HOUSING AND DEVELOPMENT BANK
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2021

Translation of the report
Originally issued in Arabic

Allied for Accounting & Auditing EY
Public Accountants & Consultants

Accountability State Authority

Limited Review Report

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

Introduction

We have performed a limited review of the accompanying consolidated statement of financial position of **Housing and Development Bank "Egyptian Joint Stock Company"** as of September 30, 2021 and the related consolidated income statement, consolidated comprehensive income, consolidated cash flows and consolidated changes in equity for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim 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 the prevailing Egyptian laws and regulations. Our responsibility is to express a conclusion on these consolidated interim 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 consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in 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 consolidated interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position of the Bank as at September 30, 2021 and of its consolidated financial performance and its consolidated cash flows for the nine months period 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 prevailing Egyptian laws and regulations related to the preparation of the interim consolidated financial statement.

Auditors
A Member Of
Ernst & Young Global

Sherif ElKelany

Allied for Accounting & Auditing EY
Public Accountants & Consultants

Sameh Saad Mohamed Abdel-Megeed

Accountability State Authority

Cairo: 30 November 2021

HOUSING AND DEVELOPMENT BANK

CONSOLIDATED FINANCIAL POSITION
AS OF 30 SEPTEMBER 2021

	Note No.	30/09/2021 EGP	31/12/2020 EGP
ASSETS			
Cash and balances with central bank of Egypt	(16)	6,389,603,162	5,800,495,733
Due from banks	(17)	8,420,060,024	3,819,857,064
Loans & Facilities to customers	(18)	22,375,119,113	18,962,124,081
Financial assets			
Financial investment at fair value through profit and loss	(19)	461,567,042	438,518,768
Financial assets at fair value through other comprehensive income	(20)	19,536,653,590	18,737,364,728
Financial assets at amortized costs	(20)	6,178,070,372	5,515,415,367
Financial assets in subsidiaries and associates	(21)	2,441,716,446	2,090,433,758
Housing projects	(22)	2,524,141,129	2,433,308,377
Real estate investments	(23)	100,666,658	106,620,726
Intangible assets	(24)	84,330,087	104,374,479
Other assets	(25)	2,999,545,637	2,208,849,586
Deferred tax assets	(32)	64,540,100	62,982,966
Fixed assets	(26)	1,122,036,428	1,107,334,945
TOTAL ASSETS		72,698,049,788	61,387,680,578
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	(27)	696,247,766	786,929,840
Customers' deposits	(28)	56,176,074,860	46,981,598,505
Other loans	(29)	1,099,696,146	888,568,740
Dividends payable		60,017,822	37,116,309
Other Liabilities	(30)	3,670,659,161	2,915,201,255
Provisions	(31)	377,451,359	387,142,119
Current Income tax obligations		220,346,391	222,669,714
Retirement benefit obligations	(33)	45,773,699	47,073,604
TOTAL LIABILITIES		62,346,267,204	52,266,300,086
EQUITY			
Issued and paid-up-capital	(34)	1,518,000,000	1,265,000,000
Amounts reserved for capital increase	(34)	253,000,000	379,500,000
Reserves	(35)	4,869,170,594	3,766,692,193
Retained earnings (included net profit of the period)		3,481,695,574	3,426,353,692
Other comprehensive income		128,262,302	182,633,575
TOTAL SHAREHOLDERS'EQUITY		10,250,128,470	9,020,179,460
Non-controlling interest		101,654,114	101,201,032
TOTAL SHAREHOLDERS' EQUITY AND NON-CONTROLLING INTEREST		10,351,872,584	9,121,380,492
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY AND NON-CONTROLLING INTEREST		72,698,049,788	61,387,680,578

Gamal Mahmoud Soliman
Chief Financial Officer

Hassan Ismail Ghanim
Chairman & Managing Director

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

Sameh Saad Mohamed Abdel-Megeed
Accountability State Authority

- The accompanying notes, from (1) to (41) form an integral part of the consolidated financial statements and to be read therewith.
- Review report attached.

CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Notes	Nine months ended at 30/09/2021 EGP	Nine months ended at 30/09/2020 EGP	From 01/07/2021 to 30/09/2021 EGP	From 01/07/2020 to 30/09/2020 EGP
Interest from loans and similar income	(6)	5,089,919,306	4,322,453,678	1,773,466,875	1,433,050,215
Interest on deposits and similar expense	(6)	(2,639,911,201)	(2,323,106,589)	(939,568,240)	(725,244,629)
Net interest income		2,450,008,105	1,999,347,089	833,898,635	707,805,586
Fees and commission income	(7)	285,651,311	285,727,294	99,547,361	113,050,233
Fess and commission expense	(7)	(34,354,894)	(31,523,651)	(6,445,642)	(15,967,655)
Net fees and commission income		251,296,417	254,203,643	93,101,719	97,082,578
Dividends income	(8)	5,637,563	2,954,394	52,832	582,871
Net income from financial assets at fair value through profit and loss	(9)	46,268,516	35,924,716	17,621,661	17,683,629
Housing projects profit	(10)	416,445,913	414,532,184	118,741,579	143,445,885
Subsidiaries Revenues		256,441,608	119,283,413	78,379,574	43,359,180
Subsidiaries Expenses		(259,516,071)	(132,888,233)	(75,648,317)	(46,349,082)
Bank portion in income of associates companies		248,214,499	238,535,013	102,402,773	106,369,019
loans impairment loss (reversal)	(13)	(109,014,443)	190,074,912	(3,767,349)	37,369,560
Reversal of other provisions	(31)	86,498,912	18,779,307	82,690,004	(30,545,657)
General and administrative expenses	(11)	(1,255,685,775)	(1,087,789,287)	(458,769,097)	(342,437,429)
Other operating revenues	(12)	90,143,698	125,030,670	(41,767,194)	49,954,709
Net income before income tax		2,226,738,942	2,177,987,821	746,936,820	784,320,849
Income tax expenses	(14)	(645,147,347)	(522,333,712)	(169,403,261)	(192,673,862)
Net income for the period		1,581,591,595	1,655,654,109	577,533,559	591,646,987
Non-controlling interest in net income for the period		9,418,213	9,900,830	3,154,557	4,269,220
Equity holders of the bank		1,572,173,382	1,945,753,279	574,379,002	587,377,767
Net income for the period		1,581,591,595	1,655,654,109	577,533,559	591,646,987
Earnings per share	(15)	11.31	13.01		

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Notes	Nine months ended at 30/09/2021 EGP	Nine months ended at 30/09/2020 EGP	Three months from 01/07/2021 to 30/09/2021 EGP	Three months from 01/07/2020 to 30/09/2020 EGP
Net income for the period		1,581,591,595	1,655,651,109	577,533,559	591,646,987
Financial assets at fair value through other comprehensive income	(20)	(54,371,273)	58,618,971	30,165,935	(5,053,359)
Total comprehensive income		1,527,220,322	1,714,273,080	607,699,494	586,593,628
Non-controlling interest portion in OCI		9,418,213	9,900,830	3,154,557	4,269,220
Equity holders of the bank portion in OCI		1,517,802,109	1,704,372,250	604,544,937	582,324,408
		1,527,220,322	1,714,273,080	607,699,494	586,593,628

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Paid-in-capital	Amounts reserved for capital increase	Legal reserves	General reserve	Special Reserve	Other reserve	Reserve of General Bank Risk	General risk reserve	Retained earnings	Other comprehensive income	Total Shareholders' equity	Non-controlling interest	Total
Balance as of 1 January 2020	1,265,000,000	379,500,000	444,847,495	1,779,000,000	9,344,966	18,365,606	22,500	89,215,810	3,373,186,689	78,882,087	7,437,365,153	95,009,668	7,532,374,821
Dividends paid for the year 2019	-	-	-	-	-	-	-	-	(571,295,812)	-	(571,295,812)	(3,709,466)	(575,005,278)
Transferred to reserves	-	-	97,554,467	1,325,000,000	-	3,336,849	4,500	-	(1,425,895,816)	-	-	-	-
Change in financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	58,618,971	58,618,971	-	58,618,971
Net profit for the Nine months ended 30/09/2020	-	-	-	-	-	-	-	-	1,645,753,279	-	1,645,753,279	9,900,830	1,655,654,109
Balances as at 30 September 2020	1,265,000,000	379,500,000	542,401,962	3,104,000,000	9,344,966	21,702,455	27,000	89,215,810	3,021,748,340	137,501,058	8,570,441,591	101,201,032	8,671,642,623
Balance as of 1 January 2021	**1,265,000,000**	**379,500,000**	**542,401,962**	**3,104,000,000**	**9,344,966**	**21,702,455**	**27,000**	**89,215,810**	**3,426,353,692**	182,633,575	**9,020,179,460**	**101,201,032**	**9,121,380,492**
Dividends paid for the year 2020	-	-	-	-	-	-	-	-	**(269,970,213)**	-	**(269,970,213)**	**(8,965,131)**	**(278,935,344)**
Transferred to reserves	-	-	**90,036,525**	**1,000,000,000**	-	**12,437,376**	**4,500**	-	**(1,102,478,401)**	-	-	-	-
Reserved for capital increase	-	126,500,000	-	-	-	-	-	-	**(126,500,000)**	-	-	-	-
Transferred to banking sector support and development fund	-	-	-	-	-	-	-	-	**(17,882,886)**	-	**(17,882,886)**	-	**(18,882,886)**
Change in financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	**(54,371,273)**	**(54,371,273)**	-	**(54,371,273)**
Capital increase	**253,000,000**	**(253,000,000)**	-	-	-	-	-	-	-	-	-	-	-
Net profit for the Nine months ended 30/09/2021	-	-	-	-	-	-	-	-	1,572,173,382	-	**1,572,173,382**	**9,418,213**	1,581,591,595
Balances as at 30 September 2021	**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**	**3,481,695,574**	**128,262,302**	**10,250,128,470**	**101,654,114**	**10,351,782,584**

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Notes	Nine months ended at 30/09/2021 EGP	Nine months ended at 30/09/2020
Cash Flows From Operating activities			
Profit before tax		2,226,738,942	2,177,987,821
Adjustments:			
Depreciation and amortization	(23),(24),(26)	198,445,835	188,388,244
(Reversal) of loans impairment losses	(13)	109,014,443	(190,074,912)
(Reversal) of other assets and housing projects provision	(12)	(1,732,734)	(3,740,980)
Other provisions-charged during the period	(31)	69,896,806	38,314,518
Revaluation difference of financial assets at fair value through profit and loss	(9)	(33,130,061)	(22,919,577)
Amortization of discount – financial assets at amortized cost	(20)	(4,548,172)	(8,809,188)
Bank's portion in income of associates companies		(248,214,499)	(238,535,013)
Other provision utilized during the period	(31)	(25,423,653)	(4,911,936)
Provisions no longer required	(31)	(156,395,718)	(57,093,825)
Gain from selling fixed assets	(12)	(2,053,931)	(12,720,521)
Operating income before changes in operating assets and liabilities		2,132,597,258	1,865,884,631
Net decrease (increase) in assets			
Due from banks		(259,881,900)	3,910,984,236
Financial assets other than fair value through profit and loss		2,994,863,969	(2,026,706,559)
Financial assets at fair value through profit and loss		10,081,787	14,889,820
Loans and advances to customers and banks		(3,526,027,013)	(959,011,652)
Housing Projects and real estate investments		(90,047,792)	(102,473,063)
Other assets		(141,703,997)	246,375,878
Net (decrease) increase in liabilities			
Due to banks		(90,682,074)	(214,114,269)
Customers' deposits		9,194,476,355	4,179,675,666
Other liabilities		244,030,717	(159,258,527)
Retirement benefit obligations		(1,299,905)	(4,436,849)
Income tax paid		(648,992,054)	(445,246,474)
Net cash flows (used in) operating activities		9,817,415,351	6,306,562,838
Cash flows from investing activities			
Payments for purchase of fixed assets		(160,586,080)	(125,333,062)
Proceeds from sale of fixed assets		3,979,907	13,737,364
Payments for purchase of financial assets other than fair value through profit and loss		(5,735,826,576)	(4,559,371,302)
Proceeds from sale of financial assets other than fair value through profit and loss		1,199,447,601	285,455,250
Payments for purchase of intangible assets		(28,566,632)	(22,116,868)
Net cash flows (used in) investing activities		(4,721,551,780)	(4,407,628,618)
Cash flows from Financing activities			
Long-term loans		120,179,771	79,390,436
Dividends paid		(247,068,700)	(541,021,051)
Net cash flows from financing activities		(126,888,929)	(461,630,615)
Net increase in cash and cash equivalents during the period		4,968,974,642	1,437,303,605
Cash and cash equivalent at the beginning of the period		4,427,074,655	3,232,913,877
Cash and cash equivalents at the end of the period		9,396,049,297	4,670,217,482
Cash and cash equivalents are represented in:			
Cash and balances with Central Bank of Egypt		6,389,603,162	6,232,053,626
Due from banks		8,420,060,024	3,472,493,542
Financial assets other than at fair value through other comprehensive income		15,750,030,293	18,299,919,931
Obligatory reserve balance with CBE		(5,448,160,042)	(5,246,260,180)
Bank Deposits with maturity more than three-months		(5,000,000)	(274,179,136)
Financial assets other than at fair value through profit and loss with maturity more than three-month		(15,710,484,140)	(17,813,810,301)
Cash and cash equivalents at the end of the period	(37)	9,396,049,297	4,670,217,482

1. Background

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

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

2. Summary of Significant Accounting Policies

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

A. Basis of Preparation

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

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

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

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

Effect of implementation IFRS 9 on Accounting Policies

IFRS 9- Financial Instruments

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

Classification of financial assets and liabilities

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

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

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

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

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

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

Impairment of financial assets

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

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

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

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

Segment reporting

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

Transitional provisions

The bank has not re-measured the recognized financial instruments in the comparative financial statements, but only reclassified the financial assets and liabilities in the comparative figures to conform with the presentation method of the financial statements, subject to applying the standard for the first time and is therefore not comparable.

The impairment provision of the financial assets recognized in the financial position is deducted from the financial asset value at the time of preparing the financial position statement, while the impairment provision of the loan commitments, financial guarantee contracts and contingent liabilities is recognized under other provisions of financial position obligations.

B. Basis of presentation of consolidation

Subsidiaries

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

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

Information on subsidiaries is set out below for companies which are combined in the bank's consolidated financial statements as of 30 September 2021.

	Direct & indirect share %
Holding company for Investment and Development	92%
Housing and development company for real-estate investment	94,96%
El-Tameer company for financial and real estate investment banking	94,20%
El-Tameer company General and environmental services – Hemaya	85,92%
El-Tameer company for real estate and touristic asset Management	62,62%
Real estate development fund – Nemmo	93,83%
Information and electronical transactions services company	86,92%
El-Tameer company for real estate development and investment	92,77%
Hemaya company for security and money transfer	94,82%
HD for leasing	97.11%

Basis of Combinations

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

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

B.2. Associates

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

C. Translation of Foreign Currencies

C.1. Functional and presentation currency

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

C.2. Functions and balances in foreign currencies

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

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

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

D. Financial Assets

D.1. Recognition

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

D.2. Classification

Financial assets Policies applied starting from January 01, 2019:

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

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

- The financial asset is retained in the business model of financial assets held to collect contractual cash flow.

- The contractual terms of the financial asset at specific dates result in contractual cash flows of the asset represented only in the principal financial instrument amount and the return.

Financial assets classified as fair value through other comprehensive income if the following two conditions are met and was not recognized at inception date by the bank as fair value through profit or loss:
- The financial asset is retained in the business model of financial assets held to collect contractual cash flows and sales.
- The contractual terms of the financial asset at specific dates result in contractual cash flows of the asset represented only in the principal financial instrument amount and the return.

• The debt instrument that was not allocated at the initial recognition at the fair value through profit or loss is measured at the fair value through other comprehensive income if both of the following conditions are met:
- The financial asset is retained in the business model that aims to collect contractual cash flows and sell the financial asset.
- The contractual terms of the financial asset on specific dates result in cash flows of the asset and not represented only the principal debt and the return.

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

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

Business models Evaluation

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

Financial Instrument	Methods of Measurement According to the Business Model		
		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 for trading.

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

Financial Asset	Business Model	Basic Characteristics
Financial assets at amortized cost	Business model of financial assets held to collect contractual cash flows	▪ The business model is aimed to retain the financial assets to collect the contractual cash flows of the investment principal amount and the revenues. ▪ The sale is an exceptional action comparing to the purpose of this model and the terms of the standard represented in the deterioration in the creditworthiness of the financial instrument issuer. ▪ Less sales in terms of frequency and value. ▪ The bank performs a clear and reliable documentation of the rationale of each sale process and its compliance with the requirements of the Standard.

Financial assets at fair value through comprehensive income	Business model of financial assets held for the collection of contractual cash flows and sale.	▪ Both the collection of contractual cash flows and sales are complementary to the objective of the model. ▪ Sales are high (in terms of frequency and value) compared to the business model held for the collection of contractual cash flows.
Financial assets at fair value through profit or loss	Other business models include (trading – managing the financial assets based on fair value - maximizing cash flows through sale)	▪ The business model is not aimed to retain the financial asset for the collection of contractual or this retained for the collection of contractual cash flows and sales. ▪ Collecting contractual cash flows is an exceptional action comparing to the model objective. ▪ Managing the financial assets at the fair value through profit or loss to avoid inconsistency in accounting measurement

- The bank shall evaluate the business model goals on the portfolio's level in which the financial asset is retained, being the way that reflects both the methods of work management and information provided. The information to be taken into consideration while evaluating the business model goals include the following:
  - The approved and documented policies and the objectives of the portfolio in addition to applying such policies in practical reality, specially whether the management strategy focuses only on collecting the contractual cash flows of the asset and retaining a certain return rate to meet the dates of financial assets' maturity with the dates of the liabilities' maturity that are funding such assets; or rather on generating cash flows through selling such assets.
  - The method of evaluating the portfolio's performance and reporting the same to the top management.
  - The risks affecting the business model performance including the nature of the financial assets retained within such model and the method of managing such risks.
  - The method of evaluating the performance of work managers (fair value and/ or returns on the portfolio).
  - Frequency, value and timings of sales' transactions in the previous periods; the reasons of such transactions; as well as the expectations regarding the future sale activities. However, the information of the sales' activities are not taken into consideration in isolation., but rather as a part of a comprehensive evaluation of the method of carrying out the bank's goals regarding managing financial assets and how cash flows are generated.
- The financial assets, which are retained for the purpose of trading or those which are managed and evaluated based on the fair value, are calculated by the fair value through profits and losses because they are not retained for the purpose of collecting contractual cash flows and/ or selling financial assets.
- Evaluating whether the asset's contractual cash flows represent payments that are only limited to the original amount of the instrument and the return.

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

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

  For the purpose of carrying out the above evaluation, the Bank needs to take the following into consideration:
  - Potential events that may change the timing or amount of contractual cash flows;
  - Characteristics of the financial leverage (rate of return, time limits, currency…)
  - Terms of prompt payment and extension of time limits;
  - The terms that may limits bank's ability to claim cash flows from certain assets;
  - The characteristics that may amend the consideration of the time value of money (re-estimating the return rate on a periodical basis).
- The bank does not reclassify groups of financial assets unless the business model is changed, which rarely happens, or does not happen except infrequently or when the credit capacity of one of the debt instruments declines at amortized cost.

E. Offsetting between Financial Instruments

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

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

F. Financial Derivatives Instruments and hedging accounting

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

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

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

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

F.1. Fair value hedging

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

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

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

F.2. Cash flows hedging

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

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

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

F.3. Unqualified derivative of hedging accounting

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

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

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

H. Interest Income and Expense

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

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

I. Fees and Commissions

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

Commitment fees received by the bank to originate a loan are deferred if it is probable that the bank will enter into a specific lending arrangement and are regarded as a compensation for an ongoing involvement with the acquisition of the financial instrument and recognized as an adjustment to the effective interest rate. If the commitment expires without the bank making the loan, the fees are recognized as revenue on expiry.
Fees related to debt instruments which are measured at fair value are recognized under revenue at initial recognition. The fees for promotion of joint loans are recognized within revenues upon completing the promotion process without retaining any part of the loan by the bank, or if the bank maintains a part thereof with the actual interest rate available to other participants.

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

J. Dividends

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

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

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

L. Impairment of Financial Assets

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

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

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

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

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

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

Financial assets at fair value through the other comprehensive income

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

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

M. Goodwill

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

N. Evaluation of Housing Projects

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

- Finished housing units are evaluated at lower of the cost or fair value; the fair value is evaluated in the light of detailed studies. In case the fair value is less than the cost, the difference is charged to reduce "profits of housing projects" item in the income statement. In case of an increase in the fair value, such increase shall be credited to the income statement to the extent previously charged to the income statement.
- The cost and selling price of housing units in some distinguished projects are calculated according to the privileges in location and area for each unit with no effect on the project's total cost.

O. Investments property

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

P. Intangible Assets

P.1. Computer programs

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

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

P.2. Other intangible assets

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

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

Q. Fixed Assets

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

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

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

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

R. Non-Financial Asset Impairment

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

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

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

S. Rental

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

T. Cash and Cash Equivalents

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

U. Provisions

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

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

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

V. Financial collateral contracts

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

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

W. Employees Benefits

W.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.

W.2. Retirement Liabilities

The bank has applied a specified 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 present 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 if it's not more than 10% of the value of the asset or 10% of the defined benefits liabilities, whichever is higher and in case profits (losses) is more than the percentage, the increment is added (deducted) to the income statement over what's left from the working years.

The cost of the previously mentioned 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.

W.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 total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimated number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting year.

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

X. Income Taxes

Income tax expense on the year's profit or loss includes the sum of the tax currently payable and deferred tax and is recognized in the income statement, except when they relate to items that are recognized directly in equity, in which case the tax is also recognized in equity.

Income tax is recognized based on net taxable profit using the tax rates applicable at the date of the budget in addition to tax adjustments for previous years.

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

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

Y. Borrowing

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

Z. Capital

Z.1. Cost of capital

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

Z.2. Dividends

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

AA. Trust Activities

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

AB. Comparative Figures

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

3. Management of Financial Risks

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

The risk management policies have been laid down to determine and analyses the risks, set limits to the risks and control them through reliable methods and up–to–date systems. The bank regularly reviews the risk management policies and systems and amendments thereto, so that they reflect the changes in markets, products and services and the best up-to–date applications.

Risks are managed in accordance with preapproved policies by the board of directors. The risk management department identifies, evaluates and covers financial risks, in close collaboration with the bank's various operating units. The board of directors provides written rules which cover certain risk areas, such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative financial instruments. Moreover, the risk department is responsible for the year review of risk management and the control environment independently.

A. Credit Risk

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

A.1. Measuring the Credit Risk

Loans and facilities to banks and clients

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

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

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

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

Bank's internal ratings scale

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

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

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

Debt Instruments

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

A.2. Risk limit control and mitigation policies

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

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

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

Some other specific control and mitigation measures are outlined below:

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

- Mortgages over residential properties.
- Mortgage business assets such as premises, inventory and accounts receivable.
- Mortgage financial instruments such as debt securities and equities.
- Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.
- Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

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

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

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

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

A.3. Impairment and Provisions Policies
Policies The internal rating systems previously described focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management and Central Bank of Egypt's regulation purposes.

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

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

30/09/2021 Bank's Rating	Loans and facilities %	Impairment losses provision %
Stage 1	25%	83%
Stage 2	9%	7%
Stage 3	66%	10%
	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.

Items Exposed to Credit Risks	30/09/2021 EGP	31/12/2020 EGP
Due from banks	8,420,119,301	3,819,923,350
Loans and facilities to customers		
Retail Loans		
Overdrafts	642,535,090	642,726,758
Credit cards	57,055,126	44,504,376
Personal Loans	6,272,373,584	4,869,358,296
Real Estate Loans	8,262,664,944	7,754,640,464
Corporate Loans:		
Overdrafts	4,046,072,274	3,373,783,910
Direct Loans	3,716,264,679	3,152,542,701
Syndicated Loans	1,172,422,391	757,432,318
Specialized Loans:		
Direct Loans	407,298,925	455,240,231
Financial assets:		
Debt Instruments	10,732,520,507	10,109,946,180
Other assets	2,999,545,637	2,208,849,586
Total	46,728,872,458	37,188,948,170

A.6. Loans and Facilities

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

	30/09/2021 EGP Loans & advances to customers	31/12/2020 EGP Loans & advances to customers
Neither past dues nor subject to impairment	20,372,899,012	17,866,015,190
Past due but not subject to impairment	1,652,985,824	1,472,087,181
Individually subject to impairment	2,550,802,177	1,712,126,683
Total	24,576,687,013	21,050,229,054
Less:		
Impairment loss provision	(2,184,659,794)	(2,069,900,781)
Interest in suspense	(16,908,106)	(18,204,192)
	22,375,119,113	18,962,124,081

Loans and facilities impairment reached EGP 113,031,981 compared to EGP 187,257,052 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 September 2021	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Retail	13,518,997,974	1,132,769,909	990,159,786	15,641,927,669
Corporate	6,853,901,038	520,215,915	1,560,642,391	8,934,759,344
	20,372,899,012	1,652,985,824	2,550,802,177	24,576,687,013

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

	30 September 2021			
	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Retail	49,456,470	69,875,735	183,234,191	302,596,396
Corporate	497,040,669	124,462,277	1,260,590,452	1,882,093,398
	546,497,139	**194,338,012**	**1,443,824,643**	**2,184,689,794**

	31 December 2020			
	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Retail	11,906,128,548	767,344,752	1,092,996,825	13,766,470,125
Corporate	5,959,886,642	704,742,429	619,129,858	7,283,758,929
	17,866,015,190	**1,472,087,181**	**1,712,126,683**	**21,050,229,054**

The following table shows impairment loss provision in stages during the period:

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

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

Due from banks Credit rating	30 September 2021 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	8,420,119,301	-	-	8,420,119,301
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Total	**8,420,119,301**	-	-	**8,420,119,301**
Allowance for impairment losses	(59,277)	-	-	(59,277)
Total	**8,420,060,024**	-	-	**8,420,060,024**

Financial assets at amortized cost Credit rating	30 September 2021 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	10,732,520,507	-	-	10,732,520,507
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Total	**10,732,520,507**	-	-	**10,732,520,507**
Allowance for impairment losses	(4,500,157)	-	-	(4,500,157)
Total	**10,728,020,350**			**10,728,020,350**

Retail Loans & Facilities Credit rating	30 September 2021 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	13,518,997,974	-	-	13,518,997,974
Normal watch-list	-	1,132,769,909	-	1,132,769,909
Non-performing loan	-	-	990,159,786	990,159,786
Total	13,518,997,974	1,132,769,909	990,159,786	15,641,927,669
Allowance for impairment losses	(49,456,470)	(69,875,735)	(183,234,191)	(302,566,396)
Total	13,469,541,504	1,062,894,174	806,925,595	15,339,361,273

Corporate Loans & Facilities Credit rating	30 September 2021 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	6,853,901,038	-	-	6,853,901,038
Normal watch-list	-	520,215,915	-	520,215,915
Non-performing loan	-	-	1,560,642,391	1,560,642,391
Total	6,853,901,038	520,215,915	1,560,642,391	8,934,759,344
Allowance for impairment losses	(497,040,669)	(124,462,277)	(1,260,590,452)	(1,882,093,398)
Total	6,356,860,369	395,753,638	300,051,939	7,052,665,946
	31 December 2020			
Good debts	3,819,923,350	-	-	3,819,923,350
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Total	3,819,923,350	-	-	3,819,923,350
Allowance for impairment losses	(66,286)			(66,286)
Total	3,819,857,064	-	-	3,819,857,064

Financial assets at amortized cost Credit rating	31 December 2020 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	10,109,946,180	-	-	10,109,946,180
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Total	10,109,946,180	-	-	10,109,946,180
Allowance for impairment losses	(8,510,685)	-	-	(8,510,685)
Total	10,101,435,495			10,101,435,495

Retail Loans & Facilities Credit rating	31 December 2020 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	11,906,128,548	-	-	11,906,128,548
Normal watch-list	-	767,344,752	-	767,344,752
Non-performing loan	-	-	1,092,996,825	1,092,996,825
Total	11,906,128,548	767,344,752	1,092,996,825	13,766,470,125
Allowance for impairment losses	(119,635,182)	(74,985,367)	(255,150,868)	(449,771,417)
Total	11,786,493,366	692,359,385	837,845,957	13,316,698,708

Corporate Loans & Facilities Credit rating	31 December 2020 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	5,959,886,642	-	-	5,959,886,642
Normal watch-list	-	704,742,429	-	704,742,429
Non-performing loan	-	-	619,129,858	619,129,858
Total	5,959,886,642	704,742,429	619,129,858	7,283,758,929
Allowance for impairment losses	(909,687,949)	(267,080,584)	(443,360,831)	(1,620,129,364)
Total	5,050,198,693	437,661,845	175,769,027	5,663,629,565

A.7. Acquisition of collaterals:

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

	Book Value 30/09/2021 EGP	31/12/2020 EGP
Land	16,539,860	16,492,260
Housing units	-	45,000
Hotel	49,138,972	49,138,972
	65,066,457	65,676,232

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

Geographical segments

The following table represents the analysis of the most important bank's credit risks measured at the book value, allocated according to the geographical segment at 30 September 2021 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	8,420,119,301	-	-	8,420,119,301
Loans and Advance to Customers				
Retail Loans:				
Overdrafts loans	294,828,989	276,077,835	71,628,266	642,535,090
Credit cards loans	28,890,084	23,685,231	4,479,811	57,055,126
Personal loans	2,261,371,383	2,636,535,333	1,374,466,868	6,272,373,584
Real Estate loans	4,244,601,980	2,918,757,364	1,099,305,600	8,262,664,944
Corporate Loans:				
Overdrafts	2,227,212,587	1,589,109,470	299,750,217	4,046,072,274
Direct loans	3,154,973,607	441,576,615	119,714,457	3,716,264,679
Syndication loans	1,172,422,391	-	-	1,172,422,391
Specialized Loans:				
Other loans	407,298,925	-	-	407,298,925
Financial assets				
Debt Instruments	10,732,520,507	-	-	10,732,520,507
Other Assets	2,923,723,103	51,106,782	24,715,752	2,999,545,637
Total as of 30/09/2021	**35,867,962,857**	**7,936,848,630**	**2,924,060,971**	**46,728,872,458**
Total as of 31/12/2020	28,621,888,844	5,164,211,087	3,402,848,239	37,188,948,170

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	554,967,668	-	-	-	-	-	7,865,151,633	-	-	8,420,119,301
Loans &Facilities										
Retail										
Overdrafts	-	-	-	-	-	-	-	-	642,535,090	642,535,090
Credit Cards	-	-	-	-	-	-	-	-	57,055,126	57,055,126
Personal loans	-	-	-	-	-	-	-	-	6,272,373,584	6,272,373,584
Real Estate	-	-	-	-	-	-	-	-	8,262,664,944	8,262,664,944
Corporate										
Overdraft	268,628,714	46,915,758	1,772,139,665	852,991,479	230,776,118	791,614,674	-	83,005,896	-	4,046,072,274
Direct	1,318,458,734	4,306,472	388,402,811	238,077,082	1,455,215,188	293,231,233	-	18,573,159		3,716,264,679
Syndicated	-	-	-	-	1,172,422,391	-	-	-		1,172,422,391
Specialized Loans										
Direct	-	-	-	-	-	-	407,298,925	-		407,298,925
Financial assets										
Debt Instruments	-	-	-	-	-	-	10,732,520,507	-		10,732,520,507
Other Assets	211,619,670	-	-	-	842,928,845	1,498,687,302	178,749,676	9,246,139	258,314,005	2,999,545,637
Total as of 30 September 2021	2,353,674,786	51,222,230	2,160,542,476	1,091,068,561	3,701,342,542	2,583,533,209	19,183,720,741	110,825,164	15,492,942,749	46,728,872,458
Total as of 31 December 2020	3,304,887,781	47,659,878	1,918,041,826	1,334,264,194	2,522,846,488	1,458,770,177	12,925,781,550	107,152,377	13,569,543,899	37,188,948,170

B. Market Risk

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

B.1. Market Risk Measurement Techniques:

Value at risk

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

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

The bank is assessing the historical movements in the market prices based on volatilities and correlations data for the past two years while collecting the historical data for the past five years and the bank applies these historical changes in rates, prices and indicators directly to the current positions, and this way is known as a simulated historical method and the actual outputs are monitored on regular basis to measure the appropriate assumptions and factors used to measure VAR. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Stress testing

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

B.2. Foreign exchange risk

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

30 September 2021	US Dollar	Euro	Sterling Pound	Other Currencies
Financial Assets:				
Cash and balances with Central Bank	7,278,712	417,015	8,271	151,138
Due from banks	699,784	544,790	255,695	2,497,407
Loans & facilities to customers	8,422,522	91,888	1,059	4,235
Financial assets				
Financial assets at amortized costs	41,500,000	3,800,000	-	-
Financial assets at fair value through other comprehensive income	33,928,806	5,700,000	-	-
Other Financial assets	1,316,605	-	-	302
Total financial assets	**93,146,429**	**10,553,693**	**265,025**	**2,653,082**
Financial liabilities:				
Due to banks	38,507,637	5,008,903	-	-
Customer's deposits	35,015,275	4,240,108	260,280	1,628,576
Other Financial liabilities	8,685,710	390,525	1,087	100,446
Total financial liabilities	82,208,622	9,639,536	261,367	1,729,022
Net financial position as of 30 September 2021	10,937,807	914,157	3,658	924,060
31 December 2020				
Total financial assets	**83,235,856**	**19,638,731**	**244,213**	**2,635,997**
Total financial liabilities	76,366,724	18,062,633	234,549	1,538,570
Net financial position as of 31 December 2020	6,869,132	1,576,098	9,664	1,097,427

B.3.Interest rate Risk

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

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

(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	-	-	-	-	6,389,603	6,389,603
Due from banks	5,175,228	3,205,000	-	-	39,832	8,420,060
Loans & facilities to customers	1,418,050	1,085,728	4,161,514	17,911,396	-	24,576,687
Financial assets:						
Fair value through other comprehensive income	16,275,694	3,361,274	5,931,076	146,680	-	25,714,724
Fair value through profit and loss	417,168			44,399		461,567
Other assets	-	-	-	3,137,441	6,199,536	9,336,977
Total financial assets	**23,286,140**	**7,652,002**	**10,092,590**	**21,239,916**	**12,628,971**	74,899,618
Financial liabilities						
Due to banks	695,892	-	-	-	356	696,248
Customer's deposits	5,189,534	2,437,938	6,985,978	12,954,787	28,607,838	56,176,075
Other loans	4,952	7,897	626,250	460,597	-	1,099,696
Other financial liabilities	-	-	-	9,157,334	7,770,265	16,927,599
Total financial liabilities	**5,890,378**	**2,445,835**	**7,612,228**	**22,572,718**	**36,378,459**	**74,899,618**
Re-pricing gap	**17,395,762**	**5,206,167**	**2,480,362**	**(1,332,802)**	**(23,749,488)**	-

A. Liquidity Risk

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

Liquidity Risk Management

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

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

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

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

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

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

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

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

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

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

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

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

- To comply with the legal requirements in Egypt and the countries where the bank's branches exist.
- To safeguard the Bank's ability to continue as ongoing concern so that it can continue to provide returns for Shareholders and stakeholders and other parties that deal with the bank.
- To maintain a strong capital base to support the development of its business.
  Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the Central bank Of Egypt, for supervisory purposes.
  The required information is filed with the Authority on a quarterly basis. Central Bank of Egypt requires the following:
- Holding the minimum level of the issued and paid up capital of EGP 500 million.
- Maintaining a ratio of total regulatory capital to the risk weighted asset or above the agreed minimum of 10%.

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

The nominator of capital adequacy standard consists of two tiers:

Tier One:
Tier one, consisting of paid-in capital (after deducting the book value of treasury shares), and retained earnings and reserves resulting from the distribution of profits with the exception of banking risk reserve and deducting there from previously recognized goodwill and any transferred loss.
Tier Two:
Qualifying subordinated loan capital, which consists of the equivalent of the risk allocation according to the principles of credit issued by the Central Bank of Egypt for not more than 1.25% of total assets and liabilities weighted with risk, loans / deposits support in excess of the schedule of five years (with consumption of 20% of their value in each year of the last five years of the schedule) and 45% of the increase between the fair value and book value for each of the financial assets at fair value through other comprehensive income and at amortized cost in subsidiaries.

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

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

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

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

	30/09/2021 EGP	31/12/2020 EGP
Capital adequacy ratio according to Basel II		
Capital		
(Tier 1 capital) basic capital		
Paid-up capital	1,518,000,000	1,265,000,000
Amounts reserved for capital increase	253,000,000	379,500,000
Reserves	4,876,145,846	3,770,494,024
Retained earnings	390,699,924	100,618,290
Total deduction from basic capital	(371,923,962)	(393,475,343)
Other comprehensive income	146,056,718	125,175,167
Total basic capital	6,811,978,526	5,247,312,138
Net income for the period	1,034,619,961	1,845,043,554
Total paid up capital and additional paid up capital and retained earnings	7,846,598,487	7,092,355,692
(Tier 2 capital) syndicated capital,		
45% of Special Reserve	4,205,235	4,205,235
Impairment provisions for loans, facilities and contingent liabilities	434,177,903	315,407,506
50% of disposals from tier (1) and tier (2)	(31,500)	(27,000)
Total Syndicated Capital	438,351638	319,585,741
Total capital	8,284,950,125	7,411,941,433
Risk-weighted assets and contingent liabilities:		
Total Credit Risk	29,001,883,245	25,232,600,486
Total Market Risk	1,528,194,476	1,252,711,525
Total Operational Risk	6,448,825,500	6,448,825,500
Total	36,978,903,221	32,934,137,511
Capital Adequacy ratio (%)	22.40	22.51

Based on the bank's consolidated financial statement according to the Central Bank of Egypt regulations on 18 December 2012.

D. Financial leverage

	30/09/2021 EGP	31/12/2020 EGP
Tier one capital after exclusions	**7,846,598,487**	7,092,355,692
Total on-balance sheet exposures, derivatives contracts and financial papers operations	70,441,804,000	59,780,378,000
Total off balance sheet exposures.	**1,790,684,000**	1,867,866,000
Total exposures on-balance sheet and off-balance sheet.	**72,232,488**	61,648,244,000
Financial leverage ratio	10.86	11.50

4. Critical Accounting Estimates and Judgments

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

A. Impairment losses on loans and facilities

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

B. Fair value of derivatives

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

C. Income taxes

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

5. Segment Analysis

A. Segment Analysis of activities

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

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

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

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

Other activities
Includes other banking activities.

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

Revenues and Expenses according to segment activity

EGP

The period ended on 30 September 2021	Corporate	Investment	Individuals	Other activities	Total
Segment activity revenues	1,591,006,530	1,777,140,032	1,531,087,900	1,279,971,881	**6,179,206,343**
Segment activity expenses	1,251,875,697	821,663,908	1,052,632,462	524,789,124	**3,650,961,191**
Segment operation results	339,130,833	955,476,124	478,455,438	755,182,757	**2,528,245,152**
Unclassified expenses	-	-	-	-	**(301,506,210)**
Net income for the period before taxes	-	-	-	-	**2,226,738,942**
Taxes	-	-	-	-	**(645,147,347)**
Net income for the period	-	-	-	-	**1,581,591,595**

EGP

The period ended on 30 September 2020	Corporate	Investment	Individuals	Other activities	Total
Segment activity revenues	1,517,074,131	1,278,076,876	1,499,478,904	1,249,811,451	**5,544,411,362**
Segment activity expenses	1,262,072,356	343,439,315	1,152,705,988	616,138,106	**3,374,355,765**
Segment operation results	255,001,775	934,637,561	346,772,916	633,673,345	**2,170,085,597**
Unclassified expenses	-	-	-	-	**7,902,224**
Net income for the year before taxes	-	-	-	-	**2,177,987,821**
Taxes	-	-	-	-	**(522,333,712)**
Net income for the period	-	-	-	-	**1,655,654,109**

B. Analysis of Geographical Segments

EGP

Period ended on 30 September 2021	Greater Cairo	Alexandria, Delta& Sinai	Upper Egypt	Total
Revenues &expenses in accordance with geographical segment				
Geographical segment revenues	4,832,841,902	945,996,741	400,367,700	**6,179,206,343**
Geographical segment expenses	3,047,755,873	691,307,209	213,404,319	**3,952,467,401**
Sector's profit results	1,785,086,029	254,689,532	186,963,381	**2,226,738,942**
Net income for the period before taxes	-	-	-	**2,226,738,942**
Taxes	-	-	-	**(645,147,347)**
Net income for the period	-	-	-	**1,581,591,59**
Assets and liabilities in accordance with geographical segment				
Assets of geographic segment	56,069,142,641	11,855,928,282	3,566,612,350	**71,491,683,273**
Unspecified Assets				**1,206,366,515**
Total assets	56,069,142,641	11,855,928,282	3,566,612,350	**72.698,049,788**
Liabilities of geographic segment	46,965,379,486	11,911,238,751	3,469,648,967	62,346,267,204
Other items of the Geographical segment				
Depreciations	(169,446,464)	(17,589,534)	(5,455,769)	**(192,491,767)**
Impairment reversal	(109,014,443)			(109,014,443)

Period ended on 30 September 2020	Greater Cairo	Alexandria, Delta& Sinai	Upper Egypt	Total
Revenues &expenses in accordance with geographical segment				
Geographical segment revenues	4,289,735,294	857,577,558	397,128,510	5,544,441,362
Geographical segment expenses	2,515,266,384	632,369,474	218,817,683	3,366,453,541
Sector's profit results	1,774,468,910	225,208,084	178,310,827	2,177,987,821
Net income for the year before taxes				2,177,987,821
Taxes				(522,333,712)
Net income for the period				1,655,654,109
Assets and liabilities in accordance with geographical segment				
Assets of geographic segment	45,672,044,538	10,000,726,410	2,931,998,966	58,604,769,914
Unspecified Assets				1,130,363,425
Total assets	45,672,044,538	10,000,726,410	2,931,998,966	59,735,133,339
Liabilities of geographic segment	37,985,645,830	10,145,519,009	2,903,688,217	51,034,853,056
Other items of the Geographical segment				
Depreciations	(161,538,774)	(15,698,895)	(4,935,019)	(182,172,688)
Impairment	190,074,912	-	-	190,074,912

6. Net interest income

	For The Nine months ended at 30 September 2021 EGP	For The Nine months ended at 30 September 2020 EGP
Interest received from loans and similar items:		
Loans and advances to customers	1,742,802,872	1,592,566,660
Financial investment not at fair value through profit or loss	2,931,618,565	2,345,225,338
Deposits and current accounts	415,497,869	384,661,680
Total	5,089,919,306	4,322,453,678
Cost of Deposits and similar Expenses:		
Deposits and current accounts:		
Banks	7,112,888	32,572,862
Customers	2,541,620,632	2,241,897,598
Total	2,548,733,520	2,274,470,460
Other financial institutions loans	91,177,681	48,636,129
Total	2,639,911,201	2,323,106,589
Net interest income	2,450,008,105	1,999,347,089

7. Net fees & commissions income

	For The Nine months ended at 30 September 2021 EGP	For The Nine months ended at 30 September 2020 EGP
Fees & commissions income :		
Fees & commissions related to credit	48,076,323	58,771,373
Financing fees	138,530,743	125,971,302
Other fees	99,044,245	100,984,619
Total	285,651,311	285,727,294
Fees and commission expenses:		
Other paid fees	(34,354,894)	(31,523,651)
Net income from fees and commissions	251,296,417	254,203,643

8. Dividends Income

	For The Nine months ended at 30 September 2021 EGP	For The Nine months ended at 30 September 2020 EGP
Equity instrument at fair value through profit or loss	2,330,942	1,649,333
Equity instrument at fair value through other comprehensive income	3,306,621	1,305,061
Total	5,637,563	2,954,394

9. Net income from financial assets at fair value through profit and loss

	For The Nine months ended at 30 September 2021 EGP	For The Nine months ended at 30 September 2020 EGP
Forex profit (losses)	12,478,336	12,679,807
Equity instruments at fair value through profit and loss	33,790,180	23,244,909
Net income from financial assets at fair value through profit and loss	46,268,516	35,924,716

10. Revenue from housing projects

	For The Nine months ended at 30 September 2021 EGP	For The Nine months ended at 30 September 2020 EGP
Sales of housing properties	574,428,627	582,880,050
Cost of sold properties	(227,261,322)	(214,344,588)
Revenue from properties	347,167,305	368,535,462
Other housing revenues	69,278,608	45,996,722
Total	416,445,913	414,532,184

11. Administrative expenses

	For The Nine months ended at 30 September 2021 EGP	For The Nine months ended at 30 September 2020 EGP
Staff cost		
Wages and salaries	537,919,667	455,151,621
Social insurances	33,119,961	28,577,630
Retirement benefit cost	10,753,185	10,256,134
Operation utilities	333,197,421	291,703,789
Current expenses	239,123,226	225,708,196
Portion of social and athletic activities	1,000,000	1,775,000
Donations	25,900,546	29,695,812
Others	74,671,769	44,921,105
Total administrative expenses	1,255,685,775	1,087,789,287

12. Other operating revenues

	For The Nine months ended at 30 September 2021 EGP	For The Nine months ended at 30 September 2020 EGP
Revaluation losses of assets and liabilities balances in foreign currencies with monetary nature other than held for trading or classified at inception at fair value through profit or loss	(5,059,039)	(2,726,619)
Gain from selling properties, planets and equipment	2,053,931	12,720,521
Reversal of impairment of other assets and bank's projects	1,732,734	3,740,980
Others	91,416,072	111,295,788
Total	90,143,698	125,030,670

13. Loans impairment losses

	For The Nine months ended at 30 September 2021 EGP	For The Nine months ended at 30 September 2020 EGP
Loans and customer advances	(113,031,981)	187,257,052
Due from banks	7,009	(55,955)
Debt instruments -at amortized cost	4,010,529	2,873,815
Total	(109,014,443)	190,074,912

14. Income tax expenses

	For The Nine months ended at 30 September 2021 EGP	For The Nine months ended at 30 September 2020 EGP
Current taxes	(646,668,731)	(573,506,201)
Deferred income taxes	1,521,384	51,172,489
Total	**(645,147,347)**	(522,333,712)

15. Earnings per share

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

	For The Nine months ended at 30 September 2021 EGP	For The Nine months ended at 30 September 2020 EGP
Net profit for the period available for controlling interest	1,572,173,382	1,645,753,279
Weighted average number of shares	139,056,985	126,500,000
Basic earnings per share	11.31	13.01

16. Cash and balances with central bank

	30/09/2021 EGP	31/12/2020 EGP
Cash	941,443,120	783,961,502
Due from central Bank within the required reserve percentage	5,448,160,042	5,016,534,231
	6,389,603,162	5,800,495,733
Non-interest bearing balances	6,389,603,162	5,800,495,733

17. Due from banks

	30/09/2021 EGP	31/12/2020 EGP
Current accounts	39,832,445	69,688,539
Deposits	8,380,286,856	3,750,234,811
Provision of impairment losses	(59,277)	(66,286)
	8,420,060,024	3,819,857,064
Central Bank (excluding obligatory reserve)	7,865,151,633	2,160,819,912
Local Banks	531,034,272	1,615,244,984
Foreign Banks	23,874,119	43,792,168
	8,420,060,024	3,819,857,064
Non-interest bearing balances	39,832,445	69,688,539
Interest bearing balances (Fixed rate)	8,380,227,579	3,750,168,525
	8,420,060,024	3,819,857,064
Current balances	8,420,060,024	3,819,857,064

18. LOANS & FACILITIES TO CUSTOMERS

	30/09/2021 EGP	31/12/2020 EGP
Retail		
Overdrafts	642,535,090	642,726,758
Credit cards	57,055,126	44,504,376
Personal loans	6,272,373,584	4,869,358,296
Real Estate loans	8,262,664,944	7,754,640,464
*Other loans	407,298,925	455,240,231
Total	15,641,927,669	13,766,470,125
Institutions including small loans for economic activities		
Overdrafts	4,046,072,274	3,373,783,910
Direct loans	3,716,264,679	3,152,542,701
Syndicated loans	1,172,422,391	757,432,318
Total	8,937,759,344	7,283,758,929
Total Loans& facilities to customers	24,576,687,013	21,050,229,054
Less:		
Impairment of loan loss provision	(2,184,659,794)	(2,069,900,781)
Interest in suspense	(16,908,106)	(18,204,192)
	22,375,119,113	18,962,124,081
Current Balances	5,558,665,015	4,789,828,329
Non-current Balances	19,018,021,998	16,260,400,725
	24,576,687,013	21,050,229,054

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

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

	30/09/2021 EGP	31/12/2020 EGP
Balance at the beginning of the period	2,069,900,781	2,251,418,897
Reversal of Impairment loss	113,031,981	(179,121,828)
Amounts written off during the period	(8,960,791)	(12,824,310)
Refunded amounts during the period	10,927,962	11,720,792
Foreign currency revaluation difference	(240,139)	(1,292,770)
Balance at the end of the period	2,184,659,794	2,069,900,781

19. FINANCIAL INVESTMENT AT FAIR VULE THROUGH PROFIT AND LOSS

	30/09/2021 EGP	31/12/2020 EGP
Equity instrument listed in stock market		
Local companies' shares	55,388,767	51,535,775
Total equity instrument	55,388,767	51,535,775
Equity instrument unlisted in stock market		
Mutual fund's instrument	17,576,042	20,635,582
Total Equity instrument unlisted in stock market	17,576,042	20,635,582
Financial investment portfolio managed by others	388,602,233	366,347,411
Total trading financial assets	461,567,042	438,518,768

20. FINANCIAL ASSETS (OTHER THAN THAT IN FAIR THROUGH PROFIT AND LOSS)

	30/09/2021	31/12/2020
Financial assets at fair value through other comprehensive income	**EGP**	**EGP**
Debt instrument :		
Listed in stock market	**19,971,050,487**	19,796,595,919
Unearned interest	**(616,024,066)**	(1,231,153,273)
Equity instrument :		
Listed in stock market	**140,945,928**	133,476,141
Mutual fund's instrument established according to the issued rates	**40,681,241**	38,445,941
Total Financial assets at fair value through other comprehensive income	**19,536,653,590**	18,737,364,728
Financial assets at Amortized Cost		
Debt instruments -at amortized cost:		
Debt instrument (listed)	10,732,520,507	10,109,946,180
Unearned interest	(91,207,160)	(36,329,675)
Selling of debt instrument with obligation of rebuying	(4,458,742,818)	(4,549,690,453)
Provision of debt instrument impairment losses	(4,500,157)	(8,510,685)
Total Financial assets at Amortized Cost	**6,178,070,372**	5,515,415,367
Total Financial assets	**25,714,723,962**	24,252,780,095
Current Balances	**25,533,096,793**	24,080,858,013
Non-current Balances	**181,627,169**	171,922,082
	25,714,723,962	24,252,780,095
Debt Instruments – interest bearing (fixed)	**25,533,096,793**	24,080,858,013

	Financial assets at fair value through other comprehensive income	Financial assets at Amortized Cost	Total
	EGP	**EGP**	**EGP**
Balance at the beginning of January 1, 2021	18,737,364,728	5,515,415,367	24,252,780,095
Net movement of buying and selling	854,914,491	563,148,670	1,418,063,161
Amortization of premium issuance	(1,254,356)	4,548,172	3,293,816
Change in fair value	(54,371,273)	-	(54,371,273)
Selling of debt instrument with obligation of rebuying	-	90,947,635	90,947,635
Provision for debt instrument impairment	-	4,010,528	4,010,528
Balance as of 30 September 2021	19,536,653,590	6,178,070,372	25,714,723,962
Balance as of 1 January 2020	1,933,681,038	14,550,044,436	16,483,725,474
Net movement of buying and selling	16,699,932,202	(9,127,975,607)	7,571,956,595
Amortization of premium issuance	-	13,391,904	13,391,904
Change in fair value	103,751,488	-	103,751,488
Selling of debt instrument with obligation of rebuying	-	80,178,285	80,178,285
	-	(223,651)	(223,651)
Balance as of 31 December 2020	18,737,364,728	5,515,415,367	24,252,780,095

Change in fair value of equity instruments at fair value through other comprehensive income	For The Nine months ended at 30 September 2021	For The Nine months ended at 30 September 2020
	EGP	**EGP**
Change in fair value of equity instrument at fair value through other comprehensive income	**(54,371,273)**	58,618,971
Total	**(54,371,273)**	58,618,971

21. INVESTMENTS IN ASSOCIATED COMPANIES

30/09/2021

	Company's total assets	Company's total liabilities without owners' equity	Company's total revenues	Company's total profit (loss)	Shares percentage	Shares Value
	EGP	EGP	EGP	EGP	%	EGP
El-Tameer housing and utilities company	409,750,493	290,820,363	340,028,290	45,306,376	35%	41,625,544
El-Tameer Real Estate Finance company	3,135,068,314	2,258,208,921	220,557,766	48,183,066	24.84%	217,783,620
Hyde Park for Real Estate Development Company	11,830,838,750	6,871,509,812	1,804,010,896	368,514,962	53,66%	1,616,854,063
City edge company	4,573,766,106	2,843,606,336	272,521,163	27,754,299	35,05%	565,453,219
Total	19,949,423,663	12,264,145,432	2,637,118,115	489,758,703		2,441,716,446

The bank shares' in profits of associated companies in 30 September 2021 amounted to EGP 126,964,929.

31/12/2020

	Company's total assets	Company's total liabilities without owners' equity	Company's total revenues	Company's total profit (loss)	Shares percentage	Shares Value
	EGP	EGP	EGP	EGP	%	EGP
El-Tameer housing and utilities company	228,692,965	138,903,437	229,859,350	26,917,616	35%	31,426,334
El-Tameer Real Estate Finance company	2,194,728,455	1,345,953,036	152,846,412	43,420,074	24.8%	210,847,277
Hyde Park for Real Estate Development Company	9,945,837,596	8,426,144,660	1,616,104,557	342,024,841	53,66%	1,200,610,537
City edge company	3,690,275,946	1,941,434,382	580,770,133	171,530,141	35,05%	647,549,610
Total	16,059,534,962	11,852,435,515	2,579,580,452	583,892,672		2,090,433,758

22. HOUSING PROJECTS

	30/09/2021	31/12/2020
	EGP	EGP
Lands allocated for housing projects	883,858,448	886,711,560
Under Construction projects	928,679,377	890,196,528
Finished projects	734,835,101	680,417,046
Housing projects provision	(23,231,797)	(24,016,757)
Total	2,524,141,129	2,433,308,377

The total area of empty units' available for sale household units 193,385 meters, administrative and commercial buildings 16,809 thousand meters and the lands 2,410 million meters.

Housing projects impairment breakdown

	30/09/2021	31/12/2020
	EGP	EGP
Balance at the beginning of the period/year	24,016,757	24,016,757
Charged during the period/year	-	-
Utilized during the period/year	(784,960)	-
Balance at the beginning of the period/year	23,231,797	24,016,757

23. INVESTMENTS PROPERTY

	30/09/2021 EGP	31/12/2020 EGP
Total Investments	161,261,812	157,733,418
Accumulated Depreciation	(54,641,086)	(46,532,215)
Net book value at the beginning of the period	106,620,726	111,201,203
Additions	-	3,528,394
Depreciation of the period	(5,954,068)	(8,108,871)
Net book value at the end of the period	100,666,658	106,620,726

Real estate investments rented for the bank's companies and others with yearly renewal contracts and with depreciation calculated for the rented units at 5% annually.
Real estate investments have been revaluated with the fair value by an amount of EGP 428.8 million as of 31 December 2020 by an evaluator with a recognized professional certificate and has an experience of real estate.

24. INTANGIBLE ASSETS

Computers programs	30/09/2021 EGP	31/12/2020 EGP
Beginning cost	434,747,045	374,565,613
Additions during the period	28,566,632	60,181,432
Ending cost	463,313,677	434,747,045
Accumulated depreciation at the beginning of the period	(330,372,566)	(260,437,299)
Depreciation during the period	(48,611,024)	(69,935,267)
Accumulated depreciation at the end of the period	(378,983,590)	(330,372,566)
Net book value at the end of the period	84,330,087	104,374,479

25. OTHER ASSETS

	30/09/2021 EGP	31/12/2020 EGP
Accrued revenues	684,482,821	623,125,388
Prepaid expenses	29,339,019	18,744,206
Advanced payments for purchasing fixed assets	390,073,249	291,975,205
Notes receivable and customers	1,379,409,428	818,667,048
Insurance and consignment	25,740,025	10,753,867
Assets reverted to banks in settlement of debts	69,066,457	65,676,232
Others	421,434,638	379,907,640
Total	2,999,545,637	2,208,849,586

26. Fixed assets

	Lands EGP	Buildings & Constructions EGP	Transportation vehicle EGP	Machinery & Equipment EGP	Furniture EGP	Automated systems EGP	Facilities & Installments EGP	Total EGP
Balance at 1 January 2020								
Cost	188,861,559	705,481,573	66,377,889	580,687,628	106,052,060	5,159,990	27,218,365	1,679,839,064
Accumulated Depreciation	-	181,240,057	40,737,141	351,164,666	45,900,497	3,595,755	25,257,594	647,895,710
Net book value at 1 January 2020	188,861,559	524,241,516	25,640,748	229,522,962	60,151,563	1,564,235	1,960,771	1,031,943,354
31 December 2020								
Net book value at 1 January 2020	188,861,559	524,241,516	25,640,748	229,522,962	60,151,563	1,564,235	1,960,771	1,031,943,354
Additions	10,632,102	121,966,811	4,474,736	94,155,877	14,354,170	399,599	9,554,410	255,537,705
Disposals	663,870	23,452,769	14,163,986	-	-	-	-	38,280,625
Accumulated depreciation of disposals	-	12,983,396	13,147,096	-	-	-	-	26,130,492
Depreciation expense	-	32,627,242	9,544,370	113,097,717	9,162,918	668,831	2,894,903	167,995,981
Net book value at 31 December 2020	198,829,791	603,111,712	19,554,224	210,581,122	65,342,815	1,295,003	8,620,278	1,107,334,945
Balance at 1 January 2021								
Cost	198,829,791	803,995,615	56,688,639	674,843,505	120,406,230	5.559,589	36,772,775	1,897,096,144
Accumulated Depreciation	-	200,883,903	37,134,415	464,262,383	55,063,415	4,264,586	28,152,497	789,761,199
Net book value at 1 January 2021	198,829,791	603,111,712	19,554,224	210,581,122	65,342,815	1.295,003	8,620,278	1,107,334,945
30 September 2021								
Net book value at 1 January 2021	198,829,791	603,111,712	19,554,224	210,581,122	65,342,815	1 295,003	8,620,278	1,107,334,945
Additions	797,674	39,862,040	4,775,703	101,015,097	9,291,152	2 227,642	2,616,772	160,586,080
Disposals	-	343,666	3,445,839	79,866	104,563	357,578	403,388	4,734,900
Accumulated depreciation of disposals	-	265,788	1,532,392	79,856	102,275	355,985	394,750	2,731,046
Depreciation expense	-	29,577,222	7,385,852	94,748,952	7,925,780	892,794	3,350,143	143,880,743
Net book value at 30 September 2021	199,627,465	613,318,652	15,030,628	216,847,257	66,705,899	2,628,258	7,878,269	1,122,036,428
Balance at 30 September 2021								
Cost	199,627,465	843,513,989	58,018,503	775,778,736	129,592,819	7,429,653	38,986,159	2,052,947,324
Accumulated Depreciation	-	230,195,337	42,987,875	558,931,479	62,886,920	4,801,395	31,107,890	930,910,896
Net book value at 30 September 2021	199,627,465	613,318,652	15,030,628	216,847,257	66,705,899	2,628,258	7,878,269	1,122,036,428

27. DUE TO BANKS

	30/09/2021 EGP	31/12/2020 EGP
Current accounts	355,766	1,164,326
Deposits	695,892,000	785,765,514
	696,247,766	786,929,840
local banks	447,792,000	391,552,600
Foreign banks	248,455,766	395,377,240
	696,247,766	786,929,840
Non-interest bearing balances	355,766	1,164,326
Interest bearing balances (fixed rate)	695,892,000	785,765,514
	696,247,766	786,929,840
Current balances	696,247,766	786,929,840

28. CUSTOMERS' DEPOSITS

	30/09/2021 EGP	31/12/2020 EGP
Demand deposit	26,683,137,956	21,777,025,003
Time & call deposits	12,001,043,668	10,318,652,392
Saving certificates	8,103,311,584	5,702,687,253
Saving deposits	6,953,447,259	6,307,498,607
Other deposits	2,435,134,393	2,875,735,250
	56,176,074,860	46,981,598,505
Institutions deposits	35,330,685,839	28,981,053,020
Individual deposits	20,845,389,021	18,000,545,485
	56,176,074,860	46,981,598,505
Non-interest bearing balances	28,607,837,576	23,653,036,365
Interest bearing balances (variable rate)	6,952,347,259	6,258,398,607
Interest bearing balances (fixed rate)	20,615,890,025	17,070,163,533
	56,176,074,860	46,981,598,505
Current balances	48,072,763,276	41,278,911,252
Non-current balances	8,103,311,584	5,702,687,253
	56,176,074,860	46,981,598,505

29. OTHER LOANS

	Interest rate %	30/09/2021 EGP	31/12/2020 EGP
Long term loans			
Loans Granted from the CBE:			
Loans of Bank Activity	8.75%	775,330	1,120,440
New Urban Communities organization	8.75%	17,508,112	22,899,396
Construction & Housing Organization	8.75%	348,035,674	374,107,091
Houses Mutual Fund	8.75%	-	6,417,035
Total loans granted from the CBE		366,319,116	404,543,962
Loans granted from the Social Fund for development	14.75 % , 7 %	97,327,300	110,955,300
The Egyptian Company for real estate refinance loan	11% , 10.25%	44,998,260	50,877,880
Loan granted from Export development bank to HD leasing		591,051,470	322,191,598
Total		1,099,696,146	888,568,740
Current balances		48,047,600	105,780,066
Non-current balances		1,051,648,546	782,788,674
		1,099,696,146	888,568,740

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

30. OTHER LIABILITIES

	30/09/2021 EGP	31/12/2020 EGP
Accrued interest	**619,569,510**	223,722,278
Unearned revenue	**1,753,074**	2,431,952
Accrued expense	**60,056,906**	72,591,780
Creditors	**57,311,014**	50,919,148
Advanced payments for lands and units	**438,907,724**	419,582,505
Down payments for installments	**140,825,563**	126,880,921
Checks under payment & credit accounts under settlement	**376,761,457**	237,169,425
Creditors to buy lands	**104,273,942**	93,085,604
Other credit balance	**1,871,199,971**	1,688,817,642
Total	**3,670,659,161**	2,915,201,255

31. PROVISIONS

30/09/2021

	Beginning balance	Charged amounts	Added during the period	Utilized amounts	Amounts no longer required	EGB Ending Balance
Provision for contingent liabilities	10,533,965	50,207,462	-	-	-	60,741,427
Provision for loans commitments	35,880,479	344,893	-	-	-	36,225,372
Provision for tax	127,669,793	-	102,231,805	(4,082,937)	(152,231,805)	73,586,856
Provision for legal claims	136,749,233	6,000,000	-	-	(4,163,913)	138,585,320
Provision for Disaster relief	1,001,539	-	-	(454,003)	-	547,536
Provision for other claims	75,307,110	13,344,451	-	(20,886,713)	-	67,764,848
Total	387,142,119	69,896,806	102,231,805	(25,423,653)	(156,395,718)	377,451,359

31/12/2020

	Beginning balance	Charged amounts	Utilized amounts	Amounts no longer required	EGB Ending Balance
Provision for contingent liabilities	18,283,191	-	-	(7,749,226)	10,533,965
Provision for loans commitments	15,752,559	20,127,920	-	-	35,880,479
Provision for tax	177,675,676	-	(5,883)	(50,000,000)	127,669,793
Provision for legal claims	136,235,570	1,575,909	(70,014)	(992,232)	136,749,233
Provision for Disaster relief	14,720	1,486,152	(499,333)	-	1,001,539
Provision for other claims	80,867,266	9,050,296	(14,610,452)	-	75,307,110
Total	428,828,982	32,240,277	(15,185,682)	(58,741,458)	387,142,119

	30/09/2021			30/09/2020		
	Charged amounts	No longer required	Total	Charged amounts	No longer required	Total
Provision for contingent liabilities	(50,207,462)	-	(50,207,462)	-	6,901,939	6,901,939
Provision for loans engagements	(344,893)	-	(344,893)	(28,001,660)	-	(28,001,660)
Provision for tax	-	152,231,805	152,231,805	-	50,000,000	50,000,000
Provision for legal claims	(6,000,000)	4,163,913	(1,836,087)	(776,410)	191,886	(584,524)
Provision for Disaster relief	-	-	-	(486,152)	-	(486,152)
Provision for other claims	(13,344,451)	-	(13,344,451)	(9,050,296)	-	(9,050,296)
Total	(69,896,806)	156,395,718	86,498,912	(38,314,518)	57,093,825	18,779,307

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

Deferred tax assets (liabilities)

	30/09/2021 EGP	31/12/2020 EGP
Fixed assets and Intangible Assets	13,408,340	6,068,080
Others	51,131,760	56,914,886
Total deferred tax asset	64,540,100	62,982,966

The deferred tax assets related to items previously mentioned were not recognized, and this is due to that there is not a reasonable assurance to benefit from it, or the existence of an appropriate level to ensure the existence of sufficient future tax returns through which it is possible to benefit from these assets.

Deferred tax assets (liabilities) transactions:

	30/09/2021 EGP	31/12/2020 EGP
Beginning balances of the period	62,982,966	(671,473)
Charged to income statement	1,521,384	63,654,439
Ending balance of the period	64,540,100	62,982,966

Unrecognized deferred tax assets

	30/09/2021 EGP	31/12/2020 EGP
Loans impairment provision excluding the 80% during the period	98,309,691	93,145,535
Other	21,817,530	10,443,250

33. RETIREMENT BENEFIT OBLIGATIONS

	30/09/2021 EGP	31/12/2020 EGP
Retirement benefit obligation as recorded in balance sheet :		
Medical benefit after retirement	45,773,699	47,073,604
Transactions of liabilities during the period represented as follows :		
Balance at the beginning of the period	47,073,604	39,676,455
Provided amounts during the period	8,277,384	17,087,068
Current service cost	(9,577,289)	(9,689,919)
Balance at the end of the period	45,773,699	47,073,604

Main actuarial assumption used represented in the following:

	Current period %	Comparison Year %	
Discount rate	10 %	10 %	
Expected interest rate on assets	10.75%	10.75%	
Average medical cost per individual	14,706	14,706	
Inflation rate used in medical services cost	5 %	5 %	
Death rates	(A52-49)	(A52-49)	British table

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

34. CAPITAL

Authorized Capital

The authorized capital is EGP 3 000 million, the issued and paid up capital is EGP 1 265 million totaling 126,5 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 fees 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 register of commerce on 29/9/2010 so the issued capital now is EGP 1,150 million.

2- The Bank's extraordinary general assembly approved on 10/04/2014 to increase 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 register of commerce on 14/12/2014 so the issued and paid up capital now is 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 register of commerce.

4- The Bank's extraordinary general assembly approved on 30/4/2018 to increase the issued and paid up capital from EGP 1,518 million to EGP 1,644.5 million from the legal reserve by one free share for every ten shares amounting to EGP 10 per each, with total amount of EGP 126.5 million and the procedures have been taken to be marked on the bank's register of commerce.

5- The Bank's general assembly approved on 31/03/2021 the statement of profit distribution proposal that included issued and paid up capital increase with one share per each 10 shares at par value of EGP 10 per each with total contributions of EGP 126,5 million.

6- In the context of the reconciling the situation of the Banking law No.194 issued in September 2020 (Article 4) and with reference of Article 64, where the minimum paid up capital becomes EGP 5 billion, the bank has performed the following:
   - In 25/05/2021, the bank communicated with Central Bank of Egypt to approve extension of the grace period to finalize the capital increase procedures to reach EGP 5.313 Billion.
   - In 8-11-2021 the bank's board of directors approved the issued and paid up capital increase procedures to reach EGP 5.313 Billion financed from the general reserve, legal reserve and distributable net profit.
   - In 29/08/2021 the bank communicated with Deputy Governor of Central Bank of Egypt, to approve the paid up capital and amending the articles (6&7) of the bank's article of association, and to approve holding an extraordinary general assembly meeting.
   - In 30/8/2021the bank has communicated with financial regulatory authority to approve to proceed with capital increase procedures.
   - In 13/9/2021 the financial regulatory authority approved to proceed with capital increase procedures to be financed from the general reserve, legal reserve and distributable net profit.

   The bank is currently in process of obtaining the approval from Central Bank of Egypt to hold extraordinary general assembly meeting to amend articles (6&7) of the bank's article of association.

As follow contributors who have over than 5% from the issuance capital:

Contributors	Number of shares	Percentage of contribution	EGP in thousands
New urban communities authority	45,255,888	29,81%	452,559
Rolaco EGB for investments	15,179,330	10%	151,793
RIMCO CO. for investment	14,800,800	9.75%	148,008
Misr Life insurance company	13,540,608	8.92%	135,406
Misr insurance company	12,590,990	8.29%	125,910
Houses Mutual Fund	11,244,540	7.41%	112,445
Egyptian Endowments Authority	7,635,540	5.03%	76,355

35. Reserves

	30/09/2021 EGP	31/12/2020 EGP
Banking risks reserve	31,500	27,000
Legal reserve	632,438,487	542,401,962
General reserve	4,104,000,000	3,104,000,000
Special reserve	9,344,966	9,344,966
Other reserves	34,139,831	21,702,455
General risks reserve	89,215,810	89,215,810
Total reserves at the end of the period	**4,869,170,594**	3,766,692,193

Movements in Reserves are presented as follows:

A- General Banking risks reserve

	30/09/2021 EGP	31/12/2020 EGP
Beginning balance of the period	27,000	22,500
Transferred from retained earning	4,500	4,500
Ending balance of the period	31,500	27,000

B- Legal reserve

	30/09/2021 EGP	31/12/2020 EGP
Beginning balance of the period	542,401,962	444,847,495
Transferred from retained earnings	90,036,525	97,554,467
Ending balance of the period	632,438,487	542,401,962

C- General reserve

	30/09/2021 EGP	31/12/2020 EGP
Beginning balance of the period	3,104,000,000	1,779,000,000
Transferred from retained earnings	1,000, 000,000	1,325, 000,000
Ending balance of the period	4,104,000,000	3,104,000,000

D- Special reserve

	30/09/2021 EGP	31/12/2020 EGP
Beginning balance of the period	9,344,966	9,344,966
Ending balance of the period	9,344,966	9,344,966

E- Other reserves

	30/09/2021 EGP	31/12/2020 EGP
Beginning balance of the period	21,702,455	18,365,606
Transferred from retained earnings	12,437,376	3,336,849
Ending balance of the period	34,139,831	21,702,455

G- General risks reserve

	30/09/2021 EGP	31/12/2020 EGP
Beginning balance of the period	89,215,810	89,215,810
Ending balance of the period	89,215,810	89,215,810

36. DIVIDENDS DISTRIBUTIONS

Dividends distributions are not recorded until they are approved by the shareholders general assembly,

37. CASH AND CASH EQUIVALENTS

	30/09/2021 EGP	30/09/2020 EGP
Cash and Due from central bank	941,443,120	985,793,446
Due from banks	8,415,060,024	3,198,314,406
Financial assets other than fair value through profit and loss	39,546,153	486,109,630
	9,396,049,297	4,670,217,482

38. CONTINGENT LIABILITIES AND COMMITMENTS

A- Legal claims

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

B- Capital commitments

The bank contracts of Capital commitments reached 627,937,213 EGP on 30 September 2021 compared to EGP 839,502,413 on comparative period resembled in purchasing equipment and fitting out branches and the top management are confidence in generating net profits and in the existence of available liquidity to cover those obligations,

C- Operating commitments

The operating commitments amounting to EGP 56,130,461 in 30 September 2021 against amount of EGP 63,222,488 in comparative period and representing in operating lease contracts.

D- Contingent liabilities

	30/09/2021 EGP	31/12/2020 EGP
Letters of Guarantee	2,483,998,217	2,317,400,728
Letters of Credit	58,342,647	23,537,295
Less:		
Monetary Collaterals	(305,009,601)	(275,011,861)
Contingent liabilities	2,237,331,263	2,065,926,162

39. MUTUAL FUNDS

El-Tameer Mutual Fund

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

The Central Bank of Egypt has agreed on 30 January 2008 to establish the fund under the license no. 449 approved by the Egyptian financial supervisory authority on 18 March 2008

The newsletter subscription for the fund has been announced on April 14, 2008, the subscription begun at 4 May 2008 and ended on 5 June 2008 the subscription reached EGP 141,2 million The bank's portion is 5% represented in (50000) ICs amounted to EGP (5) million with face value EGP 100/share.

The redemption value of the certificate on 30 September 2021 was EGP 185.93.

Mawared Fund

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

The redemption value of the certificate on 30 September 2021 was EGP 31,8182.

40. TAX STATUS

Payroll tax

From beginning of the activity -2007: The Bank's salary tax has been inspected, paid and settled,

The period from 2008 to 2012: The Bank's payroll tax has been examined, Claims have been raised to appeal committees
The period from 2013 to 2017: Under inspection
The period from 2018-2020: The bank pays the tax monthly and prepare the tax settlements in the due dates under law no, (91) Year 2005.

Stamp duty tax

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

The period 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 period from 1 April 2013 till 31 December 2018: The tax inspection has been carried out in accordance with the executive instructions issued by tax authority No. 61 for the year 2015, tax assessment did not yet received, and the bank pays the stamp duty regularly on a quarter basis.

The period from 1 January 2019 till 31 December 2020: 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 still in process, appeal committees for these claims are in place.

2015- 2017: Tax inspection completed, internal committee procedures have been completed.

2018-2020: The bank's has applied its tax return under tax income law no, (91) Year 2005 and its amendment in the due dates and the tax had paid and still did not yet tax inspected.

41. Significant events

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment.
HDB is closely monitoring the situation and has activated its business continuity plan and other risk management practices to manage the potential business disruption that resulted from the spreading of COVID-19 and its impact on the operations and financial performance as a result from the uncertainties caused by COVID-19 and in anticipation of the expected economic slowdown, HDB is closely monitoring the loan portfolio considering the relevant impact of virus on the various qualitative and quantitative factors where determining the significant increase in credit risk, specifically for the exposures of the mostly affected sectors.
Accordingly, HDB has taken protective actions by building up proper provisions as a mitigation plan for the COVID-19 impact on the loan portfolio as of end of March 2020. Further buildup of provisions might be taken, precautionary, till the end of the grace period, till actual performance of the portfolio start revealing itself.