QNB ALAHLI S.A.E
(Egyptian Joint Stock Company)

Consolidated Financial Statements
Together With Limited Review Report
For The Period Ended March 31, 2022

KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

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Translation of the Auditors' Report
Originally issued in Arabic

Report on Limited Review of Consolidated Interim Financial Statements

To: The Board of Directors of QNB ALAHLI Bank (S.A.E)

Introduction

We have performed a limited review for the accompanying consolidated interim financial statements of QNB ALAHLI Bank (S.A.E) which comprise of the consolidated statement of financial position as of March 31, 2022 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements and basis of recognition and measurement in accordance with the Central Bank of Egypt's rules issued on December 16, 2008 as amended by the regulations issued on February 26, 2019 and the prevailing Egyptian laws. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated financial position as of March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the three-months period then ended, in accordance with the basis of recognition and measurement issued by the Central Bank of Egypt's rules on December 16, 2008 as amended by the regulations issued on February 26, 2019 and the prevailing Egyptian laws.

Auditors

Ehab Mohamed Fouad Abouelmagd
Financial Regulatory Authority No.(378)
KPMG Hazem Hassan
Public Accountants and Consultants
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KPMG Hazem Hassan
Public Accountants & Consultants

Mohanad Taha Khaled
Financial Regulatory Authority No.(375)
BDO Khaled & Co.
Public Accountants & Advisers
BDO Khaled & Co. BDO Public Accountants & Advisors

Cairo, April 11, 2022

QNB ALAHLI S.A.E

Consolidated Statement of Financial Position

As at 31 March 2022

(All amounts are shown in Egyptian Pounds)

	Note	March 31, 2022	December 31, 2021
Assets:			
Cash and due from Central Bank of Egypt (CBE)	(16)	25,059,296,673	22,641,706,445
Due from banks	(17)	34,400,275,336	17,311,427,927
Treasury bills	(18)	27,797,683,115	40,037,854,401
Trading investments	(19)	384,597,891	409,760,928
Loans and credit facilities to customers	(20)	186,843,728,285	172,828,554,467
Financial derivatives	(21)	122,592,648	36,542,265
Financial Investments:			
- Fair value through other comprehensive income	(22)	14,638,692,275	15,123,771,188
- Amortized cost	(22)	86,054,175,817	77,380,468,113
- Fair value through profit or loss	(22)	88,527,036	92,563,379
Intangible assets	(23)	279,229,953	282,189,711
Other assets	(24)	7,731,006,036	7,217,604,583
Deferred tax assets	(32)	105,007,217	70,602,319
Finance lease		3,603,169,707	3,298,372,384
Property and equipment	(25)	2,787,074,305	2,837,249,783
Total assets		**389,895,056,294**	**359,568,667,893**
Liabilities and equity:			
Liabilities:			
Due to banks	(26)	3,562,066,284	3,458,687,747
Customer deposits	(27)	323,266,174,900	295,491,962,118
Financial derivatives	(21)	-	47,683,515
Other loans	(28)	2,938,652,590	2,882,244,636
Other liabilities	(29)	6,752,943,149	4,434,170,818
Other provisions	(30)	622,938,998	526,745,974
Insurance policyholders' rights	(31)	4,263,923,335	4,034,207,132
Current income tax payable		1,959,671,861	1,773,988,334
Defined benefits obligation	(33)	558,086,195	543,536,132
Total liabilities		**343,924,457,312**	**313,193,226,406**
Equity:			
Issued and paid-up capital	(34)	10,774,114,830	10,774,114,830
Reserves	(35)	27,739,595,264	22,578,768,494
Profit for the period / year and retained earnings	(35)	7,456,847,707	13,022,516,998
Total equity attributable to equity holders of the bank		**45,970,557,801**	**46,375,400,322**
Non-controlling interests		41,181	41,165
Total equity		**45,970,598,982**	**46,375,441,487**
Total liabilities and equity		**389,895,056,294**	**359,568,667,893**

Mohamed Bedeir
Chief Executive Officer

Ali Rashid Al-Mohannadi
Chairman of the Board of Directors

The accompanying notes from (1) to (40) are an integral part of these Consolidated Financial Statements.
(Limited review report attached).

QNB ALAHLI S.A.E

Consolidated Income Statement

For Three Months Period Ended 31 March 2022

(All amounts are shown in Egyptian Pounds)

	Note	From January 01, 2022 To March 31, 2022	From January 01, 2021 To March 31, 2021
Interest on loans and similar income	(6)	9,252,012,247	7,359,197,766
Cost of deposits and similar expense	(6)	(4,990,034,192)	(3,788,192,577)
Net interest income		**4,261,978,055**	**3,571,005,189**
Fee and commission income	(7)	826,668,142	698,134,547
Fee and commission expense	(7)	(261,222,952)	(205,266,946)
Net interest, fee and commission income		**4,827,423,245**	**4,063,872,790**
Dividend income	(8)	11,325,209	21,405,674
Net trading income	(9)	79,280,867	25,020,520
Gain on financial investments	(22)	4,839,238	1,625,581
Impairment credit losses	(12)	(1,023,162,604)	(497,861,605)
Administrative expenses	(10)	(1,136,530,522)	(944,460,245)
Other operating revenues (expenses)	(11)	480,869,054	102,639,935
Share of results of associates		-	(196,988)
Profit before income tax		**3,244,044,487**	**2,772,045,662**
Income tax expense	(13)	(1,035,729,492)	(805,470,273)
Net profit for the period		**2,208,314,995**	**1,966,575,389**
Attributable to:			
Equity holders of the Bank		2,208,314,979	1,966,575,381
Non-controlling interests		16	8
Net profit for the period		**2,208,314,995**	**1,966,575,389**
Earnings per share	(14)	0.87	0.76

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Chairman of the Board of Directors

The accompanying notes from (1) to (40) are an integral part of these Consolidated Financial Statements.

QNB ALAHLI S.A.E

Consolidated Statement of Comprehensive Income

For Three Months Period Ended 31 March 2022

(All amounts are shown in Egyptian Pounds)

	From January 01, 2022 To March 31, 2022	From January 01, 2021 To March 31, 2021
Net profit for the period	2,208,314,995	1,966,575,389
Other comprehensive income items that will not be reclassified to the Profit or Loss:		
Net change in fair value of investments in equity instruments measured at fair value through other comprehensive income	2,331,018	66,349,865
Tax impact related to other comprehensive income that will not be reclassified to the profit or loss	(6,820,565)	88,186
Other comprehensive income items that is or may be reclassified to the profit or loss:		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	(160,075,242)	(48,752,509)
Tax impact related to other comprehensive income that will be reclassified to the profit or loss	15,822,180	7,964,236
Expected credit loss for fair value of debt instruments measured at fair value through other comprehensive income	54,608	5,998
Total other comprehensive income items for the period net of tax	**(148,688,001)**	**25,655,776**
Total comprehensive income for the period, net of tax	**2,059,626,994**	**1,992,231,165**
Attributable to:		
Equity holders of the Bank	2,059,626,978	1,992,231,157
Non-controlling interests	16	8
Total comprehensive income for the period, net of tax	**2,059,626,994**	**1,992,231,165**

The accompanying notes from (1) to (40) are an integral part of these Consolidated Financial Statements.

QNB ALAHLI S.A.E

Consolidated Statement of Changes in Equity

For Three Months Period Ended 31 March 2022

(All amounts are shown in Egyptian Pounds)

	Issued and Paid Up Capital	Legal Reserve	General Reserve	Special Reserve	Capital Reserve	Reserve for Transactions Under Common Control	Fair Value Reserve	General Banking Risk Reserve	General Risk Reserve	Retained Earnings	Net Profit for the period / year	Equity Attributable to Equity Holders of the Bank	Non-Controlling Interests	Total
balance at 1 January 2021	**10,774,114,830**	**2,049,233,783**	**15,104,078,670**	**39,494,455**	**21,379,530**	**4,000,483**	**404,806,848**	**1,169,067**	**21,453,923**	**3,725,448,559**	**7,491,517,830**	**39,636,697,978**	**41,095**	**39,636,739,073**
Transfer to reserves and retained earnings	-	369,537,152	4,428,972,276	-	7,767,605	-	-	-	-	1,845,045,955	(6,651,322,988)	-	-	-
Dividend distributions	-	-	-	-	-	-	-	-	-	-	(840,194,842)	**(840,194,842)**	-	**(840,194,842)**
Net Change in Other Comprehensive Income	-	-	-	-	-	-	25,655,776	-	-	-	-	**25,655,776**	-	**25,655,776**
Net profit for the period	-	-	-	-	-	-	-	-	-	-	1,966,575,381	**1,966,575,381**	8	**1,966,575,389**
Balance at 31 March 2021	**10,774,114,830**	**2,418,770,935**	**19,533,050,946**	**39,494,455**	**29,147,135**	**4,000,483**	**430,462,624**	**1,169,067**	**21,453,923**	**5,570,494,514**	**1,966,575,381**	**40,788,734,293**	**41,103**	**40,788,775,396**
January 1, 2022	**10,774,114,830**	**2,418,770,935**	**19,533,050,946**	**39,494,455**	**29,147,135**	**4,000,483**	**379,822,286**	**153,028,331**	**21,453,923**	**5,547,819,907**	**7,474,697,091**	**46,375,400,322**	**41,165**	**46,375,441,487**
Transfer to reserves and retained earnings	-	371,945,658	4,446,125,174	-	13,124,486	-	-	-	-	179,032,274	(5,010,227,592)	-	-	-
Dividend distributions	-	-	-	-	-	-	-	-	-	-	(2,464,469,499)	**(2,464,469,499)**	-	**(2,464,469,499)**
Net Change in Other Comprehensive Income	-	-	-	-	-	-	(148,688,001)	-	-	-	-	**(148,688,001)**	-	**(148,688,001)**
Net profit for the period	-	-	-	-	-	-	-	-	-	-	2,208,314,979	**2,208,314,979**	16	**2,208,314,995**
Transfer to general banking risk reserve	-	-	-	-	-	-	-	478,319,453	-	-	(478,319,453)	-	-	-
Balance at 31 March 2022	**10,774,114,830**	**2,790,716,593**	**23,979,176,120**	**39,494,455**	**42,271,621**	**4,000,483**	**231,134,285**	**631,347,784**	**21,453,923**	**5,726,852,181**	**1,729,995,526**	**45,970,557,801**	**41,181**	**45,970,598,982**

The accompanying notes from (1) to (40) are an integral part of these Consolidated Financial Statements.

QNB ALAHLI S.A.E

Consolidated Statement Of Cash Flows

For Three Months Period Ended 31 March 2022

(All amounts are shown in Egyptian Pounds)

	Note	March 31, 2022	March 31, 2021
Cash flows from operating activities			
Profit before tax		3,244,044,487	2,772,045,662
Adjusted by:			
Property and Equipment depreciation and Intangible assets amortization	(10)	110,227,481	92,947,012
Impairment credit losses	(12)	1,023,162,604	497,861,605
Loans written off during the period		(169,612,152)	(70,626,031)
Recovery from loans previously written off		11,210,560	10,194,855
Net formed / (reversed) other provisions		93,595,995	(44,487,943)
Utilized provisions other than loans provision		(3,459,947)	-
Translation differences of other provisions in foreign currencies		6,056,976	(116,496)
Translation differences resulting from monetary foreign currency investments		(328,086,546)	5,250,454
Amortization of premium / discount for bonds		(216,917,611)	(551,203)
Formed insurance policyholders' rights provisions during the period		229,716,203	118,153,869
(Gain) on sale of Property and Equipment		(779,000)	(3,868,500)
Dividend income	(8)	(11,325,209)	(21,405,674)
Share of results of associates applying the equity method		-	196,988
Gain on financial investments	(22)	(4,839,238)	(1,625,581)
Operating profits before changes in assets and liabilities resulting from operating activities		**3,982,994,603**	**3,353,969,017**
Net decrease / increase in assets and liabilities			
Due from banks		283,379,354	(303,908,602)
Treasury bills		12,296,948,453	6,764,208,354
Trading investments		25,163,037	15,512,570
Loans and credit facilities to customers		(14,829,178,426)	(1,269,474,672)
Financial derivatives		(133,733,898)	36,576,283
Financial investement recognized at fair value through profit or loss		4,036,343	(1,175,554)
Other assets		(502,070,626)	(612,620,119)
Due to banks		103,378,537	(287,191,786)
Customer deposits		27,774,212,782	14,341,058,550
Other liabilities		629,781,375	(141,078,914)
Defined benefits obligation		14,550,063	15,878,325
Net change Leased assets		(304,797,323)	(24,183,857)
Income tax paid		(875,449,250)	(595,533,480)
Net cash flows resulting from operating activities (1)		**28,469,215,024**	**21,292,036,115**
Cash flows from investing activities			
Acquisition of Property and Equipment and Intangible assets		(57,294,482)	(101,697,519)
Proceeds from sale of Property and Equipment		981,237	3,871,698
Proceeds from financial investments other than held for trading investments		4,621,423,840	2,983,066,670
Acquisition of financial investments other than held for trading investments		(12,422,375,189)	(15,855,893,497)
Net cash flows used in investing activities (2)		**(7,857,264,594)**	**(12,970,652,648)**
Cash flows from financing activities			
Other loans		56,407,954	(355,091,126)
Dividends paid		(775,478,543)	(840,194,842)
Net cash flows used in financing activities (3)		**(719,070,589)**	**(1,195,285,968)**
Net increase in cash and cash equivalents during the period (1+2+3)		**19,892,879,841**	**7,126,097,499**
Cash and cash equivalents at the beginning of the period		17,547,190,335	9,185,112,960
Cash and cash equivalents at the end of the period	(37)	**37,440,070,176**	**16,311,210,459**
Cash and cash equivalents at end of the period are represented in :			
Cash and due from Central Bank of Egypt	(16)	25,059,296,673	17,474,921,131
Due from banks	(17)	34,407,857,171	14,212,355,527
Treasury bills		27,854,007,413	35,246,152,317
Balances with Central Bank of Egypt (mandatory reserve)		(21,332,260,269)	(13,325,102,586)
Balances Due from banks with maturities more than 3 months		(1,002,435,900)	(2,148,730,000)
Treasury bills with maturity more than 3 months		(27,546,394,912)	(35,148,385,930)
Cash and cash equivalents at end of the period		**37,440,070,176**	**16,311,210,459**

The accompanying notes from (1) to (40) are an integral part of these Consolidated Financial Statements.

1. Background:

QNB ALAHLI "S.A.E" ("The Bank") was incorporated as an investment and commercial bank on April 13, 1978, in accordance with the provisions of the Investment Law no 43 of 1974 and its executive regulations and the amendments thereon. The Bank provides all banking services related to its activity, through its Head Office located in 5 Champlion Street - Downtown - Cairo and its 231 branches served by 6,991 staff at the date of the financial statements. The Bank is listed on the Egyptian Stock Exchange (EGX).

These consolidated financial statements were approved by the Board of Directors on April 11, 2022.

2 Summary of significant accounting policies:-

2.1 Basis of preparation of the consolidated financial statements

These consolidated financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008; and as per IFRS 9 "Financial Instruments" in accordance with the instructions of the Central Bank of Egypt (CBE) dated February 26, 2019.

These consolidated financial statements have been prepared in accordance with the applicable laws of Egypt.

2.2.1 Basis of Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method unless the transaction does not constitute an acquisition in form or substance. Application of the purchase method involves the following steps:

- Identifying an acquirer;
- Measuring the cost of the business combination;
- And allocating, at the acquisition date, the cost of the combination to the assets acquired, liabilities and contingent liabilities assumed.

On acquisition date where control is obtained, the cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree, in addition to any costs directly attributable to the business combination.

Thus, the acquirer recognizes the acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition criteria at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale, that are recognized and measured at the lower of their carrying amounts, or fair value less costs to sell.

Goodwill arising on acquisition date is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

The non-controlling interest in an acquiree is initially measured at the non-controlling interest proportionate share in the fair value of the assets, liabilities and contingent liabilities recognized at acquisition date.

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the acquirer includes the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

A business combination agreement may allow for adjustments to the cost of the combination that are contingent on one or more future events. The acquirer usually estimates the amount of any such adjustment at the time of initially accounting for the combination, even though some uncertainty exists. If the future events do not occur or the estimate needs to be revised, the cost of the business combination is adjusted accordingly.

However, when a business combination agreement provides for such an adjustment, that adjustment is not included in the cost of the combination at the time of initially accounting for the combination if it either is not probable or cannot be measured reliably. If that adjustment subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination.

In case of a business combination - made through step acquisitions for a Group reorganization purposes - involving entities or businesses under common control in which all of the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination, the acquirer recognizes the identifiable assets, liabilities and contingent liabilities that meet the recognition criteria at their carrying amounts previously reported at the books of the Group with common control.

Any difference between the consideration paid or transferred and the carrying amounts of the acquiree's net assets and contingent liabilities is reflected within equity as a reserve for transactions under common control. This policy is also applied in case of the groups' full or partial acquisition of shares held by the non-controlling interests in a subsidiary or the partial disposition of the Group's interest in a subsidiary while retaining control over that subsidiary.

(All amounts are shown in Egyptian Pounds)

Therefore, no adjustments are made to reflect new fair value at the date of the combination; rather fair value for net assets, and contingent liabilities acquired in such cases shall be determined based on the fair value that was previously determined when control was initially obtained, as adjusted by any changes in equity components that have occurred during the period from the date when control was initially obtained up to the date when control has increased or decreased.

Since combinations of entities or businesses under common control are scoped out of the CBE basis of preparation and presentation of the banks financial statements, EAS (29) and IFRS (3) Business Combinations, management applied the requirements of EAS (5) and IAS (8), which allows it, in the absence of a specific Standard or Interpretation specifically addressing certain transaction, event or other circumstances, to set and develop an appropriate accounting policy that results in information that is more reliable and relevant to the economic decisions making needs of the financial statements users.

2.2.2 Transactions Eliminated on Consolidation

Intra-group balances, and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2.3 Loss of Control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments, depending on the level of influence retained.

2.2.4 Basis of presentation of consolidation

The consolidated financial statements of the Group incorporate the financial statements of QNB ALAHLI (Parent) and entities controlled by the Bank (its Subsidiaries) at the end of each reporting date.

A Subsidiary is an entity (including Special Purpose Entities) that is controlled, directly or indirectly, by the bank (Parent). Control exists when the Bank has the power, to govern the financial and operating policies of an entity to obtain benefits from its activities. This is usually achieved when the bank owns, directly or indirectly, through subsidiaries, more than half of the voting power of an entity, the existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

The Group fully consolidates its subsidiaries from the effective date in which control is obtained and deconsolidates them when such control ceases to exist.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of a Group entity to bring its accounting policies into line with those used by other members of the Group.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. Losses applicable to owners of the non-controlling interests in excess of their interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that owners of the non-controlling interests have a binding obligation and are able to make an additional investment to cover the losses.

Since QNB ALAHLI incorporated QNB ALAHLI Factoring Company in which it owns 99.997% of its capital, increased its interest in QNB ALAHLI Leasing Company to 100%, and increased in QNB ALAHLI Life Insurance Company to 100% instead of 25%, and increased in QNB ALAHLI Asset Management Egypt Company to 100% instead of 4.875%,therefore, the full consolidation basis has been used for the preparation of the Group accompanying consolidated financial statements which comprise the financial statements of QNB ALAHLI (the parent) and its subsidiaries, QNB ALAHLI Factoring, QNB ALAHLI Leasing Company, QNB ALAHLI Life Insurance Company and QNB ALAHLI Asset Management Egypt Company from the date in which control over each subsidiary was obtained.

Non-controlling interest in these consolidated financial statements represents interests held by investors other than QNB ALAHLI in the subsidiaries. Information on subsidiaries is set out below.

Company name	Origin Country	Year of controlling (Acquisition or Incorporation)	Group Stake %
QNB ALAHLI Factoring Company	Egypt	2012	99.997
QNB ALAHLI Leasing Company	Egypt	2012	100
QNB ALAHLI Life Insurance Company	Egypt	2014	100
QNB ALAHLI Asset Management Egypt Company	Egypt	2014	100

2.2.5 Investments in associates

An associate is an entity over which the Group has significant influence that is not control or joint control. Significant influence exists where the bank holds voting rights of 20% to 50% in an entity.

Acquisitions of Associates are accounted for using the purchase method; goodwill arising on acquisition of an associate, if any, is not presented separately, but is rather included within the carrying amount of the investment. Investments in associates are accounted for subsequently in the consolidated financial statements using the equity method.

According to the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and is subsequently adjusted to recognize the Group's share in profit or loss, and other changes in the net assets, of the associate.

2.3 Segment reporting

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

The Bank is divided into two main business lines, which are corporate banking and retail banking. In addition, a corporate center acts as a central funding department for the bank's core businesses. The dealing room, proprietary activity and other non-core businesses are reported under the corporate banking business line.

For the purpose of preparation of segment reporting by geographical region, segment profit or loss and assets and liabilities are presented based on the location of the branches. Given that the bank does not have any entity abroad, and unless otherwise stated in a specific disclosure, all equity and debt instruments of the bank issued by foreign institutions and credit facilities granted to foreign counterparties are reported based on the location of the domestic branch where such assets are recorded.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

The consolidated financial statements of the Group are presented in the Egyptian Pound which is the Bank's functional and presentation currency.

2.4.2 Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian Pounds. Transactions in foreign currencies during the period are translated into the Egyptian Pounds using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at end of reporting period at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:

- Net trading income from held for trading assets and liabilities;
- Other operating revenues (expenses) from the remaining assets and liabilities;
- Investments in equity instrument recognized at fair value through other comprehensive income in equity.

Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as FVTOCI assets are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in the amortized cost are recognized and reported in the income statement in "Interest on loans and similar income" whereas differences resulting from changes in foreign exchange rates are recognized and reported in "Other operating revenues (expenses)". The remaining differences resulting from changes in fair value are recognized in equity and accumulated in the "Fair value revaluation reserve" in Other comprehensive income.

Valuation differences arising on the measurement of non-monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total fair value changes arising on the measurement of equity instruments classified as at fair value through the profit or loss are recognized in the income statement, whereas total fair value changes arising on the measurement of equity instruments classified as FVTOCI are recognized directly in equity in the "Fair value reserve" in Other Comprehensive Income.

Leased assets denominated in foreign currency which the group leases to others are measured at historical cost and translated to Egyptian Pounds using the exchange rates prevailing at the dates of the initial recognition.

2.5 Financial assets

Financial assets are classified at 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.

2.5.1 Financial assets classified as amortized cost

The financial asset is retained in the business model of financial assets held to collect contractual cash flow. The objective from this business model is to collect contractual cash flow 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:

- Significant deterioration for the issuer of financial instrument.
- Lowest sales in terms of rotation and value.
- A clear and reliable documentation process for the justification of each sale and its conformity with the requirements of the standard.

2.5.2 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.

2.5.3 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.

The characteristics of the business model are as follows:

- Structuring a set of activities designed to extract specific outputs.
- Represents a complete framework for a specific activity (inputs - activities - outputs).
- One business model can include sub-business models.

2.6 Offsetting of financial assets and financial liabilities

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

2.7 Financial derivatives and hedge accounting

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

Embedded derivatives, such as the conversion option in a convertible bond, are treated as separate derivatives if they meet the definition of a financial derivative, and when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement "Net trading income" ;unless the group chooses to designate the hybrid contract as a whole as at fair value through profit or loss.

The timing of recognition in profit or loss, of any gains or losses arising from changes in the fair value of derivatives, depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The parent bank designates certain derivatives as:

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge);
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met. At the inception of the hedging relationship, the bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the bank documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

2.7.1 Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized immediately in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in profit or loss. Additionally, interest differential on interest rate swaps is recognized in profit or loss as part of 'net interest income' line item in the income statement. Any ineffectiveness is recognized in profit or loss in "Net trading income".

When the hedging instrument no longer qualifies for hedge accounting, the adjustment to the carrying amount of a hedged item, measured at amortized cost, arising from the hedged risk is amortized to profit or loss from that date to maturity of the asset using the effective interest method. Adjustment to the carrying amount of a hedged equity instrument that has been deferred in equity remains in equity until the asset is derecognized.

2.7.2 Cash flow hedge

The effective portion of changes in the fair value of derivatives designated and effective for cash flow hedge is recognized in equity while changes in fair value relating to the ineffective portion is recognized immediately in the income statement in "Net trading income".

Amounts accumulated in equity are transferred to income statement in the relevant periods when the hedged item affects the income statement. The effective portion of changes in fair value of interest rate swaps and options are reported in "Net trading income".

When a hedging item expires or is sold or if hedging instrument no longer qualifies for hedge accounting requirements, gains or losses that have been previously accumulated in equity remain in equity and are only recognized in profit or loss when the forecast transaction ultimately occurs. If the forecast transaction is no longer expected to occur any related cumulative gain or loss on the hedging instrument that has been recognized in equity shall be reclassified immediately to profit or loss.

2.7.3 Derivatives that do not qualify for hedge accounting

Where a derivative instrument does not qualify for hedge accounting, changes in fair value of that derivative and related interest are recognized immediately in the income statement in "Net trading income" line item. However, gains or losses arising from changes in fair value of derivatives that are managed in conjunction with financial assets or financial liabilities, designated upon initial recognition at fair value through profit or loss, are included in "net income from financial instruments designated upon initial recognition as at fair value through profit or loss".

2.8 Interest income and expense

Interest income and expense on all interest-bearing financial instruments are recognized in "Interest income" and "Interest expense" line items in the income statement using the effective interest rate method.

The effective interest rate is a method of calculating the amortized cost of a debt instrument whether a financial asset or a financial liability and of allocating its 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 debt instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating the effective interest rate, the Group estimates the future cash flows, considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income on loans is recognized on an accrual basis except for the interest income on non-performing loans, which ceases to be recognized as revenue when the recovery of interest or principal is in doubt.

Interest income on non-performing or impaired (Stage 3) loans and receivables ceases to be recognized in profit or loss and is rather recorded off balance sheet in statistical records. Interest income on these loans is recognized as revenue on a cash basis as follows:

1- For retail loans, personal loans, small and medium business loans, real estate loans for personal housing and small loans for businesses, when interest income is collected and after recovery of all arrears.

2- For corporate loans, interest income is recognized on a cash-basis after the bank collects 25% of the rescheduled installments and provided these installments continue to be paid for at least one year.

If a loan continues to be performing thereafter, interest accrued on the principal then outstanding starts to be recognized as revenues. Interest that is marginalized prior to the date when the loan becomes performing is not recognized in the profit or loss except when the total balance of loan, prior to that date, is paid in full.

2.9 Fees and commission income

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

Commitment fees received by the bank to originate a loan are deferred if it is probable that the bank will enter into a specific lending arrangement and are regarded as a compensation for an ongoing involvement with the acquisition of the financial instrument and recognized as an adjustment to the effective interest rate. If the commitment expires without the bank making the loan, the fees are recognized as revenue on expiry.

Loan syndication fees received by the bank are recognized as revenue when the syndication has been completed, only if the bank arranges the loan and retains no part of the loan package for itself (or retains a part at the same effective interest rate for comparable risk as other participants).

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

Leasing revenues

Revenues from lease contracts are recognized based on the interest rate implicit in each contract plus an amount equal to depreciation of the leased asset. Debit/credit differences between revenue recognized in profit or loss and rental value for each period are recorded in “leased assets – lease contracts settlement” account in the balance sheet whose balance is to be settled against the carrying amount of leased asset at the end of the contract period.

Insurance revenues

Premium income and Claim expense is recognized on accrual basis.

2.10 Dividends income

Dividend income on investments in equity instruments and similar assets, other than investments in subsidiaries and associates, is recognized in the income statement when the bank’s right to receive payment is established.

2.11 Purchase and resale agreements and sale and repurchase agreements (repos and reverse repos)

Financial instruments sold under repurchase agreements are not derecognized from the statement of financial position and cash receipts are shown in liability side in the statement of financial position.

2.12 Impairment of financial assets

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

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

- Stage 1 : Financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for 12 months.
- Stage 2 : Financial assets that have experienced a significant increase in credit risk since the initial recognition or the date on which the investments are made, and the expected credit loss is calculated over the life of the asset.
- Stage 3 :Impairment of financial assets whose expected credit loss is to be recognized over the life of the asset on the basis of the difference between the carrying amount of the instrument and the present value of expected future cash flows.

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

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

2.12.1 Significant increase in credit risk

The Group 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.

2.12.2 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.

2.12.3 Qualitative Factors

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 SME's according to CBE Circular dated 14 December 2021 regarding the temporary amendments of SME's NPL treatment in IFRS9 regulation) . 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:

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.

(All amounts are shown in Egyptian Pounds)

2.13 Intangible assets

2.13.1 Goodwill

Goodwill, arising from the acquisition or legal merger of subsidiaries, represents the difference between the cost of the combination and the acquiree interest in the fair value of the identifiable assets, liabilities and qualifying contingent liabilities of the acquire at the acquisition date. Goodwill is annually tested for impairment and is written-down to profit or loss at an annual amortization of 20% or impairment loss whichever is higher.

2.13.2 Software (computer programs)

Expenditure on upgrade and maintenance of computer programs is recognized as an expense in the income statement in the period in which it is incurred. Expenditures directly incurred in connection with specific software are recognized as intangible assets if they are controlled by the group and when it is probable that they will generate future economic benefits within more than one year that exceed its cost. Direct costs include the cost of the staff involved in upgrading the software in addition to a reasonable portion of relative overheads.

Upgrade costs are recognized and added to the original cost of the software when it is likely that such costs will increase the efficiency or enhance the performance of the computers software beyond its original specification.

Cost of computer software recognized as an asset shall be amortized over the year of expected benefits from three to five years except for the core IT system which is amortized over ten years.

2.14 Property and Equipment

The Group's property and equipment include lands and buildings of the bank which basically comprise the head office premises and branch buildings. All property and equipment are carried at historical cost net of accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the construction or acquisition of the items. Subsequent costs are included in the assets carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance expenses are recognized in profit or loss within "other operating costs" line item during the financial period in which they are incurred.

The Group considers the residual value of its property and equipment as insignificant and immaterial in relation to the depreciable amount; therefore, the depreciable amount of the group's property and equipment is determined without any deduction for residual values. Depreciation is charged so as to write off the cost of assets, other than land which is not depreciated, over their estimated useful lives, using the straight-line method based on the following annual rates:

Buildings		50 years
Fixtures	Decoration & installations	10 years
	Lifts	15 years
	Electricity & Air conditioning	10 years
	Generators	30 years
	Telephone network & CCTV	10 years
	Firefighting system & Plumbing system	10 years
	Other installations	10 years
Leasehold improvements		The shortest of 10 years or contract period

Depreciation years for property and equipment, other than buildings, depend on their useful lives which are usually estimated as specified below:

Furniture	10 years
Armored vaults	20-30 years
IT equipment	5 years
Electric appliances	5 years
Vehicles	5 years

The carrying amounts of its depreciable property and equipment are reviewed whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of the asset's net realizable value or value in use. Gains or losses on disposals are determined by comparing proceeds with relevant carrying amount. These are included in the profit or loss in other operating income (expenses) in the income statement.

(All amounts are shown in Egyptian Pounds)

2.15 Impairment of non-financial assets

Non-financial assets that do not have definite useful lives, except for goodwill are not amortized. These are annually tested for impairment. Depreciable property and equipment are tested for impairment whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. Impairment loss is recognized and the carrying amount of an asset is reduced to the extent that such carrying amount exceeds the asset's recoverable amount.

The recoverable amount of an asset is the higher of the asset's net realizable value or value in use. For the purpose of estimating the impairment loss, where it is not possible to estimate the recoverable amount of an individual asset,The Group estimates the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

At the end of each period, the group reviews non-financial assets for which an impairment loss is recognized to assess whether or not all or part of such impairment losses should be reversed through profit or loss.

2.16 Leasing

Lease contracts are accounted according to Law 95 of 1995 for financial lease. All other lease contracts are recognized as operating leases.

2.16.1 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.

2.16.2 As a lessor

Assets leased out under operating lease contracts are reported as part of the fixed assets 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.

Assets leased out under finance lease contracts, are reported in the statement of financial position within fixed assets and are depreciated over the expected useful life of the assets using the same method followed in depreciating similar assets. Lease income is recognized using the rate of return implicit is each lease contract in addition to an amount equal to depreciation charge for the period. Differences between lease income recognized in the income statement and rental receivable from lease customers are accumulated and reported in the statement of financial position in a separate account until duration of the lease contract expires, at which time offset occurs between the account balance and net book value of leased assets.

Maintenance and insurance expenses shall be charged to the income statement when incurred to the extent that they are chargeable to the lessee. If substantive evidence indicates that the group could not be able to collect all balances due from finance lease debtors, these balance are reduced to their expected realizable value.

Assets leased under finance lease arrangements, rentals In arrear and the related impairment loss allowance has been presented in financial position under the finance lease item.

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

Computers	2-8 years
Equipment	4-10 years
Vehicles	4-5 years
Building	17-50 years

2.17 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances due within three months from date of placement or acquisition. They include cash and balances placed with the Central Bank of Egypt (other than those required under the mandatory reserve), current accounts with Banks and treasury bills, certificates of deposits and other governmental notes.

2.18 Other provisions

Provisions for obligations, other than those for credit risk or employee benefits, due within more than 12 months from the date of consolidated financial statements are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the reporting date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions.

For obligations due within less than twelve months from the date of consolidated financial statements, provisions are calculated based on undiscounted expected cash outflows unless the time value of money is material, in which case provisions are measured at present value.

When a provision is wholly or partially no longer required, it is reversed through the profit or loss under "Other Operating Income (expenses)" line item.

2.19 Insurance activity

2.19.1 Technical reserves

2.19.1.1 Mathematical reserve

The mathematical reserve is calculated by the actuarial expert according to the technical basis approved by the board of the Egyptian Financial Supervisory Authority (Formerly Egyptian Insurance Supervisory Authority), in addition to the portion of each certificate from the increase (decrease) in the capital value resulting from insurance premiums invested in investment portfolio for the account of policyholders.

2.19.1.2 Provision for outstanding claims

A provision for outstanding claims is established for life and personal accident insurance policies. Which were reported before the period-end but not settled at the balance sheet date.

2.19.2 Receivables arising from insurance contracts

Receivables arising from insurance contract either as installments under collection or current accounts of insured parties are carried at amortized cost which represent nominal balances, net of impairment loss.

2.19.3 Due from insurance and reinsurance companies

Insurance and reinsurance companies stated at amortized cost, which represent its book value, net of allowance for impairment loss.

2.20 Financial guarantees

A financial guarantee contract is a contract issued by the group as security for loans or overdrafts due from its clients to other entities that requires the group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are generally issued by the Bank to beneficiary banks, corporations and other entities on behalf of the bank's clients.

When a financial guarantee is recognized initially, it is measured at its fair value plus, transaction costs that is directly attributable to the issue of such financial guarantee.

After initial recognition, a financial guarantee contract issued by the bank is measured at the higher of:

(I) The amount initially recognized less, when appropriate, cumulative amortization of security fees recognized as income in profit or loss using the straight-line method over the term of the guarantee; and

(II) The best estimate for the payments required to settle any financial obligation resulting from the financial guarantee at the reporting date.

Such estimates are made based on experience in similar transactions and historical losses as supported by management judgment.

Any increase in the obligations resulting from the financial guarantee, is recognized within other operating income (expenses) in the income statement.

2.21 Employee benefits

2.21.1 Post-employment benefits (defined benefit plans) and defined contribution plans:

The Bank is liable for all obligations arising from its plans for employee benefits which comply, in all material respects, with the principles set out below. Starting 1 January 2009, the Bank has fully complied with the policy referred to below, and recognized any adjustments, resulting from the first full implementation of amendments to the CBE rules, directly on retained earnings.

The Bank provides several post-employment benefits to its employees, such as the medical care scheme which qualifies as a defined-benefit plan. A defined benefit plan commits the Bank, either formally or constructively, to pay a certain amount or level of future benefits and therefore bears the medium- or long-term risk.

The Bank recognizes the defined benefit obligation as a liability in the statement of financial position under "obligations for post-retirement schemes" to cover the total value of such obligations. This is assessed regularly by independent actuary using the projected unit credit method. This valuation technique incorporates assumptions about demographics variables, staff turnover, salary growth rate and discount and inflation rates.

When these plans are financed from external funds classified as plan assets, the fair value of these funds is subtracted from the defined benefit obligation. Differences arising from changes in the actuarial assumptions and estimates are recognized in the income statement as actuarial gains or losses to the extent of the higher of the following two amounts as of the end of the previous financial period:

- 10% of the present value of the defined benefit obligation (before deducting plan assets); and
- 10% of the fair value of the plan assets.

Actuarial gains and losses that exceed the 10 percent criteria above are amortized to profit or loss over the expected average remaining working lives of the participating employees.

Past service cost is recognized immediately to the extent that the benefits have already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. Annual cost of employee benefits plans is reported as part of general and administrative expenses (employee costs).

Defined contribution plans are pension schemes whereby the group pays defined contributions to an independent entity. The group shall not be under legal or constructive obligation to pay more contributions if this entity doesn't maintain adequate assets to pay-off the employees' benefits in return for their service in the current and previous periods.

According to the defined contribution plans, contributions are paid to private sector pension scheme under mandatory or voluntary contractual arrangement. The group shall be under no additional obligation other than the contribution payments. Contributions to defined contribution retirement benefit plans are recognized as employee benefits cost when employees have rendered service entitling them to the contributions. Prepaid contributions shall be recognized as assets to the extent that these contribution payments will reduce future payments or result in cash refunds.

2.22 Income taxes

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

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period, in addition to income tax differences related to prior years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. However, when it is expected that the tax benefit will increase, the carrying amount of deferred tax assets shall increase to the extent of previous reduction.

2.23 Borrowings

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

2.24 Capital

2.24.1 Capital issuance cost

Issued and paid up-capital (i.e. bank's own equity instruments) is initially measured at the cash proceeds received, less transaction costs directly attributable to the issuance of new shares, issuance of shares to effect business combination, or issue of share options. Transaction costs, net of tax benefits, are reported as a deduction from equity.

2.24.2 Dividends

Dividends on equity instruments issued by the group entities are recognized when the general assembly of the group's shareholders approves them. Dividends include the non-controlling interests' share in the subsidiaries' dividends, and employees' profit share and board of directors' remuneration as prescribed by the articles of incorporation of the bank and Group entities as well as the corporate law.

2.25 Fiduciary activities

The Bank carries out fiduciary activities that result in ownerships or management of assets on behalf of individuals, trusts, and retirement benefit plans and other institutions. These assets and income arising thereon are not recognized in the group's consolidated financial statements, as they are not assets or income of the Bank or the Group.

2.26 Comparative figures

Comparative figures are reclassified, where necessary, to conform to changes in the current period's financial statements presentation.

3. Management of financial risks

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

For example, the Bank has laid down risk management policies to determine and analyze the risks, set limits to the risks and control them through reliable methods and up–to–date systems. The Bank regularly reviews the risk management policies and systems and amendments thereto, so that they reflect the changes in markets, products and services and the best up-to–date applications.

Risks are managed in accordance with pre-approved policies by the board of directors. The risk management department identifies, evaluates and covers financial risks, in close collaboration with the Bank's various operating units. The board of directors provides written rules which cover certain risk areas, such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative financial instruments. Moreover, the risk department is responsible for the periodic review of risk management and the control environment independently.

Risk management strategy

The bank operates in business lines, which generate a range of risks whose frequency, severity and volatility can be of different and significant magnitudes. A greater ability to calibrate its risk appetite and risk parameters, the development of risk management core competencies, as well as the implementation of a high-performance and efficient risk management structure are therefore critical undertakings for the bank.

Thus, the primary objectives of the bank's risk management framework are:

- To contribute to the development of the Bank in various business lines to reach an ideal level of general risk.
- To guarantee the Bank's sustainability as a going concern, through the implementation of a high-quality risk management infrastructure.

In defining the Bank's overall risk appetite, the bank management takes various considerations and variables into account, including:

- The relative balance between risk and reward of the bank's various activities.
- Earnings sensitivity to business, credit and economic cycles.
- The aim of achieving a well-balanced portfolio of earnings streams.

Risk management governance and risk principles

Bank's risk management governance is based on:

i) Strong managerial involvement, throughout the entire organization, starting from the Board of Directors down to operational field management teams;

ii) A tight framework of internal procedures and guidelines; and

iii) Continuous supervision by business lines and support functions as well as by an independent body to monitor risks and to enforce rules and procedures.

Within the Board, the Risk and Audit Committees are more specifically responsible for examining the consistency of the internal framework for monitoring risks and compliance.

Risk categories

The following are part of the risks associated with the bank's Banking activities:

a- Credit risk:

(Including country risk): represents risk of losses arising from the inability of the Bank's customers, sovereign issuers or other counterparties to meet their financial commitments.

Credit risk also includes the replacement risk linked to market transactions. In addition, credit risk may be further increased by a concentration risk, which arises either from large individual exposures or from groups of counterparties with a high default probability.

b- Market risk:
Represents risk of loss resulting from changes in market prices and interest rates.

c- Operational risk:
(Including legal, compliance, accounting, environmental, reputational risks, etc.): represents risk of loss or fraud or of producing inaccurate financial and accounting data due to inadequacies or failures in procedures and internal systems, human error or external events. Additionally, operational risks may also take the form of compliance risk, which is the risk of the bank incurring either legal, administrative or disciplinary sanctions or financial losses due to failure to comply with relevant rules and regulations.

d- Structural interest and exchange rate risk:
Represents risk of loss or of residual depreciation in the bank's balance sheet and off-balance sheet assets arising from changes in interest or exchange rates. Structural interest and exchange rate risk arises from banking commercial activities and on Corporate Center transactions (operations on equities, investments and bond issues).

e- Liquidity risk:
Represents the risk that the bank might not be able to meet its obligations as they become due.

The Bank dedicates significant resources to constantly adapting its risk management to its activities and ensures that its risk management framework operates in full compliance with the following fundamental principles of:

- Full independence of risk assessment departments from the operating divisions; and

- Consistent approach to risk assessment and monitoring applied throughout the Bank.

The Risk Division is independent from the bank's operating entities and reports directly to general management. Its role is to contribute to the development and profitability of the bank by ensuring that the risk management framework in place is both robust and effective. It employs various teams specializing in the operational management of credit and market risk.

More specifically, the Risk Division:

- Defines and approves the methods used to analyze, assess, approve and monitor credit risks, countries risks, market risks and operational risks; conducts a critical review of commercial strategies in high risk areas and continually seeks to improve such risk forecasting and management;

- Contributes to independent assessment by analyzing transactions implying a credit risk and by providing guidance on transactions proposed by sales managers.

Identifying a frame for all Banks' operational risks.

The Assets and Liabilities Unit under the Finance Division, for its part, is entrusted with assessing and managing other major types of risks, namely liquidity and structural risks (resulting from interest rate, exchange rate and liquidity) as well as the bank's long term financing, management of capital requirements and equity structure.

The Internal Legal Counsel deals with compliance and legal risks.

Responsibility for devising the relevant risk management structure and defining risk management operating principles lies mainly with both the Risk Division and, in particular fields, the assets and liabilities management under Finance Division.

The Bank's Risk Committee is in charge of reviewing all the bank's key risk management issues and meets at least on quarterly basis. Risk Committee's monthly meetings involve members of the Executive Committee, the heads of the business lines and the Risk Division managers and are used to review all the core strategic issues: risk-taking policies, assessment methods, material and human resources, analysis of credit portfolios and of the cost of risk, market and credit concentration limits (by product, country, sector, region, etc.)
On the other hand, the Assets and Liabilities management committee (ALCO) is competent for matters relating to funding and liquidity policymaking and planning.

All new products and activities or products under development must be submitted to the New Product Committee.

This New Product Committee aims at ensuring that, prior to the launch of a new activity or product, all associated risks are fully understood, measured, approved and subject to adequate procedures and controls, using the available information and processing systems.

Operational risks, permanent control and audit (periodic) control process are supervised by the Audit and Accounts Committee that meets on a quarterly basis.

Finally, the Bank's risk management principles, procedures and infrastructures and their implementation are monitored by the Internal Audit team and the External Auditors.

(A) CREDIT RISKS

The Bank is exposed to the credit risk which is the risk resulting from failure of the client to meet its contractual obligations towards the bank. The credit risk is considered to be the most significant risk for the bank, therefore requiring careful management. The credit risk manifests itself in the lending activities and debt instruments in bank's assets as well as off balance sheet financial instruments, such as letters of credit and letters of guarantee.

(A/1) Credit risk management: organization and structure

Maintaining comprehensive and efficient management and monitoring of credit risk – which constitutes the bank's primary source of risk – is vital to preserving bank financial strength and profitability. As a result, the bank implements a tight credit risk control framework, whose cornerstone is the Credit Risk Policy and Authorities defined jointly by the Risk Division and the Business Lines, and is subject to periodic review and approval by the Board of Directors.

Within the Risk Division, persons are responsible for:

- Setting credit limits by customer, customer group or transaction type;
- Approving credit score or internal customer rating criteria;
- Monitoring and surveillance of large exposures and various credit portfolios;
- Reviewing specific and general provisioning policies.

In addition, comprehensive portfolio analysis is performed in order to provide guidance to the General Management on the bank's overall credit risk exposure as well as reporting to Risk Committee.

The Risk Division also helps define criteria for measuring risk and defining appropriate provisioning practices.

Risk approval

Embedded in bank's credit policy is the concept that approval of any credit risk undertaking must be based on sound knowledge of the client and a thorough understanding of the client's business, the purpose, nature and structure of the transaction and the sources of repayment, while bearing in mind the bank's risk strategy and risk appetite.

The risk approval process is based on four core principles:

- All transactions involving replacement risk must be pre-authorized ,replacement risk is bearing a loss when a bank is forced to replace a contract in case of breaching the original party's contract (debtor risk, non-settlement or non-delivery risk and issuer risk).
- Staff assessing credit risk is fully independent from the decision-making process.
- Subject to relevant credit delegations, responsibility for analyzing and approving risk lies with the most appropriate business line or credit risk unit, which reviews all authorization requests relating to a specific client or client group, to ensure a consistent approach to risk management.
- All credit decisions systematically include internal obligor risk ratings, as proposed by business lines and vetted by the Risk Division and approved by concerned Credit Committee.

Risk management and audit

Changes in the quality of outstanding commitments are reviewed on a periodic basis and at least once a quarter, as part of the "sensitive names" and provisioning procedures. This review is based on analyses performed by the business divisions and the risk function. Furthermore, the Internal Audit also carries out file reviews or risk audits in the bank's branch groups and reports its findings to the General Management.

Replacement risk

Replacement risk provides the measurement of the replacement cost of a transaction in the event of default by the original counterparty and the necessity to close the ensuing position with counterparty; hence, the replacement cost is the result of the market price between the date on which the original transaction is entered into and the default date. Transactions giving rise to replacement risk include interest rate swaps and forward FX deals.

Replacement risk management

The Bank places great emphasis on carefully monitoring its replacement risk exposure in order to minimize its losses in case of default of its counterparties and counterparty limits are, therefore, assigned to all trading counterparties, irrespective of their status (bank, other financial institution, corporate and public institutions).

(A/2) Risk measurement and internal ratings

Bank rating system is based on three key pillars:

- The internal ratings models used to measure and quantify counterparty risk.
- A set of procedures defining guidelines for devising and using ratings (scope, frequency of rating revision, procedure for approving ratings, etc.)
- Reliance on human judgment to improve modeling results to include elements outside the scope of rating model.

Credit risk rating is supported by a set of procedures ensuring reliable, consistent and timely default and loss data detection.

Rating models are reviewed and developed when necessary. The Bank regularly evaluates performance of credit rating models and their capacity to predict default cases.

The calculations used to measure and monitor replacement risk include:

- Current Average Risk (CAR) is a calculation of the Average risk of all the future scenarios, excluding the negative scenarios, i.e., when the replacement makes a gain.

- Credit value at risk (VAR) is a calculation of the largest loss that would be incurred in 99% of cases.

Following are some risk mitigations methods:

Collaterals

The Bank designs several policies and controls for credit risk mitigation such as collaterals for funds provided. The bank lays down guidelines for specific categories of the accepted collaterals.

The main types of collaterals for Loans and credit facilities are:

- Real estate mortgage;
- Pledge on business assets like machinery and merchandise;
- Pledge in financial instruments like debt instruments and equity.

The long term financing and lending for companies are often collaterized while credit facilities for persons are not collaterized. The bank attempts to mitigate the credit risk through additional collaterals from the concerned parties immediately on arising of impairment indicators for any of the loans or facilities.

Collaterals taken to secure assets other than Loans and credit facilities are identified according to the nature of the instrument.

Debit instruments and treasury bills are often not collaterized.

Derivatives

The Bank exercise prudential strict control procedures on net open positions of derivatives. i.e. The difference between sale and purchase agreements at the level of value and duration. The amount exposed to credit risk at any time is determined at fair value of the instrument that may achieve benefit to the bank. i.e. any assets with high positive fair value which represents insignificant part of contractual imputed value used to reflect the volume of existing instruments. This credit risk is managed as part of overall lending limit granted to the customer together with the potential risk as a result of market changes.

The Bank doesn’t obtain collaterals for credit risk related to such instruments except for the amounts requested by the bank as marginal deposits from other parties.

(All amounts are shown in Egyptian Pounds)

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

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

	March 31, 2022		December 31, 2021	
	Loans and credit facilities	Allowance for impairment loss	Loans and credit facilities	Allowance for impairment loss
1- Good debts	86.63%	7.97%	86.22%	7.87%
2- Normal watch-list	5.95%	11.36%	4.60%	9.18%
3- Special watch-list	3.51%	27.64%	5.37%	29.26%
4- Non performing loans	3.91%	53.03%	3.81%	53.69%
	100%	**100%**	**100%**	**100%**

(A/4) General Model for Measurements of Banking Risks:

In addition to the four categories of the bank's internal credit ratings indicated above, management classifies Loans and credit facilities based on more detailed subgroups in accordance with the CBE requirements. Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record.
The Group calculates the allowances required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the allowance required for impairment losses as per CBE credit worthiness rules exceeds the provisions as required by the expected credit loss, that excess shall be debited from distributable net profits and carried to the general banking risk reserve in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so that the reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution; note (37) shows the movement (if any) on the general banking risk reserve during the financial period.

Below is a statement of credit rating for corporations as per the Bank's internal ratings compared with those of CBE's; it also includes the percentages of provisions required for impairment of assets exposed to credit risk.

CBE rating	Description	Required Provision According to % ORR	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

(All amounts are shown in Egyptian Pounds)

(A/5) Maximum limit for credit risk before collaterals

Financial position items exposed to credit risks	March 31, 2022	December 31, 2021
Treasury bills	27,797,683,115	40,037,854,401
Loans and credit facilities to customers		
Retail loans		
- Overdrafts	3,435,369,925	3,108,670,785
- Credit cards	1,328,580,167	1,255,853,285
- Personal loans	30,518,052,116	28,326,139,916
- Real estate loans	3,238,386,539	2,745,769,706
Corporate loans		
- Overdrafts	74,371,601,415	67,564,096,264
- Direct loans	53,828,531,600	49,986,443,321
- Syndicated loans and facilities	15,495,211,475	15,852,896,168
- Other loans	4,755,977,373	4,126,248,437
Segregated interest , unearned discount and deferred income	(127,982,325)	(137,563,415)
Financial derivatives	122,592,648	36,542,265
Financial investments		
- Debt instrument	100,017,517,400	91,831,219,626
- Other Financial assets	5,294,869,746	5,186,597,136
Total	**320,076,391,194**	**309,920,767,895**

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

Due from banks	**March 31, 2022** **Stage 1** **12-Months**	**Stage 2** **Life time**	**Stage 3** **Life time**	**Total**
Credit rating				
Good debts	1,105,899,713	228,995,608	-	**1,334,895,321**
Normal watch-list	20,657,011,572	12,415,950,278	-	**33,072,961,850**
Special watch-list	-	-	-	**-**
Non performing loan	-	-	-	**-**
	21,762,911,285	**12,644,945,886**	**-**	**34,407,857,171**
Allowance for impairment losses	(6,598,988)	(982,847)	-	**(7,581,835)**
Carrying amount	**21,756,312,297**	**12,643,963,039**	**-**	**34,400,275,336**

Due from banks	**December 31, 2021** **Stage 1** **12-Months**	**Stage 2** **Life time**	**Stage 3** **Life time**	**Total**
Credit rating				
Good debts	1,227,864,174	151,877,694	-	**1,379,741,868**
Normal watch-list	12,087,611,100	3,850,162,945	-	**15,937,774,045**
Special watch-list	-	-	-	**-**
Non performing loan	-	-	-	**-**
	13,315,475,274	**4,002,040,639**	**-**	**17,317,515,913**
Allowance for impairment losses	(3,246,515)	(2,841,471)	-	**(6,087,986)**
Carrying amount	**13,312,228,759**	**3,999,199,168**	**-**	**17,311,427,927**

Treasury bills	**March 31, 2022** **Stage 1** **12-Months**	**Stage 2** **Life time**	**Stage 3** **Life time**	**Total**
Credit rating				
Good debts	-	-	-	**-**
Normal watch-list	27,854,007,413	-	-	**27,854,007,413**
Special watch-list	-	-	-	**-**
Non performing loan	-	-	-	**-**
	27,854,007,413	**-**	**-**	**27,854,007,413**
Allowance for impairment losses	(56,324,298)	-	-	**(56,324,298)**
Carrying amount	**27,797,683,115**	**-**	**-**	**27,797,683,115**

(All amounts are shown in Egyptian Pounds)

Treasury bills	December 31, 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	-	-	-	-
Normal watch-list	40,049,386,865	-	-	40,049,386,865
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	40,049,386,865	-	-	40,049,386,865
Allowance for impairment losses	(11,532,464)	-	-	(11,532,464)
Carrying amount	40,037,854,401	-	-	40,037,854,401

Retail loans	March 31, 2022 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	36,507,578,922	-	-	36,507,578,922
Normal watch-list	1,455,479,745	-	-	1,455,479,745
Special watch-list	-	648,043,886	-	648,043,886
Non performing loan	-	-	860,414,646	860,414,646
	37,963,058,667	648,043,886	860,414,646	39,471,517,199
Allowance for impairment losses	(197,798,622)	(103,336,361)	(649,993,469)	(951,128,452)
Carrying amount	37,765,260,045	544,707,525	210,421,177	38,520,388,747

Retail loans	December 31, 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	33,360,820,542	-	-	33,360,820,542
Normal watch-list	1,402,372,504	-	-	1,402,372,504
Special watch-list	-	711,397,628	-	711,397,628
Non performing loan	-	-	828,992,081	828,992,081
	34,763,193,046	711,397,628	828,992,081	36,303,582,755
Allowance for impairment losses	(177,646,277)	(95,458,695)	(594,044,091)	(867,149,063)
Carrying amount	34,585,546,769	615,938,933	234,947,990	35,436,433,692

Corporate loans	March 31, 2022 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	132,753,414,343	2,231,701,635	-	134,985,115,978
Normal watch-list	244,431,845	10,080,276,725	-	10,324,708,570
Special watch-list	-	6,305,814,152	-	6,305,814,152
Non performing loan	-	-	6,876,053,995	6,876,053,995
	132,997,846,188	18,617,792,512	6,876,053,995	158,491,692,695
Allowance for impairment losses	(677,706,614)	(4,183,386,976)	(5,179,277,242)	(10,040,370,832)
Carrying amount	132,320,139,574	14,434,405,536	1,696,776,753	148,451,321,863

Corporate loans	December 31, 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	122,581,696,259	1,766,382,227	-	124,348,078,486
Normal watch-list	193,288,721	6,812,318,055	-	7,005,606,776
Special watch-list	-	9,107,352,199	-	9,107,352,199
Non performing loan	-	-	6,148,609,221	6,148,609,221
	122,774,984,980	17,686,052,481	6,148,609,221	146,609,646,682
Allowance for impairment losses	(629,885,652)	(3,703,514,422)	(4,746,562,418)	(9,079,962,492)
Carrying amount	122,145,099,328	13,982,538,059	1,402,046,803	137,529,684,190

(All amounts are shown in Egyptian Pounds)

Debt instruments at fair value through other comprehensive income	March 31, 2022 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	1,814,962,815	-	-	1,814,962,815
Normal watch-list	12,148,378,768	-	-	12,148,378,768
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	13,963,341,583	-	-	13,963,341,583
Allowance for impairment losses	(160,293)	-	-	(160,293)
Carrying amount - fair value	13,963,341,583	-	-	13,963,341,583

Debt instruments at fair value through other comprehensive income	December 31, 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	1,795,856,758	-	-	1,795,856,758
Normal watch-list	12,654,894,755	-	-	12,654,894,755
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	14,450,751,513	-	-	14,450,751,513
Allowance for impairment losses	(105,685)	-	-	(105,685)
Carrying amount - fair value	14,450,751,513	-	-	14,450,751,513

Debt instruments at amortized cost	March 31, 2022 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	-	-	-	-
Normal watch-list	86,064,054,985	-	-	86,064,054,985
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	86,064,054,985	-	-	86,064,054,985
Allowance for impairment losses	(9,879,168)	-	-	(9,879,168)
Carrying amount	86,054,175,817	-	-	86,054,175,817

Debt instruments at amortized cost	December 31, 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Credit rating				
Good debts	-	-	-	-
Normal watch-list	77,385,925,552	-	-	77,385,925,552
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	77,385,925,552	-	-	77,385,925,552
Allowance for impairment losses	(5,457,439)	-	-	(5,457,439)
Carrying amount	77,380,468,113	-	-	77,380,468,113

The following table shows changes in impairment credit losses between the beginning and ending of the period as a result of these factors:

Due from banks	March 31, 2022 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2022	3,246,515	2,841,471	-	6,087,986
New financial assets purchased or issued	6,598,988	-	-	6,598,988
Financial assets have been matured or derecognised	(3,246,515)	(1,976,550)	-	(5,223,065)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	-	117,926	-	117,926
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the period	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Balance at the end of the period	6,598,988	982,847	-	7,581,835

(All amounts are shown in Egyptian Pounds)

Due from banks	December 31, 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2021	10,607,678	-	-	10,607,678
New financial assets purchased or issued	3,246,515	2,841,471	-	6,087,986
Financial assets have been matured or derecognised	(10,607,678)	-	-	(10,607,678)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	-	-	-	-
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the year	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Balance at the end of the year	**3,246,515**	**2,841,471**	**-**	**6,087,986**

Treasury bills	March 31, 2022 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2022	11,532,464	-	-	11,532,464
New financial assets purchased or issued	45,296,559	-	-	45,296,559
Financial assets have been matured or derecognised	(2,871,985)	-	-	(2,871,985)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	2,367,260	-	-	2,367,260
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the period	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Balance at the end of the period	**56,324,298**	**-**	**-**	**56,324,298**

Treasury bills	December 31, 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2021	17,938,647	-	-	17,938,647
New financial assets purchased or issued	11,532,464	-	-	11,532,464
Financial assets have been matured or derecognised	(17,938,647)	-	-	(17,938,647)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	-	-	-	-
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the year	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Balance at the end of the year	**11,532,464**	**-**	**-**	**11,532,464**

Retail loans	March 31, 2022 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2022	177,646,277	95,458,695	594,044,091	867,149,063
Net impairment loss recognized during the period	20,152,345	5,211,585	59,308,769	84,672,699
Loans written-off during the period	-	-	(3,361,574)	(3,361,574)
Collections of loans previously written-off	-	2,666,081	-	2,666,081
Foreign exchange translation differences	-	-	2,183	2,183
Balance at the end of the period	**197,798,622**	**103,336,361**	**649,993,469**	**951,128,452**

(All amounts are shown in Egyptian Pounds)

Retail loans	December 31, 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2021	232,464,951	100,481,753	331,541,542	**664,488,246**
Net impairment loss recognized during the year	(54,818,674)	(15,786,793)	333,772,998	**263,167,531**
Loans written-off during the year	-	-	(71,270,436)	**(71,270,436)**
Collections of loans previously written-off	-	10,763,735	-	**10,763,735**
Foreign exchange translation differences	-	-	(13)	**(13)**
Balance at the end of the year	**177,646,277**	**95,458,695**	**594,044,091**	**867,149,063**

Corporate loans	March 31, 2022 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2022	629,885,652	3,703,514,422	4,746,562,418	**9,079,962,492**
New financial assets purchased or issued	59,556,358	208,145,261	1,273	**267,702,892**
Financial assets have been matured or derecognised	(39,682,495)	(159,419,907)	(186,081,156)	**(385,183,558)**
Transfer to stage 1	12,569,750	(12,569,750)	-	**-**
Transfer to stage 2	(10,433,825)	10,433,825	-	**-**
Transfer to stage 3	(2,497,126)	(107,161,977)	109,659,103	**-**
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	18,126,594	489,619,626	497,467,947	**1,005,214,167**
Changes on model assumptions and methodology	-	-	-	**-**
Loans written-off during the period	-	(1,680)	(166,248,898)	**(166,250,578)**
Collections of loans previously written-off	-	8,544,479	-	**8,544,479**
Foreign exchange translation differences	10,181,706	42,282,677	177,916,555	**230,380,938**
Balance at the end of the period	**677,706,614**	**4,183,386,976**	**5,179,277,242**	**10,040,370,832**

Corporate loans	December 31, 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2021	1,076,434,961	3,578,274,450	3,866,108,053	**8,520,817,464**
New financial assets purchased or issued	233,170,589	295,335,133	-	**528,505,722**
Financial assets have been matured or derecognised	(182,624,631)	(1,256,103,821)	(263,660,626)	**(1,702,389,078)**
Transfer to stage 1	34,479,364	(34,479,364)	-	**-**
Transfer to stage 2	(273,158,800)	301,393,768	(28,234,968)	**-**
Transfer to stage 3	(1,991,951)	(216,604,985)	218,596,936	**-**
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	(256,369,495)	1,012,470,396	2,438,046,951	**3,194,147,852**
Changes on model assumptions and methodology	-	-	-	**-**
Loans written-off during the year	-	(6,330)	(1,465,393,149)	**(1,465,399,479)**
Collections of loans previously written-off	-	23,380,487	-	**23,380,487**
Foreign exchange translation differences	(54,385)	(145,312)	(18,900,779)	**(19,100,476)**
Balance at the end of the year	**629,885,652**	**3,703,514,422**	**4,746,562,418**	**9,079,962,492**

Debt instruments at fair value through other comprehensive income	March 31, 2022 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2022	105,685	-	-	**105,685**
New financial assets purchased or issued	-	-	-	**-**
Financial assets have been matured or derecognised	(995)	-	-	**(995)**
Transfer to stage 1	-	-	-	**-**
Transfer to stage 2	-	-	-	**-**
Transfer to stage 3	-	-	-	**-**
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	55,603	-	-	**55,603**
Changes on model assumptions and methodology	-	-	-	**-**
Loans written-off during the period	-	-	-	**-**
Foreign exchange translation differences	-	-	-	**-**
Balance at the end of the period	**160,293**	**-**	**-**	**160,293**

(All amounts are shown in Egyptian Pounds)

Debt instruments at fair value through other comprehensive income	December 31, 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2021	116,187	-	-	**116,187**
New financial assets purchased or issued	27,836	-	-	**27,836**
Financial assets have been matured or derecognised	(3,975)	-	-	**(3,975)**
Transfer to stage 1	-	-	-	**-**
Transfer to stage 2	-	-	-	**-**
Transfer to stage 3	-	-	-	**-**
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	(34,363)	-	-	**(34,363)**
Changes on model assumptions and methodology	-	-	-	**-**
Loans written-off during the year	-	-	-	**-**
Foreign exchange translation differences	-	-	-	**-**
Balance at the end of the year	**105,685**	**-**	**-**	**105,685**

Debt instruments at amortized cost	March 31, 2022 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2022	5,457,439	-	-	**5,457,439**
New financial assets purchased or issued	-	-	-	**-**
Financial assets have been matured or derecognised	-	-	-	**-**
Transfer to stage 1	-	-	-	**-**
Transfer to stage 2	-	-	-	**-**
Transfer to stage 3	-	-	-	**-**
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	4,421,729	-	-	**4,421,729**
Changes on model assumptions and methodology	-	-	-	**-**
Loans written-off during the period	-	-	-	**-**
Foreign exchange translation differences	-	-	-	**-**
Balance at the end of the period	**9,879,168**	**-**	**-**	**9,879,168**

Debt instruments at amortized cost	December 31, 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Allowance for impairment losses at January 01, 2021	2,787,960	-	-	**2,787,960**
New financial assets purchased or issued	5,457,439	-	-	**5,457,439**
Financial assets have been matured or derecognised	(2,787,960)	-	-	**(2,787,960)**
Transfer to stage 1	-	-	-	**-**
Transfer to stage 2	-	-	-	**-**
Transfer to stage 3	-	-	-	**-**
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	-	-	-	**-**
Changes on model assumptions and methodology	-	-	-	**-**
Loans written-off during the year	-	-	-	**-**
Foreign exchange translation differences	-	-	-	**-**
Balance at the end of the year	**5,457,439**	**-**	**-**	**5,457,439**

(All amounts are shown in Egyptian Pounds)

Off balance sheet items exposed to credit risks	March 31, 2022	December 31, 2021
Financial guarantees	255,000	255,000
L/Cs	5,786,931,263	4,502,773,587
Accepted papers	4,140,939,635	3,146,172,197
L/Gs	46,462,694,930	43,455,458,358
Total	**56,390,820,828**	**51,104,659,142**

Commitments for credit facilities have a carrying amount of EGP 26,575,142,443 at the end of current reporting period against EGP 30,249,820,775 in the prior year.

The preceding table shows the maximum limit exposure to risks at the end of March, 2022 and December, 2021 without taking into consideration collaterals held by the Group, if any. For financial position items, amounts stated depend on the net carrying amount shown in the financial position.

The preceding table related to financial position items exposed to credit risks shows that 58% of the maximum limit exposed to credit risk at the end of current reporting period is attributable to Loans and credit facilities to customers against 56% at the end of the prior year, investments in debt instruments constitute 31% against 30% at the end of the prior year and treasury bills constitute 9% against 13% at the end of the prior year.

The management is confident of its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from loan portfolio, facilities, and debt instruments based on the following facts:

- 93% of the loans and credit facilities portfolio at the end of the current reporting period comprises loans and credit facilities classified at the top 2 categories of the internal rating against 91% at the end of the prior year.

- 95% of the loans and credit facilities portfolio at the end of the current reporting period not impaired against 95% at the end of the prior year.

- Loans and credit facilities that are individually assessed for impairment (stage 3) at the end of the current reporting period have a carrying amount of EGP 7,736,468,641 Impairment on these loans and credit facilities represents 75% of their carrying amount. Loans and credit facilities, that are individually assessed for impairment at the end of the prior year had a carrying amount of 6,977,601,302 and their impairment represents 77% of such carrying amount.

- The Bank applied more prudential selection process on granting loans and credit facilities during the current reporting period ended March 31, 2022.

- 99% of investments in debt instruments and treasury bills at the end of the current reporting period comprise local sovereign debt instruments against 99% at the end of the prior year.

(All amounts are shown in Egyptian Pounds)

(A/6) Loans and credit facilities

Balances of loans and credit facilities in terms of credit risk rating are analyzed below:

	March 31, 2022		December 31, 2021	
	Loans and credit facilities to customers	Loans and credit facilities to banks	Loans and credit facilities to customers	Loans and credit facilities to banks
Neither have arrears nor impaired	187,273,178,707	-	173,087,975,439	-
Have arrears but not impaired	2,953,562,546	-	2,847,652,696	-
Impaired	7,736,468,641	-	6,977,601,302	-
Total	**197,963,209,894**	**-**	**182,913,229,437**	**-**
Less: Allowance for impairment losses	(10,991,499,284)	-	(9,947,111,555)	-
Less: Segregated interest	(205,721)	-	(205,721)	-
Less: Unearned discount & deferred income	(127,776,604)	-	(137,357,694)	-
Net	**186,843,728,285**	**-**	**172,828,554,467**	**-**

Total credit allowance for loans and credit facilities at the end of the current reporting period amounted to EGP 10,991,499,284 (EGP 9,947,111,555 at the end of the prior year) of which EGP 5,829,270,711 represent impairment in stage three (EGP 5,340,606,509 at the end of the prior year) and EGP 5,162,228,573 represent impairment for stage one and stage two in the credit portfolio (EGP 4,606,505,046 at the end of the prior year).

Note (20-A) includes additional information on the allowance for impairment losses for Loans and credit facilities to customers during the current reporting period.

During the current accounting period, the loans and credit facilities portfolio increase by 8% due to the increase on lending activity.

Loans and credit facilities which do not have arrears and are not subject to impairment

The credit quality of Loans and credit facilities that not subject to impairment is assessed by reference to the bank's internal rating.

Loans and credit facilities to customers

March 31, 2022

Retail

Rating	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Good debts	3,403,722,888	1,214,637,646	28,801,696,299	3,087,522,089	**36,507,578,922**
Normal watch-list	78,509	-	-	-	**78,509**
Special watch-list	30,318	-	-	-	**30,318**
Total	**3,403,831,715**	**1,214,637,646**	**28,801,696,299**	**3,087,522,089**	**36,507,687,749**

Corporate

	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Good debts	69,441,145,481	45,672,893,198	14,919,286,340	4,500,903,439	**134,534,228,458**
Normal watch-list	4,551,033,550	4,799,263,799	707,273,087	60,369,569	**10,117,940,005**
Special watch-list	1,699,781,206	4,401,614,646	2,039,206	9,887,437	**6,113,322,495**
Total	**75,691,960,237**	**54,873,771,643**	**15,628,598,633**	**4,571,160,445**	**150,765,490,958**

Guaranteed loans are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees.

December 31, 2021

Retail

Rating	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Good debts	3,109,308,277	1,115,171,874	26,536,346,212	2,599,994,179	**33,360,820,542**
Normal watch-list	123,554	-	-	-	**123,554**
Special watch-list	44,346	-	-	-	**44,346**
Total	**3,109,476,177**	**1,115,171,874**	**26,536,346,212**	**2,599,994,179**	**33,360,988,442**

Corporate

	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Good debts	63,066,404,486	42,108,823,159	15,331,684,965	3,624,043,068	**124,130,955,678**
Normal watch-list	3,714,341,560	2,513,925,961	633,498,692	63,578,746	**6,925,344,959**
Special watch-list	2,114,487,155	6,289,884,567	2,039,206	264,275,432	**8,670,686,360**
Total	**68,895,233,201**	**50,912,633,687**	**15,967,222,863**	**3,951,897,246**	**139,726,986,997**

Guaranteed loans are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees.

(All amounts are shown in Egyptian Pounds)

Loans and credit facilities which have arrears but are not subject to impairment

These are loans and credit facilities with past-due installments but are not subject to impairment, unless information has otherwise indicated. Loans and credit facilities to customers which have arrears but are not subject to impairment are analyzed below.

March 31, 2022
Retail

	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Up to 30 days	-	107,949,320	1,215,812,615	131,639,302	**1,455,401,237**
More than 30 – 60 days	-	30,959,048	375,047,652	27,683,715	**433,690,415**
More than 60 – 90 days	-	9,456,718	195,578,293	9,288,142	**214,323,153**
Total	**-**	**148,365,086**	**1,786,438,560**	**168,611,159**	**2,103,414,805**

Corporate

	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Up to 30 days	4,616,084	142,719,410	-	156,893,832	**304,229,326**
More than 30 – 60 days	64,674,445	192,217,129	-	8,145,596	**265,037,170**
More than 60 – 90 days	-	181,881,332	-	2,144,790	**184,026,122**
More than 90 days	-	54,380,638	-	42,474,485	**96,855,123**
Total	**69,290,529**	**571,198,509**	**-**	**209,658,703**	**850,147,741**

December 31, 2021
Retail

	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Up to 30 days	-	138,164,653	1,139,522,765	103,589,729	**1,381,277,147**
More than 30 – 60 days	-	20,971,803	355,669,588	28,158,778	**404,800,169**
More than 60 – 90 days	-	8,125,451	290,816,138	28,583,327	**327,524,916**
Total	**-**	**167,261,907**	**1,786,008,491**	**160,331,834**	**2,113,602,232**

Corporate

	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Up to 30 days	-	78,716,286	-	50,383,713	**129,099,999**
More than 30 – 60 days	-	41,710,510	-	348,454	**42,058,964**
More than 60 – 90 days	-	69,016,452	-	21,964,975	**90,981,427**
More than 90 days	-	350,142,728	-	121,767,346	**471,910,074**
Total	**-**	**539,585,976**	**-**	**194,464,488**	**734,050,464**

Past due loans and credit facilities are those amounts, or any part thereof, which have fallen due but for which no payment has been received in accordance with the contractual terms. These include arrears for periods more than one day.

Amounts shown in the note represent the whole balance of the loan or facility and not only the past due amounts. These do not include the remaining loans and credit facilities of the same customer so long default has not fully or partially occurred on those loans.

On initial recognition of Loans and credit facilities, the fair value of collaterals, if any, is assessed based on valuation methods used for similar assets but are not recognized in the financial statements since these do not represent assets of the bank at that date. In subsequent periods, the fair value is updated to reflect the market price or prices for similar assets.

(All amounts are shown in Egyptian Pounds)

Loans and credit facilities which are individually impaired
Loans and credit facilities to customers

At the end of the current reporting period, the carrying amount of loans and credit facilities, that are assessed to be individually impaired (Stage 3) excluding any cash flows expected to arise from the associated guarantees, amounted to EGP 7,736,468,641 against EGP 6,977,601,302 at the end of the prior year.

The following table provides a breakdown of the balance of such loans and credit facilities which are individually impaired including the fair value of the collaterals shall prevail when calculating the provisions.

March 31, 2022					
Retail	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	59,207,865	27,688,583	694,262,397	79,255,800	**860,414,645**
Fair value of collaterals	-	2,429,991	32,418,754	2,983,805	**37,832,550**
Corporate	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Loans which are individually impaired	366,427,084	6,399,520,852	591,897	109,514,163	**6,876,053,996**
Fair value of collaterals	11,323,767	59,040,325	-	-	**70,364,092**

December 31, 2021					
Retail	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	7,411,576	30,724,452	705,123,935	85,732,118	**828,992,081**
Fair value of collaterals	-	7,118,275	164,471,071	8,673,950	**180,263,296**
Corporate	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Loans which are individually impaired	200,496,821	5,757,859,693	509,336	189,743,371	**6,148,609,221**
Fair value of collaterals	-	28,353,237	-	-	**28,353,237**

Restructured loans and facilities:

The Bank applies different types of restructuring policies to its loans and credit facilities, which include extending payment terms, executing forced management programmes and applying prepayment and extension provisions to the loan. The applied restructuring policies depend on factors or criteria that indicate, in management judgment that the counterparty's continuous payment of the loan is unlikely to occur in the absence of such restructuring policies that are subject to ongoing review. Within the bank renegotiated outstanding loans relate to long-term loans made to any type of clientele (retail and corporate loans clients).

Total renegotiated loans amounted to EGP 1,702,385,030 at the end of the current reporting period against EGP 1,766,944,402 at the end of the prior year. These balances do not include any amounts whose commercial terms were renegotiated to preserve the quality of the bank's relationship with its clients, including those terms pertaining to loans interest rates and/or loans repayment periods .

The Bank practice calls for most clients whose loans have been renegotiated to be maintained in the "non-performing" category, as long as the bank remains uncertain of their ability to meet their future commitments in accordance with the definition of default under Basel II.

Loans and credit facilities to customers

Corporate loans	March 31, 2022	December 31, 2021
Overdrafts	25,249,305	36,050,326
Direct loans	1,677,135,725	1,730,894,076
Total	**1,702,385,030**	**1,766,944,402**

(A/7) Debt instruments, treasury bills, and other governmental notes

The following table shows a breakdown of debt instruments, treasury bills, and other governmental notes (excluding allowances for impairment) per last rating for Standard and Poor's and its equivalent:

	Rating	March 31, 2022	December 31, 2021
Egyptian Treasury Bills	B	27,854,007,413	40,049,386,865
Fair value through other comprehensive income			
Other debt instruments	unrated	367,579,252	383,442,606
Egyptian Treasury Bonds	B	12,148,378,768	12,654,894,755
US Treasury Bonds	AA+	1,447,383,563	1,412,414,152
Amortized cost			
Egyptian Treasury Bonds	B	86,064,054,985	77,385,925,552
Total		**127,881,403,981**	**131,886,063,930**

(A/8) Acquisition of collaterals

During the Piror year, the Bank acquire foreclosed asset as acquisition of guarantees as following:

Nature of the asset	Book Value
Building	109,367,000

Assets acquired were classified under other Assets in the financial position. Such Assets shall be sold, if practical.

(All amounts are shown in Egyptian Pounds)

(A/9) Concentration of risks of financial assets exposed to credit risks

(Geographical segments)

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting period (excluding allowances for impairment). The gross amount of all financial assets including loans and credit facilities is segmented into the geographical regions of the bank's clients except for investments in foreign treasury bonds which are reported in the "other countries" category.

	Arab Republic of Egypt						
	Great Cairo	Alex	Delta	Red Sea & Upper Egypt	Total	Other Countries	Total
Treasury bills	27,854,007,413	-	-	-	27,854,007,413	-	27,854,007,413
Loans and credit facilities to customers							
Retail loans							
Overdrafts	2,258,628,171	944,692,950	164,080,325	95,638,134	3,463,039,580	-	3,463,039,580
Credit cards	1,028,489,055	167,292,642	139,940,412	54,969,206	1,390,691,315	-	1,390,691,315
Personal loans	22,008,540,173	3,193,109,680	4,779,048,992	1,301,698,411	31,282,397,256	-	31,282,397,256
Real estate loans	2,395,166,161	174,706,694	304,775,254	460,740,939	3,335,389,048	-	3,335,389,048
Corporate loans							
Overdrafts	54,800,284,697	11,157,343,757	6,544,756,994	3,625,292,402	76,127,677,850	-	76,127,677,850
Direct loans	41,408,352,584	9,139,610,816	8,547,558,969	2,748,968,635	61,844,491,004	-	61,844,491,004
Syndicated loans and facilities	14,458,098,093	235,716,280	790,406,780	144,969,377	15,629,190,530	-	15,629,190,530
Other loans	4,834,640,794	42,379,759	-	13,312,758	4,890,333,311	-	4,890,333,311
Financial derivatives	93,041,557	4,757,473	4,147,000	-	101,946,030	20,646,618	122,592,648
Financial Investments							
Debt instruments	98,580,013,005	-	-	-	98,580,013,005	1,447,383,563	100,027,396,568
Other financial assets	5,076,318,121	106,558,382	75,864,662	25,876,780	5,284,617,945	11,983,429	5,296,601,374
Total at the end of the current period	**274,795,579,824**	**25,166,168,433**	**21,350,579,388**	**8,471,466,642**	**329,783,794,287**	**1,480,013,610**	**331,263,807,897**
Total at the end of the comparative year	**268,594,247,903**	**22,307,932,613**	**19,717,071,536**	**7,934,212,565**	**318,553,464,617**	**1,470,705,397**	**320,024,170,014**

(Business segments)

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting period (excluding allowances for impairment). The gross amount of all financial assets is segmented into business sectors in which the bank's clients operate.

	Agricultural entities	Industrial entities	Trading institutions	Service institutions	Governmental sector	Foreign governmental	Other activities	Individuals	Total
Treasury bills	-	-	-	-	27,854,007,413	-	-	-	27,854,007,413
Loans and credit facilities to customers									
Retail loans									
Overdrafts	-	-	-	-	-	-	-	3,463,039,580	3,463,039,580
Credit cards	-	-	-	-	-	-	-	1,390,691,315	1,390,691,315
Personal loans	-	-	-	-	-	-	-	31,282,397,256	31,282,397,256
Real estate loans	-	-	-	-	-	-	-	3,335,389,048	3,335,389,048
Corporate loans									
Overdrafts	1,447,105,713	32,703,315,779	15,976,621,044	26,000,635,314	-	-	-	-	76,127,677,850
Direct loans	961,053,928	37,519,466,652	12,003,065,335	11,360,905,089	-	-	-	-	61,844,491,004
Syndicated loans and facilities	109,619,462	4,732,496,520	500,737,732	10,286,336,816	-	-	-	-	15,629,190,530
Other loans	-	1,612,704,551	784,625,119	626,332,565	-	-	1,866,671,076	-	4,890,333,311
Financial derivatives	3,180,000	90,248,614	5,862,210	2,655,205	-	-	20,646,619	-	122,592,648
Financial Investments									
Debt instruments	-	-	-	367,579,252	98,212,433,753	1,447,383,563	-	-	100,027,396,568
Other financial assets	19,064,473	575,863,904	216,876,032	213,863,022	3,960,074,565	10,613,316	1,370,113	298,875,949	5,296,601,374
Total at the end of the current period	**2,540,023,576**	**77,234,096,020**	**29,487,787,472**	**48,858,307,263**	**130,026,515,731**	**1,457,996,879**	**1,888,687,808**	**39,770,393,148**	**331,263,807,897**
Total at the end of the comparative year	**2,453,668,888**	**70,246,259,176**	**27,547,091,967**	**46,896,211,362**	**133,906,405,203**	**1,432,268,660**	**939,738,746**	**36,602,526,012**	**320,024,170,014**

(All amounts are shown in Egyptian Pounds)

(B) Market Risk

Market risk is the risk of losses resulting from unfavorable changes in market parameters. It contains all trading book transactions as well as some banking book portfolios valued using the mark-to-market approach. The bank's policy on market risk transactions is "Prudent" in that:

- Products subject to "market risk" which are offered by the Bank to its customers are restricted to cash and simple financial derivatives such as interest rate swaps and foreign exchange swap and forward contracts.

- The only trading activity conducted by the Bank is over-night foreign exchange position, within a prudent limit that cannot be exceeded.

- Open positions must be centrally managed and matched.

The front-office managers assume primary responsibility in terms of risk exposure; however, global management lies with an independent structure being the Market Risk Controller (MRC), within Risk Division. The main function of MRC is the ongoing analysis, independently from the trading rooms, of the positions and risks linked to the market activities of the bank and the comparison of these positions to the allowed limits. The MRC carries out the following functions:

- Daily and periodic analysis and reporting (independently from the front office) of the exposures, stress tests and risks incurred by the Bank's market activities and comparison of said exposure and risks with the pre-set limits.

- Definition of the risk-measurement methods and control procedures, approval of the valuation methods used to calculate and monitor risks, including those made on a gross or nominal basis.

- Management of the approval process for limits.

- Reviewing new products or services from market risk aspect under New Product Committee to ensure that market risks are properly identified and controlled.

At the proposal of this MRC and Head of Risk Division, the Board sets the levels of authorized risk by type of market activity and makes the main decisions concerning Bank's market risk management.

(B/1) Methods of Measuring Market Risk and Defining Exposure Limits

As a part of managing market risk, the Bank has several hedging strategies and enters into interest rate swaps to balance the risks inherent in debt instruments and fixed rate long term loans, if the fair value option is applied. The Bank uses a lot of methods to control market risk such as stress testing "ST".

Stress testing gives indicator of the loss volume expected that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios. The Bank sets set a maximum limit of expected losses of 10% from authorized limit according to internal bank rules.

(B/2) Stress test for foreign exchange risk

The following table provides FX position (whether short or long) for all balance sheet items and off balance sheet items.

Currency	Short/Long FX positions	FX short positions	FX long positions	Expected loss at 10%
USD	93,877,520	-	93,877,520	9,387,752
EUR	10,154,163	-	10,154,163	1,015,416
GBP	643,165	-	643,165	64,317
JPY	141,774	-	141,774	14,177
CHF	122,467	-	122,467	12,247
DKK	92,369	-	92,369	9,237
NOK	14,799	-	14,799	1,480
SEK	80,924	-	80,924	8,092
CAD	144,418	-	144,418	14,442
AUD	13,854	-	13,854	1,385
AED	29,707	-	29,707	2,971
BHD	61,943	-	61,943	6,194
KWD	(135,843)	(135,843)	-	(13,584)
QAR	188,780	-	188,780	18,878
SAR	290,283	-	290,283	29,028
CNY	(328)	(328)	-	(33)
EGP	(105,719,995)	(105,719,995)	-	-
Maximum expected loss at March 31, 2022				**10,571,999**
Maximum expected loss at December 31, 2021				**7,167,272**

(B/3) Foreign exchange rate volatility risk (concentration of FX risk on financial instruments)

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The board of directors set limits for foreign exchange risk at the total value of positions at the end of the day and during the day when timely control is exercised. The following table summarizes the bank's exposure to the risks of fluctuations in foreign exchange rates at the end of the reporting period. This table includes the carrying amounts of the financial instruments in terms of their relevant currencies and in EGP equivalent.

	EGP	USD	Euro	GBP	Other currencies	Total
Financial assets						
Cash and due from Central Bank of Egypt (CBE)	24,052,053,054	772,308,483	202,651,937	8,475,749	23,807,450	**25,059,296,673**
Due from banks	22,633,752,814	10,248,874,251	748,665,543	588,650,085	180,332,643	**34,400,275,336**
Treasury bills	21,633,552,552	6,164,130,563	-	-	-	**27,797,683,115**
Trading investments	384,597,891	-	-	-	-	**384,597,891**
Loans and credit facilities to customers	153,729,420,161	30,634,303,310	2,456,971,109	5,129,540	17,904,165	**186,843,728,285**
Financial derivatives	114,418,448	8,174,200	-	-	-	**122,592,648**
Financial investments						
Fair value through other comprehensive income	12,900,811,909	1,736,578,315	1,302,051	-	-	**14,638,692,275**
Amortized cost	85,193,249,158	860,926,659	-	-	-	**86,054,175,817**
Fair value through profit or loss	88,527,036	-	-	-	-	**88,527,036**
Other financial assets	5,264,661,727	26,440,629	3,666,757	100,633	-	**5,294,869,746**
Total financial assets	**325,995,044,750**	**50,451,736,410**	**3,413,257,397**	**602,356,007**	**222,044,258**	**380,684,438,822**
Financial liabilities						
Due to banks	3,229,699,105	199,260,538	104,696,555	28,410,050	36	**3,562,066,284**
Customer deposits	275,614,818,910	40,990,828,963	5,878,924,787	563,382,506	218,219,734	**323,266,174,900**
Other loans	332,443,068	2,606,209,522	-	-	-	**2,938,652,590**
Other financial liabilities	939,590,221	52,677,761	657,229	34,171	384	**992,959,766**
Total financial liabilities	**280,116,551,304**	**43,848,976,784**	**5,984,278,571**	**591,826,727**	**218,220,154**	**330,759,853,540**
Net financial position	**45,878,493,446**	**6,602,759,626**	**(2,571,021,174)**	**10,529,280**	**3,824,104**	**49,924,585,282**
At the end of the comparative year						
Total financial assets	307,350,175,075	40,968,203,843	2,459,271,248	72,098,532	199,497,551	351,049,246,249
Total financial liabilities	262,680,785,786	34,930,828,022	4,590,619,161	464,894,262	188,181,272	302,855,308,503
Net financial position	44,669,389,289	6,037,375,821	(2,131,347,913)	(392,795,730)	11,316,279	48,193,937,746

(B/4) Structural Interest Rate Risk

Structural interest rate risk is linked to commercial activities and corporate center transactions. Structural interest rate risk arises from residual gaps (surplus or deficit) of the bank's fixed-rate positions. The general principle is to reduce structural interest rate risk to the maximum extent.

Whenever possible, commercial operations are hedged against interest rate, either through micro-hedging (individual hedging of each commercial transaction) or macro-hedging techniques (hedging of portfolios of similar commercial transactions within the treasury department).

Consequently, structural interest rate risk only results from the residual positions remaining after hedging. The absence of interest rate derivative market in Egyptian Pound makes it difficult to hedge positions in this currency.

Organization of the management of Structural Interest Rate risks

Identification and measurement of the risk is carried out by the Assets & Liabilities Management Unit (ALMU) which comes under the authority of the Bank's finance department.

Risk assessment, limits and corrective actions are decided by the Assets & Liabilities management Committee (ALCO) headed by the chief executive officer with the participation of the Managing Directors, the Chief Financial Officer and the Commercial Divisions Heads, the Branch Network Head, the General Secretary and the Head of the Dealing Room.

Execution of the necessary actions decided by the ALCO for the rectification of the gaps is carried out by the dealing room through the financial market. Progress is reported and notified to the ALMU/ALCO.

Assets & Liabilities Management Committee (ALCO) duties

- Decide on the limits for the sensitivity.
- Review, validate and approve any assumptions used for the identification and measurements of the respective risks.
- Review interest rate Gap and sensitivity position reported through ALMU.
- Assess, amend and approve recommendations for bringing the Gap (if any) within the previously approved limits.

Assets & Liabilities Management Unit (ALMU) duties

- Document and maintain the respective risks management policy as approved by the ALCO.
- Construct and continuously elaborate on the models used for the identification and measurement of the respective risks.
- Report to ALCO on the respective exposures and the evolution of such exposures over time.
- Provide recommendations for bringing the gaps within limits.
- Follow up and notify ALCO of the progress made in the implementation of the ALCO decisions.

Dealing Room duties

- Provide frequent updates on markets movements.
- Execute and Report progress of ALCO approved recommendations.
- Co-ordinate with ALMU on the spontaneous hedging of special transactions according to ALCO approved policy and recommendations.

Bank's Objective of Interest Rate Risk Management

The Bank's aim is to reduce exposure to structural interest rate risk as much as possible.
Any residual interest rate risk exposure must comply with the sensitivity limits approved by the ALCO. Sensitivity is defined as the variation in the net present value of future residual fixed-rate positions for a 1% parallel increase in the yield curve. Adherence to applicable limits is closely monitored.

Measurement and monitoring of structural interest rate risks

In order to quantify the Bank's exposure to structural interest rate risks, all fixed rate assets and liabilities on future maturities are analyzed to identify any gaps.

On a quarterly basis, assets and liabilities are analyzed independently, without any prior matching. Maturities on outstanding positions are determined on the basis of the contractual terms of the transactions and models of historic client behavior (e.g. saving accounts) as well as conventional assumptions for some balance sheet items (e.g. equity).

Once the gaps have been identified for each major currency, the sensitivity is calculated as the variation of the net present value of the fixed rate position of an instantaneous parallel shift of the 1% in the yield curve of each major currency. The cumulative sensitivity for all currencies as well as for any single currency should not exceed the above mentioned limit.

(All amounts are shown in Egyptian Pounds)

The following table summarizes the extent to which the bank is exposed to the risks of fluctuations in the interest rate including the carrying amount of the financial instruments distributed on the basis of the rate prevailing in re-pricing dates or maturity dates, whichever is earlier.

At the end of the current period	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Interest free	Total
Financial assets							
Cash and due from Central Bank of Egypt (CBE)	-	-	-	-	-	25,059,296,673	**25,059,296,673**
Due from banks	27,974,427,165	4,480,349,179	500,000,000	387,435,900	-	1,058,063,092	**34,400,275,336**
Treasury bills	1,192,895,970	5,757,800,124	20,846,987,021	-	-	-	**27,797,683,115**
Trading investments	-	-	-	-	-	384,597,891	**384,597,891**
Loans and credit facilities to customers	146,249,334,820	5,635,079,863	9,010,196,129	19,995,056,291	5,954,061,182	-	**186,843,728,285**
Financial derivatives	-	-	-	-	-	122,592,648	**122,592,648**
Financial investments							
Fair value through other comprehensive income	-	-	367,579,253	12,837,987,198	757,775,132	675,350,692	**14,638,692,275**
Amortized cost	755,092,646	781,760,853	18,150,664,245	56,861,354,658	9,505,303,415	-	**86,054,175,817**
Fair value through profit or loss	-	-	-	-	-	88,527,036	**88,527,036**
Other financial assets	-	-	-	-	-	5,294,869,746	**5,294,869,746**
Total financial assets	**176,171,750,601**	**16,654,990,019**	**48,875,426,648**	**90,081,834,047**	**16,217,139,729**	**32,683,297,778**	**380,684,438,822**
IRS (notional amount)	**-**	**-**	**952,026,634**	**684,911,254**	**-**	**-**	**1,636,937,888**
Financial liabilities							
Due to banks	1,992,137,139	1,080,207,446	-	-	-	489,721,699	**3,562,066,284**
Customer deposits	149,500,957,781	12,303,429,109	48,030,255,511	69,929,090,451	211,198,793	43,291,243,255	**323,266,174,900**
Other loans	2,701,970,332	33,403,737	137,436,676	65,841,845	-	-	**2,938,652,590**
Other financial liabilities	-	-	-	-	-	992,959,766	**992,959,766**
Total financial liabilities	**154,195,065,252**	**13,417,040,292**	**48,167,692,187**	**69,994,932,296**	**211,198,793**	**44,773,924,720**	**330,759,853,540**
IRS (notional amount)	**1,636,937,888**	**-**	**-**	**-**	**-**	**-**	**1,636,937,888**
Re-pricing gap	**20,339,747,461**	**3,237,949,727**	**1,659,761,095**	**20,771,813,005**	**16,005,940,936**	**(12,090,626,942)**	**49,924,585,282**
At the end of the comparative year							
Total financial assets	**151,480,697,702**	**24,642,274,825**	**37,126,397,062**	**92,404,850,601**	**15,890,568,484**	**29,504,457,575**	**351,049,246,249**
IRS (notional amount)	**550,084,493**	**243,608,851**	**243,608,851**	**1,165,000,393**	**-**	**-**	**2,202,302,588**
Total financial liabilities	**139,244,171,164**	**16,162,034,266**	**28,976,996,727**	**79,892,767,095**	**57,060,579**	**38,522,278,672**	**302,855,308,503**
IRS (notional amount)	**2,202,302,588**	**-**	**-**	**-**	**-**	**-**	**2,202,302,588**
Re-pricing gap	**10,584,308,443**	**8,723,849,410**	**8,393,009,186**	**13,677,083,899**	**15,833,507,905**	**(9,017,821,097)**	**48,193,937,746**

(C) Liquidity Risk

Liquidity risk is defined as the risk of not being able to meet cash flow or collateral requirements when they fall due and at a reasonable price.

The Bank manages this exposure through modeling of its cash flow under several scenarios.

Organization of Liquidity Risk Management

Identification and measurement of the risk is carried out by the Assets & Liabilities Management Unit (ALMU) which comes under the authority of the bank's Finance Department.

Risk assessment and corrective actions are decided by the Assets & Liabilities Management Committee (ALCO) headed by the chief executive officer with the participation of the Managing Directors, the Chief Financial Officer and the Commercial Divisions Heads, the Branch Network Head, the General Secretary and the Head of the Dealing Room.

Execution of the necessary actions decided by the ALCO for the rectification of the gaps is carried out by the dealing room and/or the business lines. Progress is reported and notified to the ALMU/ALCO.

Assets & Liabilities Management Committee (ALCO) duties

- Review, validate and approve any assumptions and scenarios used for the identification and measurements of the respective risks.
- Review the structured liquidity Gap reported by ALMU.
- Assess, amend and approve recommendations for funding strategy and/or the portfolio composition for the remedy of the gaps.

Assets & Liabilities Management Unit (ALMU) duties

- Document and maintain the respective risks' management policy as approved by the ALCO.
- Construct and continuously elaborate on the models used for the identification and measurement of the respective risks.
- Report to ALCO on the respective exposures and the evolution of such exposures over time.
- Follow up and notify ALCO of the progress made in the implementation of the ALCO decisions.
- Co-ordinate with the various business lines for funding needs and report potential impact on the liquidity gap.
- Test and advice on the potential impact of any new product offering on the structured liquidity positions.

(All amounts are shown in Egyptian Pounds)

Dealing Room duties

- Is responsible for managing short term liquidity.
- Provide frequent updates on markets' status and alerting signals of liquidity stretches.
- Execute and Report progress of ALCO approved recommendations.
- Communicate their funding needs to ALMU for the construction of the liquidity gap.

Bank's Objective of Liquidity Risk Management

The Bank's objective is to finance its activities at the best possible rates under normal conditions and to ensure it can meet its obligations in the event of a crisis.

To this end, the main principles of the bank's liquidity management are as follows:
- Management of the short-term liquidity in accordance with The regulatory framework;
- Diversification of funding sources;
- Maintenance of a portfolio of liquid assets.

Measurement and monitoring of structural liquidity risks

The Bank's liquidity management framework comprises the following processes:
- Regular assessment of the bank structural liquidity profile and its development over time;
- Monitoring of the diversification of funding sources;
- Assessment of the bank's funding needs on the basis of the budget forecasts in order to plan appropriate funding solutions.

Liquidity gaps are constructed by listing the respective on and off-balance sheet-items according to the currency of denomination and residual maturity. Maturities on outstanding assets and liabilities are determined on the basis of the contractual terms of transactions, models of historic client behavior patterns (e.g. savings accounts) as well as conventional assumptions relating to certain balance sheet items (e.g. equity).

Liquidity risk

Liquidity risk represents difficulty encountering the bank in meeting its financial commitments upon maturity and refurbishing amounts withdrawn. This may results in failure in fulfilling obligations related to depositors and meeting lending commitments.

March 31, 2022

Contractual maturities	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	2,495,719,991	1,080,207,446	-	-	-	**3,575,927,437**
Customer deposits	191,442,279,333	14,538,340,289	57,455,314,786	78,365,918,931	298,812,946	**342,100,666,285**
Other loans	290,893,979	57,169,680	1,133,822,307	1,498,494,651	6,665,640	**2,987,046,257**
Total financial liabilities	**194,228,893,303**	**15,675,717,415**	**58,589,137,093**	**79,864,413,582**	**305,478,586**	**348,663,639,979**

- All balances shown in the table above represent the undiscounted cash flows; therefore, it is not possible to match these figures with the corresponding items in the statement of financial position.
- The spot foreign exchange rate and interest rate prevailing at that date are used in the above table.

December 31, 2021

Contractual maturities	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	3,472,310,344	-	-	-	-	**3,472,310,344**
Customer deposits	174,398,671,566	16,316,934,426	34,767,109,823	89,041,117,397	74,394,602	**314,598,227,814**
Other loans	335,212,696	34,130,864	1,040,804,114	1,517,312,716	-	**2,927,460,390**
Total financial liabilities	**178,206,194,606**	**16,351,065,290**	**35,807,913,937**	**90,558,430,113**	**74,394,602**	**320,997,998,548**

- All balances shown in the table above represent the undiscounted cash flows; therefore, it is not possible to match these figures with the corresponding items in the statement of financial position.
- The spot foreign exchange rate and interest rate prevailing at that date are used in the above table.

Assets available to meet all liabilities and cover loan commitments include cash, balances with Central Banks, due from banks, treasury bills, other governmental notes and Loans and credit facilities to banks and clients. Maturity term of percentage of loans to clients that are maturing within a year is extended in the normal course of the bank's business. Moreover, some debt instruments, treasury bills and other governmental notes are pledged to cover liabilities. The Bank has the ability to meet unexpected net cash flows through selling securities, and finding other financing sources.

(All amounts are shown in Egyptian Pounds)

Cash flow derivatives
Derivatives settled on a gross-basis

The Bank is a party to derivative contracts that are settled on a gross-basis, in particular foreign exchange derivatives. The following table shows derivative financial liabilities that shall be settled in gross distributed over the remaining period of contractual maturities at the balance sheet date. The amounts shown in the table represent the undiscounted cash flows.

March 31, 2022

Maturities for statement of financial position items	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Held for trading derivatives						
Foreign exchange derivatives						
Cash outflows	1,605,064,107	522,103,368	860,195,936	-	-	**2,987,363,411**
Cash inflows	1,619,129,599	536,750,743	910,910,410	-	-	**3,066,790,752**

December 31, 2021

Maturities for statement of financial position items	Up to one month	More than one month up to 3 months	More than 3 months up to one year	More than one year up to 5 years	More than 5 years	Total
Held for trading derivatives						
Foreign exchange derivatives						
Cash outflows	2,116,904,744	738,213,868	721,454,666	-	-	**3,576,573,278**
Cash inflows	2,120,594,800	711,063,808	672,759,069	-	-	**3,504,417,677**

Cash flow for Off-balance sheet items

March 31, 2022

Maturities for off-balance sheet items	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Financial guarantees	255,000	-	-	**255,000**
Operating lease commitments	134,329,557	295,591,674	56,192,623	**486,113,854**
Capital commitments resulting from acquisition of property and equipment	943,355,478	-	-	**943,355,478**
Total	**1,077,940,035**	**295,591,674**	**56,192,623**	**1,429,724,332**

	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Commitments for credit facilities	24,808,169,437	1,754,753,663	12,219,343	**26,575,142,443**

December 31, 2021

Maturities for off-balance sheet items	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Financial guarantees	255,000	-	-	**255,000**
Operating lease commitments	131,665,156	310,148,730	66,550,198	**508,364,084**
Capital commitments resulting from acquisition of property and equipment	945,038,280	-	-	**945,038,280**
Total	**1,076,958,436**	**310,148,730**	**66,550,198**	**1,453,657,364**

	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Commitments for credit facilities	28,530,632,278	1,704,228,563	14,959,934	**30,249,820,775**

(All amounts are shown in Egyptian Pounds)

(D) Fair value of financial assets and liabilities and sources of fair value

(D/1) Financial instruments measured at fair value

Financial assets classified as trading financial assets at fair value with changes in fair value are measured in the statement of income under 'Net trading income'.

Debt instruments classified as financial assets at fair value through other comprehensive income are measured at fair value with changes in fair value recognized in the other comprehensive income statement under "fair value reserve".

For investments in equity instruments, equity securities listed on the stock exchange are measured at fair value in accordance with quoted market prices on the date of the consolidated financial statements.

For non-listed shares, except for strategic investments, they are evaluated in one of the accepted techniques: discounted cash flow method Multiples of value "and the inclusion of the valuation differences in other comprehensive income within the" fair value reserve "; for strategic investments, the nominal cost or value is the fair value of those investments.

The table below shows the financial assets and liabilities at fair value in the consolidated financial statements within the fair value hierarchy, based on the levels of inputs that are essential for measuring the fair value as a whole:

Level 1:

The first level inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access on the measurement date.

Level 2:
The inputs of the second level are all inputs other than quoted prices within the first level and these inputs are observable for the asset or liability, directly or indirectly.

Level 3:
The third level inputs are the unobservable inputs of the asset or liability.

	March 31, 2022			
Financial Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
US Treasury bonds	1,447,383,563	-	-	**1,447,383,563**
Other debt instruments	-	367,579,252	-	**367,579,252**
Egyptian Treasury Bonds	12,148,378,768	-	-	**12,148,378,768**
Funds at fair value through other comprehensive income	46,970,450	-	-	**46,970,450**
Funds at fair value through profit or loss	88,527,036	-	-	**88,527,036**
Equity Instruments	124,095,030	-	504,285,212	**628,380,242**
Trading investments	384,597,891	-	-	**384,597,891**
Financial derivatives	-	122,592,648	-	**122,592,648**

	December 31, 2021			
Financial Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
US Treasury bonds	1,412,414,152	-	-	**1,412,414,152**
Other debt instruments	-	383,442,606	-	**383,442,606**
Egyptian Treasury Bonds	12,654,894,755	-	-	**12,654,894,755**
Funds at fair value through other comprehensive income	47,163,250	-	-	**47,163,250**
Funds at fair value through profit or loss	92,563,379	-	-	**92,563,379**
Equity Instruments	151,884,836	-	473,971,589	**625,856,425**
Trading investments	409,760,928	-	-	**409,760,928**
Financial derivatives	-	36,542,265	-	**36,542,265**

(All amounts are shown in Egyptian Pounds)

(D/2) Financial instruments not measured at fair value

The following table summarizes the carrying amount and fair value of financial assets and liabilities that are not stated in the statement of financial position at fair value:

	Carrying amount		Fair value	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Financial assets				
Due from banks	34,400,275,336	17,311,427,927	34,400,275,336	17,311,427,927
Loans and credit facilities to customers	186,843,728,285	172,828,554,467	185,736,009,032	171,792,908,779
Financial investments at amortized Cost				
Debt instruments	86,054,175,817	77,380,468,113	86,113,864,077	78,299,246,579
Financial liabilities:				
Due to banks	3,562,066,284	3,458,687,747	3,562,066,284	3,458,687,747
Customer deposits	323,266,174,900	295,491,962,118	312,775,323,155	283,300,227,337
Other loans	2,938,652,590	2,882,244,636	2,938,652,590	2,882,244,636

Due from Banks:

The carrying amount of variable interest rate placements and deposits for one day represents its fair value. For non-interest bearing balances due from banks, the carrying amount represents their fair value. The carrying amount of fixed interest rate deposits represents their fair value since the maturity of these deposits is less than one year.

Loans and credit facilities to customers:

Loans and credit facilities are stated at the statement of financial position net of allowance for impairment losses.

Debt instruments at amortized cost:

The fair value of debt instruments is determined at the cost charged on the "Egyptian Treasury Bonds" according to Reuters announced at the end of the financial period.

Customer deposits and due to other banks:

The estimated fair value for deposits of indefinite maturity, including free-interest rate deposits, represents the amount paid on demand.

(E) Capital management:

For capital management purposes, the Bank’s capital includes total equity as reported in the statement of financial position plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:

- Compliance with the legally imposed capital requirements in Egypt;
- Protecting the Bank’s ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the Bank;
- Maintaining a strong capital base to enhance growth of the Bank’s operations;
- Capital adequacy and uses are reviewed by the Bank’s management in accordance with the requirements of the regulatory authority represented by the

  Central Bank of Egypt (CBE). Data is submitted and filed with the CBE on a quarterly basis. The CBE requires the bank to comply with the following;
- Maintaining EGP 5 Billion as a minimum requirement for the issued and paid-up capital. The Bank's paid-up capital amounted to EGP 10,774,114,830 at the end of the current period.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted average of the bank’s assets and contingent liabilities. Minimum level of capital adequacy ratio reached 12.50% at year 2022. The Bank's capital adequacy ratio reached 22.46% at the end of the current period (December 31, 2021 :21.56%) according to Basel II.

(All amounts are shown in Egyptian Pounds)

The numerator in the capital adequacy ratio according to Basel II comprise 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 and special reserves), less: any goodwill previously recognized and any carried forward losses,plus:the carrying amount of other comprehensve income. The interim net profit was incorporated in Tier 1 capital in accordance with the decision of Central Bank of Egypt Board of Directors held on 15 February 2017.
- 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 addition to 45% from increase in fair value above the carrying amount of investments in subsidiaries and associates and 45% from special reserve.

In calculating the numerator of the capital adequacy ratio, total value of Tier 2 should not exceed total value of Tier 1. Also, total value of subordinated loans (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, which had been issued on December 24, 2012 and in accordance with the instructions of the Central Bank of Egypt for the capital adequacy ratio (Basel II) issued during May 2019, And CBE instructions issued in January 2021 regarding the adoption of Standardized Approach for mearuting operational risk starting from year 2022 to replace Basic Indicator Approach.
The tables below summarizes the compositions of Tier 1, Tier 2 and the capital adequacy ratio based on Basel II:

According to Basel II	March 31, 2022	December 31, 2021 Restated*
Tier 1 capital		
Share capital	10,774,114,830	10,774,114,830
General reserve	23,979,176,120	23,979,176,120
Legal reserve	2,790,716,593	2,790,716,593
Other reserves	42,271,621	42,271,621
Retained earnings	5,021,661,405	5,021,661,405
Interim profit	1,599,099,197	-
General risk reserve	21,453,923	21,453,923
Other comprehensive income	230,973,987	379,716,597
Total deductions from capital invested	(671,297,895)	(652,525,342)
Total tier 1 capital	**43,788,169,781**	**42,356,585,747**
Tier 2 capital		
45% from special reserve	16,761,150	16,761,150
Impairment provision for loans, debt instruments and contingent liabilities in stage one*	1,106,146,288	956,108,641
Total tier 2 capital	**1,122,907,438**	**972,869,791**
Total capital	**44,911,077,219**	**43,329,455,538**
Risk weighted assets and contingent liabilities:		
Credit Risk	192,958,697,483	175,788,843,909
Market Risk	16,918,379	695,549
Operational Risk	6,981,962,756	25,178,733,307
Total risk weighted assets and contingent liabilities	**199,957,578,618**	**200,968,272,765**
Capital adequacy ratio for Tier 1	**21.90%**	**21.08%**
Capital adequacy ratio	**22.46%**	**21.56%**

* Provided it does not exceed 1.25% from total value of risk weighted assets and contingent liabilities.
** After 2021 profit distribution.
- Based on Consolidated financial statement after the disposal of insurance activity.

Leverage financial ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on July 7, 2015 on special supervisory instructions related to leverage ratio which maintaining a minimum 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).

(All amounts are shown in Egyptian Pounds)

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:

1- On balance sheet items after deducting some of Tier I Exclusions for capital base;
2- Derivatives contracts exposures;
3- Financing Financial papers operations exposures;
4- Off-balance sheet items (weighted by credit conversion factor).

The tables below summarizes the leverage financial ratio:	March 31, 2022	December 31, 2021 Restated*
Tier 1 capital after exclusions	**43,788,169,781**	**42,356,585,747**
Total on-balance sheet exposures, derivatives contracts and financial papers operations.	385,992,617,498	355,899,552,716
Total exposures off-balance sheet	32,444,886,402	30,116,574,094
Total exposures on-balance sheet and off-balance sheet	**418,437,503,900**	**386,016,126,810**
Leverage financial ratio	**10.46%**	**10.97%**

* After 2021 profit distribution.
- Based on Consolidated financial statements after the disposal of insurance activity.

4- Significant accounting estimates and assumptions :

In the application of the bank's accounting policies, which are described in note 3, 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 periods 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 year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period.

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. Fair value of derivatives

Fair value of derivative financial instruments not quoted in an active market is determined using valuation techniques. When these techniques (such as the pricing models) are used to determine fair value, periodic tests and review are performed on them using competent independent personnel other than those responsible for the preparation of such techniques. All such models have been approved and tested prior to use to ensure that their results reflect reliable data and prices that can be compared to the market. These models use market observable data only to the extent it is practical to obtain such data, however, some areas such as credit risk related to the bank and counterparties, volatility and correlations requires management judgement. Changes in assumptions about these factors can affect the fair value of the financial instrument's disclosure.

c. Debt instrument at amortized cost:

Non-derivative financial assets with fixed or determinable payments and maturity dates are classified as debt instruments at amortized cost "within the business model of financial assets held to collect contractual cash flows".

If classification of investments as amortized cost – other than stakes required to be retained by the Group in accordance with the provisions of the law – were suspended by the bank, the carrying amount of the outstanding amortized cost investements at the end of the current reporting period would have increased by EGP 49,809,092 to reach the fair value with a corresponding increase in the fair value through other comprehensive income.

(All amounts are shown in Egyptian Pounds)

5- Segmentation analysis
(5/A) Segmental analysis by activity

Segment activity includes operational processes, assets used in offering banking services, management of surrounding risks and related yield. Such activity may be different from other activities. Segmentation analysis of operations according to banking activities includes:

Corporate: This includes current account activities, deposits, overdrafts, loans, credit facilities, and financial derivatives to large, medium, and small entities.

Individuals: This includes current account activities, deposits, savings, credit cards, personal loans, and real estate loans.

Other businesses: They include other Banking activities such as fund management and insurance activity.

Inter-segment activities are affected within the bank's normal course of business. Assets and liabilities of each segment include operating assets and liabilities as shown in the bank's balance sheet.

At the end of the current period

Income and expenses according to segmental activities (March 31, 2022)	Corporate	Investments	Individuals	Other businesses	Total
Net interest income	1,379,567,735	888,639,379	1,249,770,816	744,000,125	**4,261,978,055**
Net fee and commission income	352,915,614	118,601	191,305,275	21,105,700	**565,445,190**
Dividend income	-	11,325,209	-	-	**11,325,209**
Net trading income	119,767,568	-	7,545,366	(48,032,067)	**79,280,867**
Gain on financial investments	-	4,839,238	-	-	**4,839,238**
Impairment credit losses	(887,733,501)	(49,268,171)	(84,672,699)	(1,488,233)	**(1,023,162,604)**
Administrative expenses	(498,135,290)	(1,228,246)	(678,404,967)	41,237,981	**(1,136,530,522)**
Other operating revenues (expenses)	(9,177,525)	(27,627,242)	(74,884,807)	592,558,628	**480,869,054**
Share of profits of associates	-	-	-	-	**-**
Profit before income tax	**457,204,601**	**826,798,768**	**610,658,984**	**1,349,382,134**	**3,244,044,487**
Income tax expense	(144,218,806)	(273,096,664)	(201,705,562)	(416,708,460)	**(1,035,729,492)**
Net profit for the current period	**312,985,795**	**553,702,104**	**408,953,422**	**932,673,674**	**2,208,314,995**

Assets and liabilities according to segmental activities (March 31, 2022)	Corporate	Investments	Individuals	Other businesses	Total
Segment activity assets	152,045,458,094	125,358,050,868	38,518,640,069	59,343,553,348	**375,265,702,379**
Unclassified assets	-	-	-	-	**14,629,353,915**
Total assets	**152,045,458,094**	**125,358,050,868**	**38,518,640,069**	**59,343,553,348**	**389,895,056,294**
Segment activity liabilities	194,738,989,117	-	129,712,026,302	9,579,801,690	**334,030,817,109**
Unclassified liabilities	-	-	-	-	**9,893,640,203**
Total liabilities	**194,738,989,117**	**-**	**129,712,026,302**	**9,579,801,690**	**343,924,457,312**

At the end of comparative period

Income and expenses according to segmental activities (March 31, 2021)	Corporate	Investments	Individuals	Other businesses	Total
Net interest income	1,400,707,487	335,718,086	929,543,206	905,036,410	**3,571,005,189**
Net fee and commission income	313,115,927	108,287	154,998,413	24,644,974	**492,867,601**
Dividend income	-	21,405,674	-	-	**21,405,674**
Net trading income	84,419,159	-	6,302,707	(65,701,346)	**25,020,520**
Gain on financial investments	-	1,625,581	-	-	**1,625,581**
Impairment credit losses	(434,522,042)	(50,932,163)	(14,596,529)	2,189,129	**(497,861,605)**
Administrative expenses	(439,935,973)	(886,221)	(551,907,337)	48,269,286	**(944,460,245)**
Other operating revenues (expenses)	84,637,277	7,715,630	(48,719,371)	59,006,399	**102,639,935**
Share of profits of associates	-	(196,988)	-	-	**(196,988)**
Profit before income tax	**1,008,421,835**	**314,557,886**	**475,621,089**	**973,444,852**	**2,772,045,662**
Income tax expense	(302,586,630)	(94,104,726)	(142,200,911)	(266,578,006)	**(805,470,273)**
Net profit for the comparative period	**705,835,205**	**220,453,160**	**333,420,178**	**706,866,846**	**1,966,575,389**

At the end of comparative year

Assets and liabilities according to segmental activities (December 31, 2021)	Corporate	Investments	Individuals	Other businesses	Total
Segment activity assets	140,706,070,391	129,866,299,211	35,434,969,414	39,287,689,559	**345,295,028,575**
Unclassified assets	-	-	-	-	**14,273,639,318**
Total assets	**140,706,070,391**	**129,866,299,211**	**35,434,969,414**	**39,287,689,559**	**359,568,667,893**
Segment activity liabilities	171,609,489,928	-	125,126,195,108	9,179,100,112	**305,914,785,148**
Unclassified liabilities	-	-	-	-	**7,278,441,258**
Total liabilities	**171,609,489,928**	**-**	**125,126,195,108**	**9,179,100,112**	**313,193,226,406**

(All amounts are shown in Egyptian Pounds)

(5/B) Segmental analysis by geographic area

At the end of current period

Income and expenses according to geographical segments (March 31, 2022)	Great Cairo	Alex	Delta	Red Sea / Upper Egypt	Head office	Total
Net interest income	2,261,787,053	364,285,299	329,682,989	138,322,638	1,167,900,076	**4,261,978,055**
Net fee and commission income	331,613,296	59,999,225	59,391,965	29,129,818	85,310,886	**565,445,190**
Dividend income	-	-	-	-	11,325,209	**11,325,209**
Net trading income	96,475,821	14,140,298	13,439,987	2,011,028	(46,786,267)	**79,280,867**
Gain on financial investments	4,858	-	-	-	4,834,380	**4,839,238**
Impairment credit losses	(657,332,233)	(76,797,262)	(168,409,375)	(69,921,548)	(50,702,186)	**(1,023,162,604)**
Administrative expenses	(831,699,446)	(150,085,556)	(138,395,855)	(67,968,076)	51,618,411	**(1,136,530,522)**
Other operating revenues (expenses)	(3,702,252)	(15,471,766)	(21,429,096)	(15,234,089)	536,706,257	**480,869,054**
Share of profits of associates	-	-	-	-	-	**-**
Profit before income tax	**1,197,147,097**	**196,070,238**	**74,280,615**	**16,339,771**	**1,760,206,766**	**3,244,044,487**
Income tax expense	(359,622,857)	(64,763,573)	(24,535,483)	(5,397,157)	(581,410,422)	**(1,035,729,492)**
Net profit for the current period	**837,524,240**	**131,306,665**	**49,745,132**	**10,942,614**	**1,178,796,344**	**2,208,314,995**

Assets and liabilities according to geographical segments (March 31, 2022)	Great Cairo	Alex	Delta	Red Sea / Upper Egypt	Head office	Total
Assets of geographical segments	146,977,613,475	24,462,649,553	19,714,128,054	8,013,645,260	190,342,782,782	**389,510,819,124**
Unclassified assets	-	-	-	-	-	**384,237,170**
Total assets	**146,977,613,475**	**24,462,649,553**	**19,714,128,054**	**8,013,645,260**	**190,342,782,782**	**389,895,056,294**
Liabilities of geographical segments	265,228,585,608	35,910,438,009	23,817,368,655	6,578,648,487	9,248,719,499	**340,783,760,258**
Unclassified liabilities	-	-	-	-	-	**3,140,697,054**
Total liabilities	**265,228,585,608**	**35,910,438,009**	**23,817,368,655**	**6,578,648,487**	**9,248,719,499**	**343,924,457,312**

At the end of comparative period

Income and expenses according to geographical segments (March 31, 2021)	Great Cairo	Alex	Delta	Red Sea / Upper Egypt	Head office	Total
Net interest income	1,776,010,993	285,335,307	237,833,083	98,454,749	1,173,371,057	**3,571,005,189**
Net fee and commission income	276,210,533	49,967,828	44,837,193	24,804,859	97,047,188	**492,867,601**
Dividend income	-	-	-	-	21,405,674	**21,405,674**
Net trading income	68,888,462	18,452,751	8,733,877	868,500	(71,923,070)	**25,020,520**
Gain on financial investments	1,669	-	-	-	1,623,912	**1,625,581**
Impairment credit losses	7,207,225	(442,685,781)	(10,647,208)	(2,992,805)	(48,743,036)	**(497,861,605)**
Administrative expenses	(709,534,553)	(128,266,495)	(119,251,285)	(57,096,023)	69,688,111	**(944,460,245)**
Other operating revenues (expenses)	78,483,471	(7,157,636)	(10,266,474)	(3,541,260)	45,121,834	**102,639,935**
Share of profits of associates	-	-	-	-	(196,988)	**(196,988)**
Profit before income tax	**1,497,267,800**	**(224,354,026)**	**151,239,186**	**60,498,020**	**1,287,394,682**	**2,772,045,662**
Income tax expense	(424,279,049)	67,077,234	(45,217,402)	(18,087,662)	(384,963,394)	**(805,470,273)**
Net profit for the comparative period	**1,072,988,751**	**(157,276,792)**	**106,021,784**	**42,410,358**	**902,431,288**	**1,966,575,389**

At the end of comparative year

Assets and liabilities according to geographical segments (December 31, 2021)	Great Cairo	Alex	Delta	Red Sea / Upper Egypt	Head office	Total
Assets of geographical segments	136,772,697,708	21,663,698,999	18,325,091,040	7,539,403,867	174,914,984,249	**359,215,875,863**
Unclassified assets	-	-	-	-	-	**352,792,030**
Total assets	**136,772,697,708**	**21,663,698,999**	**18,325,091,040**	**7,539,403,867**	**174,914,984,249**	**359,568,667,893**
Liabilities of geographical segments	243,184,667,259	31,555,461,603	21,889,339,220	6,775,751,277	6,943,736,607	**310,348,955,966**
Unclassified liabilities	-	-	-	-	-	**2,844,270,440**
Total liabilities	**243,184,667,259**	**31,555,461,603**	**21,889,339,220**	**6,775,751,277**	**6,943,736,607**	**313,193,226,406**

Geographical Segmental analysis is based on the locations of branches through which the bank provides its services.

(All amounts are shown in Egyptian Pounds)

6- Net interest income

	March 31, 2022	March 31, 2021
Interest from loans and similar income:		
Loans and credit facilities:		
- Customers	4,455,057,902	4,072,572,870
Total	**4,455,057,902**	**4,072,572,870**
Treasury bills and bonds	4,314,909,488	3,133,701,482
Other debt instruments	9,639,011	10,742,143
Deposits and current accounts	462,074,742	123,845,310
Net interest differential on hedging instruments (IRS contracts)	10,331,104	18,335,961
Total	**9,252,012,247**	**7,359,197,766**
Cost of deposits and similar expense :		
Deposits and current accounts:		
- Banks	(39,425,594)	(41,493,577)
- Customers	(4,926,584,534)	(3,718,892,026)
Total	**(4,966,010,128)**	**(3,760,385,603)**
Repo arrangements	(6,673,296)	(9,371,785)
Other loans	(17,350,768)	(18,435,189)
Total	**(4,990,034,192)**	**(3,788,192,577)**
Net	**4,261,978,055**	**3,571,005,189**

7- Net fee and commission income:

	March 31, 2022	March 31, 2021
Fee and commission income :		
Credit fees and commission	479,795,956	392,573,633
Custody fees	13,315,338	15,128,996
Investment commission	7,218,568	6,334,816
Other fees	326,338,280	284,097,102
Total	**826,668,142**	**698,134,547**
Fee and commission expense:		
Brokerage fees	(5,018,848)	(5,601,471)
Other fees	(256,204,104)	(199,665,475)
Total	**(261,222,952)**	**(205,266,946)**
Net	**565,445,190**	**492,867,601**

8- Dividend income

	March 31, 2022	March 31, 2021
Equity instruments at fair value through other comprehensive income	11,325,209	21,405,674
Total	**11,325,209**	**21,405,674**

9- Net trading income:

	March 31, 2022	March 31, 2021
Forex operations:		
Foreign exchange trading gains (loss)	(92,003,894)	36,661,788
Investment funds held for trading	7,488,778	1,279,394
Changes in fair value of currency forward contracts	162,943,783	(12,768,351)
Changes in fair value of currency swap contracts	(841,820)	(1,873,343)
Changes in fair value IRS contracts	1,694,020	1,721,032
Total	**79,280,867**	**25,020,520**

10- Administrative expenses

	March 31, 2022	March 31, 2021
Staff cost:		
Salaries and wages	469,054,501	417,246,289
Social insurance	30,690,316	25,608,067
Pension cost:		
Defined contribution scheme	24,268,057	22,243,351
Other retirement benefits (Defined benefit scheme)	14,598,322	16,014,478
	538,611,196	**481,112,185**
Depreciation and amortization	110,227,481	92,947,012
Other administrative expenses	487,691,845	370,401,048
Total	**1,136,530,522**	**944,460,245**

(All amounts are shown in Egyptian Pounds)

11- Other operating revenues (expenses)

	March 31, 2022	March 31, 2021
Foreign exchange differences from translation of foreign currency monetary assets and liabilities other than held for trading items and those classified as at fair value through profit or loss at initial recognition	664,089,642	(5,621,619)
Gain on sale of property and equipment	779,000	3,868,500
Software cost	(71,719,854)	(37,672,553)
Operating lease rental expense	(39,856,619)	(35,401,007)
Other provisions (net of reversed amounts)	(93,595,995)	44,487,943
Finance leases revenue ,net	96,190,318	84,340,692
Other leasing revenues	6,957,546	6,652,021
Impairment loss on leased assets	6,307,086	10,925,550
Net return received from insurance activity*	(115,287,440)	23,706,007
Other income (expense)	27,005,370	7,354,401
Total	**480,869,054**	**102,639,935**

* **The following table summarise the net return received from insurance activity:**	March 31, 2022	March 31, 2021
Direct premium	240,708,179	233,958,125
Re-insurance premium ceded	(30,613,312)	(24,111,924)
Technical reserve during the period	(222,628,476)	(108,339,172)
Outgoing re-insurance commissions	196,431	221,310
Other revenues	3,849,669	4,356,287
Claims paid	(114,833,838)	(81,301,043)
Re-insurance pay-back claim	22,810,966	12,712,993
Change in Provision for Outstanding Claims Balance	(7,087,727)	(9,814,697)
Impairment on receivable arising from insurance contracts	(7,689,332)	(3,975,872)
Total	**(115,287,440)**	**23,706,007**

12- Impairment credit losses

	March 31, 2022	March 31, 2021
Loans and credit facilities to customers	(972,406,200)	(449,118,571)
Due from banks	(1,493,849)	2,468,346
Treasury bills	(44,791,834)	(40,635,921)
Debt instruments at fair value through other comprehensive income	(54,608)	(5,998)
Debt instruments at amortized cost	(4,421,729)	(10,290,244)
Other assets	5,616	(279,217)
Total	**(1,023,162,604)**	**(497,861,605)**

13- Income tax expense

	March 31, 2022	March 31, 2021
Current tax	(1,061,132,775)	(802,178,485)
Deferred tax	25,403,283	(3,291,788)
Total	**(1,035,729,492)**	**(805,470,273)**

Additional data on deferred tax is disclosed in note (33). Income tax expense is different from the tax that would have arisen had the statutory tax rate been applied on pre-tax accounting profit as shown below:

Profit before tax	3,244,044,487	2,772,045,662
Income tax calculated at 22.5 % tax rate	729,910,010	623,710,274
Tax impact for:		
Non-taxable income	(20,027,128)	(25,489,000)
Non-deductible expenses for tax purposes	274,080,021	187,220,921
Recognize of deferred tax assets	3,731,035	2,877,474
Prior-years' tax settlements	4,902,267	1,118,450
Provision and segregated interest	67,404,049	10,599,799
Tax deductible (10% on dividend income)	1,132,521	2,140,567
Effective income tax expense	**1,061,132,775**	**802,178,485**

Tax Position

A) QNB ALAHLI Position:

A-1) Corporate Tax

- The Bank's accounts were tax-inspected and settled with respect to tax since the beginning of activity till the end of December 31, 2010.
- Years 2011 and 2012 transferred to tax dispute resolution committee.
- Years 2013 till 2019 have been inspected, and the due tax was paid.
- Year 2020 the Bank submitted its tax return in the due date and books have not been inspected yet.
- Year 2021 the bank's tax return is under preperation and will be submitted to the tax authority on legal dates, by maximum April 30, 2022

A-2) Salaries Taxes

- The Bank's books have been inspected, and the due tax was paid until year 2020.
- Year 2021 the Bank submitted its tax return in the due date and books have not been inspected yet.

A-3) Stamp duties

- The Bank's books have been inspected, for all branches until July 31, 2006 and all tax was paid.
- Period from August 01 ,2006 till December 31, 2019 have been inspected, and the due tax was paid.
- Years 2020 and 2021 the Bank submitted its tax return in the due date and books have not been inspected yet.

(B) EX-MIBank Position:

B-1) Corporate Tax

- The Bank's accounts were tax- inspected, and settled since the beginning of activity till November 30, 2006.

B-2) Salaries Taxes

- The Bank's books have been inspected, and the due tax was paid till November 30, 2006.

B-3) Stamp duties

- The Bank's books have been inspected for all branches until July 31, 2006 and all due tax was paid.
- Period from August 01, 2006 till November 30, 2006 have been inspected, and the due tax was paid.

(C) QNB ALAHLI Leasing Position (subsidiary company):

C-1) Corporate Tax

- Years from start of activity till 2016 ,the Company was tax inspected and the tax assessment was carried out and the payment thereof was made.
- Years from 2017 to 2020, the company submitted its tax return on the due date and the books are under inspection.
- Year 2021 the Company tax return is under preperation and will be submitted to the tax authority on legal dates, by maximum April 30, 2022

C-2) Salary tax

- Years from start of activity till 2016 ,the Company was tax inspected and the tax assessment was carried out and the payment thereof was made.
- Years from 2017 to 2020,under inspection with the tax authority.
  Year 2021, the company submitted its tax return on the due date and the books have not been inspected yet.

C-3) Stamp duties

- Years from start of activity till 2017 ,the Company was tax inspected and the tax assessment was carried out and the payment thereof was made.
- Years from 2018 to 2021 , no tax inspection has been carried out up till date.

(D) QNB ALAHLI Factoring Company Position (subsidiary company):

D-1) Corporate Tax

- The Company is subject to income tax law No. 91 of 2005 and its executive statute and law No. 44 of 2014.
- Year from 2012 till 2020 the company submitted its tax return on the due date.
- Year 2012 till 2016 under inspection with tax authority.
- Year 2021 the Company tax return is under preperation and will be submitted to the tax authority on legal dates, by maximum April 30, 2022

D-2) Salary tax

- The Company is not abided by deducting and delivering salary taxes, as the company's employees are seconded by QNB ALAHLI (Major Shareholder),While the company with holds and transfers the tax for the employees appointed to the company .

D-3) Stamp duties

- The Company is not subject to stamp duty tax law No. 111 of 1980 and amended by law 143 of period 2006 and the company have not been inspected till now.

D-4) Withholding tax

- The Company is committed to withholding tax and delivering it to tax authority on due dates.

(E) QNB ALAHLI Life Insurance Company Position (subsidiary company):

E-1) Corporate Tax

- The Company has received deemed tax claim from inception till 30 June 2005. The company objected the deemed tax at the due date and transferred to appeal committee.
- Years from 1 July 2005 to 30 June 2008, the company submitted its tax return , no tax inspection has taken place.
- Years from 1 July 2008 to 30 June 2012, the tax authority inspection and settlement took place and the final settlement have been made.
- Years from 1 July 2012 to 30 June 2016, Tax inspection had taken place and The company approve partially on inspection result and objections point had been transferred to internal committee.
- Years from 1 July 2016 to 30 June 2021, the company submitted its tax return on the due dates.

(All amounts are shown in Egyptian Pounds)

E-2) Salary tax

- The tax authority inspection and settlement took place for the period since inception till 2017.

E-3) Stamp duties

- The Company's accounts were tax-inspected and settled with respect to Tax since the beginning of activity till June 2019.

(F) QNB ALAHLI Asset Management Egypt Company Position (subsidiary company):

F-1) Corporate Tax

- Years from 2002 till 2004, the Company has been inspected, and the due tax was paid for some items and remaining items was have been transferred to the internal committee.
- Years from 2005 till 2006 have been transferred to the internal committee.
- Years from 2007 till 2010, the Company have been inspected, and the due tax was paid for some items and remaining items have been transferred to the internal committee.
- Years from 2011 till 2014, prepare to inspection.
- Years 2015 till 2020, the Company submitted its tax return in the due date and the books have not been inspected yet.
- Year 2021 the bank's tax return is under preperation and will be submitted to the tax authority on legal dates, by maximum April 30, 2022

F-2) Salaries Taxes

- periods from 2002 till 2004, the tax inspection was took place and internal committee was agreed and tax claim was paid.
- periods from 2005 till 2014 were inspected and finalized with no tax due.
- periods from 2015 till 2018, the company received the tax dues and objected at the official legal dates and awaiting for internal Committee.
- Year 2019 , 2020 and 2021 have not been inspected yet.

F-3) Stamp duty tax:

- Years from 2002 till 2010 have been inspected, and the due tax was paid.
- Years from 2011 till 2016 have been inspected and the company objected the results within the legal periods.
- Years 2017 till 2021, the Company submitted its tax return in the due date and the books have not been inspected yet.

14- Earnings per share

	March 31, 2022	March 31, 2021
Net profit for the period**	2,039,980,277	1,814,549,570
Remuneration for the Board Members (from the period net profit)*	(7,250,000)	(4,250,000)
Staff profit share (from the period net profit)*	(160,357,735)	(181,068,107)
Profit available to shareholders	**1,872,372,542**	**1,629,231,463**
Weighted average number of the shares outstanding during the period	2,154,822,966	2,154,822,966
Earning Per Share	**0.87**	0.76

* Estimate amount based on bank approved budget. The actual amount will be subject to the ordinary AGM approval at the end of year.

** Based on separate financial statements.

(All amounts are shown in Egyptian Pounds)

15- Classification and measurement of financial assets and financial liabilities

The following table shows the gross financial assets and financial liabilities (excluding allowances for impairment) according to the business model classification:

March 31, 2022	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial instruments at fair value through profit or loss	Total Carrying amount
Cash and due from Central Bank of Egypt (CBE)	25,059,296,673	-	-	-	**25,059,296,673**
Due from banks	34,407,857,171	-	-	-	**34,407,857,171**
Treasury bills	27,854,007,413	-	-	-	**27,854,007,413**
Trading investments	-	-	-	384,597,891	**384,597,891**
Loans and credit facilities to customers	197,963,209,894	-	-	-	**197,963,209,894**
Financial derivatives	-	-	-	122,592,648	**122,592,648**
Fair value through other comprehensive income	-	13,963,341,583	675,350,692	-	**14,638,692,275**
Amortized cost	86,064,054,985	-	-	-	**86,064,054,985**
Fair value through profit or loss	-	-	-	88,527,036	**88,527,036**
Other financial assets	5,296,601,374	-	-	-	**5,296,601,374**
Total financial assets	**376,645,027,510**	**13,963,341,583**	**675,350,692**	**595,717,575**	**391,879,437,360**
Due to banks	3,562,066,284	-	-	-	**3,562,066,284**
Customer deposits	323,266,174,900	-	-	-	**323,266,174,900**
Financial derivatives	-	-	-	-	**-**
Other loans	2,938,652,590	-	-	-	**2,938,652,590**
Other financial liabilities	992,959,766	-	-	-	**992,959,766**
Total financial liabilities	**330,759,853,540**	**-**	**-**	**-**	**330,759,853,540**

December 31, 2021	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial instruments at fair value through profit or loss	Total Carrying amount
Cash and due from Central Bank of Egypt (CBE)	22,641,706,445	-	-	-	**22,641,706,445**
Due from banks	17,317,515,913	-	-	-	**17,317,515,913**
Treasury bills	40,049,386,865	-	-	-	**40,049,386,865**
Trading investments	-	-	-	409,760,928	**409,760,928**
Loans and credit facilities to customers	182,913,229,437	-	-	-	**182,913,229,437**
Financial derivatives	-	-	-	36,542,265	**36,542,265**
Fair value through other comprehensive income	-	14,450,751,513	673,019,675	-	**15,123,771,188**
Amortized cost	77,385,925,552	-	-	-	**77,385,925,552**
Fair value through profit or loss	-	-	-	92,563,379	**92,563,379**
Other financial assets	5,188,334,382	-	-	-	**5,188,334,382**
Total financial assets	**345,496,098,594**	**14,450,751,513**	**673,019,675**	**538,866,572**	**361,158,736,354**
Due to banks	3,458,687,747	-	-	-	**3,458,687,747**
Customer deposits	295,491,962,118	-	-	-	**295,491,962,118**
Financial derivatives	-	-	-	47,683,515	**47,683,515**
Other loans	2,882,244,636	-	-	-	**2,882,244,636**
Other financial liabilities	974,730,487	-	-	-	**974,730,487**
Total financial liabilities	**302,807,624,988**	**-**	**-**	**47,683,515**	**302,855,308,503**

(All amounts are shown in Egyptian Pounds)

16- Cash and due from Central Bank of Egypt (CBE)	March 31, 2022	December 31, 2021
Cash	3,727,036,404	3,865,992,922
Balances with CBE (mandatory reserve)	21,332,260,269	18,775,713,523
Total	**25,059,296,673**	**22,641,706,445**
Interest free balances	25,059,296,673	22,641,706,445
Total	**25,059,296,673**	**22,641,706,445**

17- Due from Banks	March 31, 2022	December 31, 2021
Current accounts	1,134,809,773	800,875,498
Deposits	33,273,047,398	16,516,640,415
	34,407,857,171	**17,317,515,913**
Less : Allowance for impairment losses	(7,581,835)	(6,087,986)
Total	**34,400,275,336**	**17,311,427,927**
Balances at CBE other than those under the mandatory reserve	20,657,011,573	12,087,611,100
Local banks	12,415,950,278	3,944,463,145
Foreign Banks	1,334,895,320	1,285,441,668
Less : Allowance for impairment losses	(7,581,835)	(6,087,986)
Total	**34,400,275,336**	**17,311,427,927**
Interest free balances	1,058,063,092	464,267,747
Balances at floating interest rates	76,746,681	336,607,751
Balances at fixed interest rates	33,273,047,398	16,516,640,415
Less : Allowance for impairment losses	(7,581,835)	(6,087,986)
Total	**34,400,275,336**	**17,311,427,927**
Current balances	34,012,839,436	16,777,067,927
Non-current balances	387,435,900	534,360,000
Total	**34,400,275,336**	**17,311,427,927**

18- Treasury bills	March 31, 2022	December 31, 2021
91 days maturity	312,950,000	208,500,000
182 days maturity	403,525,000	6,665,400,000
More than 182 days maturity	28,306,454,210	34,937,996,490
Less : Unearned interest	(1,168,921,797)	(1,762,509,625)
	27,854,007,413	**40,049,386,865**
Less : Allowance for impairment losses	(56,324,298)	(11,532,464)
Total	**27,797,683,115**	**40,037,854,401**

19- Trading investments	March 31, 2022	December 31, 2021
Mutual Fund certificates	384,597,891	409,760,928
Total	**384,597,891**	**409,760,928**

(All amounts are shown in Egyptian Pounds)

20- Loans and credit facilities to customers

	March 31, 2022			December 31, 2021		
	Total	Allowance for impairment losses	Net	Total	Allowance for impairment losses	Net
Individuals						
Overdrafts	3,463,039,580	(27,669,655)	3,435,369,925	3,116,887,753	(8,216,968)	3,108,670,785
Credit cards	1,390,691,315	(62,111,148)	1,328,580,167	1,313,158,233	(57,304,948)	1,255,853,285
Personal loans	31,282,397,256	(764,345,140)	30,518,052,116	29,027,478,638	(701,338,722)	28,326,139,916
Real estate loans	3,335,389,048	(97,002,509)	3,238,386,539	2,846,058,131	(100,288,425)	2,745,769,706
Total (1)	**39,471,517,199**	**(951,128,452)**	**38,520,388,747**	**36,303,582,755**	**(867,149,063)**	**35,436,433,692**
Corporate including small loans for businesses						
Overdrafts	76,127,677,850	(1,756,076,435)	74,371,601,415	69,095,730,022	(1,531,633,758)	67,564,096,264
Direct loans	61,844,491,004	(8,015,959,404)	53,828,531,600	57,210,079,356	(7,223,636,035)	49,986,443,321
Syndicated loans and facilities	15,629,190,530	(133,979,055)	15,495,211,475	15,967,732,199	(114,836,031)	15,852,896,168
Other loans	4,890,333,311	(134,355,938)	4,755,977,373	4,336,105,105	(209,856,668)	4,126,248,437
Total (2)	**158,491,692,695**	**(10,040,370,832)**	**148,451,321,863**	**146,609,646,682**	**(9,079,962,492)**	**137,529,684,190**
Total loans and credit facilities to customers (1+2)	**197,963,209,894**	**(10,991,499,284)**	**186,971,710,610**	**182,913,229,437**	**(9,947,111,555)**	**172,966,117,882**
Less: Segregated interest			(205,721)			(205,721)
Less: Unearned discount and deferred income			(127,776,604)			(137,357,694)
Net Loans and credit facilities to customers distributed as follows:			**186,843,728,285**			**172,828,554,467**
Current balances			136,087,024,914			124,313,949,755
Non-current balances			50,756,703,371			48,514,604,712
Net Loans and credit facilities to customers			**186,843,728,285**			**172,828,554,467**

20-A Allowance for impairment losses

March 31, 2022

Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at beginning of the year	**8,216,968**	**57,304,948**	**701,338,722**	**100,288,425**	**867,149,063**
Net impairment loss recognized during the period	19,485,534	7,707,303	60,765,778	(3,285,916)	**84,672,699**
Loans written-off during the period	(32,847)	(2,901,103)	(427,624)	-	**(3,361,574)**
Collection of loans previously written-off	-	-	2,666,081	-	**2,666,081**
Foreign exchange translation differences	-	-	2,183	-	**2,183**
Balance at end of the period	**27,669,655**	**62,111,148**	**764,345,140**	**97,002,509**	**951,128,452**

Corporate	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Balance at beginning of the year	**1,531,633,758**	**7,223,636,035**	**114,836,031**	**209,856,668**	**9,079,962,492**
Net impairment loss recognized during the period	179,454,867	667,367,772	16,249,813	24,661,049	**887,733,501**
Loans written-off during the period	-	(65,645,075)	-	(100,605,503)	**(166,250,578)**
Collection of loans previously written-off	-	8,444,479	-	100,000	**8,544,479**
Foreign exchange translation differences	44,987,810	182,156,193	2,893,211	343,724	**230,380,938**
Balance at end of the period	**1,756,076,435**	**8,015,959,404**	**133,979,055**	**134,355,938**	**10,040,370,832**
Total					**10,991,499,284**

December 31, 2021

Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at beginning of the year	54,943,886	59,584,077	504,482,004	45,478,279	**664,488,246**
Net impairment loss recognized during the year	(27,855,801)	11,039,128	223,804,101	56,180,103	**263,167,531**
Loans written-off during the year	(18,871,117)	(13,318,257)	(37,711,105)	(1,369,957)	**(71,270,436)**
Collection of loans previously written-off	-	-	10,763,735	-	**10,763,735**
Foreign exchange translation differences	-	-	(13)	-	**(13)**
Balance at end of the year	**8,216,968**	**57,304,948**	**701,338,722**	**100,288,425**	**867,149,063**

Corporate	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Balance at beginning of the year	1,839,236,984	5,662,544,670	624,399,516	394,636,294	**8,520,817,464**
Net impairment loss recognized during the year	(302,839,706)	2,781,392,260	(508,144,397)	49,856,339	**2,020,264,496**
Loans written-off during the year	-	(1,230,811,977)	-	(234,587,502)	**(1,465,399,479)**
Collection of loans previously written-off	-	23,380,487	-	-	**23,380,487**
Foreign exchange translation differences	(4,763,520)	(12,869,405)	(1,419,088)	(48,463)	**(19,100,476)**
Balance at end of the year	**1,531,633,758**	**7,223,636,035**	**114,836,031**	**209,856,668**	**9,079,962,492**
Total					**9,947,111,555**

(All amounts are shown in Egyptian Pounds)

21- Financial derivatives

	March 31, 2022		
	Notional amount	**Assets**	**Liabilities**
(A) Held for trading			
- Forward foreign exchange contracts	1,577,595,243	104,283,376	-
- Swap foreign exchange contracts	1,409,768,168	10,135,072	-
Total	**2,987,363,411**	**114,418,448**	**-**
(B) Fair value hedge			
- Interest rate swap contracts	1,636,937,888	8,174,200	-
Total	**1,636,937,888**	**8,174,200**	**-**
Total	**4,624,301,299**	**122,592,648**	**-**

	December 31, 2021		
	Notional amount	**Assets**	**Liabilities**
(A) Held for trading			
- Forward foreign exchange contracts	1,761,699,526	-	58,660,407
- Swap foreign exchange contracts	1,814,873,752	-	(10,976,892)
Total	**3,576,573,278**	**-**	**47,683,515**
(B) Fair value hedge			
- Interest rate swaps contracts	2,202,302,588	36,542,265	-
Total	**2,202,302,588**	**36,542,265**	**-**
Total	**5,778,875,866**	**36,542,265**	**47,683,515**

Forward exchange contracts represent commitments to purchase local and foreign currencies including the unexecuted part of regular-way transactions. Interest rate swap contracts represent commitments to swap fixed interest rate with variable interest rate where the physical exchange of funds is not required except in foreign exchange swaps. The Bank's credit risk represents the cost of potential replacement of the swaps in case other parties fail to meet their obligations. This risk is controlled on an ongoing basis in terms of fair value and percentage of contracted amounts. To control the outstanding credit risk, the Bank assesses counterparties to the contract in the same manner used in lending activities.

- **Fair value hedge**

The Bank uses interest rate swap contracts to mitigate part of the risk of potential increase in fair value of its fixed rate customer deposits in foreign currencies to the extent caused by declining market interest rates.

Net fair value of hedging instruments (Interest rate swap) asset amounted to EGP 8,174,200 as of March 31, 2022 (EGP 36,542,265 in the prior year). Loss resulting from hedging instruments amounted to EGP 28,368,065 (Loss of EGP 69.549.943 in the prior year) and Gain arose from the hedged items reached EGP 30,062,085 (Gain of EGP 72,287,104 in the prior year).

(All amounts are shown in Egyptian Pounds)

22- Financial investments

Fair value through other comprehensive income (FVTOCI)	March 31, 2022	December 31, 2021
(A) Debt instruments at fair value:		
Listed Instruments in Egyptian Stock Exchange Market	12,515,958,020	13,038,337,361
Listed instruments in foreign stock exchange market	1,447,383,563	1,412,414,152
Total debt instruments measured at fair value through other comprehensive income	**13,963,341,583**	**14,450,751,513**
(B) Equity instruments at fair value:		
Listed instruments in Egyptian stock exchange market	124,095,030	151,884,836
Unlisted instruments in stock exchange market	504,285,212	473,971,589
Total equity instruments measured at fair value through other comprehensive income	**628,380,242**	**625,856,425**
(C) Money market funds and balanced funds:		
Unlisted instruments in stock exchange market*	46,970,450	47,163,250
Total financial investments measured at fair value through other comprehensive income (1)	**14,638,692,275**	**15,123,771,188**
Amortized cost		
(A) Debt instruments:		
Listed instruments in stock exchange market	85,203,128,326	76,650,980,810
Unlisted instruments in stock exchange market	860,926,659	734,944,742
Less : Allowance for impairment losses	(9,879,168)	(5,457,439)
Total Debt instruments measured at amortized cost (2)	**86,054,175,817**	**77,380,468,113**
Fair value through profit or loss (FVTPL)		
(A) Mutual funds:		
Unlisted instruments in stock exchange market	88,527,036	92,563,379
Total equity instruments measured at fair value through profit or loss (3)	**88,527,036**	**92,563,379**
Total Financial investments (1+2+3)	**100,781,395,128**	**92,596,802,680**
Current balances	19,687,517,745	8,149,961,162
Non-current balances	81,093,877,383	84,446,841,518
Total financial investment	**100,781,395,128**	**92,596,802,680**
Fixed interest debt instruments	99,649,938,148	91,447,777,020
Variable interest debt instruments	367,579,252	383,442,606
Total debt instruments	**100,017,517,400**	**91,831,219,626**

The following table analyzes the movements on financial investments during the period:

	Fair value through other comprehensive income	Amortized cost
Balance at the beginning of the current year	15,123,771,188	77,380,468,113
Additions	3,675,462,368	8,746,912,821
Amortization of premium / discount	(19,752,846)	236,670,457
Disposals (sale/redemption)	(4,191,372,602)	(425,212,000)
Translation differences resulting from monetary foreign currency denominated assets	208,328,391	119,758,155
Changes in fair value reserve	(157,744,224)	-
Change in Allowance for impairment during the period	-	(4,421,729)
Balance at the end of the current period	**14,638,692,275**	**86,054,175,817**

The following table analyzes the movements on financial investments during the comparative year:

	Fair value through other comprehensive income	Amortized cost
Balance at the beginning of the comparative year	2,474,382,352	47,609,791,535
Additions	13,569,506,433	37,063,342,500
Amortization of premium / discount	(42,275,391)	223,021,100
Disposals (sale/redemption)	(833,106,833)	(7,512,183,799)
Translation differences resulting from monetary foreign currency denominated assets	(3,395,343)	(833,744)
Changes in fair value reserve	(40,928,207)	-
Re-classification financial investements	(411,823)	-
Change in Allowance for impairment during the year	-	(2,669,479)
Balance at the end of the comparative year	**15,123,771,188**	**77,380,468,113**

Gain on financial investments	March 31, 2022	March 31, 2021
Gain on financial investments at fair value through profit or loss	2,117,263	1,625,581
Gain on Selling Financial Investments at fair value through other comprehensive income	2,721,975	-
Total	**4,839,238**	**1,625,581**

* The Bank's equity instruments classified in the fair value through other comprehensive income category represent Bank subscribed stake at 5% from the total certificates' number of its QNB ALAHLI First Fund with cumulative daily return (THEMAR Money Market Fund) upon its initial offering, in addition to the Bank subscribed stake at 20% from the total certificates' number of its QNB ALAHLI Second Fund with yearly / cumulative return (Tawazon Balanced Fund), in addition to the 20% from the total certificates' number of its QNB ALAHLI Third Fund with yearly / cumulative return (Tadawol Equity Fund) upon its initial offering. All stakes required to be retained by the Bank until maturity of the funds in accordance with the provisions of the law, had a nominal value of EGP 5 million each.

(All amounts are shown in Egyptian Pounds)

23- Intangible assets

	March 31, 2022	December 31, 2021
Software		
Net book value at the beginning of the year	282,189,711	195,249,569
Additions	19,890,400	165,634,752
Amortization	(22,850,158)	(78,694,610)
Net book value at the end of the period	**279,229,953**	**282,189,711**

24- Other assets

	March 31, 2022	December 31, 2021
Accrued revenues	5,296,601,374	5,188,334,382
Pre-paid expenses	144,278,537	117,373,163
Advance payments for acquisition of property and equipment	998,508,567	1,019,135,045
Foreclosed assets reverted to the group in settlement of debts	137,477,124	137,828,687
Deposits held with others and custody	20,989,181	20,405,538
Advance payments to tax authority	223,779,741	51,626,554
Receivables arising from insurance contracts, net	5,186,671	10,775,199
Others	905,916,469	673,863,261
	7,732,737,664	**7,219,341,829**
Less : Allowance for impairment losses	(1,731,628)	(1,737,246)
Total	**7,731,006,036**	**7,217,604,583**

(All amounts are shown in Egyptian Pounds)

25- Property and Equipment

	Lands and buildings	Renovations of leased assets	Machinery & equipment	Others	Total
January 1, 2021					
Cost	2,784,399,800	316,610,874	1,122,380,143	298,626,194	**4,522,017,011**
Accumulated depreciation	(859,277,684)	(150,437,447)	(755,188,612)	(162,294,680)	**(1,927,198,423)**
Net book value	**1,925,122,116**	**166,173,427**	**367,191,531**	**136,331,514**	**2,594,818,588**
December 31, 2021					
Net book value at the beginning of the year	1,925,122,116	166,173,427	367,191,531	136,331,514	**2,594,818,588**
Additions	200,808,318	26,097,866	315,147,063	20,692,714	**562,745,961**
Disposals from property and equipment	(1,690,079)	(1,035,452)	(8,355,131)	(17,303,395)	**(28,384,057)**
Disposals from accumulated depreciation	1,690,079	1,035,452	8,333,985	17,296,557	**28,356,073**
Depreciation for the year	(120,638,538)	(22,824,475)	(151,321,189)	(25,502,580)	**(320,286,782)**
Net book value	**2,005,291,896**	**169,446,818**	**530,996,259**	**131,514,810**	**2,837,249,783**
January 1, 2022					
Cost	2,983,518,039	341,673,288	1,429,172,075	302,015,513	**5,056,378,915**
Accumulated depreciation	(978,226,143)	(172,226,470)	(898,175,816)	(170,500,703)	**(2,219,129,132)**
Net book value	**2,005,291,896**	**169,446,818**	**530,996,259**	**131,514,810**	**2,837,249,783**
March 31, 2022					
Net book value at the beginning of the year	2,005,291,896	169,446,818	530,996,259	131,514,810	**2,837,249,783**
Additions	11,573,112	13,346,594	10,595,125	1,889,251	**37,404,082**
Disposals from property and equipment	(1,575,597)	-	(26,498,200)	(2,169,902)	**(30,243,699)**
Disposals from accumulated depreciation	1,373,360	-	26,498,200	2,169,902	**30,041,462**
Depreciation for the period	(32,556,027)	(6,351,224)	(41,805,996)	(6,664,076)	**(87,377,323)**
Net book value	**1,984,106,744**	**176,442,188**	**499,785,388**	**126,739,985**	**2,787,074,305**
Balances at March 31, 2022					
Cost	2,993,515,554	355,019,882	1,413,269,000	301,734,862	**5,063,539,298**
Accumulated depreciation	(1,009,408,810)	(178,577,694)	(913,483,612)	(174,994,877)	**(2,276,464,993)**
Net book value	**1,984,106,744**	**176,442,188**	**499,785,388**	**126,739,985**	**2,787,074,305**

(All amounts are shown in Egyptian Pounds)

26- Due to banks

	March 31, 2022	December 31, 2021
Current accounts	537,807,825	340,454,143
Deposits	1,944,051,013	1,944,051,013
Repos transactions	1,080,207,446	1,174,182,591
Total	**3,562,066,284**	**3,458,687,747**
Central banks	1,080,207,446	1,174,182,591
Local banks	16,117	14,803
Foreign banks	2,481,842,721	2,284,490,353
Total	**3,562,066,284**	**3,458,687,747**
Non-interest bearing balances	489,721,699	301,658,920
Variable interest rate balances	48,086,126	38,795,223
Fixed interest rate balances	3,024,258,459	3,118,233,604
Total	**3,562,066,284**	**3,458,687,747**
Current balances	3,562,066,284	3,458,687,747
Total	**3,562,066,284**	**3,458,687,747**

27- Customer deposits

	March 31, 2022	December 31, 2021
Demand deposits	108,399,323,291	94,636,481,090
Time deposits and call accounts	103,115,277,520	94,887,104,765
Term saving certificates	73,335,254,193	69,958,154,396
Saving deposits	29,875,638,470	29,555,115,455
Other deposits*	8,540,681,426	6,455,106,412
Total	**323,266,174,900**	**295,491,962,118**
Corporate deposits	193,554,148,598	170,365,767,010
Retail deposits	129,712,026,302	125,126,195,108
Total	**323,266,174,900**	**295,491,962,118**
Non-interest bearing balances	43,291,243,255	37,198,205,750
Variable interest rate balances	107,322,925,599	98,036,200,965
Fixed interest rate balances	172,652,006,046	160,257,555,403
Total	**323,266,174,900**	**295,491,962,118**
Current balances	252,460,083,365	214,767,761,594
Non-current balances	70,806,091,535	80,724,200,524
Total	**323,266,174,900**	**295,491,962,118**

* Other deposits include deposits covering irrevocable letters of credit in the total of EGP 1,305,728,615 as of March 31, 2022 (December 31, 2021 EGP 435,355,323). The fair value of these deposits approximates its carrying amount.

28- Other loans

	March 31, 2022	December 31, 2021
National Bank of Egypt	3,136,594	2,440,983
Commercial International Bank	7,505,556	8,394,444
Qatar National Bank	144,287,970	187,028,730
European Bank for Reconstruction and Development	2,458,962,735	2,337,596,368
Banque Misr	-	1,680
National Bank of Kuwait	121,407,210	190,797,514
The Micro, Small and Medium Enterprises Development Agency	88,199,067	88,314,067
Société Arabe Internationale de Banque (SAIB)	115,153,458	67,670,850
Total	**2,938,652,590**	**2,882,244,636**
Current balances	1,448,419,329	1,381,584,310
Non-current balances	1,490,233,261	1,500,660,326
Total	**2,938,652,590**	**2,882,244,636**

29- Other liabilities

	March 31, 2022	December 31, 2021
Accrued interest	992,959,766	974,730,487
Unearned revenues	127,335,957	114,013,312
Accrued expenses	1,143,683,120	995,801,771
Due to insurance and re-insurance companies	98,350,134	94,190,007
Distirbution creditors (Shareholders)	1,616,117,225	-
Sundry credit balances	2,774,496,947	2,255,435,241
Total	**6,752,943,149**	**4,434,170,818**

(All amounts are shown in Egyptian Pounds)

30- Other provisions

Description	Balance at the beginning of the year	Formed during the period	Released during the period	Foreign currencies translation differences + (-)	Used during the period	Balance at the end of the period
			March 31, 2022			
Provision for tax claims	60,517,010	230,650	-	-	(1,489,819)	59,257,841
Provision for legal claims	19,026,366	13,017	(6,350,010)	69,742	(1,970,128)	10,788,987
Provision for contingent liabilities	410,662,191	99,837,338	-	1,012,387	-	511,511,916
Provision for fidelity	36,125,407	-	-	4,974,847	-	41,100,254
Provision for operational risk	415,000	-	(135,000)	-	-	280,000
Total	**526,745,974**	**100,081,005**	**(6,485,010)**	**6,056,976**	**(3,459,947)**	**622,938,998**

Description	Balance at the beginning of the year	Formed during the year	Released during the year	Foreign currencies translation differences + (-)	Used during the year	Balance at the end of the year
			December 31, 2021			
Provision for Tax claims	59,530,067	1,830,806	-	-	(843,863)	60,517,010
Provision for Legal claims	17,588,419	2,776,892	-	(42,381)	(1,296,564)	19,026,366
Provision for contingent liabilities	490,565,335	-	(79,884,685)	(18,459)	-	410,662,191
Provision for fidelity	31,241,400	5,437,829	-	(30,072)	(523,750)	36,125,407
Provision for operational risk	713,902	3,838	-	-	(302,740)	415,000
Total	**599,639,123**	**10,049,365**	**(79,884,685)**	**(90,912)**	**(2,966,917)**	**526,745,974**

31- Insurance policyholders' rights

	March 31, 2022	December 31, 2021
Technical Reserves for Insurance activties	4,166,219,040	3,943,590,564
Provision for outstanding claims	97,704,295	90,616,568
Total	**4,263,923,335**	**4,034,207,132**

32- Deferred income tax

Deferred tax has been calculated on all temporary tax differences using the balance sheet method and using the expected tax rate at the time that the bank will recognize a benefit from assets / incurred liabilities at a tax rate of (22.5%) for the current financial period. The Group does not offset deferred tax assets and deferred tax liabilities unless the Bank has a legally enforceable right to set off current tax assets against current tax liabilities; and if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred tax assets and liabilities

Below are the balances and movements of deferred tax assets and liabilities:

Balances of deferred tax assets and liabilities:	Deferred tax assets		Deferred tax liabilities	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Tax impact on temporary differences arising from:				
Property and equipment	-	-	(129,925,932)	(133,313,888)
Provisions (other than the provision for loan impairment)	298,013,938	277,151,736	-	-
Differences in fair value of financial investments at fair value through other comprehensive income	-	-	(74,268,606)	(83,270,221)
Others	11,187,817	10,034,692	-	-
Deferred tax assets (liabilities)	**309,201,755**	**287,186,428**	**(204,194,538)**	**(216,584,109)**
Net balance of DTA (DTL)	**105,007,217**	**70,602,319**		

Movement of deferred tax assets and liabilities:	Deferred tax assets		Deferred tax liabilities	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Beginning balance	287,186,428	320,637,156	(216,584,109)	(205,485,471)
DT recognized / utilized during the period	22,015,327	(33,450,728)	12,389,571	(11,098,638)
Closing balance	**309,201,755**	**287,186,428**	**(204,194,538)**	**(216,584,109)**

Balances of deferred tax assets (liabilities) recognized directly in equity	March 31, 2022	December 31, 2021
Differences in fair value of financial investments at fair value through other comprehensive income	(74,268,606)	(83,270,221)

(All amounts are shown in Egyptian Pounds)

33- Defined benefits obligation

	March 31, 2022	December 31, 2021
Amounts recognized in the statement of financial position:		
Liability for post-retirement medical benefits	558,086,195	543,536,132
Amounts recognized in the income statement:		
Post-retirement medical benefits	14,598,322	64,057,912
Post-retirement medical benefits obligation constitutes of:		
Balances shown in the statement of financial position are represented as follows:		
Present value of unfunded liabilities	405,691,781	391,514,233
Unrecognized actuarial gain	152,394,414	152,021,899
	558,086,195	**543,536,132**
Liability movements during the period are represented as follows:		
Balance at the beginning of the financial year	543,536,132	513,228,220
Current service cost	1,118,248	4,390,533
Interest cost	13,107,558	48,846,999
Actuarial gain/losses	372,516	10,820,380
Benefits paid	(48,259)	(33,750,000)
	558,086,195	**543,536,132**
Amounts recognized in the income statement are shown below:		
Current service cost	1,118,248	4,390,533
Interest cost	13,107,558	48,846,999
Actuarial gain recognized during the period	372,516	10,820,380
	14,598,322	**64,057,912**

The main actuarial assumptions used by the Bank are outlined below:	March 31, 2022	December 31, 2021
Discount rate (two plans):		
A-QNB ALAHLI current employees plan	14.70%	14.70%
B-Ex-MIBank retirees plan	14.70%	14.70%
QNB ALAHLI long term increase in the cost of medical care (on top of inflation)	7.60%	7.60%
Ex-MIBank long term increase in the cost of medical care (on top of inflation)	7.60%	7.60%

Sensitivities to +1% in discount rate (duration of the plan):	Service cost	DBO
Post-retirement medical benefits	11.33%	9.67%

34- Issued and paid-up capital

(A) Authorized Capital

- The authorized capital amounts to EGP 15 billion.

(B) Issued and Paid up Capital

- The issued and paid up capital amounted to EGP 9,794,649,850 on December 31, 2018 representing 979,464,985 shares with a nominal value of EGP 10 each, of which 854,141,985 shares were paid in Egyptian pound and 125,323,000 shares were paid in foreign currency according to the exchange rates prevailing on the payment date.
- The Extraordinary General Assembly held on February 28, 2019 decided to increase the capital from EGP 9,794,649,850 to EGP 10,774,114,830,an increase of EGP 979,464,980 by transferring from the general reserve, and decided to split the face value of each share of the Bank's capital from EGP 10 to be EGP 5 .
- The issued and paid up capital amounted to EGP 10,774,114,830 on March 31, 2022 representing 2,154,822,966 shares with a nominal value of EGP 5 each, of which 1,904,176,966 shares were paid in Egyptian pound and 250,646,000 shares were paid in foreign currency according to the exchange rates prevailing on the payment date.

(All amounts are shown in Egyptian Pounds)

35- Reserves and retained earnings

(1) Reserves

	March 31, 2022	December 31, 2021
General reserve (a)	23,979,176,120	19,533,050,946
General banking risk reserve (b)	631,347,784	153,028,331
Legal reserve (c)	2,790,716,593	2,418,770,935
Fair value reserve (d)	231,134,285	379,822,286
Special reserve (e)	39,494,455	39,494,455
Capital reserve	42,271,621	29,147,135
General risk reserve	21,453,923	21,453,923
Reserve for transactions under common control	4,000,483	4,000,483
Total reserves at the end of the period	**27,739,595,264**	**22,578,768,494**

Reserve movements are as follows:

(a) General reserve

	March 31, 2022	December 31, 2021
Balance at the beginning of the financial year	19,533,050,946	15,104,078,670
Transferred from retained earnings	4,446,125,174	4,428,972,276
Balance at the end of the period	**23,979,176,120**	**19,533,050,946**

(b) General banking risk reserve

	March 31, 2022	December 31, 2021
Balance at the beginning of the year	153,028,331	1,169,067
Transferred from distributable net profits	478,319,453	151,859,264
Balance at the end of the period	**631,347,784**	**153,028,331**

General bank risk reserve represent the difference between the allowance required for impairment losses as per CBE credit worthiness rules and the allowance as required by the expected credit loss which recognized in financial statements .

In accordance with the instructions of the Central Bank of Egypt, 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.

(c) Legal Reserve

	March 31, 2022	December 31, 2021
Balance at the beginning of the year	2,418,770,935	2,049,233,783
Transferred from the net profit of the prior year	371,945,658	369,537,152
Balance at the end of the period	**2,790,716,593**	**2,418,770,935**

According to the provisions of local laws, 5% of net profit of the year shall be transferred to a non-distributable statutory reserve until it reaches 100% of the bank's capital.

(d) Fair Value Reserve

	March 31, 2022	December 31, 2021
Balance at the beginning of the year	379,822,286	404,806,848
Net change in fair value (Note 22)	(157,744,224)	(40,928,207)
Impairment losses on debt instruments at fair value through other comprehensive income	54,608	(10,502)
Transferred to retained earnings	-	(411,823)
Deferred tax recognized during the period (Note 33)	9,001,615	16,365,970
Balance at the end of the period	**231,134,285**	**379,822,286**

(e) Special Reserve

The application of the CBE new basis rules of preparation and presentation of financial statements as well as the modified principles of recognition and measurement requires to restate the comparative figures of the first financial year that have been impacted by this change, including comparative figures in the balance sheet and the income statements for the previous year. as the impact of adjustment is positive, such impact was carried directly to retained earnings then transferred to the special reserve in equity and shall not be used except by approval from CBE. The following is a breakdown of the items that generated the special reserve amount:

	March 31, 2022	December 31, 2021
Amortized cost method using EIR for held to maturity investments	253,607	253,607
Amortized cost method using EIR for Available-for-sale investments	393,930	393,930
Applying the equity method on investments in associates	26,637,789	26,637,789
Deferred tax (Tax impact on adjustments)	(4,249,739)	(4,249,739)
Available-for-sale investments (Equity instruments)	16,458,868	16,458,868
Total	**39,494,455**	**39,494,455**

(All amounts are shown in Egyptian Pounds)

(2) Profit for the period / year and retained earnings	March 31, 2022	December 31, 2021
Movements on retained earnings:		
Balance at the beginning of year	13,022,516,998	11,216,966,389
Net profit of the financial period / year	2,208,314,979	7,626,556,355
Previous year's profit distribution	(1,616,117,225)	-
Employees' profit share	(759,313,543)	(772,933,066)
Board of directors' remuneration	(16,165,000)	(16,348,116)
Banking System Support and Development Fund	(72,873,731)	(73,907,430)
Transferred to capital reserve	(13,124,486)	(7,767,605)
Transferred to general reserve	(4,446,125,174)	(4,428,972,276)
Transferred to the legal reserve	(371,945,658)	(369,537,152)
Transferred from fair value reserve, net of tax	-	319,163
Transferred to general banking risk reserve	(478,319,453)	(151,859,264)
Balance at the end period	**7,456,847,707**	**13,022,516,998**

36- Cash and cash equivalents

For the purpose of presenting the cash flow statement, cash and cash equivalents include the following balances maturing within less than 3 months from placement or acquisition date.

	March 31, 2022	March 31, 2021
Cash and balances with central banks	3,727,036,404	4,149,818,545
Due from banks in less than 3 months	33,405,421,271	12,063,625,527
Treasury bills and other governmental notes (91 days)	307,612,501	97,766,387
Total	**37,440,070,176**	**16,311,210,459**

37- Contingent liabilities and other commitments

(a) Legal claims (litigation)

Several lawsuits were brought against the Bank and are still outstanding as of March 31, 2022. No provision has been formed since it is not probable that the Bank will incur losses in regard of these lawsuits.

(b) Capital commitments:

The Bank is a party to contracts for capital commitments amounting to EGP 943,355,478 as of March 31, 2022 (EGP 945,038,280 on December 31, 2021). These represent commitments by the Bank for the purchases of buildings and equipment. Management is sufficiently confident that net profit shall be realized and finance shall be made available to cover these commitments.

(c) Commitments for guarantees

The Bank's commitments for loans, guarantees and facilities are set out below:

	March 31, 2022	December 31, 2021
Financial guarantees	255,000	255,000
Accepted papers	4,140,939,635	3,146,172,197
L/Gs	46,462,694,930	43,455,458,358
Import L/Cs	5,444,739,748	3,998,675,261
Export L/Cs	342,191,515	504,098,326
Total	**56,390,820,828**	**51,104,659,142**

(d) Commitments for credit facilities	March 31, 2022	December 31, 2021
Commitments for credit facilities	26,575,142,443	30,249,820,775

(e) Commitments under operating lease contracts

Total minimum rental payments for the irrevocable operating lease contracts are as follows:

	March 31, 2022	December 31, 2021
Not more than one year	134,329,557	131,665,156
More than one year and less than 5 years	295,591,674	310,148,730
More than 5 years	56,192,623	66,550,198
Total	**486,113,854**	**508,364,084**

(All amounts are shown in Egyptian Pounds)

38- Related-party transactions

Qatar National Bank (Q.P.S.C.) is the ultimate parent and controlling party as at the end of the reporting period which owns 94.97% of the bank's ordinary shares whereas the remaining 5.03% are held by other shareholders.
A number of transactions have been conducted during the reporting period with related parties within the Bank's normal course of business. These include loans, deposits, and foreign currency transactions.

Related party transactions with the parent company other than the payment of dividends on ordinary shares:

QNB Group	March 31, 2022	December 31, 2021
Due from banks	7,754,555	4,101,286
Due to banks	2,216,551,042	2,197,806,671
Export LC	28,816,482	25,497,885
LGs for banks	6,312,221,748	5,760,343,308
Foreign exchange derivative	1,007,081,630	1,814,873,752
Interest rate swap contracts	1,636,937,888	2,202,302,588
Other loans	144,287,970	187,028,730
Administrative expenses	51,325,157	169,133,060

A- Loans and credit facilities to related parties

	Directors and other key management personnel (and close family members)		Associates	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Outstanding loans at the beginning of the financial year	111	111	-	-
Loans issued during the financial period	-	-	-	-
Loans repayment during the financial period	-	-	-	-
Loans outstanding at the end of the financial period	**111**	**111**	**-**	**-**
Interest income on loans	-	-	-	16

* No provisions have been recognized in respect of loan provided to related parties.

	Directors and other key management personnel (and close family members)		Associates	
Loans and credit facilities to related parties can be analyzed below	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Overdrafts	111	111	-	-
Total	**111**	**111**	**-**	**-**

B- Deposits from related parties

	Directors and other key management personnel (and close family members)		Associates	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Deposits outstanding at the beginning of the financial year	85,022,402	73,059,484	-	5,054,947
Changes in board members	(76,411,375)	-	-	-
Deposits for sold associates compaines	-	-	-	(5,054,947)
Deposits placed during the period	5,595,813	21,111,391	-	-
Deposits repaid during the period	(64,473)	(9,148,473)	-	-
Deposits outstanding at the end of the financial period	**14,142,367**	**85,022,402**	**-**	**-**
Interest expense on deposits	329,185	2,112,388	-	95,337

Deposits from related parties can be analyzed below

	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Demand deposits	6,275,984	29,551,187	-	-
Saving accounts	422,793	511,608	-	-
Certificates of deposits	276,000	7,276,000	-	-
Time deposits	7,167,590	47,683,607	-	-
Total	**14,142,367**	**85,022,402**	**-**	**-**

C- Other transactions with related parties

	Directors and other key management personnel (and close family members)		Associates	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Fee and commission income	-	875	-	12,469
Guarantees issued by the bank	-	-	-	-
The above guarantees comprise:				
LGs	-	-	-	-
Total	**-**	**-**	**-**	**-**

The pricing for related parties' transactions are the same for other parties.

39- Money Market and balanced Funds

A- QNB ALAHLI First Fund with cumulative daily return (THEMAR Money Market Fund)

The Bank has set up an investment fund under the name of "THEMAR" with daily accumulated interest as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

THEMAR initial offering was for one million certificates at nominal value of EGP 100 million, of which 50,000 certificates worth of EGP 5 million were subscribed by the bank at that time. EFG HERMES is managing this fund.

Total number of the outstanding certificates at March 31, 2022 reached 11,245,905 at a total value of EGP 5,102,120,902 The Group currently holds 694,589 certificates worth of EGP 315,126,000 of which EGP 22,684,350 are classified as fair value through other comprehensve income and represent 5% from the total number of certificates that were initially issued, whereas the remaining value of EGP 88,527,036 are classified as fair value through profit or loss and EGP 203,914,614 are classified as trading investments.

According to the management agreement and the fund's prospectus, the Bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current period amounting to EGP 7,066,980 have been reported in the "fees and commission income" line item in the consolidated income statement.

B- QNB ALAHLI Second Fund with periodly / cumulative return (Tawazon Balanced Fund)

The Bank has set up an investment fund under the name of Tawazon Fund with periodic income as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

Tawazon initial offering was for two hundred and fifty thousand certificates amounting to EGP 25 million, of which 50,000 certificates worth of EGP 5 million were subscribed by the bank at that time. Beltone Asset Management is managing this fund.

Total number of the outstanding certificates at March 31, 2022 reached 63,778 at a total value of EGP 15,105,768 The Bank currently holds 50,000 certificates worth of EGP 11,842,460 that are classified as fair value through other comprehensve income and represent 20% of the total number of certificates that were initially issued.

According to the management agreement and the fund's prospectus, the Bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current period amounting to EGP 44,259 have been reported in the "fees and commission income" line item in the consolidated income statement.

C- QNB ALAHLI Third Fund with periodly / cumulative return (Tadawol Equity Fund)

The Bank has set up an investment fund under the name of Tadawol Fund with periodic accumulated income as one of the banking activities authorized in accordance with the provisions of the Capital Market Law 95 of 1992.

Tadawol certificates were offered in a public offering amounting to EGP 25 million distributed over two hundred and fifty thousand certificates with a nominal value of EGP 100 each, subscriptions have only covered a number of one hundred and twenty five thousand certificates amounting to EGP 12.5 million, of which 50,000 certificates worth of EGP 5 million were subscribed at by the bank at that time. HC Fund Manager Asset Management is managing this fund.

Total number of the outstanding certificates at March 31, 2022 reached 81,322 at a total value of EGP 20,238,834 . The Bank currently holds 50,000 certificates worth of EGP 12,443,640 that are classified as fair value through other comprehensve income and represent 40% from the total number of certificates that were initially issued.

According to the management agreement and the fund's prospectus, the Bank shall receive fees and commissions for supervising the fund and other administrative services. Total commissions for the current period amounting to EGP 107,328 have been reported in the "fees and commission income" line item in the income statement.

40- Important Events

The coronavirus ("COVID-19") pandemic is continuing across the various geographies globally, causing disruption to business and economic activities. Albeit to a lesser degree, by strengthening vaccinations and succeeding to vaccinate citizens in many countries, including Egypt. However, the continued spread of the Corona virus COVID-19 and the emergence of mutated strains, led to the continuing uncertainty in the global economic environment . QNBAA is closely monitoring the situation through the business continuity planning and other risk management practices to manage the business disruption caused by COVID-19 outbreak on its operations and financial performance.

Based on the uncertainties caused by COVID-19 and following the actions taken by the state regarding the co-existence procedures, QNBAA is closely following up 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 done for the whole portfolio with its different economic sectors.

The bank is also following up the developments of Russia and Ukraine crisis and the extent of its impact on the Egyptian economy and the subsequent repercussions on our clients. Accordingly, QNBAA is constantly following and applying its internal protective actions by monitoring and reviewing the level of provisions as well as the portfolio coverage ratio as a mitigation plan for the impact on the loan portfolio. Further precautionary actions might be taken progressively in the light of the pandemic as well as the war are not over yet.