



**Suez Canal Bank S.A.E**  
**Financial Statements**  
**As at 30 September 2021**  
**And Limited Review Report**



**KPMG Hazem Hassan**  
**Public Accountants & Consultants**



**BDO Khaled & Co**  
**Public Accountants & Advisers**



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*Translation of Auditor's Report  
originally issued in Arabic*

## **Limited Review Report on Interim Financial Statements**

**To the Board of Directors of  
Suez Canal Bank (S.A.E.)**

### **Introduction**

We have performed a limited review for the accompanying statement of financial position of Suez Canal Bank (S.A.E.) as at 30 September 2021 and the related statements of income, comprehensive income, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible, for the preparation and fair presentation of these interim financial statements in accordance with the Central Bank of Egypt's rules pertaining to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on 16 December 2008 as amended by the regulations issued on 26 February 2019 and the related Egyptian laws and regulations. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

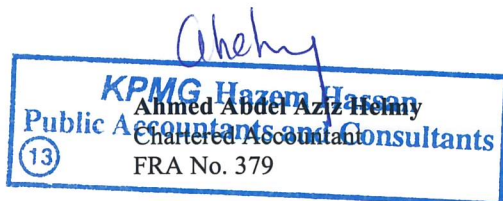
### **Scope of Limited Review**

We conducted our limited review in accordance with Egyptian Standard on Review Engagements No. 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

### **Conclusion**

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

### **Auditors**



**KPMG Hazem Hassan**

Cairo, 11 November 2021




**BDO Khaled & Co.**



		30 September 2021	31 December 2020
	Note	EGP. 000	EGP. 000
<b>Assets</b>			
Cash and due from Central Bank of Egypt	(15)	6 494 733	1 412 178
Due from banks	(16)	7 925 953	10 713 865
Treasury bills and other governmental notes	(17)	1 603 673	6 535 095
Loans and credit facilities to customers	(18)	21 312 193	17 768 221
<b>Financial investment</b>			
- Fair value through other comprehensive income	(19)	11 952 543	10 224 341
- Amortized cost	(19)	3 975 577	4 137 062
- Fair value through profit or loss	(19)	285 532	358 477
Investments in associates	(20)	156 217	128 783
Intangible assets	(21)	29 616	30 960
Other assets	(22)	2 670 855	2 280 835
Property, plant and equipment	(23)	793 484	797 678
<b>Total assets</b>		<b>57 200 376</b>	<b>54 387 495</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Due to banks	(24)	2 712 221	4 416 319
Customer deposits	(25)	48 836 002	44 343 742
Other loans	(26)	581 466	777 550
Other liabilities	(27)	809 225	848 151
Other provisions	(28)	11 510	15 639
Deferred tax liabilities	(29)	120 992	118 218
<b>Total liabilities</b>		<b>53 071 416</b>	<b>50 519 619</b>
<b>Equity</b>			
Paid-in capital	(30)	2 200 000	2 000 000
Retained amount for capital increase	(30)	704 326	200 000
Reserves	(31)	257 557	258 774
Difference between PV and face value for subordinate deposits	(32)	20 811	25 027
Retained earnings	(33)	946 266	1 384 075
<b>Total equity</b>		<b>4 128 960</b>	<b>3 867 876</b>
<b>Total liabilities and equity</b>		<b>57 200 376</b>	<b>54 387 495</b>

The attached notes from page (8) to page (41) are an integral part of these financial statements and to be read therewith.  
 (Limited review report attached)

  
**Tamer Abdelwahed**  
 Chief Financial Officer

  
**Hussein Ahmed Refaie**  
 Chairman and Managing Director



	Note	From 1 July 2021 To 30 September 2021 EGP. 000	From 1 January 2021 To 30 September 2021 EGP. 000	From 1 July 2020 To 30 September 2020 EGP. 000	From 1 January 2020 To 30 September 2020 EGP. 000
Interest income from loans and similar income	(6)	1 059 070	3 191 775	1 066 734	3 245 788
Interest expenses of deposits and similar expenses	(6)	( 682 305)	(2 051 514)	( 662 076)	(2 079 147)
<b>Net interest income</b>		<b>376 765</b>	<b>1 140 261</b>	<b>404 658</b>	<b>1 166 641</b>
Fees and commissions income	(7)	52 766	167 375	43 371	147 010
<b>Net interest, fees and commissions income</b>		<b>429 531</b>	<b>1 307 636</b>	<b>448 029</b>	<b>1 313 651</b>
Dividends income	(8)	1 793	9 846	632	8 947
Net trading income	(9)	31 141	116 505	37 547	101 739
Gain on financial investments	(19)	22 592	88 713	37 850	186 202
Gain from investments in associates	(20)	1 328	26 648	12 004	26 555
Impairment charges for credit losses	(13)	( 17 784)	( 160 214)	( 63 422)	( 259 353)
Administrative expenses	(10)	( 256 277)	( 798 383)	( 234 426)	( 721 560)
Other operating income	(11)	20 657	125 856	18 800	69 069
<b>Profit before income tax</b>		<b>232 981</b>	<b>716 607</b>	<b>257 014</b>	<b>725 250</b>
Income tax (expense)	(12)	( 96 841)	( 339 630)	( 124 934)	( 369 262)
<b>Net profit</b>		<b>136 140</b>	<b>376 977</b>	<b>132 080</b>	<b>355 988</b>
Earnings per share (EGP/share)	(14)	0.62	1.71	0.60	1.62

The attached notes from page (8) to page (41) are an integral part of these financial statements and to be read therewith.



	Note	From 1 July 2021 To 30 September 2021 EGP. 000	From 1 January 2021 To 30 September 2021 EGP. 000	From 1 July 2020 To 30 September 2020 EGP. 000	From 1 January 2020 To 30 September 2020 EGP. 000
<b>Net profit</b>		<b>136 140</b>	<b>376 977</b>	<b>132 080</b>	<b>355 988</b>
<u>Items that will not be reclassified to income statement</u>					
Change in fair value of investments classified at fair value through comprehensive income	(19)	246	12 430	2 862	180 236
Bank share in comprehensive income of associates	(20)	( 122)	( 122)	-	-
Income tax	(29)	20	( 2 686)	( 602)	( 116 131)
		144	9 622	2 260	64 105
<u>Items that might be reclassified to income statement</u>					
Net changes in fair value	(19)	39 769	( 45 050)	( 31 875)	( 31 771)
Net transfer to income statement		( 1 457)	( 26 275)	( 2 659)	( 71 698)
Income tax	(29)	( 11 244)	7 724	7 589	7 528
ECL for debt instruments measured at fair value through other comprehensive income	(13)	-	-	( 845)	871
		27 068	( 63 601)	( 27 790)	( 95 071)
<b>Total other comprehensive income</b>		<b>27 212</b>	<b>( 53 979)</b>	<b>( 25 530)</b>	<b>( 30 966)</b>
<b>Total comprehensive income</b>		<b>163 352</b>	<b>322 998</b>	<b>106 550</b>	<b>325 022</b>

The attached notes from page (8) to page (41) are an integral part of these financial statements and to be read therewith.



**To 30 September 2020**

To 30 September 2020	Paid-in capital	Retained amount for capital increase	Reserves							Difference between PV and nominal value for supportive deposits	Retained earnings	Total
			Legal reserve	General reserve	Special reserve	Capital reserve	Fair value reserve	General risk reserve	General banking risk reserve			
	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000
Balance at the beginning of the year	2 000 000	-	36 842	24 117	45 158	39 124	( 46 967)	38 851	33 896	29 883	1 107 279	3 308 183
Transfer to reserves according to AGM	-	-	25 992	-	-	22 366	-	-	21 322	-	( 69 680)	-
Transfer from R/E to Capital according to AGM	-	200 000	-	-	-	-	-	-	-	-	( 200 000)	-
Dividend for the year 2019	-	-	-	-	-	-	-	-	-	-	( 48 253)	( 48 253)
Net change in OCI items	-	-	-	-	-	-	( 30 966)	-	-	-	-	( 30 966)
Transfer from FV reserve to retained earnings net of tax	-	-	-	-	-	-	26 742	-	-	-	( 26 742)	-
Amortization of subordinate deposit difference	-	-	-	-	-	-	-	-	-	( 3 564)	3 564	-
Net profit	-	-	-	-	-	-	-	-	-	-	355 988	355 988
	2 000 000	200 000	62 834	24 117	45 158	61 490	( 51 191)	38 851	55 218	26 319	1 122 156	3 584 952

**To 30 September 2021**

To 30 September 2021	Paid-in capital	Retained amount for capital increase	Reserves							Difference between PV and nominal value for supportive deposits	Retained earnings	Total
			Legal reserve	General reserve	Special reserve	Capital reserve	Fair value reserve	General risk reserve	General banking risk reserve			
	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000
Balance at the beginning of the year	2 000 000	200 000	62 834	24 117	45 158	61 490	( 13 944)	38 851	40 268	25 027	1 384 075	3 867 876
Transfer to reserves according to AGM	-	-	29 691	-	-	7 840	-	-	15 231	-	( 52 762)	-
Transfer from R/E to Capital according to AGM	-	704 326	-	-	-	-	-	-	-	-	( 704 326)	-
Transfer from capital increase to paid-in capital	200 000	( 200 000)	-	-	-	-	-	-	-	-	-	-
Dividend for the year 2020	-	-	-	-	-	-	-	-	-	-	( 56 197)	( 56 197)
Transfer to banking sector support and development fund	-	-	-	-	-	-	-	-	-	-	( 5 717)	( 5 717)
Net change in OCI items	-	-	-	-	-	-	( 53 979)	-	-	-	-	( 53 979)
Amortization of subordinate deposit difference	-	-	-	-	-	-	-	-	-	( 4 216)	4 216	-
Net profit	-	-	-	-	-	-	-	-	-	-	376 977	376 977
	2 200 000	704 326	92 525	24 117	45 158	69 330	( 67 923)	38 851	55 499	20 811	946 266	4 128 960

The attached notes from page (8) to page (41) are an integral part of these financial statements and to be read therewith.



	Note	To 30 September 2021 EGP.000	To 30 September 2020 EGP.000
<b>Cash flows from operating activities</b>			
Profit before income tax		716 607	725 250
<b>Adjustments to reconcile net profit to net cash flows from operating activities</b>			
Depreciation of property, plant and equipment	(23)	46 621	39 822
Amortization of intangible assets	(21)	6 452	6 226
Impairment charge for credit losses	(13)	160 214	259 353
Revaluation of investment at FVTPL	(9)	( 62 928)	( 31 354)
Gain from investments in associates	(20)	( 26 648)	( 26 555)
No longer required impairment for associates	(19)	( 10 598)	( 13 309)
(Release) charged other provision	(28)	( 1 534)	( 31 684)
Gain on sale of property, plant and equipment	(11)	-	( 7 840)
Gain from selling financial investment other than financial investment at FVTPL	(19)	( 78 115)	( 147 159)
Translation differences of other provisions in foreign currencies	(28)	( 98)	-
Translation differences of financial investment other than financial investment at FVTPL	(19)	1 378	( 6 159)
Translation differences of impairment losses in foreign currencies		( 1 569)	( 32 010)
Gain on sale of investments in associate	(19)	-	( 25 734)
Dividend income from financial investment securities	(8)	( 9 846)	( 8 947)
Amortization of financial investment premium/discount other than FVTPL	(19)	41 761	32 023
Amortization of the difference between the PV and face value of subordinated deposit	(32)	4 216	3 564
<b>Operating profits before changes in operating assets and liabilities</b>		<b>785 913</b>	<b>735 487</b>
<b>Net (increase) decrease in assets and increase (decrease) in liabilities</b>			
Due from Central Bank of Egypt within the mandatory reserve	(15)	(5 040 740)	( 290 664)
Due from banks	(16)	-	2 000 000
Treasury bills and other governmental notes	(17)	4 919 261	470 660
Loans and credit facilities to customers	(18)	(3 774 497)	(1 969 732)
Financial assets at FVTPL	(19)	135 873	-
Other assets	(22)	( 316 846)	( 397 237)
Due to banks	(24)	(1 704 098)	(1 676 252)
Customers' deposits	(25)	4 492 260	( 969 038)
Other liabilities	(27)	( 4 718)	19 555
Income taxes paid		( 361 286)	( 292 023)
Other provisions used	(28)	( 2 497)	( 411)
<b>Net cash flows used in operating activities</b>		<b>( 871 375)</b>	<b>(2 369 655)</b>



	Note	To 30 September 2021 EGP.000	To 30 September 2020 EGP.000
<b>Cash flows from investing activities</b>			
Payments for purchase property, plant and equipment	(23)	( 42 334)	( 22 912)
Payments for purchase intangible assets	(21)	( 5 108)	( 6 872)
Proceeds from sale of property, plant and equipment	(23)	-	11 823
Proceeds from selling of financial investments other than financial investment at FVTPL	(19)	6 899 209	10 578 606
Payments for purchase financial investments other than financial investment at FVTPL	(19)	(8 491 265)	(12 447 564)
Dividends received from investment in associate	(20)	-	2 233
Proceeds from sale of investments in associates	(20)	-	40 592
Dividends income from financial investment	(8)	9 846	8 947
<b>Net cash flows (used in) investing activities</b>		<b>(1 629 652)</b>	<b>(1 835 147)</b>
<b>Cash flows from financing activities</b>			
Payment for other loans	(26)	( 200 300)	( 43 760)
Proceeds from other loans	(26)	-	399 566
Dividends	(33)	( 56 197)	( 48 253)
<b>Net cash flows provided by financing activities</b>		<b>( 256 497)</b>	<b>307 553</b>
Net changes in cash and cash equivalent		(2 757 524)	(3 897 252)
Cash and cash equivalent at the beginning of the period		10 971 135	12 090 107
<b>Cash and cash equivalent at the end of the period</b>	(34)	<b>8 213 611</b>	<b>8 192 855</b>
<b>Cash and cash equivalent are represented in</b>			
Cash and due from Central Banks	(15)	6 495 485	2 382 780
Due from banks	(16)	7 926 762	7 627 434
Treasury bills and other governmental notes	(17)	1 610 269	7 581 212
Due from Central Bank within the mandatory reserve	(15)	(6 240 004)	(2 179 071)
Deposits with banks with maturity more than three months		-	( 50 000)
Treasury bills and other governmental notes with maturity more than three months	(17)	(1 578 901)	(7 169 500)
<b>Cash and cash equivalent at the end of the period</b>	(34)	<b>8 213 611</b>	<b>8 192 855</b>

**For the purpose of statement of cash flow preparation the following non cash changes were excluded:**

- \* Amount of EGP 93 thousands represents transfers from other assets (assets under construction) to property, plant and equipment .
- \* Amount of EGP 4 216 thousands represents net change in difference between the present value and face value of subordinate deposit.
- \* Amount of EGP 704 326 thousands represents retained amount for capital increase .

The attached notes from page (8) to page (41) are an integral part of these financial statements and to be read therewith.



## **1- Activity**

Suez Canal Bank (SAE) established as a commercial bank in pursuance of the ministerial decree no. 55 of 1978, issued in the official Gazette on 4 March 1978 and in accordance with provisions of investment law no. 43 of 1974 and its amendments, which was superseded by law no. (8) Of investment guarantees and incentives the head office located In Elteraa St., No. 127, Ismailia - commercial register no 9709. General management located in 7 & 9 Abd El Kader Hamza St., Garden City, Cairo and the bank is listed in the Egyptian stock exchange.

Suez Canal Bank (S.A.E) provides retail, corporate and investment banking services in Arab Republic of Egypt through 48 branches and served by 1402 staff member at the date of the financial statements.

These financial statements have been approved for publishing by the board of director in November 11, 2021.

## **2-Summary of accounting policies**

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

### **A- Basis of preparation of financial statements**

The financial statements are prepared in accordance with Central Bank of Egypt instructions approved by its Board of Directors on 16 December 2008. and according to IFRS 9 "Financial Instruments-measurement and classification" in accordance with the instructions of the Central Bank of Egypt (CBE) dated on 26 February 2019.

The financial statements of the bank were prepared until 31 December 2018 using the rules for preparing and mapping the financial statements of banks and the basis for recognition and measurement issued by the Central Bank of Egypt on 16 December 2008 and as of 1 January 2019 and based on the instructions issued by the Central Bank of Egypt to prepare financial statements for banks in accordance with the requirements of the International Financial Reporting Standard (9) (Financial instruments) on 26 February 2019, the management has modified some accounting policies to comply with these instructions and the following explanation shows the details of changes in accounting policies.

These financial statements have been prepared according to relevant local laws and regulations.

### **B- Subsidiaries and Associates**

#### **B-1 Subsidiary firms**

Subsidiaries are all companies including (special purpose entities/SPEs) over which the bank has owned directly or indirectly the power to control the financial and operating policies, generally the bank owns more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the bank has the ability to control the entity.

#### **B-2 Associate firms**

Associates are all companies over which the bank has owned directly or indirectly a major influence, but it doesn't control them ,or joint control them generally the bank owns between 20% and 50% of the potential voting rights.

The purchase method is used to account for the acquisition of subsidiaries by the bank, The cost of an acquisition is measured as the fair value of the assets, and/or asset given and/or equity instruments issued and liabilities on the bank or liabilities for acquisition company loans assumed at the date of exchange, plus costs directly attributable to the acquisition. Net assets including contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the minority interest. The excess of acquisition cost over the bank's share fair value in the net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets, the difference is recognized directly in the income statement under the item "Other operating income/ expenses".

Accounting for associate in the financial statements is recorded by using equity method, Dividends are recorded when declared and deducted from assets proven value.

### **C -Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a segment by which, provide products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

### **D - Foreign currency translation**

#### **D-1 Functional and presentation currency**

The financial statements are presented by Thousand Egyptian Pound, which is the bank's functional and presentation currency.

#### **D-2 Foreign currencies transactions and balances**

The bank maintains its accounting records in Egyptian pound. Foreign currency transactions are translated into Egyptian pound using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the end of each year at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement of such transactions and valuation differences are recognized in the income statement under the following items:



- Net trading income assets /liabilities for trading or net income.
- Other operating income (expenses) for the other items.
- Investments in equity instrument recognized at fair value through other comprehensive income.
- Changes in the fair value of monetary financial instruments in foreign currencies classified as investments available for sale (debt instruments) are classified as valuation differences resulting from changes in amortized cost of the instrument and differences resulted from changes in applicable exchange rates and differences resulted from changes in the instrument fair value. Valuation differences relating to changes in amortized cost are recognized in income statement under "Interest and similar income" while differences relating to changes in exchange rates are recognized under item "other operating income (expenses)". Differences resulting from changes in fair value are recognized under "fair value for financial statement through other comprehensive income " in the equity caption.
- Valuation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held at fair value through profits and losses, while valuation differences resulting from equity instruments classified as financial investments available for sale are recognized as "fair value for financial statement through other comprehensive income" under the equity caption.

#### **E-Financial assets**

Financial assets classified as amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

The classification depends on the business model of the financial assets that are managed with its contractual cash flow and is determined by management at the time of initial recognition.

##### **Financial assets classified as amortized cost**

The financial asset is retained in the business model of financial assets held to collect contractual cash flows. The objective from this business model is to collect contractual cash flows which represented in principal and interest. The sale is an exceptional event for the purpose of this model and under the terms of the standard represented in following:

- A deterioration in the credit capacity of the source of financial management.
- Less sales in terms of periodicity and value.
- Clear and certified documentation of the justification for each sale and its compliance with the requirements of the standard.

##### **Financial assets classified as fair value through other comprehensive income**

The financial asset is retained in the business model of financial assets held to collect contractual cash flows and sales.held to collect contractual cash flows and sales are integrated to achieve the objective of the model.

Sales are high in terms of turnover and value as compared to the business model retained for the collection of contractual cash flows.

##### **Financial assets classified as fair value through profit or loss**

The financial asset is held in other business models including trading, management of financial assets at fair value, maximization of cash flows through sale.

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.

#### **F – Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Treasury bills, Repos and reverse Repos agreements are netted on the balance sheet and disclosed under treasury bills and other governmental notes.

#### **G - Interest income and interest expense**

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 method.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant 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.

When loans or debts are classified as non-performing or impaired, related interest income are not recognized but rather, are carried off balance sheet in statistical records and are recognized under revenues according to cash basis as per the following:

When collected and after recovery of all arrears for retail loans, personal loans, small and medium business loans., real estate loans for personal housing and small loans for businesses.

For loans granted to corporate, interest income is recognized on cash basis after the bank collects 25 % of the scheduling installments and after the installments continued to be regular for at least one year. In case the client is continuing in performing the payment, the calculated interest is added to the loan's balance without the marginal interest not included in the income until after paying the loan's balance in the balance sheet before the reschedule.

#### **H - Fees and commission income**

Fees and commissions related to loan and facilities are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts are suspended and are carried off balance sheet and are recognized under income according to the cash basis when interest income is recognized in accordance with note (H) above. Fees and commissions which represent part of the financial asset effective rate is recognized as adjustment to the effective interest rate.



Commitment fees are recognized as revenue when there is probability that this loan will be used by the customer, as commitment fees represent compensation for the continuing interference to own the financial asset. Subsequently it's recognized as adjustments to the effective interest rate of the loan. If the commitment period passed without issuing the loan, commitment fees is recognized as income at the end of the commitment period.

Fees and commission related to debt instruments measured by fair value is recognized as income at initial recognition. Fees and commission related to marketing of syndicated loans is recognized as income when the marketing is completed and the loan is fully used or the bank kept its share of the loan using the effective interest rate as used by the other participants.

Fees and commission arising from negotiation, or participating in a negotiation to the favor of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized as income when the transaction is completed. Commission and fees related to management advisory and other services are recognized as income based on the contract terms, usually on a time-appropriation basis. Asset management fees are recognized over the year in which the service is provided.

#### **I- Dividends income**

Dividends are recognized in the profit and loss when the bank's right to receive those dividends is established.

#### **J- Impairment of financial assets**

The Bank reviews all its financial assets except for financial assets that are measured at fair value through profit or loss to assess the extent of impairment as described below.

Financial assets are classified at three stages at each reporting date:

Stage 1 : Financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for 12 months.

Stage 2 : Financial assets that have experienced a significant increase in credit risk since the initial recognition or the date on which the investments are made, and the expected credit loss is calculated over the life of the asset.

Stage 3 : Impairment of financial assets whose expected credit loss is to be recognized over the life of the asset on the basis of the difference between the carrying amount of the instrument and the present value of expected future cash flows.

Credit losses and impairment losses on the value of financial instruments are measured as follows:

- The low risk financial instrument is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk management.
- If it is determined that there has been a significant increase in credit risk since the initial recognition, the financial instrument is transferred to the second stage where it is not yet considered impaired at this stage.

If there are indicators of impairment of the financial instrument, it is transferred to the third stage.

The financial assets created or acquired by the Bank and include a high credit risk ratio for the Bank's low risk financial assets are recognized on the initial recognition of the second stage directly and therefore the expected credit losses are measured on the basis of expected credit losses over the life of the asset.

#### **Significant increase in credit risk**

The Bank considers that the financial instrument has experienced a significant increase in the credit risk when one or more of the following quantitative and qualitative criteria, as well as the factors relating to default, have been met.

##### **Quantitative factors**

When the probability of default over the remaining life of the instrument is increased from the date of the financial position compared to the probability of default over the remaining life expected at initial recognition in accordance with the Bank's acceptable risk structure.

#### **Retail loans, micro and small businesses**

- If the borrower encounters one or more of the following events:
- The borrower submits a request to convert short-term to long-term payments due to negative effects on the borrower's cash flows.
- Extension of the deadline for repayment at the borrower's request
- Frequent Past dues over the previous 12 months.
- Future adverse economic changes affecting the borrower's future cash flows.

#### **Corporate loans and medium businesses**

If the borrower has a follow-up list and / or financial instrument faced one or more of the following events:

- A significant increase in the rate of return on the financial asset as a result of increased credit risk.
- Significant negative changes in the activity and physical 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.

#### **Nonpayments**

The loans and facilities of institutions, medium, small, micro and retail banking are included in stage two if the period of non-payment is more than 50 days and less than 80 days. Note that this period (50 days) will be reduced by (10) days per year to become (30) days during (2) years from the date of application.

#### **Transfer between the three stages (1,2,3)**

##### **Transfer from second stage to first stage:**

The financial asset shall not be transferred from the second stage to the first stage unless all the quantitative and qualitative elements of the first stage are met and the full arrears of the financial asset and the proceeds are paid.



**Transfer from third stage to second stage:**

The financial asset shall not be transferred from the third stage to the second stage until all the following conditions have been met:

- Completion of all quantitative and qualitative elements of the second stage.
- Repayment of 25% of the balance of the outstanding financial assets, including accrued segregated / statistical interest.
- Regularity of payment for at least 12 months

**K- Computer software**

Expenses related to development or maintenance of computer software are recognized as expenses on Income Statement at the time of incurring them. They are recognized as intangible assets in the expenses correlated directly to specific software that are under the control of the Bank from which the generation of economic benefits is expected whose cost exceeds more than one year. Direct expenses include the cost of employees on the software team in addition to appropriate share in related general expenses.

It is recognized as development cost in expenses if it leads to increasing or expanding the performance of the computer software above its original specifications, and is added to cost of the original software.

The amortization cost of computer software recognized as assets is for along the year from which it is expected to make use of in the manner not exceeding five years core system for the bank .

**M- Property, plant and equipment**

The bank represent land and buildings related to head office, branches and offices, and all property, plant and equipment are reported at historical cost minus depreciation and impairment losses. The historical cost includes the charges directly related to acquisition of property, plant and equipment 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 benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. Maintenance and repair expenses are charged to other operating expenses during the financial period in which they are incurred. Land is not depreciated, depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and Properties	30-50 years
Integrated automated systems	5 years
Vehicles	5 years
Machinery and equipment	3-10 years
Fixtures and fittings	8-10 years
Furniture	5-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The recoverable amount is the higher of the asset's fair value less costs to sell or value in use.

Gains and losses on disposals are determined by comparing proceeds with asset carrying amount. These gains and (losses) are included in other operating income (expenses) in the income statement.

**N- Impairment of non-financial assets**

Assets having no fixed useful life except for goodwill shall not be amortized, and their impairment shall be tested at least annually. The impairment of amortized assets is studied to determine if there are events or changes in the circumstances indicating that the book value may not be recoverable.

The impairment loss is recognized by the excess amount of book value over the realizable value. The recoverable value represents net realizable value of the asset or the usage amount whichever is higher. For the purpose of estimating the impairment, the asset is grouped with the smallest cash generating unit. At each balance sheet date, non-financial assets with impairment has to be reviewed to determine if there is impairment reversal made to the income statement at the date of preparing the financial statements .

**O - Leasing****O -1 As a lessee**

Lease payments made under operating leases, net of any discounts received from the lessor, are recognized as an expense in the profit or loss on a straight-line basis over the lease term.

**O -2 As a lessor**

Assets leased out under operating lease contracts are reported as part of the property, plant and equipment in the statement of financial position and are depreciated over the expected useful lives of the assets, on the same basis as other property assets. Lease rental income is recognized in profit or loss, net of any discounts granted to the lessee, using the straight line method over the contract term

**P-Cash and cash equivalents**

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



#### Q- Other provisions

Provisions for restructuring costs and legal claims are recognized when the bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow 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. The provision no longer required is recorded with other operating revenues (expenses).

#### R- Income tax

The income taxes on the year's profits or losses include the tax of the current year and the deferred tax and they are recognized in the income statement with the exception of the income tax on the items of shareholder's equity which is directly recognized within equity.

The income tax is recognized on the basis of the net profit subject to tax through the application of enacted tax rates at the date of preparing the balance sheet in addition to the tax adjustments related to previous years.

Deferred taxes are recognized from temporary timing differences between the book value of assets and liabilities according to accounting bases and their values according to tax bases. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the ability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax assets are recognized when there is a likelihood to achieve taxable profits in the future through which this asset can be utilized. The value of deferred tax assets is reduced by the portion which will not realize the expected taxable benefit in the coming years, in case of the increase in expected taxable benefits the deferred tax assets should be increased within the limit of previous reduction.

#### S- Borrowing

Loans obtained by the bank initially recognized at fair value net of transactions cost incurred in connection with obtaining the loan. Subsequently the loans are measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective interest rate is to be recognized to the income statement.

#### T- Capital

##### T-1 Cost of capital

Issuance cost directly related to issuing new shares or issuing shares related to acquisition or share options is charged to shareholders' equity of total proceeds net of tax.

##### T-2 Dividends

Dividends are charged when declared by the General Assembly of shareholders. Those dividends include employees' share in the profits and the Board of Directors' bonus as prescribed by the articles of association and law.

#### U- Comparative figures

The comparative figures shall be re-classified, when necessary, to be in conformity with the changes to presentation used in the current year.

#### 3- Financial Risk Management:

The bank, as a result of the activities it exercises, is exposed to various financial risks. Since the basis of financial activity is to accept risks; some risks or group of risks are analyzed, evaluated and managed together. The bank intends to strike a balance between the risk and return and to reduce the probable adverse effects on the bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency exchange rates, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated systems. The bank regularly reviews the risk management policies and systems and amends them to reflect the changes in market, products and services and the best updated applications. Those risks are managed by risk department in the light of policies approved by Board of Directors.

The risk department determines, evaluates and covers the financial risks, in collaboration with the bank's various operating units, and the Board of Directors provides written policies for management of risks as a whole, in addition to written policies covering specific risk areas, like credit risk, foreign exchange rate risk, interest rate risk, and using the financial derivative and non-derivative instruments. Moreover, the risk department is independently responsible for periodical review of risk management and control environment.

#### A- Credit risk

The bank is exposed to the credit risk which is the risk resulting from failure of one party to meet its contractual obligations towards the bank. The credit risk is considered to be the most significant risks for the bank. The bank set specific procedures to manage that risk. The credit risk is in the lending and investments activities which are represented by bank's assets contain debt instruments. The credit risk is also found in off balance sheet financial instruments, like loan commitment. The managing and monitoring process on credit risk is centralized at credit risk team management at credit risk department that prepare reports to Board of Directors and Head units on regular basis.

#### Credit risk measurement

##### Loans and credit facilities to customers

In measuring credit risk of loans and facilities to customers and to banks at a counterparty level, the bank reflects three components:

The 'probability of default' by the client or counterparty on its contractual obligations.

Current exposures to the counterparty and its likely future development, from which the bank derives the 'exposure at default'.



· The likely recovery ratio on the defaulted obligations (the 'loss given default').

These credit risk measurements, which reflect expected loss (the 'expected loss model') and are required by the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee), are embedded in the bank's daily operational management.

The operational measurements can be contrasted with impairment allowances required under IAS 26, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses.

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

#### Bank's internal ratings scale

Bank's rating	Description of the grade
1	Performing loans
2	Normal watching
3	Watch list
4	Non-performing loans

The amount of default represent the outstanding balances at the time when a late settlement occurred for example the loans expected amount of default represent its book value. For commitments, the default amount represents all actual withdrawals in addition to any withdrawals occurred till the date of the late payment if any

Loss given default or loss severity represents the bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of debtor, type and seniority of claim and availability of collateral or other credit mitigation.

#### Debt instruments, treasury bills and other governmental notes

For debt securities and other bills, external rating such as standard and poor's rating or their equivalents are used by bank treasury for managing of the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

#### A-1 Limiting and preventing risks policies

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

The bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by borrower /group, product, industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

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

The following are other controls used by the bank to limit the credit risk:

#### Collaterals

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

- Mortgages over residential properties.
- Pledge on business assets like machinery and merchandise .
- Pledge in financial instruments like debt instrument and equity.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and facilities is determined by the nature of the instrument. Debt securities, treasury and other governmental notes are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.



## Credit-related commitments

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

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

## A-2 Impairment and provisioning policies

The internal rating systems described in note (A-1) focus more on credit-quality from the beginning of validation activities. only impairment provisions recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below. Due to the different methods applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the expected amount determined by the expected loss used for Central Bank of Egypt's regulations (note A-5). the impairment provision appeared in the balance sheet at the end of the period is derived from the four internal rating grades. However, the majority of the impairment provision comes from the last two ratings. The table below shows the percentage of in-balance sheet items relating to loans and facilities and the related impairment provision for each rating:

## A-3 Bank's rating

The bank's internal rating assists management to determine whether objective evidence of impairment exists under Egyptian Accounting Standard no. 26, based on the following criteria set out by the bank:

- Significant financial difficulties facing the borrower or debtor
- Violation of the terms of the loan agreement such as non -payment
- Expect the borrows bankruptcy or enter into a liquidation or restructuring lawsuit
- The borrower's competitive position has deteriorated.
- For economic or legal reasons relating to the borrower's financial difficulties, the bank granted concessions or concessions that the bank may not agree to grant under normal circumstances.
- The value of the guarantee is diminished.
- The deterioration of the credit situation.

The Bank's policies require the review of all financial assets that exceed specific relative importance at least annually or more when circumstances require it, and the burden of impairment on accounts assessed on an individual basis is determined by assessing the loss achieved in the history of financial statements on a case-by-case basis. Apply them to all accounts of relative importance individually, and the evaluation usually includes the existing guarantee, including a reaffirmation of the possibility of execution on the guarantee and the expected collections from those accounts.

The impairment loss allowance is configured on the basis of a homogeneous set of assets using available historical experience, personal judgment and statistical methods.

	30 September 2021		31 December 2020	
	Loans & credit facilities	Provision for impairment loss	Loans & credit facilities	Provision for impairment loss
1-Performing loans	72.49%	2.90%	77.40%	4.43%
2-Regular watching	9.24%	1.26%	7.40%	1.62%
3-Watch List	9.39%	25.37%	4.18%	13.30%
4-Non performing loans	8.88%	70.47%	11.02%	80.65%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



#### A-4 Quality of financial assets

	Stage 1 12 months EGP . 000	Stage 2 Life time EGP . 000	Stage 3 Life time EGP . 000	Total EGP . 000
Cash and due from Central Bank of Egypt	6 495 485	-	-	6 495 485
Expected credit loss provision	( 752)	-	-	( 752)
	<b>6 494 733</b>	-	-	<b>6 494 733</b>
Due from banks	7 926 762	-	-	7 926 762
Expected credit loss provision	( 809)	-	-	( 809)
	<b>7 925 953</b>	-	-	<b>7 925 953</b>
Treasury bills and other government notes	1 610 269	-	-	1 610 269
Expected credit loss provision	( 6 596)	-	-	( 6 596)
	<b>1 603 673</b>	-	-	<b>1 603 673</b>
Debt instruments at amortized cost	3 977 012	-	-	3 977 012
Expected credit loss provision	( 1 435)	-	-	( 1 435)
	<b>3 975 577</b>	-	-	<b>3 975 577</b>
Investment at fair value through comprehensive income	<b>11 952 543</b>	-	-	<b>11 952 543</b>
<b>Loans and credit facilities</b>				
Financial institutions	15 523 712	3 374 419	2 067 142	20 965 273
Medium enterprises	1 293 750	66 387	49 239	1 409 376
Small and micro enterprises	70 994	25 262	13 503	109 759
Retail	1 507 030	47 075	16 317	1 570 422
	<b>18 395 486</b>	<b>3 513 143</b>	<b>2 146 201</b>	<b>24 054 830</b>
Expect credit loss provision	( 68 589)	( 623 512)	(1 654 494)	(2 346 595)
Interest in suspense	-	( 60 325)	( 333 540)	( 393 865)
Interest under settlement	( 2 177)	-	-	( 2 177)
	<b>18 324 720</b>	<b>2 829 306</b>	<b>158 167</b>	<b>21 312 193</b>

#### A-5 The General model for measuring banking risks

In addition to the four categories of credit rating indicated in note (A-1), the management makes more detailed groups in accordance with the Central Bank of Egypt requirements. assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, it's activity, financial position and payment schedules.

The bank calculates the provisions required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by Central Bank of Egypt. In case, the provision required for impairment losses as per Central Bank of Egypt regulations exceeds the provision required for financial statements preparation purposes according to the Egyptian Accounting Standards, this increase shall be debited from the retained earnings to and credited to the "general banking risk reserve" under the equity caption. this reserve is regularly adjusted with this increase and decrease, to equal the amount of increase in the two provisions. This reserve is not distributable.

Note (31-c) shows the "general banking risk reserve" movement during the financial year.

**Below is a statement of credit rating for firms as per internal valuation basis compared to Central Bank of Egypt valuation basis and the percentages of provisions required for impairment of assets exposed to credit risk.**

CBE rating	Description	Required Provision %	Internal Rating	Internal Description
1	Low risk	0	1	Good debts
2	Moderate risks	1	1	Good debts
3	Satisfactory risks	1	1	Good debts
4	Appropriate risks	2	1	Good debts
5	Acceptable risks	2	1	Good debts
6	Marginally acceptable risks	3	2	Normal watch-list
7	Watch-list	5	3	Special watch-list
8	Substandard debts	20	4	Non-performing loans
9	Doubtful debts	50	4	Non-performing loans
10	Bad debts	100	4	Non-performing loans



**A/6 Maximum limits for credit risk before collaterals****Items exposed to credit risk**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP.000</b>	<b>EGP.000</b>
Due from Central Bank of Egypt (Net)	6 239 252	1 198 314
Due from banks (Net)	7 925 953	10 713 865
Treasury bills and other governmental notes (Net)	1 603 673	6 535 095
Loans and facilities to customers		
<b>A-Individuals loans:</b>		
Overdraft	160 396	340 194
Credit cards	28 369	25 778
Personal loans	1 381 657	842 816
<b>B-Corporate loans including SMEs</b>		
Overdraft	10 697 040	8 516 353
Direct loans	3 881 653	4 084 983
Syndicated loans	7 905 715	6 506 920
Provision for impairment loss	(2 346 595)	(2 174 394)
Interest in suspense	( 393 865)	( 370 864)
Interest under settlement	( 2 177)	( 3 565)
Debt instruments (Net)		
At fair value through comprehensive income	11 266 915	9 617 250
At amortized cost	3 975 577	4 137 062
Other financial assets	716 553	584 756
	<b>53 040 116</b>	<b>50 554 563</b>

**Off balance sheet items exposed to credit risk:**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP.000</b>	<b>EGP.000</b>
Letters of guarantee and financial guarantees	7 390 495	6 499 438
Letters of credits	3 148 043	3 211 575
<b>Total</b>	<b>10 538 538</b>	<b>9 711 013</b>

The previous table represents the maximum limit of exposure without taking into consideration any financial guarantees. As for the balance sheet items, the listed amounts depend on the net book value presented in the balance sheet.

As illustrated in the previous table 3.02 % of the maximum limit exposed to credit risk arises from treasury bills against 12.93% in previous year. 14.94 % due from banks against 21.19% in previous year. 40.18 % from loans and facility to customers against 35.15 % in previous year. 28.74 % investment of debt instruments against 27.21 % in previous year .

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 on the basis of the following:

82.57% of the loans and facilities portfolio is classified in the highest two categories of the internal assessment (against 84.81 % in previous year).

89.84% of the loans and facilities portfolio is neither past due nor impaired (against 88.99 % in previous year).

Loans and facilities individually impaired reach EGP 2 137 million (against EGP 2 237 million in previous year).

More than 78.46 % (against 86.14 % in previous year), of the investment in debt instruments represent treasury bills and bonds on the Egyptian Government .

**A/7 Loans and facilities**

Loans and facilities are summarized according to the credit worthiness as follows:

**Loans and facilities**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP.000</b>	<b>EGP.000</b>
Neither past due nor impaired	21 611 930	18 079 790
Past due not subject to impairment	305 707	649
Individually impaired	2 137 193	2 236 605
<b>Total</b>	<b>24 054 830</b>	<b>20 317 044</b>
Less		
Provision for impairment loss	(2 346 595)	(2 174 394)
Interest in suspense	( 393 865)	( 370 864)
Interest under settlement	( 2 177)	( 3 565)
	<b>21 312 193</b>	<b>17 768 221</b>

The total provision for impairment losses for loans and facilities at the end of the current fiscal period amounted to 2 346 595 thousand Egyptian pounds, compared to 2 174 394 thousand Egyptian pounds at the end of the comparison year. Of these, 1 654 494 thousand Egyptian pounds represents the provision for impairment losses for individual loans (stage 3) compared to 1 754 817 thousand Egyptian pounds at the end of the comparison year, and the rest represents the provision for impairment losses component (stage 1 and 2) in the credit portfolio of 692 101 thousand Egyptian pounds compared to 419 577 thousand Egyptian pounds at the end of the comparison year.

Disclosure no.(18) includes further information on the impairment losses provision of loans and facilities to customers.



## As at 30 September 2021

## Loans and facilities to customers :

## Loans and facilities neither past due nor impaired

The credit quality of the loans and advances portfolio with no past dues nor impairment is assessed with reference to the internal assessment adopted by the bank .

## 30 September 2021

Assessment	Retail			Corporate			EGP.000
	Overdraft	Credit Cards	Personal loans	Overdraft	Direct loans	Syndicated loans	Total
Performing	107 894	27 900	1 376 501	7 068 488	2 774 334	6 008 808	17 363 925
Regular watch-list	-	-	-	880 742	135 012	1 175 848	2 191 602
Special watch-list	41 783	115	-	517 235	813 080	684 190	2 056 403
	<b>149 677</b>	<b>28 015</b>	<b>1 376 501</b>	<b>8 466 465</b>	<b>3 722 426</b>	<b>7 868 846</b>	<b>21 611 930</b>

Non-performing loans secured against collaterals in the form of cash and cash equivalent are not considered subject to impairment taking into consideration the collectibility of these collaterals.

## 31 December 2020

Assessment	Retail			Corporate			Total
	Overdraft	Credit Cards	Personal loans	Overdraft	Direct Loans	Syndicated Loans	EGP.000
Performing	255 191	25 426	840 495	6 237 064	3 130 431	5 237 382	15 725 989
Regular watch-list	-	-	-	225 711	8 529	1 269 306	1 503 546
Special watch-list	74 194	-	-	-	776 061	-	850 255
	<b>329 385</b>	<b>25 426</b>	<b>840 495</b>	<b>6 462 775</b>	<b>3 915 021</b>	<b>6 506 688</b>	<b>18 079 790</b>

## Past due not subject to impairment

## 30 September 2021

Assessment	Retail			Corporate			EGP.000
	Overdraft	Credit Cards	Personal loans	Overdraft	Direct loans	Syndicated loans	Total
Up to 30 days	-	-	-	62 955	-	7 795	70 750
More than 30 to 60 days	-	207	-	31 653	-	-	31 860
More than 60 to 90 days	-	-	-	174 023	-	29 074	203 097
	<b>-</b>	<b>207</b>	<b>-</b>	<b>268 631</b>	<b>-</b>	<b>36 869</b>	<b>305 707</b>

## 31 December 2020

Assessment	Retail			Corporate			Total
	Overdraft	Credit Cards	Personal loans	Overdraft	Direct loans	Syndicated loans	EGP.000
Up to 30 days	-	-	-	12	-	34	46
More than 30 to 60 days	-	352	-	53	-	198	603
	<b>-</b>	<b>352</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>232</b>	<b>649</b>

## Loans and facilities individually impaired

## Loans and facilities to customers

The balance of loans & facilities which are subject to impairment on an individual basis, before taking into account the cash flow from collaterals, amounted to EGP 2 137 193 thousand ( EGP 2 236 605 thousand in previous year) .

Below is the analysis of the total value of loans and facilities subject to impairment on individual basis including fair value of collaterals obtained against these loans

## 30 September 2021

	Retail			Corporate		Total
	Overdraft	Credit Cards	Personal Loans	Overdraft	Direct Loans	EGP.000
Impaired loans	10 719	147	5 156	1 961 944	159 227	2 137 193
The fair value of collaterals	<b>4</b>	<b>-</b>	<b>14</b>	<b>46 856</b>	<b>3 803</b>	<b>50 676</b>

## 31 December 2020

	Retail			Corporate		Total
	Overdraft	Credit Cards	Personal Loans	Overdraft	Direct Loans	EGP.000
Impaired loans	10 809	-	2 322	2 053 518	169 956	2 236 605
The fair value of collaterals	<b>-</b>	<b>-</b>	<b>-</b>	<b>53 388</b>	<b>4 419</b>	<b>57 806</b>



**A-8 Debt instruments, treasury bills and other governmental**

The following table represents an analysis of debt instruments, treasury bills and other governmental notes (before deduction of any loss impairment) according to evaluation agencies at the end of the financial period.

	Note	Evaluation	30 September 2021 EGP 000	31 December 2020 EGP 000
Treasury Bills	(17)	B	1 610 269	6 541 122
Treasury Bond at FVTOCI	(19)	B	7 638 954	6 804 207
Treasury Bond at amortized cost	(19)	B	3 977 012	4 137 844
<b>Total</b>			<b>13 226 235</b>	<b>17 483 173</b>

**A-9 Acquisition of collateral**

During the current fiscal period , the bank has acquired certain guarantees as follows :

Nature of asset	30 September 2021 EGP.000	31 December 2020 EGP.000
Land and Building	73 267	302 000

Assets acquired are classified under other assets in the balance sheet and sold whenever practicable

**A/10 The concentration of financial assets' risks exposed to credit risk****Geographical segments**

The following table represents an analysis of the bank's most important boundaries of credit risk at book value, Risks distributed on geographical segments in accordance with areas related to the bank customers.

	<u>Cairo</u>	<u>Alex,Delta and Sinai</u>	<u>Upper Egypt</u>	<u>Other countries</u>	EGP 000 Total
Due from Central Bank of Egypt	6 240 004	-	-	-	6 240 004
Treasury bills and other governmental notes	1 610 269	-	-	-	1 610 269
Due from banks	6 255 966	-	-	1 670 796	7 926 762
Loans and facilities to customers :					
<b>Individuals Loans</b>					
Overdraft	105 666	43 900	10 830	-	160 396
Credit cards	22 003	5 640	726	-	28 369
Personal loans	777 815	492 085	111 757	-	1 381 657
<b>Corporate Loans</b>					
Overdraft	9 353 786	1 333 373	9 881	-	10 697 040
Direct loans	3 077 409	799 705	4 539	-	3 881 653
Syndicated loans	7 892 793	12 922	-	-	7 905 715
<b>Financial investments</b>					
Debt instruments	15 243 927	-	-	-	15 243 927
Other assets	703 132	12 149	1 272	-	716 553
<b>Total at 30 September 2021</b>	<b>51 282 770</b>	<b>2 699 774</b>	<b>139 005</b>	<b>1 670 796</b>	<b>55 792 345</b>
<b>Total at 31 December 2020</b>	<b>48 133 714</b>	<b>2 636 447</b>	<b>92 443</b>	<b>2 180 564</b>	<b>53 043 168</b>



## -Activities Segments

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

	Retail	Financial	Governmental	Manufactures	Real Estate	Service Sector	Commercial	Tourism	Others	Total EGP 000
Due from Central Bank of Egypt	-	-	6 495 485	-	-	-	-	-	-	6 495 485
Treasury bills and other governmental notes	-	-	1 610 269	-	-	-	-	-	-	1 610 269
Due from banks	-	4 426 762	3 500 000	-	-	-	-	-	-	7 926 762
<b>Loans and facilities to customers</b>										
<b>Individuals Loans</b>										
Overdraft	160 396	-	-	-	-	-	-	-	-	160 396
Credit cards	28 369	-	-	-	-	-	-	-	-	28 369
Personal loans	1 381 657	-	-	-	-	-	-	-	-	1 381 657
<b>Corporate Loans</b>										
Over draft	-	2 286 256	-	3 980 509	939 798	737 288	1 409 936	1 313 559	29 694	10 697 040
Direct loans	-	1 097 663	-	225 118	232 290	82 340	279 260	1 868 365	96 617	3 881 653
Syndicated loans	-	193 023	-	1 347 759	118 758	4 747 349	99 700	1 399 126	-	7 905 715
<b>Financial investments :</b>										
Debt instruments	-	-	11 615 966	-	-	3 627 961	-	-	-	15 243 927
Other assets	-	70 816	535 477	-	-	-	-	-	110 260	716 553
<b>Total at 30 September 2021</b>	<b>1 570 422</b>	<b>8 074 520</b>	<b>23 757 197</b>	<b>5 553 386</b>	<b>1 290 846</b>	<b>9 194 938</b>	<b>1 788 896</b>	<b>4 581 050</b>	<b>236 571</b>	<b>56 047 826</b>
<b>Total at 31 December 2020</b>	<b>1 208 788</b>	<b>10 705 057</b>	<b>21 736 382</b>	<b>4 496 535</b>	<b>1 017 809</b>	<b>4 964 678</b>	<b>2 292 807</b>	<b>6 633 577</b>	<b>194 757</b>	<b>53 250 390</b>



## **B- Market risk**

The bank exposed to market risks which is the risk that the fair value or future cash flow fluctuation resulted from changes in market prices. Market risks arise from open market related to interest rate, currency, and equity products of which each is exposed to general and specific market movements and changes in sensitivity levels of market rates or prices such as interest rates, foreign exchange rates and equity instrument prices. The Bank divides its exposure to market risk into trading and non-trading portfolios.

Bank risk division is responsible for managing the market risks arising from trading and non-trading activities of which monitored by two separate teams. Regular reports are submitted to the Board of Directors and each business unit head periodically.

Trading portfolios include transactions where the bank deals direct with clients or with the market; non-trading portfolios primarily arise from managing assets and liabilities interest rate relating to retail transactions. These non-trading portfolios includes foreign exchange risk and equity instruments risks arising from the bank's held-to-maturity and available-for-sale investments portfolios.

### **B-1 Market risk measurement techniques**

As part of market risk management, the bank undertakes various hedging strategies and enters into swaps to match the interest rate risk associated with the fixed-rate long-term loans if the fair value option been applied. The major measurement techniques used to measure and control market risk are outlined below:

#### **Value at Risk**

The bank applies a 'value at risk' methodology (VAR) for trading and non-trading portfolios to estimate the market risk of positions held and the maximum expected losses based on a number of assumptions for various changes in market conditions. The Board of Directors sets limits for the value of risk that may be accepted by the bank for trading and non- trading portfolios separately and monitored on daily basis by the bank's management.

VAR is a statistical estimation of the expected losses on the current portfolio from adverse market movements in which it represents the 'maximum' amount the bank expect to lose using confidence level (98%). Therefore there is statistical probability of (2%) that actual losses could be greater than the VAR estimation. The VAR module assumes that the holding period is ten days before closing the opening position. It also assumes that market movements during the holding period will be the same as ten days before. The bank's assessment of past movements is based on data for the past five years. The bank applies these historical changes in rates prices indicators directly to its current positions - this approach called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.

The use of this approach does not prevent losses from exceeding these limits if there are significant market

As VAR considered a primary part of the bank's market risk control technique, VAR limits are established by the Board of Directors annually for all trading and non-trading transactions and allocated to business units. Actual values exposed to market risk are compared to the limits established by the bank and reviewed by the bank risk division on daily basis.

The quality of the VAR model is continuously monitored through examining the VAR results for trading portfolio and results are reported to the top management and Board of Directors.

#### **Stress testing**

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, the bank computes on daily basis trading stress VAR, combined with trading normal VAR, to capture the abnormal movements in the financial markets and to give more comprehensive picture of risk .the results of the stress tests are reviewed by executive management and Board of Directors.

### **B-2 Foreign exchange rates fluctuations risk**

The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows. The board of directors has set limits of foreign currencies in total value for each position at the end of the day and also intraday which are controlled on the spot. The following table summarizes the extent of the bank's exposure to fluctuations in exchange rates risk at the end of the fiscal period. The said table includes the book value of financial instruments broken down into its component currencies:



## The concentration of currency risk of financial instruments

## 30 September 2021

## Financial assets

	EGP	USD	EURO	GBP	Other Currencies	EGP.000 Total
Cash and due from Central Bank of Egypt	5 258 874	1 221 895	12 042	696	1 226	6 494 733
Due from banks	3 504 052	3 941 217	432 958	40 172	7 554	7 925 953
Treasury bills and governmental notes	150 895	665 081	787 697	-	-	1 603 673
Loans and facilities to customers	15 764 815	5 303 423	243 943	8	4	21 312 193

## Financial Investments

At fair value through comprehensive income (FVTOCI)	11 410 565	541 978	-	-	-	11 952 543
At amortized cost	3 766 365	209 212	-	-	-	3 975 577
At fair value through profit or loss (FVTPL)	237 527	48 005	-	-	-	285 532
Other financial assets	978 739	19 148	532	-	-	998 419
<b>Total financial assets</b>	<b>41 071 832</b>	<b>11 949 959</b>	<b>1 477 172</b>	<b>40 876</b>	<b>8 784</b>	<b>54 548 623</b>

## Financial liabilities

Due to banks	1 862 636	833 280	13 420	2 880	5	2 712 221
Customers' deposits	36 409 795	10 905 536	1 474 572	37 589	8 510	48 836 002
Other loans	424 344	157 122	-	-	-	581 466
Other financial liabilities	914 713	25 644	1 488	5	( 123)	941 727
<b>Total financial liabilities</b>	<b>39 611 488</b>	<b>11 921 582</b>	<b>1 489 480</b>	<b>40 474</b>	<b>8 392</b>	<b>53 071 416</b>
<b>Currency concentration</b>	<b>1 460 344</b>	<b>28 377</b>	<b>( 12 308)</b>	<b>402</b>	<b>392</b>	<b>1 477 207</b>

Other non- financial assets	2 651 753	-	-	-	-	2 651 753
Other non- financial liabilities and equity	4 128 960	-	-	-	-	4 128 960
<b>Net financial position</b>	<b>( 16 863)</b>	<b>28 377</b>	<b>( 12 308)</b>	<b>402</b>	<b>392</b>	<b>-</b>

<b>31 December 2020</b>	<b>EGP</b>	<b>USD</b>	<b>Euro</b>	<b>GBP</b>	<b>Other Currencies</b>	<b>Total</b>
<b>Total financial assets</b>	39 128 196	11 662 042	1 095 850	57 578	11 436	51 955 101
<b>Total financial liabilities</b>	38 386 652	11 536 988	1 082 352	56 909	5 241	51 068 142
Other non- financial assets	2 383 622	( 10)	-	-	-	2 383 612
Other non- financial liabilities and equity	3 270 582	( 10)	-	-	-	3 270 572
<b>Net financial position</b>	<b>( 145 416)</b>	<b>125 054</b>	<b>13 498</b>	<b>669</b>	<b>6 195</b>	<b>-</b>

## B-3 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate reprising that may be undertaken which is monitored daily by bank risk division.



The table below summarizes the bank's exposure to interest rate risks. It includes the bank's financial instruments at carrying amounts categorized by the earlier of re-pricing or maturity dates:

**30 September 2021**

	<u>Up to 1 month</u>	<u>More than 1 month up to 3 months</u>	<u>More than 3 months up to 1 year</u>	<u>More than 1 year up to 5 years</u>	<u>More than 5 years</u>	<u>Free Interest</u>	<u>EGP.000 Total</u>
<b>Financial assets</b>							
Cash and due from Central Bank of Egypt	-	1 180 093	-	-	-	5 311 651	6 491 744
Due from banks	7 656 809	290 852	15 803	-	-	-	7 963 465
Treasury bills and other Governmental notes	10 250	316 127	1 309 987	-	-	-	1 636 364
Loans and facilities to customers	11 859 394	6 694 417	1 938 949	2 033 779	449 806	-	22 976 345
<b>Financial Investments</b>							
At fair value through comprehensive income	1 900 900	417 578	2 096 623	10 437 875	763 716	677 840	16 294 532
At amortized cost	69 922	476 303	494 623	4 146 041	384 444	-	5 571 334
At fair value through profit or loss	-	-	-	-	-	285 532	285 532
Other financial assets	-	-	-	-	-	156 217	156 217
<b>Total financial assets</b>	<b>21 497 274</b>	<b>9 375 371</b>	<b>5 855 985</b>	<b>16 617 695</b>	<b>1 597 967</b>	<b>6 431 240</b>	<b>61 375 532</b>
<b>Financial liabilities</b>							
Due to banks	2 338 532	314 840	-	-	-	-	2 653 371
Customers' deposits	23 260 918	6 709 772	8 421 971	12 099 614	-	-	50 492 275
Other loans	-	177 865	53 556	553 137	-	-	784 558
Other financial liabilities	-	-	14 002	43 748	-	-	57 750
<b>Total financial liabilities</b>	<b>25 599 450</b>	<b>7 202 476</b>	<b>8 489 528</b>	<b>12 696 499</b>	<b>-</b>	<b>-</b>	<b>53 987 954</b>
<b>The interest re-pricing gap</b>	<b>(4 102 176)</b>	<b>2 172 895</b>	<b>(2 633 543)</b>	<b>3 921 196</b>	<b>1 597 967</b>	<b>6 431 240</b>	<b>7 387 578</b>

**31 December 2020**

<b>Total financial assets</b>	20 964 731	8 414 051	10 773 173	12 960 383	3 099 456	1 529 843	57 741 637
<b>Total financial liabilities</b>	21 277 965	7 730 116	7 900 512	10 543 669	-	3 979 909	51 432 171
<b>Re-pricing gap</b>	<b>( 313 234)</b>	<b>683 935</b>	<b>2 872 661</b>	<b>2 416 714</b>	<b>3 099 456</b>	<b>(2 450 066)</b>	<b>6 309 466</b>

**C- Liquidity risk**

Liquidity risk represents difficulty encountering the bank in meeting its financial commitments when they fall due and replace funds when they are withdrawn. This may results in failure in fulfilling the bank obligation to repay to the depositors and fulfilling lending commitments.

**Liquidity risk management process**

The bank's liquidity management process carried out by the bank risk division includes:

- Daily funding managed by monitoring future cash flows to ensure that all obligations can be met when due. This includes availability of liquidity as they due or to be borrowed to customers. the bank maintains an active presence in global money markets to ensure that the bank met its objective.
- The bank maintains a portfolio of highly marketable and diverse assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.
- Monitoring liquidity ratios compared to the internal requirements and Central Bank of Egypt requirements.
- Managing loans concentration and maturities.



- The main period for liquidity management is the next day, week and month. The bank calculates the expected cash flow for those periods for monitoring and reporting purposes. The starting point to calculate these expectations is analyzing the financial liabilities contractual dues and expected collections dates for the financial assets .

Assets and liabilities department monitors the mismatch between medium term assets, the level and nature of unused loans limits, overdraft utilizations, and the effect of contingent liabilities such as letters of guarantees and letters of credit.

#### **Funding approach**

Sources of liquidity are regularly reviewed by bank risk division to maintain a wide diversification by currency, geography, source, products, and terms.

#### **D- Fair value of financial assets and liabilities**

##### **D-1 Financial instruments measured at fair value**

The carrying amount of financial assets held for trading represents by fair value according to announced prices as at financial statements date. Changes in fair value of those assets are recognized in income statement included in net income from trading. Also the carrying amount of quoted financial assets that classified as FVOCI represents by fair value according to announced prices as at financial statements date . Changes in fair value of those assets are recognized in the statement of comprehensive income. Regarding unquoted financial assets or in case of no active market the valuation technique used (Discounted Cash Flow, Multiples Method). Changes in fair value of those assets are recognized in the statement of other comprehensive income.

##### **D-2 financial instruments not measured at fair value**

###### **Due from banks**

All Due from Banks are current balances with maturity of less than one year

###### **Loans and facilities to customers**

Loans and facilities to customers is presented less provisions for Impairment losses

###### **Investment by amortised cost**

Including governmental debt instrument listed in market therefore fair value can be determined according to market price.

###### **Due to banks**

All Due to Banks are current balances with maturity of less than one year

###### **Customer deposits**

Represent deposits with unspecified maturities which include non-interest bearing deposits

#### **E -Capital management**

The bank's objectives behind managing capital include elements other than equity shown in the balance sheet are represented in the following:

- Compliance with capital legal requirements in Arab Republic of 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.

Capital adequacy and uses are reviewed on a daily basis according to the regulatory authority's requirements (Central Bank in Arab Republic of Egypt) by the bank's management through models based Basel committee for banking control instructions, these data are submitted to Central Bank of Egypt on quarterly basis.

#### **Central Bank of Egypt requires the following from the bank:**

- Maintaining a minimum amount of 5 billion pounds for the issued and paid up capital. The paid-up capital to the bank at the end of the current fiscal period amounted to 2.2 billion Egyptian pounds
- Maintaining a minimum capital adequacy ratio of 10%, calculated on the basis of the ratio between the sum of the capital elements and the sum of the elements of the assets and contingent liabilities weighted by the risk weights - the prudential pillar, and the minimum capital adequacy criterion is 12.5% .

#### **The numerator in capital adequacy comprises the following 2 tiers:**

- **Tier 1:** basic capital which comprises paid-up capital (net of treasury stock), plus: retained earnings and reserves resulting from profit appropriations (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.
- **Tier 2:** subordinated capital which comprises with equivalent amount of the loans provision for debt instrument / Loans and credit facilities at stage 1 which does not exceed 1.25% from the total risk-weighted average of assets and contingent liabilities, plus: the carrying amount of subordinated loans/deposits maturing over more than 5 years (provided that such carrying amount shall be reduced by 20 % of its value in each of the last five years of their maturity), in calculating number of the capital adequacy ratio, total value of tier 2 should not exceed total value of tier 1. also, total value of subordinated loan (deposits) should not exceed 50% of tier 1 .

Assets are risk weighted at a range of 0 to 200%. Risk classification of these assets is based on the type of the debtor as to reflect the associated credit risk and after consideration of cash collaterals. The same treatment is applied for the off-balance sheet items which shall be adjusted to reflect the contingent nature of and potential loss on these amounts.

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, in accordance with the instructions of the Central Bank of Egypt for the capital adequacy ratio (Basel II)

The tables below summarizes the compositions of Tier 1, Tier 2 and the capital adequacy ratio based on Basel II:



### Capital Adequacy Ratio

#### **Tier one (basic and additional capital)**

	30 September 2021 EGP.000	31 December 2020 EGP.000 *
Share Capital earnings	2 904 326	2 904 326
Reserves	185 972	185 973
General risk reserve	38 851	38 851
Retained earnings	569 289	565 074
Net profit from period	376 976	-
Supportive deposit difference	3 264	2 377
Total exclusions from basic and supplementary capital	( 108 405)	( 51 576)
<b>Total Tier one after exclusions</b>	<b>3 970 273</b>	<b>3 645 024</b>

#### **Tier two (Supplementary capital)**

45% Balance of special reserve	20 321	20 321
supportive deposits	271 737	337 623
Total provision for impairment losses on contingent liabilities	81 932	72 596

#### **Deductions from tier two**

	<b>373 990</b>	<b>430 540</b>
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#### **Total capital**

	<b>4 344 263</b>	<b>4 075 565</b>
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#### **Risk weighted assets and contingent liabilities**

Credit risk	29 329 960	27 612 691
Market risk	525 016	621 324
Operational risk	2 472 067	2 495 006

#### **Total risk weighted assets and contingent liabilities**

	<b>32 327 044</b>	<b>30 729 021</b>
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#### **Capital adequacy ratio**

\* After AGM approval.

### Leverage financial ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on 7 July 2015 on special supervisory instructions related to leverage ratio which maintaining aminimum level of leverage ratio of 3% to be reported in quarterly basis to be obligatory ratio started from year 2018.

This ratio will be included in Basel requirement Tier1 in order to maintain Egyptian Banking system strong and safe, as long to keep up with best international regulatory treatments.

Leverage financial ratio reflect relationship between Tier 1 for capital that is used in capital adequacy ratio (after exclusions) and other assets (on balance sheet and off-balance sheet) that are not risk weighted assets.

#### Ratio Elements

##### I- The numerator elements

The numerator consists of Tier 1 for capital that is used in capital adequacy ratio (after exclusions) in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE).

##### II- The denominator elements

The denominator consists of all bank assets (on balance sheet and off-balance sheet) according to financial statements called "Bank exposures" which include total the following:

On balance sheet exposure items after deducting some of Tier I Exclusions for capital base.

Derivatives contracts exposures.

Financing Financial papers operations exposures.

Off-balance sheet items (weighted by credit conversion factor).

### Leverage financial ratio

#### **Trer 1 Capital after exclusions**

	30 September 2021 EGP.000	31 December 2020 EGP.000
Total exposures on balance sheet	3 970 273	3 645 024
Total exposures off- balance sheet	57 498 492	52 056 444
<b>Total exposures on balance sheet and off- balance sheet</b>	<b>62 166 535</b>	<b>57 278 584</b>
<b>Leverage financial ratio</b>	<b>6.39%</b>	<b>6.36%</b>

### **4-Significant accounting estimates and assumptions**

In the application of the bank's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future years if the revision affects both current and future years.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.







	From 1 July 2021 To 30 September 2021 EGP.000	From 1 January 2021 To 30 September 2021 EGP.000	From 1 July 2020 To 30 September 2020 EGP.000	From 1 January 2020 To 30 September 2020 EGP.000
<b>6 - Net Interest Income</b>				
<b>Interest income from loans and similar income</b>				
Loans and facilities to Customers	470 601	1 306 927	397 032	1 180 068
Treasury bills	29 342	333 975	255 170	725 754
Bonds	-	-	-	-
Governmental bonds	416 020	1 194 528	361 594	1 034 258
Other bonds	90 014	261 777	12 707	39 788
Deposits and current accounts with banks	53 093	94 568	40 231	265 920
	<b>1 059 070</b>	<b>3 191 775</b>	<b>1 066 734</b>	<b>3 245 788</b>
<b>Interest expenses of deposits and similar expenses</b>				
Current accounts and deposits :				
Customers	( 646 647)	(1 890 643)	( 618 126)	(1 971 893)
Banks	( 16 826)	( 103 705)	( 23 491)	( 49 612)
Other	( 18 832)	( 57 166)	( 20 459)	( 57 642)
	<b>( 682 305)</b>	<b>(2 051 514)</b>	<b>( 662 076)</b>	<b>(2 079 147)</b>
	<b>376 765</b>	<b>1 140 261</b>	<b>404 658</b>	<b>1 166 641</b>

	From 1 July 2021 To 30 September 2021 EGP.000	From 1 January 2021 To 30 September 2021 EGP.000	From 1 July 2020 To 30 September 2020 EGP.000	From 1 January 2020 To 30 September 2020 EGP.000
<b>7 - Net Fees and Commissions Income</b>				
Credit fees and commissions	12 772	27 692	6 806	17 543
Trade finance fees and commissions	38 177	133 997	33 050	118 836
Custody fees	334	1 901	373	1 617
Other fees	1 483	3 785	3 142	9 014
	<b>52 766</b>	<b>167 375</b>	<b>43 371</b>	<b>147 010</b>

	From 1 July 2021 To 30 September 2021 EGP.000	From 1 January 2021 To 30 September 2021 EGP.000	From 1 July 2020 To 30 September 2020 EGP.000	From 1 January 2020 To 30 September 2020 EGP.000
<b>8 – Dividends Income</b>				
Equity instrument at FVTPL	49	144	45	136
Equity instrument at FVTOCI	1 744	9 702	587	8 811
	<b>1 793</b>	<b>9 846</b>	<b>632</b>	<b>8 947</b>

	From 1 July 2021 To 30 September 2021 EGP.000	From 1 January 2021 To 30 September 2021 EGP.000	From 1 July 2020 To 30 September 2020 EGP.000	From 1 January 2020 To 30 September 2020 EGP.000
<b>9 - Net Trading Income</b>				
Gains from dealing in foreign currencies	17 333	53 577	29 418	70 385
Translation differences of financial investment at FVTPL	13 808	62 928	8 129	31 354
	<b>31 141</b>	<b>116 505</b>	<b>37 547</b>	<b>101 739</b>



	From 1 July 2021 To 30 September 2021	From 1 January 2021 To 30 September 2021	From 1 July 2020 To 30 September 2020	From 1 January 2020 To 30 September 2020
	EGP.000	EGP.000	EGP.000	EGP.000
<b>10 - Administrative Expenses</b>				
Wages and salaries	122 318	369 788	119 218	342 828
Social Insurance	42 101	120 596	33 036	99 204
Other administrative expenses	91 858	307 999	82 172	279 528
	<b>256 277</b>	<b>798 383</b>	<b>234 426</b>	<b>721 560</b>

	From 1 July 2021 To 30 September 2021	From 1 January 2021 To 30 September 2021	From 1 July 2020 To 30 September 2020	From 1 January 2020 To 30 September 2020
	EGP.000	EGP.000	EGP.000	EGP.000
<b>11- Other operating income (expense)</b>				
Gain on sale of property, plant and equipment	-	-	-	7 840
Other income / (expenses)	15 337	124 322	17 369	29 545
Release (charge) of other provisions	5 320	1 534	1 431	31 684
	<b>20 657</b>	<b>125 856</b>	<b>18 800</b>	<b>69 069</b>

	From 1 July 2021 To 30 September 2021	From 1 January 2021 To 30 September 2021	From 1 July 2020 To 30 September 2020	From 1 January 2020 To 30 September 2020
	EGP.000	EGP.000	EGP.000	EGP.000
<b>12 - Income tax expense</b>				
Current taxes	( 89 285)	( 321 361)	( 123 417)	( 368 422)
Deferred taxes (note 29)	( 7 556)	( 18 269)	( 1 517)	( 840)
	<b>( 96 841)</b>	<b>( 339 630)</b>	<b>( 124 934)</b>	<b>( 369 262)</b>

Note (29) includes additional information about differed income tax

	30 September 2021 EGP.000	30 September 2020 EGP.000
<b>Adjustments to calculate the effective tax rate</b>		
Profit before income tax	716 607	725 250
Tax rate	22.50%	22.50%
<b>Income tax calculated based on accounting profit</b>	<b>161 236</b>	<b>163 181</b>
<b>Add /(deduct)</b>		
Non-deductible expenses	94 841	53 015
Tax exemptions	( 98 671)	( 64 617)
Provisions impact	( 8 190)	( 669)
Depreciation impact	( 3 315)	( 3 780)
Tax pool	159 003	146 021
Others	34 726	76 112
<b>Income tax expenses</b>	<b>339 630</b>	<b>369 262</b>
<b>Effective tax rate</b>	<b>47.39%</b>	<b>50.92%</b>



	From 1 July 2021 To 30 September 2021	From 1 January 2021 To 30 September 2021	From 1 July 2020 To 30 September 2020	From 1 January 2020 To 30 September 2020
	EGP.000	EGP.000	EGP.000	EGP.000
<b>13 - Charge of impairment credit losses</b>				
Loans and advances to customers	( 15 133)	( 158 683)	( 62 005)	( 258 159)
Due from Central Bank of Egypt	78	196	97	368
Due from banks	2	( 364)	58	107
Treasury bills	( 3 044)	( 710)	( 2 836)	( 1 471)
Debt instruments at amortized cost	312	( 654)	419	673
Debt instruments at FVTOCI	-	-	845	( 871)
	<b>( 17 785)</b>	<b>( 160 214)</b>	<b>( 63 422)</b>	<b>( 259 353)</b>

	From 1 July 2021 To 30 September 2021	From 1 January 2021 To 30 September 2021	From 1 July 2020 To 30 September 2020	From 1 January 2020 To 30 September 2020
	EGP.000	EGP.000	EGP.000	EGP.000
<b>14 - Earnings per share</b>				
Net profit	136 140	376 977	132 080	355 988
Profit available	136 140	376 977	132 080	355 988
Weighted average for outstanding shares (thousand)	220 000	220 000	220 000	220 000
Earnings per share (EGP/share)	<b>0.62</b>	<b>1.71</b>	<b>0.60</b>	<b>1.62</b>

**15- Cash and Due from Central Bank of Egypt**

	30 September 2021 EGP.000	31 December 2020 EGP.000
Cash	255 481	213 864
Due from CBE mandatory reserve	6 240 004	1 199 264
Less: Allowance for impairment losses	( 752)	( 950)
	<b>6 494 733</b>	<b>1 412 178</b>
Non-interest bearing balances	5 315 750	432 311
Fixed interest bearing balances	1 179 735	980 817
Less: Allowance for impairment losses	( 752)	( 950)
	<b>6 494 733</b>	<b>1 412 178</b>

**Movement of allowance for impairment losses for due from Central Bank of Egypt**

	30 September 2021 EGP.000	31 December 2020 EGP.000
Opening balance	950	1 806
Charge (release) of impairment credit loss	( 196)	( 496)
Transfers	-	( 351)
Foreign exchanges revaluation differences	( 2)	( 9)
	<b>752</b>	<b>950</b>

**16 - Due from banks**

	30 September 2021 EGP.000	31 December 2020 EGP.000
Current accounts	170 991	430 423
Deposits	7 755 771	10 283 888
Less: Allowance for impairment losses	( 809)	( 446)
	<b>7 925 953</b>	<b>10 713 865</b>
Due from CBE other than those under the mandatory reserve	3 500 000	2 450 000
Local banks	2 755 967	6 083 747
Foreign banks	1 670 795	2 180 564
Less: Allowance for impairment losses	( 809)	( 446)
	<b>7 925 953</b>	<b>10 713 865</b>
Non-interest bearing balances	170 991	430 423
Fixed balances at floating interest bearing	7 755 771	10 283 888
Less: Allowance for impairment losses	( 809)	( 446)
	<b>7 925 953</b>	<b>10 713 865</b>
Current balances	<b>7 925 953</b>	<b>10 713 865</b>



<b>Movement of allowance for impairment losses for due from banks</b>		<b>30 September 2021</b>	<b>31 December 2020</b>
		<b>EGP.000</b>	<b>EGP.000</b>
Opening balance		446	653
Charge (release) of impairment loss		364	( 55)
Transfers		-	( 144)
Foreign exchanges revaluation differences		( 1)	( 8)
		<b>809</b>	<b>446</b>

<b>17 - Treasury bills and other governmental notes</b>		<b>30 September 2021</b>	<b>31 December 2020</b>
		<b>EGP.000</b>	<b>EGP.000</b>
<b>Treasury bills</b>			
Maturity 91 days		32 000	44 275
Maturity 182 days		175	19 900
Maturity 273 days		900	1 004 750
More the 364 day maturity		1 603 289	5 810 786
<b>Total</b>		<b>1 636 364</b>	<b>6 879 711</b>
<b>Less :</b>			
Unearned interest less than 91 days		( 632)	( 1 315)
Unearned interest more than 91 days		( 25 463)	( 337 274)
Allowance for impairment losses		( 6 596)	( 6 027)
		<b>1 603 673</b>	<b>6 535 095</b>

<b>Movement of allowance for impairment losses for treasury bills and other governmental notes</b>		<b>30 September 2021</b>	<b>31 December 2020</b>
		<b>EGP.000</b>	<b>EGP.000</b>
Opening balance		6 027	3 694
Charge (release) of impairment loss		710	3 874
Transfers		-	( 1 748)
Foreign exchanges revaluation differences		( 140)	207
		<b>6 596</b>	<b>6 027</b>

<b>18 - Loans and facilities to customers</b>		<b>30 September 2021</b>	<b>31 December 2020</b>
		<b>EGP.000</b>	<b>EGP.000</b>
<b>Retail</b>			
Overdraft		160 396	340 194
Credit cards		28 369	25 778
Personal loans		1 381 657	842 816
<b>Total (1)</b>		<b>1 570 422</b>	<b>1 208 788</b>
<b>Corporate including SMEs</b>			
Overdraft		10 697 040	8 516 353
Direct loans		3 881 653	4 084 983
Syndicated loans		7 905 715	6 506 920
<b>Total (2)</b>		<b>22 484 408</b>	<b>19 108 256</b>
<b>Total loans and facilities to customers (1+2)</b>		<b>24 054 830</b>	<b>20 317 044</b>
<b>Less:</b>			
Impairment losses provision		(2 346 595)	(2 174 394)
Interest in suspense		( 393 865)	( 370 864)
Interest under settlement		( 2 177)	( 3 565)
		<b>21 312 193</b>	<b>17 768 221</b>
Current balances		14 335 572	6 289 123
Non-current balances		6 976 621	11 479 098
		<b>21 312 193</b>	<b>17 768 221</b>



**Allowance of impairment losses**

Analysis of the movement of the impairment loss provision for loans and facilities to customers :

**30 September 2021**

Opening balance  
 Impairment Charge  
 Used

Retail			Total
Overdraft	Credit Cards	Personal Loans	
EGP.000	EGP.000	EGP.000	EGP.000
36 528	7 257	32 430	76 215
5 513	( 2 300)	16 174	19 387
-	-	( 23)	( 23)
<b>42 041</b>	<b>4 957</b>	<b>48 581</b>	<b>95 579</b>

Opening balance  
 Impairment Charge  
 Used  
 Proceeds from previously written off debts  
 Foreign exchange translation differences

Corporate			Total
Overdraft	Direct Loans	Syndicated Loans	
EGP.000	EGP.000	EGP.000	EGP.000
1 869 158	207 480	21 541	2 098 179
44 124	11 877	83 295	139 296
( 58 151)	-	-	( 58 151)
73 117	-	-	73 117
( 1 229)	( 173)	( 23)	( 1 425)
<b>1 927 019</b>	<b>219 184</b>	<b>104 813</b>	<b>2 251 016</b>
			<b>2 346 595</b>

**31 December 2020**

Opening balance  
 Impairment Charge  
 Used

Retail			Total
Overdraft	Credit Cards	Personal Loans	
EGP.000	EGP.000	EGP.000	EGP.000
38 174	4 407	8 670	51 251
( 11 189)	1 887	30 507	21 205
9 543	963	( 6 747)	3 759
<b>36 528</b>	<b>7 257</b>	<b>32 430</b>	<b>76 215</b>

Opening balance  
 Charge (release) of impairment loss  
 Used  
 Proceeds from previously written off debts  
 Transfers  
 Foreign exchange translation differences

Corporate				Total
Overdraft	Direct Loans	Syndicated Loans	Other Loans	
EGP.000	EGP.000	EGP.000	EGP.000	EGP.000
25 266	105 965	15 377	2 481 015	2 627 623
606 691	( 300 036)	9 325	( 148 472)	167 508
( 642 652)	( 25 262)	( 321)	( 8 190)	( 676 425)
5 510	-	-	357	5 867
1 875 211	433 187	( 2 800)	(2 297 032)	8 566
( 868)	( 6 374)	( 40)	( 27 678)	( 34 960)
<b>1 869 158</b>	<b>207 480</b>	<b>21 541</b>	-	<b>2 098 179</b>
				<b>2 174 394</b>



## 19 –Financial investments

### At FVTOCI

#### a) Debt instruments at FVTOCI

Listed in the market\*

#### b) Equity instruments at FVTOCI

Listed in the market\*

Unlisted in the market\*\*

#### c) Mutual funds

Unlisted in the market \*\*

#### Total financial investments at FVTOCI (1)

### At Amortized Cost

#### a) Debt instruments

Listed in the market

Less: Allowance for impairment losses

#### Total financial investments at Amortized Cost (2)

### At FVTPL

#### a) Equity instruments at FVTPL

Listed in the market

#### b) Mutual funds

Non-listed in the market

#### Total financial investments at FVTPL (3)

#### Total Financial investments (1+2+3)

Current balances

Not-current balances

#### Total Financial investments

Fixed interest debt instruments

Floating interest debt instruments

	30 September 2021 EGP.000	31 December 2020 EGP.000
	11 266 915	9 617 250
	<b>11 266 915</b>	<b>9 617 250</b>
	3 123	3 123
	638 880	573 148
	<b>642 003</b>	<b>576 271</b>
	43 625	30 820
	<b>43 625</b>	<b>30 820</b>
	<b>11 952 543</b>	<b>10 224 341</b>
	3 977 012	4 137 844
	( 1 435)	( 782)
	<b>3 975 577</b>	<b>4 137 062</b>
	178 929	254 680
	<b>178 929</b>	<b>254 680</b>
	106 603	103 797
	<b>106 603</b>	<b>103 797</b>
	<b>285 532</b>	<b>358 477</b>
	<b>16 213 652</b>	<b>14 719 880</b>
	11 448 967	9 875 053
	4 764 685	4 844 827
	<b>16 213 652</b>	<b>14 719 880</b>
	12 871 825	13 091 340
	2 370 667	663 754

\*Including governmental debt instrument of EGP 7 638 954 ( EGP 6 804 207 in previous year) and securitized bonds and sukuk of EGP 3 627 961 ( EGP 2 798 538 in previous year).

\*\*Includes seed capital in mutual funds established by the bank (note38)

### Summary of the financial investment movement

#### 30 September 2021

##### Opening balance

Addition

Disposal maturity (redemption)

Foreign exchange translation differences

Net change in fair value reserve

Discount (premium) amortization

Release /(charge) Allowance for impairment losses

#### 31 December 2020

##### Opening balance

Addition

Disposal maturity (redemption)

Foreign exchange translation differences

Net change in fair value reserve

Discount (premium) amortization

Release /(charge) Allowance for impairment losses

	At FVTOCI EGP.000	At Amortized Cost EGP.000	Total EGP.000
	10 224 341	4 137 062	14 361 403
	8 490 456	10 500	8 500 956
	(6 699 472)	( 158 354)	(6 857 826)
	( 1 100)	( 278)	( 1 378)
	( 32 620)	-	( 32 620)
	( 29 062)	( 12 699)	( 41 761)
	-	( 654)	( 654)
	<b>11 952 543</b>	<b>3 975 577</b>	<b>15 928 120</b>
	5 048 727	4 980 742	10 029 469
	16 115 218	278 499	16 393 717
	(11 184 693)	(1 101 512)	(12 286 205)
	12 665	( 3 921)	8 744
	261 762	-	261 762
	( 29 338)	( 18 359)	( 47 697)
	-	1 613	1 613
	<b>10 224 341</b>	<b>4 137 062</b>	<b>14 361 403</b>



	From 1 July 2021 To 30 September 2021	From 1 January 2021 To 30 September 2021	From 1 July 2020 To 30 September 2020	From 1 January 2020 To 30 September 2020
	EGP.000	EGP.000	EGP.000	EGP.000
<b>Gain on Financial Investments</b>				
Gain on sale of associate	-	-	25 734	25 734
Gain on sale of debt instrument and treasury bills	22 592	78 115	12 116	147 159
Release (charge) of impairment losses of associate	-	10 598	-	13 309
	<b>22 592</b>	<b>88 713</b>	<b>37 850</b>	<b>186 202</b>

**Movement of allowance for impairment losses for Investments at Amortized Cost**

	30 September 2021	31 December 2020
	EGP.000	EGP.000
Opening balance	783	2 396
Charge (release) of impairment loss	654	( 1 093)
Transfers	-	( 501)
Foreign exchanges revaluation differences	( 2)	( 20)
	<b>1 435</b>	<b>782</b>



## 20-Financial investments in associates

EGP.000

		31 December 2020	Share of profit in associates in income statement	Comprehensive Income	Disposal	30 September 2021
	%					
Suez Canal for commercial and agricultural development	8.13%	9 690	-	-	( 9 690)	-
Al Maadi for touristic investments and entertainment	29.69%	10 020	( 92)	-	-	9 928
Credit guarantee company	9.09%	48 862	23 587	-	-	72 449
Oriental for industrial projects	11.83%	8 762	1 796	-	-	10 558
Elshorouk for markets and shops	66.78%	62 047	1 357	( 122)	-	63 282
		<b>139 381</b>	<b>26 648</b>	<b>( 122)</b>	<b>( 9 690)</b>	<b>156 217</b>
Allowance for impairment losses		<b>( 10 598)</b>				-
		<b>128 783</b>				<b>156 217</b>



**21 – Intangible assets**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP.000</b>	<b>EGP.000</b>
Opening balance	65 530	57 394
Additions	5 108	8 136
Disposals	-	-
<b>Total cost</b>	<b>70 638</b>	<b>65 530</b>
Accumulated amortization	( 34 570)	( 26 260)
Amortization expenses	( 6 452)	( 8 310)
Disposals	-	-
<b>Accumulated amortization</b>	<b>( 41 022)</b>	<b>( 34 570)</b>
	<b>29 616</b>	<b>30 960</b>

**22 – Other assets**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP.000</b>	<b>EGP.000</b>
Accrued revenues	716 553	584 756
Prepaid interest	-	-
Prepaid expenses	61 227	32 681
Advance payment for acquisition of property, plant and equipment	959 060	757 673
Asset reverted to the bank in settlement of debts	808 927	750 059
Insurance and custody	8 346	7 486
Others	116 742	148 180
	<b>2 670 855</b>	<b>2 280 835</b>



## 23 – Property, plant and equipment

	Lands	Buildings and construction	Integrated automated systems	Vehicles	Machinery & Equipment	Fixtures & fitting	Furniture	Total
	EGP.000	EGP.000	EGP.000	EGP.000	EGP.000	EGP.000	EGP.000	EGP.000
Cost	88 934	467 902	108 021	19 765	100 597	149 139	47 416	981 774
Accumulated depreciation	-	( 83 497)	( 61 017)	( 12 335)	( 31 185)	( 71 018)	( 15 393)	( 274 445)
<b>Net book value as at 1 January 2020</b>	<b>88 934</b>	<b>384 405</b>	<b>47 004</b>	<b>7 430</b>	<b>69 412</b>	<b>78 121</b>	<b>32 023</b>	<b>707 329</b>
Additions	-	76 670	7 666	2 210	23 249	31 109	7 265	148 169
Disposals	-	( 5 198)	-	( 1 233)	-	( 34)	-	( 6 465)
Depreciation	-	( 12 799)	( 13 971)	( 2 740)	( 12 618)	( 7 863)	( 3 851)	( 53 842)
Accumulated depreciation of disposals	-	1 220	-	1 233	-	34	-	2 487
<b>Net book value as at 31 December 2020</b>	<b>88 934</b>	<b>444 298</b>	<b>40 699</b>	<b>6 900</b>	<b>80 043</b>	<b>101 367</b>	<b>35 437</b>	<b>797 678</b>
Cost	88 934	539 374	115 687	20 742	123 846	180 214	54 681	1 123 478
Accumulated depreciation	-	( 95 076)	( 74 988)	( 13 842)	( 43 803)	( 78 847)	( 19 244)	( 325 800)
<b>Net book value as at 31 December 2020</b>	<b>88 934</b>	<b>444 298</b>	<b>40 699</b>	<b>6 900</b>	<b>80 043</b>	<b>101 367</b>	<b>35 437</b>	<b>797 678</b>
Additions	-	1 655	22 694	-	7 201	9 949	928	42 427
Depreciation	-	( 10 235)	( 12 416)	( 2 196)	( 10 839)	( 7 554)	( 3 381)	( 46 621)
<b>Net book value as at 30 September 2021</b>	<b>88 934</b>	<b>435 718</b>	<b>50 977</b>	<b>4 704</b>	<b>76 405</b>	<b>103 762</b>	<b>32 984</b>	<b>793 484</b>
Cost	88 934	541 029	138 381	20 742	131 047	190 163	55 609	1 165 905
Accumulated depreciation	-	( 105 311)	( 87 404)	( 16 038)	( 54 642)	( 86 401)	( 22 625)	( 372 421)
<b>Net book value as at 30 September 2021</b>	<b>88 934</b>	<b>435 718</b>	<b>50 977</b>	<b>4 704</b>	<b>76 405</b>	<b>103 762</b>	<b>32 984</b>	<b>793 484</b>

\*Property, plant and equipment at the balance sheet include an amount of EGP 81 million represent assets not registered with the name of bank yet and legal department is in-process to register these assets.



<b>24 –Due to banks</b>		<b>30 September 2021</b>	<b>31 December 2020</b>
		<b>EGP.000</b>	<b>EGP.000</b>
Current accounts		228 944	123 287
Deposits		2 428 488	4 225 390
Treasury bills sold with re-purchase agreement		54 789	67 642
		<b>2 712 221</b>	<b>4 416 319</b>
Central banks		110 459	79 315
Local banks		2 114 673	4 026 445
Foreign banks		487 089	310 559
		<b>2 712 221</b>	<b>4 416 319</b>
Non interest rate accounts		114 062	98 685
Fixed interest rate accounts		2 598 159	4 317 634
		<b>2 712 221</b>	<b>4 416 319</b>
Current balances		<b>2 712 221</b>	<b>4 416 319</b>
<b>25- Customer's deposits</b>		<b>30 September 2021</b>	<b>31 December 2020</b>
		<b>EGP.000</b>	<b>EGP.000</b>
Demand deposits		15 990 390	14 237 299
Time deposits and call accounts		22 121 901	20 368 464
Term saving certificates		7 984 994	7 063 972
Savings deposits		1 960 158	1 946 820
Other deposits		778 559	727 187
		<b>48 836 002</b>	<b>44 343 742</b>
Corporate deposits		37 795 223	33 305 589
Retail deposits		11 040 779	11 038 153
		<b>48 836 002</b>	<b>44 343 742</b>
Non interest rate accounts		4 097 555	3 881 224
Fixed interest rate accounts		42 968 148	37 548 531
Floating interest rate accounts		1 770 299	2 913 987
		<b>48 836 002</b>	<b>44 343 742</b>
Current balances		39 884 734	38 455 995
Non-current balances		8 951 268	5 887 747
		<b>48 836 002</b>	<b>44 343 742</b>
<b>26 - Other Loans</b>		<b>30 September 2021</b>	<b>31 December 2020</b>
<b>Description</b>	<b>Maturity date</b>	<b>EGP.000</b>	<b>EGP.000</b>
CIB Loan	Mar 2021	-	2 000
Arab trade financing program	Multi dates	-	34 521
Project development authority loans	Feb 2024	20 155	26 415
Two subordinate deposits **	May 2024	307 391	303 727
Subordinate deposits ***	Dec 2024	96 798	96 245
Mashreq bank- Dubai	Dec 2021	157 122	157 321
Banque de caire	Aug 2021	-	157 321
		<b>581 466</b>	<b>777 550</b>
Current balances		157 122	351 163
Non-current balances		424 344	426 387
		<b>581 466</b>	<b>777 550</b>

\*A loan contract had been signed with the Projects development Authority to obtain a stake in loans to develop small projects. The loan bears interest paid to Projects development Authority in order to provide low cost finance for the bank's client according to agreed upon contract.

\*\* In accordance with the bank's general assembly meeting approval dated 31 January 2019, a subordinated deposit contract were signed on February 2019 with Arab Contractors Employees Insurance Fund amounted to EGP 325 Million to support tier two of the bank Capital Base in the calculation of Capital Adequacy Ratio in accordance with basel guidelines and to maintain CBE enacted ratio.

The duration of the subordinated deposit is 63 months starts from February 2019 and to be paid at the end of the period in full, and interest to be paid every three months. The present value are calculated according CBE instructions.

\*\*\* In accordance with the bank's general assembly meeting approval dated 31 January 2019, a subordinated deposit contract were signed on September 2019 with Arab Contractors Employees pension Fund amounted to EGP 100 Million to support tier two of the bank capital base in the calculation of Capital Adequacy Ratio in accordance with basel guidelines and to maintain CBE enacted ratio.

The duration of the subordinated deposit is 63 months starts from September 2019 and to be paid at the end of the period in full, and interest to be paid every three months. The present value are calculated according CBE instructions.



## 27 - Other liabilities

	30 September 2021	31 December 2020
	EGP.000	EGP.000
Accrued interest	206 533	221 436
Unearned revenues	9 722	17 887
Accrued expenses	69 949	51 851
Creditors	9 635	10 857
Other payables	513 386	546 120
	<b>809 225</b>	<b>848 151</b>

## 28 - Other Provisions

	30 September 2021	31 December 2020
	EGP.000	EGP.000
Opening balance	15 639	62 488
Net foreign currencies exchange differences	( 98)	100
Charge (release) provision	( 1 534)	( 36 717)
Transfers	-	( 9 581)
Used	( 2 497)	( 651)
	<b>11 510</b>	<b>15 639</b>

## 29 - Deferred tax assets and liabilities

Deferred tax has been calculated on temporary tax differences using the balance sheet method and using the expected tax rate on a time that the Bank will recognize benefit from assets / incur liabilities for current financial period .

Balance of deferred tax assets and liabilities are as follows:

	30 September 2021		31 December 2020	
	EGP.000		EGP.000	
	Asset	Liability	Asset	Liability
Depreciation of property, plant and equipment	-	( 41 244)	-	( 36 608)
Other provisions (other than loan provision)	4 748	-	7 749	-
Debt instruments at FVTOCI	-	( 3 062)	-	( 21 242)
Equity instruments at FVTOCI	-	( 70 803)	-	( 68 117)
Other	-	( 10 631)	-	-
<b>Total deferred tax asset (liability)</b>	<b>4 748</b>	<b>( 125 740)</b>	<b>7 749</b>	<b>( 125 967)</b>
<b>Net tax deferred tax asset (liability)</b>	<b>-</b>	<b>( 120 992)</b>	<b>-</b>	<b>( 118 218)</b>

Movement of deferred tax assets and liabilities are as follows:

	30 September 2021		31 December 2020	
	EGP.000		EGP.000	
	Asset	Liability	Asset	Liability
Opening balance	7 749	( 125 967)	39 314	( 49 378)
Depreciation of property, plant and equipment	-	( 4 636)	-	( 11 235)
Other provisions (other than loan provision)	( 3 001)	-	6 135	-
Debt instruments at FVTOCI	-	7 724	-	( 17 713)
Disposal of debt instruments at FVTOCI	-	10 456	-	20 477
Equity instruments at FVTOCI	-	( 2 686)	( 37 700)	( 126 434)
Disposal of equity instruments at FVTOCI	-	-	-	58 316
Other	-	( 10 631)	-	-
	<b>4 748</b>	<b>( 125 740)</b>	<b>7 749</b>	<b>( 125 967)</b>

## 30- Capital

### (A) Authorized Capital

Authorized capital amounted to EGP 5 billion. on 4 April, 2019, Extra ordinary assembly meeting approved an increase in authorized capital by EGP 3 billion to be EGP 5 billion and record has been marked at commercial register

### (B) Issued and paid - up capital

Issued and paid – up capital amounted to EGP 2.2 billion distributed on 220 million shares in cash with nominal value of EGP. 10 each

### (C) Retained amount for capital increase

Amount of EGP 704 326 thousand have retained for capital increase. On 31 March 2021 the bank's General Assembly has approved the capital increase by EGP 704 326 thousand through distributions of 1.28 bonus share for each 4 shares. at par value of EGP 10 per share.

## 31. Reserves

	30 September 2021	31 December 2020
	EGP.000	EGP.000
Legal reserve	92 525	62 834
General reserve *	24 117	24 117
Special reserve	45 158	45 158
Capital reserve	69 330	61 490
Fair value reserve (a)	( 67 923)	( 13 944)
General risk reserves	38 851	38 851
General bank risk reserve **( b)	55 499	40 268
	<b>257 557</b>	<b>258 774</b>

\*The value of residual amount from issuing expenses of capital increase from EGP. 1 billion to EGP. 2 billion.

\*\*In accordance with the instructions of the CBE, the general banking risk reserve is supported annually by 10% of the value of the assets owned by the Bank in return for debt if these assets are not disposed of within the period specified in the law.



### 31/a- Fair Value reserve

30 September 2021	31 December 2020
EGP.000	EGP.000
Opening balance	( 13 944)
Net change in fair value transferred to R/E after tax deduction	-
Net change in FVOCI	( 53 979)
	( 67 923)

### 31/b- General banking risk reserve

30 September 2021	31 December 2020
EGP.000	EGP.000
Opening balance	40 268
Transferred from retained earnings	15 231
Transferred to retained earnings	-
	55 499

### 32.Difference between the present value and face value for subordinate deposits

30 September 2021	31 December 2020
EGP.000	EGP.000
Opening balance	25 027
Amortization of difference of subordinate deposit	( 4 216)
	20 811

### 33. Retained earnings

	30 September 2021	31 December 2020
	EGP.000	EGP.000
Opening balance	1 384 075	1 107 279
Transferred to legal reserve	( 29 691)	( 25 992)
Transferred to capital reserve	( 7 840)	( 22 366)
Transferred to general banking risk reserve	( 15 231)	( 21 322)
Transferred to retained amount for capital increase	( 704 326)	( 200 000)
Transferred from general banking reserve	-	14 950
Amortization of difference of subordinate deposit	4 216	4 856
Staff profit share	( 43 197)	( 37 253)
Banking system support and development fund	( 5 717)	-
Board Members' bonus	( 13 000)	( 11 000)
Net change in fair value transferred to R/E after tax deduction	-	( 26 741)
Net profit	376 977	601 664
	946 266	1 384 075

### 34-Cash and cash equivalents

For the purpose of preparing the statement of cash flow, the cash and cash equivalent includes the following balance of maturity dates within less than three months from the date of acquisition:

	30 September 2021	30 September 2020
	EGP.000	EGP.000
Cash and due from CBE (note 15)	255 481	203 709
Due from banks (note 16)	7 926 762	7 577 434
Treasury bills and other governmental notes (note 17)	31 368	411 712
	8 213 611	8 192 855

### 35- Contingent and commitments liabilities

#### (A)-Legal claims :

There is a number of existing cases against the bank without provision as the bank doesn't expect to incur losses as at financial statement date from it. A provision for legal cases that are expected to incur losses has been charged and balanced EGP 2 171 thousand as at financial statement date (In 31 Dec. 2020 : amounted to EGP 3 092 thousand)



## B-Capital commitments:

### B/1 - Property, plant and equipment and branches of equipment

The Bank is committed to contracts for property, plant and equipments purchase and branches preparations "building, furniture, amounting to EGP 421 132 as current period (EGP 449 997 thousand prior year ). Management is sufficiently confident that net profit shall be realized and finance shall be made available to cover these commitments.

### B/2 - Financial Investments

The capital commitments for the financial investments reached on the date of financial position as follows:

	Amount	Amount Paid	Remaining
Financial investments in associate	19 558	10 558	9 000

## C-Contingent liabilities:

Letters and financial of guarantees

Letter of credits import, export and facilities to suppliers

Other Contingent Liabilities

30 September 2021	31 December 2020
EGP.000	EGP.000
5 237 040	4 366 704
1 703 446	1 303 413
240 843	1 404 296
<b>7 181 330</b>	<b>7 074 413</b>

## D- Credit facilities commitments

Not more than one year

More than one year

30 September 2021	31 December 2020
EGP.000	EGP.000
336 451	519 546
873 903	837 346
<b>1 210 354</b>	<b>1 356 892</b>

## E- Commitments operating lease contracts

Not more than one year

More than one year and less than 5 years

More than 5 years

30 September 2021	31 December 2020
EGP.000	EGP.000
14 298	15 949
46 494	56 167
3 825	6 064
<b>64 617</b>	<b>78 180</b>

## 36- Related party transactions

The bank deals with its related parties on the same basis as with others in compliance with accepted banking rules and regulations. The nature of these transactions and its balances are represented on the balance sheet date as follows:

### A) Loans and credit facilities to related parties:

#### Loans and facilities to customers

Balance at beginning of the year

Collected loans

30 September 2021	31 December 2020
EGP.000	EGP.000
10 827	11 599
( 636)	( 772)
<b>10 191</b>	<b>10 827</b>

### B) Deposits from related parties:

Balance at beginning of the year

Deposits received

Deposits redeemed

Net foreign exchange difference

30 September 2021	31 December 2020
EGP.000	EGP.000
48 518	81 428
7 302	13 884
( 21 844)	( 46 743)
( 5)	( 51)
<b>33 972</b>	<b>48 518</b>

### C) Other

Due from banks

Investment in associates

Due to banks

Other loans

Other payables

30 September 2021	31 December 2020
EGP.000	EGP.000
128 251	49 584
156 217	128 783
9	9
404 189	399 972
372	372



### 37 -Tax position

#### A. Corporate income tax:

- For the years from 1978 till 2004, inspection completed and the bank has paid amounts due .
- For the years from 2005 and 2006, inspection completed and resulted in tax losses.
- For the year from 2007 to 2017 inspection completed and the bank paid all taxes due except for retained tax losses for year 2010 which will be settled as part of the agreement between tax authority and Egyptian Bank federation, thus no taxes due regarding this period.
- For the year from 2018 to 2020 the bank had submitted the annual tax return in due date and there is no taxes due .

#### B . Salaries tax:

- For the years from 1978 till 2019,inspection completed the employees salary tax was completed and settlement for the period from the beginning of activity commencing and till 2019 has been paid, according to this situation no taxes due on the bank until
- For the year 2020 the salary tax is deducted and paid regularly to the Tax Authority in accordance to law 91 for 2005

#### C . Stamp duty tax:

- For the periods beginning from the activity commencing date and till 31 July 2006 , the inspection completed for all branches in accordance with law no. 111 of the year 1980 and the bank have paid all the amounts due .
- For the period from 1 August 2006 to 31 December 2020, the bank has been completed inspection , and the bank has paid all the amounts due except some items transferred to internal committee to solve it for year 2019.
- From the years 2021, the bank paid stamp duty tax based on highest utilization of debit balance for each quarter period in accordance to Law No.9 of the year 2013.



### 38-Mutual Funds

	Suez Canal Bank First Fund "With Cumulative Periodical Return" and Distribution	Suez Canal Bank Second Fund "Agial - With Cumulative Periodical Return"	Suez Canal Bank Monetary Fund for Liquidity " With Cumulative Daily Return"
Registration number and est. date	No. 143 , in 24 March 1996	No. 355, in 30 June 2008	No. 790 in 10 August 2020
Under the license of the capital market law and its executive regulations	Financial markets law no. 95 of 1992 and its executive regulations		
Fund manager	HC for managing funds.	Beltone for managing funds.	CI Assets Management.
Currency	EGP	EGP	EGP
<b>A-Fund shares upon issuance:</b>			
Number of investment certificates (ICs)	200 000	10 000 000	25 000 000
Nominal value of IC	500	10	10
Total nominal value of ICs	100 000 000	100 000 000	250 000 000
The nominal value of the bank's ICs in the fund	35 900 000	7 096 710	5 000 000
<b>B-On the date of preparation of financial statements:</b>			
Market price per IC	456.52	12.80	11.15
Total market value of ICs	35 754 646	13 269 805	278 818 750
No.of outstanding ICs	78 320	1 036 565	25 000 000
Total Bank's ICs classified as investment at FVTOCI	10 000	500 000	500 000
Total Bank's ICs classified as investment at FVTPL	61 800	209 671	-
	<b>71 800</b>	<b>709 671</b>	<b>500 000</b>
Total Fair value of bank's ICs classified as investment at FVTOCI	4 565 200	6 400 855	5 576 375
Total Fair value of bank's ICs classified as investment at FVTPL	28 212 936	2 684 147	-
	<b>32 778 136</b>	<b>9 085 002</b>	<b>5 576 375</b>
Fees and Commission for supervising fund and other services through PL	126 353	60 004	668 943
Dividends received from Bank's ICs in fund	-	-	-

### 39 -Significant Events

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities.COVID-19 has brought about uncertainties in the global economic environment. SCB 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 in anticipation of the expected economic slowdown, SCB 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, Suez Canal Bank has taken internal protective action by building up proper provisions as a mitigation plan for the COVID-19 impact on the loan portfolio as of end of September 2021 . Further build up of provisions might be taken, precautionary, till the end of the grace period, till actual performance of the portfolio start revealing itself.

### 40- Translation

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