HOUSING AND DEVELOPMENT BANK
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

Translated from the Auditors'
Report originally issued in Arabic

Allied for Accounting & Auditing EY

Public Accountants & Consultants

Accountability State Authority

Auditors' Report

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

Report on the Separate Financial Statements

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

Management's Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and in light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

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Report on Other Legal and Regulatory Requirements

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

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

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Ernst & Young Global

Sherif El Kilany | **Sameh Saad Mohamed Abdel-Megeed**

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

Accountability State Authority

Cairo: 28 February 2022

HOUSING AND DEVELOPMENT BANK

SEPARATE FINANCIAL POSITION
AS OF 31 DECEMBER 2021

	Note No.	31/12/2021 EGP	31/12/2020 EGP
ASSETS			
Cash and balances with central bank of Egypt	(16)	6,773,137,496	5,800,421,892
Due from banks	(17)	14,137,932,823	3,789,745,855
Loans & Facilities to customers	(18)	24,672,409,680	19,349,700,877
Financial Assets			
Financial Assets at fair value through profit and loss	(19)	470,876,181	417,883,186
Financial Assets at fair value through other comprehensive income	(20)	19,095,315,426	18,709,887,676
Financial Assets at amortized costs	(20)	4,823,876,864	5,049,236,198
Financial Assets in subsidiaries and associates	(21)	1,944,370,716	1,663,314,124
Housing projects	(22)	1,113,896,707	1,000,927,602
Investments properties	(23)	91,941,433	99,489,678
Intangible assets	(24)	92,372,159	104,255,435
Other assets	(25)	1,953,373,520	1,273,977,030
Deferred tax assets	(33)	74,784,108	47,487,943
Fixed assets	(26)	1,034,050,238	1,009,941,588
TOTAL ASSETS		76,278,337,351	58,316,269,084
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	(27)	736,835,207	786,929,840
Customers' deposits	(28)	62,895,517,607	47,122,485,216
	(29)	1,748,616	-
Other loans	(30)	474,913,955	566,377,142
Dividends payable		49,121,857	37,116,305
Other Liabilities	(31)	2,340,329,174	1,878,848,716
Provisions	(32)	328,001,372	311,835,009
Current Income tax liabilities		167,112,033	187,122,376
Retirement benefit obligations	(34)	55,317,866	47,073,604
TOTAL LIABILITIES		67,048,897,687	50,937,788,208
EQUITY			
Issued and paid-up-capital	(35)	1,518,000,000	1,265,000,000
Amounts reserved for capital increase	(35)	253,000,000	379,500,000
Reserves	(36)	4,869,170,594	3,766,692,193
Retained earnings (included net profit of the year)	(36)	2,215,562,159	1,842,113,516
Other comprehensive income		373,706,911	125,175,167
TOTAL SHAREHOLDERS' EQUITY		9,229,439,664	7,378,480,876
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		76,278,337,351	58,316,269,084

Gamal Mahmoud Soliman
G. ama
Chief Financial Officer

Hassan Ismail Ghanem
Chairman & Managing Director

Sherif El-Kelany
S. Kel
E&Y Allied for Accounting & Auditing

Sameh Saad Mohamed Abdel-Megeed
Accountability State Authority

- The accompanying notes, from (1) to (43) form an integral part of the separate financial statements and to be read therewith.
- Review report attached.

HOUSING AND DEVELOPMENT BANK

SEPARATE INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes No.	From 1/1/2021 to 31/12/2021 EGP	From 1/1/2020 to 31/12/2020 EGP
Interest from loans and similar income	(6)	6,965,353,490	6.025,984,666
Interest on deposits and similar expense	(6)	(3,696,616,052)	(3,228,661,592)
Net interest income		3,268,737,438	2,797,323,074
Fees and commissions revenue	(7)	451,406,781	406,806,656
Fees and commissions expense	(7)	(40,006,607)	(47,947,767)
Net fees and commission income		411,400,174	358,858,889
Dividends income	(8)	195,056,922	113,422,798
Net trading income	(9)	62,281,655	52,740,196
Housing Projects Profits'	(10)	397,523,035	359,541,575
Gain from financial investments	(21)	31,789,592	-
Credit impairment losses	(13)	(161,630,571)	178,831,891
General administrative and depreciation expenses	(11)	(1,752,730,934)	(1.512,586,325)
Other provision	(32)	(20,993,881)	35,551,477
Other operating revenues (expenses)	(12)	181,083,381	132,224,274
Net profit before income tax		2,612,516,811	2,515,907,849
Income tax expense	(14)	(782,432,082)	(715,177,347)
Net profit for the year		1,830,084,729	1,800,730,502
Earnings per share for the year	(15)	10.61	10.48

HOUSING AND DEVELOPMENT BANK

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes No.	From 1/1/2021 to 31/12/2021 EGP	From 1/1/2020 to 31/12/2020 EGP
NET PROFIT FOR THE YEAR		**1,830,084,729**	1,800,730,502
FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	(20)	**248,531,744**	46,293,080
TOTAL COMPREHENSIVE INCOME		**2,078,616,473**	1,847,023,582

HOUSING AND DEVELOPMENT BANK

SEPARATE STATEMENT OF CAHS FLOW

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	From 1/1/2021 to 31/12/2021 EGP	From 1/1/2020 to 31/12/2020 EGP
Cash Flows From Operating activities			
Profit before tax		2,612,516,811	2,515,907,849
Adjustments:			
Depreciation and amortization	(23),(24),(26)	254,215,630	238,209,487
Reversal of loans impairment losses	(13)	161,630,571	(178,831,891)
Reversal of Impairment losses from other assets and housing projects	(12)	(784,960)	3,578,990
Other provisions-charged during the year	(32)	99,157,306	23,189,981
Revaluation difference of financial assets at fair value through profit and loss	(9)	(47,899,302)	(35,546,335)
Reversal of impairment of investments in associates	(21)	(31,789,592)	-
Amortization of discount – financial investment at amortized cost	(20)	(7,301,612)	(13,391,904)
Dividends	(8)	(195,056,922)	(113,422,798)
Utilization of other provision	(32)	(4,827,518)	(575,230)
Provisions no longer required	(32)	(78,163,425)	(58,741,458)
Gain from selling fixed assets	(12)	(115,899)	(12,437,376)
Operating income before changes in operating assets and liabilities		2,761,581,088	2,367,939,315
Net decrease (increase) in assets			
Due from banks		(4,138,003,306)	4,311,889,320
Financial assets other than at fair value through profit and loss		5,278,204,215	(2,649,604,967)
Financial assets at fair value through profit and loss		(5,216,005)	5,627,556
Loans and advances to customers and banks		(5,676,815,413)	(1,710,081,190)
Housing Projects and investments properties		(112,106,267)	(59,867,946)
Other assets		117,792,521	286,444,596
Net (decrease) increase in liabilities			
Due to banks		(50,094,633)	(164,398,184)
Customers' deposits		15,773,032,391	5,837,014,741
Other liabilities		(125,830,780)	(775,616,646)
Retirement benefit obligations		8,244,262	7,397,149
Income tax paid		(829,738,590)	(591,205,180)
Net cash flows from operating activities		13,001,049,483	6,865,538,564
Cash flows from investing activities			
Payments for purchase of fixed assets		(205,283,883)	(239,141,641)
Proceeds from selling fixed assets		174,904	14,600,785
Payments for purchase of financial assets other than at fair value through profit and loss		(6,361,568,796)	(5,114,852,678)
Proceeds from sale of financial assets other than at fair value through profit and loss		1,199,447,601	410,455,250
Payments to acquire Associate companies		(62,000,000)	-
Payments for purchase of intangible assets		(53,745,759)	(60,181,432)
Dividends income		137,896,294	99,719,410
Net cash flows used in investing activities		(5,345,079,639)	(4,889,400,306)
Cash flows from Financing activities			
Long-term loans		(274,361,263)	(162,969,140)
Dividends paid		(197,769,247)	(495,750,042)
Net cash flows used in financing activities		(472,130,510)	(658,719,182)
Increase in cash and cash equivalents during the year		7,183,839,334	1,317,419,076
Cash and cash equivalent at the beginning of the year		4,473,669,802	3,156,280,726
Cash and cash equivalents at the end of the year		11,657,539,136	4,473,699,802
Cash and cash equivalents are represented in:			
Cash and balances with Central Bank of Egypt		6,778,991,561	5,800,421,892
Due from banks		14,133,085,112	3,789,812,141
Financial assets other than at fair value through profit and loss		12,960,964,725	18,239,168,939
Obligatory reserve balance with CBE		(5,854,537,537)	(5,016,534,231)
Bank Deposits with maturity more than three-months		(3,400,000,000)	(100,000,000)
Financial assets other than at fair value through profit and loss, maturity more than 3 months		(12,960,964,725)	(18,239,168,939)
Cash and cash equivalents at the end of the year	(38)	11,657,539,136	4,473,699,802

HOUSING AND DEVELOPMENT BANK

SEPARATE CHANGES IN EQUITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 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
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	1,993,303,629	78.882,087	6,057,482,093
Dividends paid for the year 2019	-	-	-	-	-	-	-	-	(526,024,799)	-	(526,024,799)
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	-	-	-	-	-	-	-	-	-	46.293.080	46.293.080
Net profit for the year 31/12/2020	-	-	-	-	-	-	-	-	1,800,730,502	-	1,800,730,502
Balances as at 31 December 2020	1,265,000,000	379,500,000	542,401,962	3,104,000,000	9,344,966	21,702,455	27,000	89,215,810	1,842,113,516	125,175,167	7,378,480,876
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	1,842,113,516	125,175,167	7,378,480,876
Dividends paid for the year 2020	-	-	-	-	-	-	-	-	(209,774,799)	-	(209,774,799)
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)
Change in financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	248,531,744	248,531,744
Capital increase	253,000,000	(253,000,000)	-	-	-	-	-	-	-	-	-
Net profit for the year 31/12/2021	-	-	-	-	-	-	-	-	1,830,084,729	-	1,830,084,729
Balances as at 31 December 2021	1,518,000,000	253,000,000	632,438,487	4,104,000,000	9,344,966	34,139,831	31,500	89,215,810	2,215,562,159	373,706,911	9,229,439,664

- On 30/12/2021 the bank's board of directors has approved amending the bank capital increase source of fund to be from the general reserve and retained earnings to be in accordance with the Central Bank of Egypt, accordingly cancelling the previous amounts reserved that has been formed to increase the capital, the legal reserve became EGP 758.9 million and retained earnings EGP 512 million
- On 30/12/2021 the bank's board of directors has approved amending the bank capital increase source of fund with amount of EGP 3.795 billion to be from the general reserve with amount of EGP 3.283 billion and retained earnings with amount of EGP 512 million to be in accordance with the Central Bank of Egypt, accordingly the retained earnings balance become zero and general reserve with amount of EGP 821 million , the capital increased from EGP 1.518 billion to EGP 5.313 billion by distributing 2.5 share to each share.

	31/12/2021 EGP	31/12/2020 EGP
Net profit for the year (As per statement of income)	1,830,084,729	1,800,730,502
Deduct:		
Gain on sale of fixed assets transferred to capital reserve as per law regulations	(115,899)	(12,437,376)
General Banking Risk Reserve	31,500	(4,500)
Net	1,830.000,330	1,788,288,626
Retained Earnings at the beginning of the year	-	41,383,013
Net Income attributed to distribution	1,830.000,330	1,829,671,639
Distributed as following:		
Legal Reserve	91,504,236	90,036,525
General Reserve	1,090,000,000	1,000,000,000
Shareholders' Dividends(Cash dividends EGP 2.5 per share	379,500,000	126,500,000
Employees shares of Profit	200,000,000	194,774,799
Board of directors rewards	20,000,000	15,000,000
Banking system support and development fund	18,300,003	17,882,886
Retained Earnings	30,696,091	385,477,429
Total	1,830,000,330	1,829,671,639

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

1. Background

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

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

2. Summary of Significant Accounting Policies

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

A. Basis of Preparation

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

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

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

Effect of implementation IFRS 9 on Accounting Policies

IFRS 9- Financial Instruments

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

Classification of financial assets and liabilities

Financial assets have been classified through three main categories as the following:
- Financial assets at amortized cost.
- Financial assets at fair value through other comprehensive income.
- Financial assets at fair value through profit and loss.

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

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

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

Impairment of financial assets

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

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

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

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

Segment reporting

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

B. Subsidiaries & Associates

B.1. Subsidiaries

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

B.2. Associates

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

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

C. Translation of Foreign Currencies

C.1. Functional and presentation currency

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

C.2. Functions and balances in foreign currencies

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

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

Changes in fair value are recognized in equity (Other comprehensive income/Financial assets at fair value through other profit and loss).

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

D. Financial Assets

D.1. Recognition

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

D.2. Classification

Financial assets Policies applied starting from 1 January 2019:

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

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

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

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

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

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

- Upon the initial recognition of an equity instrument that not held at fair value through profit and loss, the bank may make an irrevocable choice to present subsequent changes in the fair value through the other comprehensive income statement. This choice shall be made for each investment individually.
- The remaining financial assets are classified as investments at the fair value through profit or loss.
- In addition, upon the initial recognition, the bank may irrevocably allocate a financial asset measured at the fair value through profit or loss, although it meets the criteria of classification as a financial asset at amortized cost or at the fair value through other comprehensive income, if this action substantially reduces the inconsistency that may arise in the accounting measurement.

Business models Evaluation

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

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

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

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

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

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

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

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

E. Offsetting between Financial Instruments

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

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

F. Financial Derivatives Instruments and hedging accounting

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

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

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

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

F.1. Fair value hedging

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

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

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

F.2. Cash flows hedging

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

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

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

F.3. Unqualified derivative of hedging accounting

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

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

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

H. Interest Income and Expense

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

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

I. Fees and Commissions

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

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

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

J. Dividends

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

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

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

L. Impairment of Financial Assets

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

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

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

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

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

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

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

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

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

M. Evaluation of Housing Projects

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

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

Investments property

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

N. Intangible Assets

N.1. Computer programs

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

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

N.2. Other intangible assets

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

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

O. Fixed Assets

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

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

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

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

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

P. Non-Financial Asset Impairment

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

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

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

Q. Rental

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

R. Cash and Cash Equivalents

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

S. Provisions

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

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

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

T. Financial collateral contracts

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

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

U. Employees Benefits

U.1. Pension Liabilities

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

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

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

U.2. Retirement Liabilities

The bank has applies a defined medical system for its employees and the retired ones. According to the above mentioned system, the bank's liabilities are represented in the difference between both the present value of liabilities in the balance sheet date and the fair value of its assets including settlements resulted from actuarial profit/loss and also the cost of

previous service. Those liabilities are determined annually by independent actuarial expert using the "estimated added unit approach" and are determined through estimated future out cash flow applying interest rates on bonds with maturities similar to that of the liabilities in "other liabilities" item.
Actuarial profit/loss resulted from settlements together with amendments in the medical system are charged to the income statement
The cost of the previously recognized service is charged directly to the income statement as (general & administrative expense) unless changes that have been made on the policies state that worker should stay for a specified year, in this case the cost of the service is amortized using straight-line method.

U.3. Share based payments

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

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

V. Income Taxes

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

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

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

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

W. Borrowing

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

X. Capital

X.1. Cost of capital

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

X.2. Dividends

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

Y. Trust Activities

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

Z. Comparative Figures

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

3. Management of Financial Risks

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

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

A. Credit Risk

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

A.1. Measuring the Credit Risk

Loans and facilities to banks and clients

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

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

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

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

Bank's internal ratings scale

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

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

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

Debt Instruments

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

A.2. Risk limit control and mitigation policies

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

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

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

Some other specific control and mitigation measures are outlined below:

Collaterals

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

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

Derivatives

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

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

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

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

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

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

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

31/12/2021 Bank's Rating	Loans and facilities %	Impairment losses provision %
Stage 1	82%	24%
Stage 2	8%	11%
Stage 3	10%	65%
	100%	100%

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

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

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

A.4. Bank Risks Measurement General Model
In addition to the four categories of measuring credit worthiness the management makes sub-groups more detailed according to the Central Bank of Egypt's rules. Assets facing credit risk are classified to detailed conditions relying greatly on customer's information, activities, financial position and his regular payments to his debts.

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

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

Classification of the Central Bank of Egypt	Classification Significance	Required provision 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.

	31/12/2021	31/12/2020
Items Exposed to Credit Risks		
Due from banks	14,138,939,177	3,789,812,141
Loans and facilities to customers		
Retail Loans		
Overdrafts	660,862,397	642,726,758
Credit cards	68,351,990	44,504,376
Personal Loans	6,797,426,924	4,869,358,296
Real Estate Loans	8,532,971,677	7,754,640,464
Corporate Loans:		
Overdrafts	4,949,529,597	3,761,360,706
Direct Loans	4,249,246,121	3,152,542,701
Syndicated Loans	1,289,643,832	757,432,318
Specialized Loans:		
Direct Loans	388,347,945	455,240,231
Financial Assets:		
Debt Instruments	9,220,140,992	9,628,646,180
Other assets	1,953,373,520	1,273,977,030
Total	52,248,834,172	36,130,241,201

A.6. Loans and Facilities

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

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

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

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

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

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

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

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

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

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

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

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

Due from banks Credit rating	31/12/2021 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	14,138,939,177	-	-	14,138,939,177
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Total	14,138,939,177	-	-	14,138,939,177
Allowance for impairment losses	(1,006,354)	-	-	(1,006,354)
Total	14,137,932,823	-	-	14,137,932,823

Financial assets at amortized cost Credit rating	31/12/2021 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	9,220,140,992	-	-	9,220,140,992
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Total	9,220,140,992	-	-	9,220,140,992
Allowance for impairment losses	(2,361,581)	-	-	(2,361,581)
Total	9,217,779,411	-	-	9,217,779,411

Retail Loans & Facilities Credit rating	31/12/2021 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	14,286,913,788	-	-	14,286,913,788
Normal watch-list	-	1,050,428,993	-	1,050,428,993
Non-performing loan	-	-	1,110,618,152	1,110,618,152
Total	14,286,913,788	1,050,428,993	1,110,618,152	16,447,960,933
Allowance for impairment losses	(44,468,712)	(27,630,500)	(214,173,809)	(286,273,021)
Total	14,242,445,076	1,022,798,493	896,444,343	16,161,687,912

Corporate Loans & Facilities Credit rating	31/12/2021 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	7,648,564,085	-	-	7,648,564,085
Normal watch-list	-	1,252,202,774	-	1,252,202,774
Non-performing loan	-	-	1,587,652,691	1,587,652,691
Total	7,648,564,085	1,252,202,774	1,587,652,691	10,488,419,550
Allowance for impairment losses	(488,433,097)	(223,664,256)	(1,248,808,192)	(1,960,905,545)
Total	7,160,130,988	1,028,538,518	388,844,499	8,527,514,005

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

Due from banks Credit rating	31/12/2020 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	3,789,812,141	-	-	3,789,812,141
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Total	**3,789,812,141**	-	-	**3,789,812,141**
Allowance for impairment losses	(66,286)	-	-	(66,286)
Total	3,789,745,855	-	-	3,789,745,855

Financial assets at amortized cost Credit rating	31/12/2020 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	9,628,646,180	-	-	9,628,646,180
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Total	9,628,646,180	-	-	9,628,646,180
Allowance for impairment losses	(8,510,685)	-	-	(8,510,685)
Total	9,620,135,495	-	-	9,620,135,495

Retail Loans & Facilities Credit rating	31/12/2020 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	31/12/2020 Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	6,347,463,438	-	-	**6,347,463,438**
Normal watch-list	-	704,742,429	-	**704,742,429**
Non-performing loan	-	-	619,129,858	**619,129,858**
Total	6,347,463,438	704,742,429	619,129,858	7,671,335,725
Allowance for impairment losses	(909,687,949)	(267,080,584)	(443,360,831)	(1,620,129,364)
Total	5,437,775,489	437,661,845	175,769,027	6,051,206,361

A.7. Acquisition of collaterals:

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

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

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

Geographical segments

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

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

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	869,085,488	-	-	-	-	-	13,269,853,689	-	-	14,138,939,177
Loans &Facilities										
Retail										
Overdrafts	-	-	-	-	-	-	-	-	660,862,397	660,862,397
Credit Cards	-	-	-	-	-	-	-	-	68,351,990	68,351,990
Personal loans	-	-	-	-	-	-	-	-	6,797,426,924	6,797,426,924
Real Estate	-	-	-	-	-	-	-	-	8,532,971,677	8,532,971,677
Corporate										
Overdraft	62,192,821	20,851,272	2,108,556,400	1,144,483,374	539,581,687	1,015,623,512	-	58,240,531	-	4,949,529,597
Direct	2,754,220,531	3,033,223	334,507,956	596,880,075	496,620,067	58,301,660	-	5,682,609	-	4,249,246,121
Syndicated	-	-	-	-	579,034,387	710,609,445	-	-	-	1,289,643,832
Specialized Loans										
Direct	-	-	-	-	-		-	-	388,347,945	388,347,945
Financial Assets										
Debt Instruments	-	-	-	-	-		9,220,140,992	-		9,220,140,992
Other Assets	211,619,670	-	-	-	787,562,870	131,690,523	178,749,676	9,246,139	634,504,642	1,953,373,520
Total as of 31 December 2021	3,897,118,510	23,884,495	2,443,064,356	1,741,363,449	2,402,799,011	1,916,225,140	22,668,744,357	73,169,279	17,082,465,575	52,248,834,172
Total as of 31 December 2020	3,274,776,572	47,659,878	1,918,041,826	1,334,264,194	2,522,846,488	911,474,417	11,989,241,319	107,152,377	14,024,784,130	36,130,241,201

B. Market Risk

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

B.1. Market Risk Measurement Techniques:

Value at risk

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

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

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

Stress testing

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

B.2. Foreign exchange risk

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

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

B.3.Interest rate Risk

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

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

(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	-	-	-	-	6,773,137	6,773,137
Due from banks	6,116,313	4,900,000	3,000,000	-	121,620	14,137,933
Loans & facilities to customers	1,851,205	413,479	7,363,316	17,308,380	-	26,936,380
Financial Assets:						
Fair value other than through profit and loss	19,236,924	2,000,281	7,833,588	261,804	-	29,332,597
Fair value through profit and loss	423,788	-	-	47,088	-	470,876
Other assets	-	-	-	3,150,209	9,654,165	12,804,374
Total financial assets	27,628,230	7,313,760	18,196,904	20,767,481	16,548,922	90,455,296
Financial liabilities						
Due to banks	736,300	-	-	-	535	736,835
Customer's deposits	5,675,017	2,687,139	4,139,633	16,466,505	33,927,224	62,895,518
Financial Derivatives	-	1,749	-	-	-	1,749
Other loans	178	7,924	84,805	382,007	-	474,914
Other financial liabilities	-	-	-	883,951	25,462,329	26,346,280
Total financial liabilities	6,411,495	2,696,812	4,224,438	17,732,463	59,390,088	90,455,296

C. Liquidity Risk

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

Liquidity Risk Management

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

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

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

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

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

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

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

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

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

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

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

D. <u>Capital Management</u>
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.

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

E. **Financial leverage**

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

4. **Critical Accounting Estimates and Judgments**

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

A. **Impairment losses on loans and facilities**

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

B. **Fair value of derivatives**

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

C. **Financial assets classified as amortized cost**

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

D. **Income taxes**

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

5. Segment Analysis

A. Segment Analysis of activities

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

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

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

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

Other activities
Includes other banking activities.

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

Revenues and Expenses according to segment activity

EGP

The year ended on 31 December 2021	Corporate	Investment	Individuals	Other activities	Total
Segment activity revenues	2,692,519,217	1,217,396,378	2,334,709,245	2,122,588,802	**8,367,213,642**
Segment activity expenses	2,117,093,984	644,095,054	1,603,944,730	981,265,107	**5,346,398,875**
Segment operation results	575,425,233	573,301,324	730,764,515	1,141,323,695	**3,020,814,767**
Unclassified revenues & expenses	-	-	-	-	**(408,297,956)**
Net income for the year before taxes	-	-	-	-	**2,612,516,811**
Taxes	-	-	-	-	**(782,432,082)**
Net income for the year	-	-	-	-	**1,830,084,729**

EGP

The year ended on 31 December 2020	Corporate	Investment	Individuals	Other activities	Total
Segment activity revenues	2,152,157,448	1,103,075,508	1,935,020,333	1,954,570,449	**7,144,823,738**
Segment activity expenses	1,635,331,037	605,034,376	1,503,306,442	833,780,309	**4,577,452,164**
Segment operation results	516,826,411	498,041,132	431,713,891	1,120,790,140	**2,567,371,574**
Unclassified revenues & expenses	-	-	-	-	**(51,463,725)**
Net income for the year before taxes	-	-	-	-	**2,515,907,849**
Taxes	-	-	-	-	**(715,177,347)**
Net income for the year	-	-	-	-	**1,800,730,502**

B. Analysis of Geographical Segments

EGP

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

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

C. **Banking and housing activities**

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

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

(Values in Egyptian thousands pounds)

	From 01/01/2021 till 31/12/2021		
	Housing	**Banking**	**Total**
Interest on loans and similar income	-	6,965,353	6,965,353
Interest on deposits and similar expenses	-	(3,696,616)	(3,696,616)
Net interest income	-	3,268,737	3,268,737
Fees and commissions income	78,295	373,112	451,407
Fees and commissions expenses:	-	(40,007)	(40,007)
Net Fees and commissions income	78,295	333,105	411,400
Dividends income	-	195,057	195,057
Net income from financial assets at fair value through profit and loss	-	62,282	62,282
Housing projects income	397,523	-	397,523
Gain from financial investments	-	31,790	31,790
Impairment of loan loss provision	-	(161,631)	(161,631)
Administrative Expenses	(306,754)	(1,445,977)	(1,752,731)
Reversal of provisions	-	(20,994)	(20,994)
Other operating revenues	35,659	145,425	181,084
Net profit before taxes	204,723	2,407,794	2,612,517
Income tax expenses	(47,086)	(735,346)	(782,432)
Net profit for the year	157,637	1,672,448	1,830,085

(Values in Egyptian thousands pounds)

	From 01/01/2020 till 31/12/2020		
	Housing	Banking	Total
Loans & advances to customers	-	6,025,,985	6,025,985
Interest on deposits and similar expenses	-	(3,228,662)	(3,228,662)
Net income from return	-	2,797,323	2,797,323
Net Fees and commissions income	89,185	317,622	406,807
Fees and commissions expenses:	-	(47,948)	(47,948)
Net Fees and commissions income	89,185	269,674	358,859
Dividends income	-	113,423	113,423
Net income from financial assets at fair value through profit and loss		52,740	52,740
Housing projects profits	359,542	-	359,542
Impairment of loan loss provision	-	178,823	178,823
Administrative Expenses	(272,400)	(1,240,186)	(1,512,586)
Reversal of provisions	-	35,551	35,551
Other operating revenues	63,902	68,322	132,224
Net profit before taxes	240,229	2,275,679	2,515,908
Income tax expenses	(54051)	(661,126)	(715,177)
Net profit for the year	186,178	1,614,553	1,800,731

6. NET INTREST INCOME

	31 December 2021 EGP	31 December 2020 EGP
Interest received from loans and similar items:		
Loans and advances to customers	2,467,795,613	2.294.807.560
Financial investment (other than that at fair value through profit and loss)	3,787,283,773	3,264.616,268
Deposits and current accounts	710,274,104	466.560.838
	6,965,353,490	6,025,984.666
Interest on Deposits and similar Expenses:		
Deposits and current accounts:		
Banks	9,135,759	33,287.474
Customers	3,532,118,748	3.020,726.457
Total	3,541,254,507	3.054.013,931
Other financial institutions loans	155,361,545	174.647.661
Total	3,696,616,052	3.228.661.592
Net interest income	3,268,737,438	2.797.323.074

7. Net fees & commissions income

	31 December 2021 EGP	31 December 2020 EGP
Fees & commissions income :		
Fees & commissions related to credit	72,392,574	87.529.622
Financing fees	233,988,720	181.903.884
Other fees	145,025,487	137,373,150
Total	451,406,781	406.806.656
Fees and commission expenses:		
Other paid fees	(40,006,607)	(47,947,767)
Net income from fees and commissions	411,400,174	358,858,889

8. Dividends Income

	31 December 2021 EGP	31 December 2020 EGP
Financial assets at fair value through profit and loss	1,156,565	1,600,971
financial assets at fair value through other comprehensive income	2,863,521	2.799,652
Subsidiaries and associates	191,036,836	109,022,175
Total	195,056,922	113.422.798

9. Net trading income

	31 December 2021 EGP	31 December 2020 EGP
Gain from dealing in foreign currencies	16,130,969	17.112.441
Currencies Forward contracts valuation differences	(1,748,616)	-
Equity instruments held at fair value through profit and loss	47,899,302	35.627.755
	62,281,655	52,740,196

10. Revenue from housing projects

	31 December 2021 EGP	31 December 2020 EGP
Sales of housing properties	402,602,651	448.347.317
Cost of sold properties	(103,853,164)	(149.340.585)
Revenue from properties	298,749,487	299.006.732
Other housing revenues	98,773,548	60.534.843
	397,523,035	359.541.575

11. Administrative expenses

	31 December 2021	31 December 2020
Staff cost	EGP	EGP
Wages and salaries	705,353,703	621,899,744
Social insurances	44,195,496	38,015,422
Retirement benefit cost	14,337,579	13,674,842
Operation utilities	605,884,840	492,626,228
Current expenses	347,803,948	310,799,584
Portion of social and athletic activities	1,000,000	1,775,000
Donations	34,155,368	33,795,505
	1,752,730,934	1,512,586,325

12. Other operating revenues (Expenses)

	31 December 2021	31 December 2020
	EGP	EGP
Revaluation losses of assets and liabilities balances in foreign currencies with monetary nature other than held at fair value through profit and loss or classified at inception at fair value through profit and loss	(5,309,679)	(2,410,119)
Gain from selling properties plants & equipment	115,899	12,437,376
Impairment of other assets and projects	784,960	(3,578,990)
Rents Collected	35,658,763	63,901,777
Others	149,833,438	61,874,230
	181,083,381	132,224,274

13. Loans impairment losses

	31 December 2021	31 December 2020
	EGP	EGP
Loan and customer advances	(166,839,608)	179,121,828
Due from banks	(940,068)	(66,286)
Debt instruments at amortized cost	6,149,105	(223,651)
	(161,630,571)	178,831,891

14. Income tax expenses

	31 December 2021	31 December 2020
	EGP	EGP
Current taxes	(809,728,247)	(778,327,556)
Deferred taxes	27,296,165	63,150,209
	(782,432,082)	(715,177,347)

Settlements to calculate actual income tax expenses

	31 December 2021	31 December 2020
	EGP	EGP
Accounting profit before tax	2,612,516,811	2,515,907,849
Tax at 22,5%	22.5%	22.5%
Total tax	587,816,282	566,079,266
Add (deduct): -		
Non-deductible expenses	415,825,036	328,263,378
Tax exemptions	(869,062,673)	(640,955,839)
The impact of provisions	30,033,650	(10,732,876)
The impact of depreciations	8,723,202	6,235,323
Withholding tax	5,784,598	1,974,670
Tax on Treasury bills in foreign currency	630,608,152	527,463,634
Income tax expenses	809,728,247	778,327,556
The price of the actual tax	31%	30.9%

15. Earnings per share for the year

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

	31 December 2021	31 December 2020
	EGP	EGP
Net profit for the year available for distribution	1,830,084,729	1,800,730,502
Board of directors' remunerations *	(20,000,000)	(15,000,000)
Employees' portion in profit *	(200,000,000)	(194,483,070)
	1,610,084,729	1,591,247,432
Weighted average number of shares	151,800,000	151,800,000
Basic earnings per share for the year	10.61	10.48

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

16. CASH AND BALANCES WITH CENTRAL BANK

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

17. DUE FROM BANKS

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

18. LOANS & FACILITIES TO CUSTOMERS

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

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

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

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

19. FINANCIAL ASSETS AT FAIR VULE THROUGH PROFIT AND LOSS

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

20. FINANCIAL ASSETS (OTHER THAN THOSE AT FAIR VALUE THROUGH PROFIT AND LOSS)

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

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

Change in fair value of equity instrument at fair value through other comprehensive income	**31 December 2021** EGP	31 December 2020 EGP
Change in fair value of equity instrument at fair value through other comprehensive income	248,531,744	46,293,080
	248,531,744	46,293,080

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

21. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

31/12/2021	Total assets	Total liabilities without shareholders' equity	Revenues	Net income	Sharing value	Direct sharing percentage	Direct and indirect sharing percentage
	EGP	EGP	EGP	EGP	EGP		
Subsidiaries:							
Holding company for development and investment	672,460,149	77,369,179	46,477,751	33,349,976	460,000,000	92%	92%
Housing and development company for real estate investment	2,055,463,789	1,273,030,394	426,908,294	88,885,756	180,000,000	60%	94.96%
El-Tameer company for assets management	21,807,087	11,156,279	50,802,191	1,197,372	942,000	15.7%	62.62%
El-Tameer company for cleaning services	55,575,254	28,172,877	93,103,870	7,013,454	1,521,000	39%	85.92%
El-Tameer company for real estate mutual funds	19,452,847	290,991	1,246,285	(315,062)	4,800,000	24%	93.83%
El-Tameer company for financing and real estate promotion	14,078,735	1,334,131	7,133,161	1,081,236	3,900,000	39%	94.20%
Development for Technological Services (DTS) Company	65,703,526	34,391,973	42,723,939	7,313,364	4,000,000	40%	86.92%
El-Tameer company for real estate development and investment	214,338,819	97,391	13,233,975	9,054,193	74,000,000	37%	92.77%
El-Tameer company for security and transportation	29,951,513	6,231,912	47,861,559	5,737,710	8,000,000	40%	94.82%
HD for leasing	1,332,540,318	339,887,275	108,048,359	10,132,845	119,366,343	60%	97.11%
Associate companies:							
El-Tameer company for housing and utilities	409,750,493	290,820,363	340,028,290	45,306,376	5,250,000	35%	35%
El-Tameer Company for Real Estate Finance	3,135,068,314	2,258,208,921	220,557,766	48,183,066	175,161,370	24.84%	24.84%
Hyde Park for Real Estate Development Company	11,830,838,750	6,871,509,812	1,854,010,896	368,514,962	415,957,000	36.9%	53.66%
City edge real estate development	4,454,885,900	2,724,014,910	581,549,321	29,441,062	491,473,000	33.4%	35.05%
Obelisk for mutual funds investment*	-	-	-	-	1	30%	49.32%
HD company for securities**	-	-	-	-	1	10.8%	47.78%
Misr Sinai for tourism***	-	-	-	-	1	30%	30%
TOTAL	24,311,915,494	13,916,516,408	3,833,685,657	654,896,310	1,944,370,716		

21. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES - continued

31/12/2020	Total assets	Total liabilities without shareholders' equity	Revenues	Net income	Sharing value	Direct sharing percentage	Direct and indirect sharing percentage
	EGP	EGP	EGP	EGP	EGP		
Subsidiaries:							
Holding company for development and investment	641,680,079	3,830,162	53,166,034	39,957,077	460,000,000	92%	92%
Housing and development company for real estate investment	2,000,309,686	1,251,312,115	375,473,931	94,166,280	180,000,000	60%	94.96%
El-Tameer company for assets management	18,387,140	8,972,318	47,310,233	2,491	942,000	15.7%	62.62%
El-Tameer company for cleaning services	53,354,310	29,923,259	98,464,398	9,661,214	1,521,000	39%	85.92%
El-Tameer company for real estate mutual funds	20,073,634	596,716	1,500,423	(523,082)	4,800,000	24%	93.83%
El-Tameer company for financing and real estate promotion	12,816,270	1,742,336	6,439,663	943,438	2,178,158	39%	94.20%
Development for Technological Services (DTS) Company	30,892,176	3,526,756	26,852,119	5,081,615	4,000,000	40%	86.92%
El-Tameer company for real estate development and investment	221,470,073	2,928,238	21,408,948	13,728,789	74,000,000	37%	92.77%
El-Tameer company for security and transportation	21,657,958	936,945	48,614,923	4,342,875	6,000,000	40%	94.82%
HD for leasing	907,488,355	787,598,104	96,363,481	12,796,802	59,366,343	60%	97.11%
Associate companies:							
El-Tameer company for housing and utilities	238,692,965	157,529,684	314,343,202	18,508,891	5,250,000	35%	35%
El-Tameer Company for Real Estate Finance	2,254,588,436	1,389,092,186	222,195,395	60,140,904	175,161,370	24.84%	24.84%
Hyde Park for Real Estate Development Company	9,945,837,596	8,426,144,660	1,616,104,557	342,024,841	198,622,250	36.9%	53.66%
City edge real estate development	4,218,943,444	2,398,997,427	761,834,802	242,634,595	491,473,000	33.4%	35.05%
Obelisk for mutual funds investment*	-	-	-	-	1	30%	49.32%
HD company for securities**	-	-	-	-	1	10.8%	47.78%
Misr Sinai for tourism***	-	-	-	-	1	30%	30%
TOTAL	20,586,409,645	14,463,130,906	3,690,072,109	843,466,730	1,663,314,124		

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

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

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

22. HOUSING PROJECTS

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

Housing projects impairment breakdown

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

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

23. INVESTMENTS PROPERTY

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

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

24. INTANGIBLE ASSETS

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

25. OTHER ASSETS

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

26. **Fixed assets**

	Lands EGP	Buildings & Constructions EGP	Transportation vehicle EGP	Machinery & Equipment EGP	Furniture EGP	Facilities & Installments EGP	Total EGP
Balance at 1 January 2020							
Cost	177,641,559	644,619,349	53,230,923	570,289,269	99,137,984	16,260,729	1,561,179,813
Accumulated Depreciation	-	180,189,419	35,159,492	344,846,244	43,021,517	15,139,245	618,355,917
Net book value at 1 January 2020	177,641,559	464,429,930	18,071,431	225,443,025	56,116,467	1,121,484	942,823,896
Additions	10,632,102	120,366,811	200,000	84,170,182	14,218,136	9,554,410	239,141,641
Disposals	663,870	23,452,769	12,581,977	-	-	-	36,698,616
Disposals from accumulated depreciation	-	12,983,396	12,171,320	-	-	-	25,154,716
Depreciation expense	-	30,302,272	7,930,163	111,023,518	8,631,138	2,592,958	160,480,049
Net book value at 31 December 2020	187,609,791	544,025,096	9,930,611	198,589,689	61,703,465	8,082,936	1,009,941,588
Balance at 1 January 2021							
Cost	187,609,791	741,533,391	40,848,946	654,459,451	113,356,120	25,815,139	1,763,622,838
Accumulated Depreciation	-	197,508,295	30,918,335	455,869,762	51,652,655	17,732,203	753,681,250
Net book value at 1 January 2021	187,609,791	544,025,096	9,930,611	198,589,689	61,703,465	8,082,936	1,009,941,588
Balance at 31 December 2021							
Net book value at 1 January 2021	187,609,791	544,025,096	9,930,611	198,589,689	61,703,465	8,082,936	1,009,941,588
Additions	1,183,143	60,295,464	-	125,284,180	11,975,834	6,545,262	205,283,883
Disposals	-	343,666	370,650	-	-	-	714,316
Accumulated depreciation of disposals	-	265,788	311,645	-	-	-	577,433
Depreciation expense	-	37,042,834	6,225,614	123,693,180	9,868,676	4,208,046	181,038,350
Net book value at 31 December 2021	188,792,934	567,199,848	3,645,992	200,180,689	63,810,623	10,420,152	1,034,050,238
Balance at 31 December 2021							
Cost	188,792,934	801,485,189	40,478,296	779,743,631	125,331,954	32,360,401	1,968,192,405
Accumulated Depreciation	-	234,285,341	36,832,304	579,562,942	61,521,331	21,940,249	934,142,167
Net book value at 31 December 2021	188,792,934	567,199,848	3,645,992	200,180,689	63,810,623	10,420,152	1,034,050,238

27. DUE TO BANKS

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

28. CUSTOMERS' DEPOSITS

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

29. Financial Derivatives

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

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

30. OTHER LOANS

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

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

31. OTHER LIABILITIES

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

32. Other Provision

31/12/2021

	Beginning balance	Charged amounts	Transferred (to or from)	Utilized amounts	Amounts no longer required	Ending Balance
Provision for contingent liabilities	10,533,965	48,859,371	-	-	-	59,393,336
Provisions for loans commitments	35,880,479	27,721,395	-	-	-	63,601,874
Provision for tax	127,669,793	-	(15,000,000)	(4,082,937)	(50,000,000)	58,586,856
Provision for legal claims	136,749,233	6,000,000	-	-	(28,163,425)	114,585,808
Provision for disaster aids	1,001,539	-	-	(744,581)	-	256,958
Community Contribution provision	-	16,576,540	15,000,000	-	-	31,576,540
Total	311,835,009	99,157,306	-	(4,827,518)	(78,163,425)	328,001,372

31/12/2020

	Beginning balance	Charged amounts	Utilized amounts	Amounts no longer required	Ending Balance
Provision for contingent liabilities	18,283,191	-	-	(7,749,226)	10,533,965
Provisions 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 aids	14,720	1,486,152	(499,333)	-	1,001,539
Total	347,961,716	23,189,981	(575,230)	(58,741,458)	311,835,009

Other provision:

	31/12/2021			31/12/2020		
	Charged amounts	Utilized amounts	Total	Charged amounts	Utilized amounts	Total
Provision for contingent liabilities	(48,859,371)	-	(48,859,371)	-	7,749,226	7,749,226
Provision for loans commitments	(27,721,395)	-	(27,721,395)	(20,127,920)	-	(20,127,920)
Provision for tax	-	50,000,000	50,000,000	-	50,000,000	50,000,000
Provision for legal claims	(6,000,000)	28,163,425	22,163,425	(1,575,909)	992,232	(583,677)
Provision for Disaster aids	-	-	-	(1,486,152)	-	(1,486,152)
Community Contribution provision	(16,576,540)		(16,576,540)	-	-	-
Total	(99,157,306)	78,163,425	(20,993,881)	(23,189,981)	58,741,458	35,551,477

33. DEFERRED INCOME TAX

Deferred income taxes have been totally calculated on the difference of the deferred taxes under the liabilities method using a tax rate of 22.5% in the current financial year.

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

Deferred tax (liabilities)

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

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

Deferred tax (liabilities) transactions:

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

Unrecognized deferred tax assets

Deferred tax assets are not recognized for other items :

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

34. RETIREMENT BENEFIT OBLIGATIONS

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

Main actuarial assumption used represented in the following:

	Current year %	Comparison Year %	
Discount rate	10 %	10 %	
Expected interest rate on assets	8%	10.75 %	
Average medical cost per individual	14,706	14,706	
Inflation rate used in medical services cost	2%	5%	
Death rates	(49-A52)	(49-A52)	British table

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

35. CAPITAL

Authorized Capital

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

1- The Bank's extraordinary general assembly approved on 5/11/2007 to increase the authorized capital from EGP 1,000 million to EGP 3,000 million, and the issued and paid up capital from EGP 550 million to EGP 1,150 million with an increase amounted to EGP 600 million.

   The newsletter subscription had been announced on 16/01/2008 for the first phase with an increase amounted to EGP 120 million at the face value for the initial shareholders, and it was completely accomplished and marked on the bank's commercial ledger.

   The second phase had been announced from 23/3/2010 till 29/04/2010 and open subscription for the initial shareholders, and till 13/05/2010 for the new shareholders for 45 million shares at par value EGP 20 in addition to 25 piasters (issuance fee) and 3 million shares have been distributed to the employees at par value EGP 10 in addition to 25 piasters (issuance fee) and it was completely accomplished and marked on the bank's commercial register on 29/9/2010 accordingly the issued and paid capital has reached EGP 1,150 million.

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

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

35. CAPITAL (Continued) – Amounts reserved for capital increase

4- The Bank's extraordinary general assembly approved on 30/4/2018 to increase the issued and paid up capital from EGP 1,518 million to EGP 1,644.5 million from the legal reserve by one share for every ten shares at par value of EGP 10 per each with contributions of EGP 126.5 million and the procedures have been taken to be marked on the bank's commercial register.
5- The Bank's general assembly approved on 31/03/2021 the statement of profit distribution proposal that included issued and paid up capital increase with one share per each 10 shares at par value of EGP 10 per each with total contributions of EGP 126,5 million.
6- In the context of the reconciling the situation of the Banking law No.194 issued in September 2020 (Article 4) and with reference of Article 64, where the minimum paid up capital becomes EGP 5 billion, the bank has performed the following:
   - On 25/05/2021, the bank communicated with Central Bank of Egypt to approve extension of the grace period to finalize the capital increase procedures to reach EGP 5.313 Billion.
   - On 11-8-2021 the bank's board of directors approved the issued and paid up capital increase procedures to reach EGP 5,313 Billion financed from the general reserve, legal reserve and distributable net profit.
   - On 29/08/2021 the bank communicated with Deputy Governor of Central Bank of Egypt, to approve the paid up capital and amending the articles (6&7) of the bank's article of association. and to approve holding an extraordinary general assembly meeting.
   - On 30/8/2021the bank has communicated with financial regulatory authority to approve proceeding with capital increase procedures.
   - On 13/9/2021 the financial regulatory authority approved to proceed with capital increase procedures to be financed from the general reserve, legal reserve and distributable net profit and hold extraordinary general assembly meeting to amend articles (6&7) of the bank's article of association.
   - On 30/12/2021 the bank's board of directors approved amending the capital increase source of fund to be from general reserves and retained earnings to be in accordance with Central Bank of Egypt instructions.
   - The bank is currently in process of obtaining the approval from Central Bank of Egypt to hold extraordinary general assembly meeting to amend articles (6&7) of the bank's article of association.

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

Contributors	Number of shares	Percentage of contribution	EGP in thousands
New urban communities authority	45,255,888	29,81%	452,559
Rolaco EGB for investments (Hassan Ben Dayekh)	15,179,330	10%	151,793
RIMCO CO. for investment	14,800,800	9,75%	148,008
Misr Life insurance company	13,540,608	8,92%	135,406
Misr insurance company	12,590,990	8.29%	125,910
Houses Mutual Fund	11,244,540	7.41%	112,445
Egyptian Endowments Authority	7,635,540	5.03%	76,355

36. RESERVES

	31/12/2021 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 Risk reserve	**89,215,810**	89,215,810
Total reserves at the end of the year	**4,869,170,594**	3,766,692,193

Movements in Reserves are presented as follows:

36. RESERVES (Continued)

A- General Banking risks reserve

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

B- Legal reserve

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

C- General reserve

	31/12/2021 EGP	31/12/2020 EGP
Beginning balance of the year	3,104,000,000	1,779,000,000
Transferred from retained earnings	1,000,000,000	1,325,000,000
Amounts reserved for capital increase		-
Ending balance of the year	4,104,000,000	3,104,000,000

D- Special reserve

	31/12/2021 EGP	31/12/2020 EGP
Beginning balance of the year	9,344,966	9,344,966
Ending balance of the year	9,344,966	9,344,966

E- Other reserves

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

F- General risk reserves :

	31/12/2021 EGP	31/12/2020 EGP
Beginning balance of the year	89,215,810	89,215,810
Ending balance of the year	89,215,810	89,215,810

II-Retained Earnings

	31/12/2021 EGP	31/12/2020 EGP
Beginning balance of the year	1,842,113,516	1,993,303,629
Net profit during the year	1,830,084,729	1,800,730,502
Profit distribution of last financial year	-	(316,250,000)
Employee's share in profit	(194,774,799)	(194,774,799)
Board of Director's rewards	(15,000,000)	(15,000,000)
Transferred to general banking risk reserve	(4.500)	(4.500)
Transferred to legal reserve	(90,036,525)	(97.554.467)
Transferred to general reserve	(1,000,000,000)	(1,325.000.000)
Transferred to other reserves	(12,437,376)	(3,336.849)
Reserved for capital increase	(126,500,000)	-
Transferred to banking sector support and development fund	(17,882,886)	-
Balance at the end of the year	2,215,562,159	1,842.113.516

37. DIVIDENDS DISTRIBUTIONS

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

38. CASH AND CASH EQUIVALENTS

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

	31/12/2021 EGP	31/12/2020 EGP
Due from central bank	924,454,024	783,887,661
Due from banks	10,733,085,112	3.689.812.141
Financial assets other than at fair value through profit and loss	-	-
	11,657,539,136	4,473.699.802

39. CONTINGENT LIABILITIES AND COMMITMENTS

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

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

C- Operating commitments

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

D- Contingent liabilities

	31/12/2021 EGP	31/12/2020 EGP
Letters of Guarantee	2,701,056,724	2,317,400,728
Letters of Credit	121,627,733	23,537,295
Less:		
Collaterals	(339,159,126)	(275,011,861)
Contingent liabilities	2,483,528,331	2,065,926,162

40. TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

41. MUTUAL FUNDS

El-Themar Mutual Fund

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

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

Mawared Fund

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

42. TAX SITUATION

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

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

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

The year from 1 August 2006 till 31 March 2013: The tax inspections was carried out, and the tax differences resulted from the tax inspections have been paid.

The year from 1 April 2013 till 31 December 2015: The tax inspections was carried out, and resulted in credit balance to the bank.

The year from 1 January 2016 till 31 December 2018: The tax inspection has been carried out in accordance with the executive instructions issued by tax authority No. 61 for the year 2015, tax settlement template did not yet received, and the bank pays the stamp duty regularly on a quarter -basis.

The year from 1 January 2019 till 31 December 2021: The tax inspection did not yet carried out, the bank pays the stamp duty regularly on a quarter basis..

Corporate Income tax:

1980 – 2004: Tax inspection has been completed and settled,

2005 - 2012: Tax inspection has been completed and settled, the dispute has been completed between the bank and tax authority through disputes committee according to the law No. 179 for the year 2016 that has been replaced with law No.14 for the year 2018 concerning corporate income tax for the years from 2005 till 2012, that has been finalized with signed recommendation from minister of finance to finalize the disputes.

2013 –2014: Tax inspection has been completed and settled and the internal committee are completed, appeal committees for these claims are in place, taken into consideration that agreement request has been presented with the recommendations to agree the tax inspection for the period from 2005 till 2012

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

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

43. Significant events

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