HOUSING AND DEVELOPMENT BANK
SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 JUNE 2023

Translation of Auditors' report
Originally issued in Arabic

Accountability State Authority

Allied for Accounting & Auditing EY
Public Accountants & Consultants

Limited Review Report on Interim Separate Financial Statements

To: The Boards of Directors of Housing & Development Bank "Egyptian Joint Stock Company"

Introduction

We have performed a limited review of the accompanying interim separate financial statements of **Housing and Development Bank "Egyptian Joint Stock Company"** which comprise the separate statement of financial position as of 30 June 2023 and the related separate statements of income, comprehensive income, cash flows, and changes in equity for the Six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with the rules of preparation and presentation of the banks' financial statements and the basis of recognition and measurement issued by the Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in the light of the prevailing Egyptian laws and regulations related to the preparation of these interim separate financial statements. Our responsibility is to express a conclusion on these interim separate financial statements based on our limited review.

Scope of limited review

We conducted our limited review in accordance with the Egyptian Standard on Review Engagements (2410) "Limited Review of Interim Financial Statements Performed by the independent Auditor of the Entity". A limited review of interim separate financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the bank and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim separate financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the separate financial position of the Bank as of 30 June 2023 and of its separate financial performance and its separate cash flows for the Six months then ended, in accordance with rules of preparation and presentation of the banks' financial statements and basis of recognition and measurement issued by the Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in the light of the prevailing Egyptian laws and regulations related to the preparation of these interim separate financial statements.

Auditors

Eman Ayman Moheeb
Eman Moheeb
Accountability State Authority

Ashraf Mohamed Ismail
Fellow of Egyptian Tax association
Fellow of Egyptian Accountants association
Accountants and Auditors Register No (9380)
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Allied for Accounting & Auditing EY
Public Accountants & Consultants

Cairo ١٥ August 2023

HOUSING AND DEVELOPMENT BANK

SEPARATE FINANCIAL POSITION
AS OF 30 JUNE 2023

	Note No.	30/6/2023 EGP	31/12/2022 EGP
ASSETS			
Cash and balances with central bank of Egypt	16	13,928,841,416	12,722,200,461
Due from banks	17	25,176,961,586	19,024,146,878
Loans & Facilities to customers	18	37,259,291,626	35,214,603,049
Financial Assets			
Financial Assets at fair value through profit and loss	19	470,006,615	482,381,850
Financial Assets at fair value through other comprehensive income	20	21,390,822,637	23,577,463,706
Financial Assets at amortized costs	20	4,676,171,451	5,585,069,591
Financial Assets in subsidiaries and associates	21	2,195,804,841	2,199,404,841
Housing projects	22	1,089,271,971	1,106,491,434
Investments properties	23	82,626,328	85,496,358
Intangible assets	24	106,241,687	69,426,611
Other assets	25	3,045,708,910	2,390,487,920
Deferred tax assets	32	204,274,768	109,168,594
Fixed assets	26	1,039,537,542	1,065,992,857
TOTAL ASSETS		110,665,561,378	103,632,334,150
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	27	2,317,419,715	285,609
Customers' deposits	28	90,889,673,216	89,485,180,820
Other loans	29	381,336,254	400,877,340
Dividends payable		38,457,651	37,207,180
Other Liabilities	30	3,661,698,086	2,567,396,075
Other Provisions	31	361,434,543	361,855,714
Current Income tax liabilities		724,353,717	379,776,150
Retirement benefit obligations	33	70,678,606	57,837,459
TOTAL LIABILITIES		98,445,051,788	93,290,416,347
EQUITY			
Issued and paid-up-capital	34	5,313,000,000	5,313,000,000
Reserves	35	4,290,896,164	2,894,236,659
Retained earnings (included net profit of the period/year)	35	3,076,965,965	2,287,385,175
Other comprehensive income	35	(460,352,539)	(152,704,031)
TOTAL SHAREHOLDERS'EQUITY		12,220,509,590	10,341,917,803
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		110,665,561,378	103,632,334,150

*The accompanying notes are an integral part of these interim financial statements and are to be read therewith
*limited review report attached.

Gamal Mahmoud Soliman
Gamal
Chief Financial Officer

Hassan Ismail Ghanem
H. Gh
Executive Chairman
Managing Director

Eman Ayman Moheeb
Eman Moheeb
Accountability State Authority

Ashraf Mohamed Ismail
Ashraf Ismail
EY Allied for Accounting & Auditing

HOUSING AND DEVELOPMENT BANK

SEPARATE INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes No.	Six Months ended in 30/06/2023 EGP	Six Months ended in 30/06/2022 EGP	Three months from 1/4/2023 to 30/06/2023 EGP	Three months from 1/4/2022 to 30/06/2022 EGP
Interest from loans and similar income	6	7,579,758,628	4,386,165,473	4,002,101,348	2,346,393,809
Interest on deposits and similar expense	6	(3,049,731,842)	(2,289,810,080)	(1,509,417,472)	(1,218,615,379)
Net interest income		4,530,026,786	2,096,355,393	2,492,683,876	1,127,778,430
Fees and commissions revenue	7	355,717,494	250,927,687	179,027,184	135,477,196
Fees and commissions expense	7	(25,974,823)	(16,125,157)	(13,546,329)	(10,044,316)
Net fees and commission income		329,742,671	234,802,530	165,480,855	125,432,880
Dividends income	8	157,867,231	142,280,567	27,319,252	15,284,338
Net trading income	9	44,877,899	22,173,020	25,756,006	3,473,592
Housing Projects Profits'	10	487,296,927	181,511,777	256,484,519	127,163,755
Credit impairment losses (Reversal)	13	(340,597,311)	(65,524,718)	(125,507,007)	(63,734,522)
General and administrative expenses	11	(1,178,103,493)	(962,690,274)	(616,909,131)	(523,276,797)
Other provisions expense (Reversal)	31	(7,027,080)	(29,266,389)	(13,431,993)	9,318,855
Other operating revenues	12	6,176,068	56,531,043	10,118,104	17,603,143
Net profit for the period before income tax		4,030,259,698	1,676,172,949	2,221,994,481	839,043,674
Income tax expense	14	(1,015,190,763)	(472,106,278)	(531,907,584)	(275,265,509)
Net profit for the Period after income tax		3,015,068,935	1,204,066,671	1,690,086,897	563,778,165
Earnings per share for the Period	15	5.08	2.02		

	Notes	Six Months ended in 30/06/2023 EGP	Six Months ended in 30/06/2022 EGP	Three months from 1/4/2023 to 30/06/2023 EGP	Three months from 1/4/2022 to 30/06/2022 EGP
Net Profit For The Period		**3,015,068,935**	1,204,066,671	**1,690,086,897**	563,778,165
Comprehansive income items					
Change in fair value of Financial Assets at fair value through other comprehensive income	20	**(405,676,607)**	(338,497,835)	**(130,537,039)**	(176,735,121)
Expected credit loss of debt instruments at fair value through other comprehensive income		**6,750,862**	-	**3,323,475**	-
Deferred tax		**91,277,237**	-	**29,370,834**	-
Total Comprehensive Income Items		**(307,648,508)**	(338,497,835)	(97,842,730)	(176,735,121)
Total Comprehensive Income For The Period		**2,707,420,427**	865,568,836	1,592,244,167	387,043,044

HOUSING AND DEVELOPMENT BANK

SEPARATE STATEMENT OF CAHS FLOW
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six Months ended in 30/06/2023	Six Months ended in 30/06/2022
		EGP	EGP
Cash Flows From Operating activities			
Profit before tax		4,030,259,698	1,676,172,949
Adjustments to settle the net profit with the cash flow from operating activities:			
Depreciation and amortization	26-24-23	112,698,275	131,239,487
Credit impairment losses	13	340,597,311	65,524,718
Impairment losses from other assets and housing projects (Reversal)	12	731,579	1,039,460
Other provisions-charged during the Period	31	26,731,881	34,137,957
Revaluation difference of financial assets at fair value through profit and loss	9	(33,140,895)	(106,683)
Amortization (Premium)discount of issuing financial investments	20	(3,440,403)	18,618,033
Dividends income	8	(157,867,231)	(142,280,567)
Utilization of other provision	31	(7,447,492)	(423,600)
Provisions no longer required	31	(19,704,801)	(4,871,568)
Gain from selling fixed assets	12	(104,812)	(128,025)
Operating income before changes in operating assets and liabilities		4,289,313,110	1,778,922,161
Net decrease (increase) In assets			
Due from banks		1,488,703,255	1,952,926,442
Financial assets at fair value through profit and loss		45,516,130	41,834,491
Loans and advances to customers and banks		(2,378,163,958)	(4,351,646,967)
Housing Projects and investments properties		28,679,886	(35,472,446)
Other assets		689,857,096	314,709,580
Net (decrease) increase in liabilities			
Due to banks		2,317,134,107	(736,609,014)
Customers' deposits		1,404,492,396	15,694,074,504
Other liabilities		(171,236,079)	(921,294,145)
Retirement benefit obligations		12,841,147	(3,317,156)
Income tax paid		(674,442,133)	(359,840,785)
Net cash flows from operating activities		7,052,694,957	13,374,286,665
Cash flows from investing activities			
Payments for purchase of fixed assets		(48,283,497)	(112,564,816)
Proceeds from selling fixed assets		113,039	193,500
Payments for purchase of financial assets (Bonds) other than at fair value through profit and loss		-	(3,282,847,984)
Proceeds from sale of financial assets(Bonds) other than at fair value through profit and loss		2,284,712,719	393,570,171
Net financial investments (Treasury bills) other than at fair value through profit and loss		(3,395,594,846)	(1,219,078,959)
Payments for acquisition of associates and subsidiary companies		-	(120,000,000)
Proceeds from disposal of investments to an associate company		3,600,000	-
Payments for purchase of intangible assets		(71,916,889)	(41,686,746)
Dividends income		2,838,441	2,524,572
Net cash flows used in investments activities		(1,224,531,033)	(4,379,890,262)
Cash flows from Financing activities			
Long-term loans		(125,034,383)	(104,503,201)
Dividends paid		(805,049,530)	(611,202,451)
Net cash flows used in financing activities		(930,083,913)	(715,705,652)
Net Increase in cash and cash equivalents during the Period		4,898,080,011	8,278,690,751
Cash and cash equivalent at the beginning of the Period		22,174,076,981	11,657,539,136
Cash and cash equivalents at the end of the Period		27,072,156,992	19,936,229,887
Cash and cash equivalents are represented in:			
Cash and balances with Central Bank of Egypt		13,936,019,600	8,400,930,994
Due from banks		25,170,678,569	17,019,372,789
Financial assets at fair value through Profit and Loss		16,890,774,221	15,997,580,883
Obligatory reserve balance with CBE		(12,636,751,613)	(7,301,611,095)
Bank Deposits with maturity more than three-month		-	-
Financial assets other than at fair value through profit and loss with maturity more than 3 Months		(16,288,563,785)	(14,180,043,684)
Cash and cash equivalents at the end of the Period	37	27,072,156,992	19,936,229,887

HOUSING AND DEVELOPMENT BANK

SEPARATE CHANGE IN SHAREHOLDERS' EQUITY STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Paid-in-capital	Amounts reserved for capital increase	Legal reserves	General reserve	Special Reserve	Other reserve	Reserve of General Banking Risk	General risk reserve	Retained earnings	Other comprehensive income	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of 1 January 2022	1,518,000,000	253,000,000	632,438,487	4,104,000,000	9,344,966	34,139,831	31,500	89,215,810	2,215,562,159	373,706,911	9,229,439,664
Dividends paid for the year 2021	-	-	-	-	-	-	-	-	(599,500,000)	-	(599,500,000)
Transferred to reserves	-	-	91,504,236	1,090,000,000	-	115,899	(31,500)	-	(1,181,588,635)	-	-
Cancelation of the Reserve previously formed for the capital increase	-	(253,000,000)	126,500,000	-	-	-	-	-	126,500,000	-	
Reserved for capital increase	-	3,795,000,000	-	(3,283,022,570)	-	-	-	-	(511,977,430)	-	-
Transferred to banking sector support and development fund	-	-	-	-	-	-	-	-	(18,300,003)	-	(18,300,003)
Net Change in other comprehensive income items	-	-	-	-	-	-	-	-	-	(338,497,835)	(338,497,835)
Net profit For The Six Months ended in 30 June 2022	-	-	-	-	-	-	-	-	1,204,066,671	-	1,204,066,671
Balances at 30 June 2022	1,518,000,000	3,795,000,000	850,442,723	1,910,977,430	9,344,966	34,255,730	-	89,215,810	1,234,762,762	35,209,076	9,477,208,497
Balance as of 1 January 2023	5,313,000,000	-	850,442,723	1,910,977,430	9,344,966	34,255,730	-	89,215,810	2,287,385,175	(152,704,031)	10,341,917,803
Dividends paid for the year 2022	-	-	-	-	-	-	-	-	(806,300,000)	-	(806,300,000)
Transferred to reserves	-	-	112,834,454	1,280,000,000	-	3,825,051	-	-	(1,396,659,505)	-	-
Transferred to banking sector support and development fund	-	-	-	-	-	-	-	-	(22,528,640)	-	(22,528,640)
Net Change in other comprehensive income items	-	-	-	-	-	-	-	-	-	(307,648,508)	(307,648,508)
Net profit For The Six Months ended in 30 June 2023	-	-	-	-	-	-	-	-	3,015,068,935	-	3,015,068,935
Balances as at 30 June 2023	5,313,000,000	-	963,277,177	3,190,977,430	9,344,966	38,080,781	-	89,215,810	3,076,965,965	(460,352,539)	12,220,509,590

1. Background

Housing and Development bank provides Banking Services for Corporates rather than Investments. retail Banking Services in the Arab republic of Egypt through 99 branches, and hires 2921 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:

Financial Instrument	Methods of Measurement According to the Business Model		
		Fair Value	
	Amortized Cost	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:

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 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.

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 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.

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

30/06/2023 Bank's Rating	Loans and facilities %	Impairment losses provision %
Stage 1	88%	19%
Stage 2	4%	15%
Stage 3	8%	66%
	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	Zero	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.

	30/06/2023 EGP	31/12/2022 EGP
Items Exposed to Credit Risks		
Due from banks	25,177,856,754	19,024,391,841
Loans and facilities to customers		
Retail Loans		
Overdrafts	**1,065,809,130**	965,239,239
Credit cards	**109,697,641**	95,767,266
Personal Loans	**9,913,893,560**	9,077,102,481
Real Estate Loans	**11,844,879,433**	11,055,697,419
Corporate Loans:		
Overdrafts	**6,981,435,176**	8,457,148,622
Direct Loans	**8,416,185,406**	6,122,515,411
Syndicated Loans	**1,981,466,625**	2,110,665,484
Specialized Loans:		
Direct Loans	**259,642,881**	278,472,303
Financial Assets:		
Debt Instruments	**4,676,171,451**	5,586,049,099
Other assets	**3,045,708,910**	2,390,487,920
Total	73,472,746,967	65,163,537,085

A.6. Loans and Facilities

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

	30/06/2023	31/12/2022
	Loans & advances to customers	Loans & advances to customers
	EGP	EGP
Neither past dues nor subject to impairment	35,648,065,953	33,477,055,440
Past due but not subject to impairment	1,687,187,396	1,985,918,457
Individually subject to impairment	3,237,756,503	2,699,634,328
Total	40,573,009,852	38,162,608,225
Less:		
Impairment loss provision	(3,303,558,088)	(2,937,845,038)
Interest in suspense	(10,160,138)	(10,160,138)
	37,259,291,626	35,214,603,049

Loans and facilities impairment reached EGP 333,474,621 compared to EGP 68,278,033 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 Period:

30/06/2023

	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Retail	20,867,638,391	743,191,765	1,323,449,608	22,934,279,764
Corporate	14,780,427,562	943,995,631	1,914,306,895	17,638,730,088
	35,648,065,953	1,687,187,396	3,237,756,503	40,573,009,852

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

30/06/2023

	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Retail	61,893,158	130,730,741	263,866,959	456,490,858
Corporate	562,820,549	361,166,342	1,923,080,339	2,847,067,230
	624,713,707	491,897,083	2,186,947,298	3,303,558,088

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

31/12/2022

	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Retail	19,537,359,831	716,323,030	940,123,544	21,193,806,405
Corporate	13,939,695,609	1,269,595,427	1,759,510,784	16,968,801,820
	33,477,055,440	1,985,918,457	2,699,634,328	38,162,608,225

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

31/12/2022

	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Retail	54,832,030	127,673,597	162,887,677	345,393,304
Corporate	581,858,786	407,870,191	1,602,722,757	2,592,451,734
	636,690,816	535,543,788	1,765,610,434	2,937,845,038

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

30/06/2023 Due from banks Credit rating	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	25,177,856,754	-	-	25,177,856,754
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Total	**25,177,856,754**	-	-	**25,177,856,754**
Allowance for impairment losses	**(895,168)**	-	-	**(895,168)**
Total	**25,176,961,586**	-	-	**25,176,961,586**

30/06/2023 Financial assets at amortized cost Credit rating	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	4,676,171,451	-	-	4,676,171,451
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Total	**4,676,171,451**	-	-	**4,676,171,451**
Allowance for impairment losses	-	-	-	-
Total	**4,676,171,451**	-	-	**4,676,171,451**

30/06/2023 Retail Loans & Facilities Credit rating	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	20,867,638,391	-	-	20,867,638,391
Normal watch-list	-	743,191,765	-	743,191,765
Non-performing loan	-	-	1,323,449,608	1,323,449,608
Total	**20,867,638,391**	**743,191,765**	**1,323,449,608**	**22,934,279,764**
Allowance for impairment losses	**(61,893,158)**	**(130,730,741)**	**(263,866,959)**	**(456,490,858)**
Total	**20,805,745,233**	**612,461,024**	**1,059,582,649**	**22,477,788,906**

30/06/2023 Corporate Loans & Facilities Credit rating	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	14,780,427,562	-	-	14,780,427,562
Normal watch-list	-	943,995,631	-	943,995,631
Non-performing loan	-	-	1,914,306,895	1,914,306,895
Total	**14,780,427,562**	**943,995,631**	**1,914,306,895**	**17,638,730,088**
Allowance for impairment losses	**(562,820,549)**	**(361,166,342)**	**(1,923,080,339)**	**(2,847,067,230)**
Total	**14,217,607,013**	**582,829,289**	**(8,773,444)**	**14,791,662,858**

31/12/2022

Due from banks Credit rating	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	19,024,391,841	-	-	19,024,391,841
Normal watch-list	—	-	-	-
Special watch-list	—	-	-	-
Non-performing loan	—	-	-	-
Total	19,024,391,841	-	-	19,024,391,841
Allowance for impairment losses	(244,963)	-	-	(244,963)
Total	19,024,146,878	-	-	19,024,146,878

31/12/2022

Financial assets at amortized cost Credit rating	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	5,586,049,099	-	-	5,586,049,099
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Total	5,586,049,099	-	-	5,586,049,099
Allowance for impairment losses	(278,377)	-	-	(278,377)
Total	5,585,770,722	-	-	5,585,770,722

31/12/2022

Retail Loans & Facilities Credit rating	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	19,537,359,831	-	-	19,537,359,831
Normal watch-list	-	716,323,030	-	716,323,030
Non-performing loan	-	-	940,123,544	940,123,544
Total	19,537,359,831	716,323,030	940,123,544	21,193,806,405
Allowance for impairment losses	(54,832,030)	(127,673,597)	(162,887,677)	(345,393,304)
Total	19,482,527,801	588,649,433	777,235,867	20,848,413,101

Corporate Loans & Facilities Credit rating	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	13,939,695,609	-	-	13,939,695,609
Normal watch-list	-	1,269,595,427	-	1,269,595,427
Non-performing loan	-	-	1,759,510,784	1,759,510,784
Total	13,939,695,609	1,269,595,427	1,759,510,784	16,968,801,820
Allowance for impairment losses	(581,858,786)	(407,870,191)	(1,602,722,757)	(2,592,451,734)
Total	13,357,836,823	861,725,236	156,788,027	14,376,350,086

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	
	30/06/2023	31/12/2022
	EGP	EGP
Land	13,741,400	13 741 400
Housing units	1	371,001
Hotel	49,139,024	49,139,024
	62,880,425	63,251,425

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 30 June 2023 While preparing this table, risks were allocated to the geographical segments according to the areas related to the bank's customers.

	Arab Republic of Egypt			
	Greater Cairo	Alexandria, Delta and Sinai	Upper Egypt	Total
Due from banks	25,177,856,754	--	--	25,177,856,754
Loans and Advance to Customers				
Retail Loans:				
Overdrafts loans	295,076,373	670,270,269	100,462,488	1,065,809,130
Credit cards loans	53,132,865	47,751,985	8,812,791	109,697,641
Personal loans	4,325,585,722	3,761,720,238	1,826,587,600	9,913,893,560
Real Estate loans	7,055,581,768	3,375,714,927	1,413,582,738	11,844,879,433
Corporate Loans:				
Overdrafts	4,182,807,299	2,323,223,654	475,404,223	6,981,435,176
Direct loans	7,470,336,846	851,467,348	94,381,212	8,416,185,406
Syndication loans	1,879,716,675	--	101 749 950	1,981,466,625
Specialized Loans:				
Other loans	259,642,881	--	--	259,642,881
Financial Assets				
Debt Instruments	4,676,171,451	--	--	4,676,171,451
Other Assets	2,917,763,942	74,716,273	53,228,695	3,045,708,910
Total as of 30 June 2023	**58,293,672,576**	**11,104,864,694**	**4,074,209,697**	**73,472,746,967**
Total as of 31 December 2022	50,599,741,001	10,792,790,465	3,771,005,619	65,163,537,085

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

	Financial Institutions	Agricultural	Industrial Institutions	Commercial	Services	Real Estate Activity	Governmental Sector	Other Activities	Individuals	Total
Due from banks	7 911 917 033	--	--	--	--	--	17 265 939 721	--	--	25 177 856 754
Loans &Facilities										
Retail										
Overdrafts	--	--	--	--	--	--	--	--	1 065 809 130	1 065 809 130
Credit Cards	--	--	--	--	--	--	--	--	109 697 641	109 697 641
Personal loans	--	--	--	--	--	--	--	--	9 913 893 560	9 913 893 560
Real Estate	--	--	--	--	--	--	--	--	11 844 879 433	11 844 879 433
Corporate										
Overdraft	7 832 293	19 296 756	2 200 761 204	1 516 369 014	768 109 337	2 327 566 642	--	141 499 930	--	6 981 435 176
Direct	3 426 752 771	4 205 829	994 119 447	908 586 532	1 978 071 060	1 055 542 036	--	48 907 731	--	8 416 185 406
Syndicated	--	--	168 419 910	--	499 516 475	1 313 530 240	--	--	--	1 981 466 625
Specialized Loans										
Direct	--	--	--	--	--	--	259 642 881	--	--	259 642 881
Financial Assets										
Debt Instruments	--	--	--	--	40 700 000	--	4 635 471 451	--	--	4 676 171 451
Other Assets	538 612 863	--	--	--	1 335 402 408	163 248 386	268 846 330	13 246 139	726 352 784	3 045 708 910
Total as of 31 March 2023	**11 885 114 960**	**23 502 585**	**3 363 300 561**	**2 424 955 546**	**4 621 799 280**	**4 859 887 304**	**22 429 900 383**	**203 653 800**	**23 660 632 548**	**73 472 746 967**
Total as of 31 December 2022	3 708 570 643	41 576 507	3 237 326 428	4 086 554 801	2 943 842 739	4 137 909 967	25 011 060 017	168 384 936	21 828 311 047	65 163 537 085

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.

30 June 2023	US Dollar	Euro	Sterling Pound	Other Currencies
Financial Assets:				
Cash and balances with Central Bank	11,285,811	311,993	34,446	739,633
Due from banks	91,349,423	1,606,680	102,752	2,930,079
Loans & facilities to customers	14,535,524	90,515	1,200	4,047
Financial investments				
Financial Assets at fair value through other comprehensive income	40,649,998	4,009,440	-	-
Other Financial assets	2,039,677	125,882	25	3,464
Total financial assets	159,860,433	6,144,510	138,423	3,677,223
Financial liabilities:				
Due to banks	75,000,016	-	-	-
Customer's deposits	75,499,354	5,874,402	123,679	2,518,961
Other Financial liabilities	9,596,082	165,244	2,113	1,650,182
Total financial liabilities	160,095,452	6,039,646	125,792	4,169,143
Net financial position as of 31 March 2023	(235,019)	104,864	12,631	(491,920)
31 December 2022				
Total financial assets	73,110,678	4,848,056	136,447	3,547,393
Total financial liabilities	76,467,499	5,028,336	137,673	4,038,764
Net financial position as of 31 December 2022	(3,356,821)	(180,280)	(1,226)	(491,371)

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:

(Values in Egyptian thousands pounds)

	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	-	-	-	-	13.928.841	13.928.841
Due from banks	25.099.409	-	-	-	78.448	25.177.857
Loans & facilities to customers	2.865,450	542,845	11.316.105	25.848.610	-	40.573.010
Financial Assets:						
Fair value other than through profit and loss	18.261,614	7,107,561	5.372.733	172,082	-	30.913.990
Fair value through profit and loss	423,006	-	-	47.001	-	470.007
Other assets	-	-	-	3.367.703	9,825,560	13.193.263
Total financial assets	46,649,479	7,650,406	16,688.838	29,435,396	23.832,849	124,256,968
Financial liabilities						
Due to banks	2,317,268	-	-	-	152	2.317.420
Customer's deposits	19.148,060	4.966.978	10,657,712	38.863.421	17.253,502	90.889,673
Other loans	1,416	21,844	60,528	297,548	-	381.336
Other financial liabilities	-	-	-	12.867.139	17.801.401	30,668,540
Total financial liabilities	21,466,744	4,988,822	10,718,240	52,028,108	35,055,055	124,256,969
Yield Repricing gap	25,182,735	2,661,584	5,970,598	(22,592,712)	(11.222,206)	0

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 and 45% from Special reserve.

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.

	30/06/2023 EGP	31/12/2022 EGP
Capital adequacy ratio according to Basel II		
Capital		
(Tier I capital) basic capital		
Paid-up capital	5,313,000,000	5,313,000,000
Reserves	4,301,529,254	2,903,982,174
Retained earnings	120,549,522	43,325,929
Total deduction from basic capital	(514,123,270)	(319,380,404)
Other comprehensive income	(428,683,787)	(114,829,886)
Total basic capital	8,792,271,719	7,826,097,813
Net income for the Period/Year	1,383,439,553	2,319,054,111
Total paid up capital and additional paid up capital and retained earnings	10,175,711,272	10,145,151,924
(Tier 2 capital) syndicated capital,		
45% of Special Reserve	4,205,235	4,205,235
Impairment provisions for loans facilities and regular contingent	576,970,516	530,440,050
Total Syndicated Capital	581,175,751	534,645,285
Total capital	10,756,887,023	10,679,797,209
Risk-weighted assets and contingent liabilities:		
Total Credit Risk	45,821,241,277	42,435,203,962
Total Market Risk	235,571,853	246,568,638
Total Operational Risk	4,730,975,066	3,880,817,566
Total	50,787,788,196	46,562,590,166
Capital Adequacy ratio (%)	21.18	22.94

Based on the balances of the consolidated financial statements in accordance with the instructions of the central bank of Egypt on 18 December 2012

E. Financial leverage

	30/06/2023 EGP	31/12/2022 EGP
Tier one capital after exclusions	10,175,711,272	10,145,151,924
Total on-balance sheet exposures, derivatives contracts and financial papers operations	121,802,935,000	106,720,017,000
Total off balance sheet exposures.	2,240,997,000	2,016,464,000
Total exposures on-balance sheet and off-balance sheet.	124,043,932,000	108,736,481,000
Financial leverage ratio %	8.20	9.33

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

					EGP
The Period ended on 30 June 2023	Corporate	Investment	Individuals	Other activities	Total
Segment activity revenues	3,172,538,285	1,549,764,940	2,491,200,686	1,430,713,847	8,644,217,758
Segment activity expenses	1,946,189,640	470,122,586	1,112,226,294	634,993,985	4,163,532,505
Segment operation results	1,226,348,645	1,079,642,354	1,378,974,392	795,719,862	4,480,685,253
Unclassified expenses	--	--	--	--	(450,425,555)
Net income for the Period before taxes	--	--	--	--	4,030,259,698
Taxes	--	--	--	--	(1,015,190,763)
Net income for the Period	--	--	--	--	3,015,068,935

					EGP
The Period ended on 30 June 2022	Corporate	Investment	Individuals	Other activities	Total
Segment activity revenues	1,972,374,543	897,498,982	1,325,056,397	854,593,966	5,049,523,888
Segment activity expenses	1,372,057,605	341,010,779	943,309,905	523,982,030	3,180,360,319
Segment operation results	600,316,938	556,488,203	381,746,492	330,611,936	1,869,163,569
Unclassified expenses	--	--	--	--	(192,990,620)
Net income for the Period before taxes	--	--	--	--	1,676,172,949
Taxes	--	--	--	--	(472,106,278)
Net income for the Period	--	--	--	--	1,204,066,671

B. Analysis of Geographical Segments

Period ended on 30 June 2023	Greater Cairo	Alexandria, Delta& Sinai	Upper Egypt	EGP Total
Revenues &expenses in accordance with geographical segment				
Geographical segment revenues	7,396,091,301	879,270,890	377,282,306	8,652,644,497
Geographical segment expenses	3,778,776,987	656,486,902	187,120,910	4,622,384,799
Sector's profit results	3,617,314,314	222,783,988	190,161,396	4,030,259,698
Net income for the Period before taxes	-	-	-	4,030,259,698
Taxes	-	-	-	(1,015,190,763)
Net income for the Period	-	-	-	3,015,068,935
Assets and liabilities in accordance with geographical segment				
Assets of geographic segment	89,344,533,412	15,751,878,430	4,423,370,307	109,519,782,149
Unspecified Assets	-	-	-	1,145,779,229
Total assets	89,344,533,412	15,751,878,430	4,423,370,307	110,665,561,378
Liabilities of geographic segment	78,532,739,004	15,629,181,438	4,283,131,346	98,445,051,788
Other items of the Geographical segment				
Depreciations	(92,351,021)	(11,703,010)	(5,774,214)	(109,828,245)
Impairment loss	-	-	-	(340,597,311)

Period ended on 30 June 2022	Greater Cairo	Alexandria, Delta& Sinai	Upper Egypt	EGP Total
Revenues &expenses in accordance with geographical segment				
Geographical segment revenues	4,105,117,258	654,965,185	289,441,445	5,049,523,888
Geographical segment expenses	2,692,051,114	528,147,968	153,151,857	3,373,350,939
Sector's profit results	1,413,066,144	126,817,217	136,289,588	1,676,172,949
Net income for the Period before tax	-	-	-	1,676,172,949
Tax	-	-	-	(472,106,278)
Net income for the Period	-	-	-	1,204,066,671
Assets and liabilities in accordance with geographical segment				
Assets of geographic segment	73,931,936,465	13,132,417,600	3,400,808,759	90,465,162,824
Unspecified Assets	-	-	-	1,151,519,498
Total assets	73,931,936,465	13,132,417,600	3,400,808,759	91,616,682,322
Liabilities of geographic segment	65,699,433,261	13,125,538,652	3,314,501,912	82,139,473,825
Other items of the Geographical Segment				
Depreciations	(110,331,246)	(11,811,757)	(5,322,902)	(127,465,905)
Impairment loss	-	-	-	(65,524,718)

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. 194 of 2020 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 30 June 2023 is as follows:

(Values in Egyptian thousands pounds)

From 1/1/2023 till 30/06/2023

	Housing	Banking	Total
Interest on loans and similar income	-	7,579,759	7,579,759
Interest on deposits and similar expenses	-	(3,049,732)	(3,049,732)
Net interest income	-	4,530,027	4,530,027
Fees and commissions income	76,550	279,167	355,717
Fees and commissions expenses:	-	(25,975)	(25,975)
Net Fees and commissions income	76,550	253,192	329,742
Dividends income	-	157,867	157,867
Net trading income	-	44,878	44,878
Housing projects income	487,297	-	487,297
Impairment of loan loss provision	-	(340,597)	(340,597)
Administrative Expenses	(176,016)	(1,002,087)	(1,178,103)
Reversal of provisions	-	(7,027)	(7,027)
Other operating revenues	17,186	(11,010)	6,176
Net profit before taxes	405,017	3,625,243	4,030,260
Income tax expenses	(91,129)	(924,062)	(1,015,191)
Net profit for the period	313,888	2,701,181	3,015,069

(Values in Egyptian thousands pounds)

From 01/01/2022 till 30/06/2022

	Housing	Banking	Total
Interest on loans and similar income	-	4,386,165	4,386,165
Interest on deposits and similar expenses	-	(2,289,810)	(2,289,810)
Net interest income	-	**2,096,355**	**2,096,355**
Fees and commissions income	54,614	196,314	250,928
Fees and commissions expenses:	-	(16,125)	(16,125)
Net Fees and commissions income	**54,614**	**180,189**	**234,803**
Dividends income	-	142,281	142,281
Net income from financial assets at fair value through profit and loss	-	22,173	22,173
Housing projects income	181,512	-	181,512
Impairment of loan loss provision	-	(65,525)	(65,525)
Administrative Expenses	(136,162)	(826,528)	(962,690)
Reversal of provisions	-	(29,266)	(29,266)
Other operating revenues	16,807	39,723	56,530
Net profit before taxes	**116,771**	**1,559,402**	**1,676,173**
Income tax expenses	(26,657)	(445,449)	(472,106)
Net profit for the period	**90,114**	**1,113,953**	1,204,067

6. NET INTREST INCOME

	The Six Months Ended at 30 June 2023	The Six Months Ended at 30 June 2022
	EGP	EGP
Interest received from loans and similar items:		
Loans and advances to customers	2,846,930,701	1,595,399,789
Financial investment (other than that at fair value through profit and loss)	2,517,149,739	1,960,817,985
Deposits and current accounts	2,215,678,188	829,947,699
	7,579,758,628	4,386,165,473
Interest on Deposits and similar Expenses:		
Deposits and current accounts:		
Banks	13,614,013	6,227,193
Customers	2,958,058,766	2,209,664,775
Total	2,971,672,779	2,215,891,968
Other financial institutions loans	78,059,063	73,918,112
Total	3,049,731,842	2,289,810,080
Net interest income	4,530,026,786	2,096,355,393

7. Net fees & commissions income

	The Six Months Ended at 30 June 2023	The Six Months Ended at 30 June 2022
	EGP	EGP
Fees & commissions income :		
Fees & commissions related to credit	68,471,483	44,093,610
Financing fees	91,089,231	105,651,750
Other fees	196,156,780	101,182,327
Total	355,717,494	250,927,687
Fees and commission expenses:		
Other paid fees	(25,974,823)	(16,125,157)
Net income from fees and commissions	329,742,671	234,802,530

8. Dividends Income

	The Six Months Ended at 30 June 2023	The Six Months Ended at 30 June 2022
	EGP	EGP
financial assets at fair value through other comprehensive income	1,253,500	2,524,572
Subsidiaries and associates	156,613,731	139,755,995
Total	157,867,231	142,280,567

9. Net trading income

	The Six Months Ended at 30 June 2023	The Six Months Ended at 30 June 2022
	EGP	EGP
Gain from dealing in foreign currencies	11,737,004	20,280,171
Currencies Forward contracts valuation differences	-	1,753,400
Equity instruments held at fair value through profit and loss	33,140,895	139,449
Total	44,877,899	22,173,020

10. Revenue from housing projects

	The Six Months Ended at 30 June 2023	The Six Months Ended at 30 June 2022
	EGP	EGP
Sales of housing properties	550,909,102	156,413,115
Cost of sold properties	(129,983,947)	(39,715,767)
Revenue from properties	420,925,155	116,697,348
Other housing revenues	66,371,772	64,814,429
	487,296,927	181,511,777

11. Administrative expenses

	The Six Months Ended at 30 June 2023	The Six Months Ended at 30 June 2022
Staff cost	EGP	EGP
Wages and salaries	469,843,651	397,302,041
Social insurances	32,123,035	26,912,890
Retirement benefit cost	8,844,506	7,589,815
Operation utilities	475,578,501	331,498,544
Current expenses	177,062,855	177,512,505
Portion of social and athletic activities	807,428	1,919,321
Donations	13,843,517	19,955,158
	1,178,103,493	962,690,274

12. Other operating revenues (Expenses)

	The Six Months Ended at 30 June 2023	The Six Months Ended at 30 June 2022
	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	(20,271,135)	36,575,292
Gain from selling properties plants & equipment	104,812	128,025
Impairment of other assets and projects	(731,579)	(1,039,460)
Rents Collected	17,186,332	16,806,392
Others	9,887,638	4,060,794
	6,176,068	56,531,043

13. Loans impairment losses

	The Six Months Ended at 30 June 2023	The Six Months Ended at 30 June 2022
	EGP	EGP
Loan and customer advances	(333,474,621)	(68,278,033)
Due from banks	(650,205)	681,196
Debt instruments at amortized cost	278,377	2,072,119
Debt instruments at Fair value through other comperhensive income	(6,750,862)	-
	(340,597,311)	(65,524,718)

14. Income tax expenses

	The Six Months Ended at 30 June 2023	The Six Months Ended at 30 June 2022
	EGP	EGP
Current taxes	(1,019,019,700)	(475,819,786)
Deferred taxes	3,828,937	3,713,508
	(1,015,190,763)	(472,106,278)

Settlements to calculate actual income tax expenses

	The Six Months Ended at 30 June 2023	The Six Months Ended at 30 June 2022
	EGP	EGP
Accounting profit before tax	4,030,259,698	1,676,172,949
Tax Rate at 22.5%	22.5%	22.5%
Total tax	906,808,432	377,138,914
Add :		
Non-deductible expenses	241,494,919	222,788,816
The impact of provisions	20,427,615	8,474,905
The impact of depreciations	3,835,339	7,868,477
Withholding tax	12,752,524	14,013,726
Tax on Treasury bills in foreign currency	456,921,413	342,844,908
deduct:		
Tax exemptions	(590,726,845)	(446,843,507)
Credit balance for tax income	(32,493,697)	(50,466,453)
Income tax expenses	1,019,019,700	475,819,786
The price of the actual tax	25.3%	28.4%

15. Earnings per share for the period

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 Period.

	The Six Months Ended at 30 June 2023	The Six Months Ended at 30 June 2022
	EGP	EGP
Net profit for the Period available for distribution	3,015,068,935	1,204,066,671
Board of directors' remunerations *	(12,500,000)	(10,000,000)
Employees' portion in profit *	(301,506,894)	(120,406,667)
	2,701,062,041	1,073,660,004
Weighted average number of shares	531,300,000	531,300,000
Basic earnings per share for the Period	5.08	2.02

*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**

	30/06/2023 EGP	31/12/2022 EGP
Cash	1,292,089,803	996,745,594
Due from central Bank within the required reserve percentage	12,636,751,613	11,725,454,867
	13,928,841,416	12,722,200,461
Non-interest bearing balances	13,928,841,416	12,722,200,461

17. **Due from banks**

	30/06/2023 EGP	31/12/2022 EGP
Current accounts	78,448,211	80,940,931
Deposits	25,099,408,543	18,943,450,910
Impairment of Provisions loss	(895,168)	(244,963)
	25,176,961,586	19,024,146,878
Central Bank excluding obligatory reserve	17,265,939,723	18,923,392,285
Local Banks	7,847,625,879	68,123,368
Foreign Banks	63,395,984	32,631,225
	25,176,961,586	19,024,146,878
Non-interest bearing balances	78,448,211	80,940,931
Interest bearing balances (Fixed rate)	25,098,513,375	18,943,205,947
	25,176,961,586	19,024,146,878
Current balances	25,176,961,586	19,024,146,878

18. Loans & Facilities to customers

	30/06/2023	31/12/2022
Retail	EGP	EGP
Overdrafts	1,065,809,130	965,239,239
Credit cards	109,697,641	95,767,266
Personal loans	9,913,893,560	9,077,102,481
Real Estate loans	11,844,879,433	11,055,697,419
Total	22,934,279,764	21,193,806,405
Institutions including small loans for economic activities		
Overdrafts	6,981,435,176	8,457,148,622
Direct loans	8,416,185,406	6,122,515,411
Syndicated loans	1,981,466,625	2,110,665,484
*Other loans	259,642,881	278,472,303
Total	17,638,730,088	16,968,801,820
Total Loans& facilities to customers	40,573,009,852	38,162,608,225
Less:		
Impairment of loan loss provision	(3,303,558,088)	(2,937,845,038)
Interest in suspense	(10,160,138)	(10,160,138)
	37,259,291,626	35,214,603,049
Current Balances	8,499,917,353	9,905,819,421
Non-current Balances	32,073,092,499	28,256,788,804
	40,573,009,852	38,162,608,225

* 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

	30/06/2023	31/12/2022
	EGP	EGP
Balance at the beginning of the period	2,937,845,038	2,247,178,566
Impairment loss	333,474,621	644,358,453
Amounts written off during the period	(8,860,192)	(11,304,985)
Recovered amounts during the period	1,611,014	9,147,136
Foreign currency revaluation difference	39,487,607	48,465,868
Balance at the end of the period	3,303,558,088	2,937,845,038

19. Financial assets at fair value through profit and loss

	30/06/2023 EGP	31/12/2022 EGP
Equity instrument listed in stock market		
Local companies' shares	5,839	5,839
Total equity instrument	5,839	5,839
Financial assets portfolios managed by others	470,000,776	482,376,011
Total financial assets at fair value through profit and loss	470,006,615	482,381,850

20. Financial Assets (other than those at fair value through profit and loss)

	30/06/2023 EGP	31/12/2022 EGP
Financial Assets at fair value through other comprehensive income		
Debt instrument :		
Listed in stock market	26,065,737,289	28,141,742,186
Unearned interest	(782,621,663)	(560,741,801)
Selling of debt instrument with obligation of rebuying	(4,064,374,707)	(4,169,868,004)
Equity instrument :		
Unlisted in stock market	118,484,307	118,484,307
Mutual fund's instrument established according to the issued rates	53,597,411	47,847,018
Total Financial Assets at fair value through other comprehensive income	21,390,822,637	23,577,463,706

Financial Assets at Amortized Cost

	30/06/2023	31/12/2022
Debt instruments -at amortized cost:		
Debt instrument (listed)	4,676,171,451	5,586,049,099
Unearned interest	-	(701,131)
Selling of debt instrument with obligation of rebuying	-	-
Provision of debt instrument impairment losses	-	(278,377)
Total Financial Assets at Amortized Cost	4,676,171,451	5,585,069,591
Total Financial Assets	26,066,994,088	29,162,533,297
Current Balances	25,894,912,370	28,996,201,972
Non-current Balances	172,081,718	166,331,325
	26,066,994,088	29,162,533,297
Debt Instruments – interest bearing (fixed)	25,894,912,370	28,996,201,972

	Financial Assets at fair value through other comprehensive income	Financial Assets at Amortized Cost	Total
	EGP	EGP	EGP
Balance at the beginning of 1 January 2023	**23,577,463,706**	**5,585,069,591**	**29,162,533,297**
Net movement of purchases and (selling)	(1,886,605,091)	(912,469,588)	(2,799,074,679)
Amortization of premium issuance	147,332	3,293,071	3,440,403
Change in fair value	(405,676,607)	-	(405,676,607)
Selling of debt instrument with obligation of rebuying	105,493,297	-	105,493,297
change in Instruments impairment loss	-	278,377	278,377
Balance as of 30 June 2023	21,390,822,637	4,676,171,451	26,066,994,088
Balance as of 1 January 2022	**19,095,315,426**	**4,823,876,864**	**23,919,192,290**
Net movement of purchases and (selling)	9,251,951,270	(3,613,058,744)	5,638,892,526
Amortization of premium issuance	(24,594,564)	5,375,890	(19,218,674)
Change in fair value	(575,340,422)	-	(575,340,422)
Selling of debt instrument with obligation of rebuying	(4,169,868,004)	4,366,792,377	196,924,373
change in Instruments impairment loss	-	2,083,204	2,083,204
Balance as of 31 December 2022	23,577,463,706	5,585,069,591	29,162,533,297

Change in fair value of equity instrument at fair value through other comprehensive income	30/06/2023	30/06/2022
	EGP	EGP
Change in fair value of equity instrument at fair value through other comprehensive income	(405,676,607)	(338,497,835)
Total	(405,676,607)	(338,497,835)

21. **Investments in subsidiaries associates**

30-06-2023	Total assets	Total liabilities without shareholders' equity	Revenues	Net profit of the company	Sharing value	Direct sharing percentage	Direct and indirect sharing percentage
	EGP	EGP	EGP	EGP	EGP		
Subsidiaries:							
Holding company for development and investment	793,760,894	46,154,640	66,253,114	58,031,159	533,600,000	92%	92%
Housing and development company for real estate investment	3,354,179,974	2,273,943,462	221,576,806	28,345,004	300,000,000	60%	94.96%
El-Tameer company for assets management	47,336,454	32,923,526	34,581,717	1,235,859	942,000	15.70%	62.62%
EL-Tameer Company For Enviornmental Public Projects and Services (Hemaya)	67,069,635	43,280,773	39,223,855	782,908	1,521,000	39%	85.92%
El-Tameer company for real estate mutual funds	4,345,468	280,832	349,367	(29,194)	1,200,000	24%	93.83%
El-Tameer company for financing and real estate promotion	18,409,821	4,839,088	4,147,348	805,314	3,900,000	39%	94.20%
Development for Technological Services (DTS) Company	64,682,253	30,730,525	37,724,853	3,754,786	4,000,000	40%	86.92%
El-Tameer company for real estate development and investment	219,848,345	887,072	1,055,725	754,232	74,000,000	37%	92.77%
El-Tameer company for security and transportation	49,028,098	32,847,413	32,110,975	1,805,079	8,000,000	40%	94.82%
HD for leasing	1,765,159,581	1,498,085,328	84,976,261	8,459,760	119,366,343	60%	97.10%
Associate companies:							
El-Tameer company for housing and utilities	543,084,883	361,411,324	121,166,164	24,167,030	5,250,000	35%	35%
El-Tameer Company for Real Estate Finance	4,534,773,753	3,591,454,812	221,193,786	46,696,032	175,161,370	24.84%	24.84%
Hyde Park for Real Estate Development Company	13,375,640,588	10,693,367,925	1,081,348,789	293,548,474	415,957,000	36.90%	53.66%
City edge real estate development	10,347,942,758	7,417,802,014	912,345,412	245,500,781	552,907,125	24.57%	25.76%
Obelisk for mutual funds investment*	--	--	--	--	1	30%	49.32%
HD company for securities**	--	--	--	--	1	10.80%	47.78%
Misr Sinai for tourism***	--	--	--	--	1	30%	30%
TOTAL	35,185,262,505	26,028,008,734	2,858,054,172	713,857,224	2,195,804,841		

21. **Investments in subsidiaries associates- continued**

31/12/2022

	Total assets	Total liabilities without shareholders' equity	Revenues	Net profit of the company	Sharing value	Direct sharing percentage	Direct and indirect sharing percentage
	EGP	EGP	EGP	EGP	EGP		
Subsidiaries:							
Holding company for development and investment	753,807,192	56,337,939	62,234,757	49,659,228	533,600,000	92%	92%
Housing and development company for real estate investment	2,385,279,822	1,351,570,852	503,660,638	120,077,088	300,000,000	60%	94.96%
El-Tameer company for assets management	42,993,855	30,451,682	78,629,618	3,157,809	942,000	15.70%	62.62%
EL-Tameer Company For Enviornmental Public Projects and Services (Hemaya)	64,288,580	41,721,030	110,114,293	43,224	1,521,000	39%	85.92%
El-Tameer company for real estate mutual funds	19,152,730	174,252	1,168,443	(79,734)	4,800,000	24%	93.83%
El-Tameer company for financing and real estate promotion	17,574,234	3,685,337	12,058,376	2,150,152	3,900,000	39%	94.20%
Development for Technological Services (DTS) Company	50,357,833	14,136,266	44,369,749	9,470,337	4,000,000	40%	86.92%
El-Tameer company for real estate development and investment	219,335,103	981,781	7,261,581	4,424,904	74,000,000	37%	92.77%
El-Tameer company for security and transportation	42,923,231	12,812,353	68,290,063	6,069,401	8,000,000	40%	94.82%
HD for leasing	1,763,404,829	1,508,449,727	174,711,660	20,586,191	119,366,343	60%	97.10%
Associate companies:							
El-Tameer company for housing and utilities	493,021,101	336,429,426	475,259,362	56,140,403	5,250,000	35%	35%
El-Tameer Company for Real Estate Finance	4,835,883,863	3,893,845,330	443,904,747	101,475,272	175,161,370	24.84%	24.84%
Hyde Park for Real Estate Development Company	12,206,043,153	9,608,351,161	2,228,117,096	453,531,800	415,957,000	36.90%	53.66%
City edge real estate development	8,720,428,271	6,424,240,498	928,950,279	255,814,691	552,907,125	33.40%	35.05%
Obelisk for mutual funds investment*	--	--	--	--	1	30%	49.32%
HD company for securities**	--	--	--	--	1	10.80%	47.78%
Misr Sinai for tourism***	--	--	--	--	1	30%	30%
TOTAL	**31,614,493,797**	**23,283,187,634**	**5,138,730,662**	**1,082,520,766**	**2,199,404,841**		

* 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 2 500 000 and the impairment has been formed for the company with amount of EGP 2,499 999. 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

22. Housing projects

	30/06/2023 EGP	31/12/2022 EGP
Lands allocated for housing projects	**186,787,312**	186,664,812
Under Construction projects	**549,979,020**	448,141,470
Finished projects	**362,031,830**	492,667,614
Housing projects provision	**(9,526,191)**	(20,982,462)
Total	**1,089,271,971**	1,106,491,434

Projects under constructions includes EGP 35.94 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 35885 meters, administrative and commercial buildings reached 2750 meters and the lands 108843 meter.

Impairment of housing projects

	30/06/2023 EGP	31/12/2022 EGP
Balance at the beginning of the period	20,982,462	20,982,462
Charged during the period	-	-
Utilized during the period	(11,456,271)	-
Balance at the end of the period	**9,526,191**	20,982,462

23. Investments property

	30/06/2023 EGP	31/12/2022 EGP
Total Investments	**154,015,167**	152,895,764
Accumulate Depreciation	**(68,518,809)**	(60,954,331)
Net book value at the beginning of the Period	**85,496,358**	91,941,433
Additions	-	1,119,403
Depreciation of the period	**(2,870,030)**	(7,564,478)
Net book value at the end of the Period	**82,626,328**	85,496,358

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 449 million as of 31 December 2022 by an evaluator with a recognized professional certificate and has an experience of real estate.

24. Intangible assets

	30/06/2023	31/12/2022
Computers programs	EGP	EGP
Beginning cost of the period/year	**535,745,350**	487,854,404
Additions during the period /year	**71,916,889**	47,890,946
Ending cost of the period /year	607,662,239	535,745,350
Accumulated depreciation at the beginning of the period /Year	**(466,318,739)**	(395,482,245)
Depreciation during the period /Year	**(35,101,813)**	(70,836,494)
Accumulated depreciation at the end of the period /Year	**(501,420,552)**	(466,318,739)
Net book value at the end of the period /Year	106,241,687	69,426,611

25. Other assets

	30/06/2023	31/12/2022
	EGP	EGP
Accrued revenues	1,770,778,520	1,354,268,860
Prepaid expenses	74,585,166	78,810,521
Advanced payments for purchasing fixed assets	692,743,680	575,233,251
Advanced payments for contractors	181,467,619	161,388,349
Insurance and consignment	50,999,807	8,367,491
Debit accounts under settlement	169,320,534	128,028,776
Assets reverted to banks in settlement of debts	62,880,425	63,251,425
Others	42,933,159	21,139,247
Total	3,045,708,910	2,390,487,920

26. Fixed assets

	Lands	Buildings & Constructions	Transportation vehicle	Machinery & Equipment	Furniture	Facilities & Installments	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance at 1 January 2022							
Cost	188,792,934	801,485,189	40,478,296	779,743,631	125,331,954	32,360,401	1,968,192,405
Accumulated Depreciation	-	234,285,341	36,832,304	579,562,942	61,521,331	21,940,249	934,142,167
Net book value at 1 January 2022	188,792,934	567,199,848	3,645,992	200,180,689	63,810,623	10,420,152	1,034,050,238
Additions	16,309,406	103,009,377	355,667	74,744,667	10,600,076	2,266,557	207,285,750
Disposals	-	2,806,082	2,415,301	12,006,887	1,208,800	-	18,437,070
Disposals from accumulated depreciation	-	1,182,995	2,317,079	11,995,839	1,189,996	-	16,685,909
Depreciation expense	-	43,800,024	3,400,345	109,709,397	10,593,604	6,088,600	173,591,970
Net book value at 31 December 2022	205,102,340	624,786,114	503,092	165,204,911	63,798,291	6,598,109	1,065,992,857
Balance at 1 January 2023							
Cost	205,102,340	901,688,484	38,418,662	842,481,411	134,723,230	34,626,958	2,157,041,085
Accumulated Depreciation	-	276,902,370	37,915,571	677,276,500	70,924,939	28,028,849	1,091,048,229
Net book value at 1 January 2023	205,102,340	624,786,114	503,092	165,204,911	63,798,291	6,598,109	1,065,992,857
Balance at 30 June 2023							
Net book value at 1 January 2023	205,102,340	624,786,114	503,092	165,204,911	63,798,291	6,598,109	1,065,992,857
Additions	987,077	21,050,962	-	15,755,437	4,418,989	6,071,032	48,283,497
Disposals	-	207,634	-	97,925	-	-	305,559
Accumulated depreciation of disposals	-	203,481	-	89,698	-	-	293,179
Depreciation expense	-	21,561,756	327,791	43,779,076	5,553,637	3,504,172	74,726,432
Net book value at 30 June 2023	206,089,417	624,271,167	175,301	137,173,045	62,663,643	9,164,969	1,039,537,542
Balance at 30 June 2023							
Cost	206,089,417	922,531,812	38,418,662	858,138,923	139,142,219	40,697,990	2,205,019,023
Accumulated Depreciation	-	298,260,645	38,243,362	720,965,878	76,478,576	31,533,021	1,165,481,482
Net book value at 30 June 2023	206,089,417	624,271,167	175,301	137,173,045	62,663,643	9,164,969	1,039,537,542

27. Due to banks

	30/06/2023 EGP	31/12/2022 EGP
Current accounts	**152,215**	285,609
Deposits	**2,317,267,500**	-
	2,317,419,715	285,609
local banks	**2,317,267,500**	-
Foreign banks	**152,215**	285,609
	2,317,419,715	285,609
Non-interest bearing balances	**152,215**	285,609
Interest bearing balances (fixed rate)	**2,317,267,500**	-
	2,317,419,715	285,609
Current balances	**2,317,419,715**	285,609

28. Customers' deposits

	30/06/2023 EGP	31/12/2022 EGP
Demand deposit	**44,203,685,203**	54,329,052,617
Time & call deposits	**13,496,615,486**	12,451,508,549
Saving certificates	**10,816,713,440**	10,334,451,625
Saving deposits	**7,220,077,924**	7,515,127,101
Other deposits	**15,152,581,163**	4,855,040,928
	90,889,673,216	89,485,180,820
Institutions deposits	**52,854,273,981**	62,260,521,111
Individual deposits	**38,035,399,235**	27,224,659,709
	90,889,673,216	89,485,180,820
Non-interest bearing balances	**17,253,501,975**	21,763,392,764
Interest bearing balances (variable rate)	**7,220,077,924**	7,515,127,101
Interest bearing balances (fixed rate)	**66,416,093,317**	60,206,660,955
	90,889,673,216	89,485,180,820
Current balances	**80,072,959,776**	79,150,729,195
Non-current balances	**10,816,713,440**	10,334,451,625
	90,889,673,216	89,485,180,820

29. Other loans

	Interest rate %	30/06/2023 EGP	31/12/2022 EGP
Long term loans			
Loans Granted from the CBE:			
Construction & Housing Organization	18.75%	259,642,833	260,178,547
Total loans granted from the CBE		**259,642,833**	260,178,547
Loans granted from the Social Fund for development	%14.75 ،%7	**93,442,400**	107,922,400
The Egyptian Company for real estate refinance loan	%11 ،%10.25	**28,251,021**	32,776,393
Total		**381,336,254**	400,877,340
Current balances		64,388,560	83,867,881
Non-current balances		316,947,694	317,009,459
		381,336,254	400,877,340

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

30. Other liabilities

	30/06/2023 EGP	31/12/2022 EGP
Accrued interest	**909,621,705**	447,529,627
Unearned revenue	**4,795,274**	4,277,480
Accrued expense	**20,868,515**	103,091,447
Creditors	**56,198,002**	42,186,216
Advanced reservation of lands and units	**951,452**	2,444,191
Down payments under installments	**104,298,267**	116,442,124
Checks under payment & credit accounts under settlement	**147,939,920**	309,523,770
Other credit balance	**2,417,024,951**	1,541,901,220
Total	**3,661,698,086**	2,567,396,075

31. Other Provision

30/06/2023	Beginning balance	Formed Amounts	Utilized amounts	Amounts no longer required	Foreign currency revaluation difference	Ending Balance
Provision for contingent liabilities	103,590,035	12,283,441	-	-	-	115,873,476
Provisions for loans commitments	57,861,853	-	-	(17,173,038)	-	40,688,815
Provision for tax	142,795,506	-	(6,736,989)	-	-	136,058,517
Provision for legal claims	11,155,515	6,824,110	(300,000)	(2,531,763)	(759)	15,147,103
Provision for disaster aids	2,057,038	-	(410,503)	-	-	1,646,535
Community Contribution provision	44,395,767	7,624,330	-	-	-	52,020,097
Total	361,855,714	26,731,881	(7,447,492)	(19,704,801)	(759)	361,434,543

31/12/2022	Beginning balance	Formed Amounts	Utilized amounts	Amounts no longer required	Foreign currency revaluation difference	Ending Balance
Provision for contingent liabilities	59,393,336	44,196,699	-	-	-	103,590,035
Provisions for loans commitments	63,601,874	-	-	(5,740,021)	-	57,861,853
Provision for tax	58,586,856	94,216,000	(10,007,350)	-	-	142,795,506
Provision for legal claims	114,585,808	3,736,763	(10,932,188)	(96,234,868)	-	11,155,515
Provision for disaster aids	256,958	3,000,000	(1,199,920)	-	-	2,057,038
Community Contribution provision	31,576,540	12,819,227	-	-	-	44,395,767
Total	328,001,372	157,968,689	(22,139,458)	(101,974,889)	-	361,855,714

	30/06/2023			30/06/2022		
	Formed Amounts	Utilized amounts	Total	Formed Amounts	Utilized amounts	Total
Provision for contingent liabilities	(12,283,441)	-	(12,283,441)	(5,489,110)	-	(5,489,110)
Provision for loans commitments	-	17,173,038	17,173,038	(9,178,322)	-	(9,178,322)
Provision for tax	-	-	-	(11,716,000)	-	(11,716,000)
Provision for legal claims	(6,824,110)	2,531,763	(4,292,347)	(1,030,000)	4,871,568	3,841,568
Provision for disaster aids	-	-	-	(1,000,000)	-	(1,000,000)
Community Contribution provision	(7,624,330)	-	(7,624,330)	(5,724,525)	-	(5,724,525)
Total	(26,731,881)	19,704,801	(7,027,080)	(34,137,957)	4,871,568	(29,266,389)

32. 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 period.

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

Deferred tax (liabilities)

	Deferred tax assets		Deferred tax liability	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
	EGP	EGP	EGP	EGP
Fixed assets and Intangible Assets	6,278,199	2,466,442	-	-
Change in financial assets at fair value through OCI	136,644,777	45,367,540	-	-
Provisions other than Loans impairment losses	61,351,792	61,334,612	-	-
Total deferred tax liability	204,274,768	109,168,594	-	-
Net tax that resulted in (asset or Liability)	204,274,768	109,168,594		

* 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:

	Deferred tax assets		Deferred tax liability	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
	EGP	EGP	EGP	EGP
Beginning balances of the Period/Year	109,168,594	75,487,849	-	(703,741)
Additions	101,640,132	58,750,166	-	703,741
Desposals	(6,533,958)	(25,069,421)	-	-
Ending balance of the Period/Year	204,274,768	109,168,594	-	-

Unrecognized deferred tax assets

Deferred tax assets are not recognized for other items:

	30/06/2023	31/12/2022
	EGP	EGP
Loans impairment provision excluding the 80% during the period	148,660,114	132,203,027

33. Retirement benefit obligations

	30/06/2023 EGP	31/12/2022 EGP
:Retirement benefit obligation as recorded in balance sheet		
Medical benefit after retirement	**70,678,606**	57,837,459
Transactions of liabilities during the period represented as follows :		
Balance at the beginning of the period/year	**57,837,459**	55,317,866
Interest cost during the period/year	**837,699**	2,017,836
Actualial losses	**20,000,000**	20,000,000
Paid contributions	**(7,996,552)**	(19,498,243)
Balance at the end of the period/year	70,678,606	57,837,459

Main actuarial assumption used represented in the following:

	Current period %	Comparison Period %	
Discount rate	13.97%	13.97%	
Expected interest rate on assets	6%	6%	
Inflation rate used in medical services cost	15%	15%	
Death rates	(49-A52)	(49-A52)	British table

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

34. Capital

Authorized Capital
The authorized capital is EGP 10 Billion, the issued and paid up capital is EGP 5.313 Billion totaling 531.30 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.

4- The Bank's extraordinary general assembly approved on 30/3/2022 to increase the issued and paid up capital from EGP 1,518 million to EGP 5,313 million by contribute EGP 3283 million from the General reserve and EGP 512 million from the Retained Earnings by 2.5 free share for every share with Par value EGP 10 per share and the procedures have been taken to be marked on the bank's commercial register on 4/10/2022 accordingly the issued and paid capital has reached EGP 5313 million

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	158,395,608	29.81%	1,583,956
Rolaco EGB for investments (Hassan Ben (Dayekh	53,127,655	9.9996%	531,277
RIMCO CO. for investment	52,264,800	9.84%	522,648
Misr Life insurance company	48,295,170	9.090%	482,952
Misr insurance company	44,068,465	8.29%	440,685
Houses Mutual Fund	39,355,890	7.41%	393,559
Egyptian Endowments Authority	26,724,390	5.03%	267,244

35. Reserves

	30/06/2023 EGP	31/12/2022 EGP
Banking risks reserve	--	--
Legal reserve	963 277 177	850 442 723
General reserve	3 190 977 430	1 910 977 430
Special reserve	9 344 966	9 344 966
Other reserves	38 080 781	34 255 730
General Risk reserve	89 215 810	89 215 810
Total reserves at the end of the Period/Year	4,290,896,164	2,894,236,659

Movements in Reserves are presented as follows:

A- General Banking risks reserve	30/06/2023 EGP	31/12/2022 EGP
Beginning balance of the Period/Year	--	31 500
Transferred from retained earning	--	(31 500)
Ending balance of the Period/Year	-	-

B- Legal reserve	30/06/2023 EGP	31/12/2022 EGP
Beginning balance of the Period/Year	**850 442 723**	632 438 487
Transferred from retained earnings	**112 834 454**	91 504 236
Cancelation of previously reserved for capital increase	--	126 500 000
Ending balance of the Period/Year	963,277,177	850.442.723

C- General reserve	30/06/2023 EGP	31/12/2022 EGP
Beginning balance of the Period/Year	**1 910 977 430**	4 104 000 000
Transferred from retained earnings	**1 280 000 000**	1 090 000 000
Amounts reserved for capital increase	--	(3 283 022 570)
Ending balance of the Period/Year	3,190,977,430	1.910.977.430

D- Special reserve	30/06/2023 EGP	31/12/2022 EGP
Beginning balance of the Period/Year	9 344 966	9 344 966
Ending balance of the Period/Year	9,344,966	9,344,966

E- Other reserves	30/06/2023 EGP	31/12/2022 EGP
Beginning balance of the Period/Year	**34 255 730**	34 139 831
Transferred from retained earnings	**3 825 051**	115 899
Ending balance of the Period/Year	38,080,781	34,255,730

F- General risk reserves :	30/06/2023 EGP	31/12/2022 EGP
Beginning balance of the Period/Year	89 215 810	89 215 810
Ending balance of the Period/Year	89,215,810	89,215,810

G-Retained Earnings	30/06/2023 EGP	31/12/2022 EGP
Beginning balance of the Period/Year	2 287 385 175	2 215 562 159
Net profit during the Period/Year	3 015 068 935	2 256 689 084
Profit distribution of last financial year	(531 300 000)	(379 500 000)
Employee's share in profit	(250 000 000)	(200 000 000)
Board of Director's rewards	(25 000 000)	(20 000 000)
Transferred From general banking risk reserve	--	31 500
Transferred to legal reserve	(112 834 454)	(91 504 236)
Transferred to general reserve	(1 280 000 000)	(1 090 000 000)
Transferred to other reserves	(3 825 051)	(115 899)
Cancelation of previously reserved for capital increase	--	126 500 000
Transferred to capital increase	--	(511 977 430)
Transferred to banking sector support and development fund	(22 528 640)	(18 300 003)
Balance at the end of Period/Year	3,076,965,965	2,287,385,175

H-Other Comprehensive Income	30/06/2023 EGP	31/12/2022 EGP
Beginning balance of the Period/Year	(152,704,031)	373,706,911
Change in fair value of Financial Assets at fair value through other comprehensive income	(405,676,607)	(575,340,422)
Expected credit loss of debt instruments at fair value through other comprehensive income	6,750,862	3,561,940
Deferred tax	91,277,237	45,367,540
Ending balance of the Period/Year	(460,352,539)	(152,704,031)

The Balance of Other Comprehensive Income is as The following:

	30/06/2023 EGP	31/12/2022 EGP
fair value of Financial Assets at fair value through other comprehensive income	(607,309,718)	(201,633,111)
Expected credit loss of debt instruments at fair value through other comprehensive income	10,312,402	3,561,540
Deferred tax	136,644,777	45,367,540
Total Other Comprehensive Income Items	(460,352,539)	(152,704,031)

36. Dividends distributions

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

37. 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.

	30/06/2023 EGP	30/06/2022 EGP
Due from central bank	1,299,267,987	1,099,319,899
Due from banks	25,170,678,569	17,019,372,789
Financial assets other than at fair value through profit and loss	602,210,436	1,817,537,199
	27,072,156,992	19,936,229,887

38. Contingent liabilities and commitments

A- Capital commitments

The bank contracts of Capital commitments reached 498 876 664 EGP on 30 June 2023 compared to EGP 563 265 424 on comparative Period 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.

B- Operating commitments

The bank operating commitments amounted to EGP 66 259 498 in 30 June 2023 compared to EGP 70 393 120 on comparative period that representing in Operating lease contracts.

C- Contingent liabilities

	30/06/2023 EGP	31/12/2022 EGP
Letters of Guarantee	4,081,773,539	3,545,610,386
Letters of Credit	225,959,442	196,976,774
Less:		
Collaterals	(689,286,605)	(734,411,155)
Contingent liabilities	3,618,446,376	3,008,176,005

39. 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 30 June 2023 in the following:

	30/6/2023 EGP	31/12/2022 EGP
Loans	1,096,082,000	1,045,810,000
Deposits	132,610,000	252,106,000

40. 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 30 June 2023 was EGP 310.84

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 30 June 2023 was EGP 38.581

41. 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, the tax and penalties that resulted from the tax inspection has been paid according to the law of "excess due date against the delay"
The years from 2018-2021: The tax inspection is currently carried out for these years, the bank presented the annual tax settlement for these years, 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.

2018-2019: 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 and the bank is currently under tax inspection.

2020-2022: 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

Our bank is monitoring the updates of the Russian – Ukrainian war and its impact on the Egyptian economy and the effects of the war on our clients in various economic activities and sectors. Accordingly our bank continues to implement the internal control procedures by monitoring and reviewing the level of the provisions as well as the loans and overdrafts wallet coverage ratio to mitigate any impact on it.