HOUSING AND DEVELOPMENT BANK
SEPARATE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2022

Translation of Auditors' report
Originally issued in Arabic

Accountability State Authority

Allied for Accounting & Auditing EY
Public Accountants & Consultants

Limited Review Report on Interim Separate Financial Statements

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

Introduction

We have performed a limited review of the accompanying interim separate financial statements of **Housing and Development Bank "Egyptian Joint Stock Company"** which comprise the separate statement of financial position as of 30 September 2022 and the related separate statements of income, comprehensive income, ,changes in equity, and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim separate financial statements in accordance with the rules of preparation and presentation of the banks' financial statements and the basis of recognition and measurement issued by the Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in the light of the prevailing Egyptian laws and regulations related to the preparation of these interim separate financial statements. Our responsibility is to express a conclusion on these interim separate financial statements based on our limited review.

Scope of limited review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim separate financial statements do not present fairly, in all material respects, the separate financial position of the Bank as of 30 September 2022 and of its separate financial performance and its separate cash flows for the nine months then ended, in accordance with rules of preparation and presentation of the banks' financial statements and basis of recognition and measurement issued by the Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in the light of the prevailing Egyptian laws and regulations related to the preparation of these interim separate financial statements.

Auditors

Sameh Saad Mohamed Abdel-Megeed

Accountability State Authority

Allied For Accounting & Auditing
A Member of
Ernst & Young Global
Cairo Festival City (CFC)

Ashraf Mohamed Ismail
Fellow of Egyptian Tax association
Fellow of Egyptian Accountants association
Accountants and Auditors Register No (9380)
Financial Regulatory Authority No (102)
Allied for Accounting & Auditing EY
Public Accountants & Consultants

Cairo: 15 November 2022

HOUSING AND DEVELOPMENT BANK

SEPARATE FINANCIAL POSITION
AS OF 30 SEPTEMBER 2022

	Note No.	30/09/2022 EGP	31/12/2021 EGP
ASSETS			
Cash and balances with central bank of Egypt	(16)	10,768,015,295	6,773,137,496
Due from banks	(17)	18,018,418,695	14,137,932,823
Loans & Facilities to customers	(18)	31,655,470,762	24,672,409,680
Financial Assets			
Financial Assets at fair value through profit and loss	(19)	441,952,953	470,876,181
Financial Assets at fair value through other comprehensive income	(20)	27,776,846,048	19,095,315,426
Financial Assets at amortized costs	(20)	6,774,727,096	4,823,876,864
Financial Assets in subsidiaries and associates	(21)	2,137,970,716	1,944,370,716
Housing projects	(22)	1,152,094,613	1,113,896,707
Investments properties	(23)	86,281,922	91,941,433
Intangible assets	(24)	78,628,106	92,372,159
Other assets	(25)	2,342,232,072	1,953,373,520
Deferred tax assets	(33)	60,540,741	74,784,108
Fixed assets	(26)	1,041,928,983	1,034,050,238
TOTAL ASSETS		102,335,108,002	76,278,337,351
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	(27)	1,456,776,826	736,835,207
Customers' deposits	(28)	87,244,985,303	62,895,517,607
Financial Derivatives	(29)	-	1,748,616
Other loans	(30)	434,261,932	474,913,955
Dividends payable		37,354,376	49,121,857
Other Liabilities	(31)	2,726,286,929	2,340,329,174
Other Provisions	(32)	271,656,272	328,001,372
Current Income tax liabilities		344,325,385	167,112,033
Retirement benefit obligations	(34)	49,684,130	55,317,866
TOTAL LIABILITIES		92,565,331,153	67,048,897,687
EQUITY			
Issued and paid-up-capital	(35)	1,518,000,000	1,518,000,000
Amounts reserved for capital increase	(35)	3,795,000,000	253,000,000
Reserves	(36)	2,894,236,659	4,869,170,594
Retained earnings (included net profit of the period	(36)	1,783,270,746	2,215,562,159
Other comprehensive income		(220,730,556)	373,706,911
TOTAL SHAREHOLDERS'EQUITY		9,769,776,849	9,229,439,664
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		102,335,108,002	76,278,337,351

Gamal Mahmoud Soliman
Chief Financial Officer

Hassan Ismail Ghanem
Chairman & Managing Director

Sameh Saad Mohamed Abel-Megeed
Accountability State Authority

Allied For Accounting & Auditing
A Member of Ernst & Young Global
Ashraf Mohamed Ismail
EY Allied for Accounting & Auditing
Puplic Accountants & Consultants
Cairo Festival City (CFC) Podium 1 - Building No. P1

The accompanying notes, from (1) to (44) 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 NINE MONTHS ENDED 30 SEPTEMBER 2022

	Notes	Nine Months ended in 30/09/2022	Nine Months ended in 30/09/2021	Three months from 1/07/2022 to 30/09/2022	Three months from 1/07/2021 to 30/09/2021
	No.	EGP	EGP	EGP	EGP
Interest from loans and similar income	(6)	7,068,046,249	5,097,763,399	2,681,880,776	1,776,147,827
Interest on deposits and similar expense	(6)	(3,660,198,256)	(2,646,969,848)	(1,370,388,176)	(942,730,525)
Net interest income		3,407,847,993	2,450,793,551	1,311,492,600	833,417,302
Fees and commissions revenue	(7)	403,083,592	285,722,182	152,155,905	99,578,062
Fees and commissions expense	(7)	(25,536,511)	(34,354,894)	(9,411,354)	(6,445,642)
Net fees and commission income		377,547,081	251,367,288	142,744,551	93,132,420
Dividends income	(8)	162,193,960	194,906,402	19,913,393	2,972,832
Net trading income	(9)	37,414,254	43,492,457	15,241,234	16,845,842
Housing Projects Profits'	(10)	317,438,745	261,295,119	135,926,968	54,214,718
Gain from financial investments	(21)	-	31,789,592	-	1,721,842
Credit impairment losses (Reversal)	(13)	(361,144,631)	(109,014,443)	(295,619,913)	(3,767,349)
General and administrative expenses	(11)	(1,551,013,895)	(1,250,840,104)	(588,323,621)	(446,693,398)
Other provisions expense (Reversal)	(32)	53,639,870	99,843,363	82,906,259	79,653,818
Other operating revenues	(12)	76,302,687	64,266,582	19,771,644	(43,393,708)
Net profit before income tax		2,520,226,064	2,037,899,807	844,053,115	588,104,319
Income tax expense	(14)	(767,651,409)	(603,629,513)	(295,545,131)	(154,793,188)
Net profit for the period		1,752,574,655	1,434,270,294	548,507,984	433,311,131
Earnings per share for the period	(15)	10.29	8.43		

HOUSING AND DEVELOPMENT BANK

SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Notes	**Nine Months ended in 30/09/2022 EGP**	Nine Months ended in 30/09/2021 EGP	**Three months from 1/07/2022 to 30/09/2022 EGP**	Three months from 1/07/2021 to 30/09/2021 EGP
NET PROFIT FOR THE PERIOD		**1,752,574,655**	1,434,270,294	548,507,984	433,311,131
Change in fair value of equity instruments of financial assets at fair value through other comprehensive income	(20)	**(594,437,467)**	(23,315,928)	(255,939,632)	30,165,935
TOTAL COMPREHENSIVE INCOME		**1,158,137,188**	1,410,954,366	292,568,352	463,477,066

HOUSING AND DEVELOPMENT BANK

SEPARATE SHAREHOLDERS' EQUITY STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

*

	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 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	-	-	-	-	-	-	-	-	-	(23,315,928)	(23,315,928)
Reserved for capital increase	253,000,000	(253,000,000)	-	-	-	-	-	-	-	-	-
Net profit for the three months ended 30/09/2021	-	-	-	-	-	-	-	-	1,434,270,294	-	1,434,270,294
Balances at 30 September 2022	1,518,000,000	253,000,000	632,438,487	4,104,000,000	9,344,966	34,139,831	31,500	89,215,810	1,819,747,724	101,859,239	8,561,777,557
Balance as of 1 January 2022	1,518,000,000	253,000,000	632,438,487	4,104,000,000	9,344,966	34,139,831	31,500	89,215,810	2,215,562,159	373,706,911	9,229,439,664
Dividends paid for the year 2021	-	-	-	-	-	-	-	-	(599,500,000)	-	(599,500,000)
Transferred to reserves	-	-	91,504,236	1,090,000,000	-	115,899	(31,500)	-	(1,181,588,635)	-	-
Cancelation of the Reserve previously formed for the capital increase	-	(253,000,000)	126,500,000		-	-	-	-	126,500,000	-	-
Reserved for capital increase	-	3,795,000,000	-	(3,283,022,570)	-	-	-	-	(511,977,430)	-	-
Transferred to banking sector support and development fund	-	-	-	-	-	-	-	-	(18,300,003)	-	(18,300,003)
Change in financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	(594,437,467)	(594,437,467)
Net profit for the three months ended 30/09/2022	-	-	-	-	-	-	-	-	1,752,574,655	-	1,752,574,655
Balances as at 30 September 2022	1,518,000,000	3,795,000,000	850,442,723	1,910,977,430	9,344,966	34,255,730	-	89,215,810	1,783,270,746	(220,730,556)	9,769,776,849

HOUSING AND DEVELOPMENT BANK

SEPARATE STATEMENT OF CASH FLOW
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

	Notes	Nine Months ended in 30/09/2022 EGP	Nine Months ended in 30/09/2021 EGP
Cash Flows From Operating activities			
Profit before tax		2,520,226,064	2,037,899,807
Adjustments:			
Depreciation and amortization	(23),(24),(26)	193,101,324	187,347,486
Credit impairment losses (Reversal)	(13)	361,144,631	109,014,443
Impairment losses from other assets and housing projects (Reversal)	(12)	1,039,460	(784,960)
Other provisions-charged during the period	(32)	22,963,259	56,552,355
Revaluation difference of financial assets at fair value through profit and loss	(9)	(12,911,264)	(31,014,121)
Reversal of impairment of equity instruments - associates companies	(21)	-	(31,789,592)
Amortization of discount (premium)– financial investment	(20)	19,170,890	(4,548,172)
Dividends income	(8)	(162,193,960)	(194,906,402)
Utilization of other provision	(32)	(2,705,230)	(4,536,940)
Provisions no longer required	(32)	(76,603,129)	(156,395,718)
Gain from selling fixed assets	(12)	(235,025)	(4,902)
Operating income before changes in operating assets and liabilities		2,862,997,020	1,966,833,284
Net decrease (increase) in assets			
Due from banks		(434,963,354)	(331,625,810)
Financial assets at fair value through profit and loss		41,834,491	4,845,151
Loans and advances to customers and banks		(7,331,689,476)	(3,848,175,274)
Housing Projects and investments properties		(35,333,285)	(97,451,573)
Other assets		491,690,853	558,809,724
Net (decrease) increase in liabilities			
Due to banks		719,941,618	(90,682,074)
Customers' deposits		24,349,467,695	9,139,584,344
Other liabilities		(483,995,737)	151,424,993
Retirement benefit obligations		(5,633,736)	(1,299,905)
Income tax paid		(576,194,690)	(600,279,561)
Net cash flows from operating activities		19,598,121,399	6,851,983,299
Cash flows from investing activities			
Payments for purchase of fixed assets		(141,578,316)	(147,842,228)
Proceeds from selling fixed assets		300,501	4,903
Payments for purchase of financial assets other than at fair value through profit and loss		(3,733,361,326)	(5,735,826,576)
Proceeds from sale of financial assets other than at fair value through profit and loss		950,016,682	1,199,447,601
Net financial investments (Treasury bills) other than at fair value through profit and loss		(3,598,700,147)	3,108,633,230
Payments for acquisition of associates companies		(193,600,000)	(62,000,000)
Payments for purchase of intangible assets		(41,686,746)	(28,417,130)
Dividends income		76,384,426	66,502,680
Net cash flows used in investing activities		(6,682,224,926)	(1,599,497,520)
Cash flows from Financing activities			
Long-term loans		(185,616,470)	(148,680,101)
Dividends paid		(611,267,482)	(194,675,669)
Net cash flows (used in) financing activities		(796,883,952)	(343,355,770)
Net Increase in cash and cash equivalents during the period		12,119,012,521	4,909,130,009
Cash and cash equivalent at the beginning of the period		11,657,539,136	4,473,699,802
Cash and cash equivalents at the end of the period		23,776,551,657	9,382,829,811
Cash and cash equivalents are represented in:			
Cash and balances with Central Bank of Egypt		10,774,250,062	6,391,860,059
Due from banks		18,012,582,317	8,399,583,641
Financial assets at fair value through other comprehensive income		21,238,885,042	15,170,081,862
Obligatory reserve balance with CBE		(9,689,500,892)	(5,448,160,042)
Bank Deposits with maturity more than three-month		-	-
Financial assets other than at fair value through profit and loss		(16,559,664,872)	(15,130,535,709)
Cash and cash equivalents at the end of the period	(38)	23,776,551,657	9,382,829,811

1. **Background**

Housing and Development bank provides Banking Services for Corporates rather than Investments, retail Banking Services in the Arab republic of Egypt through 98 branches, and hires 2830 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 till 31 December 2018 in accordance with the instructions of the Central Bank of Egypt (CBE) rules which are applicable till 31 December 2018; 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 SIX 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.

The bank classifies debt instruments into SIX 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 SIX 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 SIX 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 SIX internal rating grades. However, the majority of the impairment provision comes from the bottom two grads.

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

30/09/2022 Bank's Rating	Loans and facilities %	Impairment losses provision %
Stage 1	89%	24%
Stage 2	2%	11%
Stage 3	9%	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.

	30/09/2022 EGP	31/12/2021 EGP
Items Exposed to Credit Risks		
Due from banks	18,018,817,084	14,138,939,177
Loans and facilities to customers		
Retail Loans		
Overdrafts	906,712,393	660,862,397
Credit cards	90,518,412	68,351,990
Personal Loans	8,631,925,476	6,797,426,924
Real Estate Loans	10,321,581,395	8,532,971,677
Corporate Loans:		
Overdrafts	6,871,287,396	4,949,529,597
Direct Loans	5,277,740,013	4,249,246,121
Syndicated Loans	1,867,848,060	1,289,643,832
Specialized Loans:		
Direct Loans	314,230,560	388,347,945
Financial Assets:		
Debt Instruments	6,791,747,134	9,220,140,992
Other assets	2,342,232,072	1,953,373,520
Total	61,434,639,995	52,248,834,172

A.6. Loans and Facilities

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

	30/09/2022 EGP Loans & advances to customers	31/12/2021 EGP Loans & advances to customers
Neither past dues nor subject to impairment	30,333,041,285	21,935,477,873
Past due but not subject to impairment	1,050,073,941	2,302,631,767
Individually subject to impairment	2,898,728,479	2,698,270,843
Total	34,281,843,705	26,936,380,483
Less:		
Impairment loss provision	(2,609,580,706)	(2,247,178,566)
Interest in suspense	(16,792,237)	(16,792,237)
	31,655,470,762	24,672,409,680

Loans and facilities impairment reached EGP 348,628,394 compared to EGP 113,031,981 in the comparative period. Item No. (18) Includes additional information about provision for impairment losses on Loans and facilities to banks and customers.

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

30/09/2022

	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Retail	18,334,757,163	684,776,529	1,245,434,544	20,264,968,236
Corporate	11,998,284,122	365,297,412	1,653,293,935	14,016,875,469
	30,333,041,285	1,050,073,941	2,898,728,479	34,281,843,705

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

30/09/2022

	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Retail	53,156,764	109,231,540	227,733,201	390,121,505
Corporate	555,682,297	180,969,594	1,482,807,310	2,219,459,201
	608,839,061	290,201,134	1,710,540,511	2,609,580,706

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

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 period:

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 provides information on the quality of financial assets during the period:

30/09/2022

Due from banks Credit rating	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	18,018,817,084	-	-	18,018,817,084
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Total	**18,018,817,084**	-	-	**18,018,817,084**
Allowance for impairment losses	**(398,389)**	-	-	**(398,389)**
Total	**18,018,418,695**	-	-	**18,018,418,695**

30/09/2022

Financial assets at amortized cost Credit rating	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	6,791,747,134	-	-	6,791,747,134
Normal watch-list	-	-	-	-
Special watch-list	-	-	-	-
Non-performing loan	-	-	-	-
Total	**6,791,747,134**	-	-	**6,791,747,134**
Allowance for impairment losses	**(15,485,783)**	-	-	**(15,485,783)**
Total	6,776,261,351	-	-	**6,776,261,351**

30/09/2022

Retail Loans & Facilities Credit rating	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	18,334,757,163	-	-	18,334,757,163
Normal watch-list	-	684,776,529	-	684,776,529
Non-performing loan	-	-	1,245,434,544	1,245,434,544
Total	**18,334,757,163**	**684,776,529**	1,245,434,544	20,264,968,236
Allowance for impairment losses	**(53,156,764)**	**(109,231,540)**	**(227,733,201)**	(390,121,505)
Total	**18,281,600,399**	575,544,989	**1,017,701,343**	19,874,846,731

30/09/2022

Corporate Loans & Facilities Credit rating	Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Lifetime	Total
Good debts	11,998,284,122	-	-	11,998,284,122
Normal watch-list	-	365,297,412	-	365,297,412
Non-performing loan	-	-	1,653,293,935	1,653,293,935
Total	11,998,284,122	365,297,412	1,653,293,935	14,016,875,469
Allowance for impairment losses	(555,682,297)	(180,969,594)	(1,482,807,310)	(2,219,459,201)
Total	11,442,601,825	184,327,818	170,486,625	11,797,416,268

31/12/2021

Due from banks Credit rating	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

31/12/2021

Financial assets at amortized cost Credit rating	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

31/12/2021

Retail Loans & Facilities Credit rating	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

31/12/2021

Corporate Loans & Facilities Credit rating	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	338,844,499	8,527,514,005

A.7. Acquisition of collaterals:

Assets owned through possession are classified among other assets in the balance sheet

Those assets are sold whenever practical according to The Central Bank of Egypt regulations to dispose those assets in a specified year.

	Book Value	
	30/09/2022	31/12/2021
	EGP	EGP
Land	**16,492,260**	16,492,260
Housing units	**2,237,625**	2,237,625
Hotel	**49,139,024**	49,139,024
	67,868,909	67,868,909

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

Geographical segments

The following table represents the analysis of the most important bank's credit risks measured at the book value, allocated according to the geographical segment at 30 September 2022 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	Upper Egypt	Total
Due from banks	18,018,817,084	-	-	18,018,817,084
Loans and Advance to Customers				
Retail Loans:				
Overdrafts loans	399,107,574	427,856,155	79,748,664	906,712,393
Credit cards loans	48,291,913	35,792,071	6,434,428	90,518,412
Personal loans	3,690,991,029	3,294,972,680	1,645,961,767	8,631,925,476
Real Estate loans	6,027,178,317	3,110,950,462	1,183,452,616	10,321,581,395
Corporate Loans:				
Overdrafts	4,391,865,920	2,195,842,394	283,579,082	6,871,287,396
Direct loans	4,754,106,480	417,445,718	106,187,815	5,277,740,013
Syndication loans	1,867,848,060			1,867,848,060
Specialized Loans:				
Other loans	314,230,560	-	-	314,230,560
Financial Assets				
Debt Instruments	6,791,747,134	-	-	6,791,747,134
Other Assets	2,250,536,693	54,426,502	37,268,877	2,342,232,072
Total as of 30/09/2022	**48,554,720,764**	**9,537,285,982**	**3,342,633,249**	**61,434,639,995**
Total as of 31/12/2021	40,651,814,310	8,615,189,387	2,981,830,475	52,248,834,172

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	2,053,629,869	-	-	-	-	-	15,965,187,215	-	-	**18,018,817,084**
Loans &Facilities										-
Retail										-
Overdrafts	-	-	-	-	-	-	-	-	906,712,393	**906,712,393**
Credit Cards	-	-	-	-	-	-	-	-	90,518,412	**90,518,412**
Personal loans	-	-	-	-	-	-	-	-	8,631,925,476	**8,631,925,476**
Real Estate	-	-	-	-	-	-	-	-	10,321,581,395	**10,321,581,395**
Corporate										
Overdraft	112,192,821	18,762,918	2,702,884,570	1,633,747,013	502,233,212	1,801,010,101	-	100,456,761	-	**6,871,287,396**
Direct	2,956,698,630	2,813,589	335,332,221	1,453,121,388	474,453,467	46,638,682	-	8,682,036	-	**5,277,740,013**
Syndicated	-	-	-	-	680,358,561	1,187,489,499	-	-	-	**1,867,848,060**
Specialized Loans										
Direct	-	-	-	-	-	-	-	-	314,230,560	314,230,560
Financial Assets										
Debt Instruments	-	-	-	-	-	-	6,791,747,134	-	-	6,791,747,134
Other Assets	338,590,638	-	-	-	888,124,775	207,919,548	263,846,330	9,246,139	634,504,642	2,342,232,072
Total as of 30 September 2022	**5,461,111,958**	**21,576,507**	**3,038,216,791**	**3,086,868,401**	**2,545,170,015**	**3,243,057,830**	**23,020,780,679**	**118,384,936**	**20,899,472,878**	**61,434,639,995**
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

B. Market Risk

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

B.1. Market Risk Measurement Techniques:

Value at risk

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

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

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

Stress testing

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

B.2. Foreign exchange risk

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

30/09/2022	US Dollar	Euro	Sterling Pound	Other Currencies
Financial Assets:				
Cash and balances with Central Bank	10,084,111	240,893	32,270	716,417
Due from banks	85,943,649	340,091	155,808	2,479,955
Loans & facilities to customers	11,563,370	91,356	1,252	4,315
Financial investments				
Financial Assets at amortized costs	6,000,000	-	-	-
Financial Assets at fair value through other comprehensive income	38,014,112	3,999,750	-	-
Other Financial assets	1,337,589	106	47	1,973
Total financial assets	152,942,831	4,672,196	189,377	3,202,660
Financial liabilities:				
Due to banks	74,498,857	-	-	-
Customer's deposits	67,178,797	5,148,664	174,691	2,111,161
Other Financial liabilities	8,516,729	158,801	1,033	1,647,184
Total financial liabilities	150,194,383	5,307,465	175,724	3,758,345
Net financial position as of 30 September 2022	2,748,448	(635,269)	13,653	(555,685)
31 December 2021				
Total financial assets	68,726,517	7,724,656	269,375	2,558,462
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

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	-	-	-	-	10,768,015	10,768,015
Due from banks	17,984,642	-	-	-	34,175	18,018,817
Loans & facilities to customers	2,188,728	448,969	10,275,747	21,368,400	-	34,281,844
Financial Assets:						
Fair value other than through profit and loss	22,583,193	8,570,535	8,318,444	262,423	-	39,734,595 -
Fair value through profit and loss	397,758	-	-	44,195	-	441,953
Other assets	-	-	-	3,376,347	9,827,010	13,203,357
Total financial assets	**43,154,321**	**9,019,504**	**18,594,191**	**25,051,365**	**20,629,200**	**116,448,581**
Financial liabilities						
Due to banks	1,456,624	-	-	-	153	1,456,777
Customer's deposits	5,766,009	2,771,063	3,892,758	18,702,791	56,112,364	87,244,985
Other loans	-	23,731	44,701	365,830	-	434,262
Other financial liabilities	-	-	-	752,982	26,559,575	27,312,557
Total financial liabilities	**7,222,633**	**2,794,794**	**3,937,459**	**19,821,603**	**82,672,092**	**116,448,581**
Repricing Gap	**35,931,688**	**6,224,710**	**14,656,732**	**5,229,762**	**(62,042,892)**	**-**

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.

	30/09/2022	31/12/2021
	EGP	EGP
Capital adequacy ratio according to Basel II		
Capital		
(Tier 1 capital) basic capital		
Paid-up capital	1,518,000,000	1,518,000,000
Suspended for capital increase	3,795,000,000	253,000,000
Reserves	2,903,982,174	4,876,529,750
Retained earnings	41,524,853	390,699,924
Total deduction from basic capital	(314,574,561)	(341,662,343)
Other comprehensive income	(179,563,007)	417,904,390
Total basic capital	7,764,369,459	7,114,471,721
Net income for the Year	1,255,316,098	1,877,081,422
Total paid up capital and additional paid up capital and retained earnings	9,019,685,557	8,991,553,143
(Tier 2 capital) syndicated capital,		
45% of Special Reserve	4,205,235	4,205,235
Impairment provisions for loans facilities and regular contingent	481,667,275	387,390,082
50% disposal from tier one and two	-	(31,500)
Total Syndicated Capital	485,872,510	391,563,817
Total capital	9,505,558,067	9,383,116,960
Risk-weighted assets and contingent liabilities:		
Total Credit Risk	38,533,381,989	30,991,206,600
Total Market Risk	101,454,235	353,679,157
Total Operational Risk	3,880,817,566	6,721,534,000
Total	42,515,653,790	38,066,419,757
Capital Adequacy ratio (%)	22.36	24.65

E. **Financial leverage**

	30/09/2022 EGP	31/12/2021 EGP
Tier one capital after exclusions	**9,019,685,557**	8,991,553,143
Total on-balance sheet exposures, derivatives contracts and financial papers operations	**105,287,933,000**	77,376,922,000
Total off balance sheet exposures.	**1,922,072,000**	1,826,862,000
Total exposures on-balance sheet and off-balance sheet.	**107,210,005,000**	79,203,784,000
Financial leverage ratio %	8.41	11.35

4. **Critical Accounting Estimates and Judgments**

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

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

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

B. **Fair value of derivatives**

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

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

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

D. **Income taxes**

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

5. Segment Analysis

A. **Segment Analysis of activities**

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

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

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

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

Other activities
Includes other banking activities.

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

Revenues and Expenses according to segment activity

EGP

The period ended on 30 September 2022	Corporate	Investment	Individuals	Other activities	Total
Segment activity revenues	2,716,599,601	1,619,886,222	2,230,113,194	1,549,618,055	8,116,217,072
Segment activity expenses	2,288,729,860	543,271,517	1,440,149,107	775,254,079	5,047,404,563
Segment operation results	427,869,741	1,076,614,705	789,964,087	774,363,976	3,068,812,509
Unclassified expenses	-	-	-	-	(548,586,445)
Net income for the period before taxes	-	-	-	-	2,520,226,064
Taxes	-	-	-	-	(767,651,409)
Net income for the period	-	-	-	-	1,752,574,655

EGP

The period ended on 30 September 2021	Corporate	Investment	Individuals	Other activities	Total
Segment activity revenues	1,591,006,530	1,486,402,796	1,531,087,900	1,529,971,881	6,138,469,107
Segment activity expenses	1,251,875,697	821,792,206	1,052,632,462	683,568,460	3,809,868,825
Segment operation results	339,130,833	664,610,590	478,455,438	846,403,421	2,328,600,282
Unclassified expenses	-	-	-	-	(290,700,475)
Net income for the period before taxes	-	-	-	-	2,037,899,807
Taxes	-	-	-	-	(603,629,513)
Net income for the period	-	-	-	-	1,434,270,294

B. Analysis of Geographical Segments

EGP

Period ended on 30 September 2022	Greater Cairo	Alexandria, Delta& Sinai	Upper Egypt	Total
Revenues &expenses in accordance with geographical segment				
Geographical segment revenues	6,413,302,697	1,233,998,776	468,915,599	**8,116,217,072**
Geographical segment expenses	4,536,686,201	824,134,037	235,170,770	**5,595,991,008**
Sector's profit results	1,876,616,496	409,864,739	233,744,829	**2,520,226,064**
Net income for the period before taxes	-	-	-	**2,520,226,064**
Taxes	-	-	-	**(767,651,409)**
Net income for the period	-	-	-	**1,752,574,655**
Assets and liabilities in accordance with geographical segment				
Assets of geographic segment	83,588,046,803	14,228,898,353	3,397,605,757	**101,214,550,913**
Unspecified Assets				**1,120,557,089**
Total assets	**83,588,046,803**	**14,228,898,353**	**3,397,605,757**	**102,335,108,002**
Liabilities of geographic segment	75,082,590,405	14,218,899,434	3,263,841,314	**92,565,331,153**
Other items of the Geographical segment				
Depreciations	(161,074,192)	(18,036,186)	(8,331,435)	**(187,441,813)**
Impairment loss	-	-	-	**(361,144,631)**

Period ended on 30 September 2021	Greater Cairo	Alexandria, Delta& Sinai	Upper Egypt	Total
Revenues &expenses in accordance with geographical segment				
Geographical segment revenues	4,741,976,368	996,125,039	400,367,700	**6,138,469,107**
Geographical segment expenses	3,195,729,474	691,435,507	213,404,319	**4,100,569,300**
Sector's profit results	1,546,246,894	304,689,532	186,963,381	**2,037,899,807**
Net income for the period before taxes	-	-	-	**2,037,899,807**
Taxes	-	-	-	**(603,629,513)**
Net income for the period	-	-	-	**1,434,270,294**
Assets and liabilities in accordance with geographical segment				
Assets of geographic segment	52,631,582,118	11,855,928,282	3,566,612,350	68,054,122,750
Unspecified Assets				1,108,692,470
Total assets	52,631,582,118	11,855,928,282	3,566,612,350	69,162,815,220
Liabilities of geographic segment	45,220,149,945	11,911,238,751	3,469,648,967	60,601,037,663
Other items of the Geographical Segment				
Depreciations	(158,640,729)	(17,589,534)	(5,455,769)	(181,686,032)
Impairment	-	-	-	(109,014,443)

C. Banking and housing activities

The bank's main activity is banking activity and other activities related to banking, which represented in the receiving deposits from customers and other sources of funds from the banking system and the Central Bank of Egypt. These funds are used in lending activities to other companies, retail banking products of various types and short and long term investments activities through financial markets and other financial assets and provide banking services of all kinds as the bank of the leading banks in banking with full and permanent commitment to the Banking Law No. 194 of 2020 and the instructions of the Central Bank of Egypt about the rules related to the banking system, including the commercial banks operating in the Arab Republic of Egypt, In order to maximize the return on shareholders 'equity and to complement the Bank's view of the integration of the banking services, the Bank may in some cases consider investing part of the shareholders' equity and long-term savings instruments in some of the equity instruments in some companies engaged in real estate development activity or entering into some housing projects to serve and integrate banking activities in order to maximize the return on assets and shareholders' equity with emphasis on the Bank's strategy of continuing as a banking institution representing housing activities not only an essential part of the bank but also helps to develop and enhance the bank's presence among the leading banks in providing banking services, the most important of which is to be the main arm of one of its clients, which aims at housing development within the framework of the Country's plan in economic and social development as well as the rest of the bank's corporate clients. The Bank aims to maintain excellent banking relationships with them as part of its banking business.

The distribution of revenues, expenses and profits on both banking and real estate activity as at 30 September 2022 is as follows:

(Values in Egyptian thousands pounds)

	From 1/1/2022 till 30/09/2022		
	Housing	**Banking**	**Total**
Interest on loans and similar income	-	7,068,046	7,068,046
Interest on deposits and similar expenses	-	(3,660,198)	(3,660,198)
Net interest income	-	3,407,848	3,407,848
Fees and commissions income	98,215	304,869	403,084
Fees and commissions expenses:	-	(25,537)	(25,537)
Net Fees and commissions income	98,215	279,332	377,547
Dividends income	-	162,194	162,194
Net trading income	-	37,414	37,414
Housing projects income	317,439	-	317,439
Gain from financial investments	-	-	-
Impairment of loan loss provision	-	(361,145)	(361,145)
Administrative Expenses	(244,669)	(1,306,345)	(1,551,014)
Reversal of provisions	-	53,640	53,640
Other operating revenues	27,158	49,145	76,303
Net profit before taxes	198,143	2,322,083	2,520,226
Income tax expenses	(44,582)	(723,069)	(767,651)
Net profit for the period	153,561	1,599,014	1,752,575

(Values in Egyptian thousands pounds)

	From 01/01/2021 till 30/09/2021		
	Housing	**Banking**	**Total**
Interest on loans and similar income	-	5,097,763	5,097,763
Interest on deposits and similar expenses	-	(2,646,970)	(2,646,970)
Net interest income	-	2,450,793	2,450,793
Fees and commissions income	54,612	231,110	285,722
Fees and commissions expenses:	-	(34,355)	(34,355)
Net Fees and commissions income	54,612	196,755	251,367
Dividends income	-	194,906	194,906
Net trading income	-	43,492	43,492
Housing projects income	261,295	-	261,295
Gain from financial investments	-	31,790	31,790
Impairment of loan loss provision	-	(109,014)	(109,014)
Administrative Expenses	(215,860)	(1,034,980)	(1,250,840)
Reversal of provisions	-	99,843	99,843
Other operating revenues	29,408	34,860	64,268
Net profit before taxes	129,455	1,908,445	2,037,900
Income tax expenses	(29,532)	(574,098)	(603,630)
Net profit for the period	99,923	1,334,347	1,434,270

6. NET INTREST INCOME

	For The Nine Months Ended at 30 September 2022	For The Nine Months Ended at 30 September 2021
	EGP	EGP
Interest received from loans and similar items:		
Loans and advances to customers	2,550,676,850	1,782,014,594
Financial investment (other than that at fair value through profit and loss)	3,230,955,815	2,904,677,736
Deposits and current accounts	1,286,413,584	411,071,069
	7,068,046,249	5,097,763,399
Interest on Deposits and similar Expenses:		
Deposits and current accounts:		
Banks	7,215,152	7,112,888
Customers	3,540,565,335	2,548,679,279
Total	3,547,780,487	2,555,792,167
Other financial institutions loans	112,417,769	91,177,681
Total	3,660,198,256	2,646,969,848
Net interest income	3,407,847,993	2,450,793,551

7. Net fees & commissions income

	For The Nine Months Ended at 30 September 2022	For The Nine Months Ended at 30 September 2021
	EGP	EGP
Fees & commissions income :		
Fees & commissions related to credit	68,313,366	48,076,323
Financing fees	153,487,524	138,530,743
Other fees	181,282,702	99,115,116
Total	403,083,592	285,722,182
Fees and commission expenses:		
Other paid fees	(25,536,511)	(34,354,894)
Net income from fees and commissions	377,547,081	251,367,288

8. Dividends Income

	For The Nine Months Ended at 30 September 2022	For The Nine Months Ended at 30 September 2021
	EGP	EGP
Financial assets at fair value through profit and loss	-	984,279
financial assets at fair value through other comprehensive income	2,632,945	2,885,287
Subsidiaries and associates	159,561,015	191,036,836
Total	**162,193,960**	**194,906,402**

9. Net trading income

	For The Nine Months Ended at 30 September 2022	For The Nine Months Ended at 30 September 2021
	EGP	EGP
Gain from dealing in foreign currencies	22,716,824	12,478,336
Currencies Forward contracts valuation differences	1,753,400	-
Equity instruments held at fair value through profit and loss	12,944,030	31,014,121
	37,414,254	43,492,457

10. Revenue from housing projects

	For The Nine Months Ended at 30 September 2022	For The Nine Months Ended at 30 September 2021
	EGP	EGP
Sales of housing properties	326,761,086	270,648,225
Cost of sold properties	(83,139,445)	(69,932,289)
Revenue from properties	243,621,641	200,715,936
Other housing revenues	73,817,104	60,579,183
	317,438,745	261,295,119

11. Administrative expenses

	For The Nine Months Ended at 30 September 2022	For The Nine Months Ended at 30 September 2021
Staff cost	EGP	EGP
Wages and salaries	627,168,820	527,168,069
Social insurances	40,802,797	33,088,158
Retirement benefit cost	11,384,722	10,753,185
Operation utilities	579,393,658	411,897,749
Current expenses	266,334,245	241,032,397
Portion of social and athletic activities	1,926,804	1,000,000
Donations	24,002,849	25,900,546
	1,551,013,895	1,250,840,104

12. Other operating revenues (Expenses)

	For The Nine Months Ended at 30 September 2022	For The Nine Months Ended at 30 September 2021
	EGP	EGP
Revaluation profit (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	44,236,638	(5,067,377)
Gain from selling properties plants & equipment	235,025	4,902
Impairment of other assets and projects	(1,039,460)	784,960
Rents Collected	27,157,670	29,407,874
Others	5,712,814	39,136,223
	76,302,687	64,266,582

13. Loans impairment losses

	For The Nine Months Ended at 30 September 2022	For The Nine Months Ended at 30 September 2021
	EGP	EGP
Loan and customer advances	(348,628,394)	(113,031,981)
Due from banks	607,965	7,009
Debt instruments at amortized cost	(13,124,202)	4,010,529
	(361,144,631)	(109,014,443)

14. Income tax expenses

	For The Nine Months Ended at 30 September 2022	For The Nine Months Ended at 30 September 2021
	EGP	EGP
Current taxes	(753,408,042)	(607,493,223)
Deferred taxes	(14,243,367)	3,863,710
	(767,651,409)	(603,629,513)

Settlements to calculate actual income tax expenses

	For The Nine Months Ended at 30 September 2022	For The Nine Months Ended at 30 September 2021
	EGP	EGP
Accounting profit before tax	2,520,226,064	2,037,899,807
Tax at 22,5%	22.50%	22.50%
Total tax	567,050,864	458,527,457
Add (deduct): -		
Non-deductible expenses	362,686,406	329,206,336
Tax exemptions	(772,449,912)	(706,486,217)
The impact of provisions	4,857,636	(6,470,045)
The impact of depreciations	9,945,025	9,646,836
Withholding tax	8,682,264	14,082,001
Tax on Treasury bills in foreign currency	572,635,759	508,986,855
Income tax expenses	753,408,042	607,493,223
The price of the actual tax	29.9%	29.8%

15. Earnings per share for the period

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,

	For The Nine Months Ended at 30 September 2022	For The Nine Months Ended at 30 September 2021
	EGP	EGP
Net profit for the year available for distribution	1,752,574,655	1,434,270,294
Board of directors' remunerations *	(15,000,000)	(11,250,000)
Employees' portion in profit *	(175,257,466)	(143,427,029)
	1,562,317,189	1,279,593,265
Weighted average number of shares	151,800,000	151,800,000
Basic earnings per share for the period	10.29	8.43

16. CASH AND BALANCES WITH CENTRAL BANK

	30/09/2022	31/12/2021
	EGP	EGP
Cash	1,078,514,403	918,599,959
Due from central Bank within the required reserve percentage	9,689,500,892	5,854,537,537
	10,768,015,295	6,773,137,496
Non-interest bearing balances	10,768,015,295	6,773,137,496

17. DUE FROM BANKS

	30/09/2022	31/12/2021
	EGP	EGP
Current accounts	34,175,166	121,620,453
Deposits	17,984,641,918	14,017,318,724
Impairment of Provisions loss	(398,389)	(1,006,354)
	18,018,418,695	14,137,932,823
Central Bank(excluding obligatory reserve)	15,965,187,215	13,269,853,689
Local Banks	2,033,665,240	790,106,147
Foreign Banks	19,566,240	77,972,987
	18,018,418,695	14,137,932,823
Non-interest bearing balances	34,175,166	121,620,453
Interest bearing balances (Fixed rate)	17,984,243,529	14,016,312,370
	18,018,418,695	14,137,932,823
Current balances	18,018,418,695	14,137,932,823

18. LOANS & FACILITIES TO CUSTOMERS

	30/09/2022	31/12/2021
Retail	EGP	EGP
Overdrafts	906,712,393	660,862,397
Credit cards	90,518,412	68,351,990
Personal loans	8,631,925,476	6,797,426,924
Real Estate loans	10,321,581,395	8,532,971,677
*Other loans	314,230,560	388,347,945
Total	20,264,968,236	16,447,960,933
Institutions including small loans for economic activities		
Overdrafts	6,871,287,396	4,949,529,597
Direct loans	5,277,740,013	4,249,246,121
Syndicated loans	1,867,848,060	1,289,643,832
Total	14,016,875,469	10,488,419,550
Total Loans& facilities to customers	34,281,843,705	26,936,380,483
Less:		
Impairment of loan loss provision	(2,609,580,706)	(2,247,178,566)
Interest in suspense	(16,792,237)	(16,792,237)
	31,655,470,762	24,672,409,680
Current Balances	8,161,785,153	5,972,651,165
Non-current Balances	26,120,058,552	20,963,729,318
	34,281,843,705	26,936,380,483

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

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

	30/09/2022	31/12/2021
	EGP	EGP
Balance at the beginning of the period	2,247,178,566	2,069,900,781
Reversal of Impairment loss	348,628,394	166,839,608
Amounts written off during the period	(4,170,331)	(1,891,665)
Recovered amounts during the period	1,434,777	12,589,555
Foreign currency revaluation difference	16,509,300	(259,713)
Balance at the end of the period	2,609,580,706	2,247,178,566

19. FINANCIAL ASSETS AT FAIR VULE THROUGH PROFIT AND LOSS

	30/09/2022	31/12/2021
	EGP	EGP
Equity instrument listed in stock market		
Local companies' shares	5,839	5,839
Total equity instrument	5,839	5,839
Financial assets portfolios managed by others	441,947,114	470,870,342
Total financial assets at fair value through profit and loss	441,952,953	470,876,181

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

	30/09/2022	31/12/2021
Financial Assets at fair value through other comprehensive income	EGP	EGP
Debt instrument :		
Listed in stock market	32,680,424,723	19,850,651,854
Unearned interest	(944,173,737)	(1,017,140,746)
Selling of debt instrument with obligation of rebuying	(4,221,827,930)	
Equity instrument :		
Unlisted in stock market	219,254,134	219,254,134
Mutual fund's instrument established according to the issued rates	43,168,858	42,550,184
Total Financial Assets at fair value through other comprehensive income	27,776,846,048	19,095,315,426

Financial Assets at Amortized Cost

	30/09/2022	31/12/2021
Debt instruments -at amortized cost:		
Debt instrument (listed)	6,791,747,134	9,220,140,992
Unearned interest	(1,534,255)	(27,110,170)
Selling of debt instrument with obligation of rebuying	-	(4,366,792,377)
Provision of debt instrument impairment losses	(15,485,783)	(2,361,581)
Total Financial Assets at Amortized Cost	6,774,727,096	4,823,876.864
Total Financial Assets	34,551,573,144	23,919,192,290
Current Balances	34,289,150,152	23,657,387,972
Non-current Balances	262,422,992	261,804,318
	34,551,573,144	23,919,192,290
Debt Instruments – interest bearing (fixed)	34,289,150,152	23,657,387,972

	Financial Assets at fair value through other comprehensive income	Financial Assets at Amortized Cost	Total
	EGP	EGP	EGP
Balance at the beginning of 1 January 2022	19,095,315,426	4,823,876,864	23,919,192,290
Net movement of purchases and (selling)	13,521,380,534	(2,407,231,568)	11,114,148,966
Amortization of premium issuance	(23,584,515)	4,413,625	(19,170,890)
Change in fair value	(594,437,467)	-	(594,437,467)
Selling of debt instrument with obligation of rebuying	(4,221,827,930)	4,366,792,377	144,964,447
Instruments impairment loss	-	(13,124,202)	(13,124,202)
Balance as of 30/09/2022	27,776,846,048	6,774,727,096	34,551,573,144
Balance as 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
Instruments impairment loss	-	6,149,104	6,149,104
Balance as of 31 December 2021	19,095,315,426	4,823,876,864	23,919,192,290

Change in fair value of equity instrument at fair value through other comprehensive income	For The Nine Months Ended at 30 September 2022	For The Nine Months Ended at 30 September 2021
	EGP	EGP
Change in fair value of equity instrument at fair value through other comprehensive income	(594,437,467)	(23,315,928)
	(594,437,467)	(23,315,928)

Gain from financial investments	For The Nine Months Ended at 30 September 2022	For The Nine Months Ended at 30 September 2021
	EGP	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

30/09/2022

	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	671,389,762	57,273,955	58,507,119	46,297,982	533,600,000	92%	92%
Housing and development company for real estate investment	2,353,842,905	1,358,695,396	365,201,316	81,515,627	300,000,000	60%	94.96%
El-Tameer company for assets management	43,743,584	28,521,031	52,136,301	2,935,682	942,000	15.70%	62.62%
El-Tameer company for cleaning services	58,960,202	33,877,218	74,227,446	1,232,597	1,521,000	39%	85.92%
El-Tameer company for real estate mutual funds	19,189,739	245,190	737,574	(113,663)	4,800,000	24%	93.83%
El-Tameer company for financing and real estate promotion	16,649,782	3,312,612	8,152,438	1,500,318	3,900,000	39%	94.20%
Development for Technological Services (DTS) Company	58,943,391	27,080,175	44,369,749	5,111,986	4,000,000	40%	86.92%
El-Tameer company for real estate development and investment	219,056,123	907,427	6,442,486	4,220,278	74,000,000	37%	92.77%
El-Tameer company for security and transportation	40,195,734	9,176,926	45,019,727	3,248,699	8,000,000	40%	94.82%
HD for leasing	1,817,971,252	1,569,131,405	110,076,134	14,470,938	119,366,343	60%	97.10%
Associate companies:							
El-Tameer company for housing and utilities	461,964,772	305,718,720	366,313,006	55,794,780	5,250,000	35%	35%
El-Tameer Company for Real Estate Finance	3,828,046,781	2,917,128,903	264,821,154	70,354,618	175,161,370	24.84%	24.84%
Hyde Park for Real Estate Development Company	11,900,868,056	9,506,101,514	1,397,104,869	250,606,350	415,957,000	36.90%	53.66%
City edge real estate development	6,096,814,264	3,888,369,919	120,024,213	28,935,470	491,473,000	24.57%	25.76%
Obelisk for mutual funds investment*	-	-	-	-	1	30%	49.32%
HD company for securities**	-	-	-	-	1	10.80%	47.78%
Misr Sinai for tourism***	-	-	-	-	1	30%	30%
TOTAL	27,587,636,347	19,705,540,391	2,913,133,532	566,111,662	2,137,970,716		

21. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES - continued

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	15.70%	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%	97.10%
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	36.90%	53.66%
City edge real estate development	4,454,885,900	2,724,014,910	581,549,321	29,441,062	491,473,000	33.40%	35.05%
Obelisk for mutual funds investment*	-	-	-	-	1	30%	49.32%
HD company for securities**	-	-	-	-	1	10.80%	47.78%
* Misr Sinai for tourism***	-	-	-	-	1	30%	30%
TOTAL	24,311,915,494	13,916,516,408	3,833,685,657	654,896,310	1,944,370,716		

* 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

	30/09/2022	31/12/2021
	EGP	EGP
Lands allocated for housing projects	185,632,024	185,302,024
Under Construction projects	424,020,225	320,576,190
Finished projects	564,432,621	631,250,290
Housing projects impairment	(21,990,257)	(23,231,797)
Total	1,152,094,613	1,113,896,707

Real estate Housing projects impairment

	30/09/2022	31/12/2021
	EGP	EGP
Balance at the beginning of the period	23,231,797	23,231,797
Charged during the period	-	-
Utilized during the period	(1,241,540)	-
Balance at the beginning of the period	21,990,257	23,231,797

Projects under constructions includes EGP 22.8 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 73074 meters, administrative and commercial buildings reached 3382 meters and the lands 118086 meter.

23. INVESTMENTS PROPERTY

	30/09/2022	31/12/2021
	EGP	EGP
Total Investments	152,895,764	152,895,764
Accumulate depreciation	(60,954,331)	(53,406,086)
Net book value at the beginning of the period	91,941,433	99,489,678
Additions	-	-
Depreciation of the period	(5,659,511)	(7,548,245)
Net book value at the end of the period	86,281,922	91,941,433

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

	30/09/2022	31/12/2021
Computers programs	EGP	EGP
Beginning cost of the period	487,854,404	434,108,645
Additions during the period	41,686,746	53,745,759
Ending cost of the period	529,541,150	487,854,404
Accumulated amortization at the beginning of the period	(395,482,245)	(329,853,210)
Amortization during the period	(55,430,799)	(65,629,035)
Accumulated amortization at the end of the period	(450,913,044)	(395,482,245)
Net book value at the end of the period	78,628,106	92,372,159

25. OTHER ASSETS

	30/09/2022	31/12/2021
	EGP	EGP
Accrued revenues	1,095,500,994	947,608,942
Prepaid expenses	55,968,468	29,213,854
Advanced payments for purchasing fixed assets	547,602,915	476,524,061
Advanced payments for contractors	155,065,114	174,095,196
Insurance and consignment	17,896,599	9,861,651
Debit accounts under settlement	192,950,862	239,259,566
Assets reverted to banks in settlement of debts	67,868,909	67,868,909
Others	209,378,211	8,941,341
Total	2,342,232,072	1,953,373,520

26. Fixed assets

	Lands	Buildings & Constructions	Transportation vehicle	Machinery & Equipment	Furniture	Facilities & Installments	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance at 1 January 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**
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
Disposals from accumulated depreciation	-	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 1 January 2022							
Cost	188,792,934	801,485,189	40,478,296	779,743,631	125,331,954	32,360,401	1,968,192,405
Accumulated Depreciation	-	234,285,341	36,832,304	579,562,942	61,521,331	21,940,249	934,142,167
Net book value at 1 January 2022	**188,792,934**	**567,199,848**	**3,645,992**	**200,180,689**	**63,810,623**	**10,420,152**	**1,034,050,238**
Balance at 30 September 2022							
Net book value at 1 January 2022	188,792,934	567,199,848	3,645,992	200,180,689	63,810,623	10,420,152	1,034,050,238
Additions	4,948,143	71,349,636	355,667	56,029,710	8,019,438	875,722	141,578,316
Disposals	-	2,230,240	368,900	-	-	-	2,599,140
Accumulated depreciation of disposals	-	607,159	303,424	-	-	-	910,583
Depreciation expense	-	32,079,055	2,697,653	84,877,108	7,876,739	4,480,459	132,011,014
Net book value at 30 September 2022	**193,741,077**	**604,847,348**	**1,238,530**	**171,333,291**	**63,953,322**	**6,815,415**	**1,041,928,983**
Balance at 30 Septmeber 2022							
Cost	193,741,077	870,604,585	40,465,063	835,773,341	133,351,392	33,236,123	2,107,171,581
Accumulated Depreciation	-	265,757,237	39,226,533	664,440,050	69,398,070	26,420,708	1,065,242,598
Net book value at 30 September 2022	**193,741,077**	**604,847,348**	**1,238,530**	**171,333,291**	**63,953,322**	**6,815,415**	**1,041,928,983**

27. DUE TO BANKS

	30/09/2022	31/12/2021
	EGP	EGP
Current accounts	152,826	535,207
Deposits	1,456,624,000	736,300,000
	1,456,776,826	736,835,207
local banks	-	490,000,000
Foreign banks	1,456,776,826	246,835,207
	1,456,776,826	736,835,207
Non-interest bearing balances	152,826	535,207
Interest bearing balances (fixed rate)	1,456,624,000	736,300,000
	1,456,776,826	736,835,207
Current balances	1,456,776,826	736,835,207

28. CUSTOMERS' DEPOSITS

	30/09/2022	31/12/2021
	EGP	EGP
Demand deposit	50,653,025,089	31,503,339,291
Time & call deposits	13,165,323,131	12,506,825,436
Saving certificates	9,908,276,013	8,514,917,214
Saving deposits	7,575,504,465	7,445,865,582
Other deposits	5,942,856,605	2,924,570,084
	87,244,985,303	62,895,517,607
Institutions deposits	59,640,999,240	40,462,208,637
Individual deposits	27,603,986,063	22,433,308,970
	87,244,985,303	62,895,517,607
Non-interest bearing balances	56,112,364,459	33,927,223,794
Interest bearing balances (variable rate)	7,575,504,465	7,445,865,582
Interest bearing balances (fixed rate)	23,557,116,379	21,522,428,231
	87,244,985,303	62,895,517,607
Current balances	77,336,709,290	54,380,600,393
Non-current balances	9,908,276,013	8,514,917,214
	87,244,985,303	62,895,517,607

29. Financial Derivatives

30/09/2022	Notional amount	Assets	Liabilities	Liabilities
		30/09/2022	30/06/2022	31/12/2021
		EGP	EGP	EGP
Forward foreign exchange contracts	72,782,283	-	-	1,748,616
	72,782,283	-	-	1,748,616

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

30. OTHER LOANS

	Interest rate	30/09/2022	31/12/2021
	%	EGP	EGP
Long term loans			
Loans Granted from the CBE:			
Activity loans	9.75%	-	630,440
New Urban Communities organization	9.75%	-	16,301,974
Construction & Housing Organization	9.75%	294,107,116	314,107,105
Total loans granted from the CBE		294,107,116	331,039,519
Loans granted from the Social Fund for development	%14.75 ،%7	104,207,300	102,047,300
The Egyptian Company for real estate refinance loan	%11 ، %10.25	35,947,516	41,827,136
Total		434,261,932	474,913,955
Current balances		52,255,100	92,907,123
Non-current balances		382,006,832	382,006,832
		434,261,932	474,913,955

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

31. OTHER LIABILITIES

	30/09/2022	31/12/2021
	EGP	EGP
Accrued interest	843,810,748	309,010,406
Unearned revenue	1,178,530	4,265,909
Accrued expense	12,394,386	68,132,995
Creditors	38,748,498	41,042,580
Advanced reservation of lands and units	1,067,319	1,011,119
Down payments under installments	89,619,244	141,547,463
Checks under payment & credit accounts under settlement	159,172,432	508,270,240
Other credit balance	1,580,295,772	1,267,048,462
Total	2,726,286,929	2,340,329,174

32. Other Provision

30/09/2022

	Beginning balance	Charged amounts	Utilized amounts	Amounts no longer	Ending Balance
Provision for contingent liabilities	59,393,336	-	-	(28,773,374)	30,619,962
Provisions for loans commitments	63,601,874	-	-	(4,022,187)	59,579,687
Provision for tax	58,586,856	11,716,000	(2,007,350)		68,295,506
Provision for legal claims	114,585,808	1,096,763	-	(43,807,568)	71,875,003
Provision for disaster aids	256,958	1,000,000	(697,880)	-	559,078
Community Contribution provision	31,576,540	9,150,496	-	-	40,727,036
Total	328,001,372	22,963,259	(2,705,230)	(76,603,129)	271,656,272

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
Total	-	16,576,540	15,000,000	-	-	31,576,540
	311,835,009	99,157,306	-	(4,827,518)	(78,163,425)	328,001,372

Other provision (Reversal):

	30/09/2022			30/09/2021		
	Charged amounts	Utilized amounts	Total	Charged amounts	Utilized amounts	Total
Provision for contingent liabilities	-	28,773,374	28,773,374	(50,207,462)	-	(50,207,462)
Provision for loans commitments	-	4,022,187	4,022,187	(344,893)	-	(344,893)
Provision for tax	(11,716,000)	-	(11,716,000)	-	152,231,805	152,231,805
Provision for legal claims	(1,096,763)	43,807,568	42,710,805	(6,000,000)	4,163,913	(1,836,087)
Provision for disaster aids	(1,000,000)		(1,000,000)	-		-
Community Contribution provision	(9,150,496)	-	(9,150,496)	-	-	-
Total	(22,963,259)	76,603,129	53,639,870	(56,552,355)	156,395,718	99,843,363

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 period.

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

Deferred tax (liabilities)

	Deferred tax assets		Deferred tax assets	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
	EGP	EGP	EGP	EGP
Fixed assets and Intangible Assets	3,580,629	-	-	(703,741)
Provisions other than Loans impairment losses	56,960,112	75,487,849	-	-
Total deferred tax liability	60,540,741	75,487,849	-	(703,741)
Net tax that resulted in (asset or Liability)	60,540,741	74,784,108		

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

Deferred tax (liabilities) transactions:

	Deferred tax assets		Deferred tax assets	
	30/09/2022	31/12/2021	30/09/2022	31/12/2021
	EGP	EGP	EGP	EGP
Beginning balances of the period	75,487,849	56,914,886	(703,741)	(9,426,943)
Additions	3,588,761	29,528,880	703,741	8,723,202
Desposals	(18,535,869)	(10,955,917)	-	-
Ending balance of the period	60,540,741	75,487,849	-	(703,741)

Unrecognized deferred tax assets

Deferred tax assets are not recognized for other items :

	30/09/2022	31/12/2021
	EGP	EGP
Loans impairment provision excluding the 80% during the period	117,431,132	101,123,035

34. RETIREMENT BENEFIT OBLIGATIONS

	30/09/2022	31/12/2021
	EGP	EGP
Retirement benefit obligation as recorded in : balance sheet		
Medical benefit after retirement	**49,684,130**	55,317,866
Transactions of liabilities during the period represented as follows:		
Balance at the beginning of the period	**55,317,866**	47,073,604
Interest cost during the period	**1,597,069**	2,036,370
Actualial losses	**7,500,000**	19,206,457
Paid contributions	**(14,730,805)**	(12,998,565)
Balance at the end of the period	49,684,130	55,317,866

Main actuarial assumption used represented in the following:

	Current period	Comparison Period	
	%	%	
Discount rate	10%	10%	
Expected interest rate on assets	8%	8.00%	
Average medical cost per individual	14,706	14,706	
Inflation rate used in medical services cost	2%	2%	
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.

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- The Bank's general assembly approved on 30/03/2022 the following:
   - Turning away from extraordinary general assembly decisions dated 30/4/2018
   - Increasing the issued and paid up capital from EGP 1.518 million to EGP 5.313 million by transferring amount of EGP 3,283,022,570 from the general reserve and amount of EGP 511,977,430 from the retained earnings with 2.5 share per each share at value of EGP 10 per share.

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	9.9996%	151,793
RIMCO CO. for investment	14.932.800	9.84%	149,328
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

	30/09/2022	31/12/2021
	EGP	EGP
Banking risks reserve	-	31,500
Legal reserve	850,442,723	632,438,487
General reserve	1,910,977,430	4,104,000,000
Special reserve	9,344,966	9,344,966
Other reserves	34,255,730	34,139,831
General Risk reserve	89,215,810	89,215,810
Total reserves at the end of the period	2,894,236,659	4,869,170,594

Movements in Reserves are presented as follows:

A- General Banking risks reserve

	30/09/2022	31/12/2021
	EGP	EGP
Beginning balance of the period	31,500	27,000
Transferred from retained earning	(31,500)	4,500
Ending balance of the period	-	31,500

B- Legal reserve

	30/09/2022	31/12/2021
	EGP	EGP
Beginning balance of the period	632,438,487	542,401,962
Transferred from retained earnings	91,504,236	90,036,525
Cancelation of previously reserved for capital increase	126,500,000	-
Ending balance of the period	850,442,723	632,438,487

C- General reserve

	30/09/2022	31/12/2021
	EGP	EGP
Beginning balance of the period	4,104,000,000	3,104,000,000
Transferred from retained earnings	1,090,000,000	1,000,000,000
Amounts reserved for capital increase	(3,283,022,570)	-
Ending balance of the period	1,910,977,430	4,104,000,000

D- Special reserve

	30/09/2022	31/12/2021
	EGP	EGP
Beginning balance of the period	9,344,966	9,344,966
Ending balance of the period	9,344,966	9,344,966

E- Other reserves

	30/09/2022	31/12/2021
	EGP	EGP
Beginning balance of the period	34,139,831	21,702,455
Transferred from retained earnings	115,899	12,437,376
Ending balance of the period	34,255,730	34,139,831

F- General risk reserves :

	30/09/2022	31/12/2021
	EGP	EGP
Beginning balance of the period	89,215,810	89,215,810
Ending balance of the period	89,215,810	89,215,810

G-Retained Earnings

	30/09/2022	31/12/2021
	EGP	EGP
Beginning balance of the period	2,215,562,159	1,842,113,516
Net profit during the period	1,752,574,655	1,830,084,729
Profit distribution of last financial period	(379,500,000)	-
Employee's share in profit	(200,000,000)	(194,774,799)
Board of Director's rewards	(20,000,000)	(15,000,000)
Transferred to general banking risk reserve	31,500	(4,500)
Transferred to legal reserve	(91,504,236)	(90,036,525)
Transferred to general reserve	(1,090,000,000)	(1,000,000,000)
Transferred to other reserves	(115,899)	(12,437,376)
Cancelation of previously reserved for capital increase	126,500,000	
Reserved for capital increase	(511,977,430)	(126,500,000)
Transferred to banking sector support and development fund	(18,300,003)	(17,882,886)
Balance at the end of the period	1,783,270,746	2,215,562,159

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.

	30/09/2022	30/09/2021
	EGP	EGP
Due from central bank	1,084,749,170	943,700,017
Due from banks	18,012,582,317	8,399,583,641
Financial assets other than at fair value through profit and loss	4,679,220,170	39,546,153
	23,776,551,657	9,382,829,811

39. CONTINGENT LIABILITIES AND COMMITMENTS

A- Capital commitments
The bank contracts of Capital commitments reached 597,268,008 EGP on 30 September 2022 compared to EGP 617,437,446 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,

B- Operating commitments
The bank operating commitments amounted to EGP 72,492,465 in 30 September 2022 compared to EGP 54,346,680 on comparative period that representing in Operating lease contracts.

C- Contingent liabilities

	30/09/2022	31/12/2021
	EGP	EGP
Letters of Guarantee	2,882,630,426	2,701,056,724
Letters of Credit	442,539,528	121,627,733
Less:		
Collaterals	(437,035,441)	(339,159,126)
Contingent liabilities	2,888,134,513	2,483,525,331

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 30 September 2022 in the following:

	30/09/2022	31/12/2021
	EGP	EGP
Loans	903,835,000	652,857,000
Deposits	128,308,000	110,754,000

41. gMUTUAL FUNDS

El-Themar Mutual Fund

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

The Central Bank of Egypt has agreed on Jan 30, 2008 to establish the fund under the license no. 449 approved by the Egyptian financial supervisory authority on March 18, 2008
The newsletter subscription for the fund has been announced on April 14, 2008, the subscription begun at May 4, 2008 and ended on 5 June 2008 the subscription reached EGP 141.2 million The bank's portion is 5% represented in (50000) ICs amounted to EGP (5) million with face value EGP 100/share.
The redemption value of the certificate on 30 September 2022 was EGP 176.48

Mawared Fund

The board of directors has agreed on April 27, 2009 to establish daily accumulated mutual Fund (Mawared) managed by Prime Company for Financial Investments. The Central Bank of Egypt has agreed on July 9, 2009 to establish the fund under the license no, 544 approved by the Egyptian financial supervisory authority on November 16 2009. The subscription begun at 21 December 2009 with bank's portion of EGP 12 million that represents a share of 5% presented in 0.986 million certificates with a nominal value of EGP 10 each.
The redemption value of the certificate on 30 September 2022 was EGP 34.8192

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 2018-2021: The tax inspection is currently carried out for these years, the bank presented the annual tax settlement for these years, the bank pays the tax monthly and prepare the tax settlements in the due dates under law no, (91) Year 2005.

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

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

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

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

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

Corporate Income tax:s

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

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

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

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

2018- 2019: The bank 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 currently the inspection under finalization process.

2020-2021: The banks 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.

44. Subsequent Events

In 4/10/2022 the commercial register of the bank has been updated and pointed out the increase of the authorized capital from EGP 3 Billion to EGP 10 Billion and the increase in the issued and paid in capital from EGP 1,518,000,000 to EGP 5,313,000,000.