

BDO Khaled & Co.

KPMG Hazem Hassan

Accountability State Authority

BANQUE DU CAIRE (S.A.E)
(Egyptian Joint Stock Company)
Separate Financial Statements
For The Nine Months ended 30 September 2021
And
Limited Review Report

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BDO Khaled & Co.
Public Accountants & Advisers

KPMG Hazem Hassan
Public Accountants & Consultants

Accountability State Authority
Central Department of Banking Supervision

Report on limited review of separate interim financial statements

To The Board of Directors of Banque Du Caire (S.A.E)

Introduction

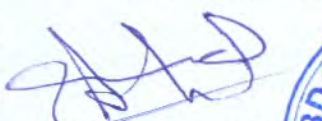
We have performed a limited review for the accompanying separate interim financial statements of Banque Du Caire (S.A.E) which comprise of the separate statement of financial position as of 30 September 2021 and the related separate statements of income, comprehensive income, cash flows and changes in shareholders' equity statement for the nine-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with the rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the prevailing Egyptian laws and regulations. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of Separate interim 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 separate interim financial statements.

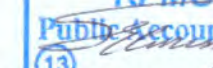
Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of Banque Du Caire (S.A.E) as at 30 September 2021 and its separate financial performance and its separate cash flows for the nine-months period then ended in accordance with rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the prevailing Egyptian laws and regulations related to the preparation of these separate financial statements.

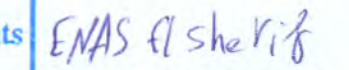

Ahmed Maher Tahoun



Member of the Egyptian Society of Accountants
and Auditors
Accountability State Authority register No. 1634
Accounting and Auditors register No. 16937
Central Bank register No. 518
BDO Khaled & Co.

Auditors
KPMG Hazem Hassan
Public Accountants and Consultants

Salah El Din Mosaad El Missary

Financial Regulator Authority No. 364
KPMG Hazem Hassan
Public accountants & Consultants


Enas Abdallah El Sherif

Member of the Egyptian Society of
Accountants and Auditors.
Accountability State Authority

Cairo, 1 December 2021

Banque Du Caire
(Egyptian Joint Stock Company)
Separate Financial position
As at 30 September 2021

<u>(All amounts are shown in thousands Egyptian pounds)</u>	<u>Note No.</u>	<u>30 September 2021</u>	<u>31 December 2020</u>
<u>Assets</u>			
Cash and balances at Central Bank	(15)	11,755,587	12,907,004
Due from banks	(16)	30,025,581	24,956,044
Loans and advances to banks	(17)	3,126,602	967,952
Loans and advances to customers	(18)	94,412,445	85,020,463
Financial derivatives	(19)	1,884	2,571
<u>Financial investments</u>			
At fair value through other comprehensive income	(20)	55,909,406	52,715,894
At amortized cost	(20)	37,508,652	20,720,233
At fair value through profit and loss	(20)	56,773	52,909
Investments in subsidiaries and associates	(21)	701,846	594,283
Intangible assets	(22)	145,420	138,886
Other assets	(23)	7,155,189	5,567,430
Deferred tax assets	(30)	385,570	370,637
Fixed assets	(24)	1,483,720	1,312,441
Total assets		242,668,675	205,326,747
<u>Liabilities and Equity</u>			
<u>Liabilities</u>			
Due to banks	(25)	14,702,603	13,416,826
Customers' deposits	(26)	193,215,137	162,777,351
Financial derivatives	(19)	5,606	3,430
Other loans	(27)	8,218,713	6,768,131
Other liabilities	(28)	5,762,230	2,608,215
Other provisions	(29)	696,367	584,546
Current income tax payable		187,238	184,179
Deferred tax liabilities	(30)	147,513	155,120
Retirement benefit liabilities	(31)	1,350,579	1,246,565
Total liabilities		224,285,986	187,744,363
<u>Equity</u>			
Issued and paid up capital	(32)	5,250,000	5,250,000
Amounts paid under capital increase	(32)	4,750,000	--
Reserves	(33)	2,777,979	3,255,348
Difference between the present value and face value for subordinated deposit		2,493,250	2,721,627
Net profit for the period / year and retained earnings	(33)	3,111,460	6,355,409
Total equity		18,382,689	17,582,384
Total liabilities and Shareholders' equity		242,668,675	205,326,747

- The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim



Chairman & CEO
Tarek Fayed



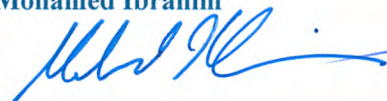
Banque Du Caire
(Egyptian Joint Stock Company)
Separate Income Statement
For the Nine Months ended 30 September 2021

(All amounts are shown in thousands Egyptian pounds)

	Note	Nine months ended		Three months ended	
	No.	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Interest and similar income	(6)	16,745,587	15,338,894	5,962,977	5,109,835
Interest and similar expense	(6)	(9,013,357)	(7,801,845)	(3,270,661)	(2,487,712)
Net interest income		7,732,230	7,537,049	2,692,316	2,622,123
Fee and commission income	(7)	1,541,947	1,207,321	588,525	422,087
Fee and commission expense	(7)	(110,965)	(54,402)	(43,358)	(22,707)
Net fee and commission income		1,430,982	1,152,919	545,167	399,380
Net interest, fee and commission income		9,163,212	8,689,968	3,237,483	3,021,503
Dividend income	(8)	104,090	62,799	57,967	8,594
Net Trading Income	(9)	12,996	26,547	8,180	(133)
Gains (Losses) from financial investments	(20)	191,826	134,025	34,344	(1,822)
(charged) reversed of expected credit losses	(12)	(1,029,030)	(1,707,068)	(507,787)	(576,434)
Administrative expenses	(10)	(4,142,138)	(3,501,583)	(1,443,650)	(1,304,817)
Other operating revenues (expenses)	(11)	24,779	125,457	62,050	112,777
profit before income tax for the period		4,325,735	3,830,145	1,448,587	1,259,668
Income tax expense	(13)	(1,622,192)	(1,307,186)	(562,658)	(437,697)
Net profit for the period		2,703,543	2,522,959	885,929	821,971
The basic / weighted earnings per share	(14)	1.03	1.03	0.034	0.31

- The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim



Chairman & CEO
Tarek Fayed



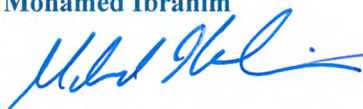
Banque Du Caire
(Egyptian Joint Stock Company)
Separate Comprehensive Income Statement
For the Nine Months ended 30 September 2021

(All amounts are shown in thousands Egyptian pounds)

		30 September 2021	30 September 2020
Net profit for the period	(1)	2,703,543	2,522,959
Amount transferred to retained earnings (net of tax)	(2)	50	--
Items not reclassified in profit and loss			
Net Change-movement in fair value reserve for equity instruments at fair value through other comprehensive income		(42,848)	(15,707)
Items reclassified in profit and loss			
Net Change in fair value reserve for debts instruments at fair value through other comprehensive income		(405,952)	(279,346)
Total other comprehensive income items for the period, net of tax	(3)	(448,800)	(295,053)
Total comprehensive income for the period, net of tax	(1+2+3)	2,254,793	2,227,906

- The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim



Chairman & CEO
Farek Fayed



Banque Du Caire
(Egyptian Joint Stock Company)
Separate Statement of Cash flows
For the Nine Months ended 30 September 2021

(All amounts are shown in thousands Egyptian pounds)

	Note No.	30 September 2021	30 September 2020
Cash flows from operating activities			
profit before income tax		4,325,735	3,830,145
Adjustments to reconcile net profit to cash flows from operating activities			
Depreciation		204,875	152,608
Amortization	(22)	53,161	20,704
Expected credit losses charged	(12)	1,029,030	1,707,068
Other provisions charged	(29)	202,356	128,412
Impairment for other assets formed	(23)	1,840	52,648
Other provisions no longer required	(23,29)	(51,482)	(115,138)
Gains from the sale of fixed assets	(11)	(2,618)	(23)
Foreign currency translation differences of other provisions	(29)	(2,032)	(4,171)
Other provisions used other than loans' provisions	(29)	(47,812)	(41,479)
Proceeds from other provisions other than loans provisions	(29)	10,387	72
Reverse Impairment loss for associates companies	(20)	(2,708)	21,251
Dividends income	(8)	(104,090)	(62,799)
Foreign currency translation differences sovereign debt instruments provision	(33)	(1,167)	(4,784)
Reverse of Valuation of investment at fair value through profit and loss	(9)	(3,865)	(3,619)
Reverse of gain from selling of financial securities at fair value through OCI	(20)	(157,064)	(82,113)
amortization of Premium/Discount of issuing financial investments	(20)	240,890	78,504
Operating profit before changes in assets and liabilities provided from operating activities		5,695,436	5,677,286
Net (Increase) Decrease in assets			
Due from banks		4,596,111	421,521
Loans and advances to banks	(17)	(2,169,015)	(496,082)
Loans and advances to customers		(10,520,257)	(12,289,193)
Financial derivatives	(19)	687	(3,193)
Other assets	(23)	(1,588,264)	(204,408)
Net Increase (Decrease) in liabilities			
Due to banks	(25)	1,285,777	5,708,526
Customers' deposits	(26)	30,437,786	434,037
Financial derivatives	(19)	2,176	(4,843)
Other liabilities		2,813,357	(514,219)
Retirement benefit liabilities	(31)	104,014	131,716
Income taxes paid		(1,301,698)	(1,058,130)
Net cash flow provided from (used in) operating activities		29,356,110	(2,196,982)
Cash flows from investing activities			
Payments to purchase fixed assets and preparation of branches	(24)	(378,216)	(258,755)
Proceeds from the sale of fixed assets		2,631	23
Proceeds from the sale of financial investments at fair value through OCI	(20)	106,681,555	121,937,710
Payments for purchases of financial investments at fair value through OCI		(111,104,617)	(128,587,592)
Proceeds from the redemption of financial investments at amortized cost	(20)	2,704,258	2,893,334
Payments for purchases of financial investments at amortized cost	(20)	(19,488,080)	(4,860,233)
Payments for investments in subsidiaries and associates		(104,855)	(49,136)
Payments to purchase intangible assets	(22)	(59,695)	(60,149)
Dividends received		49,643	59,381
Net cash flows (used in) investing activities		(21,697,376)	(8,925,417)

Banque Du Caire
(Egyptian Joint Stock Company)
Separate Statement of Cash flows
For the Nine Months ended 30 September 2021

	30 September 2021	30 September 2020
<u>Cash flows from financing activities</u>		
Proceeds from other loans	1,255,262	1,568,481
Payments for other loans	(33,057)	(8,370)
Dividends Paid	(5,834,480)	(2,050,480)
Supporting deposit Bank Misr	--	3,000,000
Amounts paid under capital increase	4,750,000	--
Net cash flows provided from financing activities	137,725	2,509,631
Net increase (decrease) in cash and cash equivalent during the period	7,796,459	(8,612,768)
Beginning balance of cash and cash equivalent	31,679,981	36,300,323
Cash and cash equivalent at the end of the period	39,476,440	27,687,555

Cash and cash equivalent are represented in the following:

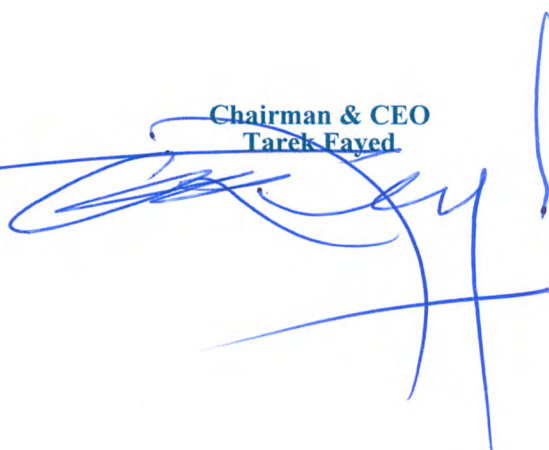
Cash and balances at the Central Bank	11,755,587	10,631,077
Due from banks	30,028,855	22,769,153
Treasury bills and other governmental notes	33,621,833	32,383,245
Balances at the central bank within the mandatory reserve percentage	(4,766,130)	(6,527,926)
Due from banks with maturity more than 3 months	--	(236,438)
Treasury bills and other governmental notes (with maturity more than 3 months)	(31,163,705)	(31,331,556)
Total cash and cash equivalent	(35) 39,476,440	27,687,555

- The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim



Chairman & CEO
Tarek Fayed



Banque Du Caire
(Egyptian Joint Stock Company)
Separate Statement of changes in shareholders' equity
For the Nine Months ended 30 September 2021

(All amounts are shown in thousands Egyptian pounds)	NOTE No.	Issued and paid up capital	Capital Increase	Reserves	Difference between the present value and Face value for subordinated deposit	Net profit for the period and retained earnings	Total
Balance as at 31 December 2019		2,250,000	3,000,000	2,309,361	1,316,854	6,126,280	15,002,495
Dividends for the year 2019		--	--	--	--	(545,480)	(545,480)
Transferred to Capital		3,000,000	(3,000,000)	--	--	--	--
Distributions to shareholders		--	--	--	--	(1,505,000)	(1,505,000)
Transferred to legal reserve		--	--	197,310	--	(197,310)	--
Transferred to general banking risk reserve		--	--	677,409	--	(677,409)	--
Transferred to capital reserve		--	--	1,853	--	(1,853)	--
Expected Credit Loss on debt instruments at fair value through OCI		--	--	45,914	--	--	45,914
Difference between the present value and face value for subordinated time deposit		--	--	--	1,477,701	--	1,477,701
Net Change in other comprehensive income		--	--	(295,053)	--	--	(295,053)
Net profit for the period ended 30 September 2020		--	--	--	--	2,522,959	2,522,959
Balance as at 30 September 2020		5,250,000	--	2,936,794	2,794,555	5,722,187	16,703,536
Balance as at 31 December 2020		5,250,000	--	3,255,348	2,721,627	6,355,409	17,582,384
Dividends		--	--	--	--	(5,871,378)	(5,871,378)
Amounts paid under capital increase		--	4,750,000	--	--	--	4,750,000
Transferred to legal reserve		--	--	157,758	--	(157,758)	--
Transferred to general banking risk reserve		--	--	(81,751)	--	81,751	--
Transferred to capital reserve		--	--	157	--	(157)	--
Expected Credit Loss on debt instruments at fair value through OCI		--	--	(104,733)	--	--	(104,733)
Difference between the present value and face value for subordinated time deposit		--	--	--	(228,377)	--	(228,377)
Net Change in other comprehensive income		--	--	(448,800)	--	50	(448,750)
Net profit for the period ended 30 September 2021		--	--	--	--	2,703,543	2,703,543
Balance as at 30 September 2021	(32.33)	5,250,000	4,750,000	2,777,979	2,493,250	3,111,460	18,382,689

- The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

1. General Information:

Banque Du Caire S.A.E. was established as a commercial bank on 17 May 1952 under the provisions of the National Commercial Law for 1883 that was later replaced by the Commercial Law No. 17 for 1999 on 17 May 1999.

The address of its registered head office is as follows: 6 Dr. Moustafa Abo Zahra Street, Nasr City, behind Accountability State Authority, Cairo, Egypt.

Banque Du Caire offers its banking services that related to its activity in Egypt through 244 branches, offices and units. The Bank employees 8,807 employees at the statements preparation date for the period ended 30 September 2021.

On May 2007, Bank Misr acquired all shares of Banque Due Caire, and its ownership has transferred to bank Misr on Egyptian Stock Exchange.

On May 2009 the Minister of Finance approved selling 5 shares stock to Misr for Investment and Misr Abu Dhabi for Real State. As a result, the bank became subject to Egyptian Companies Law No. 159 of 1981 and its Executive Regulations.

On June 28, 2010, the amendment of the Bank's Articles of Association was approved for Law 159 of 1981 in the Office of Investment Documentation under the Registration Document No. 176 of 2010 and its impact by commercial registration on 30 March 2010.

On May 2010, Banque misr established Misr Financial Investment Company with 99.999% of its contribution share capital to act as its investment arm.

On June 2010, Banque misr transferred some of long term investments (including Banque Du Caire) to Misr Financial Investment Company.

On 19 December 2010, Banque Du Caire's Extraordinary General Assembly approved transferring Banque Du Caire's ownership to Misr Financial Investment Company.

On 27 June 2010 Extraordinary General Assembly approved amendment on article of association (article 42) amending the fiscal year to start on 1st of January instead of 1st of July and ends on 31 December instead of 30 June of the following year.

On 15 December 2016 Extraordinary General Assembly approved amendment on article of association (article 6) which increase bank's capital by the value of retained earnings amounting by EGP 650 million, and determine the bank's authorized capital by EGP 10 billion, and determine the bank's issued capital by EGP 2,250 billion divided into 562,500 thousand shares with a par value of EGP 4 each and the bank's shareholders structure became as follows:

Misr Financial Investment company	562,499,985 shares
Banque Misr	8 shares
Misr Abu Dhabi for Real Estate company	7 shares

On 29 December 2016 article 6 capital increase has been amended in the commercial register and at investment prospectus latest publication number 43396 issued on 30 January 2017 amending article 7.

On 15 July 2018, Extraordinary General Assembly approved to amend article 6 to add Banque Misr instead of Misr Investment Company.

On 19 December 2019, the Extraordinary General Assembly of "Misr Financial Investments SAE" approved by the Financial Supervisory Authority on 11 Feb 2020 By noting in the Commercial Register on February 20, 2020 that the company name has been changed to "Misr Capital SAE." without any change in other data.

On 22 September 2019, Central Bank in Egypt approved amendment on article of association (article 6) which related to increase of Issued Capital and Shareholders Structure.

On 22 September 2019, Extraordinary General Assembly approved on Capital Increase by 3 Billion EGP to increase from EGP 2.250 billion to EGP 5.250 billion, all of the increase related to Banque Misr.

- Article of association (6) became as follows:

“The authorized Capital amounted to EGP 10 Billion, and The issued Capital amounted to EGP 5.250 Billion distributed to 1,312,500 Thousand share with Face Value EGP 4 per each and Bank’s shareholders structure as follows:

Banque Misr	750,000,008 shares
Misr Capital company	562,499,985 shares
Misr Abu Dhabi for Real Estate company	7 shares

- Capital increase has been amended in the commercial register at 2 Feb 2020.

- On 4 October 2020 article 6 has been amended in investment prospectus as follows: -

- determined the bank's authorized capital by EGP 10 billion, and determine the bank's issued capital by EGP 5,250 billion divided into 2,625,000 thousand shares with a par value of EGP 2 each and the bank's shareholders structure became as follows: -

Name	No. of shares	Face value by EGP
Banque Misr	1,500,000,016	3,000,000,032
Misr Capital	1,124,999,970	2,249,999,940
Misr Abu Dhabi for Real Estate company	14	28
Total	2,625,000,000	5,250,000,000

The Board of Directors approved the separate financial statements for the period ended 30 September 2021 on 30/11/2021.

2. Summary of significant accounting policies:

Following are the significant accounting policies applied in the preparation of Separate financial statements. These policies have been consistently applied for all years presented unless otherwise stated.

2-1 Basis of preparing separate financial statements:

The separate financial statements have been prepared accordance with the instructions of the central bank of Egypt (CBE), approved by the board of directors on 16 December 2008 with the addition of the requirements of IFRS 9 Financial Instruments in accordance with the instructions issued by the Central Bank of Egypt on 28 January 2018 and issued the final instructions for the preparation of the financial statements of banks in accordance with the requirements of International Financial Reporting Standard No. 9 on 26 February 2019, the separate financial statements have been prepared in accordance with provision of relevant local law.

The Bank applied the instructions of the Central Bank of Egypt (CBE) rules IFRS 9 "Financial Instruments" starting from January 01, 2019, the following summarize the main accounting policies changes resulted from applying the required instructions also, the disclosure of significant judgments and estimates related with impairment in value at financial risk management disclosures

The consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules, the affiliated companies are entirely included in

the consolidated financial statements and these companies are the companies that the Bank - directly or indirectly has more than half of the voting rights or has the ability to control the financial and operating policies, regardless of the type of activity.

The investments in subsidiaries and associates are presented in the Bank's separate financial statements and accounted for at cost less impairment losses. The Bank's separate financial statements are read in therewith consolidated financial statements as at and to obtain complete information on the Bank's financial position and the results of its operations, its cash flows and changes in its ownership rights.

The financial statements at December 31, 2018 have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008 and starting from January 01, 2019, the financial statements have been prepared according to Central Bank of Egypt (CBE) instructions dated on February 26, 2019 to prepare financial statements according to IFRS 9 "Financial Instruments".

The accounting policies set out below have been changed by the management to comply with the adoption of mentioned instructions.

2-2 Accountancy for Investments in subsidiaries and associates:

Investments in subsidiaries and associates are accounted for using the cost method; which represent the bank direct ownership shares and not based on financial results and not on net assets of the invested in companies. And the consolidated financial statements provide a wider understanding for the consolidated financial position, business results and the consolidated cash flows for the bank and its subsidiaries (The Group), including the bank's share in the net assets of its associate companies.

2-2-1 Subsidiary Companies:

Subsidiaries are entities (including Special Purpose Entities / SPEs) over which the bank exercises a direct or indirect control over its financial and operating policies to obtain benefits from its activities. The Bank usually has a shareholding of more than half of its voting rights, and with existence and effect of future voting rights that can be exercised or transferred at the present time are taken into consideration when evaluating whether the Bank has the ability to control the Company.

2-2-2 Associate Companies:

Associates are entities over which the bank exercises a direct or indirect significant influence without reaching the extent of control. Normally the bank holds ownership equities ranging between 20% and 50% of the voting rights.

Purchase method of accounting has been applied for the bank's acquisition of subsidiaries and associates when initial recognized (on the date of acquisition); the acquisition date is the date on which the acquirer obtains control or significant influence of acquire "subsidiary or associate". According to the purchase method, the investments in subsidiaries and associates are initially recognized at cost (which may be incorporated goodwill). The acquisition cost represents the fair value of the consideration given in addition to the other acquisition related costs.

In business combination achieved in stages, and business combination achieved through more than one transaction, is then dealing with every transaction of such transactions that separately on the basis of the acquisition consideration and fair value information at the date of each transition until the date where the control is achieved.

Investments in subsidiaries and associates are accounted for using the cost method; According to this method, the investments are recognized at an acquisition cost, including any goodwill, and any subsequent impairment losses in the value are deducted from it. The income of the bank from the distribution of profits of the subsidiary and Associate companies is recorded in the income statement when the companies have approved the distribution of these profits and the bank's right to collect them is proven

2-3 Segment reports

A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and return that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risk and returns different from those of segments operating in other economic environments.

2-4 Foreign currencies translation

2-4-1 Functional and presentation currency

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

2-4-2 Transactions and balances denominated in foreign currencies

- The bank holds its accounts in Egyptian pounds. Transactions in foreign currencies during the financial period are recorded using the prevailing exchange rates at the date transactions. Monetary assets and liabilities in foreign currencies are re-translated at the end of the period using the prevailing exchange rates at that date.
- Foreign exchange gains and losses resulting from settlement of such transactions and as well as the differences resulting from the re-evaluation are recognized in the income statements under the following items:
 - Net trading income for assets / liabilities classified for trading purpose.
 - Other operating revenue (expenses) for the remaining items.
- Changes in the fair value of the financial instruments with monetary nature in foreign currencies, classified as financial investments at fair value through other comprehensive income (debt instruments), are analyzed into evaluation differences resulting from changes in the amortized cost of the instrument, differences resulting from the changes in the prevailing exchange rates and differences resulting from the changes in the instrument's fair value. The evaluation differences resulting from the changes in the amortized cost are recognized in the income statement within "Interest and similar income". The differences relating to changes in exchange rates are recognized in "other operating income (expenses)". "Differences resulting from changes in fair value are recognized under "fair value reserve – financial investments at fair value through other comprehensive income" in the shareholders' equity.
- The translation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held in fair value through profits and losses, while translation differences resulting from equity instruments classified as financial investments at fair value through other comprehensive income are recognized with "fair value reserve- financial investments at fair value through other comprehensive income " under the shareholders' equity

2-5 Financial Assets and liabilities

2-5-1 Recognition and initial measurement

The Bank recognizes financial assets and liabilities on the date that the Bank becomes a party to the contractual terms of the financial instrument.

The financial asset or liability is initially measured at fair value. Those that are not subsequently measured at fair value through profit or loss are measured at fair value plus transaction cost that is directly attributable to the acquisition or issue.

2-5-2 Classification

A- Financial assets

- On initial recognition, the Bank classifies financial assets into financial assets at amortized cost, financial assets at fair value through other comprehensive income or at fair value through profit or loss.
 - The financial asset is measured at amortized cost if both of the following conditions are met and have not been allocated by the management of the Bank upon initial recognition at fair value through profit or loss:
 - The financial asset is retained in a business model whose objective is only to maintain the financial asset for the collection of the contractual cash flows.
 - The contractual terms of the financial asset, on specific dates, result in contractual cash flows of the asset that are only the principal of the financial instrument and the proceeds.
 - The debt instrument is measured at fair value through other comprehensive income and was not allocated at initial recognition at fair value through profit or loss if both of the following conditions are met:
 - The financial asset is held in a business model whose objective is to collect contractual cash flows and sell the financial asset.
 - The contractual terms of the financial asset, on specific dates, result in contractual cash flows of the asset that are not only the principal of the debt and the return.
 - Other financial assets are classified as investments at fair value through profit or loss.
- In addition, at initial recognition, the Bank may allocate irreversibly a financial asset as measured at fair value through profit or loss, although it meets the criteria for classification as a financial asset at cost or at fair value through other comprehensive income, if doing so would prevent or substantially reduce the inconsistency that may arise in accounting measurement.

Business model assessment

Debt instruments and equity instruments are classified and measured as follows:

Financial instrument	Methods of measurement according to business model		
	Amortized cost	Fair value	
		Through other comprehensive income	Through profit and loss
Equity instruments	N/A	One-time option upon first recognition it is not reversed	Regular treatment of equity instruments
Debt instruments	Business model Assets held for collection Contractual cash flows	Business model Assets held for collection Contractual cash flows and sale	Business model Assets held for trading

The Bank prepares, documents and approves Business Models in accordance with the requirements of IFRS 9 and reflects the Bank's strategy for managing financial assets and cash flows as follows:

Financial assets	Business model	Basic characteristics
Financial assets at amortized cost	Business model financial assets held for collection contractual cash flows	<ul style="list-style-type: none"> • The objective of the business model is to retain financial assets to collect the contractual cash flows of the principal amount of the investment and the proceeds • A sale is an exceptional event for the purpose of this model and under the terms of the criterion of a deterioration in the creditworthiness of the issuer of the financial instrument • Less sales in terms of rotating and value. • The Bank performs clear and reliable documentation of the rationale for each sale and its compliance with the requirements of the Standard.
Financial assets at fair value through other comprehensive income	Business model of financial assets held for the collection of contractual cash flows and sales	<ul style="list-style-type: none"> • Both the collection of contractual cash flows and sales are complementary to the objective of the model. • Sales are relatively high (in terms of turnover and value) compared to the business model held for the collection of contractual cash flows
Financial assets at fair value through profit and loss	Other business models include (trading - management of financial assets at fair value - maximizing cash flows by selling)	<ul style="list-style-type: none"> • The objective of the business model is not to retain the financial asset for the collection of contractual or retained cash flows for the collection of contractual cash flows and sales. • Collecting contractual cash flows is an incidental event for the objective of the model • Management of financial assets at fair value through profit or loss to avoid inconsistencies in accounting measurement.

- **The Bank assesses the objective of the business model at the portfolio level where the financial asset is retained as reflecting the way the business is managed and the manner in which the management is provided. The information to be taken into account when evaluating the objective of the business model is as follows:**
 - The documented policies and objectives of the portfolio and the implementation of these policies in practice. In particular, whether the management strategy focuses only on the collection of the contractual cash flows of the asset and maintaining a specific interest rate to meet the maturities of the financial assets with the maturity dates of the liabilities that finance these assets or generate cash flows through the sale of these assets.
 - How to evaluate and report on portfolio performance to senior management.
 - Risks affecting the performance of the business model, including the nature of the financial assets held within that model and the manner in which these risks are managed.
 - How to determine the performance assessment of business managers (fair value, return on portfolio, or both).
- The periodically, value and timing of sales in prior periods, the reasons for such transactions, and expectations regarding future selling activities. However, information on sales activities is not taken into account separately, but as part of a comprehensive assessment of how the Bank's objective of managing financial assets and how to generate cash flows is achieved.
- Financial assets held for trading or managed and their fair value performance are measured at fair value through profit or loss as they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.
- Assess whether the contractual cash flows of the asset represent payments that are limited to the principal amount of the instrument and the proceeds.
For the purpose of this valuation, 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 time value of money and the credit risk associated with the original amount over a specified period of time and other basic lending risk and costs (such as liquidity risk and administrative costs) as well as profit margin.

To assess whether the contractual cash flows of an asset are payments that are limited only to the asset of the financial instrument and the yield, the Bank takes into consideration the contractual terms of the instrument. This includes assessing whether the financial asset includes contractual terms that may change the timing or amount of contractual cash flows, thereby not meeting that requirement. In order to conduct such an assessment, the Bank shall consider:

- Potential events that may change the amount and timing of cash flows.
- Leverage characteristics (interest rate, maturity, currency type).
- Terms of accelerated payment and term extension.
- Conditions that may limit the ability of the Bank to claim cash flows from certain assets.
- Features that may be adjusted against the time value of money (re-setting the interest rate Periodicity).

Financial liabilities

- When the initial recognition of the Bank classifies its financial liabilities to financial liabilities at amortized cost, financial liabilities at fair value through profit and loss, based on the objective of the business model of the Bank
- All financial liabilities are recognized initially at fair value at the date on which the Bank becomes a party to the contractual terms of the financial instrument.
- Financial liabilities classified at amortized cost are subsequently measured at amortized cost using the effective interest rate.
- The financial liabilities are measured at fair value through profit and loss are subsequently carried at fair value and recognized the change in the fair value of the change in the degree of the Bank's credit rating in the statement of other comprehensive income while the remaining amount of the change is displayed in the fair value in the statement of profits and losses.

2-5-3 Disposal

A) Financial Assets

- The financial asset is derecognized when the contractual right to receive cash flows from the financial asset expires or when the Bank has transferred the right to receive the contractual cash flows in a transaction in which the risks and rewards of ownership are transferred substantially to another party.
- When a financial asset is derecognized, the difference between the carrying amount of the asset (or the carrying amount of the portion of the asset disposed of) and the aggregate of the consideration received (including any new asset acquired less any new obligation incurred) is recognized in P/L and Consolidated gains or losses previously recognized in the fair value reserve for financial investments at fair value through other comprehensive income.
- any cumulative gain or loss recognized in other comprehensive income related to investment in equity instruments designated as investments at fair value through Other comprehensive income statement is not recognized in profit or loss when the asset is derecognized so that the differences relating to it are transferred directly to retained earnings. Any share created or retained from the asset eligible for disposal (meeting the exclusionary terms) is recognized as a separate asset or liability.
- When the Bank enters into transactions by which it transfers assets previously recognized in the statement of financial position but retains substantially all or all of the risks and rewards associated with the transferred asset or part thereof. In such circumstances, the transferred asset is not excluded.
- For transactions where the Bank neither substantially retains substantially all the risks and rewards associated with ownership of the asset and retains control over the asset, the Bank continues to recognize the asset within its continuing association with the financial asset. The Bank's continuing correlation with the financial asset is determined by the extent to which the Bank is exposed to changes in the value of the transferred asset.
- In some transactions, the Bank retains the obligation to service the transferred asset against a commission, at which point the transferred asset is derecognized if it meets the exclusion criteria. An asset or liability for a service contract is recognized if the commission is greater than the appropriate amount (asset) or less than the appropriate amount (obligation) to perform the service.

B) Financial liabilities

- The Bank will derecognize the financial obligations when the contract is disposed of, canceled or terminated.

2-5-4 Amendements to Financial Assets and Financial liabilities

a) Financial Assets

- If the terms of a financial asset are adjusted, the Bank assesses whether the cash flows of the asset being modified are materially different. If the cash flows are materially different, the contractual rights to the cash flows from the original financial asset are considered to have expired and the original financial asset is derecognized. A new financial asset is recognized at fair value and the resulting value is recognized as a result of adjustment of the total carrying amount as profit or loss in profit or loss. If the amendment is due to financial difficulties for the borrower, the profits are deferred and presented with the compound of impairment losses while the losses are recognized in the statement of profit and loss.
- If the cash flows of the asset recognized at amortized cost are not materially different, the adjustment does not result in the disposal of the financial asset.

B) Financial liabilities

The Bank adjusts its financial liability when its terms of reference are modified and the cash flows of the modified obligation are substantially different. In this case, a new financial liability is recognized based on the modified terms at fair value. The difference between the carrying amount of the old financial obligation and the new financial liability is recognized on the adjusted terms in the statement of profit and loss.

Off setting Financial Assets and Financial liabilities

Financial assets and liabilities are offset in case the bank has a legal right in force to undertake the offsetting of the recognized amounts and it intends to settle the amounts on a net basis or to receive the asset and settle the liability simultaneously .

Agreements for purchasing treasury bills with commitment to resell and the agreements for selling treasury bills with commitment to repurchase are presented based on the net basis in the balance sheet within the item of accrued expenses.

2-5-5 Fair value measurement

- The Bank determines the fair value on the basis that it is the price to be acquired for the sale of an asset or to be paid for the transfer of an obligation in an orderly transaction between the market participants on the measurement date, taking into account when measuring fair value, the characteristics of the asset or liability, the characteristics are taken into consideration when pricing the asset and / or liability at the measurement date. These characteristics include the condition and location of the asset and the restrictions on the sale or use of the asset to market participants.
- The Bank uses the market approach to determine the fair value of financial assets and liabilities as this approach uses prices and other relevant information arising from market transactions involving assets, liabilities or a group of assets and liabilities that are identical or comparable. The Bank may therefore use valuation techniques consistent with the market approach, such as market multipliers derived from comparable groups. The choice of the appropriate multiplier within the range would therefore require the use of personal judgment, taking into account the quantitative and qualitative factors of the measurement.
- When the market cannot be relied upon in determining the fair value of a financial asset or a financial liability, the Bank uses the income method to determine the fair value by which future amounts such as cash flows or income and expenses are transferred to a current amount (discounted) Current market about future amounts.
- Where the fair value of a financial asset or a financial liability cannot be relied upon, the Bank uses the cost approach to determine the fair value to reflect the amount currently being requested to replace the asset in its current condition (the current replacement cost) to reflect the fair value The cost borne by the market participant as a buyer of an alternative asset has a similar benefit since the market participant as a buyer will not pay in the original more than the amount for which the benefit is exchanged for the asset.

The valuation techniques used in determining the fair value of a financial instrument include:

- Declared prices of similar assets or liabilities in active markets.
- Interest rate swaps by calculating the present value of expected future cash flows based on the observed yield curves.

- The fair value of future currency exchange contracts using the present value of the expected cash flow value using the future exchange rate of the currency in question.
- Analysis of cash flows discounted in determining the fair value of other financial instruments.

2-6 Financial derivative instruments and hedge accounting

- Derivatives are recognized at fair value at the date of entering into the derivative contract and are subsequently re-measured at their fair value. Fair value is obtained from quoted market prices in active markets, recent market transactions or valuation techniques such as discounted cash flow models and option pricing models, as appropriate. All derivatives are stated as assets if their fair value is positive or included in liabilities if their fair value is negative.

Derivative contracts are not separated when the derivative is linked to a financial asset and the derivatives contract is therefore fully classified with the associated financial asset.

The method of recognition of gains and losses arising from changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the hedged item. The Bank allocates certain derivatives as any of the following:

1. Fair value hedges of recognized assets and liabilities or commitments (fair value hedges).
 2. Hedges of the expected future cash flows attributable to a recognized asset or liability, or attributable to a forecasted transaction (cash flow hedges).
 3. Net investment in foreign operations (net investment coverage).
- Hedge accounting is used for derivatives designated for this purpose if they qualify for accounting as hedging instruments.
 - At the inception of the transaction, the Bank documents reliably the relationship between hedged items and hedging instruments, as well as the objectives of risk management and strategy from entering into various hedge transactions. The Bank also establishes, at the inception of the hedge, on an ongoing basis, the underlying documentation to assess whether the derivatives used in hedge transactions are effective in meeting changes in the fair value or cash flows of the hedged item.

2-6-1 Fair value hedges

- Changes in the fair value of designated derivatives eligible for fair value hedges are recognized in the statement of profit and loss with any changes in the fair value attributable to the risk of the underlying asset or liability.
- The effect of effective changes in fair value of interest rate swaps and related hedged items is recognized under "net income from return". While the effect of effective changes in the fair value of future currency contracts is recognized under "Net instrument income at fair value through profit or loss".
- The effect of ineffectiveness in all contracts and related hedged items in the previous paragraph is recognized under "Net income of financial instruments at fair value through profit or loss"
- If coverage no longer meets the hedge accounting requirements, the adjustment to the carrying amount of the hedged item that is accounted for in the amortized cost method is amortized by taking it to profit and loss over the period to maturity. Recognition of equity is continued through adjustments to the carrying amount of the hedged equity instrument until it is derecognized.

2-6-2 Cash flow coverage

- The other comprehensive income statement recognizes the effective portion of changes in the fair value of designated derivatives eligible for cash flow hedges. Gains and losses relating to the ineffective portion of the statement of profit and loss are recognized immediately in "Net income of financial instruments at fair value through profit or loss".
- Amounts accumulated in the other comprehensive income statement are carried to the income statement in the same period in which the hedged item has an impact on profit or loss. Gains or losses relating to the effective portion of currency swaps and options are taken to "net income of financial instruments at fair value through profit or loss".
- When a hedging instrument is due or sold, or if coverage no longer meets the conditions for hedge accounting, gains or losses accumulated in other comprehensive income at that time are recognized in other comprehensive income and recognized in the income statement when the transaction is ultimately recognized Predicted. If the forecast transaction is no longer expected to occur, then the gain or loss accumulated in other comprehensive income is immediately carried to the statement of profit and loss.

2-6-3 Net investment coverage

Is recognized in the other comprehensive income statement as the gain or loss from the hedging instrument relating to the effective portion of the hedge, while the gain or loss is recognized immediately in profit or loss in respect of the ineffective portion. Gains or losses accumulated in the other comprehensive income statement are carried to the income statement on disposal of foreign operations.

2-6-4 Derivatives not eligible for hedge accounting

- Gains and losses on "net income of financial instruments at fair value through profit or loss" are recognized in changes in the fair value of derivatives that are not eligible for hedge accounting, and are recognized in profit or loss as "net income from financial instruments at fair value through profit or loss" And losses arising from changes in fair value of derivatives managed in connection with financial assets and liabilities at fair value through profit or loss.

2-7 Net income of financial instruments at fair value through profit or loss

Net income of financial instruments at fair value through profit or loss represents gains and losses on assets and liabilities at fair value through profit or loss and includes changes in fair value whether realized or unrealized, interest, dividends and differences in exchange rate.

2-8 Loans and Debts

Loans and advances represent non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of:

- Assets which the bank intends to sell immediately or in the short term, in which case. They are classified as assets held for trading or assets classified at inception at fair value through profit or loss.
- Assets classified as available for sale at initial recognition.
- Assets for which the bank will not be able to substantially recover all of value of its initial investment, for reasons other than creditworthiness deterioration.

2-9 Interest Income and Expenses

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss are recognized within 'interest income' and 'interest expense' in the income statement using the effective interest rate

The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset has been classified as nonperforming or impairment then related, interest income is not recognized and it is allocated in marginal records off-balance sheet and it is recognized as income on monetary bases according to the following:

- When they are collected and after receiving all past due installments for consumption loans mortgage loans, and small loans business loans, the interest will be recognized as revenues when it's collected and that is after the full recovery of the overdue.
- Regarding to corporate loans, the cash basis is also followed, as the return calculated later in accordance with the terms of the loan scheduling contract is higher against the recognition of unearned interest on credit balances until 25% of the scheduling installments are paid, with a minimum regularity of one year. In the case of the client continues in regularity, the interest is recognized in the revenue which is calculated on the balance of the existing loan (return on the balance of the regular scheduling) without the marginal return. Before scheduling, which is not included in revenue until after paying the full balance that appears in the loan in the budget before scheduling

2-10 Fees and Commission Income

Fees due from servicing the loan or facility which is measured by amortized cost shall be recognized in the income when performing the service, while the fee and commission income related to non-performing or impaired loans shall not be recognized, as it shall be on off-balance sheet of the financial statements. Then it shall be recognized within the income pursuant to the cash basis when the interest income is recognized according to item (2-9). As for fees, which represent an integral part of the actual return of the financial assets in general, they shall be treated as an amendment to the effective interest rate Commitment fees on loans shall be postponed, if there is a probability that these loans will be withdrawn, taking into account that these fees which the bank receives are a compensation for the constant intervention to acquire the financial instrument. Then they shall be recognized by amending the effective interest rate on the loan. When the period of commitment expires without the loan being issued by the bank, these fees shall be recognized within the income at the expiry of the commitment's validity.

Fees on debt instruments measured at fair value shall be recognized within revenue at the initial recognition. Fees on the promotion of the syndicated loans shall be recognized within revenue when the promotion process is completed and the bank does not retain any portion of the loan or if the bank retains a portion for itself earning of the actual rate return which is available to other participants as well.

Fees and commission resulting from negotiations or the participation in negotiations on a transaction in favor of a third party shall be recognized within the income statement- such as the arrangement of the acquisition of shares or other financial instruments, or the acquisition or selling of premises- when the specific transaction is completed. The administrative consultations fees and other services are normally recognized based on the distribution over time relative to the service performance

period. However, the financial planning management fees and conservation services fees, which are provided for long period of time, are recognized over the period during which the service is performed.

2-11 Dividend Income

Dividends are recognized in the income statement when decision is taken by the competent authority of declaring the right of collection.

2-12 Purchase agreements aligned with resale and sale agreements aligned with repurchase

Securities sold subject to repurchase agreements are presented within assets in addition to purchased treasury bills with a commitment to resale on the balance sheet, and the commitment (purchase and resale agreements) is presented with the commitment to repurchase on the balance sheet. the difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

2-13 Impairment of financial assets

Impairment losses are recognized for the expected credit losses of the following financial instruments that are not measured at fair value through profit or loss:

- Financial assets that represent debt instruments.
- Due debts.
- Financial guarantee contracts.
- Loan commitments and similar debt instruments commitment
- Impairment losses on investments in equity instruments are not recognized.

Debt instruments related to retail banking and small and micro finance

The Bank consolidates debt instruments related to retail banking products and micro and small enterprises on the basis of groups with similar credit risk based on the type of banking product.

The Bank classifies debt instruments within the Retail Banking Group or micro and small enterprises into three stages based on the following quantitative and qualitative criteria:

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)
Financial Instruments Low Credit Risk	There is no Past due	Scope of risk accepted				
Financial instruments have significant increase in credit risk			Delay within 30 days from the due date of contractual installments	<p>If the Borrower encounters one or more of the following events:</p> <ul style="list-style-type: none"> -The Borrower has applied for the conversion of short-term to long-term repayments due to adverse effects related to the borrower's cash flows. -The bank canceled one of the direct facilities by the bank due to the high credit risk of the borrower. -Extension of the time limit granted for payment at the request of the borrower. -Recurring previous arrears during the previous 12 months. -Negative future economic changes that affect the borrower's future cash flows 		
Impaired financial instruments					When the borrower delays more than 90 days from the payment of his contractual installments	N/A

Debt instruments related to medium enterprises and projects

The Bank aggregates debt instruments relating to medium-sized enterprises and enterprises based on similar credit risk groups on the basis of the Borrower Client Unit.

The Bank classifies customers within each group into three stages based on the following quantitative and qualitative criteria:

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)
Financial Instruments Low Credit Risk	There is no Past due	Scope of risk accepted				
Financial instruments have significant increase in credit risk			Delay within 40 days from the due date of contractual installments	<p>If the borrower is on the checklist and / or the financial instrument you experience one or more of the following events:</p> <ul style="list-style-type: none"> -Significant increase in the interest rate on the financial asset as a result of increased credit risk. -Significant negative changes in the activity or financial or economic conditions in which the borrower operates. -Request rescheduling. -Significant negative changes in actual or expected operating results or cash flows. -Negative future economic changes that affect the borrower's future cash flows. 		

				- Early signs of cash flow / liquidity problems such as delays in service of creditors / business loans.		
Impaired financial instruments					When the borrower delays more than 90 days from the payment of his contractual installments	When the borrower is unable to meet one or more of the following criteria, indicating that the borrower is experiencing significant financial difficulty. -The death or incapacity of the borrower. -The borrower's financial default. -Initiate scheduling as a result of the deterioration of the borrower's credit capacity. -Non-compliance with financial commitments. -Disappearance of the active market for the financial asset or one of the borrower's financial instruments due to financial difficulties. -Granting lenders privileges related to the financial difficulty of the borrower, which was not granted under normal circumstances. -The possibility that the borrower will enter bankruptcy or restructuring due to financial difficulties. - If the borrower's financial assets are purchased at a significant discount that reflects the credit losses incurred.

- The financial assets created or acquired by the Bank are classified as having a higher credit risk rating than the Bank's low risk financial assets on initial recognition at stage 2 directly.

2-13-1 Measurement of expected credit losses

The Bank evaluates debt portfolios on a quarterly basis at the portfolio level for all financial assets of Retails, corporate, and SMEs on annual basis with respect to the financial assets of institutions classified as a follow-up to control their credit risk. On a periodic basis, the criteria used to determine the significant increase in credit risk are reviewed and monitored periodically by the credit risk management.

The Bank assesses at each reporting date the impairment loss for financial instruments at an amount equal to the expected credit losses over the life of the financial instrument except for the following cases where the provision for impairment losses is estimated at an amount equal to the expected credit losses over the twelve months:

- 1) A debt instrument that has been identified as having a low credit risk at the date of the financial statements (debt instruments in the stage1).
- 2) Other financial instruments Credit risk at the reporting date has not increased significantly since the initial recognition (debt instruments in the stage1).

The Bank considers the expected credit losses to be a probable probability estimate of the expected credit losses, which are measured as follows:

- The expected credit losses on financial assets are measured at the stage one based on the present value of the gross deficit calculated based on the historical probability of default scenarios adjusted by the average forecast of macroeconomic indicators for the future twelve months multiplied by the value at default, taking into account the expected recovery rates when calculating the average Loss for each group of debt instruments with similar credit risk. Given the expected credit losses taking into account the amount and timing of payments, the credit losses arise even if the enterprise expects to pay in full but later after debt becomes payable under contractual terms. The expected credit losses over the twelve months are considered to be part of the expected credit losses over a lifetime arising from the defaulting events of a financial instrument and the potential within twelve months after the date of the financial statements.

- The expected credit loss of financial assets in the stage two is measured based on the present value of the total deficit calculated based on the historical probability of default scenarios adjusted by the average forecasts of the macroeconomic indicators for the life of the financial asset multiplied by the value at default, taking in consideration the weighting of the expected recovery rates in calculating the loss rate for each group of debt instruments with similar credit risk.

- Impaired financial assets at the reporting date are measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows.

- In calculating the specific loss rates, the Bank calculates the expected recovery rates from the present value of expected cash flows either from cash and in kind guarantees or historical or anticipated future repayment rates as follows:

- The Stage One: only the value of cash collaterals and their equivalents represented in cash and other financial instruments that can be converted into cash easily in a short period of time (3 months or less) and without any change (loss) in their value as a result of credit risks are considered.

- Stages two and three: only the types of guarantees are considered in accordance with the rules issued by the Central Bank of Egypt in June 2005 regarding the bases for assessing the creditworthiness of customers and the formation of provisions, while the value of these guarantees is calculated according to what is stated in the rules for preparing financial statements for banks and the basis for recognition and measurement issued by the bank. The Central Bank of Egypt on December 16, 2008.

- For debt instruments held by banks operating outside Egypt, the probability of failure is determined on the basis of the credit rating of the head office of the bank operating outside Egypt and no more than the credit rating of the head office country taking into consideration the central bank instructions for countries risks. The loss rate is 45% at least.

- For the instruments held by the banks operating in Egypt, the probability of failure is calculated on the basis of the classification of the bank by the external international rating institutions. The branches of the Egyptian banks abroad are treated as the main center. The branches of the foreign banks operating in Egypt, The loss rate is calculated at 45% at least.

- For debt instruments issued by non-banks, the probability of failure is calculated on the basis of the rating of the issuer of the financial instrument by the external international rating institutions and no more than the credit rating of the issuing country in the case of external entities. The loss rate is calculated at 45% at least.
- Impairment provision on financial assets recognized in the financial position is deducted from the value of the financial asset at the time the statement of financial position is prepared, while the provision for impairment relating to loan commitments, financial guarantee contracts and contingent liabilities is recognized under other provisions of the financial position obligations.
- For financial guarantee contracts, the Bank estimates the expected credit loss on the basis of the difference between the expected payments to the guarantee holder less any other amounts that the Bank expects to recover.

Upgrading from the stage 2 to the stage 1

The bank shall not transfer the financial asset from the stage2 to the stage1 until all the quantitative and qualitative elements of the initial stage have been met and the total cash receipts from the financial asset are equal to or greater than the total amount of the installments due to the financial asset, if any the accrued interest as there has been continues 3 months. From continuing to meet the conditions.

Upgrading from the stage3 to the stage2

-The bank does not transfer the financial asset from the stage three to the stage two unless all of the following conditions are met:

- 1) Completion of all quantitative and qualitative elements of the stage two.
- 2) Repayment of 25% of the balances of the outstanding financial assets, including unearned suspended interest according to circumstances.
- 3) Regularity in paying for at least 12 consecutive months.

The period of recognition of the financial asset within the last category of the stage2

The period of recognition (classification) of the financial asset within the last category of the stage2 shall not exceed nine months from the date of its conversion to that stage.

2-13-2 Restructured financial assets:

If the terms of a financial asset are renegotiated or modified or a new financial asset replaced by a current financial asset due to the financial difficulties of the borrower, an assessment is made as to whether the financial asset should be derecognized and the expected credit losses are measured as follows:

- If the restructuring will not lead to the disposal of the current asset, the expected cash flows from the adjusted financial asset are used when calculating the cash deficit in the current asset. The expected credit losses are calculated on the life of the instrument.
- If the restructuring will result in the disposal of the present asset, the expected fair value of the new asset is treated as final cash flows from the current financial asset when derecognized. This value is used to calculate the cash deficit from the current financial asset, which is deducted from the expected date of derecognition of the asset at the reporting date using the original effective interest rate of the current financial asset.

Presentation of the expected credit loss provisions in the statement of financial position

The provision for credit losses is presented in the statement of financial position as follows:

- Financial assets measured at amortized cost as a deduction from the total book value of the assets.
- Commitments for loans and financial guarantee contracts: Generally, as a provision.
- When the financial instrument includes both the used and non-used of the permitted amount of the instrument, and the Bank cannot determine the expected credit losses of the unused portion separately, the Bank presents a provision for collective loss to the used and non-used. The aggregate amount is presented as a deduction from the total book value of the user and any increase in the loss provision is shown on the total amount of the used as a provision for the unused portion.
- Debt instruments at fair value through other comprehensive income A provision for impairment is not recognized in the statement of financial position because the book value of such assets is their fair value. However, the provision for impairment is disclosed and recognized in the fair value reserve.

2-13-3 Debt Write Off:

Debt is written off (partly or fully) when there is no realistic possibility of repayment of that debt. In general, when the Bank determines that the borrower does not have the assets, resources or sources of income that can generate sufficient cash flows to repay the debts that will be liquidated, however, the impaired financial assets may remain subject to follow-up in light of the Bank's actions to recover the amounts due. Impairment allowance is charged the expected credit losses provision that are amortized whether or not they are provisioned. Any expected credit losses is deducted from any previously written off loans.

2-13-4 Financial assets at amortized cost

At the end of each financial period, the Bank assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset (or a group of financial assets) is impaired and impairment losses are incurred when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (the loss event) and the loss event affects the future cash flows of the financial asset (Or group of financial assets) that can be reliably estimated.

Indicators used by the Bank to determine the existence of objective evidence of impairment losses include:

- Significant financial difficulties facing the borrower or the debtor.
- Violation of the terms of the loan agreement such as non-payment.
- Predict the bankruptcy of the borrower or enter into a liquidation or re-structuring of the financing granted to him.
- The borrower's competitive situation deteriorated.
- The Bank, for economic or legal reasons related to the borrower's financial difficulties, grants him privileges or concessions that the Bank may not agree to grant under normal circumstances.
- Decline in the value of the guarantee.
- Deterioration of the borrower's credit situation.

An objective evidence of impairment of a group of financial assets is the existence of clear data indicating a measurable decrease in the expected future cash flows from this group since its initial recognition, although it is not possible to determine the decline for each asset individually, for example an increase in the number of defaults for a banking product.

The Bank assesses the period of confirmation of loss, the period between the occurrence of loss and the identification of each specific portfolio.

The Bank first assesses whether there is objective evidence of impairment of each financial asset alone if it is of individual importance, as is the estimation at the aggregate or individual level of financial assets that are not individually significant. In this regard, the following shall be considered:

- If the Bank finds that there is no objective evidence that a financial asset has been impaired, whether individually significant or not, then the asset is included in the financial asset having similar credit risk characteristics and is evaluated together to estimate impairment in value at rates Historical failure.
- If the Bank finds that there is objective evidence that a single financial asset is impaired, it is considered to estimate its impairment. If the result of the study is a loss of impairment, the asset is not included in the group for which impairment losses are calculated on a consolidated basis. If the previous study shows that there is no impairment loss in the value of the asset individually, the asset is then included in the group.
- The amount of impairment loss provision is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows discounted using the original effective yield rate of the financial asset. The carrying amount of an asset is reduced using the allowance for impairment losses and the impairment loss on credit losses and the reversal of impairment losses are recognized as a separate item in the income statement.
- In addition to the impairment charge recognized in the income statement as mentioned in the previous paragraph, the bank is also committed to applied to calculate the provisions required for impairment of these loans and advances as Assets at credit risk measured at amortized cost - including credit related commitments (Contingent Liabilities) - on the basis of credit rating ratios determined by the Central Bank of Egypt. If the

provision for impairment losses calculated in accordance with these ratios is increased for the purpose of preparing the financial statements of the Bank, the excess shall be deducted as a general reserve for bank risk within equity in respect of retained earnings. This reserve is Periodically adjusted to increase or decrease as appropriate. This reserve is not available for distribution except with the approval of the Central Bank of Egypt. Note (33-a) shows movement at the expense of general bank risk reserve during the financial period.

- If the loan or investment is held to maturity and carries a variable interest rate, then the discount rate used to measure any impairment loss is the effective yield rate in accordance with the contract at the date that objective evidence of impairment of the asset is determined. For practical purposes, the Bank may measure impairment losses on the fair value of the instrument using quoted market prices.

- For financial assets that are secured, when calculating the present value of expected future cash flows from a financial asset, the expected cash flows that may result from the sale and sale of the collateral and after deducting related expenses are taken into account.

- For the purpose of estimating impairment at a aggregate level, financial assets are grouped into similar groups in terms of credit risk characteristics, on the basis of the Bank's internal rating process, taking into consideration the type of asset, industry, geographical location, type of collateral, arrears position and other relevant factors. These characteristics are related to the estimated future cash flows of groups of these assets as an indication of the ability of debtors to pay the amounts due under the contractual terms of the assets under consideration.

- When estimating the impairment of group of financial assets based on historical default rates The estimated future cash flows of the Group are estimated on the basis of the contractual cash flows of the Bank's assets and the historical loss of assets with credit risk characteristics similar to the assets held by the Bank. The amount of historical losses is adjusted based on current data to reflect the impact of the current conditions that were not available during the period during which the historical losses were determined, as well as to eliminate the effects of the conditions that existed in historical period and are no longer present.

- The Bank ensures that changes in the cash flows of a group of financial assets reflect changes in relevant reliable data from period to period (such as changes in unemployment rates, real estate prices, repayment position and any other factors indicating changes in the probability of loss in the group) The Bank conducts a periodically review of the method and assumptions used to estimate future cash flows.

- The carrying amount of financial assets at amortized cost is reduced by the amount of impairment losses for all financial assets measured at amortized cost which recognized at preparing financial position. While the impairment Losses related to Loans Commitments, Financial guarantees Contracts and Contingent Liabilities have been recognized in Other Provisions Item in Financial Position Liabilities.

2-14 Investment Properties

The investment properties represent lands and buildings owned by the Bank In order to obtain rental returns or capital appreciation and therefore does not include real estate assets which the bank operates through or those that have been ceded to the bank as settlement of debts and it are treated as fixed assets and the bank applies cost value method in the way applies with other similar fixed assets

2-15 Intangible Assets (Computer Software)

- Software developing and maintenance fees are recognized as expense in the income statement when paid and it is recognized as intangible asset as expenses related to specific programs under the bank's control and it is expected to realize economic gains for more than 1 year
- Developing which leads to improvement and increase in the original IT program are recognized as expenses and it is added to the IT program cost IT programs costs- recognized as an asset- are amortized through the period of expected benefit in no more than 3 years percent 33.3%.

2-16 Fixed assets

- the historical cost includes the charges directly related to acquisition of fixed assets items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the bank and the cost of the item can be measured reliably.

- All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred and fixed assets includes Lands and premises represents mainly of land and buildings related to head office, branches and offices.
- Land shall not be subject to depreciation, while depreciation of other fixed assets shall be calculated using the straight-line method to allocate the cost over the useful life Fixed assets depreciation percentage represented as follow:

Additions fixed assets from 24 Nov 2019.
are depreciation rate as follow:

- Buildings & Constructions	5%	20 year	2%	50 year
- Furniture	20%	5 year		
- Machinery & Equipment	20%	5 year		
- Vehicles	25%	4 year	20%	5 year
- Integrated Automated systems	20%	5 year		
- Fixtures & fittings	33.3%	3 year	16.7%	6 year
- Fixtures & fittings rental	33.3%	3 year	16.7%	6 year

- The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date. Assets that are subject to amortization are reviewed for determining the extent of 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 greater of its value in use or the net salable value of the asset. Gains and losses on disposals are determined by comparing proceeds from sale with its carrying amount. These are included in other operating revenues (expenses) in the income statement.

2-17 Other assets:

This item includes the other assets have not been classified within the specific assets of the financial position, such as the accrued revenues, prepaid expenses including the overpayment taxes (excluding tax liabilities Payments under purchase of fixed assets, and the deferred balance for losses of the first day and not yet amortized, and current and non-current assets that have been transferred to the Bank to meet debt Deduction for impairment losses), Insurance and covenants, gold bullion, commemorative coins, accounts under settlement, and balances not classified in any of the specified assets.

- The majority of other assets are measured at cost and where objective evidence of impairment exists in the value of the asset, the value of the loss for each asset is measured separately between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows discounted at the current market rate of assets Similar whichever is higher. The carrying amount of the asset is immediately recognized and the amount of the loss is recognized in the income statement under other operating income (expenses) If the impairment loss decreases in any subsequent period and the impairment can be objectively related to an event occurring after the impairment loss is recognized, the recognized impairment loss To the income statement provided that such de-recognition does not result in a carrying amount of the asset at the date of the reversal of the impairment loss that exceeds the amount to which the asset could have been had such impairment losses not been recognized.

With respect to the assets to which the bank is entitled to pay debts, the following shall be considered:

- In accordance with the Law of the Central Bank, it is prohibited for banks to deal in movable or real estate by buying, selling or barter other than the property designated for the management of the bank's business or recreation for workers and movable or property owned by the bank for a third-party debt recognized from the date of the write-down (i.e. the date of amortization) within assets owned by the Bank to meet debts and the Bank shall act accordingly as follows:
- Within one year from the date of the devolution of ownership to the movable.
- Within five years from the date of the devolution of property in relation to the property.
- The Board of Directors of the Central Bank of Egypt may extend the period if circumstances so require and may exempt some banks from this prohibition according to the nature of their activity.
- The assets acquired by the Bank are recognized as debts in accordance with the value of the Bank, which is the value of the debts that the Bank has decided to waive for these assets. If there is objective evidence that an impairment loss has occurred in the asset at a subsequent date of impairment, the loss per asset is measured separately by the difference between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows from the asset's use discounted at the current market rate of similar assets Top. The carrying amount of the asset is reduced through the use of an impairment account and the loss is

recognized in the income statement under "other operating income (expense)". If the impairment loss is reduced in any subsequent period and it is possible to associate that decrease objectively with an event occurring after the impairment loss is recognized, then the impairment loss previously recognized is recognized in the income statement provided that such a recovery does not result in the impairment loss. The asset could have been made to it if such impairment losses had not been recognized.

- In light of the nature of the movable or immovable property of the Bank and subject to the provisions of the said Article, the movable or real estate shall be classified according to the Bank's plan or the nature of the expected benefit thereof within the fixed assets, real estate investments, shares and bonds or other assets available for sale as the case may be. Accordingly, the bases for the measurement of fixed assets, investment properties, shares and bonds are applied to assets acquired by the Bank in fulfillment of debts and classified under any of these terms.
- For other assets not included in any of these classifications and other assets available for sale are measured at cost or fair value determined by the Bank's authorized experts - less the selling costs - whichever is lower. The differences arising from the valuation of these assets are recognized in the income statement under "Other operating expenses", taking into account the disposal of such assets within the year specified in accordance with the provisions of the law. If these assets are not disposed of within the year specified in the Law of the Central Bank, the general bank risk reserve is increased by 10% of the value of these assets annually. The net income and expenses of the assets owned by the Bank are recognized in the income statement under "other operating income (expenses)".

2-18 Impairment of non-financial assets

- Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life except goodwill are not subject to amortization and are tested annually for impairment.
- An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, the net realizable value represents the net selling value of the asset or its utilization value which is greater. For the purposes of estimation impairment, assets shall be linked to at the smallest available cash unit. Non-financial assets that have been impaired shall be reviewed to assess a reversal of the impairment to the income statement at each reporting date.

2-19 Lease

- All leasing contracts shall be considered operational leasing ones.

2-19-1 Lease

Operating lease payments less any discounts granted to lessee is recognized as expenses in the income statement using the straight-line method over the contract term.

2-19-2 Leasing out

Operating lease assets are accounted for at the fixed assets caption in the balance sheet and depreciated over the asset expected useful life using the same method applicable to similar assets. The lease rent income less any discount granted to the lessee will be recognized in the income statement using the straight-line method over the contract term.

2-20 Cash and cash equivalent

For the purposes of presentation of the statement of cash flows, cash and cash equivalents include balances due within three months from date of acquisition, Cash and balances with Central Bank of Egypt other than the mandatory reserve, and current accounts with banks and treasury bills and other governmental notes.

2-21 Other provision

- Provisions for restricting 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.
- When there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determined taking into consideration the group of obligations as a whole, a provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.
- Provisions no longer required are reversed in other operating income (expense).

- Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from financial statement date using the appropriate rate in accordance with the terms of settlement ignoring the tax effect which reflects the time value of money. If the settlement term is less than one year, the provision is recognized using the present value unless time consideration has a significant effect.

2-22 Financial collateral contracts

These are contracts issued by the bank to guarantee loans or debit current accounts presented to banks' clients by other parties and in this case the bank is required to pay certain compensations to beneficiary against losses occurred due to delay in payments at maturity date according to the debt conditions. These guarantees are paid to banks, institutions and others on behalf of banks clients. They are initially recognized at fair value in the balance sheet at the date of granting the guarantee reflecting the guarantee fees some time later. bank commitment is measured initially by the amount of guarantee (after deducting calculated amortized recognized for guarantee fees in the income statement by using straight line method through the life of the guarantee) or the best estimate for requested payments to settle any financial obligation resulted from this guarantee which ever higher Estimates are based on previous experience of similar transactions, historical losses and it is supported by the management opinion .Any increase in obligation related to that guarantee is recognized at the income statement under other operating income (expenses)

2-23 Employee benefits

2-23-1 Employee benefits - Short Term

Represented in salaries, wages social insurance, paid annual vacations bonus if due within 12 months from the end of the fiscal period as well as non-financial benefits such as medical care, housing, transportation providing free goods and services for current employees

Employee benefits - Short Term's recognized in the income statement as expenses for the relevant period

2-23-2 Early Retirement Benefits

The benefits of early Retirement are the compensation payable to employees referred to early retirement. The Bank recognizes such compensation as a liability and expense only when the Bank is demonstrably committed to performing any of the following:

- A- Termination of the employment of an employee or group employees prior to the normal retirement date or
- B- The compensation of early Retirement as a result of an offer to encourage voluntary employment.

The Bank is demonstrably committed to pay termination only when there is a detailed system for termination of service and there is no actual possibility to withdraw this system.

The detailed system includes the following as a minimum:

- A- The position and work of the employees whose services will be ended and their approximate number.
- B- The compensation of the Retirement for each category or job.
- C- The date of the system will be applied, the implementation must occur as soon as possible, and the year of completion of the implementation should be such that material changes to the system are excluded

2-23-3 Post-employment benefits - Medical Care

The bank provides medical care benefit to retired employees, where of this benefit condition of being in service until retirement age or to complete the minimum requirement of being in service and it is calculated as determined benefit system

- The commitment to the health care system for retirees is the current value of health care obligation in the history of financial statements after the necessary adjustments are made to oblige
- Retired employees medical care obligation is annually calculated (expected future cash flows) through Actuarial in the project unit credit method Retired employees medical care obligation current value is determined by deducting expected cash flows in respect to interest rate of government bonds in the same currency of benefits and in almost the same maturity dates.
- auctorial profit(loss) resulting from amendments, changes of auctorial expectations are recognized in the income statement for profits or loss exceeding 10% of the system assets or 10% of the estimated benefits determined at the year before which ever higher, where this increase in profit or loss is recognized in the income statement through the expected average remaining working period.

Previous service costs are recognized in the income statement as administrative expenses unless changes in the retirement policy indicates that employees should spent a certain vesting period in service, in this case the previous service cost are amortized in straight line method in their due period.

2-23-4 Retirement Benefit:

The benefits of the pension are represented in the Bank's share in the social benefits of its employees, which are paid by the Bank to the General Authority for Social Insurance in accordance with the Social Insurance Law No. 99 for the year 1975 and its amendments shares are paid for each period and they are recognized in the income statement as salaries and wages under administrative expenses for the period employees in service

The bank share is paid as a determined subscription. Accordingly, there is no additional liability to the bank other than its share in social insurance which is due to pay for the social insurance authority.

2-24 Income tax

- Income tax on the profit or loss for the period includes the tax of the current period, 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.
- The income tax shall be recognized based on the net profit subject to tax through the application of the applicable tax rates at the date of preparing the balance sheet, in addition to the tax adjustments related to previous years.
- Deferred tax arising from temporary timing differences between the book value of assets and liabilities calculated according to the accounting principles, as well as its values shall be recognized according to the tax principles.
- The deferred tax value is based on the expected method to achieve or resolve asset values or obligations and use applicable tax prices, tax obligations are recognized for all temporary tax differences, while deferred tax assets are recognized for temporary tax differences, when a profit is likely to be achieved.
- The deferred tax shall be decreased with the portion from which the expected taxable benefit will not be achieved over the coming years. In case of the increase of the expected taxable benefits, the deferred tax assets shall be increased within the limit of previous reduction in the value of deferred tax assets. Deferred tax assets and liabilities are offset if the bank has a legal right that permits it to offset current tax assets and liabilities and when deferred income taxes are due to the same tax administration.

2-25 Borrowing

Loans obtained by the bank shall be recognized at inception at fair value minus the cost of the loan obtaining. Subsequently, the loans shall be measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective interest rate shall be recognized to the income statement.

2-26 Capital

2-26-1 Capital shares and its cost

The issuance expenses, directly attributable to the issuance of new shares or shares against the acquisition of an entity, or the issuance of options shall be presented as a deduction from the shareholders' equity in net proceeds after taxes.

2-26-2 Dividends distribution to the shareholders of the bank

Dividends shall be recognized through deducting the same from shareholders' equity in the period where the General Assembly meeting shareholder approves these dividends. They include the employees' share in profits and the remuneration of the board of directors prescribed by the article of association of the bank and the law, not recognize any commitment to the bank towards employees and members of the board of directors in retained earnings only when they are decided to distribute.

2-27 Custody Activity

The bank has a custodian activity were it manage assets related to individuals or custody purpose or retirement fund and it is not recognized at the financial position as it is not a bank asset or profit

2-28 Subordinated Deposits (deposits advanced from Central Bank of Egypt and Banque Misr)

The deposit is recognized at current value, calculated by using a discount rate equal to the interest rate on government bonds that approximates the deposit term at the date of entry into force of the deposit. The difference between the face value of the deposit and its present value within the ownership rights is defined as face value difference from the present value of the subordinated deposit. The deposit shall be paid at the end of each financial period to the face value at the maturity date, (face value on the date of its maturity).

2-29 Comparatives

Comparative figures for financial assets and liabilities are reclassified to comply with the current period financial statements presentation.

3. Financial risk management

The bank is exposed to a variety of financial risks, while it practices its business and activities, and the acceptance of risk is considered the basis of financial business. Some risk aspects or a combination of risk are analyzed, assessed, and managed. The bank targets to achieve adequate balance between the risk and return, and to minimize likely adverse impacts on its financial performance. The most important types of risk are credit risk, market risk, liquidity risk and other operating risks. Market risk includes the risk of foreign exchange rates, interest rates and the other pricing risks.

The bank has developed risk management policies to define, analyze and control risk, and set, control and comply with its limits through a variety of reliable methods and up to date information systems. The bank conducts regular reviews and amendments of the risk management policies in order to reflect changes in the markets, products, and services, as well as the best up to date applications.

Risk management is carried out by Risk Management Division in the light of the policies approved by the Board of Directors. Risk division identifies, assesses, and hedges against the financial risk in close collaboration with the different operating units of the bank. The board of directors provides written principles for risk management as a whole, in addition to written policies, which cover defined risk areas such as credit risk, foreign exchange risk, interest- rate risk, and the use of derivatives and non-derivatives financial instruments. In addition, Risk division is responsible for the periodically review of risk management and control environment independently.

A. Credit Risk

The Bank is exposed to credit risk, which is the risk that a party will fail to meet its obligations. The credit risk is the most important risk to the Bank, so management carefully manages exposure to that risk. Credit risk is mainly the lending activities that result in loans, facilities and investment activities that involve the Bank's assets on debt instruments. Credit risk is also found in off-market financial instruments such as loan commitments. Credit risk management and control processes are concentrated in the Credit Risk Management Team, which reports to the Board of Directors, senior management and heads of activity units on a regular basis.

The credit risk group establishes requirements at the bank level to identify, evaluate, monitor and report on credit risk, while business / support units are responsible for credit risk in their units while integrating business strategies with the Bank's risk to recover.

Credit risk policies and procedures have been developed to provide control over credit portfolios by Periodicity assessing borrowers' credit position and setting the maximum risk limit for a specific borrower. Risks to individual and / or group exposures are monitored Periodicity on a portfolio-by-portfolio basis. The Bank's credit policy provides detailed guidelines for effective credit risk management, where best market practices and instructions issued by emergency entities are reviewed and updated from time to time based on regulatory experience.

Credit policy is designed to ensure that risk management strategies and objectives are fully identified, including:

- Strengthen and improve the Bank's ability to measure and reduce credit risk on a prudent basis to reduce credit losses.
- Strengthen and improve credit portfolio management procedures.

- Strengthen and improve the Bank's procedures for early identification of problem areas.
- Adherence to regulatory and industry best practices for credit risk management.

The policy addresses all activities and functions related to credit procedures covering coverage criteria. It contains the Bank's risk tolerance criteria and includes guidance on target markets (companies, businesses, SMEs and high solvency). The policy also defines the type of borrowers / industries to be desired. Some of the criteria relate to specific products and are monitored by the individual credit policy. Other sections generally include credit quality criteria, purpose and terms of facilities, unsolicited loans, credit analysis, risk concentration, repayment ability, compliance with laws and regulations, expected losses and documentation.

B- Portfolio Control

The portfolio is managed through portfolio diversification on purpose, industry / business sectors, ratings and geographical areas to avoid over-risking to specific economic sectors / credit products, which may be affected by adverse developments in the economy. In general, the Bank uses criteria for borrowers and business sectors to minimize risk concentration. The Bank's operations are concentrated in the Egypt, which reduces the risks of currency exchange, although geographical concentration remains present but acceptable and within the Bank's risk tolerance.

Personal loan portfolio is diversified where relatively small risks are adopted for a large number of customers based on the bank's salary conversion or the existence of specific risk guarantees on the products / employees

A/1 Credit risk measurement

Loan Facilities to Banks and Customers

To measure credit risk related to loans and facilities to banks and customers, the Bank considers the following three components:

- Probability of default by the customer or third parties in meeting their contractual obligations.
- The current status of the direct facilities and the future development of the indirect facilities likely to result in the Bank's resulting exposure at default.
- Loss given default

The Bank assesses the probability of delay at each customer level using internal rating methods for detailed classification of different categories of clients. These methods have been developed internally and statistical analyzes are taken into account with the professional judgment of the credit officer to reach an appropriate merit rating. The Bank's customers are divided into four categories of merit and reflect the merit structure. The following table shows the probability of delay for each category of merit. This means that credit centers are transferred between categories of merit according to the change in the assessment of the probability of delay. If necessary, the Bank periodically assesses the performance of the rating methods and their ability to predict delays.

• Bank's internal rating categories:

Rating of the Central Bank of Egypt	Credit rating according to the rating of the Central Bank of Egypt	Bank internal rating	Percentage allocation according to classification
Good debts	1	A+	%0
Good debts	2	A	%1
Good debts	2	B+	%1
Good debts	2	B	%1
Good debts	2	B-	%1
Good debts	3	C+	%1
Good debts	3	C	%1
Good debts	3	C-	%1
Good debts	4	D+	%2
Good debts	5	D	%2
Good debts	5	D-	%2
Normal watch-list	6	E+	%3
Normal watch-list	6	E	%5
Special watch-list	7	PE-	%20
Non-performing loan	8	NPE-	Cash flow
Non-performing loan	9	F	Cash flow
Non-performing loan	10	Z	Cash flow

These ratings have been reviewed and approved by management and the amount of provision for impairment of loans is determined in accordance with the expected cash flows for each individual customer.

The failure center depends on the amounts that the bank expects to be in place when the delay occurs. For example, for a loan, this is the face value. For commitments, the Bank shall include all amounts withdrawn in addition to the other amounts expected to have been drawn up to the date of delay, if any.

The default loss or sharp loss represents the Bank's estimate of the extent of the loss when the debt is claimed if the delay occurs. The expression is

The debt loss ratio, and certainly different depending on the type of debtor, the priority of the claim, the availability of collateral or other means of credit coverage.

The management reports are issued for monitoring and follow-up on a monthly, quarterly, semi-annual and annual basis. These reports are comprehensive and wide-ranging and address various topics including:

- Portfolio quality, industry focus and major risks.
- Concentration of the product, credit control and concentration of shares held by the Bank as collateral.
- Follow-up of defaults, details of customer provisions and movement of the provision.

The retail portfolio consists of loans, credit cards, housing loans and car rentals.

Individuals are assessed based on predefined standards to assess their qualification for each of the products listed above. Customers' default loans are classified as non-performing loans based on the number of days of arrears (at the portfolio level).

The bulk of the retail loan portfolio is personal loans and is granted on the basis of the transfer of the salaries of the borrowers to the bank and they are employees listed on the list of approved employers, mainly government employees. The main criterion for borrowing in this portfolio includes employers for the duration of the service and the predefined debt service rate. Products, Minimum Salary, Accredited Residential Loans and Car Rentals are generally guaranteed as the relevant assets are owned by the bank and are leased to the customers and thus greatly reduced the risk.

The Bank has developed a point-based scorecard for applications and a point-based scoring system for Internet behavior and external data to evaluate, monitor and track customer loans as this procedure is expected to make the credit risk management process more efficient and effective.

Corporate and commercial loans are not operational and provisions are made in the following cases:

- If the repayment of the original loan amount and interest payment was delayed for more than 90 days after the due date.

- If the overdraft exceeds the approved limit for more than 90 days or the current overdraft has been inactive for more than 180 days

Non-performing loan scores are transferred to non-performing scores (substandard, doubtful and loss) based on, in which the number of days of default and / or credit quality decline.

To determine whether the Company's risk assessment is low, the Bank determines whether there is any observable data indicating a decrease in the expected future cash flows. This evidence may include an indication that there are negative changes in the borrower's payment position. Management uses estimates based on historical experience with respect to loan losses that have credit risk characteristics, ie amount and timing - similar, when estimating cash flows. The methodology and assumptions used in estimating both future cash flows are reviewed regularly for differences between actual and estimated losses.

Personal loan assets are considered to be inactive and a provision for defaults in excess of 90 days after the due date is avoided.

Amounts resulting from expected credit losses - significant increase in credit risk

In determining whether the risk of default on financial instruments has increased substantially since their initial recognition, the Bank considers reasonable and supportive information that is available at no undue cost or effort. This includes quantitative and qualitative information and analysis based on the Bank's past experience and expert credit assessment, including future information.

Credit risk ratings

The Bank allocates a credit score for each risk based on the various data used to predict default risk and the application of judgments and estimates based on experience. Credit risk ratings are determined using quantitative and qualitative factors indicating default risk. These factors vary depending on the nature of the risk and the nature of the borrower.

Credit risk ratings are determined, and are calibrated so that the risk of default increases when risk is lower than the difference between credit ratings 2 and 1, such as when the difference in default risk is between credit ratings 8, 9.

The credit risk rating of each company is determined on initial recognition based on information available about the borrower. Exposures are subject to constant monitoring. This may result in the transfer of exposure to a different degree of credit risk. Exposure monitoring requires the use of the following data.

Corporate exposures	Retail exposures
Information is obtained during the yearly review of files - such as audited financial statements, management accounts, client, estimated budgets and projections. Examples of areas requiring specific concentration include gross profit margin, leverage rates, debt service coverage, and commitment to commitments, quality management, and changes in senior management.	Information obtained internally and customer behavior - such as the use of credit card facilities.
Data from reference credit agencies, press articles or changes in external ratings.	Solvency measures
Current bonds, and default rate swaps in the borrower, when available.	External data from reference credit agencies, including default information.
Actual and projected significant change in the borrower's political, regulatory and technical environment or commercial activities.	

- Set a schedule of default conditions

Credit risk ratings are the main approach to determining default conditions. The Bank collects and analyzes its credit risk and performance information by product and borrower and also by credit risk rating.

The Bank uses statistical models to analyze the data obtained and make estimates of the probability of default over the remaining life of the financial instrument and how it is expected to change as a result of time.

The analysis involves identifying and calibrating the relationship between changes in default rates and macroeconomic factors. For most exposures, key macroeconomic factors include oil price growth rate, GDP growth, government spending, stock price index and unemployment.

Based on economic data, and taking into account a variety of actual external information and forecasts, the Bank prepares its conceptualization of the "baseline" of the future direction of the economic changes in question and a range of other potential forecast scenarios.

- Determine whether credit risk has increased significantly

Identification controls vary as to whether credit risk has increased significantly by portfolio and includes quantitative changes in probability of default and qualitative factors, including the probability of default on the portfolio.

Using estimates made by its experts and based on past experience, the Bank can determine that credit risk has increased substantially based on certain qualitative indicators of this, and that its impact has not been fully reflected in quantitative analyzes on a regular basis.

With regard to the probability of default on the portfolio, the Bank believes that the substantial increase in credit risk occurred 30 days after the date of default. The days of default are determined by making after the days of late since the earliest past due date on which the full payment has not been received.

The Bank monitors the effectiveness of controls used to identify significant increases in credit risk by undertaking regular reviews to ensure that:

- Controls are able to identify significant increases in credit risk before defaulting.
- The controls are inconsistent with the point in time when assets become overdue for 30 days.
- Lack of guaranteed fluctuations in the allowance for losses from the switch between 12-month default (stage 1) and lifetime default (stage 2).
- Definition of default

The following criteria are used to determine if a borrower is defaulting:

- The borrower has a 90-day (or more) default.
- Has an obligation for which the Bank has withheld interest.
- Has an obligation (s) that are normally restructured with a loss to the Bank.
- Has an obligation classified as non-operating by the Bank.
- Has an obligation that the bank has written off in whole or in part.

In assessing whether a borrower is defaulting, the Bank considers indicators:

- Quality - like any breach of pledges.
- Quantity - such as the case of late payment, and non-payment of any other obligations to the same issuer to the bank.
- Based on internally generated data obtained from external sources.

The input to the assessment is whether the financial instrument is defaulted and its significance varies over time to reflect changes in circumstances.

- The definition of default is very much in line with the definition applied by the Bank for statutory capital purposes.

- Inclusion of future information

The Bank includes the future information in its assessment whether the credit losses of any instrument have increased significantly since the initial recognition and measurement of the expected credit losses. Based on various actual information and projections, the concept of the "basic situation" of the future direction of the economic variables involved and a range of other potential projections is readily envisaged. This requires the preparation of two or more additional scenarios and a study of the possibilities for each outcome. External information includes economic data and forecasts published by rating agencies.

The "base case" represents the most likely outcome and is consistent with the information used by the Bank for other purposes such as strategic planning and budgeting. Other perceptions represent the most optimistic and pessimistic results. Periodicity, the Bank conducts stress tests for the most severe shocks in order to determine the criteria for determining the best perceptions.

The Bank identifies and documents the principal drivers of credit risk and credit losses for each portfolio. Using historical data analysis, it estimates the relationship between macroeconomic factors, credit risk and credit losses. These economic scenarios used include a set of the following key indicators:

- GDP growth
- Unemployment rates.
- Government spending
- Stock price index.

The projected relationship between key indices, default and loss rates in the various portfolios of financial assets has been developed on the basis of historical data analysis over the past 10 to 15 years.

- Measuring expected credit losses

The basic inputs to measure expected credit losses represent the structure of the terms of the following variables:

- The probability of default.
- Loss ratio on default.
- Exposure when defaulting on payment.

The above indicators are generally extracted from internally generated statistical models and other historical data, and adjusted to reflect future information, as described above.

The probability of default estimated are estimates at a given date that are calculated using statistical classification models and are evaluated using classification tools associated with various other party categories and exposures. These statistical models are determined according to aggregated data. Market data can also be used, both internally and externally, that include quantitative and qualitative factors. And when available to get

the probability of default to big companies. In the event that the counterparty or exposures move between the rating classes, this could lead to a change in the estimate of the PD in question.

The default loss ratio represents the amount of potential loss in the event of a default. The Bank estimates indicators of the history of claims recovery rates from troubled parties. The loss-on-default ratio models take into account the structure of the loss-on-default ratio, taking into account the structure, collateral, and collateral recovery costs that are an integral part of the financial asset. For secured retail loans, the value / type of the asset is a key indicator for determining the percentage of loss when defaulting. Estimates of the percentage of loss when defaulting are based on different economic scenarios, and are calculated on the basis of discounted cash flows using the actual commission rate as a discount factor.

Exposure at default is the expected exposure in case of default. The bank extracts "exposure when defaulted" from the current exposures to the counterparty and possible changes in the current amount allowed under the contract, including amortization. Exposure to failure to represent a financial asset represents its total carrying value. For loan obligations and financial guarantees, "exposure on default" includes the amount withdrawn and possible future amounts that can be drawn down under the contract and that are estimated based on historical data and future expectations. For some financial assets, exposure is determined when default is made by evaluating a set of results of potential exposures at different times using visualizations and statistical methods. As described above, and provided that the default probability is used for a maximum period of 12 months in relation to financial assets whose credit risk has not increased substantially, the bank measures the expected credit risk after taking into account the risk of default over the maximum contractual period (including extension options for the entity The borrower) whose range is exposed to credit risk even if, for risk management purposes, the bank has considered a longer period. The maximum contractual period extends to the date on which the bank is entitled to request a down payment or termination of the loan or guarantee obligation.

For open accounts and credit card facilities, which include both the loan and the component of the undrawn commitment, the bank will foresee expected credit losses over a period longer than the maximum contractual period if the bank's ability to request repayment or cancel the undrawn commitment does not limit the bank's exposure to credit risk During the contracted notification period. These facilities do not have specific terms or repayment periods, and are managed on a collective basis. The bank can, but this contractual right will not be implemented during the usual daily management, but only when the bank becomes aware, it can immediately cancel it with any increase in credit risk at the facilitation level. This longer period is estimated after taking into consideration the credit risk management measures that the bank expects to take and which will reduce the expected credit risks. This includes reducing the limits, canceling the facility and / or converting the remaining balance of the loan into a loan with specific payment terms.

Debt instruments

Concerning debt instruments, the bank uses the external foreign rating such as the rating of "Standard and Poor's" or of similar agencies to manage credit risk. If such ratings are not available, then the bank applies similar methods to those applied to credit customers and these investments in securities has been obtained better credit quality and at the same time provide an available source to meet financing requirements

A-2 Risk Limit control and Mitigation Policies

The bank manages, mitigates, and controls credit risk concentration at the level of debtor, groups, industries, and countries.

- The bank structures the levels of credit risk tolerance by placing limits for the risk tolerance in relation to each borrower or a class of borrowers, and at the level of economic activities and geographical sectors. Such risk shall be constantly monitored and controlled and shall be subject to reviews on an annual basis or more frequently if necessary. Limits of credit risk at the level of borrower/ the group / producer, the sector and the country shall be quarterly approved by the board of directors.
- Also credit risk exposure is managed by the yearly analysis of the present as well as the possible borrower's ability on fulfilling their obligations and also by amendment of the lending limits if appropriate.

The following are some means of mitigating risk:

- Collaterals

The bank employs a range of policies and controls to mitigate credit risk. Among the methods implemented is to obtain collateral against the extended funds.

The bank has set guiding rules for defined types of acceptable collaterals.

Among the main types of collaterals to loans and advances are the following:

- Mortgage
- Mortgage of business assets such as equipment and goods.
- Mortgage of financial instruments such as debt instruments and equity.

Usually corporate lending is for a longer term and secured whereas credit facilities extended to individuals are unsecured. To reduce credit loss to its minimum, the bank seeks to get additional collaterals from the concerned parties as soon as indicators of a loan or facility impairment appear. The collaterals taken as collateral for assets other than loans and facilities are determined by the nature of the instrument, and debt instruments and treasury bills are usually unsecured, with the exception of sets of financial instruments covered by similar assets and instruments that are secured by a portfolio of financial instruments.

- Derivatives

The Bank maintains prudent control over the net open positions of the derivatives, the difference between the purchase and sale contracts at the level of value and duration. The amount of credit risk at any given time is determined by the fair value of the instrument that is beneficial to the Bank, a positive fair value asset that is a fraction of the contractual / default value used to express the size of the existing instruments. This credit risk is managed as part of the total lending limit granted to the client with the expected risk due to changes in the market. Collateral against credit risk on these instruments is normally not obtained except for amounts requested by the Bank as marginal deposits from third parties.

The risk of settlement arises in situations where payment is made by cash, equity instruments or other securities or in exchange for the expectation of cash, equity instruments or other securities and daily settlement limits are set for each of the other parties to cover the risk of consolidated settlement arising from bank transactions any day.

- Credit related commitments

- The main reason for credit related commitments is to ensure availability of funds upon client's request. Also the financial guarantees contract bears the same loans credit risk. Letters of credit that bank issued instead of its clients to grant a third party the right to withdraw a certain value according to terms and conditions usually guaranteed with goods traded so it bear a less risk degree than direct loan.
- Credit related commitments represent the unused portion from approved limit, financial guarantees contracts or letters of credit. The bank bears expected losses with amount of total unused commitments and that is for credit risk resulted from grant credit. Although the more viable loss actually is less than unused commitments and that is for credit related commitments is grant for clients with specific credit nature. Bank is observing the commitments until maturity and that is for the long-term commitments have more credit risk degrees than short-term commitments.

A-3 Provisioning policy (Measurement of expected credit losses)

The Bank's policies require the identification of three stages of classifying financial assets measured at amortized cost, loan commitments and financial guarantees as well as debt instruments at fair value through other comprehensive income in accordance with changes in credit quality since initial recognition and thereafter measuring the impairment losses (expected credit losses) as follows:

The un-impaired financial asset is classified at initial recognition in the (stage1) and credit risk is monitored continuously by the Bank's credit risk management.

In the case of a significant increase in credit risk since the initial recognition, the financial asset is transferred to the (stage2) and the financial asset is not considered at this stage (the expected credit loss over the life of the asset without impairment).

In case of indications of impairment of the financial asset, it is transferred to the (stage3). The Bank relies on the following indicators to determine whether there is objective evidence of impairment:

- A significant increase in the interest rate on the financial asset as a result of increased credit risk.

- Significant negative changes in the activity and financial or economic conditions in which the borrower operates.
- Scheduling request as a result of difficulties facing the borrower.
- Significant negative changes in actual or expected operating results or cash flows.
- Future economic changes affecting the borrower's future cash flows.
- Early indicators of cash flow / liquidity problems such as delays in servicing creditors / business loans.
- Cancellation of a direct facility by the bank due to the high credit risk of the borrower

The following table illustrates the proportional distribution of loans and credit facilities reported in the financial position for each of the four internal ratings of the Bank and their relevant impairment losses:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Bank's Assessment	<u>Loans and advances</u> <u>(%)</u>	<u>Loans and advances</u> <u>(%)</u>
1- Stage 1	75.91%	74.63%
2- Stage 2	18.82%	21.25%
3- Stage 3	5.27%	4.12%
Total	100%	100 %

A-4 The General Model for Measurement of Banking Risk

In addition to the four-creditworthiness ratings shown in (note no. A-1), the management also prepares ratings in the form of more detailed subgroups, which are in line with the requirements of the Central Bank of Egypt. Assets exposed to credit risk shall be rated in these subgroups pursuant to detailed rules and terms, which depend largely on customer related information, business and activities, financial position and performance of payments thereof.

According to Central Bank of Egypt adjusted rules starting from first year which the bank commit to apply this rules, the bank calculates the provision required for the impairment of these assets exposed to credit risk which impairment value has been solely estimated including credit related commitments using cash flow discounted method and for the group of asset that the impairment has been estimated as a group, the impairment calculated by historical default rates method. In case the impairment loss provision required according to ORR issued from Central Bank of Egypt exceeds the provisions as required according to adjusted rules by Central Bank of Egypt, that excess shall be debited to retained earnings and carried to the general reserve for banking risk in the shareholders' equity section. Such reserves shall be regularly adjusted, by any increase or decrease so that the reserve shall always be equal to the amount of increase between the two provisions. Such reserve shall not be subject to distribution, note (A-33) shows the "general banking risk reserve" movement during the period. Following is an indication of corporate credit worthiness categories according to internal rating principles, compared to the rating principles of the Central Bank of Egypt, and of the required provision percentages for the impairment of assets exposed to credit risk:

<u>CBE Rating</u>	<u>Rating's meaning</u>	<u>Provision Ratio</u> <u>required'</u> <u>According</u> <u>(CBE)(ORR)</u>	<u>Internal Rating</u> <u>According</u> <u>(CBE)(ORR)</u>	<u>Meaning of internal</u>
1	Low risk	0%	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Marginally acceptable risk	3%	2	Regular follow up
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non-Performing loans
9	Doubtful	50%	4	Non-Performing loans
10	Bad debts	100%	4	Non-Performing loans

A/5 The Maximum Limit for Credit Risk before Collaterals and Segregated interest and provisions

Credit risk exposures of financial position items:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Cash and balances with Central Bank	4,766,130	9,368,285
Due from banks	30,028,855	24,965,378
Loans and advances to banks	3,144,404	975,390
Loans and advances to customers:		
<u>Retail:-</u>		
-Overdraft accounts	1,363,082	1,870,004
-Credit cards	650,891	575,750
-personal loans	37,875,378	35,115,676
-Mortgage loans	2,653,843	2,529,771
<u>Corporate:</u>		
- Overdraft accounts	29,277,594	22,410,002
-Direct loans	15,362,943	15,480,117
-Syndicated loans	14,425,311	13,710,080
-Discount document	615,965	125,456
Financial investments at fair value through other comprehensive income		
-Debt instruments	54,238,171	51,072,174
Financial investments at amortized cost		
-Debt instruments	37,508,652	20,720,233
Other assets *	3,164,375	2,210,594
Total	<u>235,075,594</u>	<u>201,128,910</u>

The previous table represents the loans without taking into consideration Expected Credit Loss as disclosed in notes (15), (16), (17), (18) and (20)

* The above – mentioned other assets represents in accrued revenues.

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

<u>30 September 2021</u>				
<u>Due from banks</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	27,574,075	2,454,780	--	30,028,855
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	27,574,075	2,454,780	--	30,028,855
ECL Provision	--	(3,274)	--	(3,274)
Net carrying amount	27,574,075	2,451,506	--	30,025,581

<u>31 December 2020</u>				
<u>Due from banks</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	22,598,247	2,367,131	--	24,965,378
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	22,598,247	2,367,131	--	24,965,378
ECL Provision	(6)	(9,328)	--	(9,334)
Net carrying amount	22,598,241	2,357,803	--	24,956,044

<u>30 September 2021</u>				
<u>Treasury bills</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	25,828,629	7,793,204	--	33,621,833
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	25,828,629	7,793,204	--	33,621,833
ECL Provision	--	(43,814)	--	(43,814)
Net carrying amount	25,828,629	7,749,390	--	33,578,019

<u>31 December 2020</u>				
<u>Treasury bills</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	27,766,706	7,608,068	--	35,374,774
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	27,766,706	7,608,068	--	35,374,774
ECL Provision	--	(106,970)	--	(106,970)
Net carrying amount	27,766,706	7,501,098	--	35,267,804

30 September 2021				
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
<u>Governmental Treasury bonds</u>	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	53,025,434	2,728,862	--	55,754,296
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	53,025,434	2,728,862	--	55,754,296
ECL Provision	--	(64,558)	--	(64,558)
Net carrying amount	53,025,434	2,664,304	--	55,689,738

31 December 2020				
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
<u>Governmental Treasury bonds</u>	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	30,483,672	3,338,878	--	33,822,550
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	30,483,672	3,338,878	--	33,822,550
ECL Provision	--	(105,707)	--	(105,707)
Net carrying amount	30,483,672	3,233,171	--	33,716,843

30 September 2021				
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
<u>Corporate bonds</u>	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	2,370,694	--	--	2,370,694
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	2,370,694	--	--	2,370,694
ECL Provision	(2,391)	--	--	(2,391)
Net carrying amount	2,368,303	--	--	2,368,303

31 December 2020				
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
<u>Corporate bonds</u>	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	2,595,083	--	--	2,595,083
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	2,595,083	--	--	2,595,083
ECL Provision	(2,819)	--	--	(2,819)
Net carrying amount	2,592,264	--	--	2,592,264

30 September 2021				
<u>Loans and advances to Banks</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	1,148,955	1,995,449	--	3,144,404
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	1,148,955	1,995,449	--	3,144,404
ECL Provision	(5,132)	(12,670)	--	(17,802)
Net carrying amount	1,143,823	1,982,779	--	3,126,602
31 December 2020				
<u>Loans and advances to Banks</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	314,642	660,748	--	975,390
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	314,642	660,748	--	975,390
ECL Provision	(1,301)	(6,137)	--	(7,438)
Net carrying amount	313,341	654,611	--	967,952
30 September 2021				
<u>Loans and advances to Retail</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	38,969,878	1,120,379	--	40,090,257
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	2,452,937	2,452,937
Total	38,969,878	1,120,379	2,452,937	42,543,194
ECL Provision	(280,666)	(35,972)	(1,689,772)	(2,006,410)
Net carrying amount	38,689,212	1,084,407	763,165	40,536,784
31 December 2020				
<u>Loans and advances to Retail</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	37,668,795	801,320	--	38,470,115
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	1,621,086	1,621,086
Total	37,668,795	801,320	1,621,086	40,091,201
ECL Provision	(305,002)	(50,413)	(1,197,026)	(1,552,441)
Net carrying amount	37,363,793	750,907	424,060	38,538,760

30 September 2021				
<u>Loans and advances to large & medium Corporate</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	36,047,011	8,634,940	--	44,681,951
Normal watch-list	--	--	--	--
Special watch-list	--	6,677,657	--	6,677,657
Non-performing loan	--	--	2,227,757	2,227,757
Total	36,047,011	15,312,597	2,227,757	53,587,365
ECL Provision	(179,129)	(3,168,530)	(2,078,316)	(5,425,975)
Net carrying amount	35,867,882	12,144,067	149,441	48,161,390

31 December 2020				
<u>Loans and advances to large & medium Corporate</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	27,676,964	15,979,932	--	43,656,896
Normal watch-list	--	--	--	--
Special watch-list	--	770,879	--	770,879
Non-performing loan	--	--	1,884,854	1,884,854
Total	27,676,964	16,750,811	1,884,854	46,312,629
ECL Provision	(266,185)	(2,865,666)	(1,819,252)	(4,951,103)
Net carrying amount	27,410,779	13,885,145	65,602	41,361,526

30 September 2021				
<u>Loans and advances to Small Corporate</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	3,815,407	1,406,877	--	5,222,284
Normal watch-list	--	--	--	--
Special watch-list	--	--	565,365	565,365
Non-performing loan	--	--	306,799	306,799
Total	3,815,407	1,406,877	872,164	6,094,448
ECL Provision	(9,052)	(39,136)	(315,566)	(363,754)
Net carrying amount	3,806,355	1,367,741	556,598	5,730,694

31 December 2020				
<u>Loans and advances to Small Corporate</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
Credit rating				
Good debts	3,587,218	1,504,137	--	5,091,355
Normal watch-list	--	--	--	--
Special watch-list	--	2,475	127,772	130,247
Non-performing loan	--	--	191,424	191,424
Total	3,587,218	1,506,612	319,196	5,413,026
ECL Provision	(41,750)	(124,481)	(114,979)	(281,210)
Net carrying amount	3,545,468	1,382,131	204,217	5,131,816

The following table shows the changes in ECL between the beginning and end of the period / year as a result of these factors:

30 September 2021

<u>Due from banks</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2021	6	9,328	--	9,334
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	(6)	(6,038)	--	(6,044)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	--	(16)	--	(16)
Balance at the end of the period	--	3,274	--	3,274

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<u>Due from banks</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2020	15	7,737	--	7,752
New financial assets purchased or issued	15	9,728	--	9,743
Financial assets have been matured or derecognized	(15)	(7,737)	--	(7,752)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	(9)	(400)	--	(409)
Balance at the end of the year	6	9,328	--	9,334

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<u>Treasury bills</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2021	--	106,970	--	106,970
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(62,144)	--	(62,144)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the period	--	--	--	--
Foreign exchange translation differences	--	(1,012)	--	(1,012)
Balance at the end of the period	--	43,814	--	43,814

31 December 2020

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
<u>Treasury bills</u>	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2020	--	111,516	--	111,516
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(2,676)	--	(2,676)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(1,870)	--	(1,870)
Balance at the end of the year	--	106,970	--	106,970

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	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
<u>Government Treasury Bonds</u>	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2021	--	105,707	--	105,707
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(40,993)	--	(40,993)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the period	--	--	--	--
Foreign exchange translation differences	--	(156)	--	(156)
Balance at the end of the period	--	64,558	--	64,558

31 December 2020

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
<u>Government Treasury Bonds</u>	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2020	--	119,950	--	119,950
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(11,694)	--	(11,694)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(2,549)	--	(2,549)
Balance at the end of the year	--	105,707	--	105,707

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	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
<u>Corporate Bonds</u>	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2021	2,819	--	--	2,819
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	(428)	--	--	(428)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the period	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the period	2,391	--	--	2,391

31 December 2020

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
<u>Corporate Bonds</u>	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2020	275	--	--	275
New financial assets purchased or issued	2,544	--	--	2,544
Financial assets have been matured or derecognized	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the year	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	2,819	--	--	2,819

30 September 2021

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
<u>Loans and advances to banks</u>	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2021	1,301	6,137	--	7,438
New financial assets purchased or issued	3,831	6,534	--	10,365
Financial assets have been matured or derecognized	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	--	(1)	--	(1)
Balance at the end of the period	5,132	12,670	--	17,802

31 December 2020

<u>Loans and advances to banks</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2020	993	175	--	1,168
New financial assets purchased or issued	350	5,983	--	6,333
Financial assets have been matured or derecognized	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	(42)	(21)	--	(63)
Balance at the end of the year	1,301	6,137	--	7,438

30 September 2021

<u>Loans and advances to retail</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2021	305,002	50,413	1,197,026	1,552,441
New financial assets purchased or issued	67,702	2,719	19,021	89,442
Financial assets have been matured or derecognized	(55,473)	(28,111)	(360,957)	(444,541)
Transfer to stage 1	1,632	(1,247)	(385)	--
Transfer to stage 2	(28,427)	28,692	(265)	--
Transfer to stage 3	(666,638)	(253,249)	919,887	--
Changes	656,868	236,755	(84,555)	809,068
Balance at the end of the period	280,666	35,972	1,689,772	2,006,410

31 December 2020

<u>Loans and advances to retail</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2020	200,723	10,998	528,497	740,218
New financial assets purchased or issued	88,820	11,728	132,548	233,096
Financial assets have been matured or derecognized	(38,881)	(1,733)	(153,555)	(194,169)
Transfer to stage 1	3,144	(2,726)	(418)	--
Transfer to stage 2	(22,493)	22,687	(194)	--
Transfer to stage 3	(501,177)	(88,563)	589,740	--
Changes	563,595	85,341	(22,120)	626,816
Precaution ECL	11,271	12,681	122,528	146,480
Balance at the end of the year	305,002	50,413	1,197,026	1,552,441

30 September 2021

<u>Loans and advances to large & medium corporate</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2021	266,185	2,865,666	1,819,252	4,951,103
New financial assets purchased or issued	94,193	1,098,255	205,170	1,397,618
Financial assets have been matured or derecognized	(182,496)	(693,007)	(40,748)	(916,251)
Transfer to stage 1	(55,793)	55,723	70	--
Transfer to stage 2	60,145	(60,145)	--	--
Transfer to stage 3	--	(95,542)	95,542	--
Loans written-off during the period	--	--	(31)	(31)
Proceeds from written-off	--	--	2	2
Foreign exchange translation differences	(3,105)	(2,420)	(941)	(6,466)
Balance at the end of the period*	179,129	3,168,530	2,078,316	5,425,975

31 December 2020

<u>Loans and advances to large & medium corporate</u>	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2020	160,167	1,608,697	1,904,983	3,673,847
New financial assets purchased or issued	154,873	1,453,731	10,732	1,619,336
Financial assets have been matured or derecognized	(39,451)	(167,758)	(53,454)	(260,663)
Transfer to stage 1	15,092	(15,092)	--	--
Transfer to stage 2	(14,412)	14,412	--	--
Transfer to stage 3	(278)	--	278	--
Loans written-off during the year	--	--	(39,054)	(39,054)
Proceeds from written –off	--	--	1,841	1,841
Foreign exchange translation differences	(9,806)	(28,324)	(6,074)	(44,204)
Balance at the end of the year	266,185	2,865,666	1,819,252	4,951,103

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<u>Loans and advances to small corporate</u>	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2021	41,750	124,481	114,979	281,210
New financial assets purchased or issued	6,438	23,738	158,762	188,938
Financial assets have been matured or derecognized	(36,259)	(31,994)	(36,603)	(104,856)
Transfer to stage 1	(13,590)	8,852	4,738	--
Transfer to stage 2	10,713	(8,980)	(1,733)	--
Transfer to stage 3	--	(76,961)	76,961	--
Loans written-off during the period	--	--	(1,538)	(1,538)
Proceeds from written –off	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the period	9,052	39,136	315,566	363,754

31 December 2020

<u>Loans and advances to small corporate</u>	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2020	1,728	1,048	136,895	139,671
New financial assets purchased or issued	41,063	120,135	39,379	200,577
Financial assets have been matured or derecognized	(1,195)	(3,857)	(53,986)	(59,038)
Transfer to stage 1	848	(5)	(843)	--
Transfer to stage 2	(683)	675	8	--
Transfer to stage 3	(11)	6,485	(6,474)	--
Loans written-off during the year	--	--	--	--
Proceeds from written –off	--	--	--	--
Foreign exchange translation differences	--	--	-	--
Balance at the end of the year	41,750	124,481	114,979	281,210

The following table provides summary of expected credit losses (ECL) at the end of the period / year:

30 September 2021

<u>Items</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Due from banks	--	3,274	--	3,274
Treasury bills	--	43,814	--	43,814
Governmental treasury bonds	--	64,558	--	64,558
Corporate bonds	2,391	--	--	2,391
Loans and advances to banks	5,132	12,670	--	17,802
Loans and advances to retail	280,666	35,972	1,689,772	2,006,410
Loans and advances to large & medium corporate	179,129	3,168,530	2,078,316	5,425,975
Loans and advances to small corporate	9,052	39,136	315,566	363,754
Expected credit losses Provision for contingent liabilities-corporate	73,426	186,324	5,211	264,961
Expected credit losses Provision for contingent liabilities-SMEs	4,350	1,332	12,874	18,556
Expected credit losses Provision for contingent liabilities-Due from Banks	899	1,615	--	2,514
Balance at the end of the period	555,045	3,557,225	4,101,739	8,214,009

31 December 2020

<u>Items</u>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Due from banks	6	9,328	--	9,334
Treasury bills	--	106,970	--	106,970
Governmental treasury bonds	--	105,707	--	105,707
Corporate bonds	2,819	--	--	2,819
Loans and advances to banks	1,301	6,137	--	7,438
Loans and advances to retail	305,002	50,413	1,197,026	1,552,441
Loans and advances to large & medium corporate	266,185	2,865,666	1,819,252	4,951,103
Loans and advances to small corporate	41,750	124,481	114,979	281,210
Expected credit losses Provision for contingent liabilities-corporate	52,715	45,208	6,098	104,021
Expected credit losses Provision for contingent liabilities-SMEs	4,889	3,276	15,397	23,562
Expected credit losses Provision for contingent liabilities-Due from Banks	546	820	--	1,366
Balance at the end of the period	675,213	3,318,006	3,152,752	7,145,971

Off balance sheet items exposed to credit risk

	<u>30 September 2021</u>	<u>31 December 2020</u>
Non-revocable credit related commitments for loans and other liabilities	4,896,352	3,833,987
Letter of credit	5,793,074	4,597,761
Letters of guarantee	15,994,258	14,225,511
Accepted draft	3,004,707	1,596,839
Total	29,688,391	24,254,098

- The first table (A/5) represents the maximum limit of exposure as at 30 September 2021 and as at 31 December 2020, without taking into consideration any financial guarantees.
- As illustrated in the previous table 43.49% of the maximum limit exposed to credit risk arises from loans and advances to customers including the discounted documents (45.65% :31 December 2020), where investments in debt instrument measured at fair value through OCI and amortized cost represent 39.03% (35.69% :31 December 2020)
- The management has confidence in its abilities to continue of controlling and maintaining the minimum limit of credit risk resulted from loans, facilities, and debt instruments portfolios based on the following:
- 57.28% of the loans and advances portfolio are considered to be neither past due nor impaired (70.03%: 31 December 2020).
- 5.04% of loans and advances portfolio individually impaired (4.27%: 31 December 2020).
- Loans and advances that are not impaired represent 94.96 % from total loans portfolio (Dec 2020: 95.73%) including past due loans but not impaired represent 37.68% from total loans portfolio (Dec 2020: 25.70%).

A-6 Loans and advances

The following is the position of loans and advances' balances as regarding credit worthiness:

	30 September 2021		31 December 2020	
	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>
Neither past due nor impaired	58,551,754	3,144,404	64,297,138	975,390
With past due but not impaired	38,516,074	--	23,600,718	--
Individually impairment	5,157,179	--	3,919,000	--
Total	102,225,007	3,144,404	91,816,856	975,390
(Less):Expected Credit loss provision	(7,796,139)	(17,802)	(6,784,754)	(7,438)
(Less): Unearned discount of documents / suspended interest	(16,423)	--	(11,639)	--
Net	94,412,445	3,126,602	85,020,463	967,952

- Total Expected Credit Loss provision of loans and advances to customers amounted EGP 7,796,139 thousands as at 30 September 2021 of which EGP 4,083,654 thousands represents impairment of retail loans (Stage 3) and the balance of EGP 3,712,485 thousands represents the provision of ECL (Stage 1 and Stage 2); (31 December 2020: ECL provision of loans and advances amounted EGP 6,784,754 thousands of which EGP 3,131,257 thousands represents impairment of retail loans and the balance of EGP 3,653,497 thousands represents the provision of ECL (Stage 1 and Stage 2)
- Additional information on provision for ECL of loans and advances is provided in notes (18).
- During the current accounting period loans and facilities to customers and banks increased by 13.55%.

– **Loans and advances Neither past due nor impaired**

The creditworthiness of the loans and advances portfolio with no past dues or impairment is assessed with reference to the internal assessment adopted by the bank.

30 September 2021

<u>Grade \ Product type</u>	<u>Retail</u>				<u>Corporate</u>			<u>Total Loans and advances to customers</u>	<u>Loans and advances to banks</u>
	<u>Over drafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgage loans</u>	<u>Over drafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>		
1 Good debts	1,363,082	616,965	35,346,351	2,594,172	3,155,099	3,656,303	1,116,798	47,848,770	3,144,404
2 Normal watch-list	--	--	--	--	290,631	4,130,206	5,056,911	9,477,748	--
3 Special watch-list	--	--	--	--	507,599	16,678	700,959	1,225,236	--
Total	<u>1,363,082</u>	<u>616,965</u>	<u>35,346,351</u>	<u>2,594,172</u>	<u>3,953,329</u>	<u>7,803,187</u>	<u>6,874,668</u>	<u>58,551,754</u>	<u>3,144,404</u>

31 December 2020

<u>Grade \ Product type</u>	<u>Retail</u>				<u>Corporate</u>			<u>Total Loans and advances to customers</u>	<u>Loans and advances to banks</u>
	<u>Over drafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgage loans</u>	<u>Over drafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>		
1 Good debts	1,870,004	539,338	33,352,827	2,486,311	2,292,880	4,832,237	3,205,923	48,579,520	975,390
2 Normal watch-list	--	--	--	--	1,867,531	7,309,166	6,534,748	15,711,445	--
3 Special watch-list	--	--	--	--	6,173	--	--	6,173	--
Total	<u>1,870,004</u>	<u>539,338</u>	<u>33,352,827</u>	<u>2,486,311</u>	<u>4,166,584</u>	<u>12,141,403</u>	<u>9,740,671</u>	<u>64,297,138</u>	<u>975,390</u>

Loans and advances past due but not impaired

These are loans and advances with delays up to 90 days but are not considered impaired unless there is another information to the contrary, a loans and facilities to customers with past dues but not impaired and the fair value of their collaterals are represented in following:

<u>30 September 2021</u>	<u>Corporate</u>			<u>Total Loans and advances to customers</u>
	<u>Overdrafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	
Past dues up to 30 days	14,804,064	6,649,195	5,367,979	26,821,238
Past dues more than 30 to 60 days	3,811,914	174,026	--	3,985,940
Past dues more than 60 to 90 days	1,655,452	49,271	294,065	1,998,788
Past due more than 90 days	3,134,245	687,264	1,888,599	5,710,108
Total	23,405,675	7,559,756	7,550,643	38,516,074

<u>31 December 2020</u>	<u>Corporate</u>			<u>Total Loans and advances to customers</u>
	<u>Overdrafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	
Past dues up to 30 days	9,264,721	2,632,568	2,731,055	14,628,344
Past dues more than 30 to 60 days	2,609,875	330,684	69,263	3,009,822
Past dues more than 60 to 90 days	703,188	62,828	--	766,016
Past dues more than 90 days	3,714,811	312,634	1,169,091	5,196,536
Total	16,292,595	3,338,714	3,969,409	23,600,718

Individually impaired loans

The loans and advances which are subject to impairment on an individual basis, before taking into consideration expected cash flow from the collateral amounted to EGP 5,157,179 thousand as at 30 September 2021 (31 Dec 2020: EGP 3,919,000 thousand).

Herein below, is the analysis of the gross value of loans and advances subject to impairment on individual basis including the fair value of collaterals the bank has obtained against these loans:

<u>30 September 2021</u>	<u>Retail</u>				<u>Corporate</u>		<u>Total</u>
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgages Loans</u>	<u>Overdraft</u>	<u>Direct loans</u>	
Individually impaired loans	--	33,926	2,529,027	59,671	2,534,555	--	5,157,179

- The fair value of collaterals held by the Bank against above loans is totaled EGP 565,071 thousand

<u>31 December 2020</u>	<u>Retail</u>				<u>Corporate</u>		<u>Total</u>
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgages loans</u>	<u>Overdraft</u>	<u>Direct loans</u>	
Individually impaired loans	--	36,412	1,762,849	43,460	2,076,279	--	3,919,000

- The fair value of collaterals held by the Bank against above loans is totaled EGP 250,639 thousand
- At the initial recognition of loans and advances, the fair value of collaterals is evaluated based on the same financial assets evaluation method used and in subsequent periods, the fair value is updated by the market prices or the similar assets' prices.
All collaterals held by the Bank against loans and advances that are subject to impairment represent Checks and order bills equal to their related booked debts.

Loans and advances restructured

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies is based on indications or criteria of credit performance of the borrower that is based on the personal judgment of the management, which indicate that payment will most likely continue, these policies are subject to continuous review. Restructuring is commonly applied to long-term loans, especially customers financing loans.

Loans, which have been subject to Renegotiation, have reached EGP 5,660,436 thousand as at 30 September 2021 (31 December 2020 EGP 5,811,433 thousand)

Loans and advances to customers

	<u>30 September 2021</u>	<u>31 December 2020</u>
Corporate		
- Overdraft loans	158,956	277,896
- Direct loans	159,094	64,744
- Syndicated loans	5,323,386	5,463,931
Retail		
Personal loans	19,000	4,862
Total	<u>5,660,436</u>	<u>5,811,433</u>

A-7 Debt instruments, treasury bills and other governmental notes

The following table represents an analysis of debt instruments and treasury bills and other governmental notes at the end of financial period, based on the assessment Evaluation agencies:

Rating	Net Treasury bills at FVTOCI	Bonds at FVTOCI	Zero Coupon Bonds	Bonds at amortized cost	Other investment at amortized cost	Total	Period/Year
B+	33,621,833	20,616,338	925,265	36,527,274	56,113	91,746,823	09/2021
B+	35,374,774	15,697,400	--	20,664,120	56,113	71,792,407	12/2020

A-8 Acquisition of collaterals

- Acquired assets are classified under the "Other Assets" item in the financial position; the accounting policy disclosed in Note 2 is followed in the first recognition and subsequent measurement. These assets are sold or used for the purposes of the Bank whenever practicable and in accordance with the legal periods set by the Central Bank of Egypt to dispose acquired assets.

A-9 The concentration of financial assets' risks exposed to credit risk Geographical sectors:

The following is breakdown of the bank's credit exposure at their book values categorized by geographical region at the end of the period.

The bank has allocated the risks to the geographical segments based on regions of the bank's clients

	<u>Arab Republic of Egypt</u>			<u>Out of Arab Republic of Egypt</u>	<u>Total</u>
	<u>Cairo</u>	<u>Alex and Delta – Sinai</u>	<u>Upper Egypt</u>		
Loans and advances to banks	--	--	--	3,144,404	3,144,404
Loans and advances to customers					
<u>Retail :</u>					
-Overdraft	465,169	765,046	132,867	--	1,363,082
-Credit cards	443,418	155,125	52,348	--	650,891
-Personal loans	13,659,693	14,903,182	9,312,503	--	37,875,378
-Mortgages loans	2,059,568	205,742	388,533	--	2,653,843
<u>Loans to corporate:</u>					
- Overdraft	22,947,295	5,432,696	897,603	--	29,277,594
-Direct loans	12,849,845	1,998,447	514,651	--	15,362,943
-Syndicated loans	13,087,297	548,767	789,247	--	14,425,311
Discounted documents	518,066	96,450	--	1,449	615,965
Financial investment at fair value through other comprehensive income					
-Debt instrument	20,616,338	--	--	--	20,616,338
-Treasury bills and other governmental notes	33,621,833	--	--	--	33,621,833
Financial investment at amortized cost					
-Debt instrument	37,508,652	--	--	--	37,508,652
Other assets*	2,839,699	170,751	153,925	--	3,164,375
Total at 30 September 2021	160,616,873	24,276,206	12,241,677	3,145,853	200,280,609
Total at 31 December 2020	133,484,783	20,899,234	11,593,161	818,069	166,795,247

*The above - mentioned other assets represents in accrued revenues.

Business segment

The following table represents analysis the Bank's main credit exposure at book value, distributed according to the Bank's customers' business and activities.

	<u>Financial institutions</u>	<u>Manufacturing</u>	<u>Real Estate</u>	<u>Wholesale and retail trade</u>	<u>Government sector</u>	<u>Other activities</u>	<u>Individual</u>	<u>Total</u>
Loans and advances to banks	3,144,404	--	--	--	--	--	--	3,144,404
Loans and advances to customers								
Retail:								
- Overdrafts	--	--	--	--	--	--	1,363,082	1,363,082
- Credit cards	--	--	--	--	--	--	650,891	650,891
- Personal loans	--	--	--	--	--	--	37,875,378	37,875,378
- Mortgages loans	--	--	2,653,843	--	--	--	--	2,653,843
Corporate:								
- Overdrafts	--	1,038,046	181,966	4,886,648	3,178,216	19,992,718	--	29,277,594
- Direct loans	--	1,757,663	2,122,653	549,326	2,472,406	8,460,895	--	15,362,943
- Syndicated loans	--	4,435,316	1,922,775	299,100	6,059,184	1,708,936	--	14,425,311
Discount documents	--	262,382	--	--	--	--	353,583	615,965
Financial investment at fair value through other comprehensive income								
-Debt instruments	2,370,694	--	--	--	18,245,644	--	--	20,616,338
-Treasury bills and other governmental notes	--	--	--	--	33,621,833	--	--	33,621,833
Financial investments at amortized cost								
-Debt instruments	--	--	--	--	37,508,652	--	--	37,508,652
- Other assets*	--	--	--	--	--	3,164,375	--	3,164,375
Total as at 30 September 2021	<u>5,515,098</u>	<u>7,493,407</u>	<u>6,881,237</u>	<u>5,735,074</u>	<u>101,085,935</u>	<u>33,326,924</u>	<u>40,242,934</u>	<u>200,280,609</u>
Total as at 31 December 2020	<u>3,570,473</u>	<u>7,806,679</u>	<u>6,999,153</u>	<u>4,200,705</u>	<u>79,163,127</u>	<u>27,469,284</u>	<u>37,585,826</u>	<u>166,795,247</u>

* Other assets listed are represented in accrued revenues in which have categorized as other activities due to the unavailability of data required to be distributed properly.

B. Market risk

The Bank exposed to Market risk which is represented as fluctuations in fair value or future cash flow provided from changes in Market prices, the market risk produces from open positions for interest rates, currency and equity products, as each is subject to public and private movements in the market. And changes in the level of sensitivity to market rates or to prices, such as rates of return, exchange rates and prices of equity instruments. The bank separates exposures to market risk into trading or non-trading portfolios.

Trading portfolios include positions arising from dealing with clients directly or with the market. Non-trading portfolios include positions that primarily arise from the interest rate for assets and liabilities related to retail transactions, and these portfolios include foreign currencies Risks from financial investments at amortized cost, and also equity instruments Risks from financial investments designated as fair value through other comprehensive income

B\1 Market risk measurement techniques

As part of the management of market risk, the Bank undertakes various hedging strategies and enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt instrument and loans to which the fair value option has been applied.

The following are the most important measurement techniques used to control market risk

Value at Risk

The Bank applies a "Value at Risk" methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions the board of directors sets limits for value at risk which the bank can accept for trading and non-trading separately.

Value at risk is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (10 Days). Before it could be closing open positions and it's also assumed that the market movement during the holding period will follow the same pattern of movement that occurred during the previous ten days. The Bank assesses the historical movements in the market prices based on volatilities and correlations data for the past five years.

And the bank applies those historical changes in rates, prices and indicators, directly to the current centers - this method is known as historical simulation, and the actual outputs are monitored regularly to measure the integrity of the assumptions and factors used to calculate the value at risk.

The use of this method does not prevent the loss from exceeding these limits in the event of greater movements in the market. As the value at risk is considered an essential part of the bank's system in controlling market risk, the Board of Directors sets annual limits for the value at risk for both trading and non-trading operations and is divided into activity units, and the actual values at risk are compared to the objective limits by the bank and its review Daily by the bank's risk management. The quality of the value-at-risk model is continuously monitored through reinforcement tests of the value-at-risk results of the trading portfolio, and the results of those tests are reported to senior management and the board of directors.

Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. The stress tests are designed to be suitable for the activity is tailored using standard analyzes for specific scenarios. The stress tests carried out by the bank's risk management department include stress testing Risk factors, as a set of sharp moves is applied to each risk category and the pressures of developing markets are tested, as developing markets are subject to for sharp movements and a special stress test, it includes possible events affecting certain

centers or regions, such as what may be produced in a region due to liberation Restrictions on a currency. Senior management and the Board of Directors review the stress test results.

B\2 Summary of value at risk VAR as per the risk type

	9 months till the end of current period 2021			12 months till the end of compared year 2020		
	Average	High	Low	Average	High	Low
Foreign exchange risk	3,130	13,905	649	6,206	28,291	432
VAR	3,130	13,905	649	6,206	28,291	432

B-3 The risk of fluctuations in foreign exchange rates

The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows and the board of directors have set limits of foreign currencies in total value for each position at the end of the day and during the day, which are monitored on the spot The following table includes the book value of financial instruments distributed into its component currencies' and translated to EGP

30 September 2021

	<u>EGP</u>	<u>USD</u>	<u>Euro</u>	<u>GBP</u>	<u>Other Currency</u>	<u>Total</u>
<u>Financial Assets</u>						
Cash and balances at Central Bank of Egypt	7,882,987	3,048,127	394,354	13,828	416,291	11,755,587
Due from banks	14,646,890	14,868,878	58,523	260,759	190,531	30,025,581
Loans and advances to banks	--	3,126,602	--	--	--	3,126,602
Loans and advances to customers	85,684,293	7,732,638	995,514	--	--	94,412,445
Financial Derivatives	1,884	--	--	--	--	1,884
<u>Financial investments</u>						
At fair value through profit and loss	56,773	--	--	--	--	56,773
At fair value through other comprehensive income	44,713,749	10,297,919	897,666	--	72	55,909,406
At amortized cost	37,508,652	--	--	--	--	37,508,652
Investments in subsidiaries and associates	464,035	237,811	--	--	--	701,846
Total financial Assets	190,959,263	39,311,975	2,346,057	274,587	606,894	233,498,776
<u>Financial liabilities</u>						
Due to banks	1,750,662	11,673,450	1,277,907	256	328	14,702,603
Customers' deposits	168,038,877	23,858,456	918,550	282,403	116,851	193,215,137
Financial Derivatives	5,606	--	--	--	--	5,606
Other loans	4,247,045	3,971,668	--	--	--	8,218,713
Total financial Liabilities	174,042,190	39,503,574	2,196,457	282,659	117,179	216,142,059
Net Financial assets in Financial position	16,917,073	(191,599)	149,600	(8,072)	489,715	17,356,717

31 December 2020

Total financial assets	159,607,541	36,253,599	1,651,868	252,922	171,423	197,937,353
Total financial liabilities	144,669,673	36,295,799	1,624,149	252,555	123,562	182,965,738
Net Financial assets in Financial position	14,937,868	(42,200)	27,719	367	47,861	14,971,615

B-4 Interest rate risk

The bank is exposed to the impact of the fluctuations in the levels of interest rates prevailing in the market; include the cash flow risk of interest rate represented in the fluctuations of future cash flow of a financial instrument due to changes in the interest rate of the mentioned instrument. Whereas the interest rates fair value risk is the risk of fluctuations in the value of the financial instrument due to changes in interest rates in the market. The interest margin may rise due to these changes but still the profits may decrease if unexpected movements occur. The board of directors set limits for the level of difference in the re-pricing of interest rate that the bank can maintain and bank's management monitors this daily.

The following table summarizes the extent of the bank's exposure to the risk of fluctuations in interest rates that includes the book value of financial instruments distributed based on the price of repricing dates or maturity dates whichever is sooner:

<u>30 September 2021</u>	<u>Up to 1 month</u>	<u>More than One month to three Months</u>	<u>More than Three months to one year</u>	<u>More than one year to three year</u>	<u>More than three years</u>	<u>Due in next day</u>	<u>Non-bearing interest</u>	<u>Total</u>
Financial Assets								
Cash and balances with Central Bank	--	--	--	--	--	--	11,755,587	11,755,587
Due from banks	27,225,784	2,454,780	--	--	--	--	348,291	30,028,855
Loans and advances to banks	314,244	886,168	1,533,511	410,481	--	--	--	3,144,404
Loans and advances to customers	18,163,917	5,323,147	10,904,880	12,360,603	26,877,983	28,594,477	--	102,225,007
Financial Derivatives	--	--	48	1,836	--	--	--	1,884
Financial Investments:-								
- At fair value through profit and loss	56,773	--	--	--	--	--	--	56,773
- At fair value through other comprehensive income	5,548,879	8,599,390	26,074,948	10,983,304	4,415,067	--	1,671,236	57,292,824
- At amortized cost	--	1,000,037	5,202,701	28,798,336	2,682,313	--	--	37,683,387
Total financial assets	<u>51,309,597</u>	<u>18,263,522</u>	<u>43,716,088</u>	<u>52,554,560</u>	<u>33,975,363</u>	<u>28,594,477</u>	<u>13,775,114</u>	<u>242,188,721</u>

B-4 Interest rate risk - Continued

<u>30 September 2021</u>	<u>Up to 1 month</u>	<u>More than One month to three Months</u>	<u>More than Three months to one year</u>	<u>More than one year to three year</u>	<u>More than three years</u>	<u>Due in next day</u>	<u>Non-bearing interest</u>	<u>Total</u>
<u>Financial liabilities</u>								
Due to banks	1,953,407	9,900,505	2,060,617	--	--	--	788,074	14,702,603
Customer's deposits	43,077,445	14,216,961	31,648,993	66,721,536	11,697,545	23,655,046	2,197,611	193,215,137
Financial Derivatives	830	2,027	2,747	2	--	--	--	5,606
Other loans	98,915	398,978	1,778,336	1,721,928	4,220,556	--	--	8,218,713
Total financial liabilities	45,130,597	24,518,471	35,490,693	68,443,466	15,918,101	23,655,046	2,985,685	216,142,059
Total interest re-pricing gap	6,179,000	(6,254,949)	8,225,395	(15,888,906)	18,057,262	4,939,431	10,789,429	26,046,662
<u>As at 31 December 2020</u>								
Total financial assets	28,946,464	31,948,397	39,500,980	33,477,975	34,189,658	23,064,979	14,759,917	205,888,370
Total financial liabilities	23,127,288	43,062,085	26,305,873	51,050,319	12,947,836	23,803,415	2,668,922	182,965,738
Total interest re-pricing gap	5,819,176	(11,113,688)	13,195,107	(17,572,344)	21,241,822	(738,436)	12,090,995	22,922,632

C. liquidity Risk

Liquidity risk occurs when the Bank does not have sufficient financial resources to meet its obligations arising from its financial liabilities as they fall due or to replace funds when they are withdrawn. Consequently, the bank may fail to meet obligations to repay depositors and fulfill lending commitments.

C-1 Liquidity risk management

Monitoring liquidity risk includes the following:

- 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 confirm that this goal is achieved.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.
- Managing the concentration and profile of debt maturities.

Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those assets 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 undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees

C-2 Funding approach

Sources of liquidity are regularly reviewed jointly by the Bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area, depositors, products and tenors.

C-3 Non-derivative cash flows

The following table presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities, measured by the remaining contractual maturities and the amounts in the table represent the undiscounted contractual cash flows, while the bank manages the liquidity risk on the basis of the expected undiscounted cash flows, not contractual.

30 September 2021	<u>Up to 1 month</u>	<u>More than One to three Months</u>	<u>More than Three months to one year</u>	<u>More than One year to three years</u>	<u>Over three Years</u>	<u>Total</u>
Financial liabilities						
Due to banks	2,178,711	10,035,413	2,174,949	191,991	191,989	14,773,053
Customer's deposits	38,088,732	18,584,061	38,239,322	83,273,982	36,726,892	214,912,989
Other loans	133,609	74,570	968,354	2,604,698	5,152,877	8,934,108
Total liabilities according to (contractual maturity dates)	<u>40,401,052</u>	<u>28,694,044</u>	<u>41,382,625</u>	<u>86,070,671</u>	<u>42,071,758</u>	<u>238,620,150</u>
Total assets according to (contractual maturity dates)	<u>60,490,934</u>	<u>19,738,245</u>	<u>60,869,163</u>	<u>81,087,862</u>	<u>69,957,580</u>	<u>292,143,784</u>

31 December 2020	<u>Up to 1 month</u>	<u>More than One to three Months</u>	<u>More than Three months to one year</u>	<u>More than One year to three years</u>	<u>Over three Years</u>	<u>Total</u>
Financial liabilities*						
Due to banks	1,589,895	11,211,918	846,407	21,877	21,874	13,691,971
Customer's deposits	29,657,725	14,760,219	34,867,247	69,593,262	31,212,011	180,090,464
Other loans	102,991	85,054	473,988	1,696,509	4,852,976	7,211,518
Total liabilities according to (contractual maturity dates)	<u>31,350,611</u>	<u>26,057,191</u>	<u>36,187,642</u>	<u>71,311,648</u>	<u>36,086,861</u>	<u>200,993,953</u>
Total assets according to (contractual maturity dates)	<u>46,784,000</u>	<u>17,364,991</u>	<u>51,667,085</u>	<u>63,720,056</u>	<u>66,087,335</u>	<u>245,623,467</u>

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from the Central Bank of Egypt and due from banks, treasury bills and other governmental notes, loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources.

D. Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the financial position at their fair value:

	Book Value		Fair Value	
	Current period 30 September 2021	Compared year 31 December 2020	Current period 30 September 2021	Compared year 31 December 2020
<u>Financial Assets</u>				
Due from banks	30,028,855	24,965,378	30,036,648	25,005,450
Loans to banks	3,144,404	975,390	3,144,404	975,390
Loans to customers				
- Retail	42,543,194	40,091,201	42,542,941	40,091,201
- Corporate Entities	59,681,813	51,725,655	59,681,813	51,725,655
Financial Investments				
- At amortized cost	37,683,387	20,720,233	38,078,742	20,901,830
<u>Financial liabilities</u>				
Due to banks	14,702,603	13,416,826	14,747,334	13,461,335
Customer deposits:				
- Retail	118,607,022	111,041,833	134,758,583	123,396,238
- Corporate Entities	74,608,115	51,735,518	74,650,719	51,748,348
Other loans	8,218,713	6,768,131	8,218,713	6,768,131

D-1 Financial instruments measured at fair value

Classified financial assets are measured as financial assets for the purpose of trading at fair value, with differences in fair value being included in the income statement within the net income from trading. "Also, debt instruments classified as financial assets at fair value through other comprehensive income are measured at fair value with fair value included. The fair value of other comprehensive income statement is included in the fair value reserve.

For investments in equity instruments are restricted stock measuring Stock Exchange securities at fair value, according to the prices of the stated stock exchange in the history of separate financial statements. As for the shares of unrestricted stock exchange "with the exception of investment strategy are assessed in one of the accepted technical methods: discounted cash flow method, multiples value method and the inclusion of Valuation differences in other comprehensive income are included in the fair value reserve; for strategic investments, the nominal cost or value is the fair value of those investments.

D-2 Financial instruments not measured at fair value

Financial investments at amortized cost

Financial investments at amortized cost include governmental securities and not quoted in active market. The fair value of these governmental securities at amortized cost and listed is disclosed based on its quoted price at the end of each financial period.

E. Capital management

Capital adequacy Standard had been prepared based on Basel II requirements, and Central Bank of Egypt Board of Directors had approved in its meeting held on December 18, 2012, which had been issued on December 24, 2012 and in accordance with the instructions of the Central Bank of Egypt for the capital adequacy ratio (Basel II) issued during May 2019, For capital management purposes, the Bank's capital includes total equity as reported in the statement of financial position plus some other elements that are managed as capital. The bank manages its capital to ensure that the following objectives are achieved:

- Compliance with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the Bank.
- Maintaining a strong capital base to enhance growth of the Bank's operations.

Capital adequacy and uses are reviewed by the bank's management in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt. Data is submitted and filed with the Central Bank of Egypt on a quarterly basis. The Central Bank of Egypt requires the Bank to comply with the following:

- Maintaining EGP 5 Billion as a minimum requirement for the issued and paid-up capital.
- Maintaining realization the ratio between total value of the capital elements, and the risk-weighted average of the bank's assets and contingent liabilities. Minimum level of capital adequacy ratio reached 12.50% after adding capital conservation buffer and Domestic Systemically Important Banks.

The numerator in the capital adequacy ratio according to Basel II comprise the following 2 tiers:

Tier 1: basic capital which comprises:

- (1) Issued and paid up capital (net of treasury stock)
- (2) Retained earnings (Phase losses)
- (3) the outstanding reserves that the law and statute of the bank stipulate or the Central Bank of Egypt instructions for their formation after the distribution of profits (other than general reserve for banking risks & special reserve), less: any goodwill previously recognized and any carried forward losses, plus: the carrying amount of other comprehensive income Whether positive or negative.
- (4) The additional basic capital consists of (Preferential stocks not accumulated, quarterly interim profits / (losses), minority interest, the difference between the nominal value and the present value of the subordinate deposit loan)
- (5) Items that are deducted from the tier 1 of the capital base (exclusions from financial and non-financial companies, investment funds, support loans granted to the bank to external parties, intangible assets, net future profits resulting from securitization operations, pension benefits, and deferred tax assets are excluded)

Tier 2: subordinated capital which comprises:

- (1) Equivalent amount of the loans provision for debt instrument / Loans and credit facilities at stage one which does not exceed 1.25% from the total credit risk-weighted average of assets and contingent liabilities with credit Risk weights.
- (2) Loans (subordinated deposits) within the prescribed percentage (50% of the first tranche after exclusions), the present value will be entered in full, provided that its consumption is taken into account at 20% of its value in each of the last five years for it.
- (3) 45% from increase in fair value above the carrying amount of investments in subsidiaries and associates and 45% from special reserve.

The Denomination the capital adequacy ratio:

-Credit risk: The credit centers are listed after excluding the allocations required for the stage two and three and they are weighted according to the weight of the risks associated with each credit center, which reflects the credit risks associated with it, and taking into account the guarantees. The same treatment is used for amounts outside the statement of financial position after making adjustments to reflect the incidental nature and possible losses of these amounts

- Market risk:

- Banks must apply the standard method when calculating the capital requirement necessary to meet market risks through the cumulative construction of calculating the capital requirements for each type of market risk and then collect them to reach the total capital requirements needed to meet market risk as a whole in accordance with the central bank model.

Banks must determine their investment in the trading portfolio when calculating the capital requirement necessary to meet market risks.

- Financial instruments held for trading purposes must be free from any conditions that impede their circulation and be fully capable of covering them.

- **Operational risk:** the bank maintains a capital to meet operating risks equal to 15% of the bank's average gross profit based on financial statements for the last three years

The following table summarizes the components of the basic and supporting capital and the ratios of the capital adequacy criterion according to Basel II.

1-The capital adequacy ratio

	30 September 2021	31 December 2020
Tier 1 capital (Basic & additional capital)		
Issued and paid up capital	5,250,000	5,250,000
Amounts paid under capital increase	4,750,000	--
General reserve	187,291	187,291
Legal reserve	1,043,974	884,602
Other reserves	711,549	711,392
General risk reserve	68,481	68,481
Retained earnings	479,376	3,245,099
Profit for the period / year	2,702,307	3,188,371
Non-controlling interest	5,342	4,959
Difference between the present value and face value for subordinated time deposit	2,493,250	2,721,627
Total other comprehensive income items, accumulated	63,059	506,837
Total deductions from tier 1 capital common equity	(978,468)	(1,126,113)
Total qualifying tier 1 capital	16,776,161	15,642,546
Tier 2 capital (subordinated capital)		
Equal banking risk provisions	566,547	683,773
Subordinate deposits	2,978,116	2,750,336
45% of translation reserve	20,722	23,553
45% of the Increase in fair value than the book value for financial investments in associates and subsidiaries companies	7,312	1,095
Total Tier 2	3,572,697	3,458,757
Total capital base after deductions	20,348,858	19,101,303
Risk weighted assets and contingent liabilities		
Total credit risk	113,365,586	99,713,048
Total market risk	1,411,099	1,309,013
Total operational risk	15,033,350	15,035,898
Total risk weighted assets and contingent liabilities	129,810,035	116,057,959
Capital adequacy ratio (%)	15.68%	16.46%

The capital adequacy ratio prepared based on consolidated Financial statements

Leverage Ratio:

The Board of Directors of the Central Bank of Egypt issued, in its meeting on July 7, 2015, a decision approving the supervisory instructions for leverage, with the banks committing to the minimum prescribed percentage of (3%) as a binding supervisory ratio starting from 2018, in preparation for consideration of their consideration within the first pillar One of the decisions of Basel (the minimum capital adequacy standard) with the aim of preserving the strength and safety of the banking system and keeping abreast of international best practices in this regard.

The leverage reflects the relationship between the tier one of capital used in the capital adequacy standard (after exclusions), and the bank's assets (both on balance sheet and off balance sheet) are not weighted by risk weights.

Ratio components

(A) The numerator components:

The numerator of the ratio consists of the tier 1 of capital (after exclusions) used to extend the capital adequacy standard currently applied in accordance with the Central Bank of Egypt instructions.

(B) components of the denominator

The denominator of the ratio consists of all the assets of the bank inside and outside the budget according to the financial statements, which is called "bank exposures" and includes the following total:

- 1- Exposures within the financial statements after deducting some of the exclusions, the tier one of the capital base
- 2- Exposures resulting from derivative contracts
- 3- Exposures resulting from securities financing operations
- 4- Extra budgetary exposure (weighted by conversion factors)

The tables below summarize the leverage financial ratio:

2- Leverage Ratio

	30 September 2021	31 December 2020
Total tier 1 (capital after deductions)	16,776,161	15,642,546
Total on-balance sheet exposure	242,182,795	204,417,485
Total off balance sheet exposure	17,952,080	12,204,326
Total on and off balance sheet exposure	260,134,875	216,621,811
Leverage (%)	6.45%	7.22%

- According to letter of CBE on 11 Jan 2017, the board of directors of CBE's accepted on 28 December 2016 for the following decision: -
The bank applied the elimination of CBE subordinated deposits as well as the shareholders of the Bank in an exceptional manner with recognizing the difference in owner equity under the name "Different between the present value and Face value for subordinated deposit" and the deposit at the end of each financial period so that the value to the face value on the date of maturity and so on the above mentioned differences.

4. Significant accounting estimates and assumptions

- The application of the accounting policies disclosed in Note No. (3) requires the bank to use the provisions of estimates and assumptions about the book values of some assets and liabilities that other sources are unable to provide. These estimates and their accompanying assumptions depend on historical experience and other related factors. Actual results may differ from these estimates. Assumptions and estimates are reviewed on an ongoing basis and accounting changes and accounting estimates are recognized either in the period during which the change occurs if their impact is limited to that period only, or in the period in which the change and future periods occur if the change in the accounting estimate affects both the current and subsequent periods. The following is a summary of the most important assumptions related to the future and unconfirmed sources of information at the end of the financial period, which are of great risk to lead to a fundamental adjustment to the book values of assets and liabilities during the next financial period.

a- Impairment losses for loans and advances (Expected credit loss)

- The Bank reviews the portfolio of loans and advances at least quarterly; The Bank uses discretionary judgment on determining whether it is necessary to record impairment loss in the income statement. The Bank has to identify if there is objective evidence indicating a decline in the expected future cash flows from loan portfolio before identifying any decline on individual basis.

- This evidence include data indicating negative changes in a borrower's portfolio ability to repay to the Bank or local or economic circumstances related to default. On scheduling future cash flows the management uses the past experience to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio.
- The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on 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 (as models) are used to determine fair values, they are validated and Periodicity reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. The financial derivatives at the end of the current financial period or the end of the previous year are not considered of relative importance for the items of the financial position list on these dates.

c- Investments at amortized cost

- Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified at Amortized cost as its business model to held the asset to collect Contractual cash flows

d- Income taxes

- The bank's profits subject to income tax therefor the bank uses essential estimations to determine the total tax burden for income.as there's difficult to determine the final tax for some transactions so the bank records tax liability as per according to probability of arising additional tax while tax examination. When there is a discrepancy between the final result of the Tax Authority and the amounts previously recorded, then these discrepancies will affect the income tax and deferred tax provision for the period, in which the discrepancy has been identified.

5. Segment analysis

A) Segment activity

Segment activity involves operating activities; assets used in providing banking services, and risk and return management associated with this activity, which might differ from other activities. Segment analysis for the banking operations involves the following:

Large, medium, and small enterprises:

Includes current accounts, deposits, overdraft accounts, loans, credit facilities, and financial derivatives activities.

Investment:

Includes mergers, purchase of investments and financing the restructuring of companies and financial instruments

Retail:

Includes current account, saving accounts, deposits, credit card, personal loans, and mortgage loans activities,

Other activities:

Includes other banking operations, such money management

B) By geographical segment

<u>Assets & Liabilities according to geographical segments at 30 September 2021</u>	<u>Cairo</u>	<u>Alex, Delta & Sinai</u>	<u>Upper Egypt</u>	<u>Total</u>
Geographical Segments Assets	205,344,034	25,530,267	11,794,374	<u>242,668,675</u>
Geographical Segments Liabilities	136,117,689	68,492,242	19,676,055	<u>224,285,986</u>
Geographical Segments Of Other Items Depreciation at 30 September 2021				<u>258,036</u>
profit before tax				4,325,735
Tax				<u>(1,622,192)</u>
Net profit for the period				<u>2,703,543</u>

<u>Assets & Liabilities according to geographical segments at 31 December 2020</u>	<u>Cairo</u>	<u>Alex, Delta & Sinai</u>	<u>Upper Egypt</u>	<u>Total</u>
Geographical Segments Assets	171,961,127	22,112,635	11,252,985	<u>205,326,747</u>
Geographical Segments Liabilities	106,759,612	62,735,604	18,249,147	<u>187,744,363</u>
Geographical Segments Of Other Items Depreciation at 31 December 2020				<u>249,751</u>
profit before tax				4,849,476
Tax				<u>(1,694,161)</u>
Net profit for the year				<u>3,155,315</u>

6. Net interest income

	The nine months ended		The three months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
<u>Interest income from loans and similar income:</u>				
Loans and advances :				
- banks	26,883	17,993	11,576	5,331
- customers	8,527,567	8,272,357	3,004,533	2,836,427
Total	8,554,450	8,290,350	3,016,109	2,841,758
Deposits and current accounts	938,537	1,263,903	284,298	268,526
Investments in debt instrument at fair value through other comprehensive income and amortized cost	7,252,600	5,784,641	2,662,570	1,999,551
Total	16,745,587	15,338,894	5,962,977	5,109,835
<u>Interest expense of deposits and similar charges:</u>				
Deposits and current accounts:				
- banks	(295,607)	(215,422)	(104,872)	(104,529)
- customers	(8,544,698)	(7,455,947)	(3,105,455)	(2,333,294)
Total	(8,840,305)	(7,671,369)	(3,210,327)	(2,437,823)
Other	(173,052)	(130,476)	(60,334)	(49,889)
Total	(9,013,357)	(7,801,845)	(3,270,661)	(2,487,712)
Net Interest income	7,732,230	7,537,049	2,692,316	2,622,123

7. Net fee and commission income

	The nine months ended		The three months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Fees and commissions revenues:				
Fees and commissions related to credit	952,369	697,844	379,372	245,559
Trust and custody fee	17,326	10,919	7,146	4,993
Other fees	572,252	498,558	202,007	171,535
	1,541,947	1,207,321	588,525	422,087
Fees and commissions expenses				
Brokerage service	(143)	(6,005)	(15)	(257)
Other fees	(110,822)	(48,397)	(43,343)	(22,450)
Total	(110,965)	(54,402)	(43,358)	(22,707)
Net income from Fee and commissions	1,430,982	1,152,919	545,167	399,380

8. Dividend income

	The nine months ended		The three months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Securities at fair value through other comprehensive income	62,594	38,508	57,967	1,653
Subsidiaries and Associate companies	41,496	24,291	--	6,941
Total	104,090	62,799	57,967	8,594

9. Net trading income

	The nine months ended		The three months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Debt instruments for trading	11,994	14,893	7,172	600
Valuation Differences in investment at fair value through profit and loss	3,865	3,619	1,435	1,257
Valuation Differences in Currency Swap Contracts	(2,863)	8,035	(427)	(1,990)
Total	12,996	26,547	8,180	(133)

10. Administrative expense

	The nine months ended		The three months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Employees cost				
Wages and salaries*	(2,039,686)	(1,751,850)	(689,150)	(595,075)
Social insurance	(106,065)	(88,249)	(35,698)	(29,956)
Other retirement benefit (Note 31)	(229,931)	(214,712)	(76,644)	(71,571)
	(2,375,682)	(2,054,811)	(801,492)	(696,602)
Other administrative expenses	(1,766,456)	(1,446,772)	(642,158)	(608,215)
Total	(4,142,138)	(3,501,583)	(1,443,650)	(1,304,817)

*The current period and comparative figures includes EGP 11,250 thousand representing the Bank's share in the contributions of the Bank's Special Insurance fund (3,750 thousand every three months).

11. Other operating revenues (expenses)

	The nine months ended		The three months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Gains of translated monetary assets and liabilities in foreign currencies other than classified as held for trading items	165,273	181,827	53,265	84,357
Gains of sale property and equipment	2,618	23	2,615	3
Other provisions reversed (note : 23&29)	51,482	115,138	1,304	65,666
Other provisions charged (note : 23&29)	(204,196)	(181,061)	479	(39,839)
Other	9,602	9,530	4,387	2,590
Total	24,779	125,457	62,050	112,777

12. (charged) reversed of expected credit losses

	The nine months ended		The three months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Loans and advances to customers	(1,128,275)	(1,644,607)	(550,849)	(589,747)
Due from Banks	6,044	(6,918)	757	21,739
Financial investments at fair value through OCI	103,566	(50,698)	47,580	(7,190)
Loans and advances to banks	(10,365)	(4,845)	(5,275)	(1,236)
Total	(1,029,030)	(1,707,068)	(507,787)	(576,434)

13. Income tax expense

	The nine months ended		The three months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Current tax	(1,643,724)	(1,305,275)	(555,924)	(438,555)
Deferred tax (Note 30)	21,532	(1,911)	(6,734)	858
Total	(1,622,192)	(1,307,186)	(562,658)	(437,697)
Profit before income tax	4,325,735	3,830,145	1,448,587	1,259,668
Tax Rate	22,50%	22,50%	22,50%	22,50%
Income tax calculated on accounting profit	973,290	861,783	325,932	283,425
Expenses are not deductible	648,902	445,403	236,726	154,272
Net tax	1,622,192	1,307,186	562,658	437,697
Effective tax rate	37.50%	34.13%	38.84%	34.75%

14. The basic / weighted earnings per share

The earnings per share is calculated by dividing the profit of shareholder equity by weighted average of common stock issued during the period.

	The nine months ended		The three months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Net profit for the period attributable to distribution	2,703,543	2,522,959	885,929	821,971
The Common / weighted average number of shares	2,625,000	2,449,818	2,625,000	2,625,000
Earnings per share basic / weighted	1.03	1.03	0.34	0.31

15. Cash and balances at Central Bank

	30 September 2021	31 December 2020
Cash*	6,989,457	3,538,719
Balances at Central Bank within the mandatory reserve ratio	4,766,130	9,368,285
Total	11,755,587	12,907,004
Non-interest bearing balances	11,755,587	12,907,004
Current balances	11,755,587	12,907,004

*The Cash balance include foreign currencies banknote for exports amounted to EGP 1,333 million as of 30 September 2021 (31 December 2020: EGP zero million)

16. Due from Banks

	30 September 2021	31 December 2020
Current Accounts	348,292	209,194
Deposits	29,680,563	24,756,184
ECL provision for due from banks	(3,274)	(9,334)
Net	30,025,581	24,956,044
Central Bank of Egypt	13,644,123	8,188,470
Local Banks	13,204,776	12,824,165
Foreign Banks	3,179,956	3,952,743
ECL provision for due from banks	(3,274)	(9,334)
Net	30,025,581	24,956,044
Non-interest bearing balances	348,292	209,194
Balances with fixed interest	29,680,563	24,756,184
Total	30,028,855	24,965,378
Current balances	30,028,855	24,965,378

An analysis of the movement in the ECL provision for Due from banks during the period / year.

	30 September 2021	31 December 2020
Balance at the beginning of the period / year	9,334	7,752
(reversed) charged ECL during period / year	(6,044)	1,991
Foreign currencies translation differences of provisions during period / year	(16)	(409)
Balance at the end of the period / year	3,274	9,334

17. Loans and advances to banks

	30 September 2021	31 December 2020
Term Loans	3,144,404	975,390
Total	3,144,404	975,390
Less: Expected credit loss provision	(17,802)	(7,438)
Net loans and advances to banks	3,126,602	967,952
 Current balances	 2,733,923	 --
Non-Current balances	410,481	975,390
Total	3,144,404	975,390

An analysis of the movement on the ECL provision for loans and advances to banks during the period / year:

	30 September 2021	31 December 2020
Balance at the beginning of the period / year	7,438	1,168
Charged ECL during period / year	10,365	6,333
Foreign currencies translation differences of provisions during the period / year	(1)	(63)
Balance at the end of the period / Year	17,802	7,438

18. Loans and advances to customers

	30 September 2021	31 December 2020
Retail		
Overdraft accounts	1,363,082	1,870,004
Credit cards	650,891	575,750
Personal loans	37,875,378	35,115,676
Mortgage loans	2,653,843	2,529,771
Total	42,543,194	40,091,201
Corporate including small loans for economic activities		
Overdraft accounts	29,277,594	22,410,002
Direct loans	15,362,943	15,480,117
Syndicated loans	14,425,311	13,710,080
Discount documents	615,965	125,456
Total	59,681,813	51,725,655
Total loans and advances to customers	102,225,007	91,816,856
Expected credit loss provision	(7,796,139)	(6,784,754)
Unearned discount of documents / unearned interest	(16,423)	(11,639)
Net loans and advances to customers	94,412,445	85,020,463
 Total is distributed as follow:-		
Current balances	38,177,011	30,863,820
Non-current balances	64,047,996	60,953,036
Total	102,225,007	91,816,856

An analysis of the movement on the ECL provision for loans and advances to customers during period / year:

	30 September 2021	31 December 2020
Balance at the beginning of the period / year	6,784,754	4,553,736
Expected credit loss charged during the period / year	1,128,275	2,391,583
provision used from written off during financial period / year	(137,821)	(137,021)
Proceeds from written off debts during period / year	27,397	20,662
Foreign currencies translation of provisions differences during period / year	(6,466)	(44,206)
Balance at the end of the period / year	7,796,139	6,784,754

	30 September 2021			31 December 2020		
	Corporate	Retail	Total	Corporate	Retail	Total
Balance at the beginning of the period / year	5,232,313	1,552,441	6,784,754	3,813,519	740,217	4,553,736
Expected credit loss charged during the period / year	565,450	562,825	1,128,275	1,500,211	891,372	2,391,583
provision used from written off during financial period / year	(1,570)	(136,251)	(137,821)	(39,054)	(97,967)	(137,021)
Proceeds from written off debts during period / year	2	27,395	27,397	1,841	18,821	20,662
Foreign currencies translation differences of provisions during the period / year	(6,466)	--	(6,466)	(44,204)	(2)	(44,206)
Balance at the end of the period / year	5,789,729	2,006,410	7,796,139	5,232,313	1,552,441	6,784,754

19. Financial derivatives

	30 September 2021		
	Contractual amount / default	Asset	Liabilities
Derivatives held for trading			
Currency forwards	265,239	1,884	5,606
Currency swaps	--	--	--
Total	265,239	1,884	5,606

	31 December 2020		
	Contractual amount / default	Asset	Liabilities
Derivatives held for trading			
Currency forwards	194,806	2,571	2,265
Currency swaps	76,795	--	1,165
Total	271,601	2,571	3,430

20. Financial investment

Financial investments at fair value through other comprehensive income

	30 September 2021	31 December 2020
a) Debt Instruments		
- Listed debt instruments (at fair value-Stage2)	20,616,338	15,697,400
b) Treasury bills unlisted		
- Treasury bills at fair value – local currency (Stage 2)*	25,828,629	27,853,923
- Treasury bills– foreign currency	7,793,204	7,520,851
Total Treasury bills at fair value	33,621,833	35,374,774
c) Equity instruments		
- Listed instruments (at fair value-Stage1)	1,069,311	1,054,448
- Unlisted instruments (cost)**	395,175	395,175
d) Investment Certificates		
- Unlisted Certificate – recoverable cost (at fair value-Stage1)	206,749	194,097
Total financial investments at fair value through other comprehensive income (1)	55,909,406	52,715,894

Financial investments at amortized cost

a) Debt Instruments-at amortized cost		
- Listed debt instruments	37,452,539	20,664,120
- Unlisted debt instruments ***	56,113	56,113
Total financial investments at amortized cost (2)	37,508,652	20,720,233

Financial investments at fair value through profit and loss

Investment Certificates

- Unlisted Certificate – recoverable cost (at fair value-Stage1)	56,773	52,909
Total financial investments at fair value through profit and loss (3)	56,773	52,909
Total financial investments (1)+(2)+(3)	93,474,831	73,489,036

Current balances	43,959,460	40,217,989
Non-current balances	49,515,371	33,271,047
Total	93,474,831	73,489,036
Fixed interest debt instruments	88,633,974	69,464,058
floating interest debt instruments	2,187,584	2,328,349
Without interest debt instruments	925,265	--
Total	91,746,823	71,792,407

* Treasury bills at fair value – local currency include mortgaged treasury bills for Central Bank of Egypt due to Mortgage, Machines and equipment and its face value amounted to EGP 1,932,800 thousands as of 30 September 2021 (31 December 2020: EGP 1,964,275 thousands)

** The following are the financial investments - unlisted equity instruments that are measured at cost:

	30 September 2021	31 December 2020
African export – import bank	278,432	278,432
Misr – Europe Bank	84,218	84,218
Arab Financial services company	2,420	2,420
Credit guarantee company	1,364	1,364
Taba Tourism development Co.	2,250	2,250
I-Score company	1,848	1,848
Misr for central clearing	113	113
Arab trade financing program –ATFP	11,028	11,028
Other companies	13,502	13,502
Total	395,175	395,175

***Amount paid to the ministry of finance prepaid for the purchase of treasury bonds, in accordance with the presidential decision No, 1112 for year 1974 which stated that 5% from distribution net profit to the public sector should be invested in governmental bonds or deposit it in an account in the ministry of finance, it was deposited in an account in the ministry of finance with 3.5% interest annual, executing of this decision.

The following movements on financial investments through the period / year:

	<u>Financial investments at fair value through other comprehensive income</u>	<u>Financial investments at amortized cost</u>	<u>Total</u>
Balance of 1/1/2021	52,715,894	20,720,233	73,436,127
Additions	110,293,951	19,488,080	129,782,031
Disposals (sales / redemption)	(106,681,555)	(2,704,258)	(109,385,813)
Translation differences resulting from monetary assets	(73,007)	--	(73,007)
Net changes in the fair value	(100,390)	--	(100,390)
Amortization of (premium) and discount of issuance	(245,487)	4,597	(240,890)
Balance as at 30 September 2021	55,909,406	37,508,652	93,418,058
	<u><u>Financial investments at fair value through other comprehensive income</u></u>	<u><u>Financial investments at amortized cost</u></u>	<u><u>Total</u></u>
Balance of 1/1/2020	40,738,519	18,943,019	59,681,538
Additions	163,333,518	6,969,161	170,302,679
Disposals (sales / redemption)	(151,063,584)	(5,200,401)	(156,263,985)
Translation differences resulting from monetary assets	(84,331)	--	(84,331)
Net changes in the fair value	325,452	--	325,452
Amortization of (premium) and discount of issuance	(533,680)	8,454	(525,226)
Balance as at 31 December 2020	52,715,894	20,720,233	73,436,127

Gains (losses) on financial investments

	The nine months ended		The three months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Transferred from FV reserve resulting from selling financial investments	--	947	--	--
Gain from selling Treasury bills	30,969	72,216	15,234	4,320
Gain from selling debt instruments at fair value through OCI	157,064	82,113	14,534	231
Reverse (loss) impairment of associates	2,708	(21,251)	3,491	(6,373)
Gain from selling of associates	1,085	--	1,085	--
Total	191,826	134,025	34,344	(1,822)

21. Investment in Subsidiary and Associate Companies

30 September 2021 Company	Currency	Country of residence	period	Assets	Liabilities	Revenues	Profit/(Loss)	Share %	Value of the investment in EGP
Cairo Bank Uganda	USHS	Uganda	09/2021	1,005,627	751,530	98,440	(12,658)	99.99	237,811
Cairo leasing	EGP	Egypt	09/2021	2,209,959	1,942,882	727,182	34,203	97.99	215,598
Digital and electronic payments company	EGP	Egypt	09/2021	--	--	--	--	99.99	62,000
Guards company for Security and guarding	EGP	Egypt	09/2021	15,413	5,566	30,534	2,101	40	2,880
Nile Holding Company for Development and Investment	EGP	Egypt	09/2021	258,915	367	6,620	327	33.33	50,000
Financial Sector Mutual Fund	EGP	Egypt	09/2021	138,615	6,285	16,301	5,859	46.28	61,237
Egy Serv for Postal Services	EGP	Egypt	09/2021	142,482	57,080	267,387	39,735	40	72,320
Port Said National Company for food security *	EGP	Egypt	2017	--	--	--	--	--	--
Total				3,771,011	2,763,710	1,146,464	69,567	--	701,846

31 December 2020 Company	Currency	Country of residence	Year	Assets	Liabilities	Revenues	Profit/(Loss)	Share %	Value of the investment in EGP
Cairo Bank Uganda	USHS	Uganda	12/2020	942,156	705,530	115,640	(11,469)	99.99	215,515
Cairo leasing	EGP	Egypt	12/2020	1,799,796	1,551,833	527,919	32,919	97.99	195,999
Guards company for Security and guarding	EGP	Egypt	12/2020	11,112	5,019	32,856	1,293	40	1,920
Nile Holding Company for Development and Investment	EGP	Egypt	12/2020	244,335	1,182	14,203	6,096	33.33	50,000
Financial Sector Mutual Fund	EGP	Egypt	12/2020	132,724	6,244	11,646	(27,871)	46.28	58,529
Egy Serv for Postal Services	EGP	Egypt	12/2020	162,411	79,982	312,013	33,316	40	72,320
Port Said National Company for food security **	EGP	Egypt	2017	3,213	660	--	7	34	--
Total				3,295,747	2,350,450	1,014,277	34,291	--	594,283

* Investments have been sold.

** Investments have been considered impaired in prior years.

-The following table shows the structure of subsidiaries & associates shareholders at 30 September 2021.

<i>Company</i>	<u>Cairo Bank Uganda</u>	<u>Cairo leasing</u>	<u>Guards company for security and guarding</u>	<u>Nile Holding Company</u>	<u>Financial Sector Mutual Fund</u>	<u>Egy Serv for Postal Services</u>	<u>Digital and electronic payments company</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Bank Du Caire	99.99	97.99	40	33.33	46.28	40	99.99
National Bank of Egypt	--	--	--	33.33	--	40	--
Misr Bank	--	--	--	33.34	--	--	--
Misr Insurance Co.	--	--	--	--	24.26	--	--
Misr Life Insurance Co.	--	--	--	--	29.46	--	--
Principle Bank for Development & Agricultural Credit.	--	--	--	--	--	--	--
National Security Sector	--	--	30	--	--	--	--
Insurance Fund for employee at banque du caire	--	2	30	--	--	--	--
Other (Individuals & Corporate)	0.01	0.01	--	--	--	20	0.01
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

22. Intangible Assets

Intangible assets represent the Bank's computer software programs as following:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Beginning balance of the period / year		
Cost	282,795	151,480
Accumulated amortization	(143,909)	(111,602)
Net book value at the beginning of the period / year	138,886	39,878
Additions during the period / year	59,695	131,315
Amortization for the period / year	(53,161)	(32,307)
Net book value at the end of the period / year	145,420	138,886

23. Other Assets

	<u>30 September 2021</u>	<u>31 December 2020</u>
Accrued revenues	3,164,375	2,210,594
Prepaid expenses	312,402	302,774
Advanced payments under purchase of fixed assets	1,773,342	1,093,498
Assets reverted to the bank in settlement of debts.	6,835	6,835
Insurance and custodies	47,186	24,027
Clearing transactions	360,076	228,366
Tax authority	195,945	177,722
Other debit balances	1,509,156	1,736,482
Impairment Provision for other assets	(214,128)	(212,868)
Total	<u>7,155,189</u>	<u>5,567,430</u>

An analysis of the movement on the impairment provision for other assets during the period / year as following:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Balance at the beginning of the period / year	212,868	153,078
Impairment charged at income statement of the period / year	1,840	61,642
Reversed during the period / year	(404)	--
Provision used during period / year	(176)	(1,852)
Balance at the end of period / year	<u>214,128</u>	<u>212,868</u>

24. Fixed assets

	<u>Land</u>	<u>Buildings & Constructions</u>	<u>Integrated automated systems</u>	<u>Vehicles</u>	<u>Machinery & Equipment</u>	<u>Furniture</u>	<u>Fixtures & fittings</u>	<u>Fixtures & fittings rental</u>	<u>Total</u>
Balances at 01/01/2020									
Cost	271,313	441,461	823,462	55,360	50,889	144,257	302,637	72,154	2,161,533
Accumulated depreciation	--	(348,588)	(470,073)	(32,952)	(41,077)	(89,993)	(130,188)	(13,899)	(1,126,770)
Net book value	271,313	92,873	353,389	22,408	9,812	54,264	172,449	58,255	1,034,763
Additions	20,928	93,968	117,782	--	21,709	48,172	102,233	92,567	497,359
Disposals	--	(309)	(4,404)	(159)	--	(72)	(29)	--	(4,973)
Disposals' accumulated depreciation	--	309	4,404	111	--	72	16	--	4,912
Depreciation	--	(13,680)	(98,832)	(8,971)	(4,420)	(20,248)	(47,825)	(25,644)	(219,620)
Net book value at 31 December 2020	292,241	173,161	372,339	13,389	27,101	82,188	226,844	125,178	1,312,441
Balances at 01/01/2021									
Cost	292,241	535,120	936,840	55,201	72,598	192,357	404,841	164,721	2,653,919
Accumulated depreciation	--	(361,959)	(564,501)	(41,812)	(45,497)	(110,169)	(177,997)	(39,543)	(1,341,478)
Net book value	292,241	173,161	372,339	13,389	27,101	82,188	226,844	125,178	1,312,441
Net book value at 01/01/2021	292,241	173,161	372,339	13,389	27,101	82,188	226,844	125,178	1,312,441
Additions	13,413	39,827	117,250	788	1,962	44,073	131,163	29,740	378,216
Transfers*	8,056	(8,056)	--	--	--	1,372	(1,372)	--	--
Disposals	--	--	(14,457)	(1,003)	(982)	(2,347)	(155)	--	(18,944)
Disposals' accumulated depreciation	--	--	14,457	1,003	982	2,334	155	--	18,931
Transfers' accumulated depreciation	--	--	--	--	--	(23)	23	--	--
Depreciation	--	(11,110)	(90,497)	(5,541)	(5,606)	(21,437)	(46,661)	(26,072)	(206,924)
Net book value at 30 September 2021	313,710	193,822	399,092	8,636	23,457	106,160	309,997	128,846	1,483,720
Balances at 30 September 2021									
Cost	313,710	566,891	1,039,633	54,986	73,578	235,455	534,477	194,461	3,013,191
Accumulated depreciation	--	(373,069)	(640,541)	(46,350)	(50,121)	(129,295)	(224,480)	(65,615)	(1,529,471)
Net book value at 30 September 2021	313,710	193,822	399,092	8,636	23,457	106,160	309,997	128,846	1,483,720

* Represents transfers among categories.

- Fixed assets include specifically (land & buildings) unregistered assets by an amount EGP 371,833 thousand, legal procedures are being undertaken to register them.
- The cost of depreciation includes the value of which is charged to the deferred revenue account, and represents the cost of depreciation of the gifted asset to the bank.

25. Due to Banks

	30 September 2021	31 December 2020
Current accounts	733,475	346,080
Deposits	13,969,128	13,070,746
Total	14,702,603	13,416,826
Central Bank of Egypt	1,706,612	1,751,111
Local Banks	2,383,678	1,410,176
Foreign Banks	10,612,313	10,255,539
Total	14,702,603	13,416,826
Non-interest bearing balances	733,475	346,080
Balances with Fixed interest	13,969,128	13,070,746
Total	14,702,603	13,416,826
Current balances	14,702,603	13,416,826

26. Customers' deposits

	30 September 2021	31 December 2020
Demand deposits	26,765,872	20,807,395
Term and notice deposits	57,081,194	37,374,398
certificates of Savings and deposits	72,031,873	65,251,596
Saving deposits	35,138,587	37,021,117
Other deposits	2,197,611	2,322,845
Total	193,215,137	162,777,351
Corporate deposits	74,608,115	51,735,518
Retail deposits	118,607,022	111,041,833
Total	193,215,137	162,777,351
Non-interest bearing balances	23,906,040	19,522,411
Balances with fixed interest	169,309,097	143,254,940
Total	193,215,137	162,777,351

27. Other loans

	<u>Currency</u>	<u>Interest rate %</u>	<u>30 September 2021</u>	<u>31 December 2020</u>
The Medium, Small and Micro Enterprise Development Agency Loan	EGP	7.60-7.65-7.75-8.75 9.5-9.75-10.5%	1,740,296	1,584,291
Arabic Trade financing program	US Dollar	Libor 6M+ 2.25% P.A	7,856	23,598
Arab economic development fund loan-Kuwait	US Dollar	3.00% P.A	785,610	471,963
Sanad fund for SMSE (subordinated loan)*	US Dollar	Libor 6M + 5% P.A	471,366	471,963
Green for growth fund	US Dollar	Libor 6M + 3.10% P.A Libor 6M + 2.85% P.A	350,005	364,733
European bank for investments	US Dollar	0.88-1.03%	1,571,220	1,573,210
European bank for reconstruction and development	US Dollar	Libor 6M + 2% P.A	785,610	--
P.V of CBE subordinated deposit**	EGP		905,909	803,509
P.V of Banque Misr subordinated deposit***	EGP		1,600,841	1,474,864
Total			8,218,713	6,768,131
Current balances			557,267	504,223
Non- current balances			7,661,446	6,263,908
Total			8,218,713	6,768,131

* Banque Du Caire has been granted a subordinated loan from Sanad fund by amount USD 30 Million for 10 years with interest Libor 6M + 5% P.A

** Banque Du Caire has been granted a subordinated deposit from CBE by amount EGP 2 Billion for 10 years without any interest or commission to meet the requirements of capital adequacy standard from 23/8/2016 due to 22/8/2026.

*** Banque Du Caire has been granted a subordinated deposit from Banque Misr by amount EGP 3 Billion for 7 years from 30/06/2020 due to 29/06/2027 to support the bank's capital base.

28. Other Liabilities

	<u>30 September 2021</u>	<u>31 December 2020</u>
Accrued interest	1,447,434	765,513
Prepaid revenues	126,742	126,507
Accrued expenses	228,891	228,938
Clearing transactions	1,315,842	304,719
Tax authority	589,120	512,461
Creditors banknote- export foreign currencies	704,793	--
Creditors	111,362	131,482
Other credit balances	1,238,046	538,595
Total	5,762,230	2,608,215

29. Other Provisions

	30 September 2021	31 December 2020
Balance at the beginning of period / year	584,546	615,161
Foreign currency exchange differences	(2,032)	(3,532)
Provision charged to income statement during the period / year	202,356	151,319
Reversed during the period / year	(51,078)	(125,999)
Utilized during the period / year	(47,812)	(52,475)
Proceed during the period / year	10,387	72
Balance at the end of the period / year	696,367	584,546
Other provisions details:	30 September 2021	31 December 2020
Provision for operation risks	7,786	7,469
Provision for legal claims	209,308	255,235
Provision for other claims	35,553	24,299
Provision for tax claims	157,689	168,594
Expected credit losses Provision for contingent liabilities-corporate	264,961	104,021
Expected credit losses Provision for contingent liabilities-SMEs	18,556	23,562
Expected credit losses Provision for contingent liabilities-Due from Banks	2,514	1,366
Total	696,367	584,546

30. Deferred income tax

Deferred income tax was fully recognized on the temporary difference according to the obligation method using tax rate 22.5%.

Clearing is made between assets and deferred liabilities if the bank has legal rights to make clearing between assets and deferred tax liabilities if they both have to be settled with the same tax administration.

Deferred tax assets (liabilities)

Deferred tax assets and liabilities resulting from temporary differences attributable to the following:

	Deferred tax assets	Deferred tax liabilities
	30 September 2021	30 September 2021
Fixed assets	--	(147,513)
provisions (other than the provision for loan ECL)	385,570	--
Total deferred tax assets (liabilities)	385,570	(147,513)
Net deferred tax assets (liabilities)	238,057	--
Movement during the period	30 September 2021	30 September 2021
Beginning of period balance	370,637	(155,120)
Additions/exclusions	14,933	7,607
End of period balance	385,570	(147,513)
Unrecognized deferred taxes assets (before tax)	30 September 2021	31 December 2020
Unrecognized deferred taxes assets for these items:		
Expected Credit Loss provision other than 80%	1,559,584	1,358,438
Other provisions	428,968	382,721
Total	1,988,552	1,741,159

31. Retirement benefit liabilities

	30 September 2021	31 December 2020
<u>Liabilities included in the financial position</u>		
Medical benefits after retirement	1,350,579	1,246,565
<u>Recognized in income statement</u>		
Medical benefits after retirement	229,931	286,282
<u>Amount recognized in financial position represented in</u>		
Present value of unfinanced liabilities	1,868,456	1,843,140
Unrecognized auctorial losses	(517,877)	(596,575)
Balance included in financial position	1,350,579	1,246,565
<u>Liabilities movement during the period / year</u>		
Beginning balance of period / year	1,246,565	1,083,573
Current service cost	28,087	32,566
Interest cost	188,685	226,585
Recognized auctorial losses	13,159	27,131
Paid benefits	(125,917)	(123,290)
Ending balance of period / year in financial position statement	1,350,579	1,246,565
<u>Amount recognized in income statement represented in</u>		
Current service cost	28,087	32,566
Interest cost	188,685	226,585
Recognized auctorial losses	13,159	27,131
Ending balance (included in the cost of employees note 10)	229,931	286,282

32. Issued and paid up capital

A- Issued and Paid Capital

The Bank's authorized capital amounted to EGP 10 billion. The issued capital amounted to EGP 5,250 billion divided into 2,625,000 thousand shares with a par value of EGP 2 each share.

B- Amounts paid under capital increase

- On 11 July 2021, Banque du Caire extraordinary general assembly convened and approved to:

- Amending the text of Article Six of the bank's basic articles, which relates to the bank's authorized, issued capital and the structure of bank's shareholders.
- Increasing the authorized capital from EGP 10 billion to EGP 20 billion.
- Increasing the bank's issued and paid-up capital by EGP 4,750 billion, to become after the increase EGP 10 billion instead of EGP 5,250 billion, and the legal procedures are being completed and registration in the commercial register is underway.

33. Reserves and retained earnings

<u>Reserves</u>	<u>30 September 2021</u>	<u>31 December 2020</u>
General reserve	184,253	184,253
General Banking Risk Reserve*	600,453	682,204
Legal reserve	1,041,015	883,257
Capital reserve	272,619	272,462
Regular reserve	438,930	438,930
Fair value reserve – financial investments at fair value through other comprehensive income	61,465	510,265
Expected credit loss for Debt instrument at fair value through other comprehensive income	110,763	215,496
General risk reserve**	68,481	68,481
Total reserve	<u>2,777,979</u>	<u>3,255,348</u>

* General Banking Risk Reserve at 30 September 2021 consists of EGP 4,795 thousand, represented of reserve formed for Assets reverted to the bank in settlement of debts and hadn't been sale for 5 years, and amount to EGP 595,658 thousand while the gap between Expected Credit Loss for Loans and Contingent Liabilities according to Obligors Risk Rating Percentages as per Central Bank of Egypt.

** Formed according to the Central Bank's instructions issued in 26 February 2019.

Movement through the period at reserves

a) General banking risk reserves

	<u>30 September 2021</u>	<u>31 December 2020</u>
Beginning balance for the period / year	682,204	4,795
Transferred from retained earnings	--	677,409
Transferred to retained earnings	(81,751)	--
Ending balance at the end of the period / year	<u>600,453</u>	<u>682,204</u>

b) Legal reserves

	<u>30 September 2021</u>	<u>31 December 2020</u>
Beginning balance for the period / year	883,257	685,947
Transferred from profit during the previous year	157,758	197,310
Ending balance at the end of the period / year	<u>1,041,015</u>	<u>883,257</u>

In accordance with the Bank's Articles of Association and Law No. 159 of 1981, 5% of the net profit for the year is reserved for the statutory reserve until the balance reaches 50% of the capital, which is a non-distributable reserve.

c) Fair value reserve – financial investment at fair value through other comprehensive income:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Beginning balance for the period / year	510,265	424,605
Net change in fair value for financial investments (after tax)	(448,800)	85,660
Ending balance at the end of the period / year	<u>61,465</u>	<u>510,265</u>

d) Expected credit loss – Debt instrument at fair value through other comprehensive income:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Beginning balance for the period / year	215,496	231,741
(Reverse) of expected credit losses for the period / year	(103,566)	(11,826)
Foreign currency exchange	(1,167)	(4,419)
Ending balance at the end of the period / year	<u>110,763</u>	<u>215,496</u>

The movement in retained earnings is as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
Beginning balance for the period / year	6,355,409	6,126,280
Net profits for the period / year	2,703,543	3,155,315
Transferred from fair value reserve for equity instrument	50	866
Paid dividends	(5,839,000)	(2,050,480)
Transferred from (to) general banking risk reserves	81,751	(677,409)
Transferred to legal reserve	(157,758)	(197,310)
Transferred to capital reserve	(157)	(1,853)
Banking Sector Development Fund	(32,378)	--
Ending balance at the end of the period / year	<u>3,111,460</u>	<u>6,355,409</u>

34. Dividends

Dividends are not recorded nor deducted from retained earnings as a financial liability until it is approved by the shareholder's general assembly, dividends, employee's shares and board of director's bonus will be presented to the general assembly, which will be held to approve end of financial year after which it will be deducted from shareholder's equity under retained earnings for the year through dividends.

35. Cash and cash equivalent

For the presentation of the cash flow statement, cash and cash equivalents include the following balance with maturities of no later than three months from the acquisition date

	<u>30 September 2021</u>	<u>30 September 2020</u>
Cash and balances with the Central Bank	6,989,457	4,103,151
Due from banks	30,028,855	22,532,715
Treasury bills and other governmental notes	2,458,128	1,051,689
Total	<u>39,476,440</u>	<u>27,687,555</u>

36. Contingent Liabilities and Commitments

A- Legal Claims:

There are a number of existing legal cases filed against defaulters to recover all bank rights, there are a number of existing legal cases filed against the bank as of 30 September 2021 where no provision was allocated for this purpose, as there are no expected losses

B- Capital commitments

The bank capital commitments amounted to EGP 834,194 thousand which are represented in purchases of fixed assets and intangible assets and the management have enough confidence of making enough profits and availability of finance to cover those commitments.

Also, the commitments related to financial investments were not yet required to pay until period end including an amount of EGP 511,019 thousand related to financial investments at fair value through other comprehensive income.

C- Commitments related to loans, guarantees, and facilities

	<u>30 September 2021</u>	<u>31 December 2020</u>
Loans commitments	4,896,352	3,833,987
Accepted Documentation	1,550,188	1,163,585
Letters of credit (import)	3,590,109	2,687,252
Letters of credit (export)	338,647	139,798
Letters of guarantee	13,608,111	12,669,891
Total	<u>23,983,407</u>	<u>20,494,513</u>

37. Related party transactions and Associate and subsidiary companies.

- our transaction with Banque Misr (Major Shareholder related party)

	<u>30 September 2021</u>	<u>31 December 2020</u>
<u>Due from banks</u>		
Current accounts	1,101	507
Deposits	3,000,000	3,000,000
<u>Other assets</u>		
Other	22,391	22,432
Accrued revenues	8,250	3,438
<u>Due to banks</u>		
Deposits	363,988	--
<u>Other liabilities</u>		
Accrued Interest	410	--
<u>Other loan</u>		
P.V of Banque Misr subordinated deposit	1,600,841	1,474,864
<u>Owner equity</u>		
Difference between the present value and face value for subordinated deposit	1,399,159	1,525,136

- our transaction with Cairo Bank Uganda (subsidiary company):

	<u>30 September 2021</u>	<u>31 December 2020</u>
<u>Due to banks</u>		
Current accounts	12,234	84,254

- our transaction with Cairo Leasing company (subsidiary company):

	<u>30 September 2021</u>	<u>31 December 2020</u>
<u>Loans and advances to customers</u>		
Corporate loans (Over Drafts)	46,163	52,680
Corporate loans (Direct)	773,059	697,402
<u>Other assets</u>		
Accrued revenues	2,628	3,530
<u>Customers' deposits</u>		
Current accounts	35,511	21,353
Deposits	25,000	25,000

-our transaction with Guards company for Security and guarding (Associate company):

	<u>30 September 2021</u>	<u>31 December 2020</u>
<u>Customers deposits</u>		
Current account	1,801	1

-our transaction with International Postal Services company – Egy serv. (Associate company):

	<u>30 September 2021</u>	<u>31 December 2020</u>
<u>Customers deposits</u>		
Current account	138	180
<u>Other liabilities</u>		
Accrued Interest	274	127

-our transaction with Nile Holding Company for Development and Investment (Associate company):

	<u>30 September 2021</u>	<u>31 December 2020</u>
<u>Customers deposits</u>		
Current account	102	56

38. Banque Du Caire Mutual Funds

A- Banque Du Caire first fund (with accumulated return)

The fund is one of investment activities licensed for the Bank under Capital Market Law No. 95 for the year 1992 and its executive regulations; the fund is managed by Hermes Funds Management Company.

This fund consists of 20 million Certificates amounted to EGP 200 million with face value of EGP 100 each according to the approval from the Capital Market Authority (CMA) on 30 October 1997.

According to Banque du caire first fund's holder meeting dated 13 March 2007 and the approval of the Capital Market Authority the face value was amended to EGP 10 instead of EGP 100 each, the amendments have been effective from June 2007.

The number of outstanding certificates as of 30 September 2021 was 679,241 certificate with a redeemable value of EGP 110.42 each. 500,000 Certificates were allocated to the Bank in the initial offering until 30 September 2021 with total amount of EGP 54,645,000 which should be held by the Bank till the end of the Fund's year as required by laws, it appears as investments in unlisted equity instruments within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 290,156 for period ended 30 September 2021 (30 September 2020: EGP 271,722) which is presented under the item of "other fees and commissions income" in the income statement.

B- Banque Du Caire second fund (Money Market Fund) – daily

Banque Du Caire S.A.E. established the second accumulated daily return fund in Egyptian pound as one of its licensed banking activities under license No. 526 issued by the Egyptian Financial Supervisory Authority on 18 June 2009 according to the capital market regulations law No. 95 for 1992 and its executive regulations. The Fund is managed by Belton for funds Management Company.

The number of certificates in the initial offering amounted to 10 million certificates with a face value of EGP 10 per certificate, the documents in the portfolio of other comprehensive income according to what was allocated during the year from the initial launch of the fund until 30 September 2021 numbered 1,984,302 documents with a book value of EGP 67,961,609. The documents in the trading portfolio according to what was allocated during the year from the initial launch of the fund until 30 September 2021 numbered 1,657,633 certificate with a book value of EGP 56,773,317.

The number of outstanding certificates as of 30 September 2021 was 117,647,987 certificate with a redeemable value of EGP 34.25 each.

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 9,155,858 for period ended 30 September 2021 (30 September 2020: EGP 7,884,974) which is presented under the item of "other fees and commissions income" in the income statement.

C- Principal Bank for Development & Agricultural Credit and Banque du Caire Fund with accumulated return according to Islamic Sharia (Al Wefak)

The Fund is one of the investments activity licensed for the bank under Capital Market Law No. 95 for the year 1992 and its executive regulations.

HC Securities manage the Fund. Which was replaced by CI Assets Management as of 1/4/2021 The number of certificates was 5 million certificate amounted to EGP 50 million with face value EGP 10 each according to the approval No. 625 dated 6 Jan 2011 from the Capital Market Authority (CMA), the fund's year is 25 years from the date of the license.

The number of outstanding certificates as of 30 September 2021 was 612,983 certificate with a redeemable value of EGP 13.96 each. 250,000 Certificates were allocated to the Bank in the initial offering until 30 September 2021 with total amount of EGP 3,450,263 which should be held by the Bank till the end of the Fund's year as required by law, It appears as investments in unlisted equity instruments within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 23,962 for period ended 30 September 2021 (30 September 2020: EGP 23,964) which is presented under the item of "other fees and commissions income" in the income statement.

D- Banque Du Caire Fund for debt instruments (Fixed)

On 8 May 2012 Bank Du Caire's Board of Directors approved to establish Banque Du Caire Fixed Income Fund, and the approval of Central Bank of Egypt was on 15 August 2012, it was decided that subscription offering year is two month starting from 4 December 2012. The fund is managed by CI Asset Management Company. The fund consists of 1 million certificates amounted to EGP 100 million with a face value of EGP100 per certificate each. The number of outstanding certificates as of 30 September 2021 was 90,062 certificate with a redeemable value of EGP 266,54 each. 50,000 Certificates were allocated to the Bank in the initial offering until 30 September 2021 with total amount of EGP 13,417,500 which should be held by the Bank till the end of the Fund's year as required by law, it appears as investments in unlisted equity instruments within financial investments at fair value through other comprehensive income on the same date.

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 102,621 for period ended 30 September 2021 (30 September 2020: EGP 95,108) which is presented under the item of "other fees and commissions income" in the income statement.

39. Important Events

The coronavirus ("COVID-19") has spread across various geographies globally, causing disruption to business and economic activities.

COVID-19 has brought about uncertainties in the global economic environment. Banque du Caire is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

Based on the uncertainties caused by COVID-19 and the following actions taken by the state regarding the co-existence procedures, Banque du Caire is closely monitoring the loan portfolio considering the relevant impact of COVID-19 on the qualitative and quantitative factors where determining the significant increase in Credit Risk is specifically for the exposures of the mostly affected sectors. Accordingly, Banque du Caire is continuing its internal protective action started in Q1 2020 by enhancing the level of provisions as well as the portfolio coverage ratio as a mitigation plan for the COVID-19 impact on the loan portfolio. Further precautionary actions might be taken progressively in the light of the pandemic is not over yet.

On September 15, 2020, the Central Bank of Egypt issued the Law No. 194 of 2020, which repealed Law No. 88 of 2003 of the "Central Bank, Banking Sector and Monetary System.

The law applies for the Central Bank of Egypt and the Egyptian banking system. The addressees are bound by the provisions of the law to adjust their positions in accordance with its provisions, within a period not exceeding one year from the date of its implementation, and the Board of Directors of the Central Bank may extend this period for a period or for other periods not exceeding two years, The Central Bank have to issues a regulations and decisions implementing which related to its law.

It also stipulated that the bank's financial statements are prepared every three months A summary of the auditor's report is attached to these lists Accounts are in accordance with the Egyptian Auditing Standards and the Bank's Board of Directors Report. These lists are published in one daily newspaper and on the website Per bank.

On 4/5/2021 Banque du Caire established the digital and electronic payments Company, after obtaining approvals from the regulatory authorities, the percentage of Banque du Caire reached 99.99% as the company hasn't issued any financial statements so far.

- On 11 July 2021, Banque du Caire extraordinary general assembly convened and approved to:

- Amending the text of Article Six of the bank's basic articles, which relates to the bank's authorized, issued capital and the structure of bank's shareholders.
- Increasing the authorized capital from EGP 10 billion to EGP 20 billion.
- Increasing the bank's issued and paid-up capital by EGP 4.750 billion, to become after the increase EGP 10 billion instead of EGP 5.250 billion, and the legal procedures are being completed and registration in the commercial register is underway.

On 11 July 2021, Banque du Caire general assembly approved on pay dividends for the bank's shareholders from the retained earnings.

40. Tax Position

40-1 Income tax

- Years from beginning of the activity till 2016

Inspection and payment of Income tax has been done from the beginning of the activity till 2016 and waiting issuance of form 9 related to years 2011 – 2012 – 2015 -2016 except for years 1991/1992 the bank has paid tax differences amounts and raised lawsuit and the case is still pending before the courts.

- For years 2017, 2018

under examination.

- For Years 2019, 2020

The tax return has been presented in its time without tax entitlement.

40-2 Stamp Duty

- For the period before 31/07/2006

Receiving tax assessment forms for our Bank branches for this period.

- From the beginning of activity till 31/12/2016

The Examination finished for these periods.

- Years from 2017 till 2019

The Examination finished and transfer some items to internal committee.

- For Year 2020:

The bank pays the accrued stamp regularly every quarter and on the legal dates and has not requested for examination yet.

40-3 Salary Tax

- The period from the beginning of the activity till 2018

Payment and settlement have been done for that period.

- The years 2019,2020

The bank pays the tax monthly and submits the returns on the legal dates.

40-4 Sales Tax & Vat

- The period from 2002 to 2015

The years have been inspected and the bank paid the due tax, and challenged the incoming claims in the legal deadlines and the dispute is still pending before the administrative judiciary.

- The period from 2016 till 09-2021

Our Bank hedges at discretionary items which may be subject to tax and till the registration from our bank on it, as our bank is not addressed to the sales tax and registration in it was by mistake and also not to be subject to the banking business value added tax in accordance with article No.33 of the provisions of Law 67 of 2016 and there is no examination requested yet.

Note that our bank is committed to paying the reverse tax return and submitting a zero value-added tax endorsement.

40-5 Real estate Tax

Our bank hedges the real estate tax estimated on all the real estate owned by the bank including assets reverted to the bank since 01/07/2013 until now.

41. Translation

These financial statements are a translation into English from the original Arabic statements.
The original Arabic statements are the official financial statements.

Chief Financial Officer
Mohamed Ibrahim



Chairman & CEO
Tarek Fayed

