

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

Separate Financial Statements
Together With Limited Review Report
For The Period Ended September 30, 2022

KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

Report on Limited Review of Separate 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 separate interim financial statements of QNB ALAHLI Bank (S.A.E) which comprise of the separate statement of financial position as of September 30, 2022 and the related separate statements of income, comprehensive income, changes in equity and cash flows for the nine-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with the 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 separate 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 separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Bank, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these separate interim financial statements.

Conclusion



Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements do not present fairly, in all material respects, the separate financial position of the Bank as of September 30, 2022, and its separate financial performance and its separate cash flows for the nine-months period then ended, in accordance with the basis of recognition and measurement issued by 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.



Ehab Mohamed Fouad Abouelmagd

Financial Regulatory Authority No.(378)
KPMG Hazem Hassan
Public Accountants & Consultants
10
Public Accountants & Consultants

Auditors



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

QNB ALAHLI S.A.E
Separate Statement of Financial Position
As at 30 September 2022

(All amounts are shown in Egyptian Pounds)

	Note	September 30, 2022	December 31, 2021
Assets:			
Cash and due from Central Bank of Egypt (CBE)	(16)	35,766,625,264	22,641,702,434
Due from banks	(17)	47,071,770,376	16,162,820,220
Treasury bills	(18)	36,535,545,020	39,358,600,416
Loans and credit facilities to customers	(19)	203,032,886,609	174,640,546,661
Financial derivatives	(20)	117,378,360	36,542,265
Financial Investments:			
- Fair value through other comprehensive income	(21)	16,288,730,024	15,123,771,188
- Amortized cost	(21)	90,581,030,538	75,291,377,974
- Fair value through profit or loss	(21)	64,780,016	92,549,632
Investments in subsidiaries	(22)	540,261,839	540,261,839
Intangible assets	(23)	285,199,911	275,574,773
Other assets	(24)	7,839,695,983	7,245,969,779
Deferred tax assets	(31)	62,267,884	17,536,340
Property and equipment	(25)	2,686,679,689	2,767,837,797
Total assets		440,872,851,513	354,195,091,318
Liabilities and equity:			
Liabilities:			
Due to banks	(26)	3,842,401,249	3,458,687,747
Customer deposits	(27)	376,932,112,751	296,239,871,183
Financial derivatives	(20)	19,699,342	47,683,515
Other loans	(28)	3,040,861,163	2,436,745,862
Other liabilities	(29)	5,133,260,434	4,206,302,232
Other provisions	(30)	576,346,077	507,669,021
Current income tax payable		1,957,072,717	1,702,880,760
Defined benefits obligation	(32)	571,162,000	543,536,132
Total liabilities		392,072,915,733	309,143,376,452
Equity:			
Issued and paid-up capital	(33)	10,774,114,830	10,774,114,830
Reserves	(34)	26,472,912,312	22,548,130,220
Profit for the period / year and retained earnings	(34)	11,552,908,638	11,729,469,816
Total equity		48,799,935,780	45,051,714,866
Total liabilities and equity		440,872,851,513	354,195,091,318



Mohamed Bedeir
Chief Executive Officer



Ali Rashid Al-Mohannadi
Chairman of the Board of Directors

The accompanying notes from (1) to (39) are an integral part of these Separate Financial Statements.
(Limited review report attached).

QNB ALAHLI S.A.E
 Separate Income Statement
 For Nine Months Period Ended 30 September 2022

(All amounts are shown in Egyptian Pounds)

	Note	From July 01, 2022 To September 30, 2022	From January 01, 2022 To September 30, 2022	From July 01, 2021 To September 30, 2021	From January 01, 2021 To September 30, 2021
Interest on loans and similar income	(6)	11,417,945,392	30,458,372,425	8,056,715,310	22,998,721,462
Cost of deposits and similar expense	(6)	(6,323,837,815)	(16,658,033,742)	(4,301,600,752)	(12,083,168,305)
Net interest income		5,094,107,577	13,800,338,683	3,755,114,558	10,915,553,157
Fee and commission income	(7)	973,869,461	2,734,263,992	772,190,394	2,207,623,491
Fee and commission expense	(7)	(354,485,082)	(945,022,396)	(268,364,010)	(691,042,662)
Net interest, fee and commission income		5,713,491,956	15,589,580,279	4,258,940,942	12,432,133,986
Dividend income	(8)	3,904,205	39,812,142	9,706,770	46,377,599
Net trading income	(9)	26,440,872	162,443,474	25,891,103	70,813,577
Gain on financial investments	(21)	34,406,406	60,856,570	1,869,153	5,913,226
Impairment credit losses	(12)	(860,007,654)	(2,497,179,182)	(313,338,933)	(1,272,855,014)
Administrative expenses	(10)	(1,197,465,285)	(3,454,634,317)	(1,069,825,148)	(2,971,629,693)
Other operating revenues (expenses)	(11)	88,348,150	444,304,180	(175,239,361)	(106,251,224)
Profit before income tax		3,809,118,650	10,345,183,146	2,738,004,526	8,204,502,457
Income tax expense	(13)	(1,267,125,414)	(3,390,258,949)	(876,840,488)	(2,510,313,016)
Net profit for the period		2,541,993,236	6,954,924,197	1,861,164,038	5,694,189,441
Earnings per share	(14)		2.88		2.39



Mohamed Bedeir
 Chief Executive Officer



Ali Rashid Al-Mohannadi
 Chairman of the Board of Directors

The accompanying notes from (1) to (39) are an integral part of these Separate Financial Statements.

	From July 01, 2022 To September 30, 2022	From January 01, 2022 To September 30, 2022	From July 01, 2021 To September 30, 2021	From January 01, 2021 To September 30, 2021
Net profit for the period	2,541,993,236	6,954,924,197	1,861,164,038	5,694,189,441
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	(2,536,282)	2,143,661	(43,394,819)	57,335,688
Tax impact related to other comprehensive income that will not be reclassified to the profit or loss	(1,984,983)	(10,232,085)	(93,645)	81,352
Amount transferred to retained earning, net of tax	-	-	(319,163)	(319,163)
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	(476,543,055)	(784,028,060)	(33,258,971)	(71,930,073)
Tax impact related to other comprehensive income that will be reclassified to the profit or loss	11,997,628	37,390,476	1,844,159	7,993,480
Expected credit loss for fair value of debt instruments measured at fair value through other comprehensive income	118,404	172,049	16,085	2,662
Total other comprehensive income items for the period, net of tax	(468,948,288)	(754,553,959)	(75,206,354)	(6,836,054)
Total comprehensive income for the period, net of tax	2,073,044,948	6,200,370,238	1,785,957,684	5,687,353,387

The accompanying notes from (1) to (39) are an integral part of these Separate Financial Statements.

QNB ALAHLI S.A.E
Separate Statement of changes in Equity
For Nine Months Period Ended 30 September 2022

(All amounts are shown in Egyptian Pounds)

	Issued and Paid Up Capital	Legal Reserve	General Reserve	Special Reserve	Capital Reserve	Fair Value Reserve	General Banking Risk Reserve	General Risk Reserve	Retained Earnings	Net Profit for the Year/period	Total
September 30, 2021											
Balance at 1 January 2021	10,774,114,830	2,049,233,783	15,104,078,670	12,856,666	21,379,530	404,806,846	1,169,066	21,453,923	2,665,720,403	7,398,510,640	38,453,324,357
Transfer to reserves and retained earnings	-	369,537,152	4,428,972,276	-	7,767,605	-	-	-	1,763,251,873	(6,569,528,906)	-
Dividend distributions for year 2020	-	-	-	-	-	-	-	-	-	(828,981,734)	(828,981,734)
Net change in other comprehensive income	-	-	-	-	-	(6,516,891)	-	-	-	-	(6,516,891)
Reclassification of the net change in fair value of equity instruments upon derecognition	-	-	-	-	-	(319,163)	-	-	319,163	-	-
Net profit for the period	-	-	-	-	-	-	-	-	-	5,694,189,441	5,694,189,441
Transfer to general banking risk reserve	-	-	-	-	-	-	391,001,733	-	-	(391,001,733)	-
Balance at 30 September 2021	10,774,114,830	2,418,770,935	19,533,050,946	12,856,666	29,147,135	397,970,792	392,170,799	21,453,923	4,429,291,439	5,303,187,708	43,312,015,173
September 30, 2022											
Balance at 1 January 2022	10,774,114,830	2,418,770,935	19,533,050,946	12,856,666	29,147,135	379,822,282	153,028,333	21,453,923	4,429,291,439	7,300,178,377	45,051,714,866
Transfer to reserves and retained earnings	-	371,945,658	4,446,125,174	-	13,124,486	-	-	-	16,833,735	(4,848,029,053)	-
Dividend distributions for year 2021	-	-	-	-	-	-	-	-	-	(2,452,149,324)	(2,452,149,324)
Net change in other comprehensive income	-	-	-	-	-	(754,553,959)	-	-	-	-	(754,553,959)
Net profit for the period	-	-	-	-	-	-	-	-	-	6,954,924,197	6,954,924,197
Transfer from general banking risk reserve	-	-	-	-	-	-	(151,859,267)	-	151,859,267	-	-
Balance at 30 September 2022	10,774,114,830	2,790,716,593	23,979,176,120	12,856,666	42,271,621	(374,731,677)	1,169,066	21,453,923	4,597,984,441	6,954,924,197	48,799,935,780

The accompanying notes from (1) to (39) are an integral part of these Separate Financial Statements.

QNB ALAHLI S.A.E
Separate Statement of Cash Flows
For Nine Months Period Ended 30 September 2022

(All amounts are shown in Egyptian Pounds)

	Note	September 30, 2022	September 30, 2021
Cash flows from operating activities			
Profit before tax		10,345,183,146	8,204,502,457
Adjusted by:			
Property and Equipment depreciation and Intangible assets amortization	(10)	318,654,180	284,403,746
Impairment credit losses	(12)	2,497,179,182	1,272,855,014
Loans written off during the period		(436,637,136)	(1,273,156,756)
Recovery from loans previously written off		22,064,100	25,358,840
Net formed / (reversed) other provisions		66,036,855	(87,732,559)
Utilized provisions other than loans provision		(6,237,636)	(1,638,376)
Translation differences of other provisions in foreign currencies		8,877,837	(93,987)
Translation differences resulting from monetary foreign currency investments		(503,094,671)	4,836,361
Amortization of premium / discount for bonds		(1,159,099,233)	(88,022,187)
(Gain) on sale of Property and Equipment		(779,000)	(3,868,500)
Dividend income	(8)	(39,812,142)	(46,377,599)
Gain on financial investments	(21)	(60,856,570)	(5,913,226)
Operating profits before changes in assets and liabilities resulting from operating activities		11,051,478,912	8,285,153,228
Net decrease / increase in assets and liabilities			
Due from banks		(9,418,600,206)	(3,645,499,692)
Treasury bills		5,134,379,875	6,754,599,821
Loans and credit facilities to customers		(30,453,864,958)	(5,687,209,139)
Financial derivatives		(108,820,268)	81,935,266
Financial investment recognized at fair value through profit or loss		27,769,616	(17,247,616)
Other assets		(584,744,144)	(1,800,207,026)
Due to banks		383,713,502	(710,406,525)
Customer deposits		80,692,241,568	41,752,955,760
Other liabilities		854,084,471	387,156,639
Defined benefits obligation		27,625,868	31,560,087
Income tax paid		(3,153,640,146)	(2,370,236,149)
Net cash flows resulting from operating activities (1)		54,451,624,090	43,062,554,654
Cash flows from investing activities			
Acquisition of Property and Equipment and Intangible assets		(247,366,586)	(633,979,971)
Proceeds from sale of Property and Equipment		1,024,376	3,874,698
Proceeds from financial investments other than held for trading investments		13,374,041,129	7,383,773,453
Acquisition of financial investments other than held for trading investments		(28,886,263,483)	(42,437,146,626)
Proceeds from sale of investments in associates		-	2,539,977
Dividends received		30,312,142	39,377,599
Net cash flows used in investing activities (2)		(15,728,252,422)	(35,641,560,870)
Cash flows from financing activities			
Other loans		604,115,301	(815,133,288)
Dividends paid		(2,379,275,593)	(828,981,734)
Net cash flows used in financing activities (3)		(1,775,160,292)	(1,644,115,022)
Net increase in cash and cash equivalents during the period (1+2+3)		36,948,211,376	5,776,878,762
Cash and cash equivalents at the beginning of the year		17,358,662,743	9,184,861,489
Cash and cash equivalents at the end of the period	(35)	54,306,874,119	14,961,740,251
Cash and cash equivalents at end of the period are represented in :			
Cash and due from Central Bank of Egypt	(16)	35,766,625,264	20,357,958,490
Due from banks	(17)	47,083,486,860	9,795,848,025
Treasury bills		36,562,134,998	36,923,744,481
Balances with Central Bank of Egypt (mandatory reserve)		(30,887,315,729)	(16,028,501,676)
Due from banks with maturities more than 3 months		-	(942,732,000)
Treasury bills with maturity more than 3 months		(34,218,057,274)	(35,144,577,069)
Cash and cash equivalents at end of the period		54,306,874,119	14,961,740,251

The accompanying notes from (1) to (39) are an integral part of these Separate 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 6,941 staff at the date of the financial statements. The Bank is listed on the Egyptian Stock Exchange (EGX).

These Financial statements were approved by the Board of Directors on October 10, 2022.

2. Summary of significant accounting policies:-

2.1 Basis of preparation of the separate financial statements

These separate 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.

The separate and consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules, the affiliated companies are entirely included in the consolidated financial statements and these companies are the companies that the Bank - directly or indirectly has more than half of the voting rights or has the ability to control the financial and operating policies, regardless of the type of activity, the Bank's consolidated financial statements can be obtained from the Bank's management. The Bank accounts for investments in subsidiaries and associate companies in the separate financial statements at cost minus impairment loss.

The separate financial statements of the Bank should be read with its consolidated financial statements, for the period ended on September 30, 2022 to get complete information on the Bank's financial position, income statements, cash flows and change in shareholders equity.

2.2 Accounting for Investments in subsidiaries and associates

Investments in subsidiaries and associates are presented in the attached separate financial statements using the cost method which represents the bank's direct share ownership and not according to the business results and the net assets of the investees. And the consolidated financial statements provide a wider understanding for the consolidated financial position, business results and the consolidated cash flows for the bank and its subsidiaries (The Group), including the bank's share in the net assets of its associate companies.

2.2.1 Investments in subsidiaries

Subsidiaries are entities (including Special Purposes Entities / SPEs) which the bank exercises direct or indirect control over its financial and operating policies in order to get benefits from its activities and usually have an ownership share of more than half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the bank has the control over its investees.

2.2.2 Investments in associates

Associates are entities over which the bank exercises significant influence directly or indirectly, but without exercising control or joint control, where the bank holds 20% to 50% of voting rights in the associate.

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

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

The investments in subsidiaries and associates are subsequently accounted for using the cost method on the separate financial statements. According to the cost method; investments are recognized at acquisition cost less any impairment losses in value, if any. Dividends are recognized as revenue in the separate income statement when they are declared and the bank's right to collect them has been established.

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 separate financial statements of the bank 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 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 revaluation reserve" in Other comprehensive income.

2.5 Financial assets

Financial assets classified as amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The classification depends on the business model of the financial assets that are managed with its contractual cash flow and is determined by management at the time of initial recognition.

2.5.2.1 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.

2.5.2.2 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.

2.5.2.2 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 bank 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 instruments, 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 bank 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 bank 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 principle 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.

2.10 Dividends income

Dividend income on investments in equity instruments and similar assets 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 Bank reviews all its financial assets except for financial assets that are measured at fair value through profit or loss to assess the extent of impairment as described below.

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

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

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

- The low risk financial instrument is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk management.
- If it is determined that there has been a significant increase in credit risk since the initial recognition, the financial instrument is transferred to the second stage where it is not yet considered impaired at this stage.
- If there are indicators of impairment of the financial instrument, it is transferred to the third stage.
- The financial assets created or acquired by the Bank and include a high credit risk ratio for the Bank's low risk financial assets are recognized on the initial recognition of the second stage directly and therefore the expected credit losses are measured on the basis of expected credit losses over the life of the asset.

2.12.2.1 Significant increase in credit risk

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

2.12.2.2 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.

2.12.2.3 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.

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 acquirer's interest in the fair value of the identifiable assets, liabilities and qualifying contingent liabilities of the acquiree 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.

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(All amounts are shown in Egyptian Pounds)

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 bank 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 period 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 Bank'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 bank 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 year in which they are incurred.

The Bank 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 bank'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 periods 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 bank reviews the carrying amounts of its depreciable property and equipment 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.

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 bank estimates the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

At the end of each year, the bank 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

All lease contracts to which the bank is a party are treated as operating or finance leases as follows:

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

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 separate 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 separate 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 Financial guarantees

A financial guarantee contract is a contract issued by the bank as security for loans or overdrafts due from its clients to other entities that requires the bank 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, shall be recognized within other operating income (expenses) in the income statement.

2.20 Employee benefits

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 bank pays defined contributions to an independent entity. The Bank 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, the bank pays contributions to private sector pension scheme under mandatory or voluntary contractual arrangement. The Bank 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.

2.21 Income taxes

Income tax expense on the years'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 Bank'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 separate 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.

2.22 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 profit or loss using the effective interest rate method.

2.23 Capital

2.23.1 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.

2.23.2 Dividends

Dividends on equity instruments issued by the bank are recognized when the general assembly of the bank's shareholders approves them. Dividends include the employees' profit share and the board of directors' remuneration as prescribed by the bank's articles of incorporation and the corporate law.

2.24 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 bank's separate financial statements, as they are not assets or income of the bank.

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

For example, the bank has laid down 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 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;
- 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 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 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, country 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 Bank's 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 policy making 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; and
- 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 to customers 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 collateralized while credit facilities for persons are not collateralized. 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 collateralized.

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.

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

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

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

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

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

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

The 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:

	September 30, 2022		December 31, 2021	
	Loans and credit facilities	Allowance for impairment loss	Loans and credit facilities	Allowance for impairment loss
1- Good debts	87.36%	10.34%	86.71%	10.40%
2- Normal watch-list	5.35%	10.34%	4.52%	9.09%
3- Special watch-list	3.20%	28.95%	5.10%	28.89%
4- Non performing loan	4.09%	50.37%	3.67%	51.62%
	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 Bank 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 (34) 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

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

Financial position items exposed to credit risks	September 30, 2022	December 31, 2021
Treasury bills	36,535,545,020	39,358,600,416
Loans and credit facilities to customers		
Retail loans		
- Overdrafts	3,880,258,650	3,108,670,785
- Credit cards	1,470,384,352	1,255,853,285
- Personal loans	32,350,420,680	28,326,139,916
- Real estate loans	4,186,336,904	2,745,769,706
Corporate loans		
- Overdrafts	82,055,167,499	70,471,561,366
- Direct loans	58,175,198,223	50,094,074,496
- Syndicated Loans and facilities	18,833,383,585	15,852,896,168
- Other loans	2,237,210,241	2,922,894,074
Segregated interest , unearned discount & deferred income	(155,473,525)	(137,313,135)
Financial derivatives	117,378,360	36,542,265
Financial investments		
- Debt instrument	106,194,597,226	89,742,129,487
Other Financial assets	5,243,138,810	5,288,056,214
Total	351,123,546,025	309,065,875,043

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

Due from banks	September 30, 2022			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Credit rating				
Good debts	2,086,634,690	460,622,957	-	2,547,257,647
Normal watch-list	32,058,856,825	12,477,372,388	-	44,536,229,213
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	34,145,491,515	12,937,995,345	-	47,083,486,860
Allowance for impairment losses	(8,112,474)	(3,604,010)	-	(11,716,484)
Carrying amount	34,137,379,041	12,934,391,335	-	47,071,770,376

Due from banks	December 31, 2021			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Credit rating				
Good debts	1,227,864,174	151,877,694	-	1,379,741,868
Normal watch-list	12,087,611,100	2,700,627,133	-	14,788,238,233
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	13,315,475,274	2,852,504,827	-	16,167,980,101
Allowance for impairment losses	(3,246,515)	(1,913,366)	-	(5,159,881)
Carrying amount	13,312,228,759	2,850,591,461	-	16,162,820,220

Treasury bills	September 30, 2022			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Credit rating				
Good debts	-	-	-	-
Normal watch-list	36,562,134,998	-	-	36,562,134,998
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	36,562,134,998	-	-	36,562,134,998
Allowance for impairment losses	(26,589,978)	-	-	(26,589,978)
Carrying amount	36,535,545,020	-	-	36,535,545,020

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Treasury bills	December 31, 2021			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Credit rating				
Good debts	-	-	-	-
Normal watch-list	39,370,132,880	-	-	39,370,132,880
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	39,370,132,880	-	-	39,370,132,880
Allowance for impairment losses	(11,532,464)	-	-	(11,532,464)
Carrying amount	39,358,600,416	-	-	39,358,600,416

Retail loans	September 30, 2022			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Credit rating				
Good debts	39,676,304,548	-	-	39,676,304,548
Normal watch-list	1,826,956,225	-	-	1,826,956,225
Special watch-list	-	641,364,739	-	641,364,739
Non performing loan	-	-	912,694,559	912,694,559
	41,503,260,773	641,364,739	912,694,559	43,057,320,071
Allowance for impairment losses	(304,840,050)	(97,543,038)	(767,536,397)	(1,169,919,485)
Carrying amount	41,198,420,723	543,821,701	145,158,162	41,887,400,586

Retail loans	December 31, 2021			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
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	September 30, 2022			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Credit rating				
Good debts	142,610,448,815	6,081,111,568	-	148,691,560,383
Normal watch-list	47,370,817	9,662,680,107	-	9,710,050,924
Special watch-list	-	6,260,628,809	-	6,260,628,809
Non performing loan	-	-	7,907,179,392	7,907,179,392
	142,657,819,632	22,004,420,484	7,907,179,392	172,569,419,508
Allowance for impairment losses	(948,621,780)	(4,821,555,123)	(5,498,283,057)	(11,268,459,960)
Carrying amount	141,709,197,852	17,182,865,361	2,408,896,335	161,300,959,548

Corporate loans	December 31, 2021			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Credit rating				
Good debts	125,118,731,161	1,741,337,413	-	126,860,068,574
Normal watch-list	172,535,209	6,772,192,821	-	6,944,728,030
Special watch-list	-	8,721,939,199	-	8,721,939,199
Non performing loan	-	-	5,958,865,850	5,958,865,850
	125,291,266,370	17,235,469,433	5,958,865,850	148,485,601,653
Allowance for impairment losses	(886,925,221)	(3,683,232,793)	(4,574,017,535)	(9,144,175,549)
Carrying amount	124,404,341,149	13,552,236,640	1,384,848,315	139,341,426,104

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Debt instruments at fair value through other comprehensive income	September 30, 2022			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Credit rating				
Good debts	3,437,756,836	-	-	3,437,756,836
Normal watch-list	12,175,809,852	-	-	12,175,809,852
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	15,613,566,688	-	-	15,613,566,688
Allowance for impairment losses	(277,734)	-	-	(277,734)
Carrying amount - fair value	15,613,566,688	-	-	15,613,566,688

Debt instruments at fair value through other comprehensive income	December 31, 2021			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
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	September 30, 2022			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Credit rating				
Good debts	-	-	-	-
Normal watch-list	90,585,265,007	-	-	90,585,265,007
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	90,585,265,007	-	-	90,585,265,007
Allowance for impairment losses	(4,234,469)	-	-	(4,234,469)
Carrying amount	90,581,030,538	-	-	90,581,030,538

Debt instruments at amortized cost	December 31, 2021			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Credit rating				
Good debts	-	-	-	-
Normal watch-list	75,296,835,413	-	-	75,296,835,413
Special watch-list	-	-	-	-
Non performing loan	-	-	-	-
	75,296,835,413	-	-	75,296,835,413
Allowance for impairment losses	(5,457,439)	-	-	(5,457,439)
Carrying amount	75,291,377,974	-	-	75,291,377,974

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	September 30, 2022			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Allowance for impairment losses at January 01, 2022	3,246,515	1,913,366	-	5,159,881
New financial assets purchased or issued	8,112,474	3,604,010	-	11,716,484
Financial assets have been matured or derecognised	(3,246,515)	(1,913,366)	-	(5,159,881)
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 period	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Balance at the end of the period	8,112,474	3,604,010	-	11,716,484

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Due from banks	December 31, 2021			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Allowance for impairment losses at January 01, 2021	10,607,678	-	-	10,607,678
New financial assets purchased or issued	3,246,515	1,913,366	-	5,159,881
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	1,913,366	-	5,159,881

Treasury bills	September 30, 2022			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Allowance for impairment losses at January 01, 2022	11,532,464	-	-	11,532,464
New financial assets purchased or issued	24,549,799	-	-	24,549,799
Financial assets have been matured or derecognised	(4,673,247)	-	-	(4,673,247)
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	(4,819,038)	-	-	(4,819,038)
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the period	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Balance at the end of the period	26,589,978	-	-	26,589,978

Treasury bills	December 31, 2021			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
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	September 30, 2022			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
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	127,193,773	(4,565,662)	203,827,004	326,455,115
Loans written-off during the period	-	-	(30,337,977)	(30,337,977)
Collections of loans previously written-off	-	6,650,005	-	6,650,005
Foreign exchange translation differences	-	-	3,279	3,279
Balance at the end of the period	304,840,050	97,543,038	767,536,397	1,169,919,485

Retail loans	December 31, 2021			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
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

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Corporate loans	September 30, 2022			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Allowance for impairment losses at January 01, 2022	886,925,221	3,683,232,793	4,574,017,535	9,144,175,549
New financial assets purchased or issued	176,956,802	420,660,152	-	597,616,954
Financial assets have been matured or derecognised	(109,001,838)	(410,529,699)	(115,081,502)	(634,613,039)
Transfer to stage 1	24,669,799	(24,669,799)	-	-
Transfer to stage 2	(51,739,189)	51,739,189	-	-
Transfer to stage 3	(5,233,289)	(367,024,867)	372,258,156	-
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	1,260,975	1,349,979,495	835,398,546	2,186,639,016
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the period	-	(166,570)	(406,132,589)	(406,299,159)
Collections of loans previously written-off	-	15,414,095	-	15,414,095
Foreign exchange translation differences	24,783,299	102,920,334	237,822,911	365,526,544
Balance at the end of the period	948,621,780	4,821,555,123	5,498,283,057	11,268,459,960

Corporate loans	December 31, 2021			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Allowance for impairment losses at January 01, 2021	1,326,847,640	3,545,247,660	3,532,123,866	8,404,219,166
New financial assets purchased or issued	231,692,527	286,728,604	-	518,421,131
Financial assets have been matured or derecognised	(176,652,168)	(1,234,934,281)	(246,188,998)	(1,657,775,447)
Transfer to stage 1	33,895,798	(33,895,798)	-	-
Transfer to stage 2	(270,928,652)	299,163,620	(28,234,968)	-
Transfer to stage 3	(1,991,951)	(214,724,704)	216,716,655	-
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	(255,883,588)	1,012,418,848	2,349,307,405	3,105,842,665
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the year	-	(6,330)	(1,230,805,647)	(1,230,811,977)
Collections of loans previously written-off	-	23,380,487	-	23,380,487
Foreign exchange translation differences	(54,385)	(145,313)	(18,900,778)	(19,100,476)
Balance at the end of the year	886,925,221	3,683,232,793	4,574,017,535	9,144,175,549

Debt instruments at fair value through other comprehensive income	September 30, 2022			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
Allowance for impairment losses at January 01, 2022	105,685	-	-	105,685
New financial assets purchased or issued	112,000	-	-	112,000
Financial assets have been matured or derecognised	(994)	-	-	(994)
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	61,043	-	-	61,043
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the period	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Balance at the end of the period	277,734	-	-	277,734

Debt instruments at fair value through other comprehensive income	December 31, 2021			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
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

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Debt instruments at amortized cost	September 30, 2022			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
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	(1,222,970)	-	-	(1,222,970)
Changes on model assumptions and methodology	-	-	-	-
Loans written-off during the period	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Balance at the end of the period	4,234,469	-	-	4,234,469

Debt instruments at amortized cost	December 31, 2021			Total
	Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	
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

Off balance sheet items exposed to credit risks	September 30, 2022	December 31, 2021
Financial guarantees	255,000	255,000
L/Cs	4,044,948,328	4,579,589,654
Accepted papers	1,804,882,070	3,146,172,197
L/Gs	47,948,780,319	43,455,458,358
Total	53,798,865,717	51,181,475,209

Commitments for credit facilities have a carrying amount of 24,587,458,996 at the end of current reporting period against EGP 28,833,545,274 in the prior year.

The preceding table shows the maximum limit exposure to risks at the end of September 2022 and December, 2021 without taking into consideration collaterals held by the bank, 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 57% at the end of the prior year, investments in debt instruments constitute 30% against 29% at the end of the prior year and treasury bills constitute 10% 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.
- 94% of the loan and credit facilities portfolio at the end of the current reporting period does not have arrears or indicators of impairment 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 8,819,873,951. Impairment on these loans and credit facilities represents 71% 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 EGP 6,787,857,931 and their impairment represents 76% of such carrying amount.

- The Bank applied more prudential selection process on granting loans and credit facilities during the current reporting period ended September 30, 2022.
- 98% 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.

(A/6) Loans and credit facilities

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

	September 30, 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	203,493,066,992	-	175,348,138,269	-
Have arrears but not impaired	3,313,798,636	-	2,653,188,208	-
Impaired	8,819,873,951	-	6,787,857,931	-
Total	215,626,739,579	-	184,789,184,408	-
Less: Allowance for impairment losses	(12,438,379,445)	-	(10,011,324,612)	-
Less: Segregated interest	(205,721)	-	(205,721)	-
Less: Unearned discount & deferred income	(155,267,804)	-	(137,107,414)	-
Net	203,032,886,609	-	174,640,546,661	-

Total credit allowance for loans and credit facilities at the end of the current reporting period amounted to EGP 12,438,379,445 (EGP 10,011,324,612 at the end of the prior year) of which EGP 6,265,819,454 represent impairment in stage three (EGP 5,168,061,626 at the end of the prior year) and EGP 6,172,559,991 represent impairment for stage one and stage two in the credit portfolio (EGP 4,843,262,986 at the end of the prior year).

Note (19-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 17% 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

Rating	September 30, 2022				
	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Good debts	3,856,856,188	1,311,050,274	30,468,665,164	4,039,732,922	39,676,304,548
Normal watch-list	118,020	-	-	-	118,020
Special watch-list	22,826	-	-	-	22,826
Total	3,856,997,034	1,311,050,274	30,468,665,164	4,039,732,922	39,676,445,394

Rating	Corporate				
	Overdrafts	Direct loans	Syndicated Loans and facilities	Other loans	Total
Good debts	77,970,414,371	49,951,770,020	18,267,474,032	2,242,184,332	148,431,842,755
Normal watch-list	4,094,007,103	4,500,492,863	720,203,270	-	9,314,703,236
Special watch-list	1,675,392,577	4,389,723,119	2,259,911	2,700,000	6,070,075,607
Total	83,739,814,051	58,841,986,002	18,989,937,213	2,244,884,332	163,816,621,598

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

Rating	December 31, 2021				
	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

Rating	Corporate				
	Overdrafts	Direct loans	Syndicated Loans and facilities	Other loans	Total
Good debts	66,227,871,625	42,222,879,092	15,331,684,965	2,933,837,004	126,716,272,686
Normal watch-list	3,714,341,560	2,513,925,961	633,498,692	2,700,000	6,864,466,213
Special watch-list	2,114,487,155	6,289,884,567	2,039,206	-	8,406,410,928
Total	72,056,700,340	51,026,689,620	15,967,222,863	2,936,537,004	141,987,149,827

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

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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:

September 30, 2022					
Retail					
	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Up to 30 days	-	161,820,131	1,525,192,747	139,825,328	1,826,838,206
More than 30 – 60 days	-	31,210,690	398,244,791	50,779,941	480,235,422
More than 60 – 90 days	-	11,191,456	138,976,975	10,938,059	161,106,490
Total	-	204,222,277	2,062,414,513	201,543,328	2,468,180,118

Corporate					
	Overdrafts	Direct loans	Syndicated Loans and facilities	Other loans	Total
Up to 30 days	13,348,737	149,529,768	-	-	162,878,505
More than 30 – 60 days	783,000	69,934,760	-	-	70,717,760
More than 60 – 90 days	-	362,663,067	-	-	362,663,067
More than 90 days	-	249,359,186	-	-	249,359,186
Total	14,131,737	831,486,781	-	-	845,618,518

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	-	-	78,716,286
More than 30 – 60 days	-	41,710,510	-	-	41,710,510
More than 60 – 90 days	-	69,016,452	-	-	69,016,452
More than 90 days	-	350,142,728	-	-	350,142,728
Total	-	539,585,976	-	-	539,585,976

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.

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 8,819,873,951 against EGP 6,787,857,931 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.

	September 30, 2022				
	Retail				
	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Loans which are individually impaired	60,757,353	28,120,206	733,559,403	90,257,597	912,694,559
Fair value of collaterals	-	21,908	366,031	-	387,939
	Corporate				
	Overdrafts	Direct loans	Syndicated Loans and facilities	Other loans	Total
Loans which are individually impaired	446,345,664	7,460,833,728	-	-	7,907,179,392
Fair value of collaterals	40,897,745	87,828,466	-	-	128,726,211
	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	-	5,958,865,850
Fair value of collaterals	-	28,353,237	-	-	28,353,237

Restructured Loans and credit 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 1,676,340,051 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	September 30, 2022	December 31, 2021
Overdrafts	24,683,206	36,050,326
Direct loans	1,651,656,845	1,730,894,076
Total	1,676,340,051	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	September 30, 2022	December 31, 2021
Egyptian Treasury Bills	B	36,562,134,998	39,370,132,880
Fair value through other comprehensive income			
Other debt instruments	Unrated	1,041,285,192	383,442,606
Egyptian debt instruments	B	12,175,809,853	12,654,894,755
US Treasury Bonds	AA+	2,396,471,643	1,412,414,152
Amortized cost			
Egyptian Treasury Bonds	B	90,585,265,007	75,296,835,413
Total		142,760,966,693	129,117,719,806

(A/8) Acquisition of collaterals

The Bank acquire foreclosed asset as acquisition of guarantees as following:

Asset type	September 30, 2022	31-Dec-21
Building	115,000,000	109,367,000

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

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(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				Total	Other countries	Total
	Great Cairo	Alex	Delta	Red Sea & Upper Egypt			
Treasury bills	36,562,134,998	-	-	-	36,562,134,998	-	36,562,134,998
Loans and credit facilities to customers							
Retail loans							
Overdrafts	2,310,853,974	1,338,627,108	185,252,553	83,020,752	3,917,754,387	-	3,917,754,387
Credit cards	1,142,317,173	184,639,007	155,512,454	60,924,123	1,543,392,757	-	1,543,392,757
Personal loans	23,742,645,942	3,308,382,897	4,887,599,641	1,326,010,600	33,264,639,080	-	33,264,639,080
Real estate loans	3,051,257,009	276,487,655	382,705,527	621,083,656	4,331,533,847	-	4,331,533,847
Corporate loans							
Overdrafts	62,715,026,343	11,119,022,896	6,761,066,843	3,605,175,370	84,200,291,452	-	84,200,291,452
Direct loans	45,437,503,414	9,706,893,617	8,927,143,794	3,062,765,686	67,134,306,511	-	67,134,306,511
Syndicated loans and facilities	18,023,002,945	215,392,237	619,818,458	131,723,573	18,989,937,213	-	18,989,937,213
Other loans	2,222,982,370	9,098,968	-	12,802,994	2,244,884,332	-	2,244,884,332
Financial derivatives	103,544,466	(9,381,137)	-	-	94,163,329	23,215,031	117,378,360
Financial investments							
Debt instruments	103,802,360,052	-	-	-	103,802,360,052	2,396,471,643	106,198,831,695
Other financial assets	4,951,332,705	156,558,680	91,410,120	31,231,095	5,230,532,600	14,842,065	5,245,374,665
Total at the end of the current period	304,064,961,391	26,305,721,928	22,010,509,390	8,934,737,849	361,315,930,558	2,434,528,739	363,750,459,297
Total at the end of the comparative year	267,803,298,497	22,307,932,613	19,717,071,536	7,934,212,565	317,762,515,211	1,470,705,397	319,233,220,608

(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 entities	Service entities	Governmental sector	Foreign Governments	Other activities	Individuals	Total
Treasury bills	-	-	-	-	36,562,134,998	-	-	-	36,562,134,998
Loans and credit facilities to customers									
Retail loans									
Overdrafts	-	-	-	-	-	-	-	3,917,754,387	3,917,754,387
Credit cards	-	-	-	-	-	-	-	1,543,392,757	1,543,392,757
Personal loans	-	-	-	-	-	-	-	33,264,639,080	33,264,639,080
Real estate loans	-	-	-	-	-	-	-	4,331,533,847	4,331,533,847
Corporate loans									
Overdrafts	1,323,445,393	35,694,733,926	15,421,047,419	31,761,064,714	-	-	-	-	84,200,291,452
Direct loans	1,189,550,887	41,608,519,841	12,630,011,928	11,706,223,855	-	-	-	-	67,134,306,511
Syndicated loans and facilities	121,740,303	7,369,126,995	534,484,596	10,964,585,319	-	-	-	-	18,989,937,213
Other loans	-	1,105,158,738	44,940,155	830,521,100	-	-	264,264,339	-	2,244,884,332
Financial derivatives	-	94,163,329	-	-	-	-	23,215,031	-	117,378,360
Financial investments									
Debt instruments	-	-	-	1,041,285,192	102,761,074,860	2,396,471,643	-	-	106,198,831,695
Other financial assets	17,221,223	560,661,040	187,135,200	370,015,374	3,814,067,561	14,842,065	-	281,432,202	5,245,374,665
Total at the end of the current period	2,651,987,806	86,432,363,869	28,817,619,298	56,673,695,554	143,137,277,419	2,411,313,708	287,479,370	43,338,752,273	363,750,459,297
Total at the end of the comparative year	2,453,668,889	69,633,759,184	26,787,440,148	50,327,539,565	131,056,279,404	1,432,268,660	939,738,746	36,602,526,012	319,233,220,608

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(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, 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 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	100,581,172	-	100,581,172	10,058,117
EUR	9,836,655	-	9,836,655	983,666
GBP	161,019	-	161,019	16,102
JPY	24,654	-	24,654	2,465
CHF	184,157	-	184,157	18,416
DKK	4,933	-	4,933	493
NOK	40,166	-	40,166	4,017
SEK	26,962	-	26,962	2,696
CAD	(33,966)	(33,966)	-	(3,397)
AUD	(15,561)	(15,561)	-	(1,556)
AED	102,401	-	102,401	10,240
BHD	3,640	-	3,640	364
KWD	190,637	-	190,637	19,064
QAR	17,722	-	17,722	1,772
SAR	(59,630)	(59,630)	-	(5,963)
CNY	9,255	-	9,255	926
EGP	(111,074,216)	(111,074,216)	-	-
Maximum expected loss at September 30, 2022				11,107,422
Maximum expected loss at December 31, 2021				4,830,373

(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 current reporting period. This table includes the carrying amounts of the financial instruments in terms of their relevant currencies and in EGP equivalent.

	EGP	USD	EUR	GBP	Other currencies	Total
Financial assets						
Cash and due from Central Bank of Egypt (CBE)	34,953,654,532	629,354,742	146,583,988	12,894,036	24,137,966	35,766,625,264
Due from banks	26,593,560,307	15,670,644,191	3,863,739,114	674,008,858	269,817,906	47,071,770,376
Treasury bills	29,766,759,254	6,768,785,766	-	-	-	36,535,545,020
Loans and credit facilities to customers	165,704,744,195	35,465,319,600	1,844,941,769	4,579,190	13,301,855	203,032,886,609
Financial derivatives	117,378,360	-	-	-	-	117,378,360
Financial investments						
Fair value through other comprehensive income	13,581,450,047	2,706,060,434	1,219,543	-	-	16,288,730,024
Amortized cost	89,644,478,565	936,551,973	-	-	-	90,581,030,538
Fair value through profit or loss	64,780,016	-	-	-	-	64,780,016
Other financial assets	5,134,147,898	105,701,831	3,070,750	218,331	-	5,243,138,810
Total financial assets	365,560,953,174	62,282,418,537	5,859,555,164	691,700,415	307,257,727	434,701,885,017
Financial liabilities						
Due to banks	3,497,917,310	192,771,779	41,947,280	109,764,880	-	3,842,401,249
Customer deposits	315,056,125,346	55,299,400,435	5,731,371,644	545,494,655	299,720,671	376,932,112,751
Financial derivatives	-	19,699,342	-	-	-	19,699,342
Other loans	66,644,067	2,974,217,096	-	-	-	3,040,861,163
Other financial liabilities	1,175,679,115	96,945,326	607,307	96,251	1,130	1,273,329,129
Total financial liabilities	319,796,365,838	58,583,033,978	5,773,926,231	655,355,786	299,721,801	385,108,403,634
Net financial position	45,764,587,336	3,699,384,559	85,628,933	36,344,629	7,535,926	49,593,481,383
At the end of the comparative year						
Total financial assets	304,872,497,146	41,007,347,574	2,484,526,201	72,098,532	199,497,551	348,635,967,004
Total financial liabilities	262,473,377,262	35,441,502,295	4,591,841,359	464,894,262	188,181,272	303,159,796,450
Net financial position	42,399,119,884	5,565,845,279	(2,107,315,158)	(392,795,730)	11,316,279	45,476,170,554

(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.

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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.

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)	-	-	-	-	-	35,766,625,264	35,766,625,264
Due from banks	40,617,864,889	5,545,697,066	-	-	-	908,208,421	47,071,770,376
Treasury bills	2,421,653,234	8,377,461,883	25,736,429,903	-	-	-	36,535,545,020
Loans and credit facilities to customers	163,996,712,010	3,808,546,779	8,275,254,643	20,398,386,595	6,553,986,582	-	203,032,886,609
Financial derivatives	-	-	-	-	-	117,378,360	117,378,360
Financial investments							
Fair value through other comprehensive income	-	-	4,421,527,145	10,407,458,626	784,580,915	675,163,338	16,288,730,024
Amortized cost	3,849,306,916	102,626,478	30,006,024,125	49,328,880,104	7,294,192,915	-	90,581,030,538
Fair value through profit or loss	-	-	-	-	-	64,780,016	64,780,016
Other financial assets	-	-	-	-	-	5,243,138,810	5,243,138,810
Total financial assets	210,885,537,049	17,834,332,206	68,439,235,816	80,134,725,325	14,632,760,412	42,775,294,209	434,701,885,017
IRS (notional amount)	-	-	923,846,175	525,468,063	-	-	1,449,314,238
Financial liabilities							
Due to banks	3,588,196,321	-	-	-	-	254,204,928	3,842,401,249
Customer deposits	175,815,280,394	36,723,486,799	55,416,571,950	62,182,405,279	280,849,807	46,513,518,522	376,932,112,751
Financial derivatives	-	-	-	-	-	19,699,342	19,699,342
Other loans	2,974,217,096	2,350,000	24,020,000	40,274,067	-	-	3,040,861,163
Other financial liabilities	-	-	-	-	-	1,273,329,129	1,273,329,129
Total financial liabilities	182,377,693,811	36,725,836,799	55,440,591,950	62,222,679,346	280,849,807	48,060,751,921	385,108,403,634
IRS (notional amount)	1,449,314,238	-	-	-	-	-	1,449,314,238
Re-pricing gap	27,058,529,000	(18,891,504,593)	13,922,490,041	18,437,514,042	14,351,910,605	(5,285,457,712)	49,593,481,383
At the end of the comparative year							
Total financial assets	153,972,170,174	23,508,136,672	36,245,947,838	91,003,372,387	14,710,377,778	29,195,962,155	348,635,967,004
IRS (notional amount)	550,084,493	243,608,851	243,608,851	1,165,000,393	-	-	2,202,302,588
Total financial liabilities	139,077,102,085	16,261,802,311	28,849,851,443	80,363,932,030	57,060,579	38,550,048,002	303,159,796,450
IRS (notional amount)	2,202,302,588	-	-	-	-	-	2,202,302,588
Re-pricing gap	13,242,849,994	7,489,943,212	7,639,705,246	11,804,440,750	14,653,317,199	(9,354,085,847)	45,476,170,554

(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.

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 result in failure in fulfilling obligations related to depositors and meeting lending commitments.

September 30, 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	3,861,932,224	-	-	-	-	3,861,932,224
Customer deposits	222,665,113,092	39,463,538,594	62,802,968,552	69,924,442,482	388,439,619	395,244,502,339
Other loans	305,788,387	20,205,774	770,711,652	2,118,465,031	-	3,215,170,844
Total financial liabilities	226,832,833,703	39,483,744,368	63,573,680,204	72,042,907,513	388,439,619	402,321,605,407

- 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	174,519,903,616	16,427,092,647	34,812,463,580	89,512,282,434	74,394,602	315,346,136,879
Other loans	323,218,206	6,770,874	790,342,586	1,361,629,953	-	2,481,961,619
Total financial liabilities	178,315,432,166	16,433,863,521	35,602,806,166	90,873,912,387	74,394,602	321,300,408,842

- 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.

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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 periods of contractual maturities at the balance sheet date. The amounts shown in the table represent the undiscounted cash flows.

September 30, 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	768,299,576	821,453,554	77,858,351	-	-	1,667,611,481
Cash inflows	810,631,820	859,304,233	77,672,372	-	-	1,747,608,425

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

September 30, 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	144,860,253	321,597,580	95,373,393	561,831,226
Capital commitments resulting from acquisition of property and equipment	944,801,871	-	-	944,801,871
Total	1,089,917,124	321,597,580	95,373,393	1,506,888,097

	Less than one year	More than one year and less than 5 years	More than 5 years	Total
Commitments for credit facilities	22,002,986,867	2,584,472,129	-	24,587,458,996

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	26,597,826,643	2,220,758,697	14,959,934	28,833,545,274

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(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 separate 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 cost or nominal value is the fair value of those investments.

The table below shows the financial assets and liabilities at fair value in the separate 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.

Financial Assets	September 30, 2022			Total
	Level 1	Level 2	Level 3	
US Treasury Bonds	2,396,471,643	-	-	2,396,471,643
Other debt instruments	-	1,041,285,192	-	1,041,285,192
Egyptian debt instruments	12,175,809,853	-	-	12,175,809,853
Funds at fair value through other comprehensive income	46,671,545	-	-	46,671,545
Funds at fair value through profit or loss	64,780,016	-	-	64,780,016
Equity Instruments	109,044,267	-	519,447,524	628,491,791
Financial derivatives	-	117,378,360	-	117,378,360

Financial Assets	December 31, 2021			Total
	Level 1	Level 2	Level 3	
US Treasury Bonds	1,412,414,152	-	-	1,412,414,152
Other debt instruments	-	383,442,606	-	383,442,606
Egyptian debt instruments	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	92,549,632	-	-	92,549,632
Equity Instruments	151,884,836	-	473,971,589	625,856,425
Financial derivatives	-	36,542,265	-	36,542,265

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(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	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Financial assets				
Due from banks	47,071,770,376	16,162,820,220	47,071,770,376	16,162,820,220
Loans and credit facilities to customers	203,032,886,609	174,640,546,661	200,879,541,087	173,604,900,973
Financial investments at amortized Cost				
Debt instruments	90,581,030,538	75,291,377,974	86,546,547,409	76,215,365,266
Financial liabilities:				
Due to banks	3,842,401,249	3,458,687,747	3,842,401,249	3,458,687,747
Customer deposits	376,932,112,751	296,239,871,183	363,481,635,190	284,048,136,402
Other loans	3,040,861,163	2,436,745,862	3,040,861,163	2,436,745,862

Due from banks:

The carrying amount of variable interest rate of placements and deposits for one day represents reasonable estimate for its fair value. Fair value expected for due to banks with free interest rate is the current value. Fair value expected for deposits bearing fixed interest rate is the current value for those deposits as it is maturity 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 12.5 % during current period, The Bank's capital adequacy ratio reached 22.79% at the end of the current period (December 31, 2021: 21.56%) according to Basel II.

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 & special reserve), less: any goodwill previously recognized and any carried forward losses, plus: the carrying amount of other comprehensive 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 measuring 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	September 30, 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	5,173,520,672	5,021,661,405
Interim profit	7,065,808,525	-
General risk reserve	21,453,923	21,453,923
Other comprehensive income	(375,009,411)	379,716,597
Total deductions from capital invested	(666,215,682)	(652,525,342)
Total tier 1 capital	48,805,837,191	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*	1,202,775,715	956,108,641
Total tier 2 capital	1,219,536,865	972,869,791
Total capital	50,025,374,056	43,329,455,538
Risk weighted assets and contingent liabilities:		
Credit Risk	208,563,020,273	175,788,843,909
Market Risk	4,850,220	695,549
Operational Risk	10,893,783,930	25,178,733,307
Total risk weighted assets and contingent liabilities	219,461,654,423	200,968,272,765
Capital adequacy ratio for Tier 1	22.24%	21.08%
Capital adequacy ratio	22.79%	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).

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 exposure 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:	September 30, 2022	December 31, 2021 Restated*
Tier 1 capital after exclusions	48,805,837,191	42,356,585,747
Total on-balance sheet exposures, derivatives contracts and financial papers operations.	442,508,504,553	355,899,552,716
Total exposures off-balance sheet	30,477,805,638	30,116,574,094
Total exposures on-balance sheet and off-balance sheet	472,986,310,191	386,016,126,810
Leverage financial ratio	10.32%	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 year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

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

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 Bank in accordance with the provisions of the law – were suspended by the bank, the carrying amount of the outstanding amortized cost investments at the end of the current reporting period would have decreased by EGP 4,038,717,598 to reach the fair value with a corresponding decrease in the fair value through other comprehensive income.

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.

Individual :

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.

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 (September 30, 2022)	Corporate	Investments	Individual	Other businesses	Total
Net interest income	4,262,316,796	2,712,902,442	4,048,570,675	2,776,548,770	13,800,338,683
Net fee and commission income	1,085,931,512	154,206	608,055,861	95,100,017	1,789,241,596
Dividend income	-	39,812,142	-	-	39,812,142
Net trading income	254,789,409	-	17,971,966	(110,317,901)	162,443,474
Gain on financial investments	-	60,856,570	-	-	60,856,570
Impairment credit losses	(2,149,642,931)	(14,006,593)	(326,455,115)	(7,074,543)	(2,497,179,182)
Administrative expenses	(1,435,932,738)	(3,392,042)	(2,034,516,167)	19,206,630	(3,454,634,317)
Other operating revenues (expenses)	(187,501,152)	12,979,793	(229,246,480)	848,072,019	444,304,180
Profit before income tax	1,829,960,896	2,809,306,518	2,084,380,740	3,621,534,992	10,345,183,146
Income tax expense	(599,703,381)	(920,648,424)	(683,080,266)	(1,186,826,878)	(3,390,258,949)
Net profit for the current period	1,230,257,515	1,888,658,094	1,401,300,474	2,434,708,114	6,954,924,197

Assets and liabilities according to segmental activities (September 30, 2022)	Corporate	Investments	Individual	Other businesses	Total
Segment activity assets	161,277,832,363	144,010,347,437	41,849,217,575	77,982,301,136	425,119,698,511
Unclassified assets	-	-	-	-	15,753,153,002
Total assets	161,277,832,363	144,010,347,437	41,849,217,575	77,982,301,136	440,872,851,513
Segment activity liabilities	243,530,934,006	-	133,401,178,745	6,902,961,754	383,835,074,505
Unclassified liabilities	-	-	-	-	8,237,841,228
Total liabilities	243,530,934,006	-	133,401,178,745	6,902,961,754	392,072,915,733

At the end of the comparative period

Income and expenses according to segmental activities (September 30, 2021)	Corporate	Investments	Individual	Other businesses	Total
Net interest income	4,309,711,333	1,366,415,889	2,927,004,371	2,312,421,564	10,915,553,157
Net fee and commission income	909,337,392	68,418	510,227,141	96,947,878	1,516,580,829
Dividend income	-	46,377,599	-	-	46,377,599
Net trading income	259,993,638	-	33,517,106	(222,697,167)	70,813,577
Gain on financial investments	-	5,913,226	-	-	5,913,226
Impairment credit losses	(1,075,628,398)	(3,488,785)	(194,218,132)	480,301	(1,272,855,014)
Administrative expenses	(1,284,017,176)	(3,248,203)	(1,794,060,887)	109,696,573	(2,971,629,693)
Other operating revenues (expenses)	(36,968,313)	31,968,632	(149,902,042)	48,650,499	(106,251,224)
Profit before income tax	3,082,428,476	1,444,006,776	1,332,567,557	2,345,499,648	8,204,502,457
Income tax expense	(943,123,653)	(441,819,479)	(407,722,674)	(717,647,210)	(2,510,313,016)
Net profit for the comparative period	2,139,304,823	1,002,187,297	924,844,883	1,627,852,438	5,694,189,441

At the end of the comparative year

Assets and liabilities according to segmental activities (December 31, 2021)	Corporate	Investments	Individual	Other businesses	Total
Segment activity assets	139,205,577,250	130,406,561,049	35,434,969,414	34,975,076,005	340,022,183,718
Unclassified assets	-	-	-	-	14,172,907,600
Total assets	139,205,577,250	130,406,561,049	35,434,969,414	34,975,076,005	354,195,091,318
Segment activity liabilities	171,177,934,680	-	125,126,195,108	5,878,858,519	302,182,988,307
Unclassified liabilities	-	-	-	-	6,960,388,145
Total liabilities	171,177,934,680	-	125,126,195,108	5,878,858,519	309,143,376,452

(5/B) Segmental analysis by geographic area

At the end of the current period

Income and expenses according to geographical segments (September 30, 2022)	Great Cairo	Alex	Delta	Red Sea / Upper Egypt	Head office	Total
Net interest income	6,765,582,220	1,143,389,565	1,073,869,906	436,117,167	4,381,379,825	13,800,338,683
Net fee and commission income	970,569,629	168,161,788	162,061,729	60,593,675	427,854,775	1,789,241,596
Dividend income	-	-	-	-	39,812,142	39,812,142
Net trading income	227,077,965	31,943,214	27,278,327	5,581,915	(129,437,947)	162,443,474
Gain on financial investments	-	-	-	-	60,856,570	60,856,570
Impairment credit losses	(1,509,887,411)	(232,361,003)	(586,274,754)	(147,574,878)	(21,081,136)	(2,497,179,182)
Administrative expenses	(2,402,201,382)	(450,182,732)	(413,821,180)	(204,440,455)	16,011,432	(3,454,634,317)
Other operating revenues (expenses)	(286,091,621)	(55,324,348)	(44,991,621)	(30,522,800)	861,234,570	444,304,180
Profit before income tax	3,765,049,400	605,626,484	218,122,407	119,754,624	5,636,630,231	10,345,183,146
Income tax expense	(1,233,858,525)	(198,472,137)	(71,481,716)	(39,245,239)	(1,847,201,332)	(3,390,258,949)
Net profit for the current period	2,531,190,875	407,154,347	146,640,691	80,509,385	3,789,428,899	6,954,924,197

Assets and liabilities according to geographical segments (September 30, 2022)	Great Cairo	Alex	Delta	Red Sea/ Upper Egypt	Head office	Total
Assets of geographical segments	153,672,188,697	25,555,873,435	20,219,313,681	8,517,706,937	232,560,300,968	440,525,383,718
Unclassified assets	-	-	-	-	-	347,467,795
Total assets	153,672,188,697	25,555,873,435	20,219,313,681	8,517,706,937	232,560,300,968	440,872,851,513
Liabilities of geographical segments	307,596,548,231	39,564,348,359	25,333,588,482	8,440,395,906	8,033,453,961	388,968,334,939
Unclassified liabilities	-	-	-	-	-	3,104,580,794
Total liabilities	307,596,548,231	39,564,348,359	25,333,588,482	8,440,395,906	8,033,453,961	392,072,915,733

At the end of the comparative period

Income and expenses according to geographical segments (September 30, 2021)	Great Cairo	Alex	Delta	Red Sea/ Upper Egypt	Head office	Total
Net interest income	5,147,705,294	894,119,979	750,861,248	311,360,893	3,811,505,743	10,915,553,157
Net fee and commission income	844,597,829	144,427,314	138,657,181	70,550,400	318,348,105	1,516,580,829
Dividend income	-	-	-	-	46,377,599	46,377,599
Net trading income	195,709,541	40,887,103	42,233,985	5,215,618	(213,232,670)	70,813,577
Gain on financial investments	-	-	-	-	5,913,226	5,913,226
Impairment credit losses	(721,028,933)	(56,682,645)	(433,376,611)	(58,758,341)	(3,008,484)	(1,272,855,014)
Administrative expenses	(2,133,763,248)	(398,007,125)	(374,154,079)	(179,496,179)	113,790,938	(2,971,629,693)
Other operating revenues (expenses)	(128,494,500)	(20,331,178)	(28,612,795)	(9,432,553)	80,619,802	(106,251,224)
Profit before income tax	3,204,725,983	604,413,448	95,608,929	139,439,838	4,160,314,259	8,204,502,457
Income tax expense	(980,542,744)	(184,931,012)	(29,253,247)	(42,664,091)	(1,272,921,922)	(2,510,313,016)
Net profit for the comparative period	2,224,183,239	419,482,436	66,355,682	96,775,747	2,887,392,337	5,694,189,441

At the end of the 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	130,728,574,792	21,663,698,999	18,325,091,040	7,539,403,867	175,645,211,507	353,901,980,205
Unclassified assets	-	-	-	-	-	293,111,113
Total assets	130,728,574,792	21,663,698,999	18,325,091,040	7,539,403,867	175,645,211,507	354,195,091,318
Liabilities of geographical segments	239,225,001,832	31,555,461,603	21,889,339,220	6,775,751,277	6,943,736,607	306,389,290,539
Unclassified liabilities	-	-	-	-	-	2,754,085,913
Total liabilities	239,225,001,832	31,555,461,603	21,889,339,220	6,775,751,277	6,943,736,607	309,143,376,452

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

	September 30, 2022	September 30, 2021
6- Net interest income		
Interest from loans and similar income:		
Loans and credit facilities:		
- Customers	15,712,689,306	12,588,858,938
Total	15,712,689,306	12,588,858,938
Treasury bills and bonds	13,622,968,813	10,146,811,323
Other debt instruments	29,984,718	32,439,104
Deposits and current accounts	1,074,186,913	183,265,038
Net interest differential on hedging instruments (IRS contracts)	18,542,675	47,347,059
Total	30,458,372,425	22,998,721,462
Cost of deposits and similar expense :		
Deposits and current accounts:		
- Banks	(228,808,581)	(134,588,963)
- Customers	(16,359,070,362)	(11,883,065,265)
Total	(16,587,878,943)	(12,017,654,228)
Repo arrangements	(18,126,168)	(26,292,576)
Other loans	(52,028,631)	(39,221,501)
Total	(16,658,033,742)	(12,083,168,305)
Net	13,800,338,683	10,915,553,157
7- Net fee and commission income:		
Fee and commission income:		
Credit fees and commission	1,522,457,317	1,229,895,924
Custody fees	24,975,956	26,760,628
Investment commission	19,475,621	19,392,589
Other fees	1,167,355,098	931,574,350
Total	2,734,263,992	2,207,623,491
Fee and commission expense:		
Brokerage fees	(5,018,862)	(5,541,330)
Other fees	(940,003,534)	(685,501,332)
Total	(945,022,396)	(691,042,662)
Net	1,789,241,596	1,516,580,829
8- Dividend income		
Equity instruments at fair value through other comprehensive income	39,812,142	46,377,599
Total	39,812,142	46,377,599
9- Net trading income:		
Forex operations:		
Foreign exchange trading gains (loss)	(5,511,123)	100,884,722
Changes in fair value of currency forward contracts	176,038,767	(19,111,329)
Changes in fair value of currency swap contracts	(10,976,892)	(13,329,279)
Changes in fair value IRS contracts	2,892,722	2,369,463
Total	162,443,474	70,813,577
10- Administrative expenses		
Staff cost:		
Salaries and wages	1,409,298,797	1,251,196,067
Social insurance	90,085,939	74,410,647
Pension cost:		
Defined contribution scheme	71,849,409	66,443,111
Other retirement benefits (Defined benefit scheme)	43,794,968	48,043,434
Total	1,615,029,113	1,440,093,259
Depreciation and amortization	318,654,180	284,403,746
Other administrative expenses	1,520,951,024	1,247,132,688
Total	3,454,634,317	2,971,629,693
11- Other operating revenues (expenses)		
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	783,101,846	(3,992,364)
Gain on sale of property and equipment	779,000	3,868,500
Software cost	(226,725,324)	(118,609,360)
Operating lease rental expense	(118,261,941)	(106,897,359)
Gain on sale of foreclosed assets reverted to the bank in settlement of debts	182,029	-
Other provisions (net of reversed amounts)	(66,036,855)	87,732,559
Other income (expense)	71,265,425	31,646,800
Total	444,304,180	(106,251,224)
12- Impairment credit losses		
Loans and credit facilities to customers	(2,476,098,046)	(1,269,846,530)
Due from banks	(6,556,603)	761,726
Treasury bills	(15,057,514)	831,722
Debt instruments at fair value through other comprehensive income	(172,049)	(2,662)
Debt instruments at amortized cost	1,222,970	(4,317,845)
Other assets	(517,940)	(281,425)
Total	(2,497,179,182)	(1,272,855,014)

QNB ALAHLI S.A.E
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For the Nine Months Period Ended 30 September 2022

(All amounts are shown in Egyptian Pounds)

13- Income tax expense	September 30, 2022	September 30, 2021
Current tax	(3,407,832,102)	(2,482,264,127)
Deferred tax	17,573,153	(28,048,889)
Total	(3,390,258,949)	(2,510,313,016)
Additional data on deferred tax is disclosed in note 31. 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	10,345,183,146	8,204,502,457
Income tax calculated at 22.5 % tax rate	2,327,666,208	1,846,013,053
Tax impact for:		
Non-taxable income	(39,853,962)	(36,481,391)
Non-deductible expenses for tax purposes	969,809,337	632,916,109
Prior-years' tax settlements	(2,232,286)	(784,927)
Recognize of deferred tax assets	(1,146,104)	(13,278,142)
Provision and segregated interest	139,809,850	49,377,153
Tax deductible (10% on dividend income)	13,779,059	4,502,272
Effective income tax expense	3,407,832,102	2,482,264,127

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 2020 have been inspected, and the due tax was paid.

Year 2021 the Bank submitted its tax return in the due date and books have not been inspected yet.

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.

Years 2006 till 2019 have been inspected, and the due tax was paid.

Years from 2020 till 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.

14- Earnings Per Share	September 30, 2022	September 30, 2021
Net Profit for the Period	6,954,924,197	5,694,189,441
Remuneration for the Board Members (from the period's net profit)*	(21,750,000)	(12,750,000)
Staff profit share (from the period's net profit)*	(723,633,442)	(540,016,950)
Profit available to shareholders	6,209,540,755	5,141,422,491
Weighted average number of the shares outstanding during the period	2,154,822,966	2,154,822,966
Earning Per Share	2.88	2.39

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

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:

September 30, 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)	35,766,625,264	-	-	-	35,766,625,264
Due from banks	47,083,486,860	-	-	-	47,083,486,860
Treasury bills	36,562,134,998	-	-	-	36,562,134,998
Loans and credit facilities to customers	215,626,739,579	-	-	-	215,626,739,579
Financial derivatives	-	-	-	117,378,360	117,378,360
Fair value through other comprehensive income	-	15,613,566,688	675,163,336	-	16,288,730,024
Amortized cost	90,585,265,007	-	-	-	90,585,265,007
Fair value through profit or loss	-	-	-	64,780,016	64,780,016
Other financial assets	5,245,374,665	-	-	-	5,245,374,665
Total financial assets	430,869,626,373	15,613,566,688	675,163,336	182,158,376	447,340,514,773
Due to banks	3,842,401,249	-	-	-	3,842,401,249
Customer deposits	376,932,112,751	-	-	-	376,932,112,751
Financial derivatives	-	-	-	19,699,342	19,699,342
Other loans	3,040,861,163	-	-	-	3,040,861,163
Other financial liabilities	1,273,329,129	-	-	-	1,273,329,129
Total financial liabilities	385,088,704,292	-	-	19,699,342	385,108,403,634

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)	22,641,702,434	-	-	-	22,641,702,434
Due from banks	16,167,980,101	-	-	-	16,167,980,101
Treasury bills	39,370,132,880	-	-	-	39,370,132,880
Loans and credit facilities to customers	184,789,184,408	-	-	-	184,789,184,408
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	75,296,835,413	-	-	-	75,296,835,413
Fair value through profit or loss	-	-	-	92,549,632	92,549,632
Other financial assets	5,289,774,129	-	-	-	5,289,774,129
Total financial assets	343,555,609,365	14,450,751,513	673,019,675	129,091,897	358,808,472,450
Due to banks	3,458,687,747	-	-	-	3,458,687,747
Customer deposits	296,239,871,183	-	-	-	296,239,871,183
Financial derivatives	-	-	-	47,683,515	47,683,515
Other loans	2,436,745,862	-	-	-	2,436,745,862
Other financial liabilities	976,808,143	-	-	-	976,808,143
Total financial liabilities	303,112,112,935	-	-	47,683,515	303,159,796,450

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(All amounts are shown in Egyptian Pounds)

	September 30, 2022	December 31, 2021
16- Cash and due from Central Bank of Egypt (CBE)		
Cash	4,879,309,535	3,865,988,911
Balances with CBE (mandatory reserve)	30,887,315,729	18,775,713,523
Total	35,766,625,264	22,641,702,434
Interest free balances	35,766,625,264	22,641,702,434
Total	35,766,625,264	22,641,702,434
17- Due from Banks		
Current accounts	1,403,510,430	800,699,686
Deposits	45,679,976,430	15,367,280,415
	47,083,486,860	16,167,980,101
Less : Allowance for impairment losses	(11,716,484)	(5,159,881)
Total	47,071,770,376	16,162,820,220
Balances at CBE other than those under the mandatory reserve	32,058,856,825	12,087,611,100
Local banks	12,594,686,188	2,794,927,333
Foreign Banks	2,429,943,847	1,285,441,668
Less : Allowance for impairment losses	(11,716,484)	(5,159,881)
Total	47,071,770,376	16,162,820,220
Interest free balances	908,208,421	464,091,935
Balances at floating interest rates	495,302,009	336,607,751
Balances at fixed interest rates	45,679,976,430	15,367,280,415
Less : Allowance for impairment losses	(11,716,484)	(5,159,881)
Total	47,071,770,376	16,162,820,220
Current balances	47,071,770,376	16,162,820,220
Total	47,071,770,376	16,162,820,220
18- Treasury bills		
91 days maturity	2,396,525,000	18,000,000
182 days maturity	13,013,225,000	6,177,900,000
More than 182 days maturity	23,487,439,310	34,923,496,490
Less : Unearned interest	(2,335,054,312)	(1,749,263,610)
	36,562,134,998	39,370,132,880
Less : Allowance for impairment losses	(26,589,978)	(11,532,464)
Total	36,535,545,020	39,358,600,416

	September 30, 2022			December 31, 2021		
	Total	Allowance for impairment losses	Net	Total	Allowance for impairment losses	Net
19- Loans and credit facilities to customers						
Individuals						
Overdrafts	3,917,754,387	(37,495,737)	3,880,258,650	3,116,887,753	(8,216,968)	3,108,670,785
Credit cards	1,543,392,757	(73,008,405)	1,470,384,352	1,313,158,233	(57,304,948)	1,255,853,285
Personal loans	33,264,639,080	(914,218,400)	32,350,420,680	29,027,478,638	(701,338,722)	28,326,139,916
Real estate loans	4,331,533,847	(145,196,943)	4,186,336,904	2,846,058,131	(100,288,425)	2,745,769,706
Total (1)	43,057,320,071	(1,169,919,485)	41,887,400,586	36,303,582,755	(867,149,063)	35,436,433,692
Corporate including small loans for businesses						
Overdrafts	84,200,291,452	(2,145,123,953)	82,055,167,499	72,257,197,161	(1,785,635,795)	70,471,561,366
Direct loans	67,134,306,511	(8,959,108,288)	58,175,198,223	57,324,135,289	(7,230,060,793)	50,094,074,496
Syndicated loans and facilities	18,989,937,213	(156,553,628)	18,833,383,585	15,967,732,199	(114,836,031)	15,852,896,168
Other loans	2,244,884,332	(7,674,091)	2,237,210,241	2,936,537,004	(13,642,930)	2,922,894,074
Total (2)	172,569,419,508	(11,268,459,960)	161,300,959,548	148,485,601,653	(9,144,175,549)	139,341,426,104
Total loans and credit facilities to customers (1+2)	215,626,739,579	(12,438,379,445)	203,188,360,134	184,789,184,408	(10,011,324,612)	174,777,859,796
Less: Segregated interest			(205,721)			(205,721)
Less: Unearned discount and deferred income			(155,267,804)			(137,107,414)
Net Loans and credit facilities to customers distributed as follows:			203,032,886,609			174,640,546,661
Current balances			147,367,396,402			124,443,977,114
Non-current balances			55,665,490,207			50,196,569,547
Net Loans and credit facilities to customers			203,032,886,609			174,640,546,661

19-A Allowance for impairment losses

September 30, 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	33,859,535	22,666,846	224,990,949	44,937,785	326,455,115
Loans written-off during the period	(4,580,766)	(6,963,389)	(18,764,555)	(29,267)	(30,337,977)
Collection of loans previously written-off	-	-	6,650,005	-	6,650,005
Foreign exchange translation differences	-	-	3,279	-	3,279
Balance at end of the period	37,495,737	73,008,405	914,218,400	145,196,943	1,169,919,485

Corporate	Overdrafts	Direct loans	Syndicated loans and facilities	Other loans	Total
Balance at beginning of the year	1,785,635,795	7,230,060,793	114,836,031	13,642,930	9,144,175,549
Net impairment loss recognized during the period	288,109,688	1,830,920,266	37,127,176	(6,514,199)	2,149,642,931
Loans written-off during the period	-	(406,299,159)	-	-	(406,299,159)
Collection of loans previously written-off	-	15,414,095	-	-	15,414,095
Foreign exchange translation differences	71,378,470	289,012,293	4,590,421	545,360	365,526,544
Balance at end of the period	2,145,123,953	8,959,108,288	156,553,628	7,674,091	11,268,459,960
Total					12,438,379,445

December 31, 2021					
Individuals	Overdrafts	Credit cards	Personal loans	Real estate loans	Total
Balance at beginning of comparative 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 comparative year	2,095,951,097	5,662,544,669	624,399,516	21,323,884	8,404,219,166
Net impairment loss recognized during the year	(305,551,782)	2,787,817,019	(508,144,397)	(7,632,491)	1,966,488,349
Loans written-off during the year	-	(1,230,811,977)	-	-	(1,230,811,977)
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	1,785,635,795	7,230,060,793	114,836,031	13,642,930	9,144,175,549
Total					10,011,324,612

20- Financial Derivatives

September 30, 2022			
	Notional amount	Assets	Liabilities
(A) Held for trading			
- Forward foreign exchange contracts	1,667,611,481	117,378,360	-
- Swap foreign exchange contracts	-	-	-
Total	1,667,611,481	117,378,360	-
(B) Fair value hedge			
- Interest rate swap contracts	1,449,314,238	-	19,699,342
Total	1,449,314,238	-	19,699,342
Total	3,116,925,719	117,378,360	19,699,342

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 swap 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) liability amounted to EGP 19,699,342 as of September 30, 2022 (Asset EGP 36,542,265 in the prior year). Loss resulting from hedging instruments amounted to EGP 56,241,607 (Loss of EGP 69,549,943 in the prior year) and gain arose from the hedged items reached EGP 59,134,329 (Gain of EGP 72,287,104 in the prior year).

21- Financial investments

Fair value through other comprehensive income (FVTOCI)	September 30, 2022	December 31, 2021
(A) Debt instruments at fair value:		
Listed Instruments in Egyptian Stock Exchange Market	13,217,095,045	13,038,337,361
Listed instruments in foreign stock exchange market	2,396,471,643	1,412,414,152
Total debt instruments measured at fair value through other comprehensive income	15,613,566,688	14,450,751,513
(B) Equity instruments at fair value:		
Listed instruments in Egyptian stock exchange market	109,044,267	151,884,836
Unlisted instruments in stock exchange market	519,447,524	473,971,589
Total equity instruments measured at fair value through other comprehensive income	628,491,791	625,856,425
(C) Money market funds and balanced funds:		
Unlisted instruments in stock exchange market	46,671,545	47,163,250
Total financial investments measured at Fair value through other comprehensive income (1)	16,288,730,024	15,123,771,188
Amortized cost		
(A) Debt Instruments:		
Listed instruments in stock exchange market	89,648,713,034	74,561,890,671
Unlisted instruments in stock exchange market	936,551,973	734,944,742
Less : Allowance for impairment losses	(4,234,469)	(5,457,439)
Total Debt instruments measured at amortized cost (2)	90,581,030,538	75,291,377,974
Fair value through profit or loss (FVTPL)		
(A) Mutual funds:		
Unlisted instruments in stock exchange market*	64,780,016	92,549,632
Total equity instruments measured at fair value through profit or loss (3)	64,780,016	92,549,632
Total Financial investments (1+2+3)	106,934,540,578	90,507,698,794
Current balances	37,338,199,472	8,054,293,547
Non-current balances	69,596,341,106	82,453,405,247
Total financial investment	106,934,540,578	90,507,698,794
Fixed interest debt instruments	105,153,312,034	89,358,686,881
Variable interest debt instruments	1,041,285,192	383,442,606
Total debt instruments	106,194,597,226	89,742,129,487
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	75,291,377,974
Additions	10,815,096,225	18,071,167,258
Amortization of premium / discount	(56,684,027)	1,215,783,260
Disposals (sale/redemption)	(9,133,722,559)	(4,179,462,000)
Translation differences resulting from monetary foreign currency denominated assets	322,153,596	180,941,075
Changes in fair value reserve	(781,884,399)	-
Change in Allowance for impairment during the period	-	1,222,971
Balance at the end of the current period	16,288,730,024	90,581,030,538
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	46,068,820,147
Additions	13,569,506,433	36,329,082,500
Amortization of premium / discount	(42,275,391)	238,364,350
Disposals (sale/redemption)	(833,106,833)	(7,341,385,800)
Translation differences resulting from monetary foreign currency denominated assets	(3,395,341)	(833,744)
Changes in fair value reserve	(40,928,209)	-
Re-classification financial investments	(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	75,291,377,974
Gain on financial investments		
	September 30, 2022	September 30, 2021
Gain on financial investments at fair value through profit or loss	5,337,818	5,220,499
Gain on selling financial investments at fair value through other comprehensive income	55,518,752	-
Gain from selling associate companies	-	692,727
Total	60,856,570	5,913,226

* 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.

22- Investments in subsidiaries

The following table summarizes the Bank's holdings in its subsidiaries:

September 30, 2022	Country of residence	Investee's assets	Investee's liabilities (excluding equity)	Investee's revenues	Investee's profit (loss)	Carrying amount	The Bank's stake
QNB ALAHLI leasing company (Subsidiary)	Egypt	3,809,210,934	3,252,097,232	340,038,880	90,204,255	144,915,453	99.98%
QNBALAHLI Life Insurance company (Subsidiary)	Egypt	6,064,403,457	5,022,087,531	346,873,828	264,635,793	69,179,676	99.98%
QNB ALAHLI Asset Management Egypt (Subsidiary)	Egypt	15,160,917	275,348	1,057,359	730,681	1,176,710	97.48%
QNB ALAHLI Factoring Company (Subsidiary)	Egypt	1,135,323,449	802,020,497	123,163,578	2,462,771	324,990,000	99.997%
Total		11,024,098,757	9,076,480,608	811,133,645	358,033,500	540,261,839	

December 31, 2021	Country of residence	Investee's assets	Investee's liabilities (excluding equity)	Investee's revenues	Investee's profit (loss)	Carrying amount	The Bank's stake
QNB ALAHLI leasing company (Subsidiary)	Egypt	3,435,441,132	2,956,211,511	387,552,296	121,551,744	144,915,453	99.98%
QNBALAHLI Life Insurance company (Subsidiary)	Egypt	5,268,024,050	4,491,512,744	332,710,028	252,789,162	69,179,676	99.98%
QNB ALAHLI Asset Management Egypt (Subsidiary)	Egypt	14,709,660	554,772	1,746,259	1,088,790	1,176,710	97.48%
QNB ALAHLI Factoring Company (Subsidiary)	Egypt	1,204,266,570	873,426,389	131,439,267	2,278,606	324,990,000	99.997%
Total		9,922,441,412	8,321,705,416	853,447,850	377,708,302	540,261,839	

23- Intangible assets

	September 30, 2022	December 31, 2021
Software		
Net book value at the beginning of the year	275,574,773	188,123,187
Additions	69,284,752	165,002,121
Amortization	(59,659,614)	(77,550,535)
Net book value at the end of the period	285,199,911	275,574,773

24- Other assets

	September 30, 2022	December 31, 2021
Accrued revenues	5,245,374,665	5,289,774,129
Pre-paid expenses	211,085,097	117,037,475
Advance payments for acquisition of property and equipment	1,067,553,753	1,019,135,045
Foreclosed assets reverted to the bank in settlement of debts	230,536,072	117,586,072
Deposits held with others and custody	21,341,943	20,402,641
Advance payments to tax authority	13,730,363	14,109,284
Others	1,052,309,945	669,643,048
	7,841,931,838	7,247,687,694
Less : Expected credit loss (ECL)	(2,235,855)	(1,717,915)
Total	7,839,695,983	7,245,969,779

25- Property and Equipment

	Lands and buildings	Renovations of leased assets	Machinery & equipment	Others	Total
January 1, 2021					
Cost	2,730,399,791	304,964,277	1,112,075,553	290,293,059	4,437,732,680
Accumulated depreciation	(857,387,683)	(150,398,554)	(749,421,081)	(159,586,400)	(1,916,793,718)
Net book value	1,873,012,108	154,565,723	362,654,472	130,706,659	2,520,938,962
December 31, 2021					
Net book value at the beginning of the year	1,873,012,108	154,565,723	362,654,472	130,706,659	2,520,938,962
Additions	200,808,316	25,687,450	314,804,092	19,674,831	560,974,689
Disposals from property and equipment	(1,690,079)	(1,035,452)	(8,236,795)	(17,303,395)	(28,265,721)
Disposals from accumulated depreciation	1,690,079	1,035,452	8,218,071	17,296,557	28,240,159
Depreciation for the year	(119,558,539)	(20,427,692)	(149,605,914)	(24,458,147)	(314,050,292)
Net book value	1,954,261,885	159,825,481	527,833,926	125,916,505	2,767,837,797
January 1, 2022					
Cost	2,929,518,028	329,616,275	1,418,642,850	292,664,495	4,970,441,648
Accumulated depreciation	(975,256,143)	(169,790,794)	(890,808,924)	(166,747,990)	(2,202,603,851)
Net book value	1,954,261,885	159,825,481	527,833,926	125,916,505	2,767,837,797
September 30, 2022					
Net book value at the beginning of the year	1,954,261,885	159,825,481	527,833,926	125,916,505	2,767,837,797
Additions	52,466,191	23,069,441	96,277,797	6,268,405	178,081,834
Disposals from property and equipment	(1,575,596)	-	(26,569,700)	(6,103,502)	(34,248,798)
Disposals from accumulated depreciation	1,373,362	-	26,526,558	6,103,502	34,003,422
Depreciation for the period	(96,728,047)	(17,518,062)	(124,323,478)	(20,424,979)	(258,994,566)
Net book value	1,909,797,795	165,376,860	499,745,103	111,759,931	2,686,679,689
Balances at September 30, 2022					
Cost	2,980,408,623	352,685,716	1,488,350,947	292,829,398	5,114,274,684
Accumulated depreciation	(1,070,610,828)	(187,308,856)	(988,605,844)	(181,069,467)	(2,427,594,995)
Net book value	1,909,797,795	165,376,860	499,745,103	111,759,931	2,686,679,689

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26- Due to banks	September 30, 2022	December 31, 2021
Current accounts	296,419,230	340,454,143
Deposits	2,647,789,476	1,944,051,013
Repos transactions	898,192,543	1,174,182,591
Total	3,842,401,249	3,458,687,747
Central banks	898,192,543	1,174,182,591
Local banks	84,990,844	14,803
Foreign banks	2,859,217,862	2,284,490,353
Total	3,842,401,249	3,458,687,747
Non-interest bearing balances	254,204,928	301,658,920
Variable interest rate balances	42,214,302	38,795,223
Fixed interest rate balances	3,545,982,019	3,118,233,604
Total	3,842,401,249	3,458,687,747
Current balances	3,842,401,249	3,458,687,747
Total	3,842,401,249	3,458,687,747

27- Customer deposits	September 30, 2022	December 31, 2021
Demand deposits	128,496,065,422	94,662,172,764
Time deposits and call accounts	134,942,388,381	95,186,967,277
Term saving certificates	76,941,146,005	70,380,509,275
Saving deposits	28,925,064,589	29,555,115,455
Other deposits*	7,627,448,354	6,455,106,412
Total	376,932,112,751	296,239,871,183
Corporate deposits	243,530,934,006	171,113,676,075
Retail deposits	133,401,178,745	125,126,195,108
Total	376,932,112,751	296,239,871,183
Non-interest bearing balances	46,513,518,522	37,223,897,424
Variable interest rate balances	120,752,008,926	98,036,978,427
Fixed interest rate balances	209,666,585,303	160,978,995,332
Total	376,932,112,751	296,239,871,183
Current balances	313,751,371,665	215,044,505,622
Non-current balances	63,180,741,086	81,195,365,561
Total	376,932,112,751	296,239,871,183

* Other deposits include deposits covering irrevocable letters of credit in the total of EGP 1,477,739,764 as of September 30, 2022 (December 31, 2021 EGP 435,355,323). The fair value of these deposits approximates its carrying amount.

28- Other loans	September 30, 2022	December 31, 2021
National Bank of Egypt (Epap & Eco)	3,019,346	2,440,983
Commercial International Bank	2,350,000	8,394,444
European Bank for Reconstruction and Development	2,971,197,750	2,337,596,368
The Micro, Small and Medium Enterprises Development Agency	64,294,067	88,314,067
Total	3,040,861,163	2,436,745,862
Current balances	1,002,408,456	1,091,768,300
Non-current balances	2,038,452,707	1,344,977,562
Total	3,040,861,163	2,436,745,862

29- Other liabilities	September 30, 2022	December 31, 2021
Accrued interest	1,273,329,129	976,808,143
Unearned revenues	110,997,421	94,456,624
Accrued expenses	1,113,021,929	979,539,512
Sundry credit balances	2,635,911,955	2,155,497,953
Total	5,133,260,434	4,206,302,232

30- Other provisions

Description	September 30, 2022					
	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
				+ (-)		
Provision for tax claims	38,880,823	-	-	-	(1,489,819)	37,391,004
Provision for legal claims	18,768,411	-	(5,572,896)	97,477	(4,747,817)	8,545,175
Provision for contingent liabilities	413,479,382	70,739,867	-	1,290,361	-	485,509,610
Provision for fidelity	36,125,405	1,189,779	-	7,489,999	-	44,805,183
Provision for operational risk	415,000	-	(319,895)	-	-	95,105
Total	507,669,021	71,929,646	(5,892,791)	8,877,837	(6,237,636)	576,346,077

Description	December 31, 2021					
	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
				+ (-)		
Provision for tax claims	38,880,823	-	-	-	-	38,880,823
Provision for legal claims	17,369,196	2,738,139	-	(42,360)	(1,296,564)	18,768,411
Provision for contingent liabilities	498,614,756	-	(85,116,915)	(18,459)	-	413,479,382
Provision for fidelity	31,241,399	5,437,828	-	(30,072)	(523,750)	36,125,405
Provision for operational risk	713,902	3,838	-	-	(302,740)	415,000
Total	586,820,076	8,179,805	(85,116,915)	(90,891)	(2,123,054)	507,669,021

31- Deferred income tax

Deferred tax has been calculated on all temporary tax differences using the balance sheet method and using the expected tax rate on a 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 Bank 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:

Tax impact on temporary differences arising from:	Deferred tax assets		Deferred tax liabilities	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Property and equipment	-	-	(130,212,694)	(128,767,291)
Provisions (other than the provision for loan impairment)	242,767,197	219,539,161	-	-
Differences in fair value of financial investments at fair value through other comprehensive income	-	-	(56,111,831)	(83,270,222)
Others	5,825,212	10,034,692	-	-
Deferred tax assets (liabilities)	248,592,409	229,573,853	(186,324,525)	(212,037,513)
Net balance of DTA (DTL)	62,267,884	17,536,340		

Movement of deferred tax assets and liabilities:

	Deferred tax assets		Deferred tax liabilities	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Beginning balance	229,573,853	245,679,747	(212,037,513)	(202,405,352)
DT recognized / utilized during the period	19,018,556	(16,105,894)	25,712,988	(9,632,161)
Closing balance	248,592,409	229,573,853	(186,324,525)	(212,037,513)

Balances of deferred tax assets (liabilities) recognized directly in equity

	September 30, 2022	December 31, 2021
Differences in fair value of financial investments at fair value through other comprehensive income	(56,111,831)	(83,270,222)

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32- Defined benefits obligation

	September 30, 2022	December 31, 2021
Amounts recognized in the statement of financial position:		
Liability for post-retirement medical benefits	571,162,000	543,536,132
Amounts recognized in the income statement:		
Post-retirement medical benefits	43,794,968	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	418,022,554	391,514,233
Unrecognized actuarial gain	153,139,446	152,021,899
	571,162,000	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	3,354,744	4,390,533
Interest cost	39,322,676	48,846,999
Actuarial gain/losses	1,117,548	10,820,380
Benefits paid	(16,169,100)	(33,750,000)
	571,162,000	543,536,132
Amounts recognized in the income statement are shown below:		
Current service cost	3,354,744	4,390,533
Interest cost	39,322,676	48,846,999
Actuarial gain/losses recognized during the period	1,117,548	10,820,380
	43,794,968	64,057,912

The main actuarial assumptions used by the Bank are outlined below:

	September 30, 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%

33- 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 September 30, 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.

34- Reserves and retained earnings

(1) Reserves	September 30, 2022	December 31, 2021
General reserve (a)	23,979,176,120	19,533,050,946
General banking risk reserve (b)	1,169,066	153,028,333
Legal reserve (c)	2,790,716,593	2,418,770,935
Fair value reserve (d)	(374,731,677)	379,822,282
Special reserve (e)	12,856,666	12,856,666
Capital reserve	42,271,621	29,147,135
General risk reserve	21,453,923	21,453,923
Total reserves at the end of the period	26,472,912,312	22,548,130,220

Reserve movements are as follows:

(a) General reserve	September 30, 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	September 30, 2022	December 31, 2021
Balance at the beginning of the year	153,028,333	1,169,066
Transferred to / from retained earnings	(151,859,267)	151,859,267
Balance at the end of the period	1,169,066	153,028,333

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	September 30, 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	September 30, 2022	December 31, 2021
Balance at the beginning of the year	379,822,282	404,806,846
Net change in fair value (Note 21)	(781,884,399)	(40,928,209)
Impairment losses on debt instruments at fair value through other comprehensive income	172,049	(10,502)
Transferred to retained earnings	-	(411,823)
Deferred tax recognized during the period (Note 31)	27,158,391	16,365,970
Balance at the end of the period	(374,731,677)	379,822,282

(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:

	September 30, 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
Deferred tax (Tax impact on adjustment)	(4,249,739)	(4,249,739)
Available-for-sale investments (Equity instruments)	16,458,868	16,458,868
Total	12,856,666	12,856,666

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(2) Profit for the period / year and retained earnings

	September 30, 2022	December 31, 2021
Movements on retained earnings:		
Balance at the beginning of the year	11,729,469,816	10,064,231,043
Net profit of the financial period / Year	6,954,924,197	7,452,037,644
Previous year's profit distribution	(1,616,117,225)	-
Employees' profit share	(747,158,368)	(739,074,304)
Board of directors' remuneration	(16,000,000)	(16,000,000)
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 legal reserve	(371,945,658)	(369,537,152)
Transferred from fair value reserve, net of tax	-	319,163
Transferred from / to general banking risk reserve	151,859,267	(151,859,267)
Balance at the end of the period	11,552,908,638	11,729,469,816

35- 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.

	September 30, 2022	September 30, 2021
Cash and balances with central banks	4,879,309,535	4,329,456,814
Due from banks in less than 3 months	47,083,486,860	8,853,116,025
Treasury bills and other governmental notes (91 days)	2,344,077,724	1,779,167,412
Total	54,306,874,119	14,961,740,251

36- Contingent liabilities and other commitments

(a) Legal claims (litigation)

Several lawsuits were brought against the Bank and are still outstanding as of September 30, 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 944,801,871 as of September 30, 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:

	September 30, 2022	December 31, 2021
Financial guarantees	255,000	255,000
Accepted papers	1,804,882,070	3,146,172,197
L/Gs	47,948,780,319	43,455,458,358
Import L/Cs	3,806,863,427	4,075,491,328
Export L/Cs	238,084,901	504,098,326
Total	53,798,865,717	51,181,475,209

(d) Commitments for credit facilities

	September 30, 2022	December 31, 2021
Commitments for credit facilities	24,587,458,996	28,833,545,274

(e) Commitments under operating lease contracts

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

	September 30, 2022	December 31, 2021
Not more than one year	144,860,253	131,665,156
More than one year and less than 5 years	321,597,580	310,148,730
More than 5 years	95,373,393	66,550,198
Total	561,831,226	508,364,084

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37- 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	September 30, 2022	December 31, 2021
Due from banks	29,841,852	4,101,286
Due to banks	2,762,799,086	2,197,806,671
Export LC	-	25,497,885
LGs for banks	6,173,269,770	5,760,343,308
Foreign exchange derivative	-	1,814,873,752
Interest rate swap	1,449,314,238	2,202,302,588
Administrative expenses	156,358,805	169,133,060

(A) Loans and credit facilities to related parties

	Directors and other key management personnel (and close family members)		Associates and Subsidiaries	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Outstanding loans at the beginning of the financial year	111	111	3,275,523,072	2,575,167,881
Loans issued during the financial period	-	-	1,151,978,085	1,584,498,614
Loans repayment during the financial period	-	-	(652,608,817)	(884,143,423)
Loans outstanding at the end of the financial period	111	111	3,774,892,340	3,275,523,072
Interest income on loans	-	-	255,312,906	238,474,138

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

Loans and credit facilities to related parties can be analyzed below

	Directors and other key management personnel (and close family members)		Associates and Subsidiaries	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Overdrafts	111	111	-	76
Revolving term loan	-	-	3,673,436,088	3,161,467,063
Visa card	-	-	-	15,338
Direct loans	-	-	101,456,252	114,040,595
Total	111	111	3,774,892,340	3,275,523,072

(B) Deposits from related parties

	Directors and other key management personnel (and close family members)		Associates and Subsidiaries	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Deposits outstanding at the beginning of the financial year	85,022,402	73,059,484	747,909,065	575,404,995
Changes in board members	(76,411,375)	-	-	-
Deposits for sold associates compaines	-	-	-	(5,054,948)
Deposits placed during the period	1,042,150	21,111,391	285,965,508	244,223,241
Deposits repaid during the period	(140,804)	(9,148,473)	(41,964,598)	(66,664,223)
Deposits outstanding at the end of the financial period	9,512,373	85,022,402	991,909,975	747,909,065
Interest expense on deposits	397,028	2,112,388	21,188,021	22,006,011

Deposits from related parties can be analyzed below

	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Demand Deposits	1,739,862	29,551,187	39,988,947	25,691,674
Saving account	652,288	511,608	-	-
Certificates of deposits	276,000	7,276,000	525,428,958	422,354,879
Time Deposits	6,844,222	47,683,607	426,492,070	299,862,512
Total	9,512,372	85,022,402	991,909,975	747,909,065

(C) Other transactions with related parties

	Directors and other key management personal (and close family members)		Associates and Subsidiaries	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Fee and commission income	-	875	12,384,738	9,288,485
Guarantees issued by the bank	-	-	9,567,120	76,816,070
The above guarantees comprise:				
LGs	-	-	3	3
LCs	-	-	9,567,117	76,816,067
Total	-	-	9,567,120	76,816,070

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

38- 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 September 30, 2022 reached 9,314,004 at a total value of EGP 4,427,365,231 The Bank currently holds 186,280 certificates worth of EGP 88,547,266 of which EGP 23,767,250 classified as fair value through other comprehensive income that represent 5% from the total number of certificates that were initially issued, whereas the remaining value of EGP 64,780,016 which represents 2% of the increase in fund's net asset value since initial subscription are classified as fair value through profit or loss.

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 19,240,143 have been reported in the "fees and commission income" line item in the income statement.

B- QNB ALAHLI Second Fund with periodically / 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 September 30, 2022 reached 62,032 at a total value of EGP 13,554,253 The Bank currently holds 50,000 certificates worth of EGP 10,925,210 that are classified as fair value through other comprehensive 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 78,214 have been reported in the "fees and commission income" line item in the income statement.

C- QNB ALAHLI Third Fund with periodically / 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 September 30, 2022 reached 87,962 at a total value of EGP 21,074,085 The Bank currently holds 50,000 certificates worth of EGP 11,979,085 that are classified as fair value through other comprehensive 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 157,264 have been reported in the "fees and commission income" line item in the income statement.

39- Important Events

Qatar National Bank Al Ahli is following the developments of the crisis between Russia and Ukraine and its impact on the Egyptian economy and the reflection of that crisis on the bank's clients in the different economic and sectors of activities. Accordingly, the bank is continuing to implement the internal protection measures by monitoring and reviewing the level of provisions as well as the portfolio coverage ratio to mitigate the impact on the loans portfolio.

It is worth to highlight that despite the decline of the Corona Virus ("COVID-19") pandemic worldwide due to the success in vaccinating citizens in many countries, including Egypt, the Bank is closely monitoring the situation through the business continuity plan and the other risk management practices.