Suez Canal Bank S.A.E
Financial Statements
For the six months period ended 30 June 2022
And Limited review report

KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co
Public Accountants & Advisers

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Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

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 June 2022 and the related statements of income, comprehensive income, changes in equity and cash flows for the six 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 June 2022 and of its financial performance and its cash flows for the six 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
Public Accountants and Consultants
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Ahmed Abdel Aziz Helmy
Chartered Accountant
FRA No. 379
KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
BDO
Public Accountants & Advisers

Mohamed Mortada Abd El Hamed
Chartered Accountant
FRA No. 157
BDO Khaled & Co.
Public Accountants & Advisers

Cairo, 14 August 2022

Assets	Note	30 June 2022 EGP. 000	31 December 2021 EGP. 000
Cash and due from Central Bank of Egypt	(15)	**7 294 095**	4 921 918
Due from banks	(16)	**3 319 799**	6 933 872
Treasury bills	(17)	**8 565 197**	4 059 652
Loans and credit facilities to banks	(18)	**327 197**	-
Loans and credit facilities to customers	(19)	**25 335 739**	23 063 721
Financial investment			
-Fair value through other comprehensive income	(20)	**4 994 804**	9 480 024
- Amortized cost	(20)	**10 367 884**	5 275 016
- Fair value through profit or loss	(20)	**282 361**	302 136
Investments in associates	(21)	**165 450**	164 619
Intangible assets	(22)	**65 985**	57 039
Other assets	(23)	**2 865 571**	2 306 251
Property and equipment	(24)	**848 139**	867 011
Total assets		**64 432 221**	57 431 259
Liabilities and Equity			
Liabilities			
Due to banks	(25)	**1 124 903**	1 138 719
Customer deposits	(26)	**56 387 305**	50 586 852
Other loans	(27)	**1 072 866**	424 351
Other liabilities	(28)	**1 076 372**	767 575
Other provisions	(29)	**16 994**	15 754
Deferred tax liabilities	(30)	**103 620**	97 884
Total liabilities		**59 782 060**	53 031 135
Equity			
Paid-in capital	(31)	**2 904 326**	2 200 000
Retained amount for capital increase	(31)	**695 674**	704 326
Reserves	(32)	**377 973**	281 426
Difference between PV and face value for subordinate deposits	(33)	**16 029**	19 283
Retained earnings	(34)	**656 159**	1 195 089
Total equity		**4 650 161**	4 400 124
Total liabilities and equity		**64 432 221**	57 431 259

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 April 2022 To 30 June 2022 EGP. 000	From 1 January 2022 To 30 June 2022 EGP. 000	From 1 April 2021 To 30 June 2021 EGP. 000	From 1 January 2021 To 30 June 2021 EGP. 000
Interest from loans and similar income	(6)	1 219 853	2 318 335	1 094 381	2 132 705
Cost of deposits and similar expenses	(6)	(767 128)	(1 492 563)	(704 824)	(1 369 209)
Net interest income		**452 725**	**825 772**	**389 557**	**763 496**
Fees and commissions income	(7)	88 470	167 261	48 935	114 609
Net interest, fees and commissions income		**541 195**	**993 033**	**438 492**	**878 105**
Dividends income	(8)	1 296	24 620	293	8 053
Net trading income	(9)	2 345	37 824	69 364	85 364
Gain on financial investments	(20)	123 861	197 639	13 644	66 121
Share of results of associates	(21)	1 181	831	1 554	25 320
Impairment credit losses	(13)	(57 256)	(67 624)	(5 060)	(142 430)
Administrative expenses	(10)	(310 153)	(609 436)	(270 713)	(542 106)
Other operating (expenses) revenue	(11)	(11 933)	(105 889)	(29)	105 199
Profit before income tax		**290 536**	**470 998**	**247 545**	**483 626**
Income tax (expense)	(12)	(118 977)	(203 166)	(122 427)	(242 789)
Net profit		**171 559**	**267 832**	**125 118**	**240 837**
Earnings per share (EGP/share)	(14)	0.52	0.81	0.39	0.75

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 April 2022 To 30 June 2022 EGP. 000	From 1 January 2022 To 30 June 2022 EGP. 000	From 1 April 2021 To 30 June 2021 EGP. 000	From 1 January 2021 To 30 June 2021 EGP. 000
Net profit		**171 559**	**267 832**	**125 118**	**240 837**
Items that will not be reclassified to income statement					
Change in fair value of investments classified at fair value through comprehensive income	(17,20)	43	114 113	(20)	12 184
Income tax	(30)	1 419	(23 290)	7	(2 706)
		1 462	**90 823**	**(13)**	**9 478**
Items that might be reclassified to income statement					
Net changes in fair value	(17,20)	(271)	20 163	(13 760)	(84 819)
Net transfer to income statement		(31 224)	(49 403)	(5 326)	(24 818)
Income tax	(30)	(1 818)	(7 326)	3 038	18 968
Expected credit loss	(13)	5 573	5 573	-	-
		(27 740)	**(30 993)**	**(16 048)**	**(90 669)**
Total other comprehensive income		**(26 278)**	**59 830**	**(16 061)**	**(81 191)**
Total comprehensive income		**145 281**	**327 663**	**109 057**	**159 646**

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

			Reserves									
To 30 June 2021	**Paid-in capital**	**Retained amount for capital increase**	**Legal reserve**	**General reserve**	**Special reserve**	**Capital reserve**	**Fair value reserve**	**General risk reserve**	**General banking risk reserve**	**Difference between PV and face value for subordinate deposits**	**Retained earnings**	**Total**
	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 increase 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	-	-	-	-	-	-	(81 191)	-	-	-	-	(81 191)
Amortization of subordinate deposit difference	-	-	-	-	-	-	-	-	-	(2 751)	2 751	-
Net profit for the period	-	-	-	-	-	-	-	-	-	-	240 837	240 837
	2 200 000	**704 326**	**92 525**	**24 117**	**45 158**	**69 330**	**(95 135)**	**38 851**	**55 499**	**22 276**	**808 661**	**3 965 608**

			Reserves									
To 30 June 2022	**Paid-in capital**	**Retained amount for capital increase**	**Legal reserve**	**General reserve**	**Special reserve**	**Capital reserve**	**Fair value reserve**	**General risk reserve**	**General banking risk reserve**	**Difference between PV and face value for subordinate deposits**	**Retained earnings**	**Total**
	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	**2 200 000**	**704 326**	**92 525**	**24 117**	**45 158**	**69 330**	**(24 457)**	**38 851**	**35 902**	**19 283**	**1 195 089**	**4 400 124**
Transfer to reserves according to AGM	-	-	30 934	-	-	(14 002)	-	-	19 785	-	(36 717)	-
Transfer from R/E to capital increase according to AGM	-	695 674	-	-	-	-	-	-	-	-	(695 674)	-
Transfer from capital increase to paid-in capital	704 326	(704 326)	-	-	-	-	-	-	-	-	-	-
Dividend for the year 2021	-	-	-	-	-	-	-	-	-	-	(71 383)	(71 383)
Transfer to banking sector support and development fund	-	-	-	-	-	-	-	-	-	-	(6 242)	(6 242)
Net change in OCI items	-	-	-	-	-	-	59 830	-	-	-	-	59 830
Amortization of subordinate deposit difference	-	-	-	-	-	-	-	-	-	(3 254)	3 254	-
Net profit for the period	-	-	-	-	-	-	-	-	-	-	267 832	267 832
	2 904 326	**695 674**	**123 459**	**24 117**	**45 158**	**55 328**	**35 373**	**38 851**	**55 687**	**16 029**	**656 159**	**4 650 161**

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 June 2022	To 30 June 2021
Cash flows from operating activities		**EGP.000**	**EGP.000**
Profit before tax		470 998	483 626
Adjustments to reconcile net profit to net cash flows from operating activities			
Depreciation of property and equipment	(24)	36 917	30 881
Amortization of intangible assets	(22)	24 562	4 298
Impairment credit losses	(13)	67 624	142 430
Revaluation of investment at FVTPL	(9)	39 042	(49 120)
Share of results of associates	(21)	(831)	(25 320)
Reversed impairment for associates	(21)	-	(10 598)
Net formed other provision	(29)	1 640	3 786
Gain on sale of property and equipment	(11)	(580)	-
Gain from selling financial investment other than financial investment at FVTPL	(20)	(197 639)	(55 523)
Translation differences of other provisions in foreign currencies	(29)	516	(85)
Translation differences of financial investment other than financial investment at FVTPL	(20)	(50 734)	1 793
Translation differences of impairment losses in foreign currencies		211 168	(3 549)
Dividend income	(8)	(24 620)	(8 053)
Amortization of premium/discount of financial investment other than FVTPL	(20)	6 694	29 860
Reversed amortization of the difference between the PV and face value of subordinated dep	(33)	3 254	2 751
Operating profits before changes in assets and liabilities from operating activities		**588 011**	**547 177**
Net (increase) decrease in assets and increase (decrease) in liabilities			
Due from Central Bank of Egypt within the mandatory reserve	(15)	(2 279 872)	(355 389)
Treasury bills	(17)	(4 443 924)	1 768 570
Loans and credit facilities to banks	(18)	(327 362)	-
Loans and credit facilities to customers	(19)	(2 547 711)	(2 549 075)
Financial assets at FVTPL	(20)	(19 267)	107 819
Other assets	(23)	(554 006)	(154 452)
Due to banks	(25)	(13 815)	(2 633 004)
Customers' deposits	(26)	5 800 453	1 869 738
Other liabilities	(28)	281 479	88 645
Income taxes paid		(188 906)	(188 882)
Other provisions used	(29)	(916)	(1 733)
Net cash flows used in operating activities		**(3 705 837)**	**(1 500 587)**

	Note	To 30 June 2022 EGP.000	To 30 June 2021 EGP.000
Cash flows from investing activities			
Payments for purchase property and equipment	(24)	(17 733)	(24 316)
Payments for purchase intangible assets	(22)	(33 508)	(5 108)
Proceeds from sale of property and equipment	(24)	580	-
Proceeds from selling of financial investments other than financial investment at FVTPL	(20)	6 431 085	4 012 019
Payments for purchase financial investments other than financial investment at FVTPL	(20)	(6 715 063)	(5 720 375)
Dividends income from financial investment	(8)	24 620	8 053
Net cash flows (used in) investing activities		**(310 018)**	**(1 729 727)**
Cash flows from financing activities			
Payment for other loans	(27)	(4 740)	(29 764)
Proceeds from other loans	(28)	650 000	-
Dividends	(34)	(71 383)	(56 197)
Net cash flows provided by (used in) financing activities		**573 877**	**(85 961)**
Net changes in cash and cash equivalent		(3 441 978)	(3 316 275)
Cash and cash equivalent at the beginning of the period		8 127 632	10 971 135
Cash and cash equivalent at the end of the period	(35)	**4 685 654**	**7 654 860**
Cash and cash equivalent are represented in			
Cash and due from Central Banks	(15)	7 295 098	1 788 400
Due from banks	(16)	3 319 847	7 398 070
Treasury bills	(17)	8 581 766	4 752 635
Due from Central Bank within the mandatory reserve	(15)	(6 989 921)	(1 554 653)
Treasury bills with maturity more than three months	(17)	(7 521 136)	(4 729 592)
Cash and cash equivalent at the end of the period	(35)	**4 685 654**	**7 654 860**

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

* Amout of EGP 313 thousands represents transfers from other assets (assets under construction) to property and equipment.

* Amout of EGP 3 254 thousands represents net change in difference between the present value and face value of subordinate deposit.

* Amout of EGP 695 674 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 49 branches and served by 1416 staff member at the date of the financial statements.

These financial statements have been approved for publishing by the board of director in August 14, 2022.

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.
Reference is made to what was not mentioned in the instructions of the Central Bank of Egypt to the Egyptian Accounting Standards.

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 themgenerally 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:

D - Foreign currency translation (Flow)

- 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 comprensive 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 comprensive 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
- 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.

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
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.

H - Fees and commission income (flow)

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- Sale and repurchase agreements (repos)

Financial instrument sold under repurchase agreements are not derecognised from the statement of financial position. The proceed are shown in the liability side in the statement of financial position.

K- 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
- 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 (60) days and less than (90) days, (180 days for SMEsaccording to CBE circular dated 14, December 2021).
Note that this period (60 days) will be reduced by (10) days per year to become (30) days during (3) years from the date of application (year 2019).

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

L- 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 and equipment

The bank represent land and buildings related to head office, branches and offices, and all property and equipment are reported at historical cost minus depreciation and impairment losses. The historical cost includes the charges directly related to acquisition of property 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 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 determine 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- Staff Benefits

Employees benefits as follows:
-Wages and Salaries , paid annual leave, and rewards (if accrued within 12 month)
-Non monetary benefits (transportations allowance, medical care and insurance) for current employees
The Bank recognizes the defined benefit as an expenses in the income statement.

S- 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 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 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.

T- 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.

U- Capital

U-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.

U-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.

V- 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 amend them to they 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 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 derive the ‘exposure at default .
-The likely recovery ratio on the defaulted obligations (the ‘loss given default’).

A- Credit risk (follow)

The bank's daily operational management embedd 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).

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

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

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

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

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

The impairment loss allowance reported in the financial position is derived from the four internal ratings. However, the majority of allowance derived from last two rating.

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

	30 June 2022		31 December 2021	
	Loans & credit facilities	**Provision for impairment loss**	**Loans & credit facilities**	**Provision for impairment loss**
1-Performing loans	74.71%	3.16%	74.33%	4.06%
2-Regular watching	10.97%	6.50%	9.29%	0.96%
3-Watch List	6.38%	20.19%	8.19%	26.29%
4-Non performing loans	7.94%	70.15%	8.19%	68.69%
	100%	**100%**	**100%**	**100%**

A-4 Quality of financial assets

The following table reflect the 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	7 295 098	-	-	7 295 098
Expected credit loss provision	(1 003)	-	-	(1 003)
	7 294 095	-	-	**7 294 095**
Due from banks	3 319 847	-	-	3 319 847
Expected credit loss provision	(48)	-	-	(48)
	3 319 799	-	-	**3 319 799**
Treasury bills	8 565 197	-	-	8 565 197
Expected credit loss provision	(2 325)	-	-	(2 325)
	8 565 197	-	-	**8 565 197**
Debt instruments at amortized cost	10 372 040	-	-	10 372 040
Expected credit loss provision	(4 156)	-	-	(4 156)
	10 367 884	-	-	**10 367 884**
Investment at fair value through comprehensive income	4 994 804	-	-	4 994 804
Expected credit loss provision	(3 249)	-	-	(3 249)
	4 994 804	-	-	**4 994 804**
Loans and credit facilities to banks	**327 362**	-	-	**327 362**
Expected credit loss provision	**(165)**	-	-	**(165)**
	327 197	-	-	**327 197**
Loans and credit facilities to customers				
Financial institutions	17 659 918	4 265 649	2 168 622	24 094 189
Medium enterprises	1 301 682	189 295	48 639	1 539 616
Small and micro enterprises	142 554	23 400	12 259	178 213
Retail	2 330 830	125 489	17 192	2 473 511
	21 434 984	**4 603 833**	**2 246 712**	**28 285 529**
Expect credit loss provision	(69 287)	(658 284)	(1 715 416)	(2 442 987)
Interest in suspense	(26 066)	(124 308)	(356 295)	(506 669)
Interest under settlement	(134)	-	-	(134)
	21 339 497	**3 821 241**	**175 001**	**25 335 739**

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	**30 June 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Due from Central Bank of Egypt (Net)	6 988 918	4 709 283
Due from banks (Net)	3 319 799	6 933 872
Treasury bills (Net)	8 565 197	4 059 652
Loans and credit facilities to banks (Net)	327 197	-
Loans and facilities to customers:		
A-Individuals loans:		
Overdraft	135 345	164 969
Credit cards	33 988	29 842
Personal loans	2 304 178	1 594 627
B-Corporate loans including SMEs		
Overdraft	13 727 185	11 721 050
Direct loans	4 177 223	3 929 702
Syndicated loans	7 907 610	8 242 044
Provision for impairment loss	(2 442 987)	(2 210 590)
Interest in suspense	(506 669)	(407 410)
Interest under settlement	(134)	(513)
Debt instruments (Net):		
At fair value through comprehensive income	4 158 981	8 792 156
At amortized cost	10 367 884	5 275 016
Other financial assets	770 622	590 914
	59 834 337	**53 424 614**

Off balance sheet items exposed to credit risk:	**30 June 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Letters of guarantee and financial guarantees	8 688 774	7 825 962
Letters of credits	3 449 524	3 166 288
Total	**12 138 298**	**10 992 250**

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 14.31 % of the maximum limit exposed to credit risk arises from treasury bills against 7.60% in previous year. 5.55 % due from banks against 12.98% in previous year. 42.34 % from loans and facility to customers against 43.17% in previous year. 24.28 % investment of debt instruments against 26.33% 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:

87.04% of the loans and facilities portfolio is classified in the highest two categories of the internal assessment (against 86.74 % in previous year).

89.62% of the loans and facilities portfolio is neither past due nor impaired (against 88.82 % in previous year).

Loans and facilities individually impaired reach EGP 2 247 million (against EGP 2 099 million in previous year).

More than 82.55 % (against 78.37 % 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 to Customers	**30 June 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Neither past due nor impaired	25 350 563	22 812 087
Past due not subject to impairment	688 254	770 981
Individually impaired	2 246 712	2 099 166
	28 285 529	**25 682 234**
Less		
Provision for impairment loss	(2 442 987)	(2 210 590)
Interest in suspense	(506 669)	(407 410)
Interest under settlement	(134)	(513)
	25 335 739	**23 063 721**

The total provision for impairment losses for loans and facilities at the end of the current fiscal period amounted to 2 442 987 thousand Egyptian pounds, compared to 2 210 589 thousand Egyptian pounds at the end of the comparison year. Of these, 1 715 416 thousand Egyptian pounds represents the provision for impairment losses for individual loans (stage 3) compared to 1 577 793 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 727 751 thousand Egyptian pounds.compared to 632 797 thousand Egyptian pounds at the end of the comparison year.

Disclosure no.(19) includes further information on the impairment losses provision of loans and facilities to customers.

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 June 2022	**Retail**			**Corporate**			**EGP.000**
Assessment	**Overdraft**	**Credit Cards**	**Personal loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Total**
Performing	89 687	32 086	2 259 188	9 747 742	2 887 566	5 933 196	20 949 465
Regular watch-list	-	-	-	1 184 531	136 480	1 660 500	2 981 511
Special watch-list	40 025	419	34 100	293 582	998 004	53 457	1 419 587
	129 712	**32 505**	**2 293 288**	**11 225 855**	**4 022 050**	**7 647 153**	**25 350 563**

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 2021	**Retail**			**Corporate**			**Total**
Assessment	**Overdraft**	**Credit Cards**	**Personal loans**	**Overdraft**	**Direct Loans**	**Syndicated Loans**	**EGP.000**
Performing	115 438	28 808	1 582 239	7 871 812	2 744 599	6 096 484	18 439 380
Regular watch-list	-	-	-	1 121 127	161 799	1 758 876	3 041 801
Special watch-list	43 974	186	5 102	358 500	841 334	81 809	1 330 905
	159 412	**28 994**	**1 587 341**	**9 351 439**	**3 747 732**	**7 937 169**	**22 812 086**

Past due not subject to impairment

30 June 2022	**Retail**			**Corporate**			**EGP.000**
Assessment	**Overdraft**	**Credit Cards**	**Personal loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Total**
Up to 30 days	-	-	-	49 524	4 620	129 087	183 231
More than 30 to 60 days	-	197	-	118 789	719	814	120 519
More than 60 to 90 days	-	616	-	252 668	664	130 556	384 504
	-	**813**	**-**	**420 981**	**6 003**	**260 457**	**688 254**

31 December 2021	**Retail**			**Corporate**			**Total**
Assessment	**Overdraft**	**Credit Cards**	**Personal loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**EGP.000**
Up to 30 days	-	-	-	381 535	19 026	207 349	607 910
More than 30 to 60 days	-	701	-	48 187	8 092	5 449	62 429
More than 60 to 90 days	-	-	-	8 509	56	92 077	100 642
	-	**701**	**-**	**438 231**	**27 174**	**304 875**	**770 981**

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 2 246 712 thousand (EGP 2 099 166 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 June 2022	**Retail**			**Corporate**		**Total**
	Overdraft	**Credit Cards**	**Personal Loans**	**Overdraft**	**Direct Loans**	**EGP.000**
Impaired loans	5 633	670	10 890	2 080 349	149 170	2 246 712
The fair value of collaterals	**4**	**-**	**14**	**47 269**	**3 389**	**50 676**

31 December 2021	**Retail**			**Corporate**		**Total**
	Overdraft	**Credit Cards**	**Personal Loans**	**Overdraft**	**Direct Loans**	**EGP.000**
Impaired loans	5 557	147	7 286	1 931 380	154 796	2 099 166
The fair value of collaterals	**-**	**-**	**-**	**45 374**	**3 637**	**49 011**

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

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 June 2022 EGP 000	31 December 2021 EGP 000
Treasury Bills	(17)	B	8 565 197	4 059 652
Treasury Bond at FVTOCI	(20)	B	130 468	4 508 684
Treasury Bond at amortized cost	(20)	B	10 367 884	5 276 449
Total			**19 063 549**	**13 844 785**

A-9 Acquisition of collateral

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

Nature of asset	30 June 2022 EGP.000	31 December 2021 EGP.000
Land and Building	5 627	78 067

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

	Cairo	Alex,Delta and Sinai	Upper Egypt	Other countries	EGP 000 Total
Due from Central Bank of Egypt	6 989 921	-	-	-	**6 989 921**
Treasury bills	8 565 197	-	-	-	**8 565 197**
Due from banks	1 307 428	-	-	2 012 419	**3 319 847**
Loans and credit facilities to banks	327 197	-	-	-	**327 197**
Loans and facilities to customers :	-				
Individuals Loans					
Overdraft	87 702	41 642	6 001	-	**135 345**
Credit cards	26 313	6 783	892	-	**33 988**
Personal loans	1 276 018	839 346	188 814	-	**2 304 178**
Corporate Loans					
Overdraft	12 040 730	1 674 149	12 306	-	**13 727 185**
Direct loans	3 297 319	868 919	10 985	-	**4 177 223**
Syndicated loans	7 907 610	-	-	-	**7 907 610**
Financial investments					
Debt instruments	14 531 021	-	-	-	**14 531 021**
Other assets	754 134	14 046	2 442	-	**770 622**
30 June 2022	**57 110 590**	**3 444 885**	**221 440**	**2 012 419**	**62 789 333**
31 December 2021	**51 708 328**	**2 969 808**	**149 125**	**1 216 749**	**56 044 010**

-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.

	Governmental	Retail	Real Estate	Financial	Services	Manufactures	Commercial	Tourism	Others	Total EGP 000
Due from Central Bank of Egypt	7 294 095	-	-	-	-	-	-	-	-	7 294 095
Treasury bills	8 565 197	-	-	-	-	-	-	-	-	8 565 197
Due from banks	94 723	-	-	3 225 076	-	-	-	-	-	3 319 799
Loans and credit facilities to banks	-	-	-	-	-	-	-	-	327 197	327 197
Loans and facilities to customers										
Individuals Loans										
Overdraft	-	135 345	-	-	-	-	-	-	-	135 345
Credit cards	-	33 988	-	-	-	-	-	-	-	33 988
Personal loans	-	2 304 178	-	-	-	-	-	-	-	2 304 178
Corporate Loans										
Over draft	-	-	955 706	3 436 492	967 391	4 535 805	1 747 969	1 903 489	180 333	13 727 185
Direct loans	-	-	269 722	923 486	159 921	260 590	230 616	2 299 200	33 688	4 177 223
Syndicated loans	-	-	41 162	164 995	4 755 254	1 153 307	-	1 792 892	-	7 907 610
Financial investments :										
Debt instruments	10 502 508	-	-	-	4 028 513	-	-	-	-	14 531 021
Other assets	562 625	-	-	3 959	-	-	-	-	204 038	770 622
30 June 2022	**27 019 148**	**2 473 511**	**1 266 590**	**7 754 008**	**9 911 079**	**5 949 702**	**1 978 585**	**5 995 581**	**745 256**	**63 093 460**
31 December 2021	**21 952 881**	**1 789 438**	**1 261 241**	**8 560 487**	**10 444 784**	**5 480 396**	**1 859 009**	**4 665 026**	**243 933**	**56 257 195**

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 movements.

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.

Value Exposed to risk for trading portofolio according to type of risk:

EGP.000

Description	30 June 2022			31 December 2021		
	Average	Highest	Lowest	Average	Highest	Lowest
Foreign exchange risk	969	3 357	17	789	2 515	15
Equity instrument risk	9 708	11 331	8 085	9 664	11 331	7 753
Matual funds	2 395	2 607	2 119	2 536	2 760	2 373

The increase in value exposure to risk is related to the increase in rate of return in global market.
The above results for the value exposed to risk are calculated separately from said positions and historical cost for markets. The total value exposed to risk for trading and non-trading is not represent the value exposed to risk for the bank. This because the relation among kinds of portfolios and risks and different effect applied.

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 June 2022						EGP.000
Financial assets	**EGP**	**USD**	**EURO**	**GBP**	**Other Currencies**	**Total**
Cash and due from Central Bank of Egypt	5 566 382	1 717 628	3 930	2 334	3 821	7 294 095
Due from banks	2 370	2 940 435	322 049	36 724	18 220	3 319 799
Treasury bills	3 881 053	3 697 420	986 724	-	-	8 565 197
Loans and credit facilities to banks	-	327 197	-	-	-	327 197
Loans and facilities to customers	19 066 455	6 160 997	108 272	6	9	25 335 739
Financial Investments						
At fair value through comprehensive income (FVTOCI)	4 194 186	800 618	-	-	-	4 994 804
At amortized cost	9 558 176	633 342	176 366	-	-	10 367 884
At fair value through profit or loss (FVTPL)	230 910	51 451	-	-	-	282 361
Other financial assets	999 266	28 127	2 387	6	-	1 029 786
Total financial assets	**43 498 798**	**16 357 215**	**1 599 728**	**39 071**	**22 051**	**61 516 862**
Financial liabilities						
Due to banks	293 562	819 966	6 661	4 707	7	1 124 903
Customers' deposits	39 320 979	15 415 636	1 596 507	34 406	19 777	56 387 305
Other loans	1 072 866	-	-	-	-	1 072 866
Other financial liabilities	1 153 420	43 054	502	4	6	1 196 986
Total financial liabilities	**41 840 827**	**16 278 656**	**1 603 670**	**39 117**	**19 790**	**59 782 060**
Currency concentration risk on financial instruments	**1 657 971**	**78 559**	**(3 942)**	**(47)**	**2 261**	**1 734 802**
Other non- financial assets	2 915 359	-	-	-	-	2 915 359
Other non- financial liabilities and equity	4 650 161	-	-	-	-	4 650 161
Net financial position	**(76 832)**	**78 559**	**(3 943)**	**(47)**	**2 261**	**-**

31 December 2021	**EGP**	**USD**	**Euro**	**GBP**	**Other Currencies**	**Total**
Total financial assets	40 647 385	12 832 932	1 338 883	35 857	23 475	54 878 533
Total financial liabilities	38 913 312	12 741 179	1 319 923	35 719	21 001	53 031 135
Other non- financial assets	2 552 084	642	-	-	-	2 552 726
Other non- financial liabilities and equity	4 170 036	197 460	27 300	837	4 492	4 400 125
Net financial position	**116 121**	**(105 065)**	**(8 340)**	**(699)**	**(2 018)**	**-**

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.

B-3 Interest rate risk (follow):

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 June 2022	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 5 year	More than 5 years	Free Interest	EGP.000 Total
Financial assets							
Cash and due from Central Bank of Egypt	-	1 638 909	-	-	-	5 661 416	**7 300 325**
Due from banks	3 270 888	50 896	-	-	-	-	**3 321 783**
Treasury bills	323 275	1 683 821	6 855 384	-	-	-	**8 862 480**
Loans and credit facilities to banks	-	328 498	-	-	-	-	**328 498**
Loans and facilities to customers	14 161 764	7 186 646	3 549 965	1 685 315	852 756	-	**27 436 446**
Financial Investments							
At fair value through comprehensive income	270 481	2 603 752	913 187	677 616	19 592	829 847	**5 314 475**
At amortized cost	154 048	78 195	2 342 447	11 375 960	969 541	-	**14 920 190**
At fair value through profit or loss	-	-	-	-	-	282 361	**282 361**
Other financial assets	-	-	-	-	-	165 450	**165 450**
Total financial assets	**18 180 456**	**13 570 717**	**13 660 983**	**13 738 891**	**1 841 889**	**6 939 073**	**67 932 009**
Financial liabilities							
Due to banks	765 406	321 982	-	-	-	-	**1 087 387**
Customers' deposits	27 311 066	8 733 529	9 612 656	12 398 585	-	-	**58 055 836**
Other loans	-	685 421	53 158	499 978	-	-	**1 238 557**
Other financial liabilities	351	-	13 713	30 035	-	-	**44 099**
Total financial liabilities	**28 076 822**	**9 740 932**	**9 679 527**	**12 928 598**	**-**	**-**	**60 425 878**
The interest re-pricing gap	**(9 896 366)**	**3 829 785**	**3 981 456**	**810 293**	**1 841 889**	**6 939 073**	**7 506 131**
31 December 2021							
Total financial assets	22 480 801	10 814 308	7 676 585	13 596 508	1 710 549	4 790 831	**61 069 582**
Total financial liabilities	25 568 086	6 859 522	8 521 484	13 011 659	-	-	**53 960 752**
Re-pricing gab	**(3 087 285)**	**3 954 786**	**(844 899)**	**584 849**	**1 710 550**	**4 790 831**	**7 108 830**

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 .

Liquidity risk management process (follow)

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 maturityies 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 EGP 2 904 326 thousand Egyptian pounds. In the light of compliance to this requirement and according to reconciliation plan the increase of EGP 695 674 thousand of paid capital are to be proved in commercial registry. after the increase the paid capital will become EGP 3 600 000 thousand .
- 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	30 June 2022 EGP.000	31 December 2021 EGP.000 *
Tier one (basic and additional capital)		
Share Capital earnings	3 600 000	3 600 000
Reserves	202 904	202 904
General risk reserve	38 851	38 851
Retained earnings	388 327	379 330
Net profit from period	267 833	-
Total exclusions from basic and supplementary capital	(36 887)	(89 401)
Total Tier one after exclusions	**4 461 028**	**4 131 684**
Tier two (Supplementary capital)		
45% Balance of special reserve	20 321	20 321
subordinate deposits/loans	840 000	255 000
Total provision for impairment losses on contingent liabilities	85 507	87 265
Total Tier two after exclusions	**945 828**	**362 586**
Total capital	**5 406 856**	**4 494 270**
Risk weighted assets and contingent liabilities		
Credit risk	36 694 774	31 243 823
Market risk	505 200	542 276
Operational risk	2 661 639	2 784 094
Total risk weighted assets and contingent liabilities	**39 861 613**	**34 570 193**
Capital adequacy ratio	**13.56%**	**13.00%**

* After bank's 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	30 June 2022 EGP.000	31 December 2021 EGP.000*
Trer 1 Capital after exclusions	**4 461 028**	**4 131 684**
Total exposures on balance sheet	60 688 154	57 348 008
Total exposures off- balance sheet	9 807 218	5 709 734
Total exposures on balance sheet and off- balance sheet	**70 495 372**	**63 057 742**
Leverage financial ratio	**6.33%**	**6.55%**

*After bank's AGM approval.

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 periods.

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.

A) Impairment of Loans and credit facilities (Expected Credit Loss)

The Bank reviews its Loans and credit facilities portfolio, at least, on a quarterly basis. Management uses its discretionary judgment in determining whether it is necessary to recognize impairment loss in the income statement. This requires it to identify any reliable evidence indicating measurable decline in the expected future cash flows from loan portfolio before identifying any decline for each individual loan.this evidence includes data indicating negative change in the ability of a portfolio of borrowers to repay the bank, or local and economic circumstances related to default. On scheduling future cash flows, the management use estimates based on previous experience related to impairment of assets having similar credit risks. Such experience refers to impairment similar to that of the portfolio in question. The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on management given experience.

B) Debit instruments with amortized cost

Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity. This classification requires high degree of judgment; in return the bank tests the intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity except for certain circumstances like selling an insignificant amount of held-to-maturity investments near to maturity date, then all held to maturity investment portfolio should be reclassified as available for sale which will be measured at fair value instead of amortized cost. In addition the bank should suspend classifying investments as held to maturity caption.

C) Income Tax

The Bank is subject to income taxes in several tax departments which require the use of a significant estimate to determine the total provision of the income taxes. There are some accounts and operations that are difficult to comprehensively determine the final tax on them. the Bank records obligations derived from the expected results of tax inspection based on estimates of the emergence probability of additional taxes. When there is a variance between the final taxes' result and the amounts previously recorded, these variances will affect the income tax and the deferred tax provision for the year in which the variance is identified

5 - Geographical segment analysis

Income and expenses to geographical segment

For the period ended 30 June 2022	Great Cairo	Alex. ,Delta & Sinai	Upper Egypt	EGP.000 Total
Geographical segment income	819 367	299 773	28 918	1 148 058
Geographical segment expense	(607 510)	(58 109)	(11 440)	(677 059)
Net profit before tax	**211 857**	**241 664**	**17 478**	**470 999**
Income tax	(144 859)	(54 374)	(3 933)	(203 167)
Net profit	**66 998**	**187 290**	**13 545**	**267 832**

For the period ended 30 June 2021	Great Cairo	Alex. ,Delta & Sinai	Upper Egypt	Total
Geographical segment income	987 407	165 731	15 024	1 168 162
Geographical segment expense	(623 521)	(51 467)	(9 548)	(684 536)
Net profit before tax	**363 886**	**114 264**	**5 476**	**483 626**
Income tax	(215 848)	(25 708)	(1 233)	(242 789)
Net profit	**148 038**	**88 556**	**4 243**	**240 837**

Assets and liabilities to geographical segment

30 June 2022	Great Cairo	Alex. ,Delta & Sinai	Upper Egypt	Total
Geographical segment assets	60 477 605	3 666 346	288 270	64 432 221
Total of assets	**60 477 605**	**3 666 346**	**288 270**	**64 432 221**
Geographical segment liabilities	48 038 855	10 881 782	1 129 255	60 049 892
Total of liabilities	**48 038 855**	**10 881 782**	**1 129 255**	**60 049 892**

Assets and liabilities to geographical segment

31 December 2021	Great Cairo	Alex. ,Delta & Sinai	Upper Egypt	Total
Geographical segment assets	54 050 616	3 163 445	217 198	57 431 259
Total of assets	**54 050 616**	**3 163 445**	**217 198**	**57 431 259**
Geographical segment liabilities	42 814 912	9 061 839	1 154 384	53 031 135
Total of liabilities	**42 814 912**	**9 061 839**	**1 154 384**	**53 031 135**

6 - Net Interest Income	From 1 April 2022	From 1 January 2022	From 1 April 2021	From 1 January 2021
	To 30 June 2022	To 30 June 2022	To 30 June 2021	To 30 June 2021
Interest from loans and similar income	EGP.000	EGP.000	EGP.000	EGP.000
Loans and facilities to Customers	630 635	1 158 678	446 102	836 326
Treasury bills	79 687	160 451	144 023	304 633
Bonds:				
Governmental bonds	366 394	723 263	403 049	778 508
Other bonds	117 821	219 254	89 068	171 763
Deposits and current accounts with banks	25 316	56 689	12 138	41 475
	1 219 853	**2 318 335**	**1 094 380**	**2 132 705**
Cost of deposits and similar expenses				
Current accounts and deposits :				
Customers	(712 135)	(1 408 420)	(633 232)	(1 243 996)
Banks	(32 199)	(44 220)	(52 395)	(86 879)
Other	(22 794)	(39 923)	(19 197)	(38 334)
	(767 128)	**(1 492 563)**	**(704 824)**	**(1 369 209)**
	452 725	**825 772**	**389 556**	**763 496**

7 - Fees and Commissions Income	From 1 April 2022	From 1 January 2022	From 1 April 2021	From 1 January 2021
	To 30 June 2022	To 30 June 2022	To 30 June 2021	To 30 June 2021
	EGP.000	EGP.000	EGP.000	EGP.000
Credit fees and commissions	16 939	28 488	7 833	14 920
Trade finance fees and commissions	69 156	133 586	39 177	95 820
Custody fees	835	1 753	768	1 567
Other fees	1 540	3 434	1 157	2 302
	88 470	**167 261**	**48 935**	**114 609**

8 – Dividends Income	From 1 April 2022	From 1 January 2022	From 1 April 2021	From 1 January 2021
	To 30 June 2022	To 30 June 2022	To 30 June 2021	To 30 June 2021
	EGP.000	EGP.000	EGP.000	EGP.000
Financial instrument at FVTPL	168	14 056	47	95
Financial instrument at FVTOCI	1 128	10 564	246	7 958
	1 296	**24 620**	**293**	**8 053**

9 - Net Trading Income	From 1 April 2022	From 1 January 2022	From 1 April 2021	From 1 January 2021
	To 30 June 2022	To 30 June 2022	To 30 June 2021	To 30 June 2021
	EGP.000	EGP.000	EGP.000	EGP.000
Gains from dealing in foreign currencies	22 940	76 866	18 334	36 244
Translation differences of financial investment at FVTPL	(20 595)	(39 042)	51 030	49 120
	2 345	**37 824**	**69 364**	**85 364**

10 - Administrative Expenses	From 1 April 2022 To 30 June 2022 EGP.000	From 1 January 2022 To 30 June 2022 EGP.000	From 1 April 2021 To 30 June 2021 EGP.000	From 1 January 2021 To 30 June 2021 EGP.000
Wages and salaries	137 845	276 455	123 933	247 470
Social Insurance	44 638	89 212	39 817	78 495
Other administrative expenses	127 670	243 769	106 963	216 141
	310 153	**609 436**	**270 713**	**542 106**

11- Other operating income (expense)	From 1 April 2022 To 30 June 2022 EGP.000	From 1 January 2022 To 30 June 2022 EGP.000	From 1 April 2021 To 30 June 2021 EGP.000	From 1 January 2021 To 30 June 2021 EGP.000
Gain on sale of property and equipment	354	580	(34)	-
Other income / (expenses)	(15 360)	(104 829)	5 308	108 985
Release (charge) of other provisions	3 073	(1 640)	(5 303)	(3 786)
	(11 933)	**(105 889)**	**(29)**	**105 199**

12 - Income tax expense	From 1 April 2022 To 30 June 2022 EGP.000	From 1 January 2022 To 30 June 2022 EGP.000	From 1 April 2021 To 30 June 2021 EGP.000	From 1 January 2021 To 30 June 2021 EGP.000
Current taxes	(109 921)	(209 982)	(116 282)	(232 076)
Deferred taxes (note 30)	(9 056)	6 816	(6 145)	(10 713)
	(118 977)	**(203 166)**	**(122 427)**	**(242 789)**

Note (30) includs additional information about differed income tax

Adjustments to calculate the effective tax rate	From 1 January 2022 To 30 June 2022 EGP.000	From 1 January 2021 To 30 June 2021 EGP.000
Profit before income tax	470 998	483 626
Tax rate	22.50%	22.50%
Income tax calculated based on accounting profit	**105 975**	108 816
Add /(deduct)		
Non-deductible expenses	127 699	52 763
Tax exemptions	(73 933)	(74 644)
Provisions impact	13 871	3 776
Depreciation impact	3 433	(1 595)
Tax pool	44 590	110 143
Others	(18 469)	43 530
Income tax expenses	**203 166**	**242 789**
Effective tax rate	**43.14%**	**50.20%**

13 - Charge of impairment credit losses	From 1 April 2022 To 30 June 2022 EGP.000	From 1 January 2022 To 30 June 2022 EGP.000	From 1 April 2021 To 30 June 2021 EGP.000	From 1 January 2021 To 30 June 2021 EGP.000
Loans and credit facilities to banks	(165)	(165)	-	-
Loans and advances to customers	(51 708)	(59 413)	(8 359)	(143 550)
Due from Central Bank of Egypt	1 036	(53)	251	118
Due from banks	(48)	(25)	(415)	(366)
Debt instruments at FVTOCI	(3 249)	(3 249)	-	-
Treasury bills	(2 325)	(2 325)	3 033	2 334
Debt instruments at amortized cost	(797)	(2 394)	430	(966)
	(57 256)	**(67 624)**	**(5 060)**	**(142 430)**

14 - Earnings per share	From 1 April 2022 To 30 June 2022 EGP.000	From 1 January 2022 To 30 June 2022 EGP.000	From 1 April 2021 To 30 June 2021 EGP.000	From 1 January 2021 To 30 June 2021 EGP.000
Net profit	171 559	267 832	125 118	240 837
Profit share of Staff and board members*	(20 253)	(31 618)	(11 686)	(22 495)
Profit available	151 306	236 214	113 432	218 343
Weighted average for outstanding shares (thousand)	290 433	290 433	290 433	290 433
Earnings per share (EGP/share) **	**0.52**	**0.81**	**0.39**	**0.75**

*Proposed dividends distribution and subject to the approval of AGM. after fiscal year end.

**No. of shares adjusted in comparative year according to the accounting standard.

15- Cash and Due from Central Bank of Egypt	30 June 2022 EGP.000	31 December 2021 EGP.000
Cash	305 177	212 635
Due from CBE mandatory reserve	6 989 921	4 710 049
Less: Allowance for impairment losses	(1 003)	(767)
	7 294 095	4 921 918
Non-interest bearing balances	5 661 417	3 684 382
Fixed interest bearing balances	1 633 681	1 238 303
Less: Allowance for impairment losses	(1 003)	(767)
	7 294 095	4 921 918

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

	30 June 2022 EGP.000	31 December 2021 EGP.000
Opening balance	767	950
Charge (release) of impairment credit loss	53	(182)
Foreign exchanges revaluation differences	183	(1)
	1 003	767

16 - Due from banks	30 June 2022	31 December 2021
	EGP.000	EGP.000
Current accounts	447 811	95 848
Deposits	2 872 036	6 838 044
Less: Allowance for impairment losses	(48)	(20)
	3 319 799	6 933 872
Due from CBE other than those under the mandatory reserve	94 722	2 750 000
Local banks	1 212 706	2 967 144
Foreign banks	2 012 419	1 216 748
Less: Allowance for impairment losses	(48)	(20)
	3 319 799	6 933 872
Non-interest bearing balances	447 811	95 848
Fixed balances at floating interest bearing	2 872 036	6 838 044
Less: Allowance for impairment losses	(48)	(20)
	3 319 799	6 933 872
Current balances	**3 319 799**	6 933 872

Movement of allowance for impairment losses for due from banks	30 June 2022	31 December 2021
	EGP.000	EGP.000
Opening balance	20	446
Charge (release) of impairment loss	25	(425)
Foreign exchanges revaluation differences	3	(1)
	48	**20**

17 - Treasury bills	30 June 2022	31 December 2021
	EGP.000	EGP.000
Treasury bills at FVTOCI		
Maturity 91 days	1 082 375	1 000 150
Maturity 182 days	1 015 375	18 725
Maturity 273 days	1 247 575	532 375
More the 364 day maturity	5 517 155	2 690 257
Total	**8 862 480**	**4 241 507**
Less :		
Unearned interest less than 91 days	(21 745)	(19 045)
Unearned interest more than 91 days	(258 969)	(164 145)
	8 581 766	**4 058 317**
Revaluation	(16 569)	**1 336**
Total	**8 565 197**	**4 059 652**

18 - Loans and credit facilities to banks	30 June 2022	31 December 2021
	EGP.000	EGP.000
Discounted commercial paper	328 498	-
Less :		
Unearned interest	(1 136)	-
Allowance for impairment losses	(165)	-
	327 197	**-**

Movement of allowance for impairment losses for Loans and credit facilities to banks	30 June 2022	31 December 2021
	EGP.000	EGP.000
Opening balance	-	-
Charge (release) of impairment loss	165	-
Foreign exchanges revaluation differences	-	-
	165	**-**

19 - Loans and facilities to customers

	30 June 2022			31 December 2021		
	Total	Provision	Net	Total	Provision	Net
	EGP.000	EGP.000	EGP.000	EGP.000	EGP.000	EGP.000
Retail						
Overdraft	135 345	(17 398)	117 947	164 969	(17 614)	147 355
Credit cards	33 988	(1 512)	32 476	29 842	(7 088)	22 754
Personal loans	2 304 178	(32 522)	2 271 656	1 594 627	(64 995)	1 529 632
Total (1)	**2 473 511**	**(51 432)**	**2 422 079**	**1 789 438**	**(89 697)**	**1 699 741**
Corporate including SMEs						
Overdraft	13 727 185	(1 963 583)	11 763 602	11 721 050	(1 800 768)	9 920 282
Direct loans	4 177 223	(302 932)	3 874 291	3 929 702	(228 275)	3 701 427
Syndicated loans	7 907 610	(125 040)	7 782 570	8 242 044	(91 849)	8 150 195
Total (2)	**25 812 018**	**(2 391 555)**	**23 420 463**	**23 892 796**	**(2 120 892)**	**21 771 904**
Total loans and facilities to customers (1+2)	**28 285 529**	**(2 442 987)**	**25 842 542**	**25 682 234**	**(2 210 589)**	**23 471 645**
Less:						
Interest in suspense			(506 669)			(407 411)
Interest under settlement			(134)			(513)
Net loans and facilities to customers			**25 335 739**			**23 063 721**
Current balances			21 387 998			14 379 662
Non-current balances			3 947 740			8 684 060
			25 335 739			**23 063 722**

Allowance of impairment losses

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

30 June 2022	Retail			
	Overdraft	Credit Cards	Personal Loans	Total
	EGP.000	EGP.000	EGP.000	EGP.000
Opening balance	17 614	7 088	64 995	89 697
Impairment Charge	(216)	(5 576)	(32 461)	(38 252)
Used	-	-	(13)	(13)
	17 398	**1 512**	**32 522**	**51 432**

	Corporate			
	Overdraft	Direct Loans	Syndicated Loans	Total
	EGP.000	EGP.000	EGP.000	EGP.000
Opening balance	1 800 768	228 275	91 849	2 120 892
Impairment Charge	24 162	46 126	27 377	97 665
Used	(40 569)	-	-	(40 569)
Proceeds from previously written off debts	2 913	-	-	2 913
Foreign exchange translation differences	176 309	28 531	5 813	210 653
	1 963 583	**302 932**	**125 040**	**2 391 555**
				2 442 987

31 December 2021	Retail			
	Overdraft	Credit Cards	Personal Loans	Total
	EGP.000	EGP.000	EGP.000	EGP.000
Opening balance	36 528	7 257	32 430	76 215
Impairment Charge	(18 914)	(169)	32 588	13 505
Used	-	-	(23)	(23)
	17 614	**7 088**	**64 995**	**89 697**

31 December 2021	Corporate			
	Overdraft	Direct Loans	Syndicated Loans	Total
	EGP.000	EGP.000	EGP.000	EGP.000
Opening balance	1 869 158	207 480	21 541	2 098 179
Charge (release) of impairment loss	(67 836)	20 925	70 323	23 412
Used	(72 825)	-	-	(72 825)
Proceeds from previously written off debts	73 300	-	-	73 300
Foreign exchange translation differences	(1 028)	(130)	(15)	(1 173)
	1 800 769	**228 275**	**91 849**	**2 120 893**
				2 210 590

20 –Financial investments

	30 June 2022 EGP.000	31 December 2021 EGP.000
At FVTOCI		
a) Debt instruments at FVTOCI		
Listed in the market*	4 158 981	8 792 156
	4 158 981	**8 792 156**
b) Equity instruments at FVTOCI		
Listed in the market	3 556	3 123
Unlisted in the market	766 234	638 885
	769 790	**642 008**
c) Mutual funds		
Unlisted in the market **	66 034	45 860
	66 034	**45 860**
Total financial investments at FVTOCI (1)	**4 994 804**	**9 480 024**
At Amortized Cost		
a) Debt instruments		
Listed in the market	10 372 041	5 276 449
Less: Allowance for impairment losses	(4 156)	(1 433)
Total financial investments at Amortized Cost (2)	**10 367 884**	**5 275 016**
At FVTPL		
a) Equity instruments at FVTPL		
Listed in the market	177 038	185 903
	177 038	**185 903**
b) Mutual funds		
Non-listed in the market	105 323	116 233
	105 323	**116 233**
Total financial investments at FVTPL (3)	**282 361**	**302 136**
Total Financial investments (1+2+3)	**15 645 049**	**15 057 176**
Current balances	4 339 575	8 981 183
Not-current balances	11 305 474	6 075 993
Total Financial investments	**15 645 049**	**15 057 176**
Fixed interest rates debt instruments	11 368 684	11 007 638
Floating interest rates debt instruments	3 158 181	3 059 534

*Including securitized bonds and sukuk of EGP 4 028 513 (EGP 4 283 472 in previous year).

**Includes seed capital in mutual funds established by the bank (note39)

Summary of the financial investment movement	At FTVOCI	At Amortized Cost	Total
30 June 2022	EGP.000	EGP.000	EGP.000
Opening balance	**9 480 024**	**5 275 016**	**14 755 040**
Addition	1 195 627	5 519 436	6 715 063
Disposal / maturity (redemption)	(5 833 291)	(467 621)	(6 300 912)
Foreign exchange translation differences	5 056	45 678	50 734
Net change in fair value reserve	152 181	-	152 181
Discount (premium) amortization	(4 794)	(1 901)	(6 695)
Release /(charge) Allowance for impairment losses	-	(2 723)	(2 723)
	4 994 803	**10 367 885**	**15 362 688**
31 December 2021			
Opening balance	**10 224 341**	**4 137 062**	**14 361 403**
Addition	11 161 301	1 709 866	12 871 166
Disposal maturity (redemption)	(11 829 383)	(553 354)	(12 382 737)
Foreign exchange translation differences	(1 100)	(186)	(1 286)
Net change in fair value reserve	(37 668)	-	(37 668)
Discount (premium) amortization	(37 466)	(17 720)	(55 186)
Release /(charge) Allowance for impairment losses	-	(652)	(652)
	9 480 024	**5 275 016**	**14 755 040**

Gain on Financial Investments	From 1 April 2022 To 30 June 2022 EGP.000	From 1 January 2022 To 30 June 2022 EGP.000	From 1 April 2021 To 30 June 2021 EGP.000	From 1 January 2021 To 30 June 2021 EGP.000
Gain on sale of debt instrument and treasury bills	123 861	197 639	13 644	55 523
Release (charge) of impairment losses of associate	-	-	-	10 598
	123 861	**197 639**	**13 644**	**66 121**

Movement of allowance for impairment losses for Investments at Amortized Cost

	30 June 2022 EGP.000	31 December 2021 EGP.000
Opening balance	1 433	782
Charge (release) of impairment loss	2 394	652
Foreign exchanges revaluation differences	329	(1)
	4 156	**1 433**

21- Investments in associates EGP.000

	Share Precentage	31 December 2020	Share of profit in associates in income statement	30 June 2022
Al Maadi for touristic investments and entertainment	29.69%	9 929	(22)	9 907
Credit guarantee company	9.09%	103 933	1 181	105 114
Orientals for industrial projects	11.83%	10 558	(328)	10 230
Elshorouk for markets and shops	66.78%	40 199	-	40 199
		164 619	**831**	**165 450**

22 – Intangible assets	30 June 2022	31 December 2021
	EGP.000	EGP.000
Opening balance	107 452	65 530
Additions	33 508	41 922
Total cost	**140 960**	**107 452**
Accumulated amortization	(50 413)	(34 570)
Amortization expenses	(24 562)	(15 843)
Accumulated amortization	**(74 975)**	**(50 413)**
	65 985	**57 039**

23 – Other assets	30 June 2022	31 December 2021
	EGP.000	EGP.000
Accrued revenues	770 622	590 914
Prepaid expenses	68 295	37 728
Advance payment for acquisition of property and equipment	1 247 759	911 394
Asset reverted to the bank in settlement of debts	685 181	679 554
Insurance and custodies	3 154	3 942
Others	90 561	82 719
	2 865 571	**2 306 251**

24 – property 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	539 374	115 687	20 742	123 846	180 214	54 680	1 123 477
Accumulated depreciation	-	(95 076)	(74 988)	(13 842)	(43 803)	(78 847)	(19 244)	(325 800)
Net book value as at 1 January 2021	**88 934**	**444 298**	**40 699**	**6 900**	**80 043**	**101 367**	**35 436**	**797 677**
Additions	-	46 159	55 507	-	15 222	17 543	1 451	135 882
Disposals	-	-	-	(365)	-	-	-	(365)
Depreciation	-	(15 750)	(18 230)	(2 877)	(14 861)	(10 294)	(4 536)	(66 548)
Accumulated depreciation of disposals	-	-	-	365	-	-	-	365
Net book value as at 31 December 2021	**88 934**	**474 707**	**77 976**	**4 023**	**80 404**	**108 616**	**32 349**	**867 011**
Cost	88 934	585 533	171 194	20 377	139 068	197 757	56 131	1 258 994
Accumulated depreciation	-	(110 826)	(93 218)	(16 354)	(58 664)	(89 141)	(23 780)	(391 983)
Net book value as at 31 December 2021	**88 934**	**474 707**	**77 976**	**4 023**	**80 404**	**108 616**	**32 351**	**867 011**
Additions	-	2 385	1 909	1 980	3 871	6 761	1 139	18 045
Disposals	-	-	-	(854)	(1 421)	-	-	(2 275)
Depreciation	-	(7 226)	(11 931)	(1 435)	(8 316)	(5 703)	(2 305)	(36 917)
Accumulated depreciation of disposals	-	-	-	854	1 421	-	-	2 275
Net book value as at 30 June 2022	**88 934**	**469 867**	**67 954**	**4 567**	**75 959**	**109 674**	**31 184**	**848 139**
Cost	88 934	587 918	173 103	21 503	141 518	204 518	57 270	1 274 764
Accumulated depreciation	-	(118 052)	(105 149)	(16 935)	(65 560)	(94 844)	(26 085)	(426 625)
Net book value as at 30 June 2022	**88 934**	**469 866**	**67 954**	**4 568**	**75 958**	**109 674**	**31 185**	**848 139**

*property and equipment balance at the financial position includes an amount of EGP 81 million represent assets not registered yet as the legal department is in-process to register these assets.

25 - Due to banks	30 June 2022	31 December 2021
	EGP.000	EGP.000
Current accounts	137 263	406 078
Deposits	945 704	682 136
Treasury bills sold with re-purchase agreement	41 936	50 505
	1 124 903	**1 138 719**
Central banks	88 153	140 085
Local banks	947 961	368 216
Foreign banks	88 789	630 418
	1 124 903	**1 138 719**
Non interest rate accounts	78 665	270 514
Fixed interest rate accounts	1 046 238	868 205
	1 124 903	**1 138 719**
Current balances	**1 124 903**	**1 138 719**

26 - Customer's deposits	30 June 2022	31 December 2021
	EGP.000	EGP.000
Demand deposits	17 668 221	16 558 780
Time deposits and call accounts	26 160 388	22 694 916
Term saving certificates	9 187 701	8 465 778
Savings deposits	1 889 440	1 973 516
Other deposits	1 481 555	893 862
	56 387 305	**50 586 852**
Corporate deposits	43 117 575	39 379 866
Retail deposits	13 269 730	11 206 986
	56 387 305	**50 586 852**
Non interest rate accounts	7 211 733	4 416 413
Fixed interest rate accounts	48 072 019	44 685 901
Floating interest rate accounts	1 103 554	1 484 538
	56 387 305	**50 586 852**
Current balances	45 901 932	41 971 257
Non-current balances	10 485 373	8 615 595
	56 387 305	**50 586 852**

27 - Other Loans	Maturity date	30 June 2022	31 December 2021
		EGP.000	EGP.000
Project development authority loans*	Feb. 2024	13 895	18 635
Two subordinate deposits **	May 2024	311 559	308 720
Subordinate deposits ***	Dec. 2024	97 412	96 996
Subordinate Loans ****	Jun. 2027	650 000	-
		1 072 866	**424 351**
Current balances		165 900	5 100
Non-current balances		906 966	419 251
		1 072 866	**424 351**

*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 AGM 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 accounting policies were applied according to CBE instructions regarding presentation and valuation including present value

*** In accordance with the bank`s AGM 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 accounting policies were applied according to CBE instructions regarding presentation and valuation including present value calculation.

**** In accordance with the bank`s AGM approval dated 24 March 2022, a subordinated Loan contract were signed on June 2022 with Arab International Bank amounted to EGP 650 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 loan is five years starts from June 2022 due at June 2027, to be paid at the end of the period in full. Suez canal bank can make partial repayments on an annual base with a maximum 20% of total loan.

28 - Other liabilities	30 June 2022 EGP.000	31 December 2021 EGP.000
Accrued interest	241 073	205 483
Unearned revenues	7 366	17 868
Accrued expenses	69 090	54 192
Creditors	11 477	13 033
Other payables	747 366	476 999
	1 076 372	**767 575**

29 - Other Provisions	30 June 2022 EGP.000	31 December 2021 EGP.000
Opening balance	15 754	15 639
Net foreign currencies exchange differences	516	(102)
Charge (release) povision	1 640	2 714
Used	(916)	(2 497)
	16 994	**15 754**

30 - 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 / incurre liabilities for current financial period .

Balance of deferred tax assets and liabilities are as follows:	30 June 2022 EGP.000		31 December 2021 EGP.000	
	Asset	Liability	Asset	Liability
Depreciation of property and equipment	-	(54 776)	-	(46 425)
Other provisions (other than loan provision)	6 286	-	4 044	-
Debt instruments at FVTOCI	7 428	-	-	(3 310)
Equity instruments at FVTOCI	-	(54 279)	-	(30 989)
Other	26 201	(34 480)	-	(21 205)
Total deferred tax asset (liability)	**39 915**	**(143 535)**	**4 044**	**(101 928)**
Net tax deferred tax asset (liability)	**-**	**(103 620)**	**-**	**(97 884)**

Movement of deferred tax assets and liabilities are as follows:	30 June 2022 EGP.000		31 December 2021 EGP.000	
	Asset	Liability	Asset	Liability
Opening balance	4 044	(101 928)	7 749	(125 967)
Depreciation of property and equipment	-	(8 352)	-	(9 817)
Other provisions (other than loan provision)	2 242	-	(3 705)	-
Debt instruments at FVTOCI	-	(7 326)	-	9 418
Disposal of debt instruments at FVTOCI	7 428	10 636	-	8 515
Equity instruments at FVTOCI	-	(23 290)	-	37 128
Other	26 201	(13 275)	-	(21 205)
	39 915	**(143 535)**	**4 044**	**(101 928)**

31- 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 registry

(B) Issued and paid - up capital

Issued and paid – up capital amounted to EGP 2.904 billion distributed on 290.4 million shares in cash with nominal value of EGP 10 each

(C) Retained amount for capital increase

Amount of EGP 695 674 thousand has retained for capital increase.
On March 24, 2022 the bank's AGM has approved the capital increase by EGP 695 674 thousand through distributions of 0.23953027 bonus share for each one share.

32- Reserves	30 June 2022 EGP.000	31 December 2021 EGP.000
Legal reserve	123 459	92 525
General reserve *	24 117	24 117
Special reverse	45 158	45 158
Capital reserve	55 328	69 330
Fair value reserve (a)	35 373	(24 457)
General risk reserves	38 851	38 851
General bank risk reserve **(b)	55 687	35 902
	377 973	**281 426**

*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.

32/a- Fair Value reserve	30 June 2022 EGP.000	31 December 2021 EGP.000
Opening balance	(24 457)	(13 944)
Net change in FVOCI	59 830	(10 513)
	35 373	**(24 457)**

32/b- General banking risk reserve	30 June 2022 EGP.000	31 December 2021 EGP.000
Opening balance	35 902	40 268
Transferred from retained earnings	19 785	15 231
Transferred to retained earnings	-	(19 597)
	55 687	**35 902**

33- Difference between the present value and face value for subordinate deposits	30 June 2022 EGP.000	31 December 2021 EGP.000
Opening balance	19 283	25 027
Amortization of difference of subordinate deposit	(3 254)	(5 744)
	16 029	**19 283**

34- Retained earnings	30 June 2022 EGP.000	31 December 2021 EGP.000
Opening balance	1 195 089	1 384 075
Transferred to legal reserve	(30 934)	(29 691)
Transferred to capital reserve	14 002	(7 840)
Transferred to general banking risk reserve	(19 785)	(15 231)
Transferred to retained amount for capital increase	(695 674)	(704 326)
Transferred from general banking reserve	-	19 597
Amortization of difference of subordinate deposit	3 254	5 744
Staff profit share	(54 883)	(43 197)
Banking system support and development fund	(6 242)	(5 717)
Board Members' bonus	(16 500)	(13 000)
Net profit	267 832	604 675
	656 159	**1 195 089**

35- 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 June 2022 EGP.000	30 June 2021 EGP.000
Cash and due from CBE (note 15)	305 177	233 747
Due from banks (note 16)	3 319 847	7 398 070
Treasury bills (note 17)	1 060 630	23 043
	4 685 654	**7 654 860**

36- 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 8 616 thousand as at financial statement date (In 31 Dec. 2021 : amounted to EGP 8 537 thousand)

B-Capital commitments:

B/1 - property and equipment and branches of equipment

The Bank is committed to contracts for property and equipments purchase and branches preparations "building, furniture, amounting to EGP 432 452 as current period (EGP 493 220 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 of commitment	Amount Paid	Remaining
Financial investments in associate	12 000	3 000	9 000
Financial investments through OCI	100 000	10 000	90 000

C-Contingent liabilities:	**30 June 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Letters and financial of guarantees	6 223 112	5 513 438
Letter of credits import, export and facilities to suppliers	1 776 751	1 938 259
Other Contingent Liabilities	38 493	103 828
	8 038 356	**7 555 525**

D- Credit facilities commitments	**30 June 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Not more than one year	526 945	405 590
More than one year	1 033 821	1 188 061
	1 560 766	**1 593 651**

E- Commitments operating lease contracts	**30 June 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Not more than one year	14 864	15 189
More than one year and less than 5 years	43 974	45 684
More than 5 years	1 346	2 816
	60 184	63 689

37- 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:	**30 June 2022**	**31 December 2021**
Loans and facilities to customers	**EGP.000**	**EGP.000**
Balance at beginning of the year	9 828	10 827
Collected loans	(5 304)	(999)
	4 524	**9 828**

B) Deposits from related parties:	**30 June 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Balance at beginning of the year	40 165	48 518
Deposits received	32 476	7 592
Deposits redeemed	(8 138)	(15 942)
Net foreign exchange difference	405	(3)
	64 908	**40 165**

C) Other	**30 June 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Due from banks	3 549	2 999
Investment in associates	165 450	164 619
Due to banks	9	9
Other loans	1 058 971	405 716
Other payables	372	372

38 -Tax position

A. Corporate income tax:

- For the years from 1978 till 2004, inspection completed and the bank has paid amounts due .
- For the year from 2005 to 2020 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 2021 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 2020,inspection completed for the employees salary tax, and the bank has paid all the amounts due.
- For the year 2021 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, in accordance with law no. 111 of the year 1980 and the bank have paid all the amounts due .
- From the years 2021, the bank paid stamp duty tax (Bank and customers shares) based on highest utilization of debit balance for each quarter period in accordance to Law .

39-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 no. 22 for 2014	
Fund manager	HC for managing funds.	Beltone for managing funds.	CI Assets Management.
Currency	EGP	EGP	EGP
A-Fund shares upon issuance:			
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-At financial position date :			
Market price per IC	428.97	12.05	11.95
Total market value of ICs	32 281 279	12 480 661	262 972 504
No.of outstanding ICs	75 253	1 035 480	22 000 176
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	-
	71 800	**709 671**	**500 000**
Total Fair value of bank's ICs classified as investment at FVTOCI	4 289 700	6 026 510	5 976 600
Total Fair value of bank's ICs classified as investment at FVTPL	26 510 346	2 527 169	-
	30 800 046	**8 553 679**	**5 976 600**
Fees and Commission for supervising fund and other services through PL	128 917	137 691	504 476

40 -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 June 2022. 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.

41- Translation

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