.95 billion EGP compared to the target of 1.75 billion EGP.

2. Car loans

Car loans granted in 2021 totaled 340 million EGP compared to 267 million EGP in 2020, with a growth rate of 27%. This led to growth in the car loans portfolio by 80%, as the portfolio balance as of 2021 year-end-closing totaled 553 million EGP compared to 307 million EGP in 2020.

3. Floussy Phone Wallet

Floussy Phone portfolio achieved remarkable growth, and current e-wallets reached 294,000 as of 2021 year-end closing compared to 232,000 in 2020, growing by 26.4%.

4. Savings Deposits

The targeted portfolio grew at a rate of 118% . The deposit portfolio balance totaled 62.8 billion EGP compared to the target of 53.3 billion EGP.

The deposit portfolio made a 33.5% growth. As of the 2021 year-end closing, total bank deposits, were 62.8 billion EGP compared to 45.6 billion in the 2020 year-end closing, with a growth value of 15.7 billion EGP.

The individuals' deposit portfolio achieved a remarkable growth of 4.4 billion EGP at 2021 year-end closing (compared to a 1 billion EGP growth in 2020), bringing the portfolio balance to 18.6 billion EGP. The bank achieved 112% of the individuals' deposit target.

5. Payment Cards

In 2021 the bank offered a range 12 card products compared to only three in 2020. Recently, we added platinum and titanium credit and debit cards as well as Royal cards for HDB Royal customers.

HDB increased the number of active cards in 2021 by 200,000 (a 13% increase from 2020) to 1.7 million cards.

Meeza cards issued in 2021 totaled 146,000 cards compared to 130,000 in 2020, with a growth rate of 12%. The total number of Meeza cards reached 313,000.

The bank's credit cards in 2021 reached 26,000 compared to 14,000 in 2020, with an increase of 12,000 cards with an increase of 85%.

Credit card issued in 2021 reached 15,000 cards, with an average monthly issuance of 1,300, compared to an average monthly issuance of 25 cards in 2018.

Total cards

1.7 million cards

Credit cards

26 thousand cards

Non-financial Data

Retail loan products

HDB adjusted the limitations on personal loans for the employees of the government, public sector, and general work sector, pension recipients, and loans against certificates of deposits.

HDB raised the medical examination limit for retail loan products to 1.5 million EGP (increased from 600,000 EGP for customers and 750,000 EGP for HDB's employees).

Liabilities products

In 2021 we launched Super Saving, a new saving account product.

HDB offered five Mercedes-Benz cars as part of a promotional campaign incentivizing customers with existing saving accounts to meet and exceed minimum account balance conditions (not less than 50,000 EGP). which positively reflects on the bank's share increase.

We also introduced Golden Deposit, a new product added to time deposits portfolio with prepaid revenue in a local currency. The Golden Deposit product launch included the following:

- Creating a new product added to time deposits with a prepaid revenue in US dollars
- Adjusting prices of time deposits to raise the bank's competitive capacity
- Modifying the expirations table for time deposit prices to strengthen competition in the Egyptian market
- Providing training courses for our colleagues at the branches and regions on the new deposit products

Electronic Channels

HDB made considerable progress in 2021 towards expanding and improving its electronic channels. Highlights include the following:

- Launching phase 2 of Internet and Mobile Banking that offer many banking services
- Addressing the congestion problem of customers who pay housing installments at the branches, by making payments available via alternative electronic means, such as Fawry, Floussy Phone, and Internet and Mobile Banking
- Securing all transactions made on the Internet and Mobile Banking by the two-factor authentication method (HDB Soft Token).
- Adding Cash In and Cash Out services – adding QR code buying service to Floussy Phone e-wallet.
- Adding services of club subscription payments and tuition fees collection and adding new donation services for some charity organizations on Floussy Phone e-wallet.

Payment Cards

2021 was a monumental year for advancing payment cards. These efforts included:

- Issuing new products for debit cards (Platinum Card + Titanium Card).
- Activating and using the new technology of smart chips and contactless cards for withdrawals and purchases.
- Providing the new employees (direct sales staff, collection staff, call center staff) with training on card products to learn the features of cards, how to make sales, and how to retain existing card customers.
- Launching SMS service for prepaid cards (MasterCard and Meeza) to send SMSs for salary transfers and ATM withdrawals.

Sales Department

- Direct sales of credit cards.
- Acquisition of 2,000 credit cards valued at 16 million EGP in 2021.
- Expanding POS network across Greater Cairo, Giza, and other governorates, to cover all our current customers and reach new customers to promote credit cards.

Credit Card Telemarketing Department

- Acquisition of 1,450 credit cards with a value of 23 million pounds in 2021.
- Expanding POS network across Greater Cairo, Giza, and other governorates, to cover all our current customers and reach new customers to promote credit cards

Salary transfer contracts

The bank agreed to salary transfer contracts with 54 new entities in 2021, totaling 272 companies and 812 million EGP in salary transfers with an increase of 11.6%.

The bank implemented the CBE's initiative to replace government cards with prepaid Meeza cards.

HDB printed approximately 168,000 new Meeza cards to replace existing government cards, representing 80% of the 205,000 government cards that need replacing.

ATMs

In 2021 the bank installed 85 new ATMs to reach 407 ATMs compared to 322 in 2020, an increase of 38%.

Financial inclusion

Our bank participated in six financial inclusion events (listed below) in 2021, which included 270 exhibitions and seven educational seminars.

- International Women's Day
- Arab Financial Inclusion Day
- International Youth Day
- Agricultural Producers Day
- World Savings Day
- The Disabled Activation

In coordination with the Egyptian Banking Institute, we implemented a sign language program for 20 employees across our branches and activated sign language services (for the deaf and hard of hearing) in 10 branches.

HDB Royal customers

We successfully launched Phase 1 of our expansion on 15 September 2021, including 11 hubs and branches for the wealth segment. The senior management inaugurated this event, along with media coverage, which positively impacted the bank's perception amongst the targeted customer segments. Phase 1 was a critical step for transforming HDB into a solid competitor in the commercial banking industry.

HDB commenced Phase 2 on 15 November 2021 with 11 new hubs and branches, reaching 22 branches. This phase also included an HDB Royal hub in Strip Mall, totaling two separate hubs.
HDB Royal customers grew by 37%, reaching 2,550 as of December 2021 from 1,852 as of December 2020.

The wealth segment portfolio grew by 36%, reaching 7.140 billion EGP as of December 2021 from 5,057 as of December 2020.

In 2021, the bank issued HDB-Royal credit cards for HDB Royal customers with new limits of 20 million EGP.

Total contracts with companies

272

ATMs

407

HBD Royal customers

2,550

Mortgage Finance

Mortgage finance portfolio

HDB, the first bank to execute the CBE's initiative, financed 300 clients with a total of 180 million EGP.

Results of 2021 indicate an increase in the mortgage finance portfolio from 6.338 billion EGP in 2020 to 7.096 billion EGP as of 31 December 2021.

Total issued approvals during 2021 amounted to 1.020 billion EGP for 5,076 customers. The bank assessed those customers' requests and issued finance approvals.

The income of the mortgage finance portfolio by the end of 2021 totaled 554,613,254 EGP. The CBE initiated the Mortgage Finance Initiative with an interest rate of 3% for low- and middle-income segments in July 2021.

Our bank is the first to apply the initiative by financing 300 customers with 180 million EGP between August and December 2021, in addition to financing 4,412 low-income customers with a total of 530 million EGP.

HDB's management is driven to modernizing and developing mortgage processes and has established a central department of credit for direct allocation units that serve customers from the Mortgage Finance Support Fund.

The Mortgage Finance sector and branches have been executing the CBE's initiatives launched (3% - 8%) to offer mortgage finance to meet customers' needs, grow the mortgage finance portfolio, realize the bank's targets, and ultimately achieve the intended profit

7.096 billion EGP

Mortgage finance portfolio size

Small and Medium Enterprises

1. Small and medium enterprises (SMEs)

Key activities and achievements
Expanding client base, adding new services, signing contracts and protocols

Expanding client base

HDB's SME customer base increased by more than 150 customers (totaling above 130 million EGP) in the first six months of the launch of the Al-Namaty product, with a regularity rate of approximately 98% in this category, as a result of the Al-Namaty product and its impact on the growth of the SMEs credit portfolio. After its initial start, we expanded access to additional customer segments by adjusting some determinants, such as:

Target groups:
Customer segment of SMEs with annual sales of 20 million EGP instead of 10 million EGP

The maximum amount of financing:
Adjusted to be up to 4 million EGP instead of 2 million EGP.

Type of available finance:
All types of credit limits, instead of being limited to the scheduled loan only.

The SME Sector sought financing sources to address the exclusion of commercial activities from the CBE's initiatives. HDB signed several agreements with Micro, Small, and Medium Enterprises Development Agency to diversify the customer segments requesting financing and ensure the bank is covering all its targeted sectors.

Adding new services into the banking sector

The bank activated a task undertaken by some of its representative offices to execute an initiative launched by the CBE and Nile University to deliver non-financial services for entrepreneurs (create project concepts, facilitate license procedures, conduct feasibility studies, facilitate bank financing, and analyze financial statements). We equipped two branches (on 6th October and Suhag) to provide such services for this task. We operate these branches under the direct supervision of the CBE, Nile University, and the Department of Marketing and Products. Five of our employees operate these branches who underwent 400 hours of training courses on all services provided at these offices.

Our offices opened new horizons of effective cooperation and partnership through seminars and conferences where several entities participated, including the Industrial Development Authority, the Ministry of Local Development, industrial zone administrations, government offices that issue licenses and registries, and the Projects Development Agency.

Signing contracts and protocols during 2021

- Provide finance to bakery owners to transform to natural gas.
- Sign a contract with a credit guarantee company.
- Sign a contract with field inquiry companies to help accelerate service provision.
- Agreement with the Central Collection Management to follow up with Al-Namaty product clients.

Create new marketing channels

In coordination with the General Management of Corporate Communication, the bank opened marketing channels to attract new customers. This new marketing strategy yielded tremendous benefits at the beginning of the current year, 2022, through the following:

- Live Your Dream Campaign that targets customers on social media representing directed advertising of the bank's products for SMEs.

- Development of online application form to apply for SMEs' finances on our official website.

SMEs Sector's vision for the period ahead with the beginning of 2022

With conditions starting to normalise within domestic and international markets with the relative containment of COVID-19, the SME sector restarted extensively attracting new clients and expand service offerings to the well-established customers. which we hope will reflect on our balances in 2022. The sector further developed a marketing plan to utilize all human resources recently recruited in the sector. This plan includes determining individual targets for the whole staff across all regions to achieve the targeted growth. Below is a sample of the sector's efforts in getting ready for 2022:

Item	No	Value (m EGP)
Under approval	21	170
Under submission to Committees	15	219
Submitted to Risk Committee	6	82
Under study	42	598
Total	**84**	**1,070**

Corporate Banking and Syndicated Loans

2. Corporate banking and syndicated loans

Key activities and achievements

Billion EGP **6**	Increase in credit limits	Credit limits increased by 6 billion EGP due to granting new customers 5.6 billion EGP and increasing facilities for current customers by 400 million EGP in contracting, real estate development, electricity, gas, and water supplies.
Billion EGP **2**	Growth in direct facilities	Direct facilities grew 2 billion EGP, with a growth rate of up to 45% compared to the total corporate portfolio by the end of 2020.
Million EGP **430**	Growth in indirect facilities	Indirect facilities grew 430 million EGP, with a growth rate of up to 33% compared to the total corporate portfolio by the end of 2020.
Billion EGP **6.5**	Increase in corporate portfolio	The corporate portfolio exceeded the target (1 billion) by more than 100%, growing from 4.5 to 6.5 billion at the end of 2021.
23%	Increase in number of customers	The number of customers grew by 23% of the major corporate portfolio customers.
Billion EGP **3.7**	New utilizations	New utilizations totaled 3.7 billion EGP. Of this amount, 2.7 billion EGP are new utilizations for new to bank customers added during the year and 1 billion EGP for current customers. This helped boost direct and indirect utilizations by 2.5 billion EGP after deducting paid amounts during the year of 1.2 billion EGP.
Improving concentration diversification in the credit portfolio sectors		The bank maintained concentration ratios within the agreed limits and planned to enhance concentration diversification across the credit portfolio sectors in 2022.
Billion EGP **24.5**	Contributions in syndicated loans	HDB had contributions in six syndicated loans totaling 24.5 billion EGP. Our bank's share is approximately 1.8 billion EGP. Such contributions varied across sectors (real estate development, construction & industrial), indicating our consistent role in achieving the state's strategies and supporting the national economy.

Treasury and Asset & Liability Management

Financial Data

Million EGP	604	Return on deposits with the CBE	The return on deposits with the Central Bank of Egypt for 2021 totaled 604 million EGP from 353 million EGP in 2020, growing 71%. We attribute this expansion to the bank making weekly and daily deposits with the CBE, which increased by 11.103 billion EGP compared to 2020.
Million EGP	106	Return on deposits with banks	The return on deposits with banks for 2021 totaled 106 million EGP from 114 million EGP in 2020, dropping by 7%.
Billion EGP	13.9	Investments in treasury bills	The investment in treasury bills as of 31 December 2021 totaled 13.9 billion EGP from 19.5 billion EGP on 31 December, 2020, dropping by 28.7%.
Billion EGP	2.13	Return on treasury bills	Return on treasury bills for 2021 totaled 2.132 billion EGP from 2.180 billion in 2020, dropping by 2.2%.
Billion EGP	15.03	Investments in treasury bonds and securitization bonds	Investment size in treasury and securitization bonds as of 31 December 2021 totaled 15.03 billion EGP from 9.8 billion on 31 December 2020, rising by 53%.
Billion EGP	1.65	Return on treasury bonds and securitization bonds	Return on treasury and securitization bonds for 2021 totaled 1.655 billion EGP from 1.084 billion EGP in 2020, rising by 52.7%.

Non-financial Data

The management made the recommendations necessary to make the ultimate decisions for investments in terms of return and time limits, and consequently:

- The bank's investment decisions were reflected in the efficient monthly analysis of the maturity structure for assets and liabilities, and the proportionality between time limits of fund sources and fund uses.
- Thanks to the thorough study of the interest rate risk impact on the investment portfolio and due to issuing necessary recommendations for the Assets and Liabilities Committee on the investment policy (interest rate/floating), our bank kept an investment portfolio with high return.
- With the study and analysis of the cost of funds and its impact on achieving the intended profitability and thanks to finding solutions to reduce costs while achieving the required target within the planning budget, the cost of funds decreased from 8.11% as of 31 December 2020 to 7.50% as of 20 December 2021, taking into account the retention of wealth segment customers with high return.
- Development of alternative plans for investment were in case deficit/excess occurs under adverse conditions.
- Monthly follow-ups on the intended target in the Treasury Sector (balances/return) are conducted according to the planning budget for 2021, along with monitoring, examining reasons for, and rectifying any deviations from the budget.
- Pricing of the savings products considering the market trend towards achieving our vision and target within the estimated budget and considering the cost of funds
- Participating in planning the estimated budget for 2022 by developing scenarios for the customers' deposit structure and its impact on the cost of funds
- Framing the liquidity ratios and indicators for HDB and assessing them against fellow banks.

2020

8.11%

2021

7.50%

Decrease in cost of funds

Banking Operations

Banking Operations

The Banking Operations Sector centralized many of its functions and processes in 2021, allowing the branches to focus on sales, tighten controls on critical operations (to prevent operational risks), communicate effectively with customers, and selling the bank's products.

Our mission to achieve radical development of HDB's range of banking services was focused on three pillars to improve the way we manage services:

HDB conducted human resource development through specialized training courses and rotation of employees within departments, aiming to train a second line of staff to assume leadership. We also combined some functional tasks to expedite operations and developed new functions in accordance with the documentary cycle procedures required to implement centralization.

We are developing automated systems by enhancing and modifying systems and programs used for all operations and jobs in the sector. We added programs to serve the centralization of operations and reviewed and modified responsibilities in the automated systems to tighten operations control. We updated our contracts with service providers according to the new and updated jobs and operations.

We updated all operational procedure manuals and developed a new manual for the latest and updated operations.

We achieved centralization of the following banking services as of June 2021 to achieve the bank's goals of profitability:

- Centralization of money transfer operations with ACH and SWIFT
- Centralization of cheques of deduction and addition
- Centralization of documentary collections, letters of guarantee, letters of credit, business transfers, and Annex 4
- Completion of monetary centralization cycle (central collection points - ATMs outside bank branches)
- Centralization of all products of car loans and personal loans, except salary transfer loans of less than 200,000 EGP, which is work in progress
- Centralization of staff loans, credit card issuing authorization, and breaking of certificates older than six months
- Centralization of accounts opening (personal - corporate)
- Restructuring of Banking Operations Sector by adding the division of Operations Quality and Monetary Control, taking into account future estimations and regulatory authorities' instructions

Business Development

- Upgrading computer systems and programs in cooperation with the Information Systems Sector
- Adding an integrated system (Data Flow) exchanges documents effectively between our branches and the sector, which ensures efficient document communication, better control, and timely execution of operations
- Outsourcing of advanced systems to provide excellent services for trade finance and creation of accounts and loans
- Activating IBAN and notifying our clients via different e-channles (ATM, SMS, Website) of IBAN receipt and how to use it in all transactions, in compliance with the CBE's instructions
- Participating in the Arab Regional Payments Clearing and Settlement Organization (BUNA Payment Platform)
- Participating in the Presidential Initiative for Vehicle Replacement
- Activating 3-D Secure service
- Transforming 200,000 government cards into Meeza cards, in line with the directives of the CBE and the Ministry of Finance. Meeza enables customers to purchase and withdraw funds
- Activating E-PIN System and replacing password printing to enhance security for all cards
- Activating Personal Delivery system for credit cards (activation for debit cards is underway)
- Completion of SMS service for card withdrawals and deposits.

Investment Activities

Activities in investment funds

- Assets of Mawared Fund increased to 1.26 billion EGP from 337 million EGP (an increase of 267%).
- Mawared Fund achieved capital profits of 2.81 million EGP with a return rate of 9.61%, in addition to bank commissions of 2.37 million EGP.
- Al Tameer Fund achieved capital profits of 1.06 million EGP with a return rate of 11.02%, in addition to bank commissions of 153,000 EGP.
- Investment funds' revenues totaled 6.4 million EGP.

Activities in the portfolio of financial assets for trading

The Investment Funds and Financial Portfolios General Department managed the financial assets for the trading portfolio until 30 September 2021. The portfolio increased by 3.8 million EGP with a return of 7.4% for the total portfolio assets.

In Q4, the portfolio was divided equally between two companies:

- **CI ASSET MANAGEMENT Company**
  Total portfolio assets increased by 4.89 million EGP with a return of 14.9% during Q4

- **EFG-Herms Company**
  Total portfolio assets increased by 3.07 million EGP with a return of 9.4%

The total portfolio of financial assets for trading grew by 11.8 million EGP, with an investment return of 19.20% in 2021.

Department's total income

The Investment Funds and Financial Portfolios General Department's income totaled 54.3 million EGP in 2021.

Activities in investments of the fixed-income portfolio

The fixed-income portfolio, managed by CI ASSET MANAGEMENT, made an income of 13.3 million EGP with a return rate of 9.51%.

- The fixed-income portfolio, managed by HC Securities & Investment, made an income of 9.11 million EGP with a return of 10.64%.
- The fixed-income portfolio, managed by EFG-Herms, made an income of 13.71 million EGP with a return of 10.59%.
- The total income of the fixed-income portfolios was 36.14 million EGP, with a return of 10.18%.

Investment activities in subsidiaries and associates

- The financial assets portfolio in subsidiaries and associates (17 companies) totaled 2.252 billion EGP, with a dividend income of 191 million EGP.
- The financial assets portfolio in the companies available for sale (13 companies) totaled 57.711 million EGP, with a dividend income of 2.9 million EGP.
- These incomes totaled 193.9 million EGP or 8.4% of the total retained investment portfolio
- In addition, free shares of 325 million EGP were distributed by Hyde Park Properties for Development Company, and 1.5 million EGP by Misr Development Company.

Feasibility studies

- Developing two feasibility studies for our new branches with an estimated investment cost of 24,756,628 EGP
- Creating economic feasibility studies for other parties – 2 comprehensive economic feasibility studies with an estimated investment cost totaling 2,552,408,315 EGP against fees for the bank of 100,000 EGP
- Preparing feasibility study assessments for granting loans and facilities – 8 feasibility studies with an investment cost totaling 977,984,670 EGP
- Producing two feasibility studies with an investment cost totaling approximately 162,648,027 EGP for the bank's projects and companies
- Generating 15 market studies for the bank's projects and other parties and other market studies in cooperation with the Housing and National Projects Sector
- Initiating a marketing study for another party against fees of 25,000 EGP

Activities in securitization

The value of the securitization bonds portfolio totaled 1.750 billion EGP, of which 72,438,400 EGP had been utilized as of 31 December 2021. Total 2021 income (from collecting two coupons) is 191,668,165 EGP.

Housing and National Projects

Housing and National Projects

A. Housing Marketing

The department achieved financial results from the marketing and selling of housing units in the bank's following real estate projects:

- Acacia - 5th Settlement (villas, apartments)
- El Montazah - 6th October City (apartments)
- Palma - 5th Settlement (villas)
- Al Jawhara - Port Said (apartments)
- Al Kawther - Hurghada (apartments)
- Al Fayrouz - Hurghada (apartments)

Income from housing unit sales totaled 298,749,487 EGP for 181 units as of 31 December 2021.

- The amounts collected from contract activity changes totaled 1,357,500 EGP.
- Rents collected from units owned by the bank totaled 35,658,761 EGP.

B. Investment Trustees

1. Marketing of bank's projects

HDB successfully marketed its countrywide portfolio of real estate development projects, which included residential units, commercial units, offices, garages, and warehouses. These assets were sold via direct sales and public auctions. Nineteen auctions (public, sealed envelopes) were held, totalling sales of 34,746,000 EGP. Other income, which consisted of bank expertise commissions and bid documentation fees, was 438,870 EGP.

2. Marketing clients' projects:

HDB coordinated with the New Urban Communities Authority and its agencies, collected advances, and followed up with the branches to manage the bank's commissions from collected amounts (Investment Trustees commission) with a total of 62,309,457 EGP, during 2021. We generated additional revenue streams from selling and marketing units (residential, retail, and commercial properties) owned by other clients . HDB developed marketing studies and participated in setting pricing and payment terms for these clients. We marketed these properties by direct sale or public auctions. Revenues from other clients totalled 865,306 EGP during the year.

C. Online reservations

HDB offered online reservations for residential units for the New Urban Communities Authority, the developer, and the bank. To accommodate the online reservations, HBD prepared required bid documents and coordinated with all relevant authorities. We also responded to clients' inquiries via email and followed up on collecting registration fees according to cooperation protocols. HDB also followed up on reservation payments (initial reservation amounts and completion of reservation deposits). The business results for the projects were as follows:

- Online reservation commissions were 15,642,973 EGP
- Revenue from website registrations was181,500 EGP
- Online reservations in 2021 yielded a total income of 15,824,473 EGP.

D. National projects

The department's 2021 financial results are as follows:

- Revenue from inquiry fees for the National Project for Housing clients was 606,741 EGP
- Collections for The National Project for Housingfor governorates was 58,199,726 EGP and for new cities was 45,016,340 EGP.

E. Marketing of tourist projects

The department finalized procedures for assigning and contracting the units in the North Coast compounds, owned by the bank and the Urban Communities Authorities, to other parties (747 assignments).

- Collections for other parties totaled 341,663,513 EGP.
- Commissions of the tourist compounds totaled 5,103,315 EGP.

Risk Management

Risk Management

HDB has demonstrated its commitment to risk management at all levels by adopting a framework that ensures a delicate balance between risk and income. In addition, essential threats are regularly reported to the Risk Committee, and the bank conducts periodical assessments of risk control effectiveness. In this, the Risk Sector performed significant measures to manage credit risk, operational risk, and market and liquidity risk.

Credit risk

- Ongoing periodic creditworthiness review for all corporate credit facility customers, individually, to detect any negative indicators or deterioration that necessitates precautionary measures.
- Analyzing the credit portfolio's quality by conducting endurance tests to determine a bank's ability to cover and absorb a potential loss.
- Considering the sectors impacted by COVID-19 and the impact on calculating expected credit loss if any of the assumed scenarios occur.
- Participating in developing the bank's strategy and planning to increase the SME portfolio to 25% of the total portfolio, making necessary changes in policies and procedures.
- Developing several programs and systems to allow efficient fulfillment of requirements, tasks, and mandates, in addition to preparing the presentation of internal and external reports.
- Using AVRA creditworthiness assessment program
- Using the I-Score program for SME customer creditworthiness assessment.
- Signing an agreement between our bank and the credit guarantee company to cover SME finances and part of major corporate finances, contributing to potential credit loss reduction.

Operational risk

The bank management pays excellent attention to continuously upgrading control systems, as we apply several methods for operational risk management. We identify and assess potential risks to take the appropriate control actions to facilitate the decision-making process on how to reduce such risks. These methods include:

- We continue to take a proactive approach to operational risk reduction by updating risk matrices in different bank business units, applying risk and control self-assessments (RCSA), and identifying key risk indicators in various banking activities.
- Updating key risk indicators, which are used as indications or signs of potential risk and are considered an early warning system for the possible occurrence of threats.
- Identifying and assessing operational risks relating to all existing or new banking products, activities, and operations, especially since the bank is making remarkable upgrades, namely the digital transformation of different products, internet banking, mobile banking, and centralization of operations.
- Testing emergency measures and alternative locations to ensure business continuity while taking all precautionary measures to keep our staff and customers healthy and safe under the ongoing Covid pandemic.
- Studying the quantitative impact of operational risk measurement and determining the capital requirements to address such risks according to the new standard method per Basel III reforms.

Market and liquidity risk

- Reviewing and updating policies related to market, liquidity, and treasury risks.
- Developing measurement methods using the internal models method to calculate capital requirements to address market risks – calculating value at risk (VAR) for exchange rate risk for management purposes.
- Studying the quantitative impact of market risk measurement and determining the capital requirements to address such risks according to the new standard method per Basel III reforms.
- Monitoring and assessing liquidity risks per the internal rules, including liquidity stress tests, and ensuring adherence to regulatory ratios.

The Internal Capital Adequacy Assessment Process (ICAAP) is performed regularly, indicating that the bank's capital base can absorb and cover all potential risks.

Governance and Compliance Management

We hold ourselves to the highest performance standards in practicing good governance concepts and guidelines.

In light of our bank's commitment to comply with all laws, directives, and regulations issued by internal and external regulatory bodies, the Compliance Sector undertakes its role to ensure adherence to all applicable laws and regulations. It also provides advice and guidance to the bank's sectors and presents detailed periodic reports on the sector's operations and activities.

The bank applies international best practices to promote business growth, enhance profitability, strengthen customers' and investors' trust, and preserve stakeholders' rights, through adopting an effective disclosure and transparency policy, and updating policies to avoid conflict of interest. We hold ourselves to the highest performance standards in practicing good governance concepts and guidelines, informed by the Central Bank of Egypt Law No. 194 of 2020 and the CBE's governance guidelines of 2011 and their amendments. Further, we adopt a violation reporting policy and protect reporting persons in line with the appropriate professional standards.

The Compliance Sector conducts periodic assessments of the bank's compliance procedures, guidelines, and policies. It also develops a plan to assess compliance across the bank's activities, which helps detect and identify violations. It further conducts immediate follow-ups on any shortcomings detected and suggests the required changes in policies or procedures at the relevant sectors, as appropriate. It then directs the relevant sectors with the disciplinary measures to be taken according to applicable rules and regulations.

In support of our compliance with the Anti-Money Laundering and Combating the Financing of Terrorism Law and its amendments, the Organization of Lists of Terrorist Entities and Terrorists Law and its amendments, and building upon the expansion and development of our banking services and products, we developed automated programs to address money laundering and financing of terrorism. We also developed programs related to international sanctions imposed on states, institutions, and individuals, domestically and internationally, and we apply these programs and systems across all our activities.

Emphasizing our adherence to all rules and directives issued by the CBE, particularly those related to protecting customers' rights, we coordinated with our branches and sectors to raise awareness about the mentioned rules and directives. We have operated numerous electronic channels to receive and respond to complaints according to the applicable mechanism while presenting periodic reports on complaint analyses and results.

Administrative Affairs

Procurement Department

- In 2021, the Procurement Department implemented 2,343 various purchases and four limited tenders compared to 2,360 investments in 2020. It saved expenses of 1,812,000 EGP, despite higher prices in 2021 than in 2020 by 25%.
- Supplying all needs and supplies for the opening of Strip Mall branch and the 31 HDB Royal hubs.
- Purchasing 5 Mercedes cars for savings accounts prizes.

Inventory Department

The Inventory Department achieved the following savings by reusing inventory:

- Renewing warehouse movables - renew and reuse 70 air-conditioners, saving 1 million EGP that could have been spent on new ones without this renewal.
- Reusing other warehouse items like furniture, devices, and metal stands to outfit the Al Motamayez District branch, the October Gardens branch, the Housing Society of 6th October employees' headquarters, the Retail Banking branch in the Uni Ark Building, and the Security Room in 6th October City.

Outsourcing Department

The Outsourcing Department created 27 new contracts, helping implement the CBE's directives and contributing to cost reduction. The contracts include the following:

Replacement of banknotes with higher-value banknotes, upkeeping of armored doors and metal cabinets and safes, upkeeping of all UPS devices, Call Center, evaluating the performance of service provider companies by developing an annex to contracts (Performance Assessment Form) to protect our bank's rights and ensure that service providers follow contract terms, and the renewal of 20 contracts.

2343 Various purchases

4 Limited tenders in 2021

5 Mercedes cars for savings accounts incentives

31 HDB Royal hubs

million EGP **1** Savings in cost of buying new devices

27 New outsourcing contracts

20 New outsourcing contracts

Information Systems

Mortgage Finance Initiative 3%.

Develop a data flow system to serve the centralization of accounts.

Launch Internet Banking & Mobile Banking Phase 2 - fully.

Golden Deposits (EGP & USD).

Adjust updating cycle, and change the rating of all customers, as requested by the Compliance Sector and the CBE.

Launch phase 3 of ATM-Switch to switch 1.6 million cards.

Implement phase 1 of the Human Capital Sector Project.

Update Bank's commission deduction system.

Implement CBE Initiative's directives to install 100 ATMs across governorates.

Implement ISCORE program for SMEs & housing

Activate HDB Royal system

Link Insurance Authority data to automatically open accounts

Implement a program for translating customers' names for cards.

Activate Vehicle Replacement program.

Update ACH system following the CBE's directives.

HITS: Preparing DATA - Data Validation - Train HR Team.

Provide Bank's employees with VPN to enable work from home during Covid.

Start implementing phase 1 (National Project for Housing) of the Transform Housing from Old Housing System to New Housing System Project.

Establish a system of inward and outward cheques on the new system.

Holding Bank Committees meetings online via Zoom-Teams.

Human Capital Development

1. HDB's organizational structure

In 2021 the Board of Directors adjusted the organizational structure of the bank's sectors and branches, developed new sectors, and opened new branches. The bank is expeditiously implementing this board action.

2. Recruitment

We took the necessary actions to select the best candidates based on the sectors' and branches' staffing needs. The Egyptian Banking Institute (EBI) tested selected applicants, and applicants who passed the test were submitted to the Recruitment Committee.

The bank recruited 253 new employees in 2021 compared to 181 in 2020 (a 39% increase). Of the new employees, 177 are recent graduates acquired to meet the staffing needs of the sectors and branches, and 76 have banking experience to meet urgent needs during this year.
The HR Sector reviewed contract renewals of 547 employees based on performance evaluation reports conducted by their direct managers and based on the HR Committee records.
Eighteen contracts were updated from fixed-term expert contracts into fixed-term employment contracts for one year, according to the standard structure.
Twenty-six contracts were updated from the parallel structure to the standard structure.

3. Periodic evaluations

The performance assessment reports were digitized and updated with current methodologies. These assessments evaluate the employees' performance based on competencies and goals set for every individual according to their job grades. The periodic evaluations are crucial for the bank to capitalize on the strengths and improve on the weaknesses of the bank's human capital.

4. Salary structuring

The HR Sector presented a study on how salaries in the financial services and banking industry had outpaced standard salary growth since October 2019 (when the previous compensation structure was approved). Accordingly, the Board of Directors took the following actions:

- Raised the standard salary structure to match industry standards for compensation in banking.
- Instituted an exception to the salary scale, permitting salaries 25% greater than the maximum rate (in order to attract talent in high-demand fields (e.g., information systems).
- Applied the annual raise for fixed salaries.

Several studies were conducted, and senior management held discussions, which led to developing new rules for annual salary raises according to the market, as follows:

- Taking annual inflation rates into consideration when annual raises are decided.
- Applying the raise based on a monthly fixed salary, not the basic salary.
- Developing practical solutions to cases exceeding or almost exceeding maximum salary amounts.

5. Development and training]]

During 2021, the bank provided 3,112 training opportunities totalling 39,197 training hours.

Recruit

253 New employees

Renew contracts of

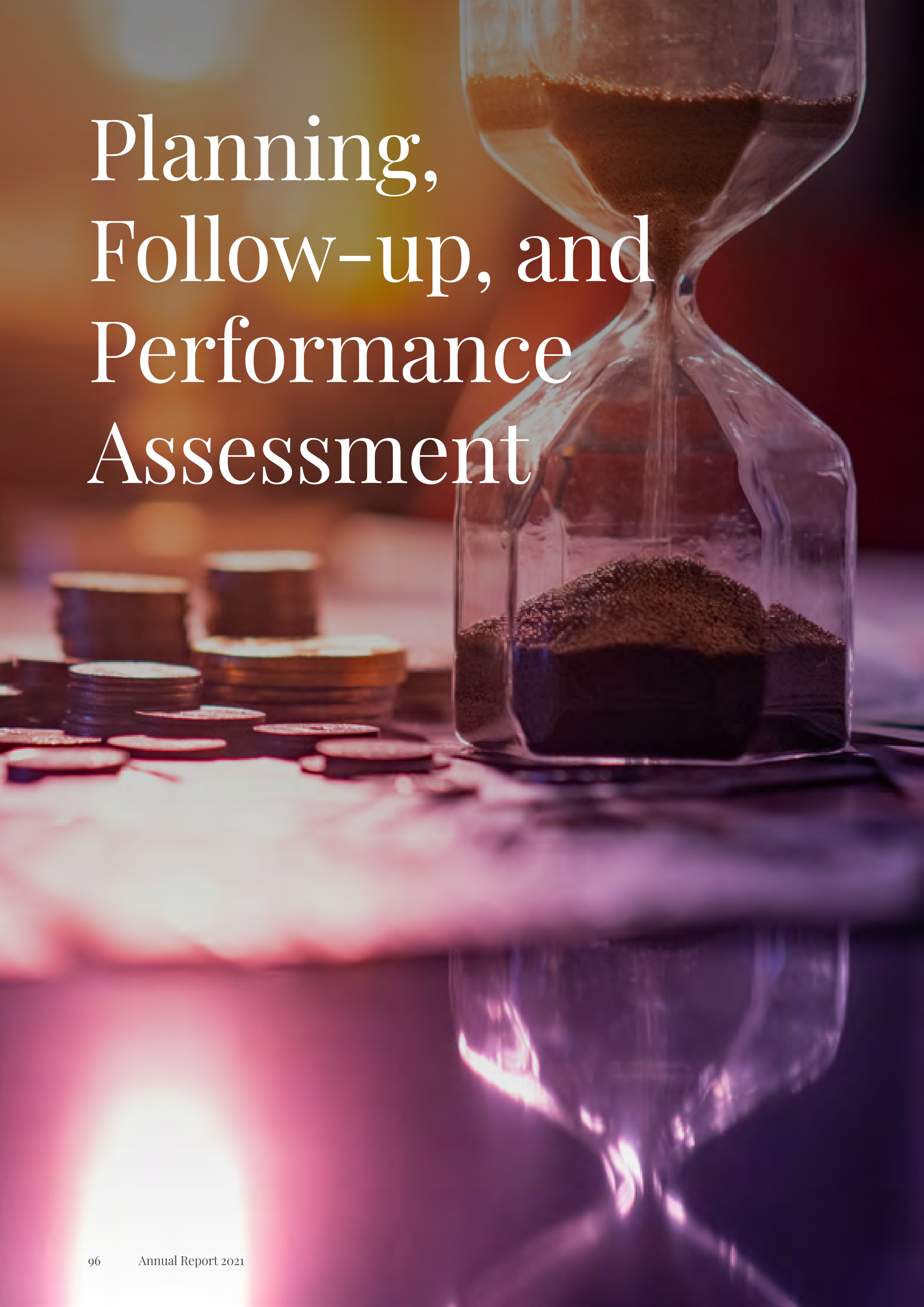
547 Employees

39% Growth in company headcount

Provide

3112 Training opportunities

Planning, Follow-up, and Performance Assessment



Periodic quarterly assessment of the branches to assess the achieved goals and make improvements.

Preparation of the 2022 budget is underway as per the requirements of the bank management. The new budget, which features an enhanced presentation, introduced three different scenarios with prospects ranging from conservative and moderate to optimistic.

We monitored the budget implementation within the branches and sectors throughout the year. A review and analysis of key strengths and weaknesses were also carried out to capitalize on strengths and address weaknesses.

Monthly follow-up reports were prepared for every branch and region, comparing the targets and identifying growth and deviation rates.

A quarterly follow-up report, supported with graphs, was prepared and submitted to the senior management to compare the period from year to year and compare results to the targets.

Bank strategy was implemented across all activities and all sectors. This process entailed identifying accomplishments and describing obstacles and how to overcome them to achieve the strategy's goals. A quarterly report on our bank's rating (among the top 20 banks in the market) was prepared, as well as a follow-up on the bank's credit rating and how to meet the requirements to obtain a credit rating certificate regularly.

A performance assessment was conducted on the bank's sectors and general central departments.

A quarterly performance assessment of the branches was conducted to assess the achievements made. Such assessment helps identify which branch management cadres have a clear vision and can reposition and improve the branch's performance. The evaluation further addresses the branch manager rotations (when managers take turns at different branches) to achieve the best results using the available tools and resources. In addition, a periodic competitive report is prepared to evaluate service performance levels at the branches compared to similar banks.

An annual report was developed to determine which branches deserve promotion to the highest level and which perform at sub-standard levels to be subjected to senior management consideration.

Social Responsibility

Housing & Development Bank is constantly keen and committed to promoting sustainable development across all sectors. HDB believes it is a top priority to maximize financial contribution to the projects targeting our country's economic and social development and meeting the needs of the most vulnerable classes. In this sense, HDB has supported numerous initiatives and funded several projects to achieve comprehensive and sustainable development at all levels.

The bank's strategy for social responsibility recognizes healthcare, education, and people with disabilities as the sectors most in need of support. The bank played an important role in supporting marginalized groups, the industrial sector, and women.

Healthcare

HDB has doubled its efforts to serve and support the healthcare sector by launching a series of efficient initiatives, sponsoring and supporting several hospitals, and participating in protocols. These efforts aim to create a positive and sustainable impact on the healthcare sector. Following are some of the most important projects:

- Contributing to establishing the new Magdi Yacoub Foundation hospital on 6th October City.
- Financing the establishment and renovation of a polyclinics center serving the Boulaq District community.
- Financing the renovation and full upgrading of two in-patient divisions in the Maternity Hospital, Emergency Department, Al Qasr Al-Ainy.
- Completing contributions to establishing Ahl Masr Hospital.

Education

HDB's initiatives are are focused on improving the educational environment and providing all students with the resources necessary to develop and enhance their skills and abilities. The bank further supports illiteracy programs and university scholarships, including:

- Contributing to supporting vocational education and training through financing and establishing Al Sewedy Academy in Sadat Industrial Zone.
- Continuing to support Nile University by supplying and equipping phase 2 of the Engineering Department.
- Donating to establish, furnish, and equip 20 community schools in Matrouh Governorate, in cooperation with Misr El Kheir Foundation and the Ministry of Education.

Supporting individuals with disabilities

HDB prioritizes fulfilling its social responsibility and promoting sustainable development activities and programs by supporting people with disabilities. As part of the government's efforts to promote inclusion and provide comprehensive support to people with disabilities, the bank contributes generously to initiatives that provide people with disabilities with vital resources and services, including educational assistance, healthcare access, and essential services.. Some of the initiatives this year include:

- Cooperation protocol with the Ministry of Local Development and Cairo Governorate to provide accessible pavements in Maadi District.
- Cooperation protocol with the Ministry of Education to develop resource rooms in 30 public schools across several governorates to support students with disabilities.

HDB supports marginalized groups, including orphans and the residents of border areas. The bank supports these groups with their fundamental needs, such as housing, education, healthcare, and other fundamental rights, to ensure they lead decent lives. Important initiatives include:

- Donating to Al Orman Foundation as a contribution to rebuilding houses affected by flash floods in Aswan.
- Developing a cooperation protocol with the Ministry of Social Solidarity to supply 100 housing units for orphans over 18 years of age.

Industry

HDB believes that banks play an essential role in assisting SMEs. Given the importance of small and medium-sized enterprises in boosting the national economy, improving people's living standards, and providing job opportunities for individuals from various population groups, the bank plays an outstanding role by implementing programs and initiatives that provide job opportunities and training opportunities for the youth, and support for SMEs, handcrafts, and local manufacturers. Among the important initiatives are:

In cooperation with the Central Bank of Egypt and Nile University, the NilePreneurs Initiative aims to support entrepreneurship, incubate innovative ideas, and develop technological solutions to make a difference in many sectors. HDB supports associations that provide training and job opportunities, such as Wataneya Society, Mazala, Al Masry Al Aseel, and other civil society organizations

Supporting women

Women empowerment initiatives receive considerable attention in HDB's sustainable development plan. The bank is committed to empowering women following the state's plans and the CBE's directives to support initiatives that provide women with training, education, and job opportunities. The bank participated in the initiatives launched in cooperation with Misr El Kheir Foundation to help women in debt pay off their debts.

Separate Financial Statements

Separate Financial Statements

For the year ended
31 December 2021

Auditor's Report

To: The Shareholders of Housing and Development Bank - (S.A.E)

Report on the Separate Financial Statements

We have audited the accompanying Separate financial statements of Housing and Development Bank - (S.A.E), represented in the separate statement of financial position as at 31 December 2021, and the related separate statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

These Separate financial statements are the responsibility of Bank's management. As Management is responsible for the preparation and fair presentation of these financial statements in accordance with the rules of preparation and presentation of the Banks' financial statements and basis of recognition and measurement issued by Central Bank of Egypt on 16 December 2008 as amended by the regulations, issued on 26 February 2019 and in light of the prevailing Egyptian laws and regulations. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error. Management's responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in 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 that the financial statements are free from material misstatements.

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 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 bank'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 bank'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 on the separate financial statements.

Opinion

In our opinion the separate financial statements referred to above, present fairly, in all material respects, the Separate financial position of Housing and Development Bank - (S.A.E) as of 31 December 2021 and its separate financial performance and its separate cash flows for the year then ended in accordance with the rules of the preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by the Central Bank of Egypt on 16 December 2008 as amended by the regulations, issued on 26 February 2019 and in light of prevailing Egyptian laws and regulations related to the preparation of the financial statements.

Report on Other Legal and Regulatory Requirements

The Bank maintains proper accounting records that comply with the laws and the Bank's Articles of Association and the Separate financial statements are in agreement thereto.

The financial information included in the Board of Directors' report, prepared according to Law No. 159 of 1981 and its executive regulations are in agreement with the Bank's accounting records and within the limit that such information is recorded therein.

Sherif El Kilany
Allied for Accounting and Auditing EY
Public Accountants & Consultants
FESAA-FEST (RAA. 5285)
(EFSAR. 83)

A Member Of
Ernst & Young Global

Sameh Saad Mohamed Abdel-Megeed
Accountability State Authority

Cairo: 28 February 2022

Housing and Development Bank

Separate Financial Position as of 31 December 2021

		31/12/2021	31/12/2020
	Note No.	EGP	EGP
Assets			
Cash and balances with central bank of egypt	16	6 773 137 496	5 800 421 892
Due from banks	17	14 137 932 823	3 789 745 855
Loans & facilities to customers	18	24 672 409 680	19 349 700 877
Financial assets			
Financial assets at fair value through profit and loss	19	470 876 181	417 883 186
Financial assets at fair value through other comprehensive income	20	19 095 315 426	18 709 887 676
Financial assets at amortized costs	20	4 823 876 864	5 049 236 198
Financial assets in subsidiaries and associates	21	1 944 370 716	1 663 314 124
Housing projects	22	1 113 896 707	1 000 927 602
Investments properties	23	91 941 433	99 489 678
Intangible assets	24	92 372 159	104 255 435
Other assets	25	1 953 373 520	1 273 977 030
Deferred tax assets	33	74 784 108	47 487 943
Fixed assets	26	1 034 050 238	1 009 941 588
Total assets		**76 278 337 351**	**58 316 269 084**

	Note No.	31/12/2021 EGP	31/12/2020 EGP
Liabilities and equity			
Liabilities			
Due to banks	27	736 835 207	786 929 840
Customers' deposits	28	62 895 517 607	47 122 485 216
	29	1 748 616	--
Other loans	30	474 913 955	566 377 142
Dividends payable		49 121 857	37 116 305
Other liabilities	31	2 340 329 174	1 878 848 716
Provisions	32	328 001 372	311 835 009
Current income tax liabilities		167 112 033	187 122 376
Retirement benefit obligations	34	55 317 866	47 073 604
Total liabilities		**67 048 897 687**	**50 937 788 208**
Equity			
Issued and paid-up-capital	35	1 518 000 000	1 265 000 000
Amounts reserved for capital increase	35	253 000 000	379 500 000
Reserves	36	4 869 170 594	3 766 692 193
Retained earnings (included net profit of the year)	36	2 215 562 159	1 842 113 516
Other comprehensive income		373 706 911	125 175 167
Total shareholders'equity		**9 229 439 664**	**7 378 480 876**
Total liabilities and shareholders'equity		**76 278 337 351**	**58 316 269 084**

* The accompanying notes complement the financial statements and should be read with them.
* Auditor's report (attached).

Chief Financial Officer
Gamal Mahmoud Soliman

Chairman & Managing Director
Hassan Ismail Ghanem

Sherif El-Kelany
E&Y Allied for Accounting & Auditing

Sameh Saad Mohamed Abdel-Megeed
Accountability State Authority

Housing and Development Bank

Separate Income Statement
For The Year Ended 31 December 2021

	Note No.	From 1/1/2021 to 31/12/2021 EGP	From 1/1/2020 to 31/12/2020 EGP
Interest from loans and similar income	6	6 965 353 490	6 025 984 666
Interest on deposits and similar expense	6	(3 696 616 052)	(3 228 661 592)
Net interest income		**3 268 737 438**	**2 797 323 074**
Fees and commissions revenue	7	451 406 781	406 806 656
Fees and commissions expense	7	(40 006 607)	(47 947 767)
Net fees and commission income		**411 400 174**	**358 858 889**
Dividends income	8	195 056 922	113 422 798
Net trading income	9	62 281 655	52 740 196
Housing Projects Profits'	10	397 523 035	359 541 575
Gain from financial investments	21	31 789 592	--
Credit impairment losses	13	(161 630 571)	178 831 891
General administrative and depreciation expenses	11	(1 752 730 934)	(1 512 586 325)
Other provision	32	(20 993 881)	35 551 477
Other operating revenues (expenses)	12	181 083 381	132 224 274
Net profit before income tax		**2 612 516 811**	**2 515 907 849**
Income tax expense	14	(782 432 082)	(715 177 347)
Net profit for the year		1 830 084 729	1 800 730 502
Earnings per share for the year	**15**	**10.61**	**10.48**

Housing and Development Bank

Separate Statement Of Comprehensive Income
For The Year Ended 31 December 2021

		From 1/1/2021 to 31/12/2021	From 1/1/2020 to 31/12/2020
	Note No.	**EGP**	**EGP**
Net profit for the year		**1 830 084 729**	**1 800 730 502**
Financial investments at fair value through other comprehensive income	20	248 531 744	46 293 080
Total comprehensive income		**2 078 616 473**	**1 847 023 582**

Housing and Development Bank

Separate Changes in Equity Statement
For The Year Ended 31 December 2021

Statement	Paid-in-capital	Amounts reserved for capital increase	Legal re-serves	General reserve
	EGP	EGP	EGP	EGP
Balance as of 1 January 2020	**1 265 000 000**	**379 500 000**	**444 847 495**	**1 779 000 000**
Dividends paid for the year 2019	-	-	-	-
Transferred to reserves	-	-	97 554 467	1 325 000 000
Change in financial assets at fair value through other comprehensive income	-	-	-	-
Net profit for the year 31/12/2020	-	-	-	-
Balances as at 31 December 2020	**1 265 000 000**	**379 500 000**	**542 401 962**	**3 104 000 000**
Balance as of 1 January 2021	**1 265 000 000**	**379 500 000**	**542 401 962**	**3 104 000 000**
Dividends paid for the year 2020	-	-	-	-
Transferred to reserves	-	-	90 036 525	1 000 000 000
Reserved for capital increase	-	126 500 000	-	-
Transferred to banking sector support and development fund	-	-	-	-
Change in financial assets at fair value through other comprehensive income	-	-	-	-
Capital increase	253 000 000	(253 000 000)	-	-
Net profit for the year 31/12/2021	-	-	-	-
Balances as at 31 December 2021	**1 518 000 000**	**253 000 000**	**632 438 487**	**4 104 000 000**

Special Reserve	Other reserve	Re-serve of General Bank Risk	General risk re-serve	Retained earnings	Other comprehensive income	Total
EGP	EGP	EGP	EGP	EGP	EGP	EGP
9 344 966	**18 365 606**	**22 500**	**89 215 810**	**1 993 303 629**	**78 882 087**	**6 057 482 093**
-	-	-	-	(526 024 799)	-	**(526 024 799)**
-	3 336 849	4 500	-	(1 425 895 816)	-	**-**
-	-	-	-	-	46 293 080	**46 293 080**
-	-	-	-	1 800 730 502	-	**1 800 730 502**
9 344 966	**21 702 455**	**27 000**	**89 215 810**	**1 842 113 516**	**125 175 167**	**7 378 480 876**
9 344 966	**21 702 455**	**27 000**	**89 215 810**	**1 842 113 516**	**125 175 167**	**7 378 480 876**
-	-	-	-	(209 774 799)	-	**(209 774 799)**
-	12 437 376	4 500	-	(1 102 478 401)	-	**-**
-	-	-	-	(126 500 000)	-	**-**
-	-	-	-	(17 882 886)	-	**(17 882 886)**
-	-	-	-	-	248 531 744	**248 531 744**
-	-	-	-	-	-	**-**
-	-	-	-	1 830 084 729	-	**1 830 084 729**
9 344 966	**34 139 831**	**31 500**	**89 215 810**	**2 215 562 159**	**373 706 911**	**9 229 439 664**

Housing and Development Bank

Separate Statement of Cash Flow
For The Year Ended 31 December 2021

	Note No.	From 1/1/2021 to 31/12/2021 EGP	From 1/1/2020 to 31/12/2020 EGP
Cash Flows From Operating activities			
Profit before tax		**2 612 516 811**	**2 515 907 849**
Adjustments:			
Depreciation and amortization	26،24،23	254 215 630	238 209 487
Reversal of loans impairment losses	13	161 630 571	(178 831 891)
Reversal of Impairment losses from other assets and housing projects	12	(784 960)	3 578 990
Other provisions-charged during the year	32	99 157 306	23 189 981
Revaluation difference of financial assets at fair value through profit and loss	9	(47 899 302)	(35 546 335)
Reversal of impairment of investments in associates	21	(31 789 592)	--
Amortization of discount – financial investment at amortized cost	20	(7 301 612)	(13 391 904)
Dividends	8	(195 056 922)	(113 422 798)
Utilization of other provision	32	(4 827 518)	(575 230)
Provisions no longer required	32	(78 163 425)	(58 741 458)
Gain from selling fixed assets	12	(115 899)	(12 437 376)
Operating income before changes in operating assets and liabilities		**2 761 581 088**	**2 367 939 315**
Net decrease (increase) in assets			
Due from banks		(4 138 003 306)	4 311 889 320
Financial assets other than at fair value through profit and loss		5 278 204 215	(2 649 604 967)
Financial assets at fair value through profit and loss		(5 216 005)	5 627 556
Loans and advances to customers and banks		(5 676 815 413)	(1 710 081 190)
Housing Projects and investments properties		(112 106 267)	(59 867 946)
Other assets		117 792 521	286 444 596
Net (decrease) increase in liabilities			
Due to banks		(50 094 633)	(164 398 184)
Customers' deposits		15 773 032 391	5 837 014 741
Other liabilities		(125 830 780)	(775 616 646)
Retirement benefit obligations		8 244 262	7 397 149
Income tax paid		(829 738 590)	(591 205 180)
Net cash flows from operating activities		**13 001 049 483**	**6 865 538 564**

	Note No.	From 1/1/2021 to 31/12/2021 EGP	From 1/1/2020 to 31/12/2020 EGP
Cash flows from investing activities			
Payments for purchase of fixed assets		(205 283 883)	(239 141 641)
Proceeds from selling fixed assets		174 904	14 600 785
Payments for purchase of financial assets other than at fair value through profit and loss		(6 361 568 796)	(5 114 852 678)
Proceeds from sale of financial assets other than at fair value through profit and loss		1 199 447 601	410 455 250
Payments to acquire Associate companies		(62 000 000)	--
Payments for purchase of intangible assets		(53 745 759)	(60 181 432)
Dividends income		137 896 294	99 719 410
Net cash flows used in investing activities		**(5 345 079 639)**	**(4 889 400 306)**
Cash flows from Financing activities			
Long-term loans		(274 361 263)	(162 969 140)
Dividends paid		(197 769 247)	(495 750 042)
Net cash flows used in financing activities		**(472 130 510)**	**(658 719 182)**
Increase in cash and cash equivalents during the year		7 183 839 334	1 317 419 076
Cash and cash equivalent at the beginning of the year		4 473 699 802	3 156 280 726
Cash and cash equivalents at the end of the year		**11 657 539 136**	**4 473 699 802**
Cash and cash equivalents are represented in:			
Cash and balances with Central Bank of Egypt		6 778 991 561	5 800 421 892
Due from banks		14 133 085 112	3 789 812 141
Financial assets other than at fair value through profit and loss		12 960 964 725	18 239 168 939
Obligatory reserve balance with CBE		(5 854 537 537)	(5 016 534 231)
Bank Deposits with maturity more than three-months		(3 400 000 000)	(100 000 000)
Financial assets other than at fair value through profit and loss, maturity more than 3 months		(12 960 964 725)	(18 239 168 939)
Cash and cash equivalents at the end of the year	**38**	**11 657 539 136**	**4 473 699 802**

On 30/12/2021 the bank's board of directors has approved amending the bank capital increase source of fund to be from the general reserve and retained earnings to be in accordance with the Central Bank of Egypt, accordingly cancelling the previous amounts reserved that has been formed to increase the capital, the legal reserve became EGP 758.9 million and retained earnings EGP 512 million

On 30/12/2021 the bank's board of directors has approved amending the bank capital increase source of fund with amount of EGP 3.795 billion to be from the general reserve with amount of EGP 3.283 billion and retained earnings with amount of EGP 512 million to be in accordance with the Central Bank of Egypt, accordingly the retained earnings balance become zero and general reserve with amount of EGP 821 million , the capital increased from EGP 1.518 billion to EGP 5.313 billion by distributing 2.5 share to each share.

Separate Profit Appropriation Statement
For The Year Ended 31 December 2021

البيان	31/12/2021	31/12/2020
	EGP	EGP
Net profit for the year (As per statement of income)	1 830 084 729	1 800 730 502
Deduct:		
Gain on sale of fixed assets transferred to capital reserve as per law regulations	(115 899)	(12 437 376)
General Banking Risk Reserve	31 500	(4 500)
Net	1 830 000 330	1 788 288 626
Retained Earnings at the beginning of the year	-	41 383 013
Net Income attributed to distribution	1 830 000 330	1 829 671 639
Distributed as following:		
Legal Reserve	91 504 236	90 036 525
General Reserve	1 090 000 000	1 000 000 000
Shareholders' Dividends(Cash dividends EGP 2.5 per share	379 500 000	126 500 000
Employees shares of Profit	200 000 000	194 774 799
Board of directors rewards	20 000 000	15 000 000
Banking system support and development fund	18 300 003	17 882 886
Retained Earnings	30 696 091	385 477 429
Total	**1 830 000 330**	**1 829 671 639**

* According to the provision No. 178 from Central Bank Law No.194 for year 2020 by deducting amount not more than 1% of the net income attributed to distribution to the Support and development of banking sector fund.

Housing and Development Bank

Notes to the Separate Financial Statements
For The Year Ended 31 December 2021

1. Background

Housing and Development bank provides Banking Services for Corporates rather than Investments, retail Banking Services in the Arab republic of Egypt through 97 branches, and hires 2718 employees at the date of the financial position.

Housing and Development bank is an Egyptian Joint Stock company established as Investments and Business Bank on 30 June 1979 by virtue, ministerial Decree No.147 for a year 1979 and it handles its activity through the head office in Giza governorate and the bank is listed in the Egyptian Stock Market for Securities.

2. Summary of Significant Accounting Policies

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

A. Basis of Preparation

The financial statements are prepared in accordance with Central bank of Egypt instructions approved by its board of directors on 16 December 2008, with consideration to requirements of IFRS 9 (Financial instruments) in accordance with the instructions issued by central bank of Egypt on 28 January 2018, in addition to the historical cost basis, modified by the revaluation of financial assets and liabilities originally valued with fair value through profits and losses, and financial assets at fair value through other comprehensive income, and all financial derivatives contracts.

These separate financial statements were prepared in accordance with relevant local laws, investment in associates are presented in bank's separate financial statement and valued according to cost less impairment loss method.

These separate financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on 16 December 2008; that have been changed under central bank of Egypt instructions issued on 26 February 2019, regarding the implementation of IFRS 9 – financial instruments.

Effect of implementation IFRS 9 on Accounting Policies

IFRS 9- Financial Instruments

The Bank applied the instructions of the Central Bank of Egypt (CBE) rules IFRS 9 "Financial Instruments" dated February 26, 2019 starting from 1 January 2019, Requirements of IFRS 9 represents material change than required under Egyptian accounting standard no. 26 "financial instrument- recognition and measurement" specially when related to classification, measurement and disclosure of financial assets and some of financial liabilities, the following summarize the main accounting policies changes resulted from applying the required standards:

Classification of financial assets and liabilities

Financial assets have been classified through three main categories as the following:

- Financial assets at amortized cost.
- Financial assets at fair value through other comprehensive income.
- Financial assets at fair value through profit and loss.

Based of IFRS 9, financial assets have been classified according to how they are managed (the entity's business model) and their contractual cash flow characteristics. Therefore Egyptian accounting standard no. (26) is no longer applied (Held to maturity, Loans and available for sale).

- The implicit derivative contracts shall not be separated when derivatives are associated with a financial asset and therefore the implicit derivative contract is fully classified according to the related financial asset.

- The change in financial liabilities at fair value through profit or loss is presented as follows:

- The change in the fair value related to the change in the degree of the credit rating is presented in other comprehensive income.
- The remaining amount of the change in fair value under (net income from financial assets at fair value through profit or loss) is presented in the income statement.

Impairment of financial assets

IFRS 9 and Central Bank of Egypt (CBE) instructions replaced the impairment loss model recognized according to EAS 26 with expected credit loss (ECL) model, also, IFRS 9 & CBE instructions requires from the bank to implement the measurement of expected credit loss (except for measured at fair value through profit and loss and fair value through other comprehensive income).

The bank excludes the following from the calculation of expected credit losses:

- Deposits at banks with a maturity date of one month and less than the date of the financial position.
- Current accounts at banks.
- Balances at the Central Bank in local currency.
- Debt instruments issued by the Egyptian government in local currency.

Provision shall be identified based on the expected credit losses relating to probability of default over the next 12 months unless the credit risk has increased substantially since inception.

Segment reporting

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

B. Subsidiaries & Associates

B.1. Subsidiaries

Subsidiaries companies are the entities over which the bank owns directly or indirectly the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting right. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the bank has the ability to control the entity.

B.2. Associates

Associates are the entities over which the bank owns directly or indirectly significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Accounting for subsidiaries and associates in the separate financial statements are recorded by cost method, according to this method, investments are recorded at cost of acquisition including any good- will after deducting any impairment losses in value, and the dividends in the income statement are recorded in the adoption of the distribution of these profits and evidence of the bank's right to collect it.

C. Translation of Foreign Currencies

C.1. Functional and presentation currency

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

C.2. Functions and balances in foreign currencies

The bank maintains its accounts in Egyptian pound and transactions are recorded in foreign currencies during the financial year on the basis of prevailing exchange rates at the date of the transaction, monetary assets and liabilities denominated in foreign currencies are retranslated at the end of the financial year on the basis of prevailing exchange rates at that date. Foreign exchange gains and losses resulting from the settlement and translation of such transactions and balances are recognized in the income statement and reported under the following items:

- Net income from financial assets at fair value through profit and loss/or net income from financial instruments classified at fair value through profit and loss at the date of inception of the assets/liabilities or those classified at the date of inception with its fair value through profits and losses according to their type.
- Shareholders' equity of financial derivatives as a coverage for cash flow/net investment or as a coverage for net investment.
- Other operating income (expenses) for the other items.

- Changes in fair value of financial instruments denominated in foreign currency classified at fair value through other comprehensive income (debt instruments) is analyzed between valuation differences from changes in amortized cost of the instrument, differences resulted from changes in the prevailing exchange rates, differences resulted from changes in the fair value of the instrument, and differences resulted from the impairment of the financial assets. Those changes are recognized in the income statement as income on loans and similar items regarding changes in amortized cost and differences related to changes in the exchange rate are recognized as other operating income (expense),

- Changes in fair value are recognized in equity (Other comprehensive income/Financial assets at fair value through other profit and loss). Evaluation differences resulting from non-monetary items include profit and loss resulting from changes in fair value such as equity instruments held at fair value through profit and loss, while evaluation differences resulting from equity instruments classified as financial assets at fair value through other comprehensive income are recognized as other comprehensive income.

D. Financial Assets

D.1. Recognition

The Bank classifies its financial assets into the following categories: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) and amortized cost. Management determines the classification of its investments at initial recognition.

D.2. Classification

Financial assets Policies applied starting from 1 January 2019:

- At the time of initial recognition, the bank determines the classification of financial assets to be classified as amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

- Financial asset classified as amortized cost if the following two conditions are met and was not recognized at inception date by the bank as fair value through profit or loss:

• The financial asset is retained in the business model of financial assets held to collect contractual cash flow.
• The contractual terms of the financial asset at specific dates result in contractual cash flows of the asset represented only in the principal financial instrument amount and the return.

- Financial assets classified as fair value through other comprehensive income if the following two conditions are met and was not recognized at inception date by the bank as fair value through profit or loss:

• The financial asset is retained in the business model of financial assets held to collect contractual cash flows and sales.
• The contractual terms of the financial asset at specific dates result in contractual cash flows of the asset represented only in the principal financial instrument amount and the return.

- The debt instrument that was not allocated at the initial recognition at the fair value through profit or loss is measured at the fair value through other comprehensive income if both of the following conditions are met:

• The financial asset is retained in the business model that aims to collect contractual cash flows and sell the financial asset.
• The contractual terms of the financial asset on specific dates result in cash flows of the asset and not represented only the principal debt and the return.

- Upon the initial recognition of an equity instrument that not held at fair value through profit and loss, the bank may make an irrevocable choice to present subsequent changes in the fair value through the other comprehensive income statement. This choice shall be made for each investment individually.

- The remaining financial assets are classified as investments at the fair value through profit or loss.

In addition, upon the initial recognition, the bank may irrevocably allocate a financial asset measured at the fair value through profit or loss, although it meets the criteria of classification as a financial asset at amortized cost or at the fair value through other comprehensive income, if this action substantially reduces the inconsistency that may arise in the accounting measurement.

Business models Evaluation

1. Following debt and equity instruments are classified and measured according to the following:

Methods of Measurement According to the Business Model			
Financial Instrument	Amortized Cost	Fair Value	
		Through Comprehensive Income	Through Profit or Loss
Equity Instruments	-	One-time irrevocable choice at the initial recognition	Normal transaction of equity instruments.
Debt Instruments	Business model of assets held to collect contractual cash flows.	Business model of assets held to collect contractual cash flows and sale.	Business model of assets held at fair value through profit and loss.

2. The bank prepares, documents and approves a business model in accordance with the requirements of the IFRS 9 in a way that reflects the Bank's strategy to manage the financial assets and their cash flows as follows:

Basic Characteristics	Business Model	Financial Asset
Financial assets at amortized cost	Business model of financial assets held to collect contractual cash flows	• The business model is aimed to retain the financial assets to collect the contractual cash flows of the investment principal amount and the revenues. • The sale is an exceptional action comparing to the purpose of this model and the terms of the standard represented in the deterioration in the creditworthiness of the financial instrument issuer. • Less sales in terms of frequency and value. • The bank performs a clear and reliable documentation of the rationale of each sale process and its compliance with the requirements of the Standard.
Financial assets at fair value through comprehensive income	Business model of financial assets held for the collection of .contractual cash flows and sale	• Both the collection of contractual cash flows and sales are complementary to the objective of the model. • Sales are high (in terms of frequency and value) compared to the business model held for the collection of contractual cash flows.
Financial assets at fair value through profit or loss	Other business models include (trading – managing the financial assets based on fair value - maximizing cash flows through (sale	• The business model is not aimed to retain the financial asset for the collection of contractual or this retained for the collection of contractual cash flows and sales. • Collecting contractual cash flows is an exceptional action comparing to the model objective. • Managing the financial assets at the fair value through profit or loss to avoid inconsistency in accounting measurement

- The bank shall evaluate the business model goals on the portfolio's level in which the financial asset is retained, being the way that reflects both the methods of work management and information provided. The information to be taken into consideration while evaluating the business model goals include the following:

• The approved and documented policies and the objectives of the portfolio in addition to applying such policies in practical reality, specially whether the management strategy focuses only on collecting the contractual cash flows of the asset and retaining a certain return rate to meet the dates of financial assets' maturity with the dates of the liabilities' maturity that are funding such assets; or rather on generating cash flows through selling such assets.
• The method of evaluating the portfolio's performance and reporting the same to the top management.
• The risks affecting the business model performance including the nature of the financial assets retained within such model and the method of managing such risks.
• The method of evaluating the performance of work managers (fair value and/ or returns on the portfolio).
• Frequency, value and timings of sales' transactions in the previous periods; the reasons of such transactions; as well as the expectations regarding the future sale activities. However, the information of the sales' activities are not taken into consideration in isolation., but rather as a part of a comprehensive evaluation of the method of carrying out the bank's goals regarding managing financial assets and how cash flows are generated.

- The financial assets, which are retained for the purpose of trading or those which are managed and evaluated based on the fair value, are calculated by the fair value through profits and losses because they are not retained for the purpose of collecting contractual cash flows and/ or selling financial assets.

- Evaluating whether the asset's contractual cash flows represent payments that are only limited to the original amount of the instrument and the return.

- For the purpose of carrying out this evaluation, the bank defines the original amount of the financial instrument as the fair value of the financial asset at initial recognition. The return is defined as the consideration of the time value of money, the credit risks attached to the original amount during a certain period of time, other basic lending risks and costs (such as the risks of liquidity and administrative costs), and profit margin.

- For the bank to determine whether the asset's contractual cash flows are payments that are limited to the asset and return on the financial instrument, the bank puts the contractual terms of the instrument into consideration. This includes evaluating whether the financial instrument includes contractual terms that may change the timing or amount of contractual cash flows, which may lead to non-acceptance of such terms.

- For the purpose of carrying out the above evaluation, the Bank needs to take the following into consideration:

- Potential events that may change the timing or amount of contractual cash flows;
- Characteristics of the financial leverage (rate of return, time limits, currency…)
- Terms of prompt payment and extension of time limits;
- The terms that may limits bank's ability to claim cash flows from certain assets;
- The characteristics that may amend the consideration of the time value of money (re-estimating the return rate on a periodical basis).

- The bank does not reclassify groups of financial assets unless the business model is changed, which rarely happens, or does not happen except infrequently or when the credit capacity of one of the debt instruments declines at amortized cost.

E. Offsetting between Financial Instruments

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

Repos and reverse repos agreements related to treasury bills are netted on the balance sheet and disclosed under "treasury bills and other governmental notes" caption of the balance sheet.

F. Financial Derivatives Instruments and hedging accounting

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

- Embedded derivatives are not isolated if they were included in a financial instrument that falls under the financial assets definition as per IFRS 9 "Financial Instruments.
- Recognizing the profits and losses resulted from the fair value depends on whether the derivative is a covering instrument provision and according to the nature of the covered item, the bank classifies some of the derivatives as one of the following:

- Risk Hedging of the fair value of recognized assets and liabilities or confirmed commitments (fair value hedging).
- Risk hedging of future highly expected cash flows related to a recognizes asset or liability or related to an expected transaction (cash flows hedging).
- Hedging accounting is used for provision derivative for that purpose if the needed conditions are available.
- At the initiation of the transaction the bank documents the relations between the covered items and hedging instruments, also the objectives of risk management and the strategy of having different hedging transactions.

- At the beginning of hedging and consciously, the bank documents the estimation of whether the derivative used in hedging transactions are effective in facing the changes in the fair value or cash flows of the covered items.

F.1. Fair value hedging

The changes in the fair value of qualified derivatives provisions for hedging of the fair value are recognized in the income statement, this with any change in the fair value related to the risk of the covered asset or liability.

The effective changes in the fair value of return transfers contracts and the related hedged items are added to the net return and effective changes in the fair value of the future currency contracts are added to net income from financial assets at fair value through profit and loss.
Inefficiency in all of the contracts and the related hedged items mentioned in the previous paragraph are added to the net income from financial assets at fair value through profit and loss.

If the hedging is no longer following the hedging accounting procedures, the modification added to the book value of the hedged items recorded by the amortized cost method, this is through charging it against the profits and losses along the year till its maturity. Amendments in hedged equity instrument's book value remain within the shareholders' equity till it has been excluded.

F.2. Cash flows hedging

The effective part in the changes in the fair value of the qualified derivative provision to hedge the cash flows is recognized as shareholders' equity, while the profit and losses related to the ineffective part are recognized immediately as (net income from financial assets at fair value through profit and loss) in the income statement.

The amounts accumulated in the shareholders' equity are transferred to the income statement in the same period that the hedged item has an effect on profits and losses, profits and losses related to the effective part of the currency transfers and options are added to the net financial assets at fair value through profit and loss item.

When the hedging instrument is being due or sold, or when the hedging is no longer following the hedging accounting procedures, the profits and losses accumulated in the shareholders' equity in that time remain within the shareholders' equity item and it is recognized in the income statement when the expected transaction is finally recognized. But if the expected transaction is no longer expected to occur then the profits and losses accumulated in the shareholders' equity are immediately transferred to the income statement.

F.3. Unqualified derivative of hedging accounting

Changes in the fair value of the unqualified derivatives of hedging accounting are being recognized in the (net income from financial assets at fair value through profit and loss) item. In the income statement, the profits and losses resulted from the changes in the fair value is recognized as (net income of classified financial instruments valued by the fair value of profits and losses), this is through the profits and losses resulted from the changed in the fair value of derivatives managed in relation to the classified assets and liabilities at fair value through profits and losses.

G. Recognizing first day's deferred profits and losses:

Regarding the tools that evaluate the fair value, the transaction price is considered to be the best instrument to evaluate the fair value on the transaction date(fair value of delivered or received return) unless the fair value of the instrument on that date is indicated depending on the transaction's price in published market or using evaluation modules. When the bank has a long term transaction, its fair value is specified using evaluation modules that their inputs may not all be from the published market rates or prices, those financial instruments are recognized according to transaction price which is the best indication of the fair value. Although the value calculated from evaluation modules may be different, and the difference between the transaction price and the amount resulted from the module is not immediately recognized as first day's profits and losses and it is listed as other assets in the case of loss, and as other liabilities in the case of profit. The timing of recognizing the deferred profit and loss is specified separately for each case through its amortization on the transaction or when it is possible to identify the instrument's fair value using published market's inputs or by approving it when adjusting the transactions, the instruments is measured by the fair value, the subsequent changes in the fair value are immediately recognized in the income statement.

H. Interest Income and Expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as financial assets designated at fair value through profit or loss, are recognized within 'interest income' and 'interest expense' in the income statement using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter year to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Interest income on loans is recognized on accrual basis except for the interest income on non-performing loans, which ceases to be recognized as revenue when the recovery of interest or principle is in doubt and are rather recorded off balance sheet as follows:

- When it is collected and this is after redeeming all dues of consumer loans and personnel mortgages also small loans for economic activities.
- For corporate loans, interest income is recognized on a cash-basis after the bank collects 25 % of the rescheduled installments and when these installments continue to be paid for at least one year. If a loan continues to be performing thereafter, interest accrued on the principal then outstanding starts to be recognized in revenues. Interest that is written off prior to the date when the loan becomes performing is not recognized in profit or loss except when the total balance of loan, prior to that date, is paid in full.

I. Fees and Commissions

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

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

Fees related to debt instruments which are measured at fair value are recognized under revenue at initial recognition. The fees for promotion of joint loans are recognized within revenues upon completing the promotion process without retaining any part of the loan by the bank, or if the bank maintains a part thereof with the actual interest rate available to other participants.

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

J. Dividends

Dividends are recognized in the income statement when the bank's right to receive payment is established.

K. Purchase & Resale Agreements, and Resale & Purchase Agreements

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

L. Impairment of Financial Assets

The bank assembles debt instruments in groups with similar credit risks based on: the type of the banking product as per the retail product, the clients as per the corporate loans, and the recognized credit agency's classifications as per the balances at banks and sovereign debt.
The bank classifies debt instruments into three phases based on the quantitively and qualitative criteria provided in the (Central Bank of Egypt) CBE's instructions issued on Feb. 26, 2019.

The bank estimates, on the date of financial statements, the provision of the financial instrument's impairment losses for at a value that is equal to the expected credit losses (ECLs) for the lifetime of the financial instrument, except for the debt instruments with low credit risks or otherwise debt instruments whose credit risks did not significantly increase, at the financial position date, since the initial recognition.
The bank considers ECLs to be a potential weighted estimation of ECLs, which are estimated as follows:

- ECLs are estimated in the first phase by calculating the current value of the total cash deficit calculated based on the historic probability of default rates as amended by the expectations of macro-economic scenarios' average that would be the rates of economic growth, inflation and unemployment for twelve months as per the debt instruments in the first phase or the lifetime of the asset as per the second phase.
- As per the credit-impaired debt instruments (third phase), ECLs are calculated based on the difference between the asset's total book balance and the current value of the future expected cash flows.
- Commitments related to loans and financial guarantees are considered as among the default value when calculated.
- ECLs are calculated for the contracts of financial guarantees based on the difference between the payments expected to be paid to the guarantee holder less any other amounts that the Bank expects to redeem.
- The bank shall not move the financial asset from the second phase to the first phase unless all the quantitive and qualitative elements of the first phase are met.

L.1. Financial Assets at fair value through the other comprehensive income

Financial assets are measured at fair value through the other comprehensive income, whether they were listed on the Stock Exchange with inactive transactions or not listed, by determining the fair value through one of the accepted technical methods for determining the fair value. However, in case of not being able to determine the fair value of such stocks through a reliable method, they should be measured at replacement cost.

At the date of each financial position, the value of the debt instruments' ECLs are estimated by the bank and recognized in the statement of profits and losses, whereas the rest of differences like the change in the fair value are recognized in the other comprehensive income. In case the value rises, it should be expressed in the statement of profits and losses to the extent of what was previously charged during previous financial periods, provided that any increase should be recognized in value in the other comprehensive income. As per the equity instruments, all change differences are recognized at fair value in the other comprehensive income till the asset is disposed, and in such case, all those differences are carried to the retained earnings.

M. Evaluation of Housing Projects

The cost of works under constructions includes the cost of allocated lands for housing projects, the cost of the constructions therein, the borrowing costs that are capitalized during the borrowing period until related work is finished and all related expenses as works under constructions are considered one of the qualified assets to be charged with the borrowing costs which should be no more capitalized for the projects that its core activities needed to make it ready for its identified purposes or for selling it to other.

Finished housing units are evaluated at lower of the cost or fair value; the fair value is evaluated in the light of detailed studies. In case the fair value is less than the cost, the difference is charged to reduce "profits of housing projects" item in the income statement. In case of an increase in the fair value, such increase shall be credited to the income statement to the extent previously charged to the income statement.

The cost and selling price of housing units in some distinguished projects are calculated according to the privileges in location and area for each unit with no effect on the project's total cost.

Investments property

Investments property is represented in land & Buildings owned by the bank for gain rental revenues or capital appreciation. Therefore it doesn't include real-estate assets used in the bank's operations or which was received in settlement of the bank's liability. Investment is accounted by the same method applied for fixed assets in which investments property are recorded at historical cost and depreciated using straight line method using appropriate depreciation rate and recognizing impairment loss if needed.

N. Intangible Assets
N.1. Computer programs

Expenses related to improvement & maintenance of computer programs are recognized as expenses in income statement when incurred. Recognized as an intangible asset expenses related directly with definite programs and under the bank control & expected to generate economic benefits which exceed its cost for more than one year. Direct expenses includes labour cost in the program improvement team in addition to appropriate average of related general expenses and it is recognized as an improvement cost in the expenses that leads to an increased expansion or performance of the computer program more than its original standards, it is added to the program cost.

Computer programs' cost which are recognized as an asset are amortized over its life time of not more than 4 years.

N.2. Other intangible assets

Represented in the intangible assets other than goodwill and computer programs for example (trademarks, license, and rental contracts benefits).

Other intangible assets are recorded by acquisition cost and is amortized by straight line method or the economic benefits expected, along its estimated useful life. Considering assets with no definite useful life, they are not amortized but its impairment loss is yearly examined and recorded (if found) in the income statement.

O. Fixed Assets

Land and buildings comprise mainly branches and offices. All fixed assets are carried at historical cost net of accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenses are recognized in profit or loss within" other operating expenses" during the financial year in which they are incurred.

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

Asset	Annual Depreciation Rate
Buildings & constructions	5%
Machinery and equipment	25%
Furniture	10%
Transportation vehicles	25%

Re-establishing expenses related to the rented branches are amortized through the estimated production life or the year of the rent contract whichever less.

Facilities and instalments are depreciated over 3 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The recoverable amount of an asset is the higher of the asset's net realizable value or value in use. Gains and losses on disposals are determined by comparing proceeds with relevant carrying amount. These are included in profit or loss in other operating income (expenses) in the income statement.

P. Non-Financial Asset Impairment

Assets without definite useful life are not amortized & they are being tested annually for impairment. Assets are tested for impairment whenever events or circumstances indicated that the book value may not be recoverable.

Then the impairment loss is recognized & and the carrying amount of an asset is reduced to the extent that such carrying amount exceeds recoverable amount. The recoverable amount represents the higher of the asset's net selling value or value in use. In order to estimate the impairment, asset is joined to smallest possible cash generating unit.

Non-financial assets with impairment are being reviewed to assess whether or not, all or part of such impairment loss should be reversed through profit and loss.

Q. Rental

Payments are recorded in operating rent account after deducting any discounts received from the lesser in the expenses in the income statement according to straight line method within the contract year.

R. Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition; they include cash and balances due from central bank of Egypt-other than those within the mandatory reserve, current accounts with banks and financial assets other than fair value through profit and loss.

S. Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations is remote. When a provision is wholly or partially no longer required, it shall be reversed through profit and loss under other operating income (expense). An appropriate interest rate is used to measure the present value of liabilities' payments that are determined to be settled after one year from balance sheet date. This interest rate is not affected by the taxes' rates which reflect the cash time value and if it's due in less than a year estimated value of the liability is calculated and if it has an important effect, it's recognized by the present value.

T. Financial collateral contracts

Financial collateral contract is the contract issued by the bank to collateral loans or debit current accounts presented to its customers from other parties and it is required from the bank to pay certain payments to compensate the beneficiaries of carried loss because debit payment in the due date according to the debt instrument's conditions. These financial collaterals are presented to banks, financial institutions and other parties on behalf of the bank's customers.

Initial recognition in the financial statements is recorded by the fair value at the date of granting the collateral which may reflect the collateral fees. Later on, the bank's liability is measured by the virtue of the collateral on the basis of the initial recognition amount less the amortization to recognize the collateral fees in the income statement by the straight line method over the collateral lifetime, or the best estimation of the needed payments to adjust any financial liability resulted from the financial collaterals on the balance sheet date which is higher. These estimations are specified according to the experience in similar transactions and historical losses and also by the management's judgment. Any increase in the liabilities resulted from financial collaterals, is recognized in the income statement as other operating revenues (expenses).

U. Employees Benefits
U.1. Pension Liabilities

The bank is committed to pay the contributions to the Social Insurance Public Authority, with no other liabilities after paying these contributions. Those contributions are recorded yearly in the income statement in its maturity year and are listed as labor benefits.

The bank has insurance fund for the employees of the bank, which was founded in 1987 Working according to law no. 54 for year 1975 and its executive regulations, in the purpose of granting compensation and insurance benefits for the members, this pension fund and its amendments are implemented on all of the employees of the bank's head office and its branches.

The bank is committed to pay the annual and monthly subscription to the fund according to the funds regulation and its amendments. No other liabilities on the bank after the payment of the subscription. Those subscriptions are recognized as administrative expenses when they come due. The prepaid subscriptions are recognized as assets to the limit that the deposit leads to reduce the future payments or to a refund.

U.2. Retirement Liabilities

The bank has applies a defined medical system for its employees and the retired ones. According to the above mentioned system, the bank's liabilities are represented in the difference between both the present value of liabilities in the balance sheet date and the fair value of its assets including settlements resulted from actuarial profit/loss and also the cost of previous service. Those liabilities are determined annually by independent actuarial expert using the "estimated added unit approach" and are determined through estimated future out cash flow applying interest rates on bonds with maturities similar to that of the liabilities in "other liabilities" item.
Actuarial profit/loss resulted from settlements together with amendments in the medical system are charged to the income statement
The cost of the previously recognized service is charged directly to the income statement as (general & administrative expense) unless changes that have been made on the policies state that worker should stay for a specified year, in this case the cost of the service is amortized using straight-line method.

U.3. Share based payments

The bank operates an equity-settled, share-based compensation plan. The fair value of the employees services received in exchange for the grant of the options is recognized as an expense.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

V. Income Taxes

Income tax expense on the year's profit or loss includes the sum of the tax currently payable and deferred tax and is recognized in the income statement, except when they relate to items that are recognized directly in equity, in which case the tax is also recognized in equity.
Income tax is recognized based on net taxable profit using the tax rates applicable at the date of the budget in addition to tax adjustments for previous years.

Deferred taxes is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. However, when it is expected that the tax benefit will increase, the carrying amount of deferred tax assets shall increase to the extent of previous reduction.

W. Borrowing

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

X. Capital
X.1. Cost of capital

The issuance expenses that are related directly with issuing new shares or shares of acquiring entity or issuance options, are presented as a deduction from shareholders' equity and the net revenues after tax.

X.2. Dividends

Dividends are recognized when the general assembly of shareholders approves them. Dividends include the employees' profit share and the board of directors' remuneration as prescribed by the bank's articles of association and the corporate law.

Y. Trust Activities

Trust activities are the assets' opposition and managing for individuals and funds. Its values and profits are not recognized in the bank's financial statements because they are not owned by the bank.

Z. Comparative Figures

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

3. Management of Financial Risks

The bank, as a result of conducting its activities, is exposed to various financial risks. Since financial activities are based on the concept of accepting risks and analysing and managing individual risks or group of risks together, the bank aims at achieving a well-balanced risks and relevant rewards, as appropriate and to reduce the probable adverse effects on the bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency risk, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyse the risks, set limits to the risks and control them through reliable methods and up–to–date systems. The bank regularly reviews the risk management policies and systems and amendments thereto, so that they reflect the changes in markets, products and services and the best up-to–date applications.
Risks are managed in accordance with preapproved policies by the board of directors. The risk management department identifies, evaluates and covers financial risks, in close collaboration with the bank's various operating units. The board of directors provides written rules which cover certain risk areas, such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative financial instruments. Moreover, the risk department is responsible for the year review of risk management and the control environment independently.

A. Credit Risk

The bank is exposed to the credit risk which is the risk resulting from failure of the client to meet its contractual obligations towards the Bank. The credit risk is considered to be the most significant risk for the bank, therefore requiring careful management. The credit risk manifests itself in the lending activities and debt instruments in bank's assets as well as off balance sheet financial instruments, such as loans commitments. The credit risk management and control are centralized in a credit risk management team in Bank Risk management department and reported to the Board of Directors and head of each business unit regularly.

A.1. Measuring the Credit Risk
Loans and facilities to banks and clients

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Bank's rating system is based on three key pillars:

- The 'probability of default' by the client or counterparty on its contractual obligations.
- Current exposures to the counterparty and its likely future development, from which the bank derive the (exposure at default).

These credit risk measurements, which reflect expected loss .The operational measurements can be contrasted with impairment allowances required under EAS and in accordance with the Central Bank of Egypt's instructions approved by the board of directors on 16 December 2008, which are based on losses that have been incurred at the balance sheet data (the 'incurred loss model') rather than expected losses.

The bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment to reach the relevant credit rating basis. Clients of the Bank are segmented into four rating classes. The bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Bank regularly validates the performance of the rating and their predictive power with regard to default events.

Bank's internal ratings scale

Bank's Rating	Description of the grade
1	Good debts
2	Normal watch-list
3	Special watch-list
4	Non-performing loans

The position exposed to default depends on the amounts that the Bank expects to be outstanding when delay occurs. For instance, for the loans, the position would be the nominal value; for commitments, the Bank includes all the amounts already withdrawn in addition to the other amounts that are expected to be withdrawn till the date of delay, if any.

Presumptive loss represents the Bank's expectations of the amount of loss when the debt is claimed in case of delay. This is expressed by the loss percentage in the debt, which certainly differs according to the type of debtor, the priority of claim, and the availability of guarantees or other credit coverage means.

Debt Instruments

As per debt instruments, the bank uses external classifications or any equivalent in credit risks' management. However, if such evaluations are not available, similar methods are used to the ones applied to credit clients. Such investments in securities are considered a means to obtain a better credit quality and at the same time it provides an available source for meeting the financing requirements.

A.2. Risk limit control and mitigation policies

The bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by individual, counterparties, product, and industry sector and by country are approved quarterly by the Board of Directors. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored quarterly.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below:

Collaterals

The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Mortgage business assets such as premises, inventory and accounts receivable.
- Mortgage financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

In addition, in order to minimize the credit loss the bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Derivatives

The bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the bank (i.e., assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or negotiable values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank market transactions on any single day.

Commitments Related to Credit

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Collaterals and standby letter of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, collaterals or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

A.3. Impairment and Provisions Policies

Policies The internal rating systems previously described focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and Central Bank of Egypt's regulation purposes.

The impairment provision shown in the balance sheet at the period is derived from each of the three internal rating grades. However, the majority of the impairment provision comes from the bottom two grads.

The table below shows the percentage of the bank's in balance sheet items relating to loans and advances and the associated impairment provision for each of the bank's internal rating categories

31/12/2021

Bank's Rating	Loans and facilities %	Impairment losses provision %
Stage 1	82%	24%
Stage 2	8%	11%
Stage 3	10%	65%
	100%	**100%**

Loans and facilities includes loans used limit and percentage of loans agreements, according to the volume of expected used limit in addition to financial collateral contracts.

The bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Impairment loss provision is formed based on homogenous assets using the historical experience of loan loses, available personal judgment of bank management and statistical methods.

A.4. Bank Risks Measurement General Model

In addition to the four categories of measuring credit worthiness the management makes sub-groups more detailed according to the Central Bank of Egypt's rules. Assets facing credit risk are classified to detailed conditions relying greatly on customer's information, activities, financial position and his regular payments to his debts.

The bank calculates the provisions needed for impairment of assets exposed to credit risk including commitments related to the credit based on special percentages determined by Central Bank of Egypt. In the case of increase of impairment loss provision needed according to credit worthiness as per Central Bank of Egypt over the impairment loss for the purpose of preparing the financial statement according to the Central Bank of Egypt approved by the Board of Directors as on February 26, 2019, regarding the implementation of IFRS 9, the general banking risk reserve is included in owners' equity deducted from the retained earning with this increase, this reserve is modified on a regular basis with the increase and decrease, which equals the increase in provisions and this reserve is not distributed.

And this are categories of institutional worthiness according to internal ratings compared with Central Bank of Egypt's ratings and rates of provisions needed for assets impairment related to credit risk:

Classification of the Central Bank of Egypt	Classification Significance	Required provision	Internal classification	Internal classification Significance
1	Low risks	Zero	1	Performing loans
2	Average Risk	1%	1	Performing loans
3	Satisfactory risks	1%	1	Performing loans
4	Reasonable Risks	2%	1	Performing loans
5	Acceptable Risk	2%	1	Performing loans
6	Marginally Acceptable risk	3%	2	Regular watching
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non-performing loans
9	Doubtful	50%	4	Non-performing loans
10	Bad Debt	100%	4	Non-performing loans

A.5. Maximum limits for Credit Risk before Collateral

البنود المعرضة لخطر الائتمان في الميزانية	31/12/2021	31/12/2021
	EGP	EGP
Items Exposed to Credit Risks	14 138 939 177	3 789 812 141
Due from banks		
Loans and facilities to customers		
Overdrafts	660 862 397	642 726 758
Credit cards	68 351 990	44 504 376
Personal Loans	6 797 426 924	4 869 358 296
Real Estate Loans	8 532 971 677	7 754 640 464
Corporate Loans:		
Overdrafts	4 949 529 597	3 761 360 706
Direct Loans	4 249 246 121	3 152 542 701
Syndicated Loans	1 289 643 832	757 432 318
Specialized Loans:		
Direct Loans	388 347 945	455 240 231
Financial Assets:		
Debt Instruments	9 220 140 992	9 628 646 180
Other assets	**1 953 373 520**	**1 273 977 030**
Total	**52 248 834 172**	**36 130 241 201**

A.6. Loans and Facilities

Following is the position of loans and facilities balances to the clients in terms of credit solvency:

	2021/12/31	2020/12/31
	قروض وتسهيلات للعملاء	قروض وتسهيلات للعملاء
	جنيه مصري	جنيه مصري
Neither past dues nor subject to impairment	21 935 477 873	18 253 591 986
Past due but not subject to impairment	2 302 631 767	1 472 087 181
Individually subject to impairment	2 698 270 843	1 712 126 683
Total	**26 936 380 483**	**21 437 805 850**
Less:		
Impairment loss provision	(2 247 178 566)	(2 069 900 781)
Interest in suspense	(16 792 237)	(18 204 192)
Total	**24 672 409 680**	**19 349 700 877**

Loans and facilities impairment reached EGP 166,839,608 compared to EGP 179,121,828 in the comparative year. Item No. (18) Includes additional information about provision for impairment losses on Loans and facilities to banks and customers.

The following table showing total Loans & Facilities stages during the year:

31/12/2021				
	Stage 1	Stage 2	Stage 3	
	12 Months	Lifetime	Lifetime	Total
Retail	14 286 913 788	1 050 428 993	1 110 618 152	16 447 960 933
Corporate	7 648 564 085	1 252 202 774	1 587 652 691	10 488 419 550
	21 935 477 873	**2 302 631 767**	**2 698 270 843**	**26 936 380 483**

The following table showing Impairment loss provision in stages during the year:

31/12/2021				
	Stage 1	Stage 2	Stage 3	
	12 Months	Lifetime	Lifetime	Total
Retail	44 468 712	27 630 500	214 173 809	286 273 021
Corporate	488 433 097	223 664 256	1 248 808 192	1 960 905 545
	532 901 809	**251 294 756**	**1 462 982 001**	**2 247 178 566**

The following table showing total Loans & Facilities stages during the year:

31/12/2020	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Retail	11 906 128 548	767 344 752	1 092 996 825	13 766 470 125
Corporate	6 347 463 438	704 742 429	619 129 858	7 671 335 725
	18 253 591 986	**1 472 087 181**	**1 712 126 683**	**21 437 805 850**

The following table showing Impairment loss provision in stages during the year:

31/12/2020	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Retail	119 635 182	74 985 367	255 150 868	449 771 417
Corporate	909 687 949	267 080 584	443 360 831	1 620 129 364
	1 029 323 131	**342 065 951**	**698 511 699**	**2 069 900 781**

The following table provides information on the quality of financial assets during the year:

31/12/2021

Due from banks	Stage 1 Months 12	Stage 2 Lifetime	Stage 3 Lifetime	Total
Credit rating				
Good debts	14 138 939 177	--	--	14 138 939 177
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**14 138 939 177**	**--**	**--**	**14 138 939 177**
Allowance for impairment losses	(1 006 354)			(1 006 354)
Total	**14 137 932 823**	**--**	**--**	**14 137 932 823**

Financial assets at amortized cost	Stage 1 Months 12	Stage 2 Lifetime	Stage 3 Lifetime	Total
Credit rating				--
Good debts	9 220 140 992	--	--	9 220 140 992
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**9 220 140 992**	**--**	**--**	**9 220 140 992**
Allowance for impairment losses	(2 361 581)	--	--	(2 361 581)
Total	**9 217 779 411**	**--**	**--**	**9 217 779 411**

31/12/2021

Retail Loans & Facilities	Stage 1 Months 12	Stage 2 Lifetime	Stage 3 Lifetime	Total
Credit rating				--
Good debts	14 286 913 788	--	--	14 286 913 788
Normal watch-list	--	1 050 428 993	--	1 050 428 993
Non-performing loan	--	--	1 110 618 152	1 110 618 152
Total	**14 286 913 788**	**1 050 428 993**	**1 110 618 152**	**16 447 960 933**
Allowance for impairment losses	(44 468 712)	(27 630 500)	(214 173 809)	(286 273 021)
Total	**14 242 445 076**	**1 022 798 493**	**896 444 343**	**16 161 687 912**

Corporate Loans & Facilities	Stage 1 Months 12	Stage 2 Lifetime	Stage 3 Lifetime	Total
Credit rating				--
Good debts	7 648 564 085	--	--	7 648 564 085
Normal watch-list	--	1 252 202 774	--	1 252 202 774
Non-performing loan	--	--	1 587 652 691	1 587 652 691
Total	**7 648 564 085**	**1 252 202 774**	**1 587 652 691**	**10 488 419 550**
Allowance for impairment losses	(488 433 097)	(223 664 256)	(1 248 808 192)	(1 960 905 545)
Total	**7 160 130 988**	**1 028 538 518**	**338 844 499**	**8 527 514 005**

The following table provides information on the quality of financial assets during the year:

31/12/2020

Due from banks	Stage 1 Months 12	Stage 2 Lifetime	Stage 3 Lifetime	Total
Credit rating				
Good debts	3 789 812 141	--	--	3 789 812 141
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**3 789 812 141**	**--**	**--**	**3 789 812 141**
Allowance for impairment losses	(66 286)			(66 286)
Total	**3 789 745 855**	**--**	**--**	**3 789 745 855**

Financial assets at amortized cost	Stage 1 Months 12	Stage 2 Lifetime	Stage 3 Lifetime	Total
Credit rating				--
Good debts	9 628 646 180	--	--	9 628 646 180
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**9 628 646 180**	**--**	**--**	**9 628 646 180**
Allowance for impairment losses	(8 510 685)	--	--	(8 510 685)
Total	**9 620 135 495**	**--**	**--**	**9 620 135 495**

31/12/2020

Retail Loans & Facilities	Stage 1 Months 12	Stage 2 Lifetime	Stage 3 Lifetime	Total
Credit rating				--
Good debts	11 906 128 548	--	--	11 906 128 548
Normal watch-list	--	767 344 752	--	767 344 752
Non-performing loan	--	--	1 092 996 825	1 092 996 825
Total	**11 906 128 548**	**767 344 752**	**1 092 996 825**	**13 766 470 125**
Allowance for impairment losses	(119 635 182)	(74 985 367)	(255 150 868)	(449 771 417)
Total	**11 786 493 366**	**692 359 385**	**837 845 957**	**13 316 698 708**

Corporate Loans & Facilities	Stage 1 Months 12	Stage 2 Lifetime	Stage 3 Lifetime	Total
Credit rating				--
Good debts	6 347 463 438	--	--	6 347 463 438
Normal watch-list	--	704 742 429	--	704 742 429
Non-performing loan	--	--	619 129 858	619 129 858
Total	**6 347 463 438**	**704 742 429**	**619 129 858**	**7 671 335 725**
Allowance for impairment losses	(909 687 949)	(267 080 584)	(443 360 831)	(1 620 129 364)
Total	**5 437 775 489**	**437 661 845**	**175 769 027**	**6 051 206 361**

A.7. Acquisition of collaterals

- Assets owned through possession are classified among other assets in the balance sheet
- Those assets are sold whenever practical according to The Central Bank of Egypt regulations to dispose those assets in a specified year.

	Book Value	
	31/12/2021	31/12/2020
	EGP	EGP
Asset		
Land	16 537 860	16 492 260
Housing units	2 237 625	45 000
Hotel	**49 093 424**	**49 138 972**
	67 868 909	**65 676 232**

A.8. The concentration of financial assets exposed to credit risks:

Geographical segments

The following table represents the analysis of the most important bank's credit risks measured at the book value, allocated according to the geographical segment at 31 December 2021 While preparing this table, risks were allocated to the geographical segments according to the areas related to the bank's customers.

(Egyptian Pound)

	Arab Republic of Egypt			
	Greater Cairo	Alexandria, Delta and Sinai	Upper Egypt	Total
Due from banks	**14 138 939 177**	--	--	**14 138 939 177**
Loans and Advance to Customers				
Retail Loans:				
Overdrafts loans	311 394 103	281 728 039	67 740 255	660 862 397
Credit cards loans	34 463 244	28 420 696	5 468 050	68 351 990
Personal loans	2 484 025 737	2 855 337 982	1 458 063 205	6 797 426 924
Real Estate loans	4 457 162 146	2 968 995 329	1 106 814 202	8 532 971 677
Corporate Loans:				
Overdrafts	2 727 440 196	2 019 880 566	202 208 835	4 949 529 597
Direct loans	3 723 583 043	410 651 076	115 012 002	4 249 246 121
Syndication loans	1 289 643 832			1 289 643 832
Specialized Loans:				
Other loans	388 347 945	--	--	388 347 945
Financial Assets				
Debt Instruments	9 220 140 992	--	--	9 220 140 992
Other Assets	**1 876 673 895**	**50 175 699**	**26 523 926**	**1 953 373 520**
Total as of 31/12/2021	**40 651 814 310**	**8 615 189 387**	**2 981 830 475**	**52 248 834 172**
Total as of 31/12/2020	**27 563 181 875**	**5 164 211 087**	**3 402 848 239**	**36 130 241 201**

Sectors of activity

The following table represents the analysis of the most important bank's credit risk in book value, allocated according to the customers' activity:

	Financial Institutions	Agricultural	Industrial Institutions	Commercial
Due from banks	869 085 488	--	--	--
Loans &Facilities				
Retail				
Overdrafts	--	--	--	--
Credit Cards	--	--	--	--
Personal loans	--	--	--	--
Real Estate	--	--	--	--
Corporate				
Overdraft	62 192 821	20 851 272	2 108 556 400	1 144 483 374
Direct	2 754 220 531	3 033 223	334 507 956	596 880 075
Syndicated	--	--	--	--
Specialized Loans				
Direct	--	--	--	--
Financial Assets				
Debt Instruments	--	--	--	--
Other Assets	211 619 670	--	--	--
Total as of 31 December 2021	**3 897 118 510**	**23 884 495**	**2 443 064 356**	**1 741 363 449**
Total as of 31 December 2020	**3 274 776 572**	**47 659 878**	**1 918 041 826**	**1 334 264 194**

B. Market Risk

The bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices.

B.1. Market Risk Measurement Techniques:
Value at risk

The bank applies a "value at risk" methodology (VAR) to its trading portfolios, to estimate the market risk of its positions held and it's been monitoring daily.

VAR is a statistically based estimate of the potential loss on the current portfolio resulting from adverse market movements. It expresses the 'maximum' amount the bank might lose, but using certain level of confidence (98%). There is therefore a specified statistical probability (2%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding year' until positions can be closed (10 days) before closing the opining quarters, and it is assumed that the movement of the market during the retention year will follow the same movement pattern that occurred during the previous ten days.

(Egyptian Pound)

Services	Real Estate Activity	Governmental Sector	Other Activities	Individuals	Total
--	--	13 269 853 689	--	--	14 138 939 177
--	--	--	--	660 862 397	660 862 397
--	--	--	--	68 351 990	68 351 990
--	--	--	--	6 797 426 924	6 797 426 924
--	--	--	--	8 532 971 677	8 532 971 677
539 581 687	1 015 623 512	--	58 240 531	--	4 949 529 597
496 620 067	58 301 660	--	5 682 609	--	4 249 246 121
579 034 387	710 609 445	--	--	--	1 289 643 832
--	--	--	--	388 347 945	388 347 945
--	--	9 220 140 992	--	--	9 220 140 992
787 562 870	131 690 523	178 749 676	9 246 139	634 504 642	1 953 373 520
2 402 799 011	**1 916 225 140**	**22 668 744 357**	**73 169 279**	**17 082 465 575**	**52 248 834 172**
2 522 846 488	**911 474 417**	**11 989 241 319**	**107 152 377**	**14 024 784 130**	**36 130 241 201**

The bank is assessing the historical movements in the market prices based on volatilities and correlations data for the past two years while collecting the historical data for the past five years and the bank applies these historical changes in rates, prices and indicators directly to the current positions, and this way is known as a simulated historical method and the actual outputs are monitored on regular basis to measure the appropriate assumptions and factors used to measure VAR.

The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Stress testing

Stress Testing Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, bank designs stress tests according to its activities by using typical analysis to specific scenarios.

B.2. Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the bank's exposure to foreign currency exchange rate risk and bank's financial instruments at carrying amounts, categorized by currency.

31 December 2021	US Dollar	Euro	Sterling Pound	Other Currencies
Financial Assets:				
Cash and balances with Central Bank	5 468 500	207 506	21 851	63 773
Due from banks	4 664 631	3 424 436	235 507	2 489 856
Loans & facilities to customers	8 789 776	92 602	1 139	4 531
Financial investments:				
Financial Assets at amortized costs	26 900 000	--	--	--
Financial Assets at fair value through other comprehensive income	21 449 297	4 000 000	--	--
Other Financial assets	1 454 313	112	10 878	302
Total financial assets	**68 726 517**	**7 724 656**	**269 375**	**2 558 462**
Financial liabilities:				
Due to banks	10 007 635	5 008 920	--	--
Customer's deposits	34 033 976	4 810 614	244 314	1 533 631
Financial Derivatives	111 256	--	--	--
Other Financial liabilities	8 363 695	394 760	377	96 995
Total financial liabilities	**52 516 562**	**10 214 294**	**244 691**	**1 630 626**
Net financial position as of 31 December 2021	**16 209 955**	**(2 489 638)**	**24 684**	**927 836**
31 December 2020				
Total financial assets	83 235 856	19 638 731	244 213	2 635 997
Total financial liabilities	76 366 724	18 062 633	234 549	1 538 570
Net financial position as of 31 December 2020	**6 869 132**	**1 576 098**	**9 664**	**1 097 427**

B.3. Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The board sets limits on the level of mismatch of interest rate reprising that may be undertaken, which is monitored daily by Risk Dept.

The following table summarizes the risk that the bank faces the change in the return value including the book value of financial instruments allocated based on the re-pricing dates or due dates price whichever is sooner:

(Egyptian Pound)

	Up to 1 month	More than 1 month to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Without Return	Total
Financial Assets:						
Cash and Due from Central Bank	--	--	--	--	6 773 137	6 773 137
Due from banks	6 116 313	4 900 000	3 000 000	--	121 620	14 137 933
Loans & facilities to customers	1 851 205	413 479	7 363 316	17 308 380	--	26 936 380
Financial Assets:						
Fair value other than through profit and loss	19 236 924	2 000 281	7 833 588	261 804	--	29 332 597
Fair value through profit and loss	423 788	--	--	47 088	--	470 876
Other assets	--	--	--	3 150 209	9 654 165	12 804 374
Total financial assets	27 628 230	7 313 760	18 196 904	20 767 481	16 548 922	90 455 296
Financial liabilities						
Due to banks	736 300	--	--	--	535	736 835
Customer's deposits	5 675 017	2 687 139	4 139 633	16 466 505	33 927 224	62 895 518
Financial Derivatives	--	1 749	--	--	--	1 749
Other loans	178	7 924	84 805	382 007	--	474 914
Other financial liabilities	**--**	**--**	**--**	**883 951**	**25 462 329**	**26 346 280**
Total financial liabilities	**6 411 495**	**2 696 812**	**4 224 438**	**17 732 463**	**59 390 088**	**90 455 296**

C. Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Liquidity Risk Management

The bank's liquidity management process, as carried out within the bank and monitored by Risk Management Department, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers. The bank maintains an active presence in global money markets to enable this to happen.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring balance sheet liquidity ratios against internal and requirements of central bank of Egypt.
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key years for liquidity management. the starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Risk Management Department also monitors unmatched medium-term assets, the level and type of un-drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Funding approach

Sources of liquidity are regularly reviewed by a separate team in the Risk Management (Assets & liabilities), to maintain a wide diversification by currency, provider, product and term.

The available assets to cover all the liabilities and the loan's obligations include cash, balances with Central bank, dues from banks, treasury bills, other governmental securities and loans and advances to customers and banks, customers' loans that are due within a year are extended partially for the ordinary activity of the bank. In addition, some of debt instruments, treasury bills and governmental securities are mortgaged to guarantee the liabilities, the bank has the ability to cover the net unexpected cash flows through the sale of financial securities and finding other funding resources.

Due from banks

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

Loans and Facilities to banks

Loans and banking facilities represented in loans not from deposits at banks. The expected fair value of the loans and facilities represents the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate to determine fair value.

Loans and Facilities to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Financial Assets

Investment securities include only interest-bearing assets held at amortized cost; financial assets classified at fair value through other comprehensive income are measured at fair value. Fair value for assets held at amortized cost is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.
The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

D. Capital Management

The Bank's objectives when managing capital, which consists of another items in addition of owner's equity stated in balance sheet are:

- To comply with the legal requirements in Egypt and the countries where the bank's branches exist.
- To safeguard the Bank's ability to continue as ongoing concern so that it can continue to provide returns for Shareholders and stakeholders and other parties that deal with the bank.
- To maintain a strong capital base to support the development of its business.
- Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Central bank Of Egypt, for supervisory purposes.

The required information is filed with the Authority on a quarterly basis. Central Bank of Egypt requires the following:

- Holding the minimum level of the issued and paid up capital of EGP 500 million.
- Maintaining a ratio of total regulatory capital to the risk weighted asset or above the agreed minimum of 10%.

The bank's branches are working under the regulations of the banking sector in Egypt.

The nominator of capital adequacy standard consists of two tiers:

Tier One:

Tier one, consisting of paid-in capital (after deducting the book value of treasury shares), and retained earnings and reserves resulting from the distribution of profits with the exception of banking risk reserve and deducting there from previously recognized goodwill and any transferred loss.

Tier Two:

Qualifying subordinated loan capital, which consists of the equivalent of the risk allocation according to the principles of credit issued by the Central Bank of Egypt for not more than 1.25% of total assets and liabilities weighted with risk, loans / deposits support in excess of the schedule of five years (with consumption of 20% of their value in each year of the last five years of the schedule) and 45% of the increase between the fair value and book value for each of the financial assets at fair value through other comprehensive income and at amortized cost in subsidiaries.

When calculating the total dominator of capital adequacy, it shall not exceed the capital cushions (Qualifying subordinated loan capital) for share capital and loans not to increase (deposits) support for half of the share capital.

Assets are risk weighted ranging from zero to 100% classified by the relation of the debtor to all each asset to reflect the credit risk associated with it, taking the cash collateral account. These are used for the treatment of off balance sheet items after adjustments to reflect the nature of contingency and the potential loss of those amounts.

The bank had complied with all the local capital requirements during the past two years.

The following table summarizes basic and syndicated capital components and the capital adequacy ratio.

Capital adequacy ratio according to Basel 2 *

	31/12/2021	31/12/2020
	EGP	EGP
(Tier 1 capital) basic capital		
Paid-up capital	1 518 000 000	1 265 000 000
Suspended for capital increase	253 000 000	379 500 000
Reserves	4 876 529 750	3 770 494 024
Retained earnings	390 699 924	100 618 290
Total deduction from basic capital	(341 662 343)	(393 475 343)
Other comprehensive income	417 904 390	125 175 167
Total basic capital	**7 114 471 721**	**5 247 312 138**
Net income for the Year	1 470 956 364	1 845 043 554
Total paid up capital and additional paid up capital and retained earnings	**8 585 428 085**	**7 092 355 692**
Tier 2 capital) syndicated capital		
45% of Special Reserve	4 205 235	4 205 235
Impairment provisions for loans facilities and regular contingent	387 390 082	315 407 506
50% disposal from tier one and two	(31 500)	(27 000)
Total Syndicated Capital	**391 563 817**	**319 585 741**
Total capital	**8 976 991 902**	**7 411 941 433**
Risk-weighted assets and contingent liabilities:		
Total Credit Risk	30 991 206 600	25 232 600 486
Total Market Risk	353 679 157	1 252 711 525
Total Operational Risk	6 721 534 000	6 448 825 500
Total	**38 066 419 757**	**32 934 137 511**
Capital Adequacy ratio (%)	**23.58**	**22.51**

Financial leverage	31/12/2021	31/12/2020
	EGP	EGP
Tier one capital after exclusions	**8 585 428 085**	**7 092 355 692**
Total on-balance sheet exposures, derivatives contracts and financial papers operations	77 376 922 000	59 780 378 000
Total off balance sheet exposures.	1 826 862 000	1 867 866 000
Total exposures on-balance sheet and off-balance sheet.	**79 203 784 000**	**61 648 244 000**
Financial leverage ratio	**10.84**	**11.50**

4. Critical Accounting Estimates and Judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available info.

A. Impairment losses on loans and facilities

Based on personal basis The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis in determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio .This evidence may include observable data indicating that there has been an adverse change in the payment (Egyptian Pounds) status of borrowers in a Bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

B. Fair value of derivatives

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed.

C. Financial assets classified as amortized cost

The non-derivative financial assets with fixed or determinable payments and fixed maturity are being classified as amortized cost. This classification requires significant judgment. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than for the specific circumstances- for example selling insignificant amount near to the maturity date.

D. Income taxes

The bank is subject to income tax in a number of tax circles for its branches which requires the use of significant estimates to determine the total income tax provision. There's a number of operations and accounts that are difficult to determine its final tax expense accurately. The bank created provisions for the expected results of the tax inspection that is being conducted and to account for probable additional tax. When there is a difference between the final results of the tax and the pre-recorded amounts, these differences will be adjusted against the income tax and the deferred income tax provision.

5. Segment Analysis

A. Segment Analysis of activities

Segment activity includes operational procedures and the assets that are used in providing banking services and managing the risk related to it and the return relevant to that activity that may differ from any other activities and the segment analysis of operations according to banking operations includes the following:

Corporate, medium &small sized enterprise
This includes current accounts (debit/credit), deposits, loans & facilities and financial derivatives.

Investments
Includes merging of companies, financing companies restructuring & financial tools.

Retail
Includes current, saving & deposit accounts, credit cards, and personal & real estate loans.

Other activities
Includes other banking activities.

Transactions between business segments are on normal commercial terms and conditions and it includes operational assets and liabilities as presented in the Banks's balance sheet.

Revenues and Expenses according to segment activity

The year ended on 31 December 2021	Corporate	Investment	Individuals	Other activities	Total
Segment activity revenues	2 692 519 217	1 217 396 378	2 334 709 245	2 122 588 802	8 367 213 642
Segment activity expenses	2 117 093 984	644 095 054	1 603 944 730	981 265 107	5 346 398 875
Segment operation results	575 425 233	573 301 324	730 764 515	1 141 323 695	3 020 814 767
Unclassified revenues & expenses	--	--	--	--	(408 297 956)
Net income for the year before taxes	--	--	--	--	2 612 516 811
Taxes	--	--	--	--	(782 432 082)
Net income for the year	--	--	--	--	1 830 084 729
The year ended on 31 December 2020	**Corporate**	**Investment**	**Individuals**	**Other activities**	**Total**
Segment activity revenues	2 152 157 448	1 103 075 508	1 935 020 333	1 954 570 449	7 144 823 738
Segment activity expenses	1 635 331 037	605 034 376	1 503 306 442	833 780 309	4 577 452 164
Segment operation results	516 826 411	498 041 132	431 713 891	1 120 790 140	2 567 371 574
Unclassified revenues & expenses	--	--	--	--	(51 463 725)
Net income for the year before taxes	--	--	--	--	2 515 907 849
Taxes	--	--	--	--	(715 177 347)
Net income for the year	--	--	--	--	1 800 730 502

B. Analysis of Geographical Segments **(Egyptian Pound)**

Year ended on 31 December 2021	Greater Cairo	Alexandria, Delta& Sinai	Upper Egypt	Total
Revenues &expenses in accordance with geographical segment				
Geographical segment revenues	6 358 078 461	1 469 875 202	539 259 979	8 367 213 642
Geographical segment expenses	4 707 625 228	753 078 162	293 993 441	5 754 696 831
Sector's profit results	1 650 453 233	716 797 040	245 266 538	2 612 516 811
Net income for the year before taxes				2 612 516 811
Taxes				(782 432 082)
Net income for the year				1 830 084 729
Assets and liabilities in accordance with geographical segment				
Assets of geographic segment	59 430 989 977	12 336 310 930	3 384 614 047	75 151 914 954
Unspecified Assets				1 126 422 397
Total assets	59 430 989 977	12 336 310 930	3 384 614 047	76 278 337 351
Liabilities of geographic segment	51 415 036 292	12 389 513 888	3 244 347 507	67 048 897 687
Other items of the Geographical segment				
Depreciations	(215 432 906)	(23 640 326)	(7 594 153)	(246 667 385)
Impairment loss	--	--	--	(161 630 571)

Year ended on 31 December 2020	Greater Cairo	Alexandria, Delta& Sinai	Upper Egypt	Total
Revenues &expenses in accordance with geographical segment				
Geographical segment revenues	5 072 317 829	1 540 749 482	531 756 427	7 144 823 738
Geographical segment expenses	3 485 429 954	852 234 378	291 251 557	4 628 915 889
Sector's profit results	1 586 887 875	688 515 104	240 504 870	2 515 907 849
Net income for the year before tax				2 515 907 849
Tax				(715 177 347)
Net income for the year				1 800 730 502
Assets and liabilities in accordance with geographical segment				
Assets of geographic segment	43 919 205 095	10 313 163 122	2 969 703 844	57 202 072 061
Unspecified Assets				1 114 197 023
Total assets	43 919 205 095	10 313 163 122	2 969 703 844	58 316 269 084
Liabilities of geographic segment	37 613 941 211	10 444 648 022	2 879 198 975	50 937 788 208
Other items of the Geographical Segment				
Depreciations	(202 382 894)	(21 241 304)	(6 671 417)	(230 295 616)
Impairment	--	--	--	178 831 891

C. Banking and housing activities

The bank's main activity is banking activity and other activities related to banking, which represented in the receiving deposits from customers and other sources of funds from the banking system and the Central Bank of Egypt. These funds are used in lending activities to other companies, retail banking products of various types and short and long term investments activities through financial markets and other financial assets and provide banking services of all kinds as the bank of the leading banks in banking with full and permanent commitment to the Banking Law No. 88 of 2003 and the instructions of the Central Bank of Egypt about the rules related to the banking system, including the commercial banks operating in the Arab Republic of Egypt, In order to maximize the return on shareholders 'equity and to complement the Bank's view of the integration of the banking services, the Bank may in some cases consider investing part of the shareholders' equity and long-term savings instruments in some of the equity instruments in some companies engaged in real estate development activity or entering into some housing projects to serve and integrate banking activities in order to maximize the return on assets and shareholders' equity with emphasis on the Bank's strategy of continuing as a banking institution representing housing activities not only an essential part of the bank but also helps to develop and enhance the bank's presence among the leading banks in providing banking services, the most important of which is to be the main arm of one of its clients, which aims at housing development within the framework of the Country's plan in economic and social development as well as the rest of the bank's corporate clients. The Bank aims to maintain excellent banking relationships with them as part of its banking business.

The distribution of revenues, expenses and profits on both banking and real estate activity as at 31 December 2021 is as follows:

(Egyptian Pound)

Statement	From 01/01/2021 till 31/12/2021			From 01/01/2020 till 31/12/2020		
	Housing	Banking	Total	Housing	Banking	Total
Interest on loans and similar income	--	6 965 353	6 965 353	--	6 025 985	6 025 985
Interest on deposits and similar expenses	--	(3 696 616)	(3 696 616)	--	(3 228 662)	(3 228 662)
Net interest income	--	3 268 737	3 268 737	--	2 797 323	2 797 323
Fees and commissions income	78 295	373 112	451 407	89 185	317 622	406 807
Fees and commissions expenses:	--	(40 007)	(40 007)	--	(47 948)	(47 948)
Net Fees and commissions income	78 295	333 105	411 400	89 185	269 674	358 859
Dividends income	--	195 057	195 057	--	113 423	113 423
Net income from financial assets at fair value through profit and loss	--	62 282	62 282	--	52 740	52 740
Housing projects income	397 523	--	397 523	359 542	--	359 542
Gain from financial investments	--	31 790	31 790	--	--	--
Impairment of loan loss provision	--	(161 631)	(161 631)	--	178 832	178 832
Administrative Expenses	(306 754)	(1 445 977)	(1 752 731)	(272 400)	(1 240 186)	(1 512 586)
Reversal of provisions	--	(20 994)	(20 994)	--	35 551	35 551
Other operating revenues	35 659	145 425	181 084	63 902	68 322	132 224
Net profit before taxes	**204 723**	**2 407 794**	**2 612 517**	**240 229**	**2 275 679**	**2 515 908**
Income tax expenses	(47 086)	(735 346)	(782 432)	(54 051)	(661 126)	(715 177)
Net profit for the year	157 637	1 672 448	1 830 085	186 178	1 614 553	1 800 731

6. Net Interest Income

	2021	2020
Interest received from loans and similar items:	**EGP**	**EGP**
Loans and advances to customers	2 467 795 613	2 294 807 560
Financial investment (other than that at fair value through profit and loss)	3 787 283 773	3 264 616 268
Deposits and current accounts	710 274 104	466 560 838
Total	**6 965 353 490**	**6 025 984 666**
Interest on Deposits and similar Expenses:		
Deposits and current accounts:		
Banks	9 135 759	33 287 474
Customers	3 532 118 748	3 020 726 457
Total	3 541 254 507	3 054 013 931
Other financial institutions loans	155 361 545	174 647 661
Total	**3 696 616 052**	**3 228 661 592**
Net interest income	**3 268 737 438**	**2 797 323 074**

7. Net fees & commissions income

	2021	2020
	EGP	**EGP**
Fees & commissions income :		
Fees & commissions related to credit	72 392 574	87 529 622
Financing fees	233 988 720	181 903 884
Other fees	145 025 487	137 373 150
Total	451 406 781	406 806 656
Fees and commission expenses:		
Other paid fees	(40 006 607)	(47 947 767)
Net income from fees and commissions	**411 400 174**	**358 858 889**

8. Dividends Income

	2021	2020
	EGP	**EGP**
Financial assets at fair value through profit and loss	1 156 565	1 600 971
financial assets at fair value through other comprehensive income	2 863 521	2 799 652
Subsidiaries and associates	191 036 836	109 022 175
Total	**195 056 922**	**113 422 798**

9. Net trading income

	2021	2020
	EGP	EGP
Gain from dealing in foreign currencies	16 130 969	17 112 441
Currencies Forward contracts valuation differences	(1 748 616)	--
Equity instruments held at fair value through profit and loss	47 899 302	35 627 755
Total	**62 281 655**	**52 740 196**

10. Revenue from housing projects

	2021	2020
	EGP	EGP
Sales of housing properties	402 602 651	448 347 317
Cost of sold properties	(103 853 164)	(149 340 585)
Revenue from properties	298 749 487	299 006 732
Other housing revenues	98 773 548	60 534 843
Total	**397 523 035**	**359 541 575**

11. Administrative expenses

	2021	2020
	EGP	EGP
Staff cost		
Wages and salaries	705 353 703	621 899 744
Social insurances	44 195 496	38 015 422
Retirement benefit cost	14 337 579	13 674 842
Operation utilities	605 884 840	492 626 228
Current expenses	347 803 948	310 799 584
Portion of social and athletic activities	1 000 000	1 775 000
Donations	34 155 368	33 795 505
Total	**1 752 730 934**	**1 512 586 325**

12. Other operating revenues (Expenses)

	2021	2020
	EGP	EGP
Revaluation losses of assets and liabilities balances in foreign currencies with monetary nature other than held at fair value through profit and loss or classified at inception at fair value through profit and loss	(5 309 679)	(2 410 119)
Gain from selling properties plants & equipment	115 899	12 437 376
Impairment of other assets and projects	784 960	(3 578 990)
Rents Collected	35 658 763	63 901 777
Others	149 833 438	61 874 230
Total	**181 083 381**	**132 224 274**

13. Loans impairment losses

	2021	2020
	EGP	EGP
Loan and customer advances	(166 839 608)	179 121 828
Due from banks	(940 068)	(66 286)
Debt instruments at amortized cost	6 149 105	(223 651)
Total	**(161 630 571)**	**178 831 891**

14. Income tax expenses

	2021	2020
	EGP	EGP
Current taxes	(809 728 247)	(778 327 556)
Deferred taxes	27 296 165	63 150 209
Total	**(782 432 082)**	**(715 177 347)**

Settlements to calculate actual income tax expenses

	2021	2020
	EGP	EGP
Accounting profit before tax	2 612 516 811	2 515 907 849
Tax at 22,5%	%22.5	%22.5
Total tax	**587 816 282**	**566 079 266**
Add (deduct): -		
Non-deductible expenses	415 825 036	328 263 378
Tax exemptions	(869 062 673)	(640 955 839)
The impact of provisions	30 033 650	(10 732 876)
The impact of depreciations	8 723 202	6 235 323
Withholding tax	5 784 598	1 974 670
Tax on Treasury bills in foreign currency	630 608 152	527 463 634
Income tax expenses	**809 728 247**	**778 327 556**
The price of the actual tax	**%31.0**	**%30.9**

15. Earnings per share for the year

Earnings per share are calculated by dividing the net profit for the year attributable to the equity shareholders by the weighted average number of shares outstanding during the year,

	2021	2020
	EGP	EGP
Net profit for the year available for distribution	**1 830 084 729**	**1 800 730 502**
Board of directors' remunerations *	(20 000 000)	(15 000 000)
Employees' portion in profit *	(200 000 000)	(194 483 070)
	1 610 084 729	**1 591 247 432**
Weighted average number of shares	151 800 000	151 800 000
Basic earnings per share for the year	**10.61**	**10.48**

Estimated amounts to be approved by the general assembly meeting by the bank's shareholders at the end of the year

16. Cash and Balances with Central Bank

	31/12/2021	31/12/2020
	EGP	EGP
Cash	918 599 959	783 887 661
Due from central Bank within the required reserve percentage	5 854 537 537	5 016 534 231
	6 773 137 496	**5 800 421 892**
Non-interest bearing balances	**6 773 137 496**	**5 800 421 892**

17. Due From Banks

	31/12/2021	31/12/2020
	EGP	EGP
Current accounts	121 620 453	52 602 744
Deposits	14 017 318 724	3 737 209 397
Impairment of Provisions loss	(1 006 354)	(66 286)
	14 137 932 823	**3 789 745 855**
Central Bank(excluding obligatory reserve)	13 269 853 689	2 160 819 912
Local Banks	790 106 147	1 585 133 775
Foreign Banks	77 972 987	43 792 168
	14 137 932 823	**3 789 745 855**
Non-interest bearing balances	121 620 453	52 602 744
Interest bearing balances (Fixed rate)	14 016 312 370	3 737 143 111
	14 137 932 823	**3 789 745 855**
Current balances	**14 137 932 823**	**3 789 745 855**

18. Loans & Facilities To Customers

	31/12/2021	31/12/2020
	EGP	EGP
Retail		
Overdrafts	660 862 397	642 726 758
Credit cards	68 351 990	44 504 376
Personal loans	6 797 426 924	4 869 358 296
Real Estate loans	8 532 971 677	7 754 640 464
*Other loans	388 347 945	455 240 231
Total	**16 447 960 933**	**13 766 470 125**
Institutions including small loans for economic activities		
Overdrafts	4 949 529 597	3 761 360 706
Direct loans	4 249 246 121	3 152 542 701
Syndicated loans	1 289 643 832	757 432 318
Total	**10 488 419 550**	**7 671 335 725**
Total Loans& facilities to customers	26 936 380 483	21 437 805 850
Less:		
Impairment of loan loss provision	(2 247 178 566)	(2 069 900 781)
Interest in suspense	(16 792 237)	(18 204 192)
	24 672 409 680	19 349 700 877
Current Balances	**5 972 651 165**	**4 789 728 329**
Non-current Balances	**20 963 729 318**	**16 648 077 521**
	26 936 380 983	**21 437 805 850**

* Supported loans are paid regularly within the governmental plan for sociable development.

Impairment of loan loss provision

Movement analysis of impairment of loan and facilities loss provision to customers

	31/12/2021	31/12/2020
	EGP	EGP
Balance at the beginning of the year	2 069 900 781	2 251 418 897
Reversal of Impairment loss	166 839 608	(179 121 828)
Amounts written off during the year	(1 891 665)	(12 824 310)
Recovered amounts during the year	12 589 555	11 720 792
Foreign currency revaluation difference	(259 713)	(1 292 770)
Balance at the end of the year	**2 247 178 566**	**2 069 900 781**

19. Financial Assets at Fair Vule Through Profit and Loss

	31/12/2021	31/12/2020
	EGP	EGP
Equity instrument listed in stock market		
Local companies' shares	5 839	51 535 775
Total equity instrument	**5 839**	**51 535 775**
Financial assets portfolios managed by others	470 870 342	366 347 411
Total financial assets at fair value through profit and loss	**470 876 181**	**417 883 186**

20. Financial Assets (Other Than Those at Fair Value Through Profit and Loss)

	31/12/2021	31/12/2020
Financial Assets at fair value through other comprehensive income	EGP	EGP
Debt instrument :		
Listed in stock market	19 850 651 854	19 796 595 919
Unearned interest	(1 017 140 746)	(1 231 153 273)
Equity instrument :		
Unlisted in stock market	219 254 134	105 999 089
Mutual fund's instrument established according to the issued rates	42 550 184	38 445 941
Total Financial Assets at fair value through other comprehensive income	**19 095 315 426**	**18 709 887 676**
Financial Assets at Amortized Cost		
Debt instruments -at amortized cost:		
Debt instrument (listed)	9 220 140 992	9 628 646 180
Unearned interest	(27 110 170)	(21 208 844)
Selling of debt instrument with obligation of rebuying	(4 366 792 377)	(4 549 690 453)
Provision of debt instrument impairment losses	(2 361 581)	(8 510 685)
Total Financial Assets at Amortized Cost	**4 823 876 864**	**5 049 236 198**
Total Financial Assets	**23 919 192 290**	**23 759 123 874**
Current Balances	23 657 387 972	23 614 678 844
Non-current Balances	261 804 318	144 445 030
	23 919 192 290	23 759 123 874
Debt Instruments – interest bearing (fixed)	23 657 387 972	23 614 678 844

	Financial Assets at fair value through other comprehensive income	Financial Assets at Amortized Cost	Total
Balance at the beginning of 1 January 2021	**18 709 887 676**	**5 049 236 198**	**23 759 123 874**
Net movement of purchases and selling	146 618 323	(421 708 126)	(275 089 803)
Amortization of premium issuance	(9 722 317)	7 301 612	(2 420 705)
Change in fair value	248 531 744	--	248 531 744
Selling of debt instrument with obligation of rebuying	--	182 898 076	**182 898 076**
Impairment loss	--	6 149 104	**6 149 104**
Balance as of 31/12/2021	**19 095 315 426**	**4 823 876 864**	**23 919 192 290**
Balance as of 1 January 2020	**1 920 670 146**	**14 344 411 635**	**16 265 081 781**
Net movement of buying and selling	16 742 924 450	(9 388 521 975)	7 354 402 475
Amortization of premium issuance	--	13 391 904	13 391 904
Change in fair value	46 293 080	--	46 293 080
Selling of debt instrument with obligation of rebuying	--	80 178 285	**80 178 285**
Impairment loss	--	(223 651)	**(223 651)**
Balance as of 31 December 2020	**18 709 887 676**	**5 049 236 198**	**23 759 123 874**

Change in fair value of equity instrument at fair value through other comprehensive income	2021	2020
	EGP	EGP
Change in fair value of equity instrument at fair value through other comprehensive income	248 531 744	46 293 080
Total	**248 531 744**	**46 293 080**

Gain from financial investments	2021	2020
	EGP	EGP
Reversal of impairment loss of equity instruments of associates and subsidiaries companies	31 789 592	--
Total	**31 789 592**	**--**

21. Investments in Subsidiaries and Associates

31/12/2021	Total assets	Total liabilities without shareholders' equity
Subsidiaries:		
Holding company for development and investment	672 460 149	77 369 179
Housing and development company for real estate investment	2 055 463 789	1 273 030 394
El-Tameer company for assets management	21 807 087	11 156 279
El-Tameer company for cleaning services	55 575 254	28 172 877
El-Tameer company for real estate mutual funds	19 452 847	290 991
El-Tameer company for financing and real estate promotion	14 078 735	1 334 131
Development for Technological Services (DTS) Company	65 703 526	34 391 973
El-Tameer company for real estate development and investment	214 338 819	97 391
El-Tameer company for security and transportation	29 951 513	6 231 912
HD for leasing	1 332 540 318	339 887 275
Associate companies:		
El-Tameer company for housing and utilities	409 750 493	290 820 363
El-Tameer Company for Real Estate Finance	3 135 068 314	2 258 208 921
Hyde Park for Real Estate Development Company	11 830 838 750	6 871 509 812
City edge real estate development	4 454 885 900	2 724 014 910
Obelisk for mutual funds investment*	--	--
HD company for securities**	--	--
Misr Sinai for tourism***	--	--
Total	**24 311 915 494**	**13 916 516 408**

		EGP		
Revenues	**Net income**	**Sharing value**	**Direct sharing percentage**	**Direct and indirect sharing percentage**
46 477 751	33 349 976	460 000 000	%92	%92
426 908 294	88 885 756	180 000 000	%60	%94.96
50 802 191	1 197 372	942 000	%15.7	%62.62
93 103 870	7 013 454	1 521 000	%39	%85.92
1 246 285	(315 062)	4 800 000	%24	%93.83
7 133 161	1 081 236	3 900 000	%39	%94.20
42 723 939	7 313 364	4 000 000	%40	%86.92
13 233 975	9 054 193	74 000 000	%37	%92.77
47 861 559	5 737 710	8 000 000	%40	%94.82
108 048 359	10 132 845	119 366 343	%60	%97.11
340 028 290	45 306 376	5 250 000	%35	%35
220 557 766	48 183 066	175 161 370	%24.84	%24.84
1 854 010 896	368 514 962	415 957 000	%36.9	%53.66
581 549 321	29 441 062	491 473 000	%33.4	%35.05
--	--	1	%30	%49.32
--	--	1	%10.8	%47.78
--	--	1	%30	%30
3 833 685 657	**654 896 310**	**1 944 370 716**		

31/12/2020	Total assets	Total liabilities without shareholders' equity
Subsidiaries:		
Holding company for development and investment	641 680 079	3 830 162
Housing and development company for real estate investment	2 000 309 686	1 251 312 115
El-Tameer company for assets management	18 387 140	8 972 318
El-Tameer company for cleaning services	53 354 310	29 923 259
El-Tameer company for real estate mutual funds	20 073 634	596 716
El-Tameer company for financing and real estate promotion	12 816 270	1 742 336
Development for Technological Services (DTS) Company	30 892 176	3 526 756
El-Tameer company for real estate development and investment	221 470 073	2 928 238
El-Tameer company for security and transportation	21 657 958	936 945
HD for leasing	907 488 355	787 598 104
Associate companies:		
El-Tameer company for housing and utilities	238 910 488	157 529 684
El-Tameer Company for Real Estate Finance	2 254 588 436	1 389 092 186
Hyde Park for Real Estate Development Company	9 945 837 596	8 426 144 660
City edge real estate development	4 218 943 444	2 398 997 427
Obelisk for mutual funds investment*	--	--
HD company for securities**	--	--
Misr Sinai for tourism***	--	--
Total	**20 586 409 645**	**14 463 130 906**

* The bank sharing value in obelisk company for portfolio management and mutual funds is EGP 750 000 and the impairment has been formed for the company with amount of EGP 749 999, the sharing value after the impairment is EGP 1,

**The bank sharing value in HD company for securities is EGP 1 800 000 and the impairment has been formed for the company with amount of EGP 1,799 999, The sharing value after the impairment is 1 EGP,

***The bank sharing value is Misr Sinai company for tourism is 29 983 200 EGP and the impairment has been formed for company with amount of EGP 29 983 199, The sharing value after the impairment is 1 EGP

EGP				
Revenues	Net income	Sharing value	Direct sharing percentage	Direct and indirect sharing percentage
53 166 034	39 957 077	460 000 000	%92	%92
375 473 931	94 166 280	180 000 000	%60	%94.96
47 310 233	2 491	942 000	%15.7	%62.62
98 464 398	9 661 214	1 521 000	%39	%85.92
1 500 423	(523 082)	4 800 000	%24	%93.83
6 439 663	943 438	2 178 158	%39	%94.20
26 852 119	5 081 615	4 000 000	%40	%86.92
21 408 948	13 728 789	74 000 000	%37	%92.77
48 614 923	4 342 875	6 000 000	%40	%94.82
96 363 481	12 796 802	59 366 343	%60	%97.11
		0		
314 343 202	18 508 891	5 250 000	%35	%35
222 195 395	60 140 904	175 161 370	%24.84	%24.84
1 616 104 557	342 024 841	198 622 250	%36.9	%53.66
761 834 802	242 634 595	491 473 000	%33.4	%35.05
--	--	1	%30	%49.32
--	--	1	%10.8	%47.78
--	--	1	%30	%30
3 690 072 109	**843 466 730**	**1 663 314 124**		

22. Housing Projects

	31/12/2021	31/12/2020
	EGP	EGP
Lands allocated for housing projects	185 302 024	188 155 136
Under Construction projects	320 576 190	190 505 617
Finished projects	631 250 290	646 283 606
Housing projects provision	(23 231 797)	(24 016 757)
Total	**1 113 896 707**	**1 000 927 602**

Housing projects impairment breakdown		
	31/12/2021	31/12/2020
	EGP	EGP
Balance at the beginning of the year	24 016 757	24 016 757
Charged during the year	--	--
Utilized during the year	(784 960)	--
Balance at the beginning of the year	**23 231 797**	**24 016 757**

- Projects under constructions includes EGP 16.5 Million, represents borrowing costs, the bank has charged to the projects under constructions at a borrowing and discount rates announced by CBE.
- The total built up area of the units and available for sale reached 89858meters, administrative and commercial buildings reached 4653 meters and the lands 122921 meter.

23. Investments Property

	31/12/2021	31/12/2020
	EGP	EGP
Total Investments	152 895 764	151 970 418
Accumulate Depreciation	(53 406 086)	(45 492 215)
Net book value at the beginning of the Year	**99 489 678**	**106 478 203**
Additions	--	925 346
Depreciation of the year	(7 548 245)	(7 913 871)
Net book value at the end of the Year	**91 941 433**	**99 489 678**

- Investments properties rented for the bank's companies and others with yearly renewal contracts and with depreciation calculated for the rented units at 5% annually,
- Investments properties revaluated to the fair value by an amount of EGP 441 million as of 31 December 2021 by an evaluator with a recognized professional certificate and has an experience of real estate.

24. Intangible Assets

	31/12/2021	31/12/2020
	EGP	EGP
Computers programs		
Beginning cost of the year	434 108 645	373 927 213
Additions during the year	53 745 759	60 181 432
Ending cost of the year	**487 854 404**	**434 108 645**
Accumulated depreciation at the beginning of the year	(329 853 210)	(260 037 643)
Depreciation during the year	(65 629 035)	(69 815 567)
Accumulated depreciation at the end of the year	**(395 482 245)**	**(329 853 210)**
Net book value at the end of the year	**92 372 159**	**104 255 435**

25. Other Assets

	31/12/2021	31/12/2020
	EGP	EGP
Accrued revenues	947 608 942	635 064 131
Prepaid expenses	29 213 854	18 028 656
Advanced payments for purchasing fixed assets	476 524 061	291 505 212
Advanced payments for contractors	174 095 196	88 412 663
Insurance and consignment	9 861 651	6 352 213
Debit accounts under settlement	239 259 566	133 123 597
Assets reverted to banks in settlement of debts	67 868 909	65 676 232
Others	8 941 341	35 814 326
Total	**1 953 373 520**	**1 273 977 030**

26. Fixed Assets

	Lands	Buildings & Constructions	Transportation Vehicle
Balance at 1 January 2020			
Cost	177 641 559	644 619 349	53 230 923
Accumulated Depreciation	--	180 189 419	35 159 492
Net book value at 1 January 2020	**177 641 559**	**464 429 930**	**18 071 431**
Additions	10 632 102	120 366 811	200 000
Disposals	663 870	23 452 769	12 581 977
Disposals from accumulated depreciation	--	12 983 396	12 171 320
Depreciation expense	--	30 302 272	7 930 163
Net book value at 31 December 2020	**187 609 791**	**544 025 096**	**9 930 611**
Balance at 1 January 2021			
Cost	187 609 791	741 533 391	40 848 946
Accumulated Depreciation	--	197 508 295	30 918 335
Net book value at 1 January 2021	**187 609 791**	**544 025 096**	**9 930 611**
Balance at 31 December 2021			
Net book value at 1 January 2021	187 609 791	544 025 096	9 930 611
Additions	1 183 143	60 295 464	--
Disposals	--	343 666	370 650
Accumulated depreciation of disposals	--	265 788	311 645
Depreciation expense	--	37 042 834	6 225 614
Net book value at 31 December 2021	**188 792 934**	**567 199 848**	**3 645 992**
Balance at 31 December 2021			
Cost	188 792 934	801 485 189	40 478 296
Accumulated Depreciation	--	234 285 341	36 832 304
Net book value at 31 December 2021	**188 792 934**	**567 199 848**	**3 645 992**

(Egyptian Pound)

Machinery & Equipment	Furniture	Facilities & Installments	Total
570 289 269	99 137 984	16 260 729	1 561 179 813
344 846 244	43 021 517	15 139 245	618 355 917
225 443 025	**56 116 467**	**1 121 484**	**942 823 896**
84 170 182	14 218 136	9 554 410	239 141 641
--	--	--	36 698 616
--	--	--	25 154 716
111 023 518	8 631 138	2 592 958	160 480 049
198 589 689	**61 703 465**	**8 082 936**	**1 009 941 588**
654 459 451	113 356 120	25 815 139	1 763 622 838
455 869 762	51 652 655	17 732 203	753 681 250
198 589 689	**61 703 465**	**8 082 936**	**1 009 941 588**
198 589 689	61 703 465	8 082 936	1 009 941 588
125 284 180	11 975 834	6 545 262	205 283 883
--	--	--	714 316
--	--	--	577 433
123 693 180	9 868 676	4 208 046	181 038 350
200 180 689	**63 810 623**	**10 420 152**	**1 034 050 238**
779 743 631	125 331 954	32 360 401	1 968 192 405
579 562 942	61 521 331	21 940 249	934 142 167
200 180 689	**63 810 623**	**10 420 152**	**1 034 050 238**

27. Due To Banks

	31/12/2021	31/12/2020
	EGP	EGP
Current accounts	535 207	1 164 326
Deposits	736 300 000	785 765 514
	736 835 207	**786 929 840**
local banks	490 000 000	391 552 600
Foreign banks	246 835 207	395 377 240
	736 835 207	786 929 840
Non-interest bearing balances	535 207	1 164 326
Interest bearing balances (fixed rate)	736 300 000	785 765 514
	736 835 207	**786 929 840**
Current balances	**736 835 207**	**786 929 840**

28. Customers' Deposits

	31/12/2021	31/12/2020
	EGP	EGP
Demand deposit	31 503 339 291	21 868 811 714
Time & call deposits	12 506 825 436	10 367 752 392
Saving certificates	8 514 917 214	5 702 687 253
Saving deposits	7 445 865 582	6 307 498 607
Other deposits	2 924 570 084	2 875 735 250
	62 895 517 607	**47 122 485 216**
Institutions deposits	40 462 208 637	29 121 939 731
Individual deposits	22 433 308 970	18 000 545 485
	62 895 517 607	**47 122 485 216**
Non-interest bearing balances	33 927 223 794	23 744 823 076
Interest bearing balances (variable rate)	7 445 865 582	6 307 498 607
Interest bearing balances (fixed rate)	21 522 428 231	17 070 163 533
	62 895 517 607	**47 122 485 216**
Current balances	54 380 600 393	41 419 797 963
Non-current balances	8 514 917 214	5 702 687 253
	62 895 517 607	**47 122 485 216**

29. Financial Derivatives

31/12/2021	Notional amount	Assets	Liabilities
	EGP	EGP	EGP
Forward foreign exchange contracts	72 782 283	--	1 748 616
	72 782 283	**--**	**1 748 616**

Forward foreign exchange contracts represents commitments to exchange group of cash flows with another, and the derivatives become in the bank side (assets) or not in the bank side (liabilities) as a result of the change in the exchange rate related to these derivatives.

30. Other Loans

		31/12/2021	31/12/2020
	Interest rate (%)	EGP	EGP
Long term loans			
Loans Granted from the CBE:			
Activity loans	%8.75	630 440	1 120 440
New Urban Communities organization	%8.75	16 301 974	22 899 396
Construction & Housing Organization	%8.75	314 107 105	374 107 091
Houses Mutual Fund	%8.75	--	6 417 035
Total loans granted from the CBE		**331 039 519**	**404 543 962**
Loans granted from the Social Fund for development	%14.75,%7	102 047 300	110 955 300
The Egyptian Company for real estate refinance loan	%11,%10.25	41 827 136	50 877 880
Total		**474 913 955**	**566 377 142**
Current balances		92 907 123	105 780 066
Non-current balances		382 006 832	460 597 076
		474 913 955	566 377 142

The bank fulfilled its commitments regarding those loans in terms of the principal amount & interest amount or any other conditions during the year and comparative year.

31. Other Liabilities

	31/12/2021	31/12/2020
	EGP	EGP
Accrued interest	309 010 406	223 792 490
Unearned revenue	4 265 909	2 431 952
Accrued expense	68 132 995	60 950 238
Creditors	41 042 580	38 367 733
Advanced reservation of lands and units	1 011 119	1 215 094
Down payments under installments	141 547 463	126 880 921
Checks under payment & credit accounts under settlement	508 270 240	237 169 425
Other credit balance	1 267 048 462	1 188 040 863
Total	**2 340 329 174**	**1 878 848 716**

32. Other Provision

31/12/2021		
	Beginning balance	Charged amounts
Provision for contingent liabilities	10 533 965	48 859 371
Provisions for loans commitments	35 880 479	27 721 395
Provision for tax	127 669 793	--
Provision for legal claims	136 749 233	6 000 000
Provision for disaster aids	1 001 539	--
Community Contribution provision	--	16 576 540
Total	**311 835 009**	**99 157 306**

31/12/2020		
	Beginning balance	Charged amounts
Provision for contingent liabilities	18 283 191	--
Provisions for loans commitments	15 752 559	20 127 920
Provision for tax	177 675 676	--
Provision for legal claims	136 235 570	1 575 909
Provision for disaster aids	14 720	1 486 152
Total	**347 961 716**	**23 189 981**

Other provision:		
		31/12/2021
	Beginning balance	Charged amounts
Provision for contingent liabilities	(48 859 371)	--
Provision for loans commitments	(27 721 395)	--
Provision for tax	--	50 000 000
Provision for legal claims	(6 000 000)	28 163 425
Provision for Disaster aids	--	--
Community Contribution provision	(16 576 540)	--
Total	**(99 157 306)**	**78 163 425**

			(Egyptian Pound)
Transferred (to or from)	Utilized amounts	Amounts no longer required	Ending Balance
--	--	--	59 393 336
--	--	--	63 601 874
(15 000 000)	(4 082 937)	(50 000 000)	58 586 856
--	--	(28 163 425)	114 585 808
--	(744 581)	--	256 958
15 000 000	--	--	31 576 540
--	**(4 827 518)**	**(78 163 425)**	**328 001 372**

Utilized amounts	Amounts no longer required	Ending Balance
--	(7 749 226)	10 533 965
--	--	35 880 479
(5 883)	(50 000 000)	127 669 793
(70 014)	(992 232)	136 749 233
(499 333)	--	1 001 539
(575 230)	**(58 741 458)**	**311 835 009**

		31/12/2020	
Total	Charged amounts	Utilized amounts	Total
(48 859 371)	--	7 749 226	7 749 226
(27 721 395)	(20 127 920)	--	(20 127 920)
50 000 000	--	50 000 000	50 000 000
22 163 425	(1 575 909)	992 232	(583 677)
--	(1 486 152)	--	(1 486 152)
(16 576 540)	--	--	--
(20 993 881)	**(23 189 981)**	**58 741 458**	**35 551 477**

33. Deferred Income Tax

Deferred income taxes have been totally calculated on the difference of the deferred taxes under the liabilities method using a tax rate of 22,5% in the current financial year,

Deferred income taxes resulted from previous years tax loss is not recognized unless there is expected profit taxes can be used to decrease the previous years' tax loss,

Deferred tax (liabilities)

Deferred tax liabilities	31/12/2021	31/12/2020
	EGP	EGP
Fixed assets and Intangible Assets	(703 741)	(9 426 943)
Other items *	75 487 849	56 914 886
Total deferred tax liability	74 784 108	47 487 943

* The deferred tax assets related to other provisions (Provisions other than loans impairment loss) were recognized, and this is due to that there is a reasonable assurance to get benefit from it, or the existence of an appropriate level to ensure the existence of sufficient future tax returns through which it is possible to benefit from these assets,

Deferred tax (liabilities) transactions	31/12/2021	31/12/2020
	EGP	EGP
Beginning balances of the year	47 487 943	(15 662 266)
Charged to income statement	27 296 165	63 150 209
Ending balance of the year	74 784 108	47 487 943

Unrecognized deferred tax assets
Deferred tax assets are not recognized for other items:

	31/12/2021	31/12/2020
	EGP	EGP
Loans impairment provision excluding the 80% during the year	101 123 035	93 145 535

34. Retirement Benefit Obligations

	31/12/2021	31/12/2020
	EGP	EGP
Retirement benefit obligation as recorded in balance sheet:		
Medical benefit after retirement	55 317 866	47 073 604
Transactions of liabilities during the year represented as follows:		
Balance at the beginning of the year	47 073 604	39 676 455
Provided amounts during the year	21 242 827	17 087 068
Paid contributions	(12 998 565)	(9 689 919)
Balance at the end of the year	**55 317 866**	**47 073 604**

Main actuarial assumption used represented in the following:

	Current year	Comparison Year	
	%	%	
Discount rate	10%	10%	
Expected interest rate on assets	8%	10,75%	
Average medical cost per individual	14,706	14,706	
Inflation rate used in medical services cost	2%	5%	
Death rates	(A52 - 49)	(A52 - 49)	الجدول البريطاني

The assumptions related to the death rate are based on the announced recommendations, statistics, and experience in Egypt.

35. Capital

Authorized Capital

The authorized capital is EGP 3,000 million, the issued and paid up capital is EGP 1,518 million totaling 151.80 million share each share par value is EGP 10.

1. The Bank's extraordinary general assembly approved on 5/11/2007 to increase the authorized capital from EGP 1,000 million to EGP 3,000 million, and the issued and paid up capital from EGP 550 million to EGP 1,150 million with an increase amounted to EGP 600 million, The newsletter subscription had been announced on 16/01/2008 for the first phase with an increase amounted to EGP 120 million at the face value for the initial shareholders, and it was completely accomplished and marked on the bank's commercial ledger, The second phase had been announced from 23/3/2010 till 29/04/2010 and open subscription for the initial shareholders, and till 13/05/2010 for the new shareholders for 45 million shares at par value EGP 20 in addition to 25 piasters (issuance fee) and 3 million shares have been distributed to the employees at par value EGP 10 in addition to 25 piasters (issuance fee) and it was completely accomplished and marked on the bank's commercial register on 29/9/2010 accordingly the issued and paid capital has reached EGP 1,150 million.

2. The Bank's extraordinary general assembly approved on 10/04/2014 increasing the issued and paid up capital from EGP 1,150 million to EGP 1,265 million by contribute EGP 115 million from the Legal reserve of year 2012 by one share for every ten share and marked on the bank's commercial register on 14/12/2014 accordingly the issued and paid capital has reached EGP 1,265 million.

3. The Bank's extraordinary general assembly approved on 20/12/2017 to increase the issued and paid up capital from EGP 1,265 million to EGP 1,518 million by contribute EGP 253 million from the General reserve of the period ended 30 September 2017 by one share for every five shares and the procedures have been taken to be marked on the bank's commercial register on 17/05/2021 accordingly the issued and paid capital has reached EGP 1,518 million.

Amounts reserved for capital increase

4. The Bank's extraordinary general assembly approved on 30/4/2018 to increase the issued and paid up capital from EGP 1,518 million to EGP 1,644.5 million from the legal reserve by one share for every ten shares at par value of EGP 10 per each with contributions of EGP 126.5 million and the procedures have been taken to be marked on the bank's commercial register.
5. The Bank's general assembly approved on 31/03/2021 the statement of profit distribution proposal that included issued and paid up capital increase with one share per each 10 shares at par value of EGP 10 per each with total contributions of EGP 126,5 million.
6. In the context of the reconciling the situation of the Banking law No.194 issued in September 2020 (Article 4) and with reference of Article 64, where the minimum paid up capital becomes EGP 5 billion, the bank has performed the following:

- On 25/05/2021, the bank communicated with Central Bank of Egypt to approve extension of the grace period to finalize the capital increase procedures to reach EGP 5.313 Billion.
- On 11-8-2021 the bank's board of directors approved the issued and paid up capital increase procedures to reach EGP 5.313 Billion financed from the general reserve, legal reserve and distributable net profit.
- On 29/08/2021 the bank communicated with Deputy Governor of Central Bank of Egypt, to approve the paid up capital and amending the articles (6&7) of the bank's article of association, and to approve holding an extraordinary general assembly meeting.

- On 30/8/2021the bank has communicated with financial regulatory authority to approve proceeding with capital increase procedures.
- On 13/9/2021 the financial regulatory authority approved to proceed with capital increase procedures to be financed from the general reserve, legal reserve and distributable net profit and hold extraordinary general assembly meeting to amend articles (6&7) of the bank's article of association.
- On 30/12/2021 the bank's board of directors approved amending the capital increase source of fund to be from general reserves and retained earnings to be in accordance with Central Bank of Egypt instructions.
- The bank is currently in process of obtaining the approval from Central Bank of Egypt to hold extraordinary general assembly meeting to amend articles (6&7) of the bank's article of association.

Following are the shareholders who have over than 5% from the issued capital:

Contributors	Number of shares	Percentage of contribution	EGP in thousands
New urban communities authority	45 255 888	29.81%	452 559
Rolaco EGB for investments (Hassan Ben Dayekh)	15 179 330	10%	151 793
RIMCO CO. for investment	14 800 800	9.75%	148 008
Misr Life insurance company	13 540 608	8.92%	135 406
Misr insurance company	12 590 990	8.29%	125 910
Houses Mutual Fund	11 244 540	7.41%	112 445
Egyptian Endowments Authority	7 635 540	5.03%	76 355

36. Reserves

Reserves	31/12/2021	31/12/2020
	EGP	EGP
Banking risks reserve	31 500	27 000
Legal reserve	632 438 487	542 401 962
General reserve	4 104 000 000	3 104 000 000
Special reserve	9 344 966	9 344 966
Other reserves	34 139 831	21 702 455
General Risk reserve	89 215 810	89 215 810
Total reserves at the end of the year	**4 869 170 594**	**3 766 692 193**
Movements in Reserves are presented as follows:		

A. General Banking risks reserve	31/12/2021	31/12/2020
	EGP	EGP
Beginning balance of the year	**27 000**	**22 500**
Transferred from retained earning	4 500	4 500
Ending balance of the year	**31 500**	**27 000**

B. Legal reserve	31/12/2021	31/12/2020
	EGP	EGP
Beginning balance of the year	**542 401 962**	**444 847 495**
Transferred from retained earnings	90 036 525	97 554 467
Ending balance of the year	**632 438 487**	**542 401 962**

C. General Reserve	31/12/2021	31/12/2020
	EGP	EGP
Beginning balance of the year	**3 104 000 000**	**1 779 000 000**
Transferred from retained earnings	1 000 000 000	1 325 000 000
Ending balance of the year	**4 104 000 000**	**3 104 000 000**

D. Special Reserve	31/12/2021	31/12/2020
	EGP	EGP
Beginning balance of the year	**9 344 966**	**9 344 966**
Ending balance of the year	9 344 966	9 344 966

E. Other Reserve	31/12/2021	31/12/2020
	EGP	EGP
Beginning balance of the year	**21 702 455**	**18 365 606**
Transferred from retained earnings	12 437 376	3 336 849
Ending balance of the year	**34 139 831**	**21 702 455**

F. General Risk Reserves	31/12/2021	31/12/2020
	EGP	EGP
Beginning balance of the year	89 215 810	89 215 810
Ending balance of the year	89 215 810	89 215 810

H. Retained Earnings	31/12/2021	31/12/2020
	EGP	EGP
Beginning balance of the year	1 842 113 516	1 993 303 629
Net profit during the year	1 830 084 729	1 800 730 502
Profit distribution of last financial year	--	(316 250 000)
Employee's share in profit	(194 774 799)	(194 774 799)
Board of Director's rewards	(15 000 000)	(15 000 000)
Transferred to general banking risk reserve	(4 500)	(4 500)
Transferred to legal reserve	(90 036 525)	(97 554 467)
Transferred to general reserve	(1 000 000 000)	(1 325 000 000)
Transferred to other reserves	(12 437 376)	(3 336 849)
Reserved for capital increase	(126 500 000)	--
Transferred to banking sector support and development fund	(17 882 886)	--
Balance at the end of the year	**2 215 562 159**	**1 842 113 516**

37. Dividends Distributions

Dividends distributions do not recorded until approved by the shareholders general assembly.

38. Cash and Cash Equivalents

For the purpose of cash flow presentation, the cash and cash equivalents comprise balances due within three months from the date of placement or acquisition.

	31/12/2021	31/12/2020
	EGP	EGP
Due from central bank	924 454 024	783 887 661
Due from banks	10 733 085 112	3 689 812 141
Financial assets other than at fair value through profit and loss	--	--
	11 657 539 136	**4 473 699 802**

39. Contingent Liabilities And Commitments

A. Legal claims

There are a number of existing cases filed against the bank without providing provisions as it's not expected to make any losses from it,

B. Capital commitments

The bank contracts of Capital commitments reached 617,437,446 EGP on 31 December 2021 compared to EGP 839,502,413 on comparative year representing in purchasing equipment and fixtures for branches and updating the core banking system, and the top management are confidence in generating net profits and in the existence of available liquidity to cover those obligations,

C. Operating commitments

The bank operating commitments amounted to EGP 54,346,680 in 31 December 2021 compared to EGP 63,222,488 on comparative year that representing in Operating lease contracts.

D. Contingent liabilities

	31/12/2021	31/12/2020
	EGP	EGP
Letters of Guarantee	**2 701 056 724**	**2 317 400 728**
Letters of Credit	121 627 733	23 537 295
Less:		
Collaterals	(339 159 126)	(275 011 861)
Contingent liabilities	**2 483 525 331**	**2 065 926 162**

40. Transactions With Related Parties

The bank has dealt with related parties through the banks normal activity which include loans, deposits and transactions in foreign currencies:

The transactions and balances of related parties at 31 December 2021 in the following:

	31/12/2021	31/12/2020
	EGP	EGP
Loans	652 857 000	640 516 000
Deposits	110 754 000	136 031 000

According to Central Bank of Egypt instructions on 23 August 2011 and 1 March 2012, the monthly salaries and benefits for the top 20 employees with the largest salaries and benefits in the bank and subsidiaries and associates companies amounting to EGP 4,440,561 at 31 December 2021 against amount of EGP 3,569,871 in comparative year.

41. Mutual Funds

El-Themar Mutual Fund

The board of directors has agreed on September 10, 2007 to establish accumulated fund with regular dividends distribution called El-Themar Mutual Fund for EGP (100) million, managed by Prime Company for Financial Investments,

The Central Bank of Egypt has agreed on Jan 30, 2008 to establish the fund under the license no, 449 approved by the Egyptian financial supervisory authority on March 18, 2008
The newsletter subscription for the fund has been announced on April 14, 2008, the subscription begun at May 4, 2008 and ended on 5 June 2008 the subscription reached EGP 141,2 million The bank's portion is 5% represented in (50000) ICs amounted to EGP (5) million with face value EGP 100/share.
The redemption value of the certificate on 31 December 2021 was EGP 208.89

Mawared Fund

The board of directors has agreed on April 27, 2009 to establish daily accumulated mutual Fund (Mawared) managed by Prime Company for Financial Investments. The Central Bank of Egypt has agreed on July 9, 2009 to establish the fund under the license no, 544 approved by the Egyptian financial supervisory authority on November 16 2009. The subscription begun at 21 December 2009 with bank's portion of EGP 12 million that represents a share of 5% presented in 0.986 million certificates with a nominal value of EGP 10 each.
The redemption value of the certificate on 31 December 2021 was EGP 32.5491

42. Tax Situation

Payroll tax

From beginning of the activity -2007	The Bank's salary tax has been inspected, paid and settled.
The years from 2008 to 2012	The Bank's payroll tax has been examined, Claims have been raised to appeal committees.
The years from 2013 to 2017	Inspection has been completed and the settlement template did not yet received.
The years from 2018-2020	The bank pays the tax monthly and prepare the tax settlements in the due dates under law no, (91) Year 2005.

Stamp duty tax

The bank's stamp duty tax has been inspected, paid and settled for the banks' branches till the end of imposing the low no,(111) for the year 1980 (stamp tax), From August 1, 2006 the law no, (143) for the year 2006 that amended by law no, (115) for the year 2008 has been applied.

The year from 1 August 2006 till 31 March 2013	The tax inspections was carried out, and the tax differences resulted from the tax inspections have been paid.
The year from 1 April 2013 till 31 December 2015	The tax inspections was carried out, and resulted in credit balance to the bank.
The year from 1 January 2016 till 31 December 2018	The tax inspection has been carried out in accordance with the executive instructions issued by tax authority No. 61 for the year 2015, tax settlement template did not yet received, and the bank pays the stamp duty regularly on a quarter -basis.
The year from 1 January 2019 till 31 December 2021	The tax inspection did not yet carried out, the bank pays the stamp duty regularly on a quarter basis..

Corporate Income tax

1980 - 2004	Tax inspection has been completed and settled.
2005 - 2012	Tax inspection has been completed and settled, the dispute has been completed between the bank and tax authority through disputes committee according to the law No. 179 for the year 2016 that has been replaced with law No.14 for the year 2018 concerning corporate income tax for the years from 2005 till 2012, that has been finalized with signed recommendation from minister of finance to finalize the disputes.
2013 - 2014	Tax inspection has been completed and settled and the internal committee are completed, appeal committees for these claims are in place, taken into consideration that agreement request has been presented with the recommendations to agree the tax inspection for the period from 2005 till 2012
2015 - 2017	Tax inspection completed, internal committee procedures have been completed.
2018 - 2020	The bank's has applied its tax return under tax income law no, (91) Year 2005 and its amendment in the due dates and the tax had paid and still did not yet tax inspected.

43. Significant Events

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment.

HDB is closely monitoring the situation and has activated its business continuity plan and other risk management practices to manage the potential business disruption that resulted from the spreading of COVID-19 and its impact on the operations and financial performance as a result from the uncertainties caused by COVID-19 and in anticipation of the expected economic slowdown, HDB is closely monitoring the loan portfolio considering the relevant impact of virus on the various qualitative and quantitative factors where determining the significant increase in credit risk, specifically for the exposures of the mostly affected sectors.

Accordingly, HDB has taken protective actions by building up proper provisions as a mitigation plan for the COVID-19 impact on the loan portfolio as of end of March 2020. Further buildup of provisions might be taken, precautionary, till the end of the grace period, till actual performance of the portfolio start revealing itself.

Consolidated Financial Statements

Consolidated Financial Statements

For the year ended
31 December 2021

Auditor's Report

To: The Shareholders of Housing and Development Bank - (S.A.E)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Housing and Development Bank - (S.A.E), represented in the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the consolidated Financial Statements

These consolidated financial statements are the responsibility of Bank's management. As Management is responsible for the preparation and fair presentation of these financial statements in accordance with the rules of preparation and presentation of the Banks' financial statements and basis of recognition and measurement issued by Central Bank of Egypt on 16 December 2008 as amended by the regulations, issued on 26 February 2019 and in light of the prevailing Egyptian laws and regulations. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error. Management's responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in 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 that the financial statements are free from material misstatements.

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 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 bank'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 bank'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 on the consolidated financial statements.

Opinion

In our opinion the consolidated financial statements referred to above, present fairly, in all material respects, the Consolidated financial position of Housing and Development Bank - (S.A.E) as of 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the rules of the preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by the Central Bank of Egypt on 16 December 2008 as amended by the regulations, issued on 26 February 2019 and in light of prevailing Egyptian laws and regulations related to the preparation of the financial statements.

Sherif El Kilany
Allied for Accounting and Auditing EY
Public Accountants & Consultants
FESAA-FEST (RAA. 5285)
(EFSAR. 83)

A Member Of
Ernst & Young Global

Sameh Saad Mohamed Abdel-Megeed
Accountability State Authority

Cairo: 28 February 2022

Housing and Development Bank

Consolidated Financial Position as of 31 December 2021

		31/12/2021	31/12/2020
	Note No.	**EGP**	**EGP**
Assets			
Cash and balances with central bank of Egypt	16	6 773 750 377	5 800 495 733
Due from banks	17	14 160 651 761	3 819 857 064
Loans & Facilities to customers	18	24 159 306 553	18 962 124 081
Financial assets			
Financial investment at fair value through profit and loss	19	488 516 826	438 518 768
Financial assets at fair value through other comprehensive income	20	19 130 262 265	18 737 364 728
Financial assets at amortized costs	20	5 274 873 083	5 515 415 367
Financial assets in subsidiaries and associates	21	2 442 307 692	2 090 433 758
Housing projects	22	2 455 296 938	2 433 308 377
Real estate investments	23	98 682 329	106 620 726
Intangible assets	24	92 488 430	104 374 479
Other assets	25	3 472 342 585	2 208 849 586
Deferred tax assets	33	88 469 637	62 982 966
Fixed assets	26	1 130 887 478	1 107 334 945
Total Assets		**79 767 835 954**	**61 387 680 578**

	Note No.	31/12/2021 EGP	31/12/2020 EGP
Liabilities and Equity			
Liabilities			
Due to banks	27	736 835 207	786 929 840
Customers' deposits	28	62 815 782 755	46 981 598 505
Financial Derivatives	29	1 748 616	--
Other loans	30	1 065 965 425	888 568 740
Dividends payable		56 260 589	37 116 309
Other Liabilities	31	3 358 938 040	2 915 201 255
Provisions	32	399 625 319	387 142 119
Current Income tax obligations		207 174 123	222 669 714
Retirement benefit obligations	34	55 317 866	47 073 604
Total Liabilities		**68 697 647 940**	**52 266 300 086**
Equity			
Issued and paid-up-capital	35	1 518 000 000	1 265 000 000
Amounts reserved for capital increase	35	253 000 000	379 500 000
Reserves	36	4 869 170 594	3 766 692 193
Retained earnings (included net profit of the year)		3 925 518 965	3 426 353 692
Other comprehensive income		400 109 974	182 633 575
Total shareholders'equity		**10 965 799 533**	**9 020 179 460**
Non-controlling interest		**104 388 481**	**101 201 032**
Total shareholders' equity and non-controlling interest		**11 070 188 014**	**9 121 380 492**
Total liabilities and shareholders'equity and non-controlling interest		**79 767 835 954**	**61 387 680 578**

* The accompanying notes complement the financial statements and should be read with them.
* Auditor's report (attached).

Chief Financial Officer
Gamal Mahmoud Soliman

Chairman & Managing Director
Hassan Ismail Ghanem

Sherif El-Kelany
E&Y Allied for Accounting & Auditing

Sameh Saad Mohamed Abdel-Megeed
Accountability State Authority

Housing and Development Bank

Consolidated Income Statement
For The Year Ended 31 December 2021

	Note No.	31/12/2021 EGP	31/12/2020 EGP
Interest from loans and similar income	6	6 963 105 909	6 043 403 035
Interest on deposits and similar expense	6	(3 688 570 751)	(3 219 146 012)
Net interest income		**3 274 535 158**	**2 824 257 023**
Fees and commission income	7	451 293 892	406 633 802
Fess and commission expense	7	(40 006 607)	(47 947 767)
Net fees and commission income		**411 287 285**	**358 686 035**
Dividends income	8	5 788 064	5 798 459
Net trading income	9	65 289 272	54 701 756
Housing projects profit	10	640 115 716	503 765 957
Subsidiaries Revenues		257 907 001	119 283 413
Subsidiaries Expenses		(274 052 884)	(132 888 233)
Bank portion in income of associates companies		248 805 745	267 650 434
loans impairment loss (reversal)	13	(161 630 571)	178 831 891
Reversal of other provisions	32	(38 197 431)	26 501 181
General and administrative expenses	11	(1 772 231 598)	(1 535 145 432)
Other operating revenues	12	210 143 475	137 816 401
Net income before income tax		**2 867 759 232**	**2 809 258 885**
Income tax expenses	14	(839 609 879)	(748 999 424)
Net income for the year		2 028 149 353	2 060 259 461
Non-controlling interest in net income for the year		**12 152 580**	**9 900 830**
Equity holders of the bank		**2 015 996 773**	**2 050 358 631**
Net income for the year		2 028 149 353	2 060 259 461
Earnings per share	**15**	**13.28**	**13.51**

Housing and Development Bank

Consolidated Statement Of Comprehensive Income
For The Year Ended 31 December 2021

	Note No.	31/12/2021 EGP	31/12/2020 EGP
Net income for the year		**2 028 149 353**	**2 060 259 461**
Financial assets at fair value through other comprehensive income	20	217 476 399	103 751 488
Total comprehensive income		**2 245 625 752**	**2 164 010 949**
Non-controlling interest portion in OCI		**12 152 580**	**9 900 830**
Equity holders of the bank portion in OCI		**2 233 473 172**	**2 154 110 119**
Total comprehensive income		**2 245 625 752**	**2 164 010 949**

Housing and Development Bank

Consolidated Statement of Changes in Shareholders' Equity
For The Year Ended 31 December 2021

Statement	Paid-in-capital	Amounts reserved for capital increase	Legal reserves	General reserve	Special Reserve	Other reserve
	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of 1 January 2020	**1 265 000 000**	**379 500 000**	**444 847 495**	**1 779 000 000**	**9 344 966**	**18 365 606**
Dividends paid for the year 2019	--	--	--	--	--	--
Transferred to reserves	--	--	97 554 467	1 325 000 000	--	3 336 849
Change in financial assets at fair value through other comprehensive income	--	--	--	--	--	--
Net profit for the Nine months ended 31/12/2020	--	--	--	--	--	--
Balances as at 31 December 2020	1 265 000 000	379 500 000	542 401 962	3 104 000 000	9 344 966	21 702 455
Balance as of 1 January 2021	**1 265 000 000**	**379 500 000**	**542 401 962**	**3 104 000 000**	**9 344 966**	**21 702 455**
Dividends paid for the year 2020	--	--	--	--	--	--
Transferred to reserves	--	--	90 036 525	1 000 000 000	--	12 437 376
Reserved for capital increase	--	126 500 000	--	--	--	--
Transferred to banking sector support and development fund	--	--	--	--	--	--
Change in financial assets at fair value through other comprehensive income	--	--	--	--	--	--
Capital increase	253 000 000	(253 000 000)	--	--	--	--
Net profit for the Nine months ended 31/12/2021	--	--	--	--	--	--
Balances as at 31 December 2021	**1 518 000 000**	**253 000 000**	**632 438 487**	**4 104 000 000**	**9 344 966**	**34 139 831**

	Reserve of General Bank Risk	General risk reserve	Retained earnings	Other comprehensive income	Total Shareholders' equity	Non-controlling interest	Total
	EGP		EGP		EGP		
	22 500	**89 215 810**	**3 373 186 689**	**78 882 087**	**7 437 365 153**	**95 009 668**	**7 532 374 821**
	--	--	(571 295 812)	--	(571 295 812)	(3 709 466)	(575 005 278)
	4 500	--	(1 425 895 816)	--	--	--	--
	--	--	--	103 751 488	103 751 488	--	103 751 488
	--	--	2 050 358 631	--	2 050 358 631	9 900 830	2 060 259 461
	27 000	89 215 810	3 426 353 692	182 633 575	9 020 179 460	101 201 032	9 121 380 492
	27 000	**89 215 810**	**3 426 353 692**	**182 633 575**	**9 020 179 460**	**101 201 032**	**9 121 380 492**
	--	--	(269 970 213)	--	(269 970 213)	(8 965 131)	(278 935 344)
	4 500	--	(1 102 478 401)	--	--	--	--
	--	--	(126 500 000)	--	--	--	--
	--	--	(17 882 886)	--	(17 882 886)	--	(17 882 886)
	--	--	--	217 476 399	217 476 399	--	217 476 399
	--	--	--	--	--	--	--
	--	--	2 015 996 773	--	2 015 996 773	12 152 580	2 028 149 353
	31 500	**89 215 810**	**3 925 518 965**	**400 109 974**	**10 965 799 533**	**104 388 481**	**11 070 188 014**

Housing and Development Bank

Consolidated Statement of Cash Flow
For The Year Ended 31 December 2021

		31/12/2021	31/12/2020
	Note No.	EGP	EGP
Cash Flows From Operating activities			
Profit before tax		2 867 759 232	2 809 258 885
Adjustments:			
Depreciation and amortization	26،24،23	266 896 865	246 040 119
(Reversal) of loans impairment losses	13	161 630 571	(178 831 891)
(Reversal) of other assets and housing projects provision	12	(1 732 734)	3 564 690
Other provisions-charged during the year	32	116 360 856	32 240 277
Revaluation difference of financial assets at fair value through profit and loss	9	(50 246 800)	(37 240 537)
Amortization of discount – financial assets at amortized cost	20	(7 301 612)	(13 391 904)
Bank's portion in income of associates companies		(248 805 745)	(267 650 434)
Other provision utilized during the year	32	(25 714 231)	(15 185 682)
Provisions no longer required	32	(78 163 425)	(58 741 458)
Gain from selling fixed assets	12	(2 739 428)	(14 249 098)
Operating income before changes in operating assets and liabilities		**2 997 943 549**	**2 505 812 967**
Net decrease (increase) in assets			
Due from banks		(4 066 259 395)	4 238 145 410
Financial assets other than fair value through profit and loss		5 293 387 165	(2 988 675 373)
Financial assets at fair value through profit and loss		248 742	14 999 169
Loans and advances to customers and banks		(5 364 022 080)	(1 587 242 287)
Housing Projects and real estate investments		(21 203 601)	(164 902 840)
Other assets		(382 900 858)	479 816 384
Net (decrease) increase in liabilities			
Due to banks		(50 094 633)	(164 398 184)
Customers' deposits		15 834 184 250	6 069 953 165
Other liabilities		(434 733 393)	(1 011 185 252)
Retirement benefit obligations		8 244 262	7 397 149
Income tax paid		(880 592 141)	(636 252 191)

Net cash flows from operating activities		**12 934 201 867**	**6 763 468 117**
		31/12/2021	**31/12/2020**
	Note No.	**EGP**	**EGP**
Cash flows from investing activities			
Payments for purchase of fixed assets		(218 792 554)	(255 537 705)
Proceeds from sale of fixed assets		4 724 413	15 265 988
Payments for purchase of financial assets other than fair value through profit and loss		(6 361 568 796)	(5 114 852 678)
Proceeds from sale of financial assets other than fair value through profit and loss		1 199 447 601	410 455 250
Payments for purchase of intangible assets		(53 895 261)	(60 181 432)
Net cash flows (used in) investing activities		(5 430 084 597)	(5 004 850 577)
Cash flows from Financing activities			
Long-term loans		(5 501 391)	(23 435 711)
Dividends paid		(250 825 933)	(541 021 051)
Net cash flows used in financing activities		(256 327 324)	(564 456 762)
Net increase in cash and cash equivalents during the year		**7 247 789 946**	**1 194 160 778**
Cash and cash equivalent at the beginning of the year		**4 427 074 655**	**3 232 913 877**
Cash and cash equivalents at the end of the year		**11 674 864 601**	**4 427 074 655**
Cash and cash equivalents are represented in:			
Cash and balances with Central Bank of Egypt		6 773 750 377	5 800 495 733
Due from banks		14 160 651 761	3 819 857 064
Financial assets other than at fair value through other comprehensive income		13 411 960 944	18 705 348 108
Obligatory reserve balance with CBE		(5 854 537 537)	(5 016 534 231)
Bank Deposits with maturity more than three-months		(3 405 000 000)	(176 743 911)
Financial assets other than at fair value through profit and loss with maturity more than three-month		(13 411 960 944)	(18 705 348 108)
Cash and cash equivalents at the end of the year	**37**	**11 674 864 601**	**4 427 074 655**

Housing and Development Bank

Notes to the Separate Financial Statements
For The Year Ended 31 December 2021

1. Background

Housing and Development bank provides Banking Services for Corporates rather than Investments, retail Banking Services in the Arab republic of Egypt through 97 branches, and hires 2718 employees at the date of the financial position.

Housing and Development bank is an Egyptian Joint Stock company established as Investments and Business Bank on 30 June 1979 by virtue, ministerial Decree No.147 for a year 1979 and it handles its activity through the head office in Giza governorate and the bank is registered in the Egyptian Stock Market for Securities.

2. Summary of Significant Accounting Policies

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

A. Basis of Preparation

The financial statements have been prepared in accordance with instructions of Central bank of Egypt approved by its board of directors on 16 December 2008, in addition to the historical cost basis, modified by the revaluation of financial assets and liabilities originally valued with fair value through profits and losses, and financial assets at fair value through other comprehensive income, and all financial derivatives contracts.

These consolidated financial statements have been prepared in accordance with relevant local laws, investment in associates have been presented in bank's consolidated financial statements and measured using equity method less impairment loss.

These consolidated financial statements have been prepared until 31 December 2009 using central bank of Egypt instructions prevailing until this date, this partially differ from the banks preparation and presentations rules and the recognition and measurement basis approved by central bank of Egypt's board of directors on 16 December 2008. At the date of the preparation of consolidated financial statements dated 31 December 2010, the bank's management has amended certain accounting policies and basis of measurements to be in accordance with the preparation and presentation requirements and the recognition and measurements basis of banks consolidated financial statements approved from the central bank of Egypt's board of directors on 16 December 2008.

These consolidated financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on 16 December 2008; that is differ with what is added under instructions of Central Bank of Egypt issued on 26 February 2019 regarding the implementation of IFRS 9 – financial instruments .

Effect of implementation IFRS 9 on Accounting Policies

IFRS 9- Financial Instruments

The Bank applied the instructions of the Central Bank of Egypt (CBE) rules IFRS 9 "Financial Instruments" dated February 26, 2019 starting from January 01, 2019, Requirements of IFRS 9 represents material change than required under Egyptian accounting standard no. 26 "financial instrument- recognition and measurement" specially when related to classification, measurement and disclosure of financial assets and some of financial liabilities, the following summarize the main accounting policies changes resulted from applying the required standards:

Classification of financial assets and liabilities
Financial assets have been classified through three main categories as the following:

- Financial assets at amortized cost.
- Financial assets at fair value through other comprehensive income.
- Financial assets at fair value through profit and loss.

Based of IFRS 9, financial assets have been classified according to how they are managed (the entity's business model) and their contractual cash flow characteristics. Therefore Egyptian accounting standard no. (26) is no longer applied (Held to maturity, Loans and available for sale).

- The implicit derivative contracts shall not be separated when derivatives are associated with a financial asset and therefore the implicit derivative contract is fully classified according to the related financial asset.

- The change in financial liabilities at fair value through profit or loss is presented as follows:
- The change in the fair value related to the change in the degree of the credit rating is presented in other comprehensive income.
- The remaining amount of the change in fair value under (net income from financial assets at fair value through profit or loss) is presented in the income statement.

Impairment of financial assets

IFRS 9 and Central Bank of Egypt (CBE) instructions replaced the impairment loss model recognized according to EAS 26 with expected credit loss (ECL) model, also, IFRS 9 & CBE instructions requires from the bank to implement the measurement of expected credit loss (except for measured at fair value through profit and loss and fair value through other comprehensive income).

The bank excludes the following from the calculation of expected credit losses:

- Deposits at banks with a maturity date of one month and less than the date of the financial position.
- Current accounts at banks.
- Balances at the Central Bank in local currency.
- Debt instruments issued by the Egyptian government in local currency.

Provision shall be identified based on the expected credit losses relating to probability of default over the next 12 months unless the credit risk has increased substantially since inception.

Segment reporting

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

Transitional provisions

The bank has not re-measured the recognized financial instruments in the comparative financial statements, but only reclassified the financial assets and liabilities in the comparative figures to conform with the presentation method of the financial statements, subject to applying the standard for the first time and is therefore not comparable.
The impairment provision of the financial assets recognized in the financial position is deducted from the financial asset value at the time of preparing the financial position statement, while the impairment provision of the loan commitments, financial guarantee contracts and contingent liabilities is recognized under other provisions of financial position obligations.

B. Basis of presentation of consolidation Subsidiaries

Subsidiaries companies are controlled by the bank, control exists when the bank has the power directly or indirectly to govern the financial and operating policies of an entity to obtain benefits from its activities. This is usually achieved when the bank owns, directly or indirectly, through subsidiaries, more than half of the voting power of an entity (when the bank's shareholding portion exceeding directly or indirectly 50% of the paid up capital of the subsidiary), the existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

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

Information on subsidiaries is set out below for companies which are combined in the bank's consolidated financial statements as of 31 December 2021.

	Direct & indirect share %
Holding company for Investment and Development	92.00%
Housing and development company for real-estate investment	94.96%
El-Tameer company for financial and real estate investment banking	94.20%
El-Tameer company General and environmental services – Hemaya	85.92%
El-Tameer company for real estate and touristic asset Management	62.62%
Real estate development fund – Nemmo	93.83%
Information and electronical transactions services company	86.92%
El-Tameer company for real estate development and investment	92.77%
Hemaya company for security and money transfer	94.82%
HD for leasing	97.11%

Basis of Combinations

During the preparation of consolidated financial statements, the bank combines the consolidated financial statement with subsidiary companies financials statements, through the combination of similar items of assets, liabilities, owner's equity, revenues and expenses for the purpose of presenting the consolidated financial statement as of one business unit, going through following steps during the preparation of consolidated financial statement:

- Elimination of the book value for investments in subsidiary company according to Equity method, including share of holding company in the equity of each subsidiary company.
- Non-controlling interest in profit/ loss of subsidiaries is considered during the fiscal year in the preparation of the financial reports.
- Non-controlling interest in net assets of the subsidiaries is determined during the preparation of consolidated financial statements and presented in the consolidated financial statements in the owner's equity of holding company.
- Elimination of all interrelated revenues and expenses transactions between the subsidiaries within the group.
- Elimination of all balances resulted from the transactions between the subsidiaries within the group, also group transactions including revenues, expenses and dividends, besides elimination of all revenues and losses resulted of such transactions and recognized in the assets value.
- The financial statements are presented using same accounting policies for similar transactions and same events under same circumstances.

B.2. Associates

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

C. Translation of Foreign Currencies
C.1. Functional and presentation currency

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

C.2. Functions and balances in foreign currencies

The bank maintains its accounts in Egyptian pound and transactions are recorded in foreign currencies during the financial year on the basis of prevailing exchange rates at the date of the transaction, monetary assets and liabilities denominated in foreign currencies are retranslated at the end of the financial year on the basis of prevailing exchange rates at that date. Foreign exchange gains and losses resulting from the settlement and translation of such transactions and balances are recognized in the income statement and reported under the following items:

- Net income from financial assets at fair value through profit and loss/or net income from financial instruments classified at fair value through profit and loss at the date of inception of the assets/liabilities or those classified at the date of inception with its fair value through profits and losses according to their type.
- Shareholders' equity of financial derivatives as a coverage for cash flow/net investment or as a coverage for net investment.
- Other operating income (expenses) for the other items.
- Changes in fair value of financial instruments denominated in foreign currency classified at fair value through other comprehensive income (debt instruments) is analyzed between valuation differences from changes in amortized cost of the instrument, differences resulted from changes in the prevailing exchange rates, differences resulted from changes in the fair value of the instrument, and differences resulted from the impairment of the financial assets. Those changes are recognized in the income statement as income on loans and similar items regarding changes in amortized cost and differences related to changes in the exchange rate are recognized as other operating income(expense), changes in fair value are recognized in equity(Other comprehensive income/Financial assets at fair value through other profit and loss).

Evaluation differences resulting from non-monetary items include profit and loss resulting from changes in fair value such as equity instruments held at fair value through profit and loss, while evaluation differences resulting from equity instruments classified as financial assets at fair value through other comprehensive income are recognized as other comprehensive income.

D. Financial Assets
D.1. Recognition

The Bank classifies its financial assets into the following categories: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) and amortized cost. Management determines the classification of its investments at initial recognition.

D.2. Classification

Financial assets Policies applied starting from January 01, 2019:

At the time of initial recognition, the bank determines the classification of financial assets to be classified as amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

Financial asset classified as amortized cost if the following two conditions are met and was not recognized at inception date by the bank as fair value through profit or loss:

- The financial asset is retained in the business model of financial assets held to collect contractual cash flow.
- The contractual terms of the financial asset at specific dates result in contractual cash flows of the asset represented only in the principal financial instrument amount and the return.

Financial assets classified as fair value through other comprehensive income if the following two conditions are met and was not recognized at inception date by the bank as fair value through profit or loss:

- The financial asset is retained in the business model of financial assets held to collect contractual cash flows and sales.
- The contractual terms of the financial asset at specific dates result in contractual cash flows of the asset represented only in the principal financial instrument amount and the return.

- The debt instrument that was not allocated at the initial recognition at the fair value through profit or loss is measured at the fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is retained in the business model that aims to collect contractual cash flows and sell the financial asset.
- The contractual terms of the financial asset on specific dates result in cash flows of the asset and not represented only the principal debt and the return.

- Upon the initial recognition of an equity instrument that not held at fair value through profit and loss, the bank may make an irrevocable choice to present subsequent changes in the fair value through the other comprehensive income statement. This choice shall be made for each investment individually.
- The remaining financial assets are classified as investments at the fair value through profit or loss.

In addition, upon the initial recognition, the bank may irrevocably allocate a financial asset measured at the fair value through profit or loss, although it meets the criteria of classification as a financial asset at amortized cost or at the fair value through other comprehensive income, if this action substantially reduces the inconsistency that may arise in the accounting measurement.

Business models Evaluation

1. Following debt and equity instruments are classified and measured according to the following:

Financial Instrument	Methods of Measurement According to the Business Model		
	Amortized Cost	Fair Value	
		Through Comprehensive Income	Through Profit or Loss
Equity Instruments		One-time irrevocable choice at the initial recognition	Normal transaction of equity instruments.
Debt Instruments	Business model of assets held to collect contractual cash flows.	Business model of assets held to collect contractual cash flows and sale.	Business model of assets held for trading.

2. The bank prepares, documents and approves a business model in accordance with the requirements of the IFRS 9 in a way that reflects the Bank's strategy to manage the financial assets and their cash flows as follows:

Financial Asset	Business Model	Basic Characteristics
Financial assets at amortized cost	Business model of financial assets held to collect contractual cash flows	• The business model is aimed to retain the financial assets to collect the contractual cash flows of the investment principal amount and the revenues. • The sale is an exceptional action comparing to the purpose of this model and the terms of the standard represented in the deterioration in the creditworthiness of the financial instrument issuer. • Less sales in terms of frequency and value. • The bank performs a clear and reliable documentation of the rationale of each sale process and its compliance with the requirements of the Standard.
Financial assets at fair value through comprehensive income	Business model of financial assets held for the collection of contractual cash flows and sale.	• Both the collection of contractual cash flows and sales are complementary to the objective of the model. • Sales are high (in terms of frequency and value) compared to the business model held for the collection of contractual cash flows.
Financial assets at fair value through profit or loss	Other business models include (trading – managing the financial assets based on fair value - maximizing cash flows through sale)	• The business model is not aimed to retain the financial asset for the collection of contractual or this retained for the collection of contractual cash flows and sales. • Collecting contractual cash flows is an exceptional action comparing to the model objective. • Managing the financial assets at the fair value through profit or loss to avoid inconsistency in accounting measurement.

The bank shall evaluate the business model goals on the portfolio's level in which the financial asset is retained, being the way that reflects both the methods of work management and information provided. The information to be taken into consideration while evaluating the business model goals include the following:

- The approved and documented policies and the objectives of the portfolio in addition to applying such policies in practical reality, specially whether the management strategy focuses only on collecting the contractual cash flows of the asset and retaining a certain return rate to meet the dates of financial assets' maturity with the dates of the liabilities' maturity that are funding such assets; or rather on generating cash flows through selling such assets.
- The method of evaluating the portfolio's performance and reporting the same to the top management.
- The risks affecting the business model performance including the nature of the financial assets retained within such model and the method of managing such risks.
- The method of evaluating the performance of work managers (fair value and/ or returns on the portfolio).
- Frequency, value and timings of sales' transactions in the previous periods; the reasons of such transactions; as well as the expectations regarding the future sale activities. However, the information of the sales' activities are not taken into consideration in isolation., but rather as a part of a comprehensive evaluation of the method of carrying out the bank's goals regarding managing financial assets and how cash flows are generated.

The financial assets, which are retained for the purpose of trading or those which are managed and evaluated based on the fair value, are calculated by the fair value through profits and losses because they are not retained for the purpose of collecting contractual cash flows and/ or selling financial assets.

Evaluating whether the asset's contractual cash flows represent payments that are only limited to the original amount of the instrument and the return.
For the purpose of carrying out this evaluation, the bank defines the original amount of the financial instrument as the fair value of the financial asset at initial recognition. The return is defined as the consideration of the time value of money, the credit risks attached to the original amount during a certain period of time, other basic lending risks and costs (such as the risks of liquidity and administrative costs), and profit margin.

For the bank to determine whether the asset's contractual cash flows are payments that are limited to the asset and return on the financial instrument, the bank puts the contractual terms of the instrument into consideration. This includes evaluating whether the financial instrument includes contractual terms that may change the timing or amount of contractual cash flows, which may lead to non-acceptance of such terms.

For the purpose of carrying out the above evaluation, the Bank needs to take the following into consideration:

- Potential events that may change the timing or amount of contractual cash flows;
- Characteristics of the financial leverage (rate of return, time limits, currency…)
- Terms of prompt payment and extension of time limits;
- The terms that may limits bank's ability to claim cash flows from certain assets;
- The characteristics that may amend the consideration of the time value of money (re-estimating the return rate on a periodical basis).

The bank does not reclassify groups of financial assets unless the business model is changed, which rarely happens, or does not happen except infrequently or when the credit capacity of one of the debt instruments declines at amortized cost.

E. Offsetting between Financial Instruments

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

Repos and reverse repos agreements related to treasury bills are netted on the balance sheet and disclosed under "treasury bills and other governmental notes" caption of the balance sheet.

F. Financial Derivatives Instruments and hedging accounting

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

Embedded derivatives are not isolated if they were included in a financial instrument that falls under the financial assets definition as per IFRS 9 "Financial Instruments.

Recognizing the profits and losses resulted from the fair value depends on whether the derivative is a covering instrument provision and according to the nature of the covered item, the bank classifies some of the derivatives as one of the following:

- Risk Hedging of the fair value of recognized assets and liabilities or confirmed commitments (fair value hedging).
- Risk hedging of future highly expected cash flows related to a recognizes asset or liability or related to an expected transaction (cash flows hedging).

Hedging accounting is used for provision derivative for that purpose if the needed conditions are available.

At the initiation of the transaction the bank documents the relations between the covered items and hedging instruments, also the objectives of risk management and the strategy of having different hedging transactions.

At the beginning of hedging and consciously, the bank documents the estimation of whether the derivative used in hedging transactions are effective in facing the changes in the fair value or cash flows of the covered items.

F.1. Fair value hedging

The changes in the fair value of qualified derivatives provisions for hedging of the fair value are recognized in the income statement, this with any change in the fair value related to the risk of the covered asset or liability.

The effective changes in the fair value of return transfers contracts and the related hedged items are added to the net return and effective changes in the fair value of the future currency contracts are added to net income from financial assets at fair value through profit and loss.
Inefficiency in all of the contracts and the related hedged items mentioned in the previous paragraph are added to the net income from financial assets at fair value through profit and loss.

If the hedging is no longer following the hedging accounting procedures, the modification added to the book value of the hedged items recorded by the amortized cost method, this is through charging it against the profits and losses along the year till its maturity. Amendments in hedged equity instrument's book value remain within the shareholders' equity till it has been excluded.

F.2. Cash flows hedging

The effective part in the changes in the fair value of the qualified derivative provision to hedge the cash flows is recognized as shareholders' equity, while the profit and losses related to the ineffective part are recognized immediately as (net income from financial assets at fair value through profit and loss) in the income statement.

The amounts accumulated in the shareholders' equity are transferred to the income statement in the same period that the hedged item has an effect on profits and losses, profits and losses related to the effective part of the currency transfers and options are added to the net financial assets at fair value through profit and loss item.

When the hedging instrument is being due or sold, or when the hedging is no longer following the hedging accounting procedures, the profits and losses accumulated in the shareholders' equity in that time remain within the shareholders' equity item and it is recognized in the income statement when the expected transaction is finally recognized. But if the expected transaction is no longer expected to occur then the profits and losses accumulated in the shareholders' equity are immediately transferred to the income statement.

F.3. Unqualified derivative of hedging accounting

Changes in the fair value of the unqualified derivatives of hedging accounting are being recognized in the (net income from financial assets at fair value through profit and loss) item. In the income statement, the profits and losses resulted from the changes in the fair value is recognized as (net income of classified financial instruments valued by the fair value of profits and losses), this is through the profits and losses resulted from the changed in the fair value of derivatives managed in relation to the classified assets and liabilities at fair value through profits and losses.

G. Recognizing first day's deferred profits and losses:

Regarding the tools that evaluate the fair value, the transaction price is considered to be the best instrument to evaluate the fair value on the transaction date(fair value of delivered or received return) unless the fair value of the instrument on that date is indicated depending on the transaction's price in published market or using evaluation modules. When the bank has a long term transaction, its fair value is specified using evaluation modules that their inputs may not all be from the published market rates or prices, those financial instruments are recognized according to transaction price which is the best indication of the fair value. Although the value calculated from evaluation modules may be different, and the difference between the transaction price and the amount resulted from the module is not immediately recognized as first day's profits and losses and it is listed as other assets in the case of loss, and as other liabilities in the case of profit. The timing of recognizing the deferred profit and loss is specified separately for each case through its amortization on the transaction or when it is possible to identify the instrument's fair value using published market's inputs or by approving it when adjusting the transactions, the instruments is measured by the fair value, the subsequent changes in the fair value are immediately recognized in the income statement.

H. Interest Income and Expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as financial assets designated at fair value through profit or loss, are recognized within 'interest income' and 'interest expense' in the income statement using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter year to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Interest income on loans is recognized on accrual basis except for the interest income on non-performing loans, which ceases to be recognized as revenue when the recovery of interest or principle is in doubt and are rather recorded off balance sheet as follows:

- When it is collected and this is after redeeming all dues of consumer loans and personnel mortgages also small loans for economic activities.

- For corporate loans, interest income is recognized on a cash-basis after the bank collects 25 % of the rescheduled instalments and when these installments continue to be paid for at least one year. If a loan continues to be performing thereafter, interest accrued on the principal then outstanding starts to be recognized in revenues. Interest that is written off prior to the date when the loan becomes performing is not recognized in profit or loss except when the total balance of loan, prior to that date, is paid in full.

I. Fees and Commissions

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

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

Fees related to debt instruments which are measured at fair value are recognized under revenue at initial recognition. The fees for promotion of joint loans are recognized within revenues upon completing the promotion process without retaining any part of the loan by the bank, or if the bank maintains a part thereof with the actual interest rate available to other participants.

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

J. Dividends

Dividends are recognized in the income statement when the bank's right to receive payment is established.

K. Purchase & Resale Agreements, and Resale & Purchase Agreements

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

L. Impairment of Financial Assets

The bank assembles debt instruments in groups with similar credit risks based on: the type of the banking product as per the retail product, the clients as per the corporate loans, and the recognized credit agency's classifications as per the balances at banks and sovereign debt.

The bank classifies debt instruments into three phases based on the quantitively and qualitative criteria provided in the (Central Bank of Egypt) CBE's instructions issued on Feb. 26, 2019.

The bank estimates, on the date of financial statements, the provision of the financial instrument's impairment losses for at a value that is equal to the expected credit losses (ECLs) for the lifetime of the financial instrument, except for the debt instruments with low credit risks or otherwise debt instruments whose credit risks did not significantly increase, at the financial position date, since the initial recognition.
The bank considers ECLs to be a potential weighted estimation of ECLs, which are estimated as follows:

ECLs are estimated in the first phase by calculating the current value of the total cash deficit calculated based on the historic probability of default rates as amended by the expectations of macro-economic scenarios' average that would be the rates of economic growth, inflation and unemployment for twelve months as per the debt instruments in the first phase or the lifetime of the asset as per the second phase.

As per the credit-impaired debt instruments (third phase), ECLs are calculated based on the difference between the asset's total book balance and the current value of the future expected cash flows.

Commitments related to loans and financial guarantees are considered as among the default value when calculated.
ECLs are calculated for the contracts of financial guarantees based on the difference between the payments expected to be paid to the guarantee holder less any other amounts that the Bank expects to redeem.

The bank shall not move the financial asset from the second phase to the first phase unless all the quantitive and qualitative elements of the first phase are met.

L.1. Financial assets at fair value through the other comprehensive income

Financial assets are measured at fair value through the other comprehensive income, whether they were listed on the Stock Exchange with inactive transactions or not listed, by determining the fair value through one of the accepted technical methods for determining the fair value. However, in case of not being able to determine the fair value of such stocks through a reliable method, they should be measured at replacement cost.

At the date of each financial position, the value of the debt instruments' ECLs are estimated by the bank and recognized in the statement of profits and losses, whereas the rest of differences like the change in the fair value are recognized in the other comprehensive income. In case the value rises, it should be expressed in the statement of profits and losses to the extent of what was previously charged during previous financial periods, provided that any increase should be recognized in value in the other comprehensive income. As per the equity instruments, all change differences are recognized at fair value in the other comprehensive income till the asset is disposed, and in such case, all those differences are carried to the retained earnings.

M. Goodwill

Goodwill (Positive, Negative) representing in the amounts resulted from the acquisition of subsidiaries companies and has been calculated based on the difference between the cost of acquisition and the fair value of the net assets of the acquiree at the acquisition date.
The positive goodwill is recognized at cost minus any losses resulted from the impairment in the value of goodwill while the negative goodwill is recognized directly in profit and loss.

N. Evaluation of Housing Projects

- The cost of works under constructions includes the cost of allocated lands for housing projects, the cost of the constructions therein, the borrowing costs that are capitalized during the borrowing period until related work is finished and all related expenses as works under constructions are considered one of the qualified assets to be charged with the borrowing costs which should be no more capitalized for the projects that its core activities needed to make it ready for its identified purposes or for selling it to other.
- -Finished housing units are evaluated at lower of the cost or fair value; the fair value is evaluated in the light of detailed studies. In case the fair value is less than the cost, the difference is charged to reduce "profits of housing projects" item in the income statement. In case of an increase in the fair value, such increase shall be credited to the income statement to the extent previously charged to the income statement.
- The cost and selling price of housing units in some distinguished projects are calculated according to the privileges in location and area for each unit with no effect on the project's total cost.

O. Investments property

Investments property is represented in land & Buildings owned by the bank for gain rental revenues or capital appreciation. Therefore it doesn't include real-estate assets used in the bank's operations or which was received in settlement of the bank's liability. Investment is accounted by the same method applied for fixed assets in which investments property are recorded at historical cost and depreciated using straight line method using appropriate depreciation rate and recognizing impairment loss if needed.

P. Intangible Assets
P.1. Computer programs

Expenses related to improvement & maintenance of computer programs are recognized as expenses in income statement when incurred. Recognized as an intangible asset expenses related directly with definite programs and under the bank control & expected to generate economic benefits which exceed its cost for more than one year. Direct expenses includes labor cost in the program improvement team in addition to appropriate average of related general expenses and it is recognized as an improvement cost in the expenses that leads to an increased expansion or performance of the computer program more than its original standards, it is added to the program cost.

Computer programs' cost which are recognized as an asset are amortized over its life time of not more than 4 years.

P.2. Other intangible assets

Represented in the intangible assets other than goodwill and computer programs for example (trademarks, license, and rental contracts benefits).

Other intangible assets are recorded by acquisition cost and is amortized by straight line method or the economic benefits expected, along its estimated useful life. Considering assets with no definite useful life, they are not amortized but its impairment loss is yearly examined and recorded (if found) in the income statement.

Q. Fixed Assets

Land and buildings comprise mainly branches and offices. All fixed assets are carried at historical cost net of accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenses are recognized in profit or loss within" other operating expenses" during the financial year in which they are incurred.

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

- Re-establishing expenses related to the rented branches are amortized through the estimated production life or the year of the rent contracts whichever less.
- Facilities and installments are depreciated over 3 year's year.
- The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The recoverable amount of an asset is the higher of the asset's net realizable value or value in use. Gains and losses on disposals are determined by comparing proceeds with relevant carrying amount. These are included in profit or loss in other operating income (expenses) in the income statement.

R. Non-Financial Asset Impairment

Assets without definite useful life are not amortized & they are being tested annually for impairment. Assets are tested for impairment whenever events or circumstances indicated that the book value may not be recoverable.

Then the impairment loss is recognized & and the carrying amount of an asset is reduced to the extent that such carrying amount exceeds recoverable amount. The recoverable amount represents the higher of the asset's net selling value or value in use. In order to estimate the impairment, asset is joined to smallest possible cash generating unit.

Non-financial assets with impairment are being reviewed to assess whether or not, all or part of such impairment loss should be reversed through profit and loss.

S. Rental

Payments are recorded in operating rent account after deducting any discounts received from the lesser in the expenses in the income statement according to straight line method within the contract year.

T. Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition; they include cash and balances due from central bank of Egypt-other than those within the mandatory reserve, current accounts with banks and financial assets other than fair value through profit and loss.

U. Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations is remote. When a provision is wholly or partially no longer required, it shall be reversed through profit and loss under other operating income (expense). An appropriate interest rate is used to measure the present value of liabilities' payments that are determined to be settled after one year from balance sheet date. This interest rate is not affected by the taxes' rates which reflect the cash time value and if it's due in less than a year estimated value of the liability is calculated and if it has an important effect, it's recognized by the present value.

V. Financial collateral contracts

Financial collateral contract is the contract issued by the bank to collateral loans or debit current accounts presented to its customers from other parties and it is required from the bank to pay certain payments to compensate the beneficiaries of carried loss because debit payment in the due date according to the debt instrument's conditions. These financial collaterals are presented to banks, financial institutions and other parties on behalf of the bank's customers.

Initial recognition in the financial statements is recorded by the fair value at the date of granting the collateral which may reflect the collateral fees. Later on, the bank's liability is measured by the virtue of the collateral on the basis of the initial recognition amount less the amortization to recognize the collateral fees in the income statement by the straight line method over the collateral lifetime, or the best estimation of the needed payments to adjust any financial liability resulted from the financial collaterals on the balance sheet date which is higher. These estimations are specified according to the experience in similar transactions and historical losses and also by the management's judgment. Any increase in the liabilities resulted from financial collaterals, is recognized in the income statement as other operating revenues (expenses).

W. Employees Benefits
U.1. Pension Liabilities

The bank is committed to pay the contributions to the Social Insurance Public Authority, with no other liabilities after paying these contributions. Those contributions are recorded yearly in the income statement in its maturity year and are listed as labor benefits.

The bank has insurance fund for the employees of the bank, which was founded in 1987 Working according to law no. 54 for year 1975 and its executive regulations, in the purpose of granting compensation and insurance benefits for the members, this pension fund and its amendments are implemented on all of the employees of the bank's head office and its branches.

The bank is committed to pay the annual and monthly subscription to the fund according to the funds regulation and its amendments. No other liabilities on the bank after the payment of the subscription. Those subscriptions are recognized as administrative expenses when they come due. The prepaid subscriptions are recognized as assets to the limit that the deposit leads to reduce the future payments or to a refund.

U.2. Retirement Liabilities

The bank has applies a defined medical system for its employees and the retired ones. According to the above mentioned system, the bank's liabilities are represented in the difference between both the present value of liabilities in the balance sheet date and the fair value of its assets including settlements resulted from actuarial profit/loss and also the cost of previous service. Those liabilities are determined annually by independent actuarial expert using the "estimated added unit approach" and are determined through estimated future out cash flow applying interest rates on bonds with maturities similar to that of the liabilities in "other liabilities" item.
Actuarial profit/loss resulted from settlements together with amendments in the medical system are charged to the income statement.

The cost of the previously recognized service is charged directly to the income statement as (general &

administrative expense) unless changes that have been made on the policies state that worker should stay for a specified year, in this case the cost of the service is amortized using straight-line method.

U.3. Share based payments

The bank operates an equity-settled, share-based compensation plan. The fair value of the employees services received in exchange for the grant of the options is recognized as an expense.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

X. Income Taxes

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

Income tax is recognized based on net taxable profit using the tax rates applicable at the date of the budget in addition to tax adjustments for previous years.

Deferred taxes is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. However, when it is expected that the tax benefit will increase, the carrying amount of deferred tax assets shall increase to the extent of previous reduction.

Y. Borrowing

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

Z. Capital
Z.1. Cost of capital

The issuance expenses that are related directly with issuing new shares or shares of acquiring entity or issuance options, are presented as a deduction from shareholders' equity and the net revenues after tax.

Z.2. Dividends

Dividends are recognized when the general assembly of shareholders approves them. Dividends include the employees' profit share and the board of directors' remuneration as prescribed by the bank's articles of association and the corporate law.

AA. Trust Activities

Trust activities are the assets' opposition and managing for individuals and funds. Its values and profits are not recognized in the bank's financial statements because they are not owned by the bank.

AB. Comparative Figures

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

3. Management of Financial Risks

The bank, as a result of conducting its activities, is exposed to various financial risks. Since financial activities are based on the concept of accepting risks and analysing and managing individual risks or group of risks together, the bank aims at achieving a well-balanced risks and relevant rewards, as appropriate and to reduce the probable adverse effects on the bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency risk, interest rate risk and other pricing risks.

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

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

A.Credit Risk

The bank is exposed to the credit risk which is the risk resulting from failure of the client to meet its contractual obligations towards the Bank. The credit risk is considered to be the most significant risk for the bank, therefore requiring careful management. The credit risk manifests itself in the lending activities and debt instruments in bank's assets as well as off balance sheet financial instruments, such as loans commitments. The credit risk management and control are centralized in a credit risk management team in Bank Risk management department and reported to the Board of Directors and head of each business unit regularly.

A.1. Measuring the Credit Risk
Loans and facilities to banks and clients

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Bank's rating system is based on three key pillars:

- The 'probability of default' by the client or counterparty on its contractual obligations.
- Current exposures to the counterparty and its likely future development, from which the bank derive the (exposure at default).

These credit risk measurements, which reflect expected loss .The operational measurements can be contrasted with impairment allowances required under EAS and in accordance with the Central Bank of Egypt's instructions approved by the board of directors on 16 December 2008, which are based on losses that have been incurred at the balance sheet data (the 'incurred loss model') rather than expected losses.

The bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment to reach the relevant credit rating basis. Clients of the Bank are segmented into four rating classes. The bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Bank regularly validates the performance of the rating and their predictive power with regard to default events.

Bank's internal ratings scale

Bank's Rating	Description of the grade
1	Good debts
2	Normal watch-list
3	Special watch-list
4	Non-performing loans

The position exposed to default depends on the amounts that the Bank expects to be outstanding when delay occurs. For instance, for the loans, the position would be the nominal value; for commitments, the Bank includes all the amounts already withdrawn in addition to the other amounts that are expected to be withdrawn till the date of delay, if any.

Presumptive loss represents the Bank's expectations of the amount of loss when the debt is claimed in case of delay. This is expressed by the loss percentage in the debt, which certainly differs according to the type of debtor, the priority of claim, and the availability of guarantees or other credit coverage means.

Debt Instruments

As per debt instruments, the bank uses external classifications or any equivalent in credit risks' management. However, if such evaluations are not available, similar methods are used to the ones applied to credit clients. Such investments in securities are considered a means to obtain a better credit quality and at the same time it provides an available source for meeting the financing requirements.

A.2. Risk limit control and mitigation policies

The bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by individual, counterparties, product, and industry sector and by country are approved quarterly by the Board of Directors. The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored quarterly.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below:

Collaterals

The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Mortgage business assets such as premises, inventory and accounts receivable.
- Mortgage financial instruments such as debt securities and equities.
- Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.
- In addition, in order to minimize the credit loss the bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.
- Collateral held as security for financial assets

Other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

Derivatives

The bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the bank (i.e., assets where their fair value is positive), which in relation to derivatives is only a small fraction of the contract, or negotiable values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the bank requires margin deposits from counterparties.

Settlement risk arises in any situation where a payment in cash, securities or equities is made in the expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risk arising from the Bank market transactions on any single day.

Commitments Related to Credit

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Collaterals and standby letter of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, collaterals or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

A.3. Impairment and Provisions Policies

Policies The internal rating systems previously described focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and Central Bank of Egypt's regulation purposes.

The impairment provision shown in the balance sheet at the period is derived from each of the three internal rating grades. However, the majority of the impairment provision comes from the bottom two grads.

The table below shows the percentage of the bank's in balance sheet items relating to loans and advances and the associated impairment provision for each of the bank's internal rating categories:

31/12/2021 Bank's Rating	Loans and facilities %	Impairment losses provision %
Stage 1	81%	24%
Stage 2	9%	11%
Stage 3	10%	65%
	100%	**100%**

Loans and facilities includes loans used limit and percentage of loans agreements, according to the volume of expected used limit in addition to financial collateral contracts.

The bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

Impairment loss provision is formed based on homogenous assets using the historical experience of loan loses, available personal judgment of bank management and statistical methods.

A.4. Bank Risks Measurement General Model

In addition to the four categories of measuring credit worthiness the management makes sub-groups more detailed according to the Central Bank of Egypt's rules. Assets facing credit risk are classified to detailed conditions relying greatly on customer's information, activities, financial position and his regular payments to his debts.

The bank calculates the provisions needed for impairment of assets exposed to credit risk including commitments related to the credit based on special percentages determined by Central Bank of Egypt. In the case of increase of impairment loss provision needed according to credit worthiness as per Central Bank of Egypt over the impairment loss for the purpose of preparing the financial statement according to the Central Bank of Egypt approved by the Board of Directors as on February 26, 2019, regarding the implementation of IFRS 9, the general banking risk reserve is included in owners' equity deducted from the retained earning with this increase, this reserve is modified on a regular basis with the increase and decrease, which equals the increase in provisions and this reserve is not distributed.

And this are categories of institutional worthiness according to internal ratings compared with Central Bank of Egypt's ratings and rates of provisions needed for assets impairment related to credit risk:

Classification of the Central Bank of Egypt	Classification Significance	Required provision rate	Internal classification	Internal classification Significance
1	Low risks	صفر	1	Performing loans
2	Average Risk	1%	1	Performing loans
3	Satisfactory risks	1%	1	Performing loans
4	Reasonable Risk s	2%	1	Performing loans
5	Acceptable Risk	2%	1	Performing loans
6	Marginally Acceptable risk	3%	2	Regular watching
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non-performing loans
9	Doubtful	50%	4	Non-performing loans
10	Bad Debt	100%	4	Non-performing loans

A.5. Maximum limits for Credit Risk before Collateral.

Items Exposed to Credit Risks	31/12/2021	31/12/2020
	EGP	EGP
Due from banks	14 161 658 115	3 819 923 350
Loans and facilities to customers		
Retail Loans		
Overdrafts	660 862 397	642 726 758
Credit cards	68 351 990	44 504 376
Personal Loans	6 797 426 924	4 869 358 296
Real Estate Loans	8 532 971 677	7 754 640 464
Corporate Loans:		
Overdrafts	4 436 426 470	3 373 783 910
Direct Loans	4 249 246 121	3 152 542 701
Syndicated Loans	1 289 643 832	757 432 318
Specialized Loans:		
Direct Loans	388 347 945	455 240 231
Financial assets:		
Debt Instruments	9 675 715 992	10 109 946 180
Other assets	**3 472 342 585**	**2 208 849 586**
Total	**53 732 994 048**	**37 188 948 170**

A.6. Loans and Facilities

Following is the position of loans and facilities balances to the clients in terms of credit solvency:

	31/12/2021	31/12/2020
	Loans & advances to customers	Loans & advances to customers
	EGP	EGP
Neither past dues nor subject to impairment	21 422 374 746	17 866 015 190
Past due but not subject to impairment	2 302 631 767	1 472 087 181
Individually subject to impairment	2 698 270 843	1 712 126 683
Total	**26 423 277 356**	**21 050 229 054**
Less:		
Impairment loss provision	(2 247 178 566)	(2 069 900 781)
Interest in suspense	(16 792 237)	(18 204 192)
Total	**24 159 306 553**	**18 962 124 081**

Loans and facilities impairment reached EGP 166,839,608 compared to EGP 179,121,828 in the comparative period. Item No. (18) Includes additional information about provision for impairment losses on Loans and facilities to banks and customers.

The following table showing total Loans & Facilities stages during the year:

31/12/2021				
	Stage 1	Stage 2	Stage 3	
	12 Months	Lifetime	Lifetime	Total
Retail	14 286 913 788	1 050 428 993	1 110 618 152	16 447 960 933
Corporate	7 135 460 958	1 252 202 774	1 587 652 691	9 975 316 423
	21 422 374 746	2 302 631 767	2 698 270 843	26 423 277 356

The following table showing Impairment loss provision in stages during the year:

31/12/2021				
	Stage 1	Stage 2	Stage 3	
	12 Months	Lifetime	Lifetime	Total
Retail	44 468 712	27 630 500	214 173 809	286 273 021
Corporate	488 433 097	223 664 256	1 248 808 192	1 960 905 545
	532 901 809	251 294 756	1 462 982 001	2 247 178 566
31/12/2020				
	Stage 1	Stage 2	Stage 3	
	12 Months	Lifetime	Lifetime	Total
Retail	11 906 128 548	767 344 752	1 092 996 825	13 766 470 125
Corporate	5 959 886 642	704 742 429	619 129 858	7 283 758 929
	17 866 015 190	1 472 087 181	1 712 126 683	21 050 229 054

The following table shows impairment loss provision in stages during the year:

31/12/2020				
	Stage 1	**Stage 2**	**Stage 3**	
	12 Months	**Lifetime**	**Lifetime**	**Total**
Retail	119 635 182	74 985 367	255 150 868	449 771 417
Corporate	909 687 949	267 080 584	443 360 831	1 620 129 364
	1 029 323 131	342 065 951	698 511 699	2 069 900 781

The following table provides information on the quality of financial assets during the year:

31/12/2021	**Stage 1**	**Stage 2**	**Stage 3**	
Due from banks	**12 Months**	**Lifetime**	**Lifetime**	**Total**
Credit rating				
Good debts	14 161 658 115	--	--	14 161 658 115
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**14 161 658 115**	**--**	**--**	**14 161 658 115**
Allowance for impairment losses	(1 006 354)			(1 006 354)
Total	**14 160 651 761**	**--**	**--**	**14 160 651 761**

31/12/2021	**Stage 1**	**Stage 2**	**Stage 3**	
Financial assets at amortized cost	**12 Months**	**Lifetime**	**Lifetime**	**Total**
درجة الائتمان				
Good debts	9 675 715 992	--	--	9 675 715 992
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**9 675 715 992**	**--**	**--**	**9 675 715 992**
Allowance for impairment losses	(2 361 581)	--	--	(2 361 581)
Total	**9 673 354 411**	**--**	**--**	**9 673 354 411**

31/12/2021	Stage 1	Stage 2	Stage 3	
Retail Loans & Facilities	**12 Months**	**Lifetime**	**Lifetime**	**Total**
Credit rating				
Good debts	14 286 913 788	--	--	14 286 913 788
Normal watch-list	--	1 050 428 993	--	1 050 428 993
Non-performing loan	--	--	1 110 618 152	1 110 618 152
Total	**14 286 913 788**	**1 050 428 993**	**1 110 618 152**	**16 447 960 933**
Allowance for impairment losses	(44 468 712)	(27 630 500)	(214 173 809)	(286 273 021)
Total	**14 242 445 076**	**1 022 798 493**	**896 444 343**	**16 161 687 912**

31/12/2021	Stage 1	Stage 2	Stage 3	
Corporate Loans & Facilities	**12 Months**	**Lifetime**	**Lifetime**	**Total**
Credit rating				
Good debts	7 135 460 958	--	--	7 135 460 958
Normal watch-list	--	1 252 202 774	--	1 252 202 774
Non-performing loan	--	--	1 587 652 691	1 587 652 691
Total	**7 135 460 958**	**1 252 202 774**	**1 587 652 691**	**9 975 316 423**
Allowance for impairment losses	(488 433 097)	(223 664 256)	(1 248 808 192)	(1 960 905 545)
Total	**6 647 027 861**	**1 028 538 518**	**338 844 499**	**8 014 410 878**

31/12/2020	Stage 1	Stage 2	Stage 3	
Corporate Loans & Facilities	**12 Months**	**Lifetime**	**Lifetime**	**Total**
Credit rating				
Good debts	3 819 923 350	--	--	3 819 923 350
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**3 819 923 350**	**--**	**--**	**3 819 923 350**
Allowance for impairment losses	(66 286)			(66 286)
Total	**3 819 857 064**	**--**	**--**	**3 819 857 064**

31/12/2020	Stage 1	Stage 2	Stage 3	
Corporate Loans & Facilities	**12 Months**	**Lifetime**	**Lifetime**	**Total**
Credit rating				
Good debts	10 109 946 180	--	--	10 109 946 180
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**10 109 946 180**	**--**	**--**	**10 109 946 180**
Allowance for impairment losses	(8 510 685)	--	--	(8 510 685)
Total	**10 101 435 495**	**--**	**--**	**10 101 435 495**

31/12/2020	Stage 1	Stage 2	Stage 3	
Corporate Loans & Facilities	**12 Months**	**Lifetime**	**Lifetime**	**Total**
Credit rating				
Good debts	11 906 128 548	--	--	11 906 128 548
Normal watch-list	--	767 344 752	--	767 344 752
Non-performing loan	--	--	--	--
Total	--	--	1 092 996 825	1 092 996 825
Allowance for impairment losses	**11 906 128 548**	**767 344 752**	**1 092 996 825**	**13 766 470 125**
Total	(119 635 182)	(74 985 367)	(255 150 868)	(449 771 417)
القيمة الدفترية	**11 786 493 366**	**692 359 385**	**837 845 957**	**13 316 698 708**

31/12/2020	Stage 1	Stage 2	Stage 3	
Corporate Loans & Facilities	**12 Months**	**Lifetime**	**Lifetime**	**Total**
Credit rating				
Good debts	5 959 886 642	--	--	5 959 886 642
Normal watch-list	--	704 742 429	--	704 742 429
Non-performing loan	--	--	--	--
Total	--	--	619 129 858	619 129 858
Allowance for impairment losses	**5 959 886 642**	**704 742 429**	**619 129 858**	**7 283 758 929**
Total	(909 687 949)	(267 080 584)	(443 360 831)	(1 620 129 364)
القيمة الدفترية	**5 050 198 693**	**437 661 845**	**175 769 027**	**5 663 629 565**

A.7. Acquisition of collaterals:

Assets owned through possession are classified among other assets in the balance sheet
Those assets are sold whenever practical according to The Central Bank of Egypt regulations to dispose those assets in a specified period.

	Book Value	
	31/12/2021	31/12/2020
	EGP	EGP
Assets		
Land	16 537 860	16 492 260
Housing units	2 237 625	45 000
Hotel	49 093 424	49 138 972
	67 868 909	65 676 232

A.8. The concentration of financial assets exposed to credit risks:
Geographical segments

The following table represents the analysis of the most important bank's credit risks measured at the book value, allocated according to the geographical segment at 31 December 2021 While preparing this table, risks were allocated to the geographical segments according to the areas related to the bank's customers.

The concentration of financial assets exposed to credit risks:	Arab Republic of Egypt			
	Greater Cairo	Alexandria, Delta and Sinai	Upper Egypt	Total
Due from banks	14 161 658 115	--	--	14 161 658 115
Loans and Advance to Customers				
Retail Loans:				
Overdrafts loans	311 394 103	281 728 039	67 740 255	660 862 397
Credit cards loans	34 463 244	28 420 696	5 468 050	68 351 990
Personal loans	2 484 025 737	2 855 337 982	1 458 063 205	6 797 426 924
Real Estate loans	4 457 162 146	2 968 995 329	1 106 814 202	8 532 971 677
Corporate Loans:				
Overdrafts	2 214 337 069	2 019 880 566	202 208 835	4 436 426 470
Direct loans	3 723 583 043	410 651 076	115 012 002	4 249 246 121
Syndication loans	1 289 643 832	--	--	1 289 643 832
Specialized Loans:				
Other loans	388 347 945	--	--	388 347 945
Financial assets				
Debt Instruments	9 675 715 992	--	--	9 675 715 992
Other Assets	**3 395 642 960**	**50 175 699**	**26 523 926**	**3 472 342 585**
Total as of 31/12/2021	**42 135 974 186**	**8 615 189 387**	**2 981 830 475**	**53 732 994 048**
Total as of 31/12/2020	**28 621 888 844**	**5 164 211 087**	**3 402 848 239**	**37 188 948 170**

Sectors of activity

The following table represents the analysis of the most important bank's credit risk in book value, allocated according to the customers' activity:

	Financial Institutions	Agricultural	Industrial Institutions	Commercial
Due from banks	891 804 426	--	--	--
Loans &Facilities				
Retail				
Overdrafts	--	--	--	--
Credit Cards	--	--	--	--
Personal loans	--	--	--	--
Real Estate	--	--	--	--
Corporate				
Overdraft	62 192 821	20 851 272	2 108 556 400	631 380 247
Direct	2 754 220 531	3 033 223	334 507 956	596 880 075
Syndicated	--	--	--	--
Specialized Loans				
Direct	--	--	--	--
Financial assets				
Debt Instruments	--	--	--	--
Other Assets	211 619 670	--	--	--
Total as of 31 December 2021	**3 919 837 448**	**23 884 495**	**2 443 064 356**	**1 228 260 322**
Total as of 31 December 2020	**3 304 887 781**	**47 659 878**	**1 918 041 826**	**1 334 264 194**

(Egyptian Pound)

Services	Real Estate Activity	Governmental Sector	Other Activities	Individuals	Total
--	--	13 269 853 689	--	--	14 161 658 115
--	--	--	--	660 862 397	660 862 397
--	--	--	--	68 351 990	68 351 990
--	--	--	--	6 797 426 924	6 797 426 924
--	--	--	--	8 532 971 677	8 532 971 677
539 581 687	1 015 623 512	--	58 240 531	--	4 436 426 470
496 620 067	58 301 660	--	5 682 609	--	4 249 246 121
579 034 387	710 609 445	--	--	--	1 289 643 832
--	--	388 347 945	--	--	388 347 945
--	--	9 675 715 992	--	--	9 675 715 992
787 562 870	1 650 659 588	178 749 676	9 246 139	634 504 642	3 472 342 585
2 402 799 011	**3 435 194 205**	**23 512 667 302**	**73 169 279**	**16 694 117 630**	**53 732 994 048**
2 522 846 488	**1 458 770 177**	**12 925 781 550**	**107 152 377**	**13 569 543 899**	**37 188 948 170**

B. Market Risk

The bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices .

B.1. Market Risk Measurement Techniques:
Value at risk

The bank applies a "value at risk" methodology (VAR) to its trading portfolios, to estimate the market risk of its positions held and it's been monitoring daily.

VAR is a statistically based estimate of the potential loss on the current portfolio resulting from adverse market movements. It expresses the 'maximum' amount the bank might lose, but using certain level of confidence (98%). There is therefore a specified statistical probability (2%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding year' until positions can be closed (10 days) before closing the opining quarters, and it is assumed that the movement of the market during the retention year will follow the same movement pattern that occurred during the previous ten days.

The bank is assessing the historical movements in the market prices based on volatilities and correlations data for the past two years while collecting the historical data for the past five years and the bank applies these historical changes in rates, prices and indicators directly to the current positions, and this way is known as a simulated historical method and the actual outputs are monitored on regular basis to measure the appropriate assumptions and factors used to measure VAR.
The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Stress testing

Stress Testing Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, bank designs stress tests according to its activities by using typical analysis to specific scenarios.

B.2. Foreign exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the bank's exposure to foreign currency exchange rate risk and bank's financial instruments at carrying amounts, categorized by currency.

31 December 2021	US Dollar	Euro	Sterling Pound	Other Currencies
Financial Assets:				
Cash and balances with Central Bank	5 468 500	207 506	21 851	63 773
Due from banks	4 664 631	3 424 436	235 507	2 489 856
Loans & facilities to customers	8 789 776	92 602	1 139	4 531
Financial assets				
Financial assets at amortized costs	26 900 000	--	--	--
Financial assets at fair value through other comprehensive income	21 449 297	4 000 000	--	--
Other Financial assets	1 454 313	112	10 878	302
Total financial assets	**68 726 517**	**7 724 656**	**269 375**	**2 558 462**
Financial liabilities:				
Due to banks	10 007 635	5 008 920	--	--
Customer's deposits	34 033 976	4 810 614	244 314	1 533 631
Financial derivatives	111 256	--	--	--
Other Financial liabilities	8 363 695	394 760	377	96 995
Total financial liabilities	**52 516 562**	**10 214 294**	**244 691**	**1 630 626**
Net financial position as of 31 December 2021	**16 209 955**	**(2 489 638)**	**24 684**	**927 836**
31 December 2020				
Total financial assets	83 235 856	19 638 731	244 213	2 635 997
Total financial liabilities	76 366 724	18 062 633	234 549	1 538 570
Net financial position as of 31 December 2020	**6 869 132**	**1 576 098**	**9 664**	**1 097 427**

B.3.Interest rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The board sets limits on the level of mismatch of interest rate reprising that may be undertaken, which is monitored daily by Risk Dept.

The following table summarizes the risk that the bank faces the change in the return value including the book value of financial instruments allocated based on the re-pricing dates or due dates price whichever is sooner:

	Up to 1 month	More than 1 month to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	Without return	Total
Financial Assets:						
Cash and Due from Central Bank	--	--	--	--	6 773 750	6 773 750
Due from banks	6 116 313	4 905 000	3 000 000	--	139 339	14 160 652
Loans & facilities to customers	1 851 205	413 479	6 850 213	17 308 380	--	26 423 277
Financial assets:						
Fair value through other comprehensive income	14 309 462	2 000 281	7 833 588	261 804	--	24 405 135
Fair value through profit and loss	441 429	--	--	47 088	--	488 517
Other assets	--	--	--	3 150 209	6 630 268	9 780 477
Total financial assets	22 718 409	7 318 760	17 683 801	20 767 481	13 543 357	82 031 807
Financial liabilities						
Due to banks	736 300	--	--	--	535	736 835
Customer's deposits	5 675 017	2 687 139	4 139 633	16 465 405	33 848 589	62 815 783
Other loans	4 952	1 749	1 059 264	--	--	1 065 965
Other financial liabilities	178	7 924	84 805	9 453 817	7 866 500	17 413 224
Total financial liabilities	**6 416 447**	**2 696 812**	**5 283 702**	**25 919 222**	**41 715 624**	**82 031 807**
Re-pricing gap	**16 301 962**	**4 621 948**	**12 400 099**	**(5 151 741)**	**(28 172 267)**	**-**

A. Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Liquidity Risk Management

The bank's liquidity management process, as carried out within the bank and monitored by Risk Management Department, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers. The bank maintains an active presence in global money markets to enable this to happen.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring balance sheet liquidity ratios against internal and requirements of central bank of Egypt.
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key years for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Risk Management Department also monitors unmatched medium-term assets, the level and type of un-drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Funding approach

Sources of liquidity are regularly reviewed by a separate team in the Risk Management (Assets & liabilities), to maintain a wide diversification by currency, provider, product and term.

The available assets to cover all the liabilities and the loan's obligations include cash, balances with Central bank, dues from banks, treasury bills, other governmental securities and loans and advances to customers and banks, customers' loans that are due within a year are extended partially for the ordinary activity of the bank. In addition, some of debt instruments, treasury bills and governmental securities are mortgaged to guarantee the liabilities, the bank has the ability to cover the net unexpected cash flows through the sale of financial securities and finding other funding resources.

Due from banks

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

Loans and Facilities to banks

Loans and banking facilities represented in loans not from deposits at banks. The expected fair value of the loans and facilities represents the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate to determine fair value.

Loans and Facilities to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Financial assets

Investment securities include only interest-bearing assets held at amortized cost; financial assets classified at fair value through other comprehensive income are measured at fair value. Fair value for assets held at amortized cost is based on market prices or broker/ dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

C. Capital Management

The Bank's objectives when managing capital, which consists of another items in addition of owner's equity stated in balance sheet are:

- To comply with the legal requirements in Egypt and the countries where the bank's branches exist.
- To safeguard the Bank's ability to continue as ongoing concern so that it can continue to provide returns for Shareholders and stakeholders and other parties that deal with the bank.
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Central bank Of Egypt, for supervisory purposes.

The required information is filed with the Authority on a quarterly basis. Central Bank of Egypt requires the following:

- Holding the minimum level of the issued and paid up capital of EGP 500 million.
- Maintaining a ratio of total regulatory capital to the risk weighted asset or above the agreed minimum of 10%.

The bank's branches are working under the regulations of the banking sector in Egypt.

The nominator of capital adequacy standard consists of two tiers:

Tier One:

Tier one, consisting of paid-in capital (after deducting the book value of treasury shares), and retained earnings and reserves resulting from the distribution of profits with the exception of banking risk reserve and deducting there from previously recognized goodwill and any transferred loss.

Tier Two:

Qualifying subordinated loan capital, which consists of the equivalent of the risk allocation according to the principles of credit issued by the Central Bank of Egypt for not more than 1.25% of total assets and liabilities weighted with risk, loans / deposits support in excess of the schedule of five years (with consumption of 20% of their value in each year of the last five years of the schedule) and 45% of the increase between the fair value and book value for each of the financial assets at fair value through other comprehensive income and at amortized cost in subsidiaries.

When calculating the total dominator of capital adequacy, it shall not exceed the capital cushions (Qualifying subordinated loan capital) for share capital and loans not to increase (deposits) support for half of the share capital.

Assets are risk weighted ranging from zero to 100% classified by the relation of the debtor to all each asset to reflect the credit risk associated with it, taking the cash collateral account. These are used for the treatment of off balance sheet items after adjustments to reflect the nature of contingency and the potential loss of those amounts. The bank had complied with all the local capital requirements during the past two years.

The following table summarizes basic and syndicated capital components and the capital adequacy ratio.

Capital adequacy ratio according to Basel II

	31/12/2021	31/12/2020
	EGP	EGP
Capital		
(Tier 1 capital) basic capital		
Paid-up capital	1 518 000 000	1 265 000 000
Amounts reserved for capital increase	253 000 000	379 500 000
Reserves	4 876 529 750	3 770 494 024
Retained earnings	390 699 924	100 618 290
Total deduction from basic capital	**(341 662 343)**	**(393 475 343)**
Other comprehensive income	**417 904 390**	**125 175 167**
Total basic capital	**7 114 471 721**	**5 247 312 138**
Net income for the year	**1 470 956 364**	**1 845 043 554**
Total paid up capital and additional paid up capital and retained earnings	8 585 428 085	7 092 355 692
(Tier 2 capital) syndicated capital,		
45% of Special Reserve	4 205 235	4 205 235
Impairment provisions for loans, facilities and contingent liabilities	387 390 082	315 407 506
50% of disposals from tier (1) and tier (2)	(31 500)	(27 000)
Total Syndicated Capital	**391 563 817**	**319 585 741**
Total capital	**8 976 991 902**	**7 411 941 433**
Risk-weighted assets and contingent liabilities:		
Total Credit Risk	30 991 206 600	25 232 600 486
Total Market Risk	353 679 157	1 252 711 525
Total Operational Risk	6 721 534 000	6 448 825 500
Total	**38 066 419 757**	**32 934 137 511**
Capital Adequacy ratio (%)	**23.58**	**22.51**

* Based on the bank's consolidated financial statement according to the Central Bank of Egypt regulations on 18 December 2012.

Financial leverage	31/12/2021	31/12/2020
	EGP	EGP
Tier one capital after exclusions	**8 585 428 085**	**7 092 355 692**
Total on-balance sheet exposures, derivatives contracts and financial papers operations	77 376 922 000	59 780 378 000
Total off balance sheet exposures.	1 826 862 000	1 867 866 000
Total exposures on-balance sheet and off-balance sheet.	**79 203 784 000**	**61 648 244 000**
Financial leverage ratio	**10.84**	**11.50**

4. Critical Accounting Estimates and Judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available info.

A. Impairment losses on loans and facilities

Based on personal basis The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis in determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio .This evidence may include observable data indicating that there has been an adverse change in the payment (Egyptian Pounds) status of borrowers in a Bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

B. Fair value of derivatives

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed.

C. Income taxes

The bank is subject to income tax in a number of tax circles for its branches which requires the use of significant estimates to determine the total income tax provision. There's a number of operations and accounts that are difficult to determine its final tax expense accurately. The bank created provisions for the expected results of the tax inspection that is being conducted and to account for probable additional tax. When there is a difference between the final results of the tax and the pre-recorded amounts, these differences will be adjusted against the income tax and the deferred income tax provision.

5. Segment Analysis

A. Segment Analysis of activities

Segment activity includes operational procedures and the assets that are used in providing banking services and managing the risk related to it and the return relevant to that activity that may differ from any other activities and the segment analysis of operations according to banking operations includes the following:

Corporate, medium &small sized enterprise
This includes current accounts (debit/credit), deposits, loans & facilities and financial derivatives.

Investments
Includes merging of companies, financing companies restructuring & financial tools.

Retail
Includes current, saving & deposit accounts, credit cards, and personal & real estate loans.

Other activities
Includes other banking activities.

Transactions between business segments are on normal commercial terms and conditions and it includes operational assets and liabilities as presented in the Banks's balance sheet.

Revenues and Expenses according to segment activity

The year ended on 31 December 2021	Corporate	Investment	Individuals	Other activities	Total
Segment activity revenues	2 722 519 217	1 744 929 882	2 144 709 245	2 022 588 802	8 634 747 146
Segment activity expenses	2 117 093 984	644 095 054	1 603 944 730	981 265 107	5 346 398 875
Segment operation results	605 425 233	1 100 834 828	540 764 515	1 041 323 695	3 288 348 271
Unclassified expenses	--	--	--	--	(420 589 039)
Net income for the year before taxes	--	--	--	--	2 867 759 232
Taxes	--	--	--	--	(839 609 879)
Net income for the year	--	--	--	--	2 028 149 353

The year ended on 31 December 2020	Corporate	Investment	Individuals	Other activities	Total
Segment activity revenues	2 202 157 448	1 527 305 027	1 955 020 333	1 854 570 449	7 539 053 257
Segment activity expenses	1 798 974 692	562 324 353	1 483 562 579	825 833 391	4 670 695 015
Segment operation results	403 182 756	964 980 674	471 457 754	1 028 737 058	2 868 358 242
Unclassified expenses	--	--	--	--	(59 099 357)
Net income for the year before taxes	--	--	--	--	2 809 258 885
Taxes	--	--	--	--	(748 999 424)
Net income for the year	--	--	--	--	2 060 259 461

B. Analysis of Geographical Segments

Year ended on 31 December 2021	Greater Cairo	Alexandria, Delta& Sinai	Upper Egypt	Total
Revenues &expenses in accordance with geographical segment				
Geographical segment revenues	6 670 369 544	1 425 117 624	539 259 979	8 634 747 147
Geographical segment expenses	4 769 916 312	703 078 162	293 993 441	5 766 987 915
Sector's profit results	1 900 453 232	722 039 462	245 266 538	2 867 759 232
Net income for the year before taxes				2 867 759 232
Taxes				(839 609 879)
Net income for the year				2 028 149 353
Assets and liabilities in accordance with geographical segment				
Assets of geographic segment	62 823 535 069	12 336 310 930	3 384 614 047	78 544 460 046
Unspecified Assets				1 223 375 908
Total assets	62 823 535 069	12 336 310 930	3 384 614 047	79 767 835 954
Liabilities of geographic segment	53 063 786 545	12 389 513 888	3 244 347 507	68 697 647 940
Other items of the Geographical segment				
Depreciations	(227 723 989)	(23 640 326)	(7 594 153)	(258 958 468)
Impairment reversal	(161 630 571)	--	--	(161 630 571)

Year ended on 31 December 2020	Greater Cairo	Alexandria, Delta& Sinai	Upper Egypt	Total
Revenues &expenses in accordance with geographical segment				
Geographical segment revenues	5 466 547 348	1 540 749 482	531 756 427	7 539 053 257
Geographical segment expenses	3 586 308 437	852 234 378	291 251 557	4 729 794 372
Sector's profit results	1 880 238 911	688 515 104	240 504 870	2 809 258 885
Net income for the year before taxes				2 809 258 885
Taxes				(748 999 424)
Net income for the year				2 060 259 461
Assets and liabilities in accordance with geographical segment				
Assets of geographic segment	46 893 104 188	10 313 163 122	2 969 703 844	60 175 971 154
Unspecified Assets				1 211 709 424
Total assets	46 893 104 188	10 313 163 122	2 969 703 844	61 387 680 578
Liabilities of geographic segment	38 942 453 089	10 444 648 022	2 879 198 975	52 266 300 086
Other items of the Geographical segment				
Depreciations	(210 018 526)	(21 241 304)	(6 671 418)	(237 931 248)
Impairment	178 831 891	--	--	178 831 891

6. Net interest income

	31/12/2021	31/12/2020
Interest received from loans and similar items:	**EGP**	**EGP**
Loans and advances to customers	2 428 583 891	2 273 799 996
Financial investment not at fair value through profit or loss	3 819 962 491	3 293 934 833
Deposits and current accounts	714 559 527	475 668 206
Total	**6 963 105 909**	**6 043 403 035**
Cost of Deposits and similar Expenses:		
Deposits and current accounts:		
Banks	9 135 759	33 287 474
Customers	3 524 073 447	3 011 210 877
Total	3 533 209 206	3 044 498 351
Other financial institutions loans	155 361 545	174 647 661
Total	**3 688 570 751**	**3 219 146 012**
Net interest income	**3 274 535 158**	**2 824 257 023**

7. Net fees & commissions income

	31/12/2021	31/12/2020
	EGP	EGP
Fees & commissions income :		
Fees & commissions related to credit	72 392 574	87 529 622
Financing fees	233 988 720	181 903 884
Other fees	144 912 598	137 200 296
Total	451 293 892	406 633 802
Fees and commission expenses:		
Other paid fees	(40 006 607)	(47 947 767)
Net income from fees and commissions	**411 287 285**	**358 686 035**

8. Dividends Income

	31/12/2021	31/12/2020
	EGP	EGP
Equity instrument at fair value through profit or loss	2 503 209	2 545 937
Equity instrument at fair value through other comprehensive income	3 284 855	3 252 522
Total	**5 788 064**	**5 798 459**

9. Net trading income

	31/12/2021	31/12/2020
	EGP	EGP
Forex profit (losses)	16 130 969	17 133 062
Currencies Forward contracts valuation differences	(1 748 616)	--
Equity instruments at fair value through profit and loss	50 906 919	37 568 694
Net income from financial assets at fair value through profit and loss	**65 289 272**	**54 701 756**

10. Revenue from housing projects

	31/12/2021	31/12/2020
	EGP	EGP
Sales of housing properties	892 695 686	684 036 200
Cost of sold properties	(371 923 566)	(247 037 153)
Revenue from properties	**520 772 120**	**436 999 047**
Other housing revenues	119 343 596	66 766 910
Total	**640 115 716**	**503 765 957**

11. Administrative expenses

	31/12/2021	31/12/2020
	EGP	EGP
Staff cost		
Wages and salaries	716 105 301	634 299 696
Social insurances	44 227 299	38 028 465
Retirement benefit cost	14 337 579	13 674 842
Operation utilities	518 906 266	452 179 655
Current expenses	354 971 652	316 471 164
Portion of social and athletic activities	1 000 000	1 775 000
Donations	34 155 368	33 795 505
Others	88 528 133	44 921 105
Total administrative expenses	**1 772 231 598**	**1 535 145 432**

12. Other operating revenues

	31/12/2021	31/12/2020
	EGP	EGP
Revaluation losses of assets and liabilities balances in foreign currencies with monetary nature other than held for trading or classified at inception at fair value through profit or loss	(5 301 341)	(2 410 119)
Gain from selling properties, planets and equipment	2 739 428	14 249 098
Reversal of impairment of other assets and bank's projects	1 732 734	(3 564 690)
Others	210 972 654	129 542 112
Total	**210 143 475**	**137 816 401**

13. Loans impairment losses

	31/12/2021	31/12/2020
	EGP	EGP
Loans and customer advances	(166 839 608)	179 121 828
Due from banks	(940 068)	(66 286)
Debt instruments -at amortized cost	6 149 105	(223 651)
Total	**(161 630 571)**	**178 831 891**

14. Income tax expenses

	31/12/2021	31/12/2020
	EGP	EGP
Current taxes	(865 060 800)	(812 653 863)
Deferred income taxes	25 450 921	63 654 439
Total	**(839 609 879)**	**(748 999 424)**

15. Earnings per share

Earnings per share are calculated by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of shares outstanding during the year.

	31/12/2021	31/12/2020
	EGP	EGP
Net profit for the year available for controlling interest	2 015 996 773	2 050 358 631
Weighted average number of shares	151 800 000	151 800 000
Basic earnings per share	**13.28**	**13.51**

16. Cash and balances with central bank

	31/12/2021	31/12/2020
	EGP	EGP
Cash	919 212 840	783 961 502
Due from central Bank within the required reserve percentage	5 854 537 537	5 016 534 231
	6 773 750 377	5 800 495 733
Non-interest bearing balances	6 773 750 377	5 800 495 733

17. Due from banks

	31/12/2021	31/12/2020
	EGP	EGP
Current accounts	139 339 391	69 688 539
Deposits	14 022 318 724	3 750 234 811
Provision of impairment losses	(1 006 354)	(66 286)
	14 160 651 761	3 819 857 064
Central Bank (excluding obligatory reserve)	13 269 853 689	2 160 819 912
Local Banks	812 825 085	1 615 244 984
Foreign Banks	77 972 987	43 792 168
	14 160 651 761	3 819 857 064
Non-interest bearing balances	139 339 391	69 688 539
Interest bearing balances (Fixed rate)	14 021 312 370	3 750 168 525
	14 160 651 761	3 819 857 064
Current balances	**14 160 651 761**	**3 819 857 064**

18. Loans & facilities to customers

	31/12/2021	31/12/2020
	EGP	EGP
Retail		
Overdrafts	660 862 397	642 726 758
Credit cards	68 351 990	44 504 376
Personal loans	6 797 426 924	4 869 358 296
Real Estate loans	8 532 971 677	7 754 640 464
*Other loans	388 347 945	455 240 231
Total	**16 447 960 933**	**13 766 470 125**
Institutions including small loans for economic activities		
Overdrafts	4 436 426 470	3 373 783 910
Direct loans	4 249 246 121	3 152 542 701
Syndicated loans	1 289 643 832	757 432 318
Total	**9 975 316 423**	**7 283 758 929**
Total Loans& facilities to customers	26 423 277 356	21 050 229 054
Less:		
Impairment of loan loss provision	(2 247 178 566)	(2 069 900 781)
Interest in suspense	(16 792 237)	(18 204 192)
	24 159 306 553	18 962 124 081
Current Balances	**5 972 651 165**	**4 789 828 329**
Non-current Balances	**20 450 626 191**	**16 260 400 725**
	26 423 277 356	**21 050 229 054**

* Supported loans are paid regularly within the governmental plan for sociable development,

Impairment of loan loss provision

Movement analysis of impairment of loan and facilities loss provision to customers

	31/12/2021	31/12/2020
	EGP	EGP
Balance at the beginning of the year	2 069 900 781	2 251 418 897
Reversal of Impairment loss	166 839 608	(179 121 828)
Amounts written off during the year	(1 891 665)	(12 824 310)
Refunded amounts during the year	12 589 555	11 720 792
Foreign currency revaluation difference	(259 713)	(1 292 770)
Balance at the end of the year	**2 247 178 566**	**2 069 900 781**

19. Financial investment at fair vule through profit and loss

	31/12/2021	31/12/2020
	EGP	EGP
Equity instrument listed in stock market		
Local companies' shares	5 839	51 535 775
Total equity instrument	**5 839**	**51 535 775**
Equity instrument unlisted in stock market		
Mutual fund's instrument	17 640 645	20 635 582
Total Equity instrument unlisted in stock market	**17 640 645**	**20 635 582**
Financial investment portfolio managed by others	470 870 342	366 347 411
Total trading financial assets	**488 516 826**	**438 518 768**

20. Financial assets (other than that in fair through profit and loss)

	31/12/2021	31/12/2020
Financial assets at fair value through other comprehensive income	EGP	EGP
Debt instrument :		
Listed in stock market	19 850 651 854	19 796 595 919
Unearned interest	(1 017 140 746)	(1 231 153 273)
Equity instrument :		
Listed in stock market	254 200 973	133 476 141
Mutual fund's instrument established according to the issued rates	42 550 184	38 445 941
Total Financial assets at fair value through other comprehensive income	**19 130 262 265**	**18 737 364 728**
Financial assets at Amortized Cost		
Debt instruments -at amortized cost:		
Debt instrument (listed)	9 675 715 992	10 109 946 180
Unearned interest	(31 688 951)	(36 329 675)
Selling of debt instrument with obligation of rebuying	(4 366 792 377)	(4 549 690 453)
Provision of debt instrument impairment losses	(2 361 581)	(8 510 685)
Total Financial assets at Amortized Cost	**5 274 873 083**	**5 515 415 367**
Total Financial assets at Amortized Cost	**24 405 135 348**	**24 252 780 095**
Total Financial assets	24 108 384 191	24 080 858 013
Current Balances	296 751 157	171 922 082
	24 405 135 348	24 252 780 095
Debt Instruments – interest bearing (fixed)	**24 108 384 191**	**24 080 858 013**

	Financial assets at fair value through other comprehensive income	Financial assets at Amortized Cost	Total
Balance at the beginning of January 1, 2021	**18 737 364 728**	**5 515 415 367**	**24 252 780 095**
Net movement of buying and selling	185 143 455	(436 891 076)	(251 747 621)
Amortization of premium issuance	(9 722 317)	7 301 612	(2 420 705)
Change in fair value	217 476 399	--	217 476 399
Selling of debt instrument with obligation of rebuying	--	182 898 076	182 898 076
Provision for debt instrument impairment	--	6 149 104	6 149 104
Balance as of 31 December 2021	**19 130 262 265**	**5 274 873 083**	**24 405 135 348**
Balance as of 1 January 2020	**1 933 681 038**	**14 550 044 436**	**16 483 725 474**
Net movement of buying and selling	16 699 932 202	(9 127 975 607)	7 571 956 595
Amortization of premium issuance	--	13 391 904	13 391 904
Change in fair value	103 751 488		103 751 488
Selling of debt instrument with obligation of rebuying		80 178 285	80 178 285
		(223 651)	(223 651)
Balance as of 31 December 2020	**18 737 364 728**	**5 515 415 367**	**24 252 780 095**

Change in fair value of equity instruments at fair value through other comprehensive income	31/12/2021	31/12/2020
	EGP	EGP
Change in fair value of equity instrument at fair value through other comprehensive income	217 476 399	103 751 488
Total	**217 476 399**	**103 751 488**

21. Investments in associated companies

	31/12/2021					
	Company's total assets	Company's total liabilities without owners' equity	Company's total revenues	Company's total profit (loss)	Shares percentage	Shares Value
	EGP	EGP	EGP	EGP	%	EGP
El-Tameer housing and utilities company	409 750 493	290 820 363	340 028 290	45 306 376	%35	41 625 544
El-Tameer Real Estate Finance company	3 135 068 314	2 258 208 921	220 557 766	48 183 066	%24.84	217 783 620
Hyde Park for Real Estate Development Company	11 830 838 750	6 871 509 812	1 854 010 896	368 514 962	%53.66	1 616 854 063
City edge company	4 454 885 900	2 724 014 910	581 549 321	29 441 062	%35.05	566 044 465
Total	**19 830 543 457**	**12 144 554 006**	**2 996 146 273**	**491 445 466**		**2 442 307 692**

The bank shares' in profits of associated companies in 31 December 2021 amounted to EGP 248,805,745.

	31/12/2020					
	Company's total assets	Company's total liabilities without owners' equity	Company's total revenues	Company's total profit (loss)	Shares percentage	Shares Value
	EGP	EGP	EGP	EGP	%	EGP
El-Tameer housing and utilities company	238 910 488	157 529 684	314 343 202	18 508 891	%35	31 426 334
El-Tameer Real Estate Finance company	2 254 588 436	1 389 092 186	222 195 395	60 140 904	%24.8	210 847 277
Hyde Park for Real Estate Development Company	9 945 837 596	8 426 144 660	1 616 104 557	342 024 841	%53.66	1 200 610 537
City edge company	4 218 943 444	2 398 997 427	761 834 802	242 634 595	%35.05	647 549 610
Total	**16 658 279 964**	**12 371 763 957**	**2 914 477 956**	**663 309 231**		**2 090 433 758**

22. Housing projects

	31/12/2021	31/12/2020
	EGP	EGP
Lands allocated for housing projects	883 858 448	886 711 560
Under Construction projects	912 075 304	890 196 528
Finished projects	682 594 983	680 417 046
Housing projects provision	(23 231 797)	(24 016 757)
Total	**2 455 296 938**	**2 433 308 377**

The total area of empty units' available for sale household units 179,536 meters, administrative and commercial buildings 16,742 thousand meters and the lands 2,408 million meters.

Housing projects impairment breakdown

	31/12/2021	31/12/2020
	EGP	EGP
Balance at the beginning of the year	24 016 757	24 016 757
Charged during the year	--	--
Utilized during the year	(784 960)	--
Balance at the beginning of the year	**23 231 797**	**24 016 757**

23. Investments property

	31/12/2021	31/12/2020
	EGP	EGP
Total Investments	161 261 812	157 733 418
Accumulated Depreciation	(54 641 086)	(46 532 215)
Net book value at the beginning of the year	**106 620 726**	**111 201 203**
Additions	--	3 528 394
Depreciation of the year	(7 938 397)	(8 108 871)
Net book value at the end of the year	**98 682 329**	**106 620 726**

Real estate investments rented for the bank's companies and others with yearly renewal contracts and with depreciation calculated for the rented units at 5% annually.

Real estate investments have been revaluated with the fair value by an amount of EGP 441 million as of 31 December 2021 by an evaluator with a recognized professional certificate and has an experience of real estate.

24. Intangible assets

	31/12/2021	31/12/2020
	EGP	EGP
Computers programs		
Beginning cost	434 747 045	374 565 613
Additions during the year	53 895 261	60 181 432
Ending cost	**488 642 306**	**434 747 045**
Accumulated depreciation at the beginning of the year	(330 372 566)	(260 437 299)
Depreciation during the year	(65 781 310)	(69 935 267)
Accumulated depreciation at the end of the year	**(396 153 876)**	**(330 372 566)**
Net book value at the end of the year	**92 488 430**	**104 374 479**

25. Other assets

	31/12/2021	31/12/2020
	EGP	EGP
Accrued revenues	854 341 779	623 125 388
Prepaid expenses	33 163 584	18 744 206
Advanced payments for purchasing fixed assets	564 083 561	291 975 205
Notes receivable and customers	1 428 338 341	818 667 048
Insurance and consignment	16 951 729	10 753 867
Assets reverted to banks in settlement of debts	67 868 909	65 676 232
Others	507 594 682	379 907 640
Total	**3 472 342 585**	**2 208 849 586**

26. Fixed assets

	Lands	Buildings & Constructions	Transportation Vehicle
Balance at 1 January 2020			
Cost	188 861 559	705 481 573	66 377 889
Accumulated Depreciation	--	181 240 057	40 737 141
Net book value at 1 January 2020	**188 861 559**	**524 241 516**	**25 640 748**
31 December 2020			
Net book value at 1 January 2020	188 861 559	524 241 516	25 640 748
Additions	10 632 102	121 966 811	4 474 736
Disposals	663 870	23 452 769	14 163 986
Accumulated depreciation of disposals	--	12 983 396	13 147 096
Depreciation expense	--	32 627 242	9 544 370
Net book value at 31 December 2020	**198 829 791**	**603 111 712**	**19 554 224**
Balance at 1 January 2021			
Cost	198 829 791	803 995 615	56 688 639
Accumulated Depreciation	--	200 883 903	37 134 415
Net book value at 1 January 2021	**198 829 791**	**603 111 712**	**19 554 224**
31 December 2021			
Net book value at 1 January 2021	198 829 791	603 111 712	19 554 224
Additions	1 183 143	60 295 464	4 928 686
Disposals	--	343 666	3 802 844
Accumulated depreciation of disposals	--	265 788	1 830 388
Depreciation expense	--	40 162 216	8 843 385
Net book value at 31 December 2021	**200 012 934**	**623 167 082**	**13 667 069**
Balance at 31 December 2021			
Cost	200 012 934	863 947 413	57 814 481
Accumulated Depreciation	--	240 780 331	44 147 412
Net book value at 31 December 2021	**200 012 934**	**623 167 082**	**13 667 069**

(Egyptian Pound)

Machinery & Equipment	Furniture	Automated systems	Facilities & Installments	Total
580 687 628	106 052 060	5 159 990	27 218 365	1 679 839 064
351 164 666	45 900 497	3 595 755	25 257 594	647 895 710
229 522 962	**60 151 563**	**1 564 235**	**1 960 771**	**1 031 943 354**
229 522 962	60 151 563	1 564 235	1 960 771	1 031 943 354
94 155 877	14 354 170	399 599	9 554 410	255 537 705
--	--	--	--	38 280 625
--	--	--	--	26 130 492
113 097 717	9 162 918	668 831	2 894 903	167 995 981
210 581 122	**65 342 815**	**1 295 003**	**8 620 278**	**1 107 334 945**
674 843 505	120 406 230	5 559 589	36 772 775	1 897 096 144
464 262 383	55 063 415	4 264 586	28 152 497	789 761 199
210 581 122	**65 342 815**	**1 295 003**	**8 620 278**	**1 107 334 945**
210 581 122	65 342 815	1 295 003	8 620 278	1 107 334 945
127 892 011	13 226 633	2 429 723	8 836 894	218 792 554
79 866	104 563	357 578	403 388	5 091 905
79 856	102 275	355 985	394 750	3 029 042
127 494 466	10 657 234	1 150 656	4 869 201	193 177 158
210 978 657	**67 909 926**	**2 572 477**	**12 579 333**	**1 130 887 478**
802 655 650	133 528 300	7 631 734	45 206 281	2 110 796 793
591 676 993	65 618 374	5 059 257	32 626 948	979 909 315
210 978 657	**67 909 926**	**2 572 477**	**12 579 333**	**1 130 887 478**

27. Due to banks

	31/12/2021	31/12/2020
	EGP	EGP
Current accounts	535 207	1 164 326
Deposits	736 300 000	785 765 514
	736 835 207	**786 929 840**
Local banks	490 000 000	391 552 600
Foreign banks	246 835 207	395 377 240
	736 835 207	**786 929 840**
Non-interest bearing balances	535 207	1 164 326
Interest bearing balances (fixed rate)	736 300 000	785 765 514
	736 835 207	**786 929 840**
Current balances	**736 835 207**	**786 929 840**

28. Customers' deposits

	31/12/2021	31/12/2020
	EGP	EGP
Demand deposit	31 424 704 439	21 777 025 003
Time & call deposits	12 505 725 436	10 318 652 392
Saving certificates	8 514 917 214	5 702 687 253
Saving deposits	7 445 865 582	6 307 498 607
Other deposits	2 924 570 084	2 875 735 250
	62 815 782 755	**46 981 598 505**
Institutions deposits	40 382 473 785	28 981 053 020
Individual deposits	22 433 308 970	18 000 545 485
	62 815 782 755	**46 981 598 505**
Non-interest bearing balances	33 848 588 942	23 653 036 365
Interest bearing balances (variable rate)	7 444 765 582	6 258 398 607
Interest bearing balances (fixed rate)	21 522 428 231	17 070 163 533
	62 815 782 755	**46 981 598 505**
Current balances	54 300 865 541	41 278 911 252
Non-current balances	8 514 917 214	5 702 687 253
	62 815 782 755	**46 981 598 505**

29. Financial Derivatives

31/12/2021	Notional amount	Assets	Liabilities
	EGP	EGP	EGP
Forward foreign exchange contracts	72 782 283	--	1 748 616
	72 782 283	**--**	**1 748 616**

Forward foreign exchange contracts represents commitments to exchange group of cash flows with another, and the derivatives become in the bank side (assets) or not in the bank side (liabilities) as a result of the change in the exchange rate related to these derivatives.

30. Other loans

	Interest rate (%)	31/12/2021	31/12/2020
		EGP	EGP
Long term loans			
Loans Granted from the CBE:			
Loans of Bank Activity	%8.75	630 440	1 120 440
New Urban Communities organization	%8.75	16 301 974	22 899 396
Construction & Housing Organization	%8.75	314 107 105	374 107 091
Houses Mutual Fund	%8.75	0	6 417 035
Total loans granted from the CBE		**331 039 519**	**404 543 962**
Loans granted from the Social Fund for development	%14.75،%7	102 047 300	110 955 300
The Egyptian Company for real estate refinance loan	%11،%10.25	41 827 136	50 877 880
Loan granted from Export development bank to HD leasing		591 051 470	322 191 598
Total		**1 065 965 425**	**888 568 740**
Current balances		92 907 123	105 780 066
Non-current balances		973 058 302	782 788 674
		1 065 965 425	888 568 740

The bank fulfilled its commitments regarding those loans in terms of the principal amount & interest amount or any other conditions during the year and comparative year.

31. Other liabilities

	31/12/2021	31/12/2020
	EGP	EGP
Accrued interest	309 000 762	223 722 278
Unearned revenue	4 265 909	2 431 952
Accrued expense	87 708 316	72 591 780
Creditors	51 102 747	50 919 148
Advanced payments for lands and units	396 003 260	419 582 505
Down payments for installments	141 547 463	126 880 921
Checks under payment & credit accounts under settlement	508 270 240	237 169 425
Creditors to buy lands	93 493 668	93 085 604
Other credit balance	1 767 545 675	1 688 817 642
Total	**3 358 938 040**	**2 915 201 255**

32. Provisions

31/12/2021	Beginning balance	Charged amounts
Provision for contingent liabilities	10 533 965	48 859 371
Provision for loans commitments	35 880 479	27 721 395
Provision for tax	127 669 793	--
Provision for legal claims	136 749 233	6 000 000
Provision for Disaster relief	1 001 539	--
Provision for other claims	75 307 110	33 780 090
Total	**387 142 119**	**116 360 856**

31/12/2020	Beginning balance	Charged amounts
Provision for contingent liabilities	18 283 191	--
Provision for loans commitments	15 752 559	20 127 920
Provision for tax	177 675 676	--
Provision for legal claims	136 235 570	1 575 909
Provision for Disaster relief	14 720	1 486 152
Provision for other claims	80 867 266	9 050 296
Total	**428 828 982**	**32 240 277**

		31/12/2021
	Charged amounts	No longer required
Provision for contingent liabilities	(48 859 371)	--
Provision for loans engagements	(27 721 395)	--
Provision for tax	--	50 000 000
Provision for legal claims	(6 000 000)	28 163 425
Provision for Disaster relief	--	--
Provision for other claims	(33 780 090)	--
Total	**(116 360 856)**	**78 163 425**

(Egyptian Pound)

Transferred from – To	Utilized amounts	Amounts no longer required	Ending Balance
--	--	--	59 393 336
--	--	--	63 601 874
(15 000 000)	(4 082 937)	(50 000 000)	58 586 856
--	--	(28 163 425)	114 585 808
--	(744 581)	--	256 958
15 000 000	(20 886 713)	--	103 200 487
--	**(25 714 231)**	**(78 163 425)**	**399 625 319**

Utilized amounts	Amounts no longer required	Ending Balance
--	(7 749 226)	10 533 965
--	--	35 880 479
(5 883)	(50 000 000)	127 669 793
(70 014)	(992 232)	136 749 233
(499 333)	--	1 001 539
(14 610 452)	--	75 307 110
(15 185 682)	**(58 741 458)**	**387 142 119**

	31/12/2020		
Total	Charged amounts	No longer required	Total
(48 859 371)	--	7 749 226	7 749 226
(27 721 395)	(20 127 920)	--	(20 127 920)
50 000 000	--	50 000 000	50 000 000
22 163 425	(1 575 909)	992 232	(583 677)
--	(1 486 152)	--	(1 486 152)
(33 780 090)	(9 050 296)	--	(9 050 296)
(38 197 431)	**(32 240 277)**	**58 741 458**	**26 501 181**

33. Deferred income tax

Deferred income taxes have been totally calculated on the difference of the deferred taxes under the liabilities method using a tax rate of 22.5% in the current financial year,

Deferred income taxes resulted from previous years tax loss is not recognized unless there is expected profit taxes can be used to decrease the previous years' tax loss,

Deferred tax assets (liabilities)

	31/12/2021	31/12/2020
	EGP	EGP
Fixed assets and Intangible Assets	12 981 788	6 068 080
Others	75 487 849	56 914 886
Total deferred tax asset	**88 469 637**	**62 982 966**

The deferred tax assets related to items previously mentioned were not recognized, and this is due to that there is not a reasonable assurance to benefit from it, or the existence of an appropriate level to ensure the existence of sufficient future tax returns through which it is possible to benefit from these assets.

Deferred tax assets (liabilities) transactions:

	31/12/2021	31/12/2020
	EGP	EGP
Beginning balances of the year	62 982 966	(671 473)
Charged to income statement	25 486 671	63 654 439
Ending balance of the year	88 469 637	62 982 966

Unrecognized deferred tax assets

	31/12/2021	31/12/2020
	EGP	EGP
Loans impairment provision excluding the 80% during the year	101 123 035	93 145 535

34. Retirement benefit obligations

	31/12/2021	31/12/2020
	EGP	EGP
Retirement benefit obligation as recorded in balance sheet :		
Medical benefit after retirement	55 317 866	47 073 604
Transactions of liabilities during the year represented as follows :		
Balance at the beginning of the year	**47 073 604**	**39 676 455**
Provided amounts during the year	21 242 827	17 087 068
Paid contributions	(12 998 565)	(9 689 919)
Balance at the end of the year	**55 317 866**	**47 073 604**

Main actuarial assumption used represented in the following:

	Current year %	Comparison Year %	
Discount rate	10%	10%	
Expected interest rate on assets	8%	10.75%	
Average medical cost per individual	14.706	14.706	
Inflation rate used in medical services cost	2%	5%	
Death rates	(A52 -49)	(A52 -49)	British table

The assumptions related to the death rate are based on the announced recommendations, statistics, and experience in Egypt.

35. Capital

Authorized Capital

The authorized capital is EGP 3 000 million, the issued and paid up capital is EGP 1 518 million totaling 151.80 million share each share par value is EGP 10.

1. The Bank's extraordinary general assembly approved on 5/11/2007 to increase the authorized capital from EGP 1,000 million to EGP 3,000 million, and the issued and paid up capital from EGP 550 million to EGP 1,150 million with an increase amounted to EGP 600 million.

   The newsletter subscription had been announced on 16/01/2008 for the first phase with an increase amounted to EGP 120 million at the face value for the initial shareholders, and it was completely accomplished and marked on the bank's commercial ledger,
   The second phase had been announced from 23/3/2010 till 29/04/2010 and open subscription for the initial shareholders, and till 13/05/2010 for the new shareholders for 45 million shares at par value EGP 20 in addition to 25 piasters (issuance fee) and 3 million shares have been distributed to the employees at par value EGP 10 in addition to 25 piasters (issuance fee) and it was completely accomplished and marked on the bank's commercial register on 29/9/2010 accordingly the issued and paid capital has reached EGP 1,150 million.
2. The Bank's extraordinary general assembly approved on 10/04/2014 increasing the issued and paid up capital from EGP 1,150 million to EGP 1,265 million by contribute EGP 115 million from the Legal reserve of year 2012 by one share for every ten share and marked on the bank's commercial register on 14/12/2014 accordingly the issued and paid capital has reached EGP 1,265 million.
3. The Bank's extraordinary general assembly approved on 20/12/2017 to increase the issued and paid up capital from EGP 1,265 million to EGP 1,518 million by contribute EGP 253 million from the General reserve of the period ended 30 September 2017 by one share for every five shares and the procedures have been taken to be marked on the bank's commercial register on 17/05/2021 accordingly the issued and paid capital has reached EGP 1,518 million.

Amounts reserved for capital increase

4. The Bank's extraordinary general assembly approved on 30/4/2018 to increase the issued and paid up capital from EGP 1,518 million to EGP 1,644.5 million from the legal reserve by one share for every ten shares at par value of EGP 10 per each with contributions of EGP 126.5 million and the procedures have been taken to be marked on the bank's commercial register.
5. The Bank's general assembly approved on 31/03/2021 the statement of profit distribution proposal that included issued and paid up capital increase with one share per each 10 shares at par value of EGP 10 per each with total contributions of EGP 126,5 million.
6. In the context of the reconciling the situation of the Banking law No.194 issued in September 2020 (Article 4) and with reference of Article 64, where the minimum paid up capital becomes EGP 5 billion, the bank has performed the following:

   - On 25/05/2021, the bank communicated with Central Bank of Egypt to approve extension of the grace period to finalize the capital increase procedures to reach EGP 5.313 Billion.
   - On 11-8-2021 the bank's board of directors approved the issued and paid up capital increase procedures to reach EGP 5.313 Billion financed from the general reserve, legal reserve and distributable net profit.
   - On 29/08/2021 the bank communicated with Deputy Governor of Central Bank of Egypt, to approve the paid up capital and amending the articles (6&7) of the bank's article of association, and to approve holding an extraordinary general assembly meeting.
   - On 30/8/2021the bank has communicated with financial regulatory authority to approve proceeding with capital increase procedures.
   - On 13/9/2021 the financial regulatory authority approved to proceed with capital increase procedures to be financed from the general reserve, legal reserve and distributable net profit and hold extraordinary general assembly meeting to amend articles (6&7) of the bank's article of association.
   - On 30/12/2021 the bank's board of directors approved amending the capital increase source of fund to be from general reserves and retained earnings to be in accordance with Central Bank of Egypt instructions.
   - The bank is currently in process of obtaining the approval from Central Bank of Egypt to hold extraordinary general assembly meeting to amend articles (6&7) of the bank's article of association.

Following are the shareholders who have over than 5% from the issued capital:

Contributors	Number of shares	Percentage of contribution	EGP in thousands
New urban communities authority	45 255 888	29.81%	452 559
Rolaco EGB for investments (Hassan Ben Dayekh)	15 179 330	10%	151 793
RIMCO CO. for investment	14 800 800	9.75%	148 008
Misr Life insurance company	13 540 608	8.92%	135 406
Misr insurance company	12 590 990	8.29%	125 910
Houses Mutual Fund	11 244 540	7.41%	112 445
Egyptian Endowments Authority	7 635 540	5.03%	76 355

36. Reserves

	31/12/2021	31/12/2020
	EGP	EGP
Banking risks reserve	31 500	27 000
Legal reserve	632 438 487	542 401 962
General reserve	4 104 000 000	3 104 000 000
Special reserve	9 344 966	9 344 966
Other reserves	34 139 831	21 702 455
General risks reserve	89 215 810	89 215 810
Total reserves at the end of the year	**4 869 170 594**	**3 766 692 193**

Movements in Reserves are presented as follows:

A- General Banking risks reserve	31/12/2021	31/12/2020
	EGP	EGP
Beginning balance of the year	27 000	22 500
Transferred from retained earning	4 500	4 500
Ending balance of the year	**31 500**	**27 000**

B- Legal reserve	31/12/2021	31/12/2020
	EGP	EGP
Beginning balance of the year	542 401 962	444 847 495
Transferred from retained earnings	90 036 525	97 554 467
Ending balance of the year	**632 438 487**	**542 401 962**

C- General reserve	31/12/2021	31/12/2020
	EGP	EGP
Beginning balance of the year	3 104 000 000	1 779 000 000
Transferred from retained earnings	1 000 000 000	1 325 000 000
Ending balance of the year	**4 104 000 000**	**3 104 000 000**

D- Special reserve	31/12/2021	31/12/2020
	EGP	EGP
Beginning balance of the year	9 344 966	9 344 966
Ending balance of the year	**9 344 966**	**9 344 966**

E- Other reserves	31/12/2021	31/12/2020
	EGP	EGP
Beginning balance of the year	21 702 455	18 365 606
Transferred from retained earnings	12 437 376	3 336 849
Ending balance of the year	**34 139 831**	**21 702 455**

G- General risks reserve	31/12/2021	31/12/2020
	EGP	EGP
Beginning balance of the year	89 215 810	89 215 810
Ending balance of the year	**89 215 810**	**89 215 810**

37. Dividends distributions

Dividends distributions are not recorded until they are approved by the shareholders general assembly,

38. Cash and cash equivalents

	31/12/2021	31/12/2020
	EGP	EGP
Cash and Due from central bank	919 212 840	783 961 502
Due from banks	10 755 651 761	3 643 113 153
Financial assets other than fair value through profit and loss	--	--
	11 674 864 601	4 427 074 655

39. Contingent liabilities and commitments

A. Legal claims

There are a number of existing cases filed against the bank without providing provisions as it's not expected to make any losses from it.

B. Capital commitments

The bank contracts of Capital commitments reached 617,437,446 EGP on 31 December 2021 compared to EGP 839,502,413 on comparative period resembled in purchasing equipment and fitting out branches and the top management are confidence in generating net profits and in the existence of available liquidity to cover those obligations,

C. Operating commitments

The operating commitments amounting to EGP 54,346,680 in 31 December 2021 against amount of EGP 63,222,488 in comparative period and representing in operating lease contracts.

D. Contingent liabilities

	31/12/2021	31/12/2020
	EGP	EGP
Letters of Guarantee	2 701 056 724	2 317 400 728
Letters of Credit	121 627 733	23 537 295
Less:		
Monetary Collaterals	(339 159 126)	(275 011 861)
Contingent liabilities	2 483 525 331	2 065 926 162

40. Mutual funds

El-Tameer Mutual Fund

The board of directors has agreed on 10 September, 2007 to establish accumulated fund with regular dividends distribution called El-Taameer Mutual Fund for EGP (100) million, managed by Prime Company for Financial Investments,

The Central Bank of Egypt has agreed on 30 January 2008 to establish the fund under the license no, 449 approved by the Egyptian financial supervisory authority on 18 March 2008

The newsletter subscription for the fund has been announced on April 14, 2008, the subscription begun at 4 May 2008 and ended on 5 June 2008 the subscription reached EGP 141,2 million The bank's portion is 5% represented in (50000) ICs amounted to EGP (5) million with face value EGP 100/share.

The redemption value of the certificate on 31 December 2021 was EGP 208.89.

Mawared Fund

The board of directors has agreed on 27 April 2009 to establish daily accumulated mutual Fund (Mawared) managed by Prime Company for Financial Investments. The Central Bank of Egypt has agreed on 9 July 2009 to establish the fund under the license no, 544 approved by the Egyptian financial supervisory authority on 16 November 2009. The subscription begun at 21 December 2009 with bank's portion of EGP 12 million that represents a share of 5% presented in 0.986 million certificates with a nominal value of EGP 10 each.

The redemption value of the certificate on 31 December 2021 was EGP 32.5491.

41. Tax status

Payroll tax

From beginning of the activity -2007	The Bank's salary tax has been inspected, paid and settled.
The years from 2008 to 2012	The Bank's payroll tax has been examined, Claims have been raised to appeal committees.
The years from 2013 to 2017	Inspection has been completed and the settlement template did not yet received.
The years from 2018-2020	The bank pays the tax monthly and prepare the tax settlements in the due dates under law no, (91) Year 2005.

Stamp duty tax

The bank's stamp duty tax has been inspected, paid and settled for the banks' branches till the end of imposing the low no,(111) for the year 1980 (stamp tax), From August 1, 2006 the law no, (143) for the year 2006 that amended by law no, (115) for the year 2008 has been applied.

The year from 1 August 2006 till 31 March 2013	The tax inspections was carried out, and the tax differences resulted from the tax inspections have been paid.
The year from 1 April 2013 till 31 December 2018	The tax inspection has been carried out in accordance with the executive instructions issued by tax authority No. 61 for the year 2015, tax settlement template did not yet received, and the bank pays the stamp duty regularly on a quarter basis.
The year from 1 January 2019 till 31 December 2021	The tax inspection did not yet carried out, the bank pays the stamp duty regularly on a quarter basis..

Corporate Income tax

1980 - 2004	Tax inspection has been completed and settled.
2005 - 2012	Tax inspection has been completed and settled, the dispute has been completed between the bank and tax authority through disputes committee according to the law No. 179 for the year 2016 that has been replaced with law No.14 for the year 2018 concerning corporate income tax for the years from 2005 till 2012, that has been finalized with signed recommendation from minister of finance to finalize the disputes.
2013 - 2014	Tax inspection has been completed and settled and the internal committee are completed, appeal committees for these claims are in place, taken into consideration that agreement request has been presented with the recommendations to agree the tax inspection for the period from 2005 till 2012.
2015 - 2017	Tax inspection completed, internal committee procedures have been completed.
2018 - 2020	The bank's has applied its tax return under tax income law no, (91) Year 2005 and its amendment in the due dates and the tax had paid and still did not yet tax inspected.

42. Significant events

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment.
HDB is closely monitoring the situation and has activated its business continuity plan and other risk management practices to manage the potential business disruption that resulted from the spreading of COVID-19 and its impact on the operations and financial performance as a result from the uncertainties caused by COVID-19 and in anticipation of the expected economic slowdown, HDB is closely monitoring the loan portfolio considering the relevant impact of virus on the various qualitative and quantitative factors where determining the significant increase in credit risk, specifically for the exposures of the mostly affected sectors.

Accordingly, HDB has taken protective actions by building up proper provisions as a mitigation plan for the COVID-19 impact on the loan portfolio as of end of March 2020. Further buildup of provisions might be taken, precautionary, till the end of the grace period, till actual performance of the portfolio start revealing itself.

Conclusion

Dear Shareholders

Finally, on behalf of the Board of Directors, I express my sincere thanks to all the Bank's shareholders for their loyalty and continuous support, and to our esteemed customers for their trust and continuous support for us. The place is to commend the effort made by the members of the Board of Directors who spared no effort in following up on the bank's situation on an ongoing basis, in addition to providing support and advice to the executive management, which had an impact on our bank achieving these positive results. Thanks are extended to the bank's auditors and members of the Central Auditing Organization for their continuous support to the bank.

I also have the honor to express my gratitude and appreciation to Mr. Dr. Eng. / Minister of Housing, Utilities and Urban Development and Mr. / Governor of the Central Bank of Egypt for their sincere efforts and constant support for our bank. We are all confident in continuing efforts to provide distinguished banking services and achieve better results in the coming years.

Chairman of the Board and Managing Director
Hassan Ismail Ghanem