



**BANQUE MISR
S.A.E**

Consolidated Financial Statements

for the financial year ended
December 31, 2022



WORKING TOGETHER FOR PROSPERITY

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mazars - Mostafa Shawki
Chartered Accountants & Consultants

Mohamed Hany Fouad Ismail
Accountability State Authority (ASA)

AUDITORS' REPORT

To: The Shareholders' of Banque Misr (S.A.E.)

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of **Banque Misr (S.A.E)** Which comprise the consolidated statement of financial position as at 31 December 2022 and the related consolidated statements of income, Changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Managements' responsibility for the consolidated financial statements

These consolidated financial statements are the responsibility of bank's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the rules of preparation and presentation of banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt (CBE) board of directors on 16 December 2008 which had been amended according to the instructions issued on February 26, 2019 and in light of the prevailing Egyptian laws, management responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error, this responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws, those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit process involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements, the procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above, present fairly in all material respects the consolidated financial position of Banque Misr (S.A.E) as of 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the central Bank of Egypt's rules pertaining to the preparation and presentation of the financial statements issued on 16 December 2008 which had been amended according to the instructions issued on February 26, 2019 and with the requirements of applicable Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Emphasis of Matter

Without qualifying our report, as indicated in note (1) of the accompanying financial statements notes, the general assembly of Banque Misr has approved in the 11th of October 2020 the amendment of financial year to begin from the first of January till end of December each year, Accordingly, the consolidated statements of income, Changes in equity, cash flows, and a summary of significant accounting policies and other explanatory notes of the above mentioned statements have been prepared for the year starting from 1st of January 2022 till 31st of December 2022 (which represent twelve months) compared with the financial statements for the period starting from the 1st of July 2020 and ending 31st of December 2021 (which represent eighteen months),Accordingly, the comparative figures in the mentioned financial statements are not Comparable.

Cairo: July, 10, 2023

AUDITORS

Dr. Ahmed Mostafa Shawki

mazars - Mostafa Shawki



Acc. Mohamed Hany Fouad Ismail

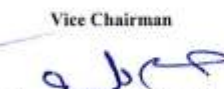
Accountability State Authority (ASA)

Banque Misr
Consolidated statement of financial position as at December 31, 2022

Translated from Arabic
Amounts in EGP Millions

	Note no	December 31, 2022	December 31, 2021
Assets			
Cash and balances with central banks	14	192,555	64,943
Due from banks	15	625,015	407,322
Loans and advances to banks	16	8,441	4,401
Loans and advances to customers	17	833,018	703,996
Financial derivatives	29	429	8
Financial investments			
- at fair value through P&L	18	6,592	5,360
- at fair value through OCI	19	395,071	374,247
- at amortized cost	20	407,765	220,340
- in associates and joint ventures	21	7,278	7,073
Intangible assets	22	1,570	1,578
Other assets	23	86,242	56,493
Deferred tax assets	33	3,660	2,491
Real estate Investments	24	678	69
Property, plant and equipment	25	11,735	10,362
Right of use assets	26	286	162
Total assets		2,580,335	1,858,845
Liabilities and shareholders' equity			
Liabilities			
Due to banks	27	101,165	63,190
Customers' deposits	28	2,016,103	1,456,537
Financial derivatives	29	288	18
Other loans	30	226,342	145,215
Other liabilities	31	66,339	44,778
Other provisions	32	6,884	4,260
Deferred tax liabilities	33	2,115	1,358
Post retirement benefits liabilities	34	9,218	7,376
Total liabilities		2,428,454	1,722,732
Shareholders' Equity			
Paid in capital	35	15,000	15,000
Reserves	36	117,038	101,056
Retained earnings		17,178	17,703
Total parent shareholders' equity		149,216	133,759
Non controlling interest		2,665	2,354
Total liabilities and shareholders' equity		2,580,335	1,858,845
Contingent liabilities and commitments			
Liabilities for letters of guarantee, letters of credit and other commitments.	37	269,440	182,728

The accompanying notes are an integral part of these financial statements.

Chief Financial Officer  Mohamed Mohamed Sherif Ismail	Vice Chairman  Hossameidin Abdelwahab	Vice Chairman  Akef Abdellatif Elmaghraby	Chairman  Mohamed Mahmoud Eletreby
Auditors  Dr / Ahmed Mostafa Shawki		Accountant / Mohamed Hany Fouad Ismael  Accountability State Authority (ASA)	

Banque Misr
Consolidated income statement
for the financial year ended December 31, 2022

Amounts in EGP Millions

	Note no.	From 01/01/2022 To 31/12/2022 Twelve Months	From 01/07/2020 To 31/12/2021 Eighteen Months *
Interest on loans and similar income		209,176	224,699
Interest on deposits and similar expense		(138,960)	(153,681)
Net interest income	5	70,216	71,018
Fee and commission income		14,235	14,756
Fee and commission expense		(876)	(1,207)
Net fee and commission income	6	13,359	13,549
Dividends income	7	1,161	762
Net trading income	8	413	86
Gain on financial investments	9	3,114	4,667
(charge) for expected credit loss	10	(9,575)	(11,168)
Administrative expenses	11	(30,613)	(33,178)
Other operating (expense)	12	(3,405)	(812)
Share of result of associates	21	236	1,165
Profit before income tax		44,906	46,089
Income tax expense	13	(18,981)	(22,730)
Net profit for the year / period		25,925	23,359
Parent interest		25,793	22,449
Non controlling interest		132	910
		25,925	23,359

* Refer to disclosure No. (39) of comparative period

Banque Misr
Consolidated statement of other comprehensive income
for the financial year ended December 31, 2022

	From 01/01/2022 To 31/12/2022 Twelve Months	Amounts in EGP Millions From 01/07/2020 To 31/12/2021 Eighteen Months
Net profit for the year / period	25,925	23,359
Other Comprehensive income items		
Items that are not reclassified in profit or loss		
Net change in the fair value for equity instruments at fair value through OCI	3,369	(476)
Total items that are not reclassified in profit or loss	3,369	(476)
Items that are reclassified in profit or loss		
Net change in the fair value for debt instruments at fair value through OCI	(7,448)	(627)
Net change in ECL for debt instruments at fair value through OCI	601	(41)
Net change in foreign currency translation differences	3,958	(130)
Total items that are reclassified in profit or loss	(2,889)	(798)
Net Comprehensive income for the year / period	26,405	22,085

Banque Misr
Consolidated statement of cash flows
for the financial year ended December 31, 2022

Amounts in EGP Millions

	Note no.	December 31, 2022 Twelve Months	December 31, 2021 Eighteen Months
<u>Cash flows from operating activities</u>			
Net profit before income tax		44,906	46,089
<u>Adjustments to reconcile net profit to cash flows provided by operating activities</u>			
Depreciation and amortization		2,754	2,786
Change in general risk reserve		-	850
Impairment charge (release) of assets		(7,055)	14,023
Other provisions charge		1,942	1,331
Revaluation differences of other provisions in foreign currencies		839	(44)
Revaluation differences of other loans in foreign currency		45,392	(1,992)
(Gain) on sale of financial investments at amortized costs		(162)	-
(Gains) on sale of fixed assets		-	(29)
(Gains) on sale of investments in subsidiaries and associates		-	(30)
(Gains) on sale of financial investments at fair value through OCI		(283)	(867)
Post retirement benefits cost		2,379	2,252
Dividend income		(1,161)	(762)
Dividends from associates		(236)	(1,165)
Operating profits before changes in assets and liabilities used in operating activities		89,315	62,442
<u>Net increase or (decrease) in assets and liabilities</u>			
Due from banks		(107,320)	(11,092)
Treasury bills		(74,053)	32,260
Financial Assets at Fair value through P&L		(2,270)	(2,493)
Loans and advances to banks		(4,052)	(805)
Loans and advances to customers		(144,129)	(288,312)
Financial derivatives (net)		39	89
Other assets		(21,748)	(18,144)
Due to banks		37,975	(43,801)
Customers' deposits		559,566	359,865
Other liabilities		21,279	19,343
Other provisions		(164)	(763)
Post retirement benefits liabilities		(537)	(746)
Paid income tax		(19,869)	(23,922)
IFRS 9 impact		-	680
Net cash flows provided from operating activities (1)		334,032	84,601

Note no	Amounts in EGP Millions	
	December 31, 2022	December 31, 2021
	(4,505)	(5,828)
	40	256
	(610)	(46)
	(214)	(132)
	51	6
	419,601	597,831
	(363,718)	(690,293)
	(444)	(2,499)
	1	63
	(2,608)	(2,106)
	1,165	761
	236	1,166
	48,995	(100,821)
	67,624	126,437
	(35,275)	(58,692)
	(7,919)	(4,396)
	24,430	63,349
	407,457	47,129
	401,405	354,276
	808,862	401,405
	192,905	65,143
	626,177	407,972
	314,100	71,618
	(171,813)	(50,187)
	(24,540)	(38,846)
	(127,967)	(54,295)
(38)	808,862	401,405

Amounts in EGP Millions

	Note no	Paid in capital	Legal reserve	General reserve	Capital reserve	Fair value reserve	Supportive reserve	Differences of nominal value and present value of subordinated deposit	ECL debt instruments through OCI reserve	General risk reserve	Other reserves	Retained Earnings & net profit	Total Equity for group	Non controlling interest	Total
Balance as of July 1, 2020		15,000	4,423	2,529	2,158	12,394	7,855	40,565	891	166	4,638	7,010	97,629	536	98,165
Dividends paid		-	-	-	-	-	-	-	-	-	-	(4,396)	(4,396)	-	(4,396)
Transferred to reserves		-	1,313	1,138	94	-	5,575	-	-	(31)	334	(8,424)	-	-	(0)
Net change in financial investments through OCI		-	-	-	-	(1,104)	-	-	-	-	-	-	(1,104)	-	(1,104)
Net change in ECL of debt instruments through OCI		-	-	-	-	-	-	-	(40)	-	-	-	(40)	-	(40)
Profit (loss) on disposal of equity instruments through OCI and others		-	-	-	-	-	-	-	-	-	-	1,064	1,064	-	1,064
Net change in Foreign currency translation differences		-	-	-	-	-	-	-	-	-	(130)	-	(130)	-	(130)
Net change between nominal value and present value of subordinated deposit		-	-	-	-	-	-	17,618	-	-	-	-	17,618	-	17,618
Net Change in General risk reserve		-	-	-	-	-	-	-	-	850	-	-	850	-	850
Net Change in Post acquisition reserve		-	-	-	-	-	-	-	-	-	(180)	-	(180)	-	(180)
Net profit for the year		-	-	-	-	-	-	-	-	-	-	22,449	22,449	910	23,359
Net change in Non controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	908	908
Balance at December 31, 2021	35,36	15,000	5,736	3,667	2,252	11,291	13,431	58,183	851	985	4,662	17,703	133,759	2,354	136,113
Balance as of January 1, 2022		15,000	5,736	3,667	2,252	11,291	13,431	58,183	851	985	4,662	17,703	133,759	2,354	136,113
Net change in accounting policies		-	-	-	-	-	-	-	-	-	(207)	35	(172)	-	(172)
Dividends paid		-	-	-	-	-	-	-	-	-	-	(7,801)	(7,801)	(118)	(7,919)
Transferred to reserves		-	2,665	2,415	32	-	12,672	-	-	31	987	(18,802)	-	-	-
Transfers		-	-	-	(46)	-	-	-	-	-	46	-	-	-	-
Net change in financial investments through OCI		-	-	-	-	(4,079)	-	-	-	-	-	(104)	(4,183)	36	(4,147)
Net change in ECL of debt instruments through OCI		-	-	-	-	-	-	-	595	-	-	-	595	-	595
Profit (loss) on disposal of equity instruments through OCI and others		-	-	-	-	-	-	-	-	-	-	427	427	-	427
Net change in foreign currency translation differences		-	-	-	-	-	-	-	7	-	4,163	-	4,170	91	4,261
Net change between nominal value and present value of subordinated deposit		-	-	-	-	-	-	(3,386)	-	-	-	-	(3,386)	-	(3,386)
Net Change in Post acquisition reserve		-	-	-	-	-	-	-	-	-	87	(20)	67	-	67
Net profit for the period		-	-	-	-	-	-	-	-	-	-	25,793	25,793	132	25,925
Deferred tax liabilities on distributable profits of the parent company		-	-	-	-	-	-	-	-	-	-	(53)	(53)	-	(53)
Net change in Non controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	170	170
Balance at December 31, 2022	35,36	15,000	8,401	6,082	2,238	7,212	26,103	54,797	1,453	1,016	9,737	17,178	149,216	2,665	151,881

Notes on the consolidated financial statements for the financial year ended December 31, 2022

1- General information

- Banque Misr (S.A.E.) was established on April 3, 1920 as a commercial bank in Arab Republic of Egypt. The head office is located at 151, Mohamed Farid Street, Cairo.
- The bank provides corporate, retail and investment banking in addition to Islamic banking services through 799 branch and unit in Arab Republic of Egypt and 5 branches in U.A.E, and one branch in Paris, France and representative offices in Russia, China, South Korea, Italy, Côte d'Ivoire, and Kenya, employing 21,659 on financial position date.
- The general assembly of Banque Misr that was held on October 11, 2020 has approved the amendment of article 25 in the bank's article of association to change the financial year to begin from the first of January till end of December of each year, as a result of the CBE regulations law No. 194 dated 2020.
- These financial statements were approved by our bank's board of Directors on 26th of June, 2023.
- The consolidated financial statements were prepared based on subsidiaries financial statements as of December 31st, 2022, in addition to three companies that are still under incorporation with no financial status and have no material impact on financial position nor income statement, the companies are Egyptian Sports Fund, Cairo Exchange, and Misr for Brokerage of Sukuk.

The following schedule shows percentage of direct and indirect ownership in our subsidiaries as of December 31, 2022:

Company / Bank Name	% of direct ownership	% of Indirect ownership	% Total ownership	Latest Updated FS
Banque Du Caire	99.9999996	0.00000040	100	31/12/2022
Misr Capital for Investments	99.9998619	0.000069	99.9999309	31/12/2022
CI capital holding	92.05	-	92.05	31/12/2022
Misr Digital Innovation	99.67	0.33	100	31/12/2022
Bank Misr Europe	74.80	10	84.80	31/12/2022
CI Consumer Finance Company "Souhoola "	99.76	0.24	100	31/12/2022
Misr Exchange	99.55	-	99.55	31/12/2022
MCI capital health care	40	60	100	31/12/2022
BM-Lease	43.44	7.56	51	31/12/2022
Al Adnan Hotels and Tourism	91.7	-	91.7	31/12/2022
Nile holding for Development and Investment	33.33	33.33	66.66	31/12/2022
Upper Egypt Company for the manufacture of Concentrates and Juices	96.64	-	96.64	31/12/2022
Misr el Ameriya for Real Estate Development	99.996	-	99.996	31/12/2022
Misr Abu Dhabi for Real Estate Investment	99.94	-	99.94	31/12/2022
* Misr Real Estate Fund	99.9	0.01	100	31/12/2022
Misr for Brokerage of Sukuk	80	-	80	Under Incorporation
Misr-exterior investment	66.73	-	66.73	31/12/2022
Egyptian Sports Fund	99.96	0.02	99.98	Under Incorporation
Misr Cayman for Finance	100	-	100	-
Misr el Ameriya for Spinning and Weaving	99.99	-	99.99	31/12/2022
Misr Edco for Transportation	98.50	-	98.50	-
Qarun Hotels and Tourism	98.40	1.58	99.98	31/12/2022
Misr investment	91.20	-	91.20	31/12/2022
Bank Misr Lebanon	93.3	-	93.3	31/12/2022
Misr capital for Brokerage	0.01	99.99	100	31/12/2022
Cairo Uganda Bank	-	100	100	31/12/2022
Cairo-Lease	-	98	98	31/12/2022
Digital and electronical payment company (Tally)	-	100	100	31/22/2022
Misr Lebanon for Insurance Brokerage	-	98	98	31/12/2022
Misr for Management of Investment Funds	98.98	-	98.98	31/12/2022
Cairo Exchange	-	100	100	Under Incorporation

* Banque Misr Group owns a percentage of total certificates issued by Misr Real Estate Fund

The following are some information regarding Banque Misr group:

- **Banque Du Caire**

Banque Du Caire S.A.E. was established as a commercial bank on May 17, 1952 following national trade rule for 1883 that was cancelled except its first section of the second unit by issuing trade law rule number 17 for the year 1999, on May 17, 1999.

The head office is located at No. 6 Dr. Moustafa Abo Zahra Street, Nasr City, Cairo, Egypt.

The bank offers banking services that are related to its activities in Arab Republic of Egypt through 248 branches and units and it employs 8998 employees.

In May, 2007, Banque Misr acquired all shares of BDC and transferred its ownership in the stock market. On the 6th of November, 2022, the authorized capital was determined to be EGP 20bn, the issued capital to be EGP 10bn divided on 5bn stocks with a par value of EGP 2 per stock.

Paid-in under capital increase: -

- On 22/03/2022, the extraordinary general assembly held and agreed to the following:
 - Adjusting the context of Article VI of the bank's Statutes which is related to both sorts of capital, authorized and issued, and the capital structure of the bank's shareholders.
 - Increasing the bank's issued and paid-in capital by an amount of EGP 4bn to be EGP 14bn after the increase, the legal procedures and noting in the commercial register are to be completed.

- **Bank Misr Lebanon**

Banque Misr Liban S.A.L. (The Bank) was incorporated in Lebanon in 1929 and it was registered to the commercial registry of Beirut with number 104 providing and in Central bank of Lebanon with number 3 a full range of corporate, commercial and retail banking services. The Bank's headquarter is located in Al-Masarf Street, Banque Misr Liban's Building, Commercial Centre, Beirut, Lebanon.

Total authorized and paid-up capital amounted to LBP 120,000m, distributed over 80 million shares, with a nominal value of LBP 1,500 per share and fully paid-up.

- **Bank Misr Europe**

Banque Misr Europe was incorporated in Germany in 1992 as LLC. The bank's activities are concentrated in its head-office located in the city of Frankfurt. Its issued and paid-up capital amounted to EUR 60m.

The main activity of Banque Misr Europe is trade finance activities and financing export-directed projects as well as companies that support importation in both Egypt and inside Europe in industries such as tools and equipment, food preparation, weavings, energy and infrastructure as well as financing sustainable investments in Egypt.

Banque Misr Europe is an efficient specialized bank that provides cross-border financial services between Europe and Egypt as well as the MENA region. Also, it is the only Egyptian bank in Central and Southeastern Europe with a full banking license and compliant with the regulations of the German banking authorities.

- **Cairo Bank- Uganda**

The bank was incorporated in Uganda on July 11, 1994. Its Headquarter is located in Kampala, Uganda, registered at P.O BOX 7052. It offers banking and commercial activities for companies and individuals through 6 branches in addition to its head office.

Its paid-up capital amounted to UGX 93.81bn, distributed on 18,763 common stock valued at UGX 5m per stock.

- **Misr Capital**

Misr finance for investments S.A.E. was incorporated under law number 95 for the year 1992, The primary contract and main system of the company was published in companies journal on print number (74) in September 2010. On December 19, 2019 the extraordinary general assembly meeting was held and decided to change the company name to be "Misr Capital" it was ratified on February 11, 2020.

The purpose of the company is to participate in the establishment of companies that issue securities or to increase their capital, formation and management of securities' portfolios, management of mutual funds, promotion and coverage of underwriting in securities - venture capital investment funds (by themselves or with others) financial consultancy on securities and providing financial advice and technical advising services without carrying out fair value studies - in addition to receiving subscriptions in mutual fund securities. The company have the right to participate in any way with other companies that engage in similar businesses to help it in achieving its purpose in Egypt or abroad, it may also merge with, buy or join these companies, taking into consideration the Law provisions No. 95 of 1992 and its executive regulations.

On the 27th of August, 2014, a decision was taken to increase the issued and paid-in capital to be EGP 4,2bn distributed over 42 million shares.

- **Misr Exchange Company**

Misr Exchange Company S.A.E. was established on May 4, 1991 in accordance with the provisions of Law No.159 of 1981 and the provisions of Monetary Law No. 97 of 1976 and its executive regulations, and in accordance with Central Bank Law No. 88 of 2003 previously, and Law 196 of 2020 currently for the purpose of buying and selling foreign exchange notes (banknotes).

The company's head office is located at 153 Mohamed Farid St., Banque Misr Cairo Tower, and according to the decision of the extraordinary general assembly held on July 31, 2019, it was approved to terminate the lease contract for the company's headquarters located at 153 Mohamed Farid St., Banque Misr Tower - Cairo, and replace it with a new headquarters at address: 6 St. Ibrahim Naguib - Garden City - Cairo, and it was noted in the commercial register on the 1st of December, 2021.

On the 21st of August, 2022, an increase in the company's authorized capital was agreed upon amounting the capital to reach EGP 300m and the issued capital to be EGP 200m. Also, Banque Misr have deposited an amount of EGP 100m while the rest of contributors refrained from subscribing in the latest increase and it was noted in the commercial register on the 29th of December, 2022.

- **Nile Holding development and Investment Company**

The Nile Holding Company for Development and Investment was established as an S.A.E in accordance with Law No. 95 of 1992 and its executive regulations and registered in commercial

register under No. 59382 on December 28, 2009, the duration of the company is twenty-five years starting from the date of registration in the commercial register.

According the extraordinary general assembly held on the 20th of August, 2019, the company's headquarters was relocated to be at 10 St. Nehro, El-Montaza, Heliopolis, Cairo.

The purpose of the company is to participate in the establishment of companies that issue securities or to increase their capital in accordance with Law No. 95 of 1992 and its executive regulations. For this purpose, it has the right to participate in all joint-stock companies regardless of the purpose they purpose and the law governing these companies and also the company has the right to invest with a part of its capital, not more than 25% of its capital, in purchasing government bonds and treasury bills, as well as bonds issued by joint-stock companies, taking into account the provisions of the Capital Market Law. The company have the right to participate in any way with other companies that engage in similar businesses to help in achieving its purpose in Egypt or abroad, it may also merge with, buy or join these companies, taking into consideration the Law provisions No. 95 of 1992 and its executive regulations.

- **BM Lease Company**

BM lease Company S.A.E. was established on February 19, 2017 in accordance with Law 159 of 1995 and in accordance with the provisions of the Law No. 95 of 1992 and its executive regulations.

On November 3, 2019, the extraordinary general assembly meeting has resulted in changing the company's headquarters to the Managerial Building No. (B92-A13) in the Smart Village, Cairo-Alexandria Desert Road and this was noted in the commercial register dated January 26, 2020.

The company purpose is to work in the field of financial leasing, considering the provisions of applicable laws, regulations, and decisions, and on condition that the necessary licenses are issued to practice these activities. The company have the right to participate in any way with other companies that engage in similar businesses to help it in achieving its purpose in Egypt or abroad, it may also merge with, buy or join these companies, taking into consideration the law's provisions and executive regulations.

Based on the extraordinary general assembly meeting held on November 3, 2019, the factoring activity was added adjusting the purpose of the company to be leasing and factoring and that was noted in the commercial register on January 26, 2020.

According to general assembly's, held on August 18, 2021, approval, the authorized capital increased by EGP 100m to be EGP 410m, and this was entered the commercial register on October 28, 2021.

Based on the decision of the boards of directors' meeting held on March 30, 2022 the issued capital was agreed to be increased by EGP 40m through issuing free stocks for the favor of the contributors of the company and that is based on the ownership percentage of each contributor from the realized profits over the financial year ended in 2021 and that was noted in the commercial register dated on September 19, 2022. Banque Misr's ownership of the capital is 51% (43% direct ownership & 8% indirect ownership which is owned by Misr Capital).

- **Cairo Lease Company**

Cairo Financial Leasing Company established an S.A.E. on March 1, 2018 in accordance with Law 159 of 1981 and as of the Capital Market Law 95 of 1992 and its executive regulations. The headquarters of the company is located at the Administrative Building, Galleria 40, Sheikh Zayed, Giza.

The company purpose is to work in the field of financial leasing, considering the provisions of law No. 95 of 1995 and its regulations which was replaced by law No. 176 of 2018. The company has the right to participate in any way with other companies that engage in similar businesses to help it

in achieving its purpose in Egypt or abroad, it may also merge with, buy or join these companies, taking into consideration the Law No. 95 of 1995 and its executive regulations.

Based on the decision of the extraordinary general assembly on March 22, 2022, the capital, amounted to EGP 250m, was increased to reach EGP 350m and the authorized capital to be set at EGP 500m this was noted in the commercial register on June 26, 2022, Banque Misr's indirect ownership is 98%.

- **Misr Investment Company**

Misr Investment Company was established as a S.A.E in accordance with the of Law No. 43 of 1974, which was replaced by Law No. 230 of 1989 for the purpose of building and managing Banque Misr Tower which is built upon an area of, roughly, 3,000m² and the extraordinary general assembly held on September 2, 1992 approved the transfer the right of ownership of the Banque Misr building to Banque Misr, convert the company to work under the umbrella of Law No. 159 of 1981 and amended Article (3) of the company's articles of association through adding new activities which are:

- Purchasing, dividing, selling and marketing land,
- Establishment, administrative and servicing buildings Residential,
- Marketing, management and maintenance of real estate, commercial, civil and industrial facilities, and
- Contracting activity.

On May 30, 2004, the Capital Companies Sector of the General Authority for Investment and Free Zones approved the transformation of Misr Investment Company to operate under the umbrella of Law No. 159 of 1981. It was published in the Companies Gazette 1123 issued in August 2004 and was entered in the Commercial Register on August 25, 2004.

The authorized capital of Misr Investment company issued and paid-in is EGP 1,100m distributed over 11,000 share the value of 100 EGP and 100% of the shares is owned by Egyptians.

- **Misr El Amerya for Spinning and Weaving**

Misr Al-Amreya Spinning and Weaving Company as S.A.E on March 26, 1983 in accordance with the Law No. 43 of 1974 and its amendments by Law No. 230 of 1989, which was replaced by Law No. 8 of 1997 with the purpose of manufacturing spinning, weaving, dyeing, preparations, ready-made garments, and furniture and market the products domestically and abroad in addition to dealing within the market of cotton and polyester.

The company's headquarters is located in Petrochemicals Road, Morgham, Al Amreya, Alexandria. The authorized capital and the issued and paid up capital were specified at EGP 916,137,580 which was distributed over 91,613,758 shares, with a ten Egyptian pounds value of each.

- **Misr El Amerya Real-Estate Investment Company**

The Misr El Amerya Real Estate Investment Company has established an S.A.E in accordance with Law No. 159 of 1981 which is amended by Law No. 3 of 1998.

The purposes of the company are to:

- Purchase and develop unused vacant lands,
- Make the infrastructure for those lands,
- Trade-in those lands and
- Create economic housing for young people.

Based on the decision of the extraordinary assembly of the company that was held on the 28th of January, 2021 the company's purpose was adjusted to include the following:

- Buying lands,
- Dividing lands,
- Renting lands,
- Developing lands by setting the infrastructure (i.e., setting roads, electricity, water lines, leveling, and amenities), and
- Working on all the requirements that will make those lands ready for constructions (e.g., commercial, industrial, facilities, or residential)

The company has the right to participate in any way with companies and other entities that engage in similar businesses to help it in achieving its purpose.

The authorized capital is EGP 300m, and the issued and paid-in capital is EGP 247.5m, distributed over 24.75 million shares for ten pounds each.

- **Misr Abu Dhabi for Real Estate Investments**

Misr National Company for Real Estate Investments was established as S.A.E on December 5, 1975 based on Ministerial Resolution No. 111 of 1976 in accordance with law No. 43 of 1974, which was replaced by Law No. 230 of 1989 and its amendments and Law No. 8 of 1997 and its executive regulations.

Its purpose of establishing, managing and exploiting tourist, residential, spatial and commercial complexes, whether through the company itself or the assistance of another company or companies at home or abroad, and for a company in order to implement its goals, has the right to build industrial workshops for the manufacture of prefabricated construction equipment such as windows, doors, floors, sanitary ware and others.

Based on the decision of the extraordinary general assembly held on January 9, 2013, the issued and paid-up capital were reduced by GBP 4.5m, as a result the paid-in capital reached GBP 15.5m, and registered in the commercial register on the 10th of July, 2013.

Based on the decision of the extraordinary general assembly held on November 20, 2022, the currency by which the company's financial statements are denominated was changed from the GBP to become EGP.

- **Al-Adnan Touristic Investment Company**

Al-Adnan Tourism Investment is an S.A.E – according to the Law No. 8 of 1997. commercial register No. 124891 dated September 10, 2018.

According to the decisions of the extraordinary general assembly of the company on August 6, 2017, the company has amended the name to be Al-Adnan Touristic Investment (Blue Bay Resort).

Based on the decision, No. 2/970 of 2007 dated 25th of July, 2017, of The General Authority for Investment & Free Zones, the company's main office address is to be changed to be at: 24A El Obour Buildings, Salah Salem, Nasr City and that is as soon as the mortgage has been written off. The issued capital is 479,883,000 Egyptian pounds, distributed over 479,883 shares, with a value of EGP 1,000 each.

- **Qarun Hotels and Tourism Company**

Qarun Hotels and Tourism – an S.A.E - in accordance with of Law No. 159 of 1981. The bank has acquired the entirety of the company in accordance with the decision of the company's extraordinary general assembly dated May 30, 2017 and the board of directors was reformed and that was noted in the commercial register in November 12, 2017.

The company was established with the following purposes:

- Creating and operating hotels and restaurants
- Preparing different kinds of meals and fast food.
- Supplying stores with various meals and other food.
- Offering various services to shops, restaurants and individuals.
- Offering services related to sporting and water tourism services

The authorized capital is EGP 25m, while the issued and the paid-in capital are set at EGP 20m distributed over 200,000 shares, with a value of 100 Egyptian pound each.

• **Upper Egypt Company for the manufacture of concentrates and juices**

Upper Egypt Company for the manufacture of concentrates and juices was established as an S.A.E on July 19, 2011 in accordance with Law No. 159 of 1981 and its executive regulations.

The purpose of the company is to:

- Operate a factory for the manufacture, production and packaging of all kinds of vegetables and fruits and their products
- All their derivatives,
- Production of juice concentrates, vegetables, various fruits and drinks (except alcoholic),
- Processing, manufacturing and packaging of all kinds of foodstuffs,
- Raising all kinds of animals, poultry and birds and
- Reclamation and preparing the land with basic facilities that make it amenable to cultivation, import and export, taking into consideration the provisions of applicable laws, regulations and decisions, and on condition that the necessary licenses are issued to practice these activities.

The authorized capital was determined to be EGP 450m and it was agreed to increase the capital of the company by the amount of the payable debt owned by Banque Misr till September 30, 2020 and use an amount of EGP 58,288,800 out of the sum of EGP 71,233,470 and defer EGP 12,944,670 to be regarded as short-term loans resulting in adjusting the issued capital to be EGP 85,468,800 distributed over 854,688 shares with a value of EGP 100 per share.

• **CI Capital**

Capital Holding Company for Financial Investments - an S.A.E. - under the name CI Capital Holding on April 9, 2005, according to Law No. 95 of 1992 and its executive regulations, and the company was entered in the commercial register under No. 166798 In April 2005, obtained the approval of the Capital Market Authority to conduct its activity under license No. 353 dated May 24, 2006.

The Extraordinary General Assembly held on March 20, 2019 decided to amend its name to become CI Capital Holding for Financial Investments, which was acquired by Banque Misr on March 16, 2021

The purposes of the company are to:

- Participate in the establishment of companies that issue securities or to participate in increasing their capital,
- Providing management services in the field of investment funds, financial advisory, promotion, and
- Coverage of subscriptions in securities, and conducting the activity of central custodians, and in accordance with Law 95 of 1992 and its executive regulations, the company may have an interest ,Or participate in any way with Financial institutions whose business is similar or that may help them to achieve its purpose in Egypt and abroad, and it is also

permissible for it to merge with, buy or join these companies, in accordance with the provisions of the law and Its executive regulations.

The company's headquarters, Galleria Complex 40, the extension of the 26th of July axis, Sheikh Zayed, 6th of October, Giza, the Arab Republic of Egypt.

On March 19, 2020, the extraordinary general assembly approved an increase in the issued and paid-in capital by EGP 200m distributed over 200 shares with a nominal value of EGP 1 per share and that was entered into the commercial register on July 10, 2020

On March 16, 2021 Banque Misr completed the ownership of 90% of the capital of CI Capital Holding Company for Financial Investments by offering obligatory purchase price of EGP 4.7 per share.

During the fiscal year 2022, Banque Misr's shareholding percentage was increased by 2% to become 92% by the end of the current fiscal year, CI Consumer Finance Company was also sold to Banque Misr to become a direct shareholding for it.

CI Capital Holding for Investments owns the following shares as subsidiaries:

- Commercial International Securities Brokerage Company with a percentage of 98.96%
- CI Assets Management 99.53%
- CI Capital for Promoting and Covering IPOs in securities by 99.57%
- Dynamic Securities Trading Company by 99.97%
- Corplease Leasing Company Egypt by 87.40%
- Micro Enterprise Services Company (Reefy) by 79.99%
- CI for Real Estate Finance by 99.99%
- CI for Consumer Financing "Souhoola" by 98.80%
- EGY EDU INVEST by 100%
- MCI Capital Healthcare Partners by 60%
- Misr Capital for Brokerage in Bonds by 99.99%

• **Souhoola, CI Consumer Finance**

Souhoola, CI Consumer Finance S.A.E. was incorporated on the 1st of August, 2019 in accordance with the regulations of the law of corporations and stock recommendation companies and the LLCs issued within law number 159 for the year of 1981 and its regulations and that was noted in the commercial register under number 1381127.

On June 7, 2020, the extraordinary general assembly has agreed to change the company's name to be CI for Financial Consumption "Souhoola" and that was noted in the commercial register in September 13, 2020 and the company's headquarters is located in No. 79, Cairo-Helwan agricultural road, Maadi, Cairo.

The purpose of the company is conducting commerce in durable and consumable products and performing the activity of selling through the installments method of payment and the company has the right to have its interests and join by any sort with other companies that practise similar activities or that might assist in achieving its goal in Egypt or abroad. Also, the company has the right to merge with the previously-mentioned entities, buy, or acquire them in accordance with the regulations of the executive laws and the valid decisions and the company has to acquire all the required permits to practise its activities.

In June 7, 2020, the extraordinary general assembly has agreed to change the purpose of the company to become the consumption financing in accordance with the second article of the

law that regulates the activity of consumption financing number 18 for the year of 2020 and the license of this activity was acquired from the Financial Regulatory Authority on September 24, 2020.

On June 29, 2022, the contract of selling the shares between CI and Banque Misr and the agreement was set to sell the entirety of stocks owned by CI Capital to Banque Misr. Also, Banque Misr has bought 60,600 shares which represents 0.30% of the company's shares.

On the 11th of August, 2022, the board of directors has decided to increase the issued and paid-in capital to become EGP 250m instead of EGP 200m, the increase was amounted to be EGP 50m distributed over 5m shares with a nominal value of EGP 10 per share.

- **Misr Digital Innovation Company**

Misr Digital Innovation Company established in accordance with the Law No. 159 of 1981 in 2020 as a company responsible for launching the first digital bank in Egypt, aiming to create innovative solutions tailored to meet the needs of bank customers in Egypt,

The purposes of the company are providing the services of bills' payments and payments solutions via the internet and mobile devices through digital portfolios, offering consultancies in the field of digital insurance and the field of micro saving to individuals and the emerging entities. (Excepting what is related to the stock markets and the legal consultancies and the consultancies and studies relevant with the revaluation aimed at increasing the capital and acquisition in addition to the financial consultancies regarding the financial stocks that are linked with the activities of the companies that operate in the field of financial stocks that are mentioned in Article No. 27 of Capital Market Law and its executive regulations), designing and implementing the billing system and the systems of digital receipting, designing and producing programs, applications, setting databases and digital information systems and operating which in addition to providing training in this regard, working on generating digital programs to run the operating systems of the banking services via internet and the mobile phone and share the digitally-secured documents along with setting and designing programs for managing digital accounts owned by individuals and entities. Furthermore, the range of the company's purpose includes commerce and digital marketing in addition to administrating and establishing websites that are related to the company and its activities without presenting any journalist, advertising, or media content.

Headquarters is located in No. 141, City Centre, New Cairo, Banque Misr building, Fifth Settlement, Cairo.

In March 29, 2022, the board of directors has agreed to increase the company's authorized capital to reach EGP 5bn and the issued capital was determined to be EGP 2.5bn, the paid-in capital was set to be EGP 1.5bn with a par value of EGP 100 per share and that was noted in the commercial register on 12/05/2022.

- **Digital and electronical payment company (Tally)**

It is a digital payments company that was established in May 2021 and was established as part of Banque du Caire's digital transformation and financial inclusion strategy, and the company's capital was set at EGP 400m.

- **Misr Liban Insurance Brokers SAL (MLIB)**

Misr Lebanon Insurance Brokerage Company (MLIB) was established by Banque Misr Liban in December 2010 to complement its banking services and activities. It is wholly owned by Banque Misr Liban and aims to provide Banque Misr Liban as well as other third-party clients with insurance brokerage services and the best insurance rates offered by the leading insurance companies in the Lebanese market.

The company covers all lines of insurance business, including life, medical, auto, marine, fire, engineering, and other insurance coverages. It follows Banque Misr Liban in its administrative policy as well as the values, mission, and vision of Banque Misr Liban.

- **Misr-exterior investment**

Misr Exterior was established in accordance to the Capital Market Law Issue No. 95 of 1992 under License Certificate No. 184 from the Capital Market Authority.

The purpose of the company is to promote and cover the subscription in securities, to participate in the establishment of companies that issue securities or to increase their capital, to form and manage securities portfolios, and to venture capital.

Article No. 6 of the statute of the company has specified that the authorized capital of the company was set at only EGP 250m, and the issued capital was set at EGP100m, distributed over one million shares, each share worth 100 Egyptian pounds.

The Ordinary General Assembly decided to liquidate the company on July 15, 2010 and the decision was cancelled in the assembly held on October 21, 2012 and a board of directors for the company has been formed.

- **Misr For Management of Investment Funds**

Misr For Management of Investment Funds S.A.E. was established in accordance with Capital Market Law Issue No. 95 of 1992 and its regulations under the license of the Capital Regulatory Authority, the company was noted in the commercial register on the 5th of May, 2021.

The purpose of the company is managing the investment funds and the duration of the company is twenty-five years starting from the date of noting in the commercial register.

- **Misr Real-Estate Fund**

Misr Real-Estate Fund S.A.E. was established and noted in the commercial register on the 17th of March, 2021 under the license of the Capital Regulatory Authority complying with Law Issue No. 95 of 1992 and its regulations and the decision of the Minister of Commerce No. 135 of 1993.

Type of the fund was determined to be a closed-real-estate-investment-fund that issues bills in exchange of investments in real-estate assets ranging from lands to constructed properties, etc. that contains a certain amount of liquidity and the bills are to be recorded for at Misr For Central Clearing, Depository, and Registry and the bills will be offered to the qualified investors with the condition of not selling back until the end of the fund's duration. The company's headquarter is located at No. 153, Mohamed Farid St., Banque Misr Tower.

2- Basis of preparation of consolidated financial statements and Summary of significant accounting policies

These Consolidated financial statements have been prepared in accordance with the Central Bank of Egypt regulations approved by CBE board of directors on December 16, 2008 in accordance with the instructions issued by CBE on February 26, 2019. As well as the Egyptian Financial Accounting standards.

2.1 Basis of consolidation

A- Subsidiaries

- Are the companies that the bank directly or indirectly have the right to control their financial and operational policies, In which the bank usually owns more than half of the voting rights., Taking into consideration the impact of future voting rights that could be practiced or transferred in the meantime while assessing whether the bank is having control over the firm or not, All subsidiaries are being consolidated since the date on which the ownership transferred to the group, Also it's eliminated from the consolidation on the date on which the control is over.
- The purchase method is being used while acquiring subsidiaries, On date of acquiring, the acquiring cost is being assessed through the fair value, or The amount of assets paid for the purchase , or the amount of owners' equity instruments issued , or the liabilities paid or accepted by acquiring the firm, adding any direct costs that incurred as a result of acquiring the subsidiary, Net assets are being measured ,also possible liabilities that are measurable at fair value on date acquisition, disregarding any minority rights , Any additional costs that exceeds the fair value of the bank's portion will be considered a "goodwill", If the acquisition cost is less than the fair value, the difference would be recorded in the income statement as other operating income (expense).
- Intercompany transactions and balances and unearned revenues derived from intercompany transactions and possible losses should be eliminated, and the financial policies for subsidiaries should be changed to comply with parents' policies whenever it's needed to ensure applying a unified policy for the group.
- The Full consolidated principle is being followed for bank purposes.

Consolidation principles includes the following:

-eliminating all balances and transactions between group companies and any unearned revenues derived from it.

- Minority rights represent no controlling shareholders in subsidiaries.

Transactions with minority rights holders:

- The group considers transactions with minority rights holders as it's a transaction with external parties, and recognizes all profits and losses that results from selling to minority rights in group's income statement, A goodwill arises from purchases from minority rights holders that represents the difference between the amount paid to acquire the share and the book value of subsidiaries assets.

For a subsidiary company, if the minority rights portion of losses exceeds their ownership rights, this excess will be added to the parents' rights except the losses that the minority rights are obliged to bear with a condition of being able to make additional investments to cover the impact of losses, And if the subsidiary achieved profits in the future these profits will be added to the parents' rights to the extent that covers the previously bearded losses that arose from minority rights losses.

B- Reporting associate companies

- Associate company is the company that's directly or indirectly owned by one of the group's companies and have the right to make an impact on the company but not to the extent of the control, and usually the group has a percentage of ownership in the company from 20% to

50 % of voting rights, Investment in associates is being reported at cost and later would be recognized by equity method.

The group's portion of profits and losses that arises after acquisition is being recognized in associate Profit and losses statements.

IF the group's losses from a subsidiary equal or exceeds its portion including any unsecured debt balances, the group wouldn't recognize any losses unless it's committed to do so, or made payments on behalf of the subsidiary.

Intercompany transactions of unearned revenues derived from intercompany transactions and possible losses should be eliminated according to the portion in associate, and the financial policies for subsidiaries should be changed to comply with parents' policies whenever it's needed to ensure applying a unified policy for the group

Profits and losses that arise from changes in associate's ownership structure is being recognized in Profit and loss statement.

C- Control

Control means group's ability to control the financial and operational policy of the companies in which they invest in order to make profit.

The group is considered controlling the investment if they have 50 % of voting rights in subsidiary and It could be less in some cases as follows:

- 1.If there's a side agreement gives the holding company the right to direct more than 50 % of voting rights in the investment company
- 2.If there's a power to the group, arising from an agreement or legislation to control the company's financial and operational policy.
- 3.being able to hire or fire majority of Board of directors
- 4.controlling more than half of BOD votes.

D- Non-controlling interest

The portion of shareholders outside the group that's not directly or indirectly owned in it's net profits or net assets of its subsidiary.

E- Regional reports

A region of the activity represents a group of assets and transactions related to providing products or services that's characterized with risk and different benefits than the others that's related to other activities, and geographical region is related to providing services or products within the same region having the same risks and benefits that differentiate from other geographical regions.

F- Transactions with minority rights:

Minority rights appears in a separate section on the consolidated financial statements, and the group considers transactions with minority rights holders as it's a transaction with outsiders, and its revenues and losses that arise from sale of owner's equity is being recognized in income statement, and purchasing from minority rights causes good will that represents the difference between the amount paid to acquire shares and the book value of company's net assets.

H- Foreign currency translation

H/1 Functional and presentation currency

The separate financial statements for each subsidiary of the bank are measured using the currency of basic economic environment in which the subsidiary conducts its activity “The functional currency”.

These consolidated financial statements are presented in Egyptian pound, which is also the functional currency of Bank Misr (Parent Company).

H/2 Transactions and balances in foreign currencies

Each subsidiary holds its accounting records in its functional currency and transactions in other currencies are recorded during the financial year using the prevailing exchange rate of the transaction date. Monetary assets and liabilities denominated in foreign currencies are re-evaluated at the end of each financial period on the basis of the prevailing exchange rates. The profits and losses resulting from the settlement of those transactions and differences resulting from re-evaluation are recognized in the income statement under the following items:

- Net Trading Income of financial asset. (held-for-trading financial assets or classified at fair value through profit or loss).
- Other operating income (expenses) for the remaining items.
- Changes in fair value of monetary financial instruments in foreign currency; which are classified as other comprehensive income (debt instruments) are analyzed into valuation differences resulting from changes in amortized cost of the instrument, differences resulting from changes in the prevailing exchange rates and differences resulting from changes in the fair value of the instrument. Valuation differences resulting from changes in the amortized cost are recognized and reported in income statement in interest income, differences resulting from changes in foreign exchange rates are recognized and reported in ‘other operating income (expenses)’. Whereas differences from changes in fair value are recognized in equity in the ‘fair value reserve / Financial investments at fair value through other comprehensive income’. Valuation differences resulting from changes in exchange rates of non-monetary items in foreign currencies (equity instruments) are recognized in the profit and loss resulting from the change in the fair value of financial assets at fair value through profit or loss. While valuation differences resulting from changes of the rates of equity instruments classified as Financial investments at Fair value through other comprehensive income are recognized in equity in ‘fair value reserve’.

H/3 Foreign Subsidiaries

The Income statement items and balance sheet of foreign subsidiaries whose functional currency differ from presentation currency of consolidated financial statement, are translated into Egyptian Pounds as follows:

- Assets and liabilities of foreign branches are translated using the closing rate at the financial position date.
- Revenues and expenses in the income statement are translated using average exchange rates unless the average does not represent an acceptable approximation of the cumulative effect for the prevailing exchange rates on that date then revenue and expense are translated using exchange rates on the dates of transactions.

- Resulted valuation differences are recognized as (foreign currency translation differences reserve) included in other comprehensive income in the equity.
- Owner's Equity accounts are translated according to historical exchange rates at the date of transaction.

I- financial assets

I/1 primary recognition and measurement

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

I/2 Classification

Financial assets- policy applicable from July 1, 2019

- On initial recognition, the bank classifies financial assets into financial assets at amortized cost, financial assets at fair value through other comprehensive income or at fair value through profit and loss.
 - The financial asset is measured at amortized cost if both of the following conditions are met and it has not been allocated by the bank's management upon initial recognition of the fair value through profit and loss:
 - Financial asset is retained in a business model that is intended to hold the asset in order to collect contractual cash flows.
 - The contractual terms of the financial asset result in cash flows on specific date which are only payments of original amount and interest of the financial instrument.
 - Debt instrument is measured at fair value through other comprehensive income only when both of the following conditions are met and has not been classified at fair value through profit or loss:
 - The financial asset is retained in a business model which is intended to collect contractual cash flows and the sale of financial asset or;
 - The contractual terms of the financial asset result in cash flows on specific dates result in cash flows that are only payments of original amount and interest of the financial instrument.
 - Upon initial recognition of an equity instrument which is not held for trading, the bank may elect once irrevocably to present changes in fair value / through other comprehensive income and This choice is made on an investment by investment basis.
 - All other financial assets are classified at fair value through profit and loss.
- In addition, upon initial recognition, the bank can allocate irrevocably - a financial asset as measured at fair value through profit and loss, although it meets the terms of the classification as a financial asset at amortized cost or at fair value through other comprehensive income, if doing so would prevent or reduce - essentially - inconsistencies in accounting measurement.

Business model evaluation

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

Financial instrument	Methods of measurement according to Business Models		
	Amortized cost	Fair value	
		Through / OCI	Through profit and loss
Equity instruments		An irrevocable election at initial recognition.	Normal treatment of equity instruments
Debt instruments	Business model of assets held for collecting contractual cash flows	Business model of assets held to collecting contractual cash flows and sell.	The business model of assets held for trading.

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

Financial asset	Business model	Basic characteristics
Financial assets at amortized cost	Business model of financial assets held to collect contractual cash flows	- The objective of the business model is to retain the financial asset to collect the contractual cash flows of the principal amount of investment and interest. - Sale is an incidental event for the purpose of this model and under the terms of the standard which are represented in deterioration in the creditworthiness of the issuer of the financial instrument, or the sale will not result in significant changes in the future cash flows of the financial asset, or selling to manage credit concentration risks. - Lowest sales in terms of periodicity and value. - The bank makes clear and reliable documentation of the reasons for each sale and its compliance with the requirements of the Standard.
Financial assets at fair value through other comprehensive income	Business model of financial assets held to collect contractual cash flows and sale	- Both the collection of contractual cash flows and sales are complementary to the objective of the model. - High sales relatively (in terms of periodicity and value) compared to the business model of financial asset retained for the collection of contractual cash flows.
Financial assets at fair value through profit and loss	Other business models including (trading - management of financial assets at fair value - maximizing cash flows by selling)	- The objective of the business model is not to retain the financial asset to collect the contractual cash flows or retained for the collection of contractual cash flows and sales. - Collecting contractual cash flows is an incidental event for this purpose of model. - Management of financial assets by management at fair value through profit and loss to avoid inconsistency in accounting measurement (complex financial instruments). - Conditions for classifying financial assets at fair value through profit and loss: - - the financial assets must meet all of the following conditions which the bank acquires at fair value through profit and loss: - - To be registered on the financial market exchange, domestic or foreign. - Must have an active deal during the three months preceding the date of acquisition.

The bank assesses the objective of the business model at the portfolio level where the financial asset is retained considering that it reflects the business is managed and how the management is provided with information. The information to be taken into consideration when evaluating the objective of the business model is as follows:

- The documented policies and objectives of the portfolio and the implementation of these policies in practice. In specially, whether the management strategy focuses only on the collection of the contractual cash flows of the asset and maintaining a specific interest rate of return to meet the maturities of the financial assets with those of the liabilities that finance these assets or the generation of cash flows through the sale of these assets.
- How to evaluate and report the portfolio performance to senior management.
- Risks affecting the performance of the business model, including the nature of the financial assets held within that model and the manner of managing these risks.
- How to assess the of business managers' performance (fair value, return on portfolio, or both)
- The periodicity, value and timing of sales processes or transaction in prior periods, the reasons for such transactions, and expectations regarding future selling activities. However, information on sales activities is not taken into consideration separately, but as part of a overall assessment of how the bank its objective of managing financial assets and generates cash flows is achieve.
- Financial assets held for trading or managed and its performance is evaluated at fair value are measured at fair value through profit and loss as they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.
- **Assess whether the contractual cash flows of an asset are payments presenting limited only to the principal of the instrument and interest.**

For the purpose of this valuation, the bank recognizes the original amount of the financial instrument at fair value of the financial asset at the initial recognition.

The interest is defined as the time value of money and the credit risk associated with the original amount over a specified period of time and other basic lending risk and costs (such as liquidity risk and administrative costs) as well as profit margin.

To assess whether the contractual cash flows of an asset represents payments that are limited only to the principal of the financial instrument and interest, the bank takes into consideration the contractual terms of the instrument.

This assessment includes whether the financial asset contains contractual terms that may change the timing or amount of contractual cash flows, thereby not meeting that requirement. for conducting such assessment, the bank shall consider the following:

- expected events that may change the amount and timing of cash flows.
- Leverage characteristics (interest rate, maturities, currency ...).
- conditions of accelerated payment and term extension.
- Conditions that may limit the ability of the bank to claim cash flows from certain assets.
- Features that may adjust the time value of money (re-setting the interest rate periodically).

Financial liabilities- policy applicable from July 1,2019

- On initial recognition, the bank classifies financial liabilities into financial liabilities at amortized cost, and financial liabilities at fair value through profit or loss based on the objective of the bank's business model.

- All financial liabilities are recognized initially at fair value on the date at which the bank becomes a party to the contractual terms of the financial instrument.
- Financial liabilities classified at amortized cost are subsequently measured at amortized cost and by using the effective rate method.
- Financial liabilities classified at fair value through profit or loss are subsequently measured at fair value.
- the change in the fair value which is related to the change in the degree of credit classification of the bank is recognized through other comprehensive income, while the remaining amount of the change in fair value is presented in the income statement.

Reclassification

- Financial assets are not reclassified after initial recognition, unless the bank changes the business model of managing these financial assets.

In all cases, there are no reclassifications between the items of financial liabilities at fair value through profit and loss and financial liabilities at amortized cost

I/3 Derecognition:

-Financial assets

- The bank derecognizes the financial assets when the contractual right of collecting the cash flows from the financial asset ends or the bank transfers the right of receiving of the transaction contractual cash flows in accordance with the transactions in which all significant risks and benefits of ownership relating to the transferred financial asset are transferred or when the bank has not transferred to a third party substantially.
- When a financial asset is derecognized, the difference between the book value of the asset (or the book value assigned to the part of the asset that is derecognized) and the sum of both proceeds received (including any new asset acquired deducting from it any new liability incurred) or any consolidated gains or losses previously recognized at the fair value reserve for financial investments at fair value through other comprehensive income and that for debt instruments.
- As of July 1, 2019, any accumulated profits or losses that have been recognized in the statement of other comprehensive income related to investment in equity instruments that have been allocated as investments at fair value through other comprehensive income, are not recognized in the profit and loss when this asset is derecognized. Any share that has arisen or has been retained from the asset intended to be derecognized (fulfills the derecognition conditions) shall be recognized as a separate asset or liability.
- When the bank enters into transactions whereby the bank transfers assets previously recognized in the statement of financial position, but it retains all or substantially most of the risks and benefits associated with the transferred asset or part of it. In these cases, the transferred asset is derecognized.
- Regarding to transactions in which the bank does not maintain or transfer substantially all the risks and benefits associated with ownership of the asset and maintains control over the asset, the bank continues to recognize the asset within the limits of its continuing association with the financial asset, and the bank's ongoing association with the financial asset is determined by the extent to which the bank is exposed to changes in the value of the transferred asset.
- In some transactions, the bank maintains an obligation to service the transferred asset in exchange for a commission, at this time the transferred asset is derecognized if it meets the derecognition conditions. The service contract is recognized as an asset or a liability if the

service commission is greater than the appropriate amount (asset) or less than the appropriate amount (liability) to perform the service.

Financial liabilities

- The group adjusts a financial liability when its terms are adjusted and the cash flows of the adjusted liability is substantially different. In this case, a new financial liability is recognized based on the terms adjusted at fair value. The difference between the carrying amount of the old financial liability and the new financial liability is recognized with the adjusted terms in (income statement).

I/4 Amendments to financial assets and liabilities

Financial assets

- If the terms of a financial asset are adjusted, the bank assesses whether the cash flows of the adjusted asset are significantly different. If the cash flows are significantly different, then the contractual rights of cash flows from the original financial asset are considered expired, and then the original financial asset is derecognized and a new financial asset is recognized at fair value and the value resulting from adjusting the total book value is recognized as profit or loss in (income statement). However, if this adjustment occurred due to the financial difficulties of the borrower, then the profits are deferred and presented with the accumulated impairment losses while the losses are recognized in the statement of profits and losses.
- If the cash flows of the adjusted asset recognized at amortized cost are not significantly different, then the adjustment does not result de recognition of the financial asset.

Financial Liabilities

- The bank adjusts a financial liability when its terms are adjusted and the cash flows of the adjusted liability are substantially different. In this case, a new financial liability is recognized based on the terms adjusted at fair value. The difference between the carrying amount of the old financial liability and the new financial liability is recognized with the adjusted terms in (income statement).

J- Clearing financial instruments

Clearing between assets and liabilities is being made when there's executional legal right to make the clearing between the recognized amounts and there's and intention to make a reconciliation based on the net amount, or to receive the asset and reconcile the liability at the same time.

Repos are reported in the balance sheet as per the net amount of treasury bills.

K- Revenue recognition:

K/1 Interest income and expense

Interest income and expense for all financial instruments except for those classified as held-for-trading or those classified at fair value through profit and loss are recognized in 'Interest and similar income' or 'Interest and similar expense' in income statement using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and allocating the interest income or interest expense over the relevant period of this financial instrument. The effective interest rate is the rate that discount estimated future cash flows that expected to be paid or received over the expected life of the financial instrument (or, a shorter period if appropriate) to reach the carrying amount of the financial asset or liability. When calculating the effective interest rate, the bank estimates cash flows considering all contractual terms of the financial instrument (i.e. Early repayment options) but does not consider future credit loss. The calculation includes all fees paid or received between parties of the contract, that are considered part of the effective interest rate, also transaction costs, include all other premiums or discounts.

When loans or debts are classified as non-performing or impaired (stage 3), related interest income are not recognized in income statement and they are recorded in marginal records outside the financial statements and they are recognized in income according to cash basis as per the following:

- When collected and after recovery of all arrears for consuming loans, mortgage loans for personal housing and small loans for economics activities.
- concerning loans granted to corporate, interest income is recognized on cash basis too, as the subsequent calculated interest according to rescheduling contract is added to a credit balance in the balance sheet till 25% of the due balances of the financial asset are paid after paying the accrued unearned / marginalized returns and after the installments continued to be regular for at least 12 months and after that calculated interest will be recognized as revenue (interest on the performing rescheduling agreement balance) without marginal interest before the rescheduling agreement which will be not recognized in interest income until the full settlement of the outstanding loan balance before rescheduling in Balance sheet.

K/2 Fee and commission income

- Fees charged for servicing a loan or facility are recognized as revenue when the service is provided. Fees and commissions on non-performing or impaired loans or debts are cased to be recognized as income, and are rather recorded in marginal records outside the financial statements; these are recognized as revenue, on a cash basis, only when interest income on those loans is recognized, for fees and commissions that represent 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.
- Fees on the debt instruments that are measured at fair value are recognized in revenues on initial recognition and syndicated loan fees received by the bank are recognized when the syndication has been completed and the bank does not hold any portion of it, or holds a part at the same effective interest rate used for the other participant's portions.
- Fees and Commissions resulting from negotiating, or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other financial instruments or the purchase or sale of institution – are recognized on completion of the

underlying transaction in the income statement, Administrative and other services fees are recognized as income on a time proportionate basis over the lifetime of the service, Fees charged for custodian services provided over long periods are recognized as income over the period during which the service is rendered.

K/3 Dividend Income

Dividends are recognized in income statement when the right to collect it is declared.

L- Treasury bills

Treasury bills are reported on nominal value and the issuance discount is added to debit balances and other liabilities and it appears on balance sheet after deducting the issuance discount.

M-Repo and Reverse repo agreements

Securities lent or sold according to a commitment to repurchase (repos) are presented in the financial statements and deducted from treasury bills balance. Securities borrowed or (reverse repos) are reclassified in the financial statements and added to treasury bills balance. The difference between purchase and resale price is treated as interest and accrued over the life of the agreements using the effective interest method.

N-Loans and advances to banks

Represents underived financial assets with a fixed amount or measurable and not traded in an active market.

O-Financial investments at fair value through profit and loss

Equity instruments, debt instruments and securities are measured at fair value, and changes in fair value are recognized in the statement of profit and loss.

P-Financial investments at fair value through other comprehensive income

Equity instruments, debt instruments and securities are measured at fair value, and changes in fair value are recognized in the statement of comprehensive income.

Q-Financial investments at amortized cost

It is recorded under this item at amortized cost and it is not subject to the requirements of fair value measurement, but subject to the requirements for measuring expected credit losses.

R-Impairment of financial assets

Policy implemented as of July 1, 2019

Impairment losses are recognized for the expected credit losses of the following financial instruments, which are not measured at fair value through profit and loss, namely:

- Financial assets that are debt instruments.
- Accrued debts.
- Financial guarantee contracts.
- Loan commitments and similar debt instruments.

Impairment losses on investments in equity instruments are not recognized.

Measuring expected credit losses

- The bank evaluates the debt instrument portfolios on a monthly basis at the portfolio level to all financial assets for individuals, small , medium , micro enterprises and on a periodic basis in relation to the financial assets of institutions classified under the follow-up list in order to monitor the credit risk related to them, as this evaluation is done at the counterparty level on a periodic basis, the criteria used to determine the significant increase in credit risk are reviewed and monitored periodically by the Credit Risk Department.

- On the date of the financial statements, the Bank estimates the provision for impairment losses for the financial instrument at an amount equal to the expected credit losses over the life of the financial instrument, except for the following cases in which the provision for the impairment losses is estimated at an amount equal to the expected credit losses over a period of twelve months:

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

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

- The expected credit losses of financial assets are measured in the stage one on the basis of the present value of the total monetary deficit calculated on the basis of adjusted historical failure probabilities rates with forecasts of average scenarios for macroeconomic indicators for a future twelve months multiplied by the value at failure, taking into account the weighting of expected recovery rates when calculating the loss rate for each group of debt instruments with similar credit risk. Given that the expected credit losses take into account the amount and timing of the payments, the credit losses arise even if the facility expects to be paid-in full but at a later time after the debt becomes payable under the contractual terms. The expected credit losses over a period of twelve months are part of the expected credit losses over the life of the asset that result from defaulting events in the payment of a financial instrument and potential within twelve months after the date of the financial statements.
- The expected credit losses for the financial assets in the second stage are measured on the basis of the present value of the total cash deficit calculated on the basis historical probability of default rates modified by the expectations of the average scenarios of macroeconomic indicators for the life of the financial asset multiplied by the value upon failure, taking into account the weighting of the expected recovery rates when calculating the loss rate for each group of debt instruments with similar credit risk.
- Financial assets that are credit-impaired at the date of the financial statements are measured as the difference between the total carrying amount of the asset and the present value of expected future cash flows.

When calculating the loss rates, the bank considers the expected recovery rates from the present value of the expected cash flows, whether from cash and non-cash guarantees or expected future or historical repayment rates, as follows:

- For debt instruments classified within the stage one, only the value of the cash collateral and cash equivalents represented in cash and other financial instruments that can be converted into cash easily in a short period of time (3 months or less) and without a change (loss) in their value as a result of credit risk.
- For debt instruments classified under both stage two and three, only the types of guarantees are considered in accordance with the rules issued by the Central Bank of Egypt on 24/5/2005 regarding determining the creditworthiness of clients and creating provisions, while the value of those guarantees is calculated according to what is mentioned in the rules for presentation and preparation of financial statement for banks and the standards of recognition and measurement issued by the Central Bank of Egypt on December 16, 2008.
- For debt instruments held by banks that operate outside Egypt, the probability default rates are determined on the basis of the credit rating of the head office of the bank operating outside Egypt and not exceeding credit rating of the head office country and taking into account the instructions issued by the central bank regarding country risks, and the rate is calculated the loss is at least 45%.
- For debt instruments held by banks operating inside Egypt, the probability loss given default is calculated on the basis of the bank's classification by foreign international rating agencies and Egyptian bank branches abroad are treated as the head office, and branches of foreign banks that operate inside Egypt are treated as their head office, the loss given default is calculated at the rate of at least 45%.
- The provision for impairment for financial assets recognized in the financial position is deducted from the value of the financial assets when presenting the statement of financial position, while the provision for impairment relating to loan commitments, financial guarantee contracts and contingent liabilities is recognized under the provision for financial position liabilities.
- For financial guarantees contracts, the bank estimates the expected credit loss based on the difference between the payments expected to be paid to the guarantee holder, deducted any other amounts that the bank expects to recover.

S-Clearing financial instruments

Clearing between financial assets and liabilities takes places if there is an entitled-legal right to performed in order for the event of clearing to take place between the recognized amounts, which was intended to be cleared based on the net amount or to receive the asset and clear the liability at the same time.

T-Derivative financial instruments and hedge accounting

Derivatives are recognized initially and subsequently at fair value. Fair values of exchange-traded derivatives are obtained from quoted market price. Fair value of over – the – counter derivatives are obtained using valuation techniques including discounted cash flow models and option pricing models. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

U-Intangible assets

A. Goodwill

- Goodwill represents the increase in the cost of acquisition over the fair value of the group's share of net assets and the Goodwill is amortized by 20% annually.

B. Other Intangible assets

- Intangible assets represent the cost of acquiring computer programs and the licensees of using it. Intangible assets appear with historical cost after deducting accumulated amortization and provision of impairment losses.
- Other intangible assets: Intangible assets other than goodwill and computer software like trademarks, licenses, and the benefits of leases. Other intangible assets are represented at the cost of acquisition and amortized in by straight-line method or on the basis of the expected economic benefits, over their estimated production lifetime, and for assets that do not have a specific production lifetime and are not subject to amortization, but tested for impairment annually and the value of the impairment (if any) is carried on the income statement.

V-Non-monetary assets acquired as settlement of debts

Assets acquired by the bank to settle debts are recorded within "Other Assets" with the same value acquired by the bank and in case of there is any decreases in fair value of these assets are charged to the income statement, in case there is a subsequent increase in fair value, it is credited to the income statement up to the amount previously charged. For the Real Estate which granted a new deadline for disposal has been formed a banking risk reserve in equity.

W-Property, plant and equipment

All property, plant and equipment are recorded at historical cost less depreciation and impairment losses. Depreciation of Fixed assets is calculated using the straight-line method with reliable rates for each subsidiary to allocate their residual values over estimated useful lives.

X-Contingent liabilities

Contingent liabilities in which the group involved as a party in addition to any commitments of fixed assets, financial investments, and others recorded as off-balance sheet items as "contingent liability and commitments ". Such transaction does not represent actual assets or liabilities at the financial statements date.

Y-Cash and cash equivalents

For purposes of presenting cash flow statement, cash and cash equivalents including (cash, obligatory reserve balances with CBE, due from banks as well as treasury bills) maturing within 3 months from the acquisition date.

Z-Other provisions

Other provisions are recognized when the bank has present legal or constructive obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expenses).

Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from financial statement date using the appropriate rate in accordance with the terms of settlement, which reflects the time value of money. If the settlement term is less than one year, the estimated value of obligations is calculated.

AA-Income tax

Income tax on the profit or loss for the period and deferred tax are recognized in the income statement except for income tax relating to unearned gain which was recognized directly in equity.

Income tax is recognized based on net taxable profit using the tax rates applicable on the date of the financial statement in addition to tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the principle of the tax. This is to determine the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities using tax rates applicable on the date of the financial statement.

Deferred tax assets of the bank recognized when there is a probable possibility of achieving taxable profits in the future through which asset can be used, the value of the deferred tax assets is reduced by the value of the part from which the expected tax benefit will not be realized during the following years. In the case of a higher benefit expected tax, deferred tax assets will increase within the limits of the previously reduced.

3- Financial risk management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance, and the most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks, also market risk includes exchange rate risk, rate of loss given default risk and other prices risks.

The Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of

reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by a risk department under policies approved by the Board of Directors. Risk department identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units. In addition, risk department is responsible for the independent review of risk management and the control environment.

Risk management strategy

The group operates in business lines, which generate risks that may differ in their frequency and severity. A greater ability to calibrate its risk appetite and risk parameters, the development of risk management core competencies, as well as the implementation of a high-performance and efficient risk management structure are therefore critical undertakings for the group.

The primary objectives of the bank's risk management framework are as follows:

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

Risk management governance and risk principles

- 1- The Board of Directors provides general guidance for risk management and internal control.
- 2- Ensure that the risk management sector staff with a high degree of efficiency.
- 3- The risk management sector manages operation, market and credit risks in coordination with the rest of the bank's various departments.
- 4- The risk management sector manages its duties with full independence under the supervision of the Board of Directors.
- 5- The internal audit department sends reports to the audit Committee from the Board of Director and include the performance reports of operation units and the commitment of these units with the different risk policies.
- 6- The overall strategy for the bank's business units is developed in coordination with the Risk Management sector.
- 7- Contribute to an independent evaluation by analyzing transactions that involve credit risk and by providing advice with respect to the transaction proposed by business segments.
- 8- Develop a framework to identify and manage operational risks and promote an environment of internal control of the bank.
- 9- The compliance and governance follow strategy and development sector, and that would help to:
 - Develop and update the bank's corporate governance rules in order to achieve transparency and disclosure and determine the responsibilities and powers and the rules of accountability.
 - Evaluating the implementation of the bank to the rules of corporate governance.
 - Ensure that the level of qualification of all employees of the bank is raised and senior management is trained on practical practices of governance.
 - Ensure that the organizational structure of the bank guarantees or is achieving transparency.

10- Committee of assets and liabilities, which specializes in:

- Periodic follow-up to the policy of asset and liability management.
- Study of the risks of fluctuations in interest rates through the implemented policy in this regard.
- Approve the necessary adjustments to its pricing policy.
- Achieving a balance in the sources of funds.
- Study of the risks of fluctuations in foreign currency exchange rates and make required balance.
- Study liquidity indicators and propose the necessary measures.
- The verification of the adequacy of emergency plans that set to face liquidity risk.

11- The risk committee is emanated from board of directors and consists of three non-executive members from the board of directors, and the general manager of risk sector is attending its meetings. Its purpose is to help the board in fulfilling its responsibilities regarding supervision and monitoring (Risk Management Framework) in Banque Misr involving policies, procedures, and methods in managing credit, investment, operating, market, liquidity risk and all types of risks.

(A) Credit risk

- Corporate and financial institution credit risk.
- Retail, small and medium enterprise, and microenterprise credit risk.

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the bank by failing to discharge an obligation. Management therefore carefully manages its exposure credit risk. Credit exposures arise principally in loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as contingent liabilities. The credit risk management and control are centralized in a credit risk management team in risk department which reports to the Board of Directors and senior management.

(A-1) Credit risk measurement**Loans and facilities to banks and customers:**

Loans to clients, banks and financial investments are in the form of bonds, as well as current account balances, deposits with banks, rights and pledges from third parties from financial assets that are at risk of credit and that is represented by the inability of these parties to pay part or all of their due on the due date. The bank minimizes the impact of this risk by:

- Prepare credit studies for clients and banks before dealing with them to estimate and determine the related credit risk rates.
- Obtaining adequate guarantees to reduce the risks that may arise in the event of the default by the client or the banks.
- Following up and making a periodic study of clients and banks in order to evaluate their financial and credit positions and estimate provision required for non-performing loans.

The bank assesses the probability of delay at the level of each customer using detailed internal rating methods for different categories of clients. These methods have been developed for evaluation internally and take into account statistical analysis with the personal judgment of credit officials to reach an appropriate rating of credit. The bank's customers are divided into four categories.

The position exposed to failure depends on the amounts that the bank expects to be in place when the delay occurs. For example, for a loan, this position is the face value. As for the commitments, the bank lists all the amounts actually withdrawn, in addition to the other amounts that are expected to have been withdrawn until the date of the delay, if it occurs.

The default or severe loss represents the bank's expectation of the extent of the loss when claiming the debt if the delay occurs. This is expressed in terms of debt loss, and certainly this varies according to the type of debtor, the priority of the claim, the availability of collateral or other credit coverage.

The administrative reports of monitoring and follow-up are issued monthly, quarterly, semi-annually and annually, and these reports are comprehensive and wide-ranging and deal with multiple topics including the following:

- Portfolio quality, industry concentrations and major risks.
- Product concentration, credit control and concentration of shares held with the bank as collateral.
- Monitor defaults, details of customer provision and movement of the provision.

Amounts resulting from expected credit loss - a significant increase in credit risk

When determining whether the risk of default on financial instruments has increased substantially since its initial recognition, the bank takes into consideration reasonable and supportive information that is available without unwarranted cost or effort. This includes quantitative and qualitative information, analyzes based on the bank's past experience and an expert credit assessment, including future information.

Credit risk rating

The group allocates a credit score for each risk based on the various data used to forecast default risks and apply judgments and estimates based on experience. Credit risk rating scores are determined using quantitative and qualitative factors that indicate default risk. These factors vary according to the nature of the risk and the nature of the borrower.

The credit risk rating score for each company is determined upon initial recognition based on the information available on the borrower. Exposures are subject to continuous monitoring. This may result in the exposure being transferred to a different degree of credit risk. Exposure monitoring requires the use of the following data:

Corporate exposure	Individual exposures
Information is obtained during the periodic review of files - such as audited financial statements, estimated budgets and projections. Examples of areas that require a specific focus are: gross profit margin, leverage rates, debt service coverage and commitment to pledges, quality management, and changes in senior management.	Internally obtained information and customer behavior - such as the use of credit card facilities.
Data from reference credit agencies, newspaper articles or changes in external ratings.	Solvency measures
Listed bonds, and credit default swap rates for the borrower, when available.	External data from reference credit agencies, including default information.
The actual and expected significant change in the borrower's political, regulatory and technical environment or his commercial activities.	

➤ Establish a schedule of default conditions

Credit risk rating scores are a key approach to determining default terms. The bank collects performance and default information related to its credit risk and analyzes it according to the product, the borrower and the degree of credit risk classification.

The bank uses statistical models to analyze the data obtained and make estimates of the probability of default over the remaining life of the financial instrument and how it is expected to change because of the passage of time.

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

Based on the economic data, and after taking into consideration a variety of external actual information and expectations, the bank prepares its perception of the "base case" of the future direction of the economic changes in question and a set of other potential forecast scenarios, and the bank uses these forecasts to modify the expectations of default risks.

➤ Determine whether the credit risk has increased significantly

The controls for determining vary whether credit risk has increased significantly by the portfolio and include quantitative changes in probabilities of default and qualitative factors, including the probability of default for the portfolio.

By using estimates made by its experts and based on previous experience, the bank can decide that credit risk has increased significantly based on specific qualitative indicators that indicate this, and that its impact will not fully be demonstrated in the quantitative analysis on regular basis.

➤ Definition of default

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

- If the borrower has an obligation that is 90 days (or more) past due.
- Borrower has an obligation and the bank has suspended the interest accrued.
- Borrower has a commitment (s) that has been restructured with a loss for the bank.
- Borrower has an obligation classified as non-performing by the bank.
- Borrower has an obligation to write it off wholly or partially.

When evaluating whether the borrower is in default, the bank looks at indicators:

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

The approach to the evaluation of whether the financial instrument is non-performing and its importance varies over time to show changes in conditions.

➤ Recognition of future information

The bank shall recognize future information in its evaluation of whether the credit losses of any instrument have increased significantly, since the bank's initial recognition and measurement of the expected credit losses. Based on various actual information and expectations, a scenario of the "basic state" of the future direction of the economic variables involved and a range of other potential expectations. This requires preparing two or more additional scenarios and studying the possibilities related to each outcome. External information includes economic data and forecasts published by rating agencies, such as Moody's Economic Data Services.

The "base case" represent the most probably outcome, and is consistent with the information used by the bank for other purposes such as strategic planning and budgeting. Other scenarios represent more optimistic and pessimistic results. On a regular basis, the bank performs potential tests for the most severe shocks, in order to set criteria for determining the best other scenarios.

The bank identifies and documents the main drivers of credit risk and credit loss for each portfolio. Using historical data analysis, he estimates the relationship between macroeconomic factors, credit risk and credit losses. These economic scenarios on include a set of the following basic indicators:

- GDP growth
- Unemployment rates
- Government spending
- Stock price indicator

The expected relationship between the main indicators, default and loss rates in the various portfolios of financial assets has been developed based on historical data analysis.

➤ Measuring expected credit losses

The main inputs to measure ECL are the structure of the conditions for the following variables:

- Probability of default. (PD)
- loss given default. (LGD)
- Exposure at default. (EAD)

The above indicators are generally extracted from internally prepared statistical models and other historical data, and they are modified to reflect future information, as indicated above.

Estimates of probability of default are estimates of a specific date that are calculated according to statistical classification models and are evaluated using classification tools related to the various categories of third parties and exposures. These statistical models are determined according to data collected. Market data can also be used internally and externally, including quantitative and qualitative factors, and when available to obtain the probability of loss given default for large companies. In case of the counterparty or exposures move between classes of ratings, this could lead to a change in the estimate of the probability of the loss given default.

The default loss ratio represents the amount of potential loss in case of loss given default. The bank estimates indicators of the history of claims redemption rates from defaulted parties. The loss given default ratio models take into account the structure of the loss given default ratio, taking into account the structure, collateral, and collateral redemption costs that are an integral

part of the financial asset. For secured retail loans, the value / type of the asset is a key indicator for determining the percentage of loss when defaulting. Estimates of the percentage of loss when defaulting is based on different economic scenarios, and are calculated on the basis of discounted cash flows using the effective interest rate as a discount factor.

Exposure at default is the expected exposure in case of default. The bank extracts "exposure when defaulted" from the current exposures to the counterparty and possible changes in the current amount allowed under the contract, including amortization. Exposure to failure to represent a financial asset represents its total book value. For loan obligations and financial guarantees, the "exposure on default" includes the amount withdrawn and the possible future amounts that can be drawn down under the contract and that are estimated based on historical data and future expectations. For some financial assets, exposure is determined by default, by assessing a set of results of potential exposures at different times using statistical scenarios and methods.

➤ Debt instruments and treasury bills

For debt instruments and bills, external rating such as Standard and Poor's rating or equivalent are used for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are used. These investments in those securities and bills are viewed as a way to gain a better credit quality and maintain a readily available source to meet the funding requirement at the same time.

(A-2) Risk limit control and mitigation policies

The bank manages limits and controls concentrations of credit risk wherever they are identified – in particular to individual counterparties, debtors, industries and countries. The bank structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by individual, counterparties, product, and industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks is further restricted by sub-limits covering on- and off- balance sheet exposures.

Some other specific control and mitigation measures are outlined below:

- **Collateral:**

The main source of payment is the cash flow of any customer, but sometimes, according to the credit study, additional collateral is taken to reduce the risks in case of a customer default, and also works to enhance the credit situation in case of fail to pay the full debt, and the types of collaterals that are accepted by the bank:

- Securities (stocks and bonds)
 - Mortgage
 - Commercial mortgage on machines and equipment
 - Personal guarantees or what is known as bail
 - Freezing the customer's credit balances
- **Policies related to credit risk of companies and financial institutions:**
- Several policies were adopted for credit risk of corporate and financial institutions to comply with the risk reduction procedures, and these policies are:
- Credit Grant Powers Policy.
 - Creditworthy Policy.
 - Credit Control and Follow-up Policy and General Administration Work Control and Follow-up Credit Procedures.
 - Risk management policies and procedures for defaulted and watch list credit clients.
 - Credit policy for dealing with financial banking institutions.
 - Credit Portfolio Management Policy:
The risk appetite to grant facilities according to industry, creditworthiness, currency, and terms of facilities, which leads to a clear definition of all the characteristics that the bank aims to achieve in relation to the loan portfolio including levels of diversification and concentration by setting limits for total employment with one customer and/or a single group, a specific industry, and an acceptable limit of employment according to geographical distribution (which takes into / consideration country risks) as well as according to the type of product.
 - Individual credit risk policies
 - Standardized Credit Policy for Retail Products

(A-3) Impairment and (provisions) policies

The internal systems of the evaluation as mentioned before (Note A/1) focus heavily on credit quality planning from the beginning of proving lending and investment activities. Otherwise, only the impairment losses that occurred on the balance sheet date are recognized for financial reporting purposes.

Based on objective evidence indicating the impairment as stated in this explanation and due to the difference in the methods applied, the credit losses charged to the financial statements are usually less than the estimated loss amount using the expected loss model used.

The following table shows the percentage of items on financial statements related to loans and facilities for banks and customers for each stage:

Bank evaluation	December 31, 2022	December 31, 2021
	Expected Credit Loss provision %	Expected Credit Loss provision %
Stage one	14.44%	11.23%
Stage two	25.59 %	32.30 %
Stage three	59.97 %	56.47 %
Total	<u>100 %</u>	<u>100 %</u>

(A-4) Maximum exposure to credit risk before collateral held

Amounts in EGP Millions

	December 31, 2022	December 31, 2021
<u>In balance sheet items exposed to credit risk</u>		
Total loans and advances to banks (gross)	8,505	4,452
<u>Loans and advances to customers (gross):</u>		
<u>Individuals and small enterprises:</u>		
Overdraft	5,688	4,016
Credit cards	4,709	2,807
Personal loans	122,869	101,732
Direct loans	2,644	1,797
Mortgages loans	18,535	12,468
Other loans	898	6,309
<u>Large and medium enterprises:</u>		
Overdraft	110,715	91,714
Direct loans	313,578	290,828
Syndicated loans	232,474	182,089
Other loans	55,553	34,530
Discounted papers	1,527	1,202
Total loans and advances to customers	869,190	729,492
<u>Financial investments:</u>		
Debt instruments through comprehensive income	371,796	355,228
Debt instruments at amortized cost	408,883	221,051
Other assets	73,719	46,672
Total	<u>1,731,093</u>	<u>1,356,895</u>
<u>Off Balance sheet items that exposed to credit risk</u>		
Letters of guarantee	169,935	125,008
Letters of credit import	29,959	29,482
Letters of credit export	14,390	6,499
Acceptance	34,162	11,541
Loan Commitments	6,496	3,318
Other	563	453
Total	255,505	176,301

The above table represents the maximum bank exposure to credit risk at June 30, 2022 without taking into consideration any guarantees.

As shown above loans and advances to customers and banks represents 50.70% of the maximum limit exposed to credit risk in the balance sheet against 54.09% at the end of the previous year, while investments in debt instruments represents 45.04% of the maximum limit exposed to credit risk in the balance sheet against 42.47% at the end of comparative year.

(A-5) Loans and advances

The following table shows the different stages of loans and advances for customers and banks as at December 31, 2022

Amounts in EGP Millions

Item	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	767,423	61,597	40,169	869,189
Provision for customer loans	(5,090)	(8,990)	(21,124)	(35,204)
Unearned doubtful interest	-	-	(331)	(331)
Unearned discount	(636)	-	-	(636)
Net loans and advances to customers	761,697	52,607	18,714	833,018
Loans and advances to banks	619	7,859	27	8,505
Provision for loan	-	(36)	(27)	(63)
Net loans and advances to banks	619	7,822	-	8,441

The following table shows the different stages of loans and advances for customers and banks as at Dec 31, 2021

Amounts in EGP Millions

Item	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	659,458	46,223	23,811	729,492
Provision for customer loans	(2,766)	(7,936)	(13,907)	(24,609)
Unearned doubtful interest	-	-	(744)	(744)
Unearned discount	(143)	-	-	(143)
Net loans and advances to customers	656,549	38,287	9,160	703,996
Loans and advances to banks	835	3,599	18	4,452
Provision for loan	(3)	(30)	(18)	(51)
Net loans and advances to banks	832	3,569	-	4,401

(A-6) Concentration of risks of financial assets exposed to credit risks

Geographical sectors

For the following table, the bank has allocated exposures to the regions related to the group's customers. Risk related to loans and advances to customers has been allocated according to branches region that customers account has been opened in it.

Amounts in EGP Millions

	Arab Republic of Egypt				Other countries	Total
	Cairo	Alex, Delta & Sinai	Upper Egypt	Total		
<u>Loans and advances to banks (gross)</u>	-	-	-	-	8,505	8,505
<u>Loans and advances to customers (gross):</u>						
<u>Individuals and small enterprises</u>						
– Overdrafts	3,669	1,688	266	5,623	64	5,687
– Credit cards	4,366	220	77	4,663	46	4,709
– Personal loans	49,458	44,774	26,819	121,051	1,818	122,869
– Direct loans	2,466	-	-	2,466	178	2,644
– Mortgages	10,525	4,288	2,986	17,798	737	18,536
– Other loans	898	-	-	898	-	898
<u>Corporate and medium enterprises:</u>						
– Overdrafts	84,437	21,453	3,214	109,104	1,610	110,714
– Direct loans	275,793	19,278	11,659	306,730	6,849	313,579
– Syndicated loans	220,898	2,284	944	224,126	8,347	232,473
– Other loans	41,322	308	39	41,669	13,884	55,553
-Discounted papers	1,409	114	-	1,523	4	1,527
<u>Financial Investments:</u>						
– Debt instruments	744,623	317	-	744,940	34,739	779,679
– Other assets	68,942	1,152	722	70,816	2,903	73,719
Total at the end of current period	1,508,790	95,875	46,726	1,651,391	79,700	1,731,091
Total at the end of comparative year	1,179,919	87,061	39,088	1,306,068	50,828	1,356,896

(B) Market risk

The group is exposed to market risk represented in fluctuations in fair value or in future cash flows resulted from changes in market prices. The market risk is happening because of the open positions of interest rates, currency exchange rates, and the products of the shareholders' equity as each of them is exposed to the markets public and private movements as well as to the changes in the sensitivity level of market prices or rates such as interest rates, foreign exchange rates and the prices of equity instruments and liquidity risk.

The dealing room department and market risk department have the responsibility to evaluate and manage the risk of insufficient necessary fund and the related risks associated with imbalance distribution of balance sheet structure (due to changes in interest rate and exchange rate prices) as well as bank's long-term finance and the management of capital requirements and capital structure.

(C) Liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

(C-1) Liquidity risk management

The controls on liquidity risk applied by the group's money management and correspondents sector include the following:

- Managing daily financing by monitoring future cash flows to ensure that financial liability can be met, it includes many replacements when it is matured or Pawned to customers, maintaining an active presence in global money markets to enable this to happen.
- Maintaining a diverse range of funding sources with back-up facilities.
- Monitoring balance sheet liquidity and advances to core funding ratios against internal and CBE regulations.
- Managing the concentration and profile of debt maturities.

For monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Bank's money management and correspondents' department also control the unmatched medium-term assets management, with the level and type of the unutilized portion of loan commitments, also the extent of utilizing debit current accounts advances and the impact of contingent liabilities such as letters of guarantees and letter of credits.

(C-2) Funding approach

Sources of liquidity are regularly reviewed jointly by a specific team from Risk Management department to maintain a wide diversification of currency, provider, product and term.

(The liquidity Control ratios (NSFR – LCR))

1- Liquidity Coverage Ratio (LCR)

The liquidity coverage ratio aims at ensuring that the bank reserves an enough amount of liquid-high-quality assets which are not mortgaged to meet the net cash outflows during the upcoming 30 days amidst a scenario of unexcepted conditions with the condition of not dropping the liquidity coverage ratio below 100% at all times.

This ratio is calculated according to the following formula:

$$\text{LCR} = \frac{\text{liquid-high-quality assets}}{\text{Net Cash Outflows during 30 days}} \geq 100\%$$

The liquidity coverage ratio for the financial year ended in December, 2022 has recorded the following:

Local Currency	1633.67%
Foreign Currency	280.02%
Total Currencies	1197.17%

The control ratio $\geq 100\%$

2- Net Stable Funding Ratio (NSFR)

Represents the net percentage of stable financing between the available stable funding which represents the numerator of the equation and the required stable funding which represents the denominator.

Furthermore, the ratio works on facing the dissonance between the long-term financial structure through urging banks to exploit long-term stable sources of funds that lasts for more than a year at least and that is to cover the investments in assets and any financial claims which aids the bank in the formation of sources of funds which cannot be below 100% on a permanent basis.

This ratio was calculated according to the following formula:

$$\text{NSFR} = \frac{\text{The amount of available stable finance}}{\text{The amount of required stable finance}} \geq 100\%$$

The net stable funding ratio for the financial year ended in December, 2022 has recorded the following:

Local Currency	462.62%
Foreign Currency	645.87%
Total Currencies	489.87%

The control ratio $\geq 100\%$

Capital management

The group's objectives behind managing capital for regulatory process include elements other than equity shown in the balance sheet which are represented in the following:

- Comply with capital legal requirements in Arab Republic of Egypt and other countries where the bank's branches operate.
- Support the bank's ability to continue its business and enabling it to continue in generating return to shareholders and other parties that deals with the bank.
- Maintain a strong capital base that support business growth.

Capital adequacy and capital utilizations are reviewed according to the requirements of regulators (Central Bank of Egypt in the Arab Republic of Egypt) periodically by the bank's management through models that depend on the guidelines of Basel Committee for banking supervision. Required information is prepared and submitted to the Central Bank of Egypt on a quarterly basis.

The Central Bank of Egypt requires each bank to do the following:

- Maintain the sum of EGP 5 bn as a minimum limit for issued and paid-up capital.
- Maintain a percentage between capital elements and assets and contingent liabilities elements weighted by risk equals to or exceeds 13.25%.

Overseas branches are subject to the supervision rules regulating banking business in countries where they operate.

The numerator of the capital adequacy ratio consists of the following two tiers:

Tier One:

Represented in basic capital that include paid up capital, retained earnings and reserves from profit appropriation with the exception of general banking risks reserve.

Tier Two:

Subordinated capital consists of the equivalent of the performing loans and contingent liabilities provision and not exceeding 1.25% of the total risk weighted assets and contingent liabilities subordinated loans with maturity exceeding 5 years (with amortization of 20% of their value each year of the last five years of their maturities) and 45% of the increase between the fair and book value of financial investments at fair value through OCI, and investments in subsidiary and associates.

When calculating the total numerator of the capital adequacy ratio it should be taken into consideration that the subordinated capital does not exceed in any way the tier one capital and that subordinated loans do not exceed half of the tier one capital.

Assets are risk weighted in accordance with the nature of debit side of each asset, to reflect the related credit risks while taking into consideration cash collaterals same treatment is applied on off-balance sheet amounts after adjusting reflect the contingent nature and expected losses of these amounts.

The bank has complied with all local capital requirements and in countries where its oversea branches work during the last two years.

The Board of Central Bank of Egypt held on December 18, 2012 decided to approve the instructions of minimum capital adequacy in the context of applying Basel II.

The following table summarize the components of tier one or basic continuous capital, tier two or subordinated capital and capital adequacy ratio for the financial statements of financial group as at the end of current period ended June 30, 2022 and consolidated year according to CBE regulations issued on Basel II applications:

1- Capital adequacy ratio:

	Amounts in EGP Millions	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Tier one (Basic continuous capital):</u>		
Paid-in capital	15,000	15,000
Reserves	43,759	25,962
Comprehensive income	14,650	13,885
Retained Earnings	8,950	7,557
Total Basic continuous capital (Tier one)	82,359	62,404
Total exclusions from basic continuous capital	(10,122)	(14,589)
Net Basic continuous capital (Tier one)	72,237	47,815
Basic additional capital	57,259	59,339
Net tier one	129,496	107,154
<u>Tier two (Supplementary capital):</u>		
Subordinated loans (Subordinated deposits)	53,940	46,778
Impairment provision of the performing loans and contingent liabilities.	7,236	3,700
Net tier two	61,176	50,478
Total capital base	190,672	157,632
<u>Risk weighted assets and contingent liabilities :</u>		
Credit risk	1,034,691	687,776
Market risk	34,438	17,391
Operation risk	80,645	82,554
Total	1,149,774	787,721
Capital adequacy ratio (%)	16.58%	20.01%

2- Leverage ratio

The Board of Directors of the Central Bank of Egypt (CBE) issued a decision in its meeting on 7 July 2015 to approving the regulatory instructions for leverage, with banks commitment to the minimum rate set for (3%) on a quarterly basis as a commitment regulatory rate as of 2018 in order to maintain the strength and integrity of the banking system and keep up with the best international supervisory practices in this regard.

Leverage reflects the relationship between tier one of capital after elimination, and the Bank's assets (both on- and off-balance-sheet) are unweighted with risk weights.

Amounts in EGP Millions

	December 31, 2022	December 31, 2021
Tier one of capital after the exclusion	129,496	107,153
Total exposures on and off balance sheet	2,783,017	1,984,237
Leverage ratio	4.65%	5.40%

(4) Segment analysis

Geographical segment analysis for current year :

Amounts in EGP Millions

Item	December 31, 2022						
	Inside Arab Republic of Egypt	Outside Arab Republic of Egypt					Total
		UAE	France	Germany	Lebanon	Uganda	
<u>Income and expenses according to geographical segments</u>							
Geographical segment income	219,155	2,957	699	250	1,753	116	224,930
Geographical segment expense	(174,653)	(2,123)	(504)	(492)	(2,104)	(148)	(180,024)
Result of the sector operations	44,502	834	195	(242)	(351)	(32)	44,906
Profit before income tax	44,502	834	195	(242)	(351)	(32)	44,906
Income tax	(18,543)	(252)	(53)	0	(137)	4	(18,981)
Net profit for year	25,959	582	142	(242)	(488)	(28)	25,925

Item	December 31, 2022						
	Inside Arab Republic of Egypt	Outside Arab Republic of Egypt					Total
		UAE	France	Germany	Lebanon	Ughanda	
<u>Assets and liabilities according to geographical segments</u>							
Geographical segment assets	2,377,467	138,210	18,767	12,589	31,606	1,696	2,580,335
Geographical segment liabilities	2,229,599	137,627	18,625	11,308	30,010	1,285	2,428,454

Segment analysis

Geographical segment analysis for comparative year

Amounts in EGP Millions

Item	December 31, 2021						
	Inside Arab Republic of Egypt	Outside Arab Republic of Egypt					Total
		UAE	France	Germany	Lebanon	Uganda	
<u>Income and expenses according to geographical segments</u>							
Geographical segment income	242,420	1,802	500	131	275	196	245,324
Geographical segment expense	(195,064)	(2,028)	(346)	(176)	(1,406)	(215)	(199,235)
Result of the sector operations	47,356	(226)	154	(45)	(1,131)	(19)	46,089
Profit before income tax	47,356	(226)	154	(45)	(1,131)	(19)	46,089
Income tax	(22,417)	(7)	(38)	0	(274)	6	(22,730)
Net profit for year	24,939	(233)	116	(45)	(1,405)	(13)	23,359

Item	December 31, 2021						
	Inside Arab Republic of Egypt	Outside Arab Republic of Egypt					Total
		UAE	France	Germany	Lebanon	Ughanda	
<u>Assets and liabilities according to geographical segments</u>							
Geographical segment assets	1,784,365	31,942	12,851	6,443	22,262	982	1,858,845
Geographical segment liabilities	1,651,237	32,170	12,734	5,364	20,458	769	1,722,732

Amounts in EGP Millions

(5) Net interest income

Interest on loans and similar income from:

Loans and advances to banks

Loans and advances to customers

Interest from deposits and current account to banks

Interest from debt instruments at amortized cost

Interest from debt instruments at fair value through OCI

Others

Total interest on loans and similar income

Interest on deposits and similar expense from:

Deposits and current accounts:

Banks

Customers

Others

Other long term loans

Total interest on deposit and similar expense

Net interest income

(6) Net fee and commission income

Fee and commission income:

Fees and commissions related to credit

Fees from corporate finance services

Custody fees

Fees and commissions retail banking cards

Other fees

Fee and commission expense:

Paid fees

Net fee and commission income

	From 01/01/2022 To 31/12/2022 Twelve Months	From 01/07/2020 To 31/12/2021 Eighteen Months
	337	385
	93,972	88,506
	94,309	88,891
	32,763	15,142
	60,598	21,222
	21,076	99,072
	430	372
	209,176	224,699
	(1,814)	(1,550)
	(130,214)	(146,967)
	(988)	(648)
	(5,944)	(4,516)
	(138,960)	(153,681)
	70,216	71,018
	6,919	6,948
	963	934
	119	188
	2,141	1,633
	4,093	5,053
	14,235	14,756
	(876)	(1,207)
	(876)	(1,207)
	13,359	13,549

Amounts in EGP Millions

	From 01/01/2022 To 31/12/2022 Twelve Months	From 01/07/2020 To 31/12/2021 Eighteen Months
(7) Dividend income		
Return from equity instruments through OCI	966	509
Return from investment measured at fair value through P&L	180	247
Return from investment funds measured at fair value through OCI	11	6
Differences of companies liquidation	4	-
	1,161	762
(8) Net trading income		
Gains from foreign exchange	1,173	1,536
Derivative operations	190	112
Debt instruments at fair value through P&L	0	24
Return from financial investment at fair value through P&L	1	25
Gain on Sale financial investments at fair value through P&L	18	42
Revaluation differences for financial investments at fair value through P&L	(1,037)	(1,357)
Sales differences for financial investments at fair value through P&L	68	(296)
	413	86
(9) Gains (losses) from financial investments		
A- Gains on sale financial investments		
Gains on sale financial investments at fair value through OCI	2,923	4,743
Gains (losses) on sale financial investments at amortized cost	163	(111)
Gains on sale investments in subsidiaries and associates	-	30
	3,086	4,662
B- Revaluation differences for financial investments		
Impairment for shares of associates and joint ventures	28	5
	28	5
Gains from financial investments	3,114	4,667
(10) Impairment release (charge) for credit losses		
Impairment release (charge) for credit losses - stage 1	(2,936)	(960)
Impairment release (charge) for credit losses - stage 2	(2,383)	(3,177)
Impairment release (charge) for credit losses - stage 3	(6,321)	(8,472)
Provisions no longer required	2,049	1,451
Impairment release (charge) for debit balances	16	(10)
Impairment release (charge) for credit losses	(9,575)	(11,168)

Amounts in EGP Millions

(11) Administrative expenses

Staff costs

Salaries and wages

Social insurance

Total staff costs

Pension costs

Defined-contribution plans

Defined-benefit plans

Total pension costs

Other administrative expenses

Total Administrative expenses

(12) Other operating revenue (expense)

Gains (losses) from revaluation of monetary assets and liabilities in foreign currencies other than held for trading

Operating lease

Release (charge) of other provisions

Release (charge) of debit balances provisions

Gains (losses) from non operating activities

Gains on sale of assets acquired as a settlement of debt

Others revenue (expenses)

Other operating revenue (expense)

(13) Income tax expenses

Foreign branches tax

Treasury bills tax

Treasury bonds tax

Investment securities portfolio tax

Financial companies tax

Income tax

Income tax - Deferred tax

Total Income tax expenses

From 01/01/2022 To 31/12/2022 Twelve Months	From 01/07/2020 To 31/12/2021 Eighteen Months
(12,055)	(13,888)
(583)	(716)
(12,638)	(14,604)
(35)	(57)
(2,379)	(2,253)
(2,414)	(2,310)
(15,561)	(16,264)
(30,613)	(33,178)
(3,554)	845
(455)	(578)
(977)	(1,590)
(134)	(61)
482	(61)
736	136
497	497
(3,405)	(812)
(289)	(38)
(2,943)	(4,260)
(12,680)	(19,027)
(209)	(550)
(2,955)	-
(910)	(472)
1,005	1,617
(18,981)	(22,730)

	December 31, 2022	December 31, 2021
Amounts in EGP Millions		
(14) Cash and balances with central banks		
Cash	21,092	14,956
Obligatory reserve balance at central bank	171,813	50,187
	192,905	65,143
Deduct		
Impairment provisions	(350)	(200)
Net Cash and balances at central banks	192,555	64,943
Analysis for provision of balances at central banks		
Beginning balance	200	83
First impact of Implementation of IFRS 9 on July1,2019	-	118
Impairment charge (releases) during the year	111	(1)
Foreign currency revaluation differences	39	-
Ending balance for the year	350	200
(15) Due from banks		
Current accounts	95,878	22,797
Deposits (less than 3 months maturity)	505,759	346,329
Deposits (more than 3 months maturity)	24,540	38,846
	626,177	407,972
Central banks other than the obligatory reserve ratio	413,574	266,501
Local banks	135,721	111,546
Foreign banks	76,882	29,925
	626,177	407,972
Deduct :		
Impairment provisions for due from banks	(1,162)	(650)
Net due from banks	625,015	407,322
Analysis for provision of due from banks		
Beginning balance	650	623
Additions	-	1
transfer	6	1
Impairment (charge) releases during the year	(79)	85
Write off during the year	(68)	(12)
Foreign currency revaluation differences	653	(48)
Ending balance for the year	1,162	650

	Amounts in EGP Millions	
	December 31, 2022	December 31, 2021
(16.) Loans and advances to banks		
Term loans	8,505	4,453
Deduct : impairment provision for loan losses stage 1	-	(3)
Deduct : impairment provision for loan losses stage 2	(37)	(31)
Deduct : impairment provision for loan losses stage 3	(27)	(18)
	8,441	4,401
Current	6,963	3,596
Non-Current	1,542	857
	8,505	4,453
<u>Analysis for impairment provision of loans and advances to banks</u>		
Beginning balance of the year	51	50
Impairment charge (release) during the year	(21)	3
Transfer	8	-
Foreign currency revaluation differences	26	(1)
Ending balance for the year	64	52

	Amounts in EGP Millions	
	December 31, 2022	December 31, 2021
(17.) Loans and advances to customers		
<u>Individuals and small enterprises</u>		
Overdraft	5,688	4,016
Credit cards	4,709	2,807
Personal loans	122,869	101,732
Direct loans	2,644	1,797
Mortgages loans	18,535	12,468
Other loans	898	6,309
Total (1)	155,343	129,129
<u>Corporates and medium enterprises</u>		
Over draft	110,715	91,714
Direct loans	313,578	290,828
Syndicated loans	232,474	182,089
Other loans	55,553	34,530
Discounted commercial papers	1,527	1,202
Total (2)	713,847	600,363
Total loans and advances to customers (1+2)	869,190	729,492
Deduct: impairment provision for customer loans stage 1	(5,091)	(2,766)
Deduct: impairment provision for customer loans stage 2	(8,990)	(7,936)
Deduct: impairment provision for customer loans stage 3	(21,124)	(13,907)
Deduct: unearned doubtful interest	(331)	(744)
Deduct: unearned discount	(636)	(143)
Net loans and advances to customers and discounted commercial papers	833,018	703,996

Amounts in EGP Millions

	December 31, 2022	December 31, 2021
<u>Impairment provision movement of loans and advances to customers</u>		
Balance at beginning of the year	24,609	16,279
Additions during the year	6	423
First impact of Implementation difference of IFRS 9	-	4
Transfer	(48)	-
Charge (Release) during the year	8,854	10,704
Recoveries during the year	1,899	738
Revaluation differences of provision in foreign currency	3,501	(225)
Write off during the year	(3,999)	(3,300)
Foreign currency translation	383	(14)
Balance at the end of the year / period	35,205	24,609
 <u>(18) Financial investments at fair value through P&L</u>		
<u>- Equity instruments</u>		
Corporate shares	786	292
Banks shares	139	-
Mutual Funds	238	463
Total equity instruments	1,163	755
 <u>- Debt instruments</u>		
Other debt instruments	1,266	305
Total debt instruments	1,266	305
Financial investments managed by others	4,163	4,300
Total financial investments at fair value through P&L	6,592	5,360

Amounts in EGP Millions

(19) Financial investments at fair value through OCI

- Shares

Banks shares	6,966	5,734
Corporate shares	14,514	11,680

21,480 **17,414**

- Bonds

Governmental bonds	58,972	296,214
Corporate and banks bonds	22,623	8,872
Repo bonds	(9,004)	(12,624)

72,591 **292,462**

- Treasury bills

Treasury bills	362,294	112,904
Unearned interest	(15,593)	(6,070)
Repo treasury bills	(47,497)	(44,068)

299,204 **62,766**

- Mutual Funds Certificates

Banks	1,347	1,194
Corporate	449	411

1,796 **1,605**

Total financial investments at fair value through OCI **395,071** **374,247**

	Amounts in EGP Millions	
	December 31, 2022	December 31, 2021
<u>(20.) Financial investments at amortized cost</u>		
- Bonds		
Governmental	384,973	204,002
Corporate	8,015	8,196
	392,988	212,198
- Treasury bills		
Treasury bills	9,020	9,321
Unearned interest	(298)	(468)
	8,722	8,853
- Certificate of deposit	6,173	-
- Deduct		
Provision for bonds	(69)	(107)
Impairment provision for treasury bills	-	(604)
Impairment provision for certificates of deposit	(49)	-
	(118)	(711)
Net financial investments at amortized cost	407,765	220,340
<u>Impairment provision movement of Financial investments at amortized cost</u>		
Balance at beginning of the year	711	35
First impact of Implementation difference of IFRS 9	-	558
(Charge) Release during the year	(705)	124
Revaluation differences of provision in foreign currency	112	(6)
	118	711

(21) Investment in associates and joint venture

	December 31, 2022		December 31, 2021	
	Amounts in EGP Millions	Share %	Amounts in EGP Millions	Share %
A) Investments in associates companies capitals				
Elahya Company for Investment & Development	56	25.00%	46	25.00%
Suez Gulf Development Company	12	24.47%	12	24.47%
Egyptian Chinese joint Company	71	22.50%	63	22.50%
Maspero Company for Urban Development	71	33.33%	39	33.33%
* Upper Egypt Company for Investment	-	30.59%	-	30.59%
Elsalhaya Company for investment & development	220	29.40%	213	29.40%
Upper Egypt Company for Touristic & Property Development	6	28.82%	-	20.00%
Altjarion Company for Touristic Development	19	30.67%	19	30.67%
ELmasreya for Managing Real Estate Assets & Investment	-	-	269	45.83%
ELahly Misr for Managing Real Estate Assets	12	40.00%	10	40.00%
First Design Company for Investment and Urban Development	13	34.50%	69	34.50%
* Rawasi Company for Urban Development	-	50.00%	20	40.00%
Mostaqbal for Real Estate Development	2,359	45.66%	2,283	45.66%
Misr Takaful insurance - Hayah	36	24.00%	36	24.00%
Egypt Alexandria Investment Fund Company	-	-	11	33.00%
Financial Sector Fund - Bank du Caire	96	46.27%	75	46.27%
Misr for Investment and Export Development	25	40.00%	-	-
Lighthouse Educational investment company	1	25.00%	1	25.00%
Lighthouse Educational company	23	20.00%	-	-
International postal services Egy Serv	63	40.00%	59	40.00%
Hrasat Security and guard company	5	40.00%	4	40.00%
Investment Fund for Digital Innovation	140	23.81%	-	-
Cleopatra Hospital (CLHO)	2,264	27.79%	2,096	26.78%
Total investments in associate companies and banks	5,492		5,325	
B) Investments in joint companies				
Taalem for Management Services	1,786	60.00%	1,748	60.00%
	1,786		1,748	
Total Investments in associates and joint venture	7,278		7,073	

* Fully impaired contributions

C) Share of associates' revenues

	December 31, 2022	December 31, 2021
Cleopatra Hospital (CLHO)	90	-
Taalem for Management Services	36	894
Mostaqbal for Real Estate Development	327	206
Elsalhaya Company for investment & development	22	21
Financial Sector Fund - Bank du Caire	19	10
International postal services Egy Serv	15	15
Maspero Company for Urban Development	6	(2)
ELahly Misr for Managing Real Estate Assets	2	0
Hrasat Security and guard company	1	1
ELmasreya for Managing Real Estate Assets & Investment	(144)	19
Rawasi Company for Urban Development	(100)	-
Elahya Company for Investment & Development	11	3
Egyptian Chinese joint Company	6	2
First Design Company for Investment and Urban Development	(54)	-
Egypt Alexandria Investment Fund Company	-	(4)
Lighthouse Educational company	(1)	-
	236	1,165

		Amounts in EGP Millions	
(22) Intangible assets		December 31, 2022	December 31, 2021
(A) Goodwill			
The goodwill represents an increase in the cost of acquisition over the fair value of the Bank's share of net assets, including potential identifiable acquisition obligations of the subsidiary or associate company at the date of acquisition as follows:			
The generated goodwill from the acquisition of Corplease for leasing company by CI Capital Holding.		23	23
The generated goodwill from the acquisition of Microfinance Services company (Rifi) by CI Capital Holding.		326	326
The generated goodwill from the acquisition of CI Capital Holding by Bank Misr.		496	496
Total Goodwill		845	845
Deduct: accumulated amortization		(179)	(80)
Net Goodwill		666	765
		Amounts in EGP Millions	
(B) Other Intangible assets *		December 31, 2022	December 31, 2021
Cost at the beginning of the financial period		2,250	1,234
Additions during the financial period		593	1,013
Disposals during the financial period		(13)	-
Revaluation differences **		-	1
Foreign currency translation differences		131	2
Cost at the end of the financial period/year		2,961	2,250
Accumulated amortization at the beginning of financial period		1,437	896
Amortization of financial period		516	538
Foreign currency translation differences		104	3
Accumulated amortization at the end of the financial period /year		2,057	1,437
Net other intangible assets at the end of the financial period /year		904	813
Net intangible assets at the end of the financial period /year		1,570	1,578

* The beginning balance of other intangible assets includes valuation differences for the trade mark and customer relationship items with a net value of EGP 98.9 million and EGP 267.7 million respectively after deducting the accumulated depreciation as a result of the study of (Price Purchase Allocation (PPA) of CI Capital Holding investment Group on the date of acquisition, noting that The depreciation for the financial period from 01/01/2022 to 31/12/2022 for the customer relationship item amounted EGP 63.6 million.

** Value of valuation differences resulting from the valuation of other intangible assets of Microfinance Services company (Rifi) According to the study of the evaluation of CI Capital Holding

Amounts in EGP Millions

(23) Other assets

	December 31, 2022	December 31, 2021
Accrued revenues	37,492	22,938
Advance payments and expenses	3,176	2,064
Advance payments for fixed assets	3,449	2,369
Investment expenditure	5,213	3,186
Assets acquired as settlement of debts	6,791	6,272
Covenant under settlement	700	280
Insurance	199	110
Tax accruals with ministry of finance	1,112	1,498
Settlement Guarantee Fund	11	7
Other debit balances	29,165	18,572
Debit balances provision	(732)	(544)
Debit balances provision- non received assets	(162)	(193)
Financial incidents provision	(172)	(66)
Total Other assets	86,242	56,493

(24) Real estate Investments

Amounts in EGP Millions

Financial year 2022	Lands	Total
Cost at the beginning of the financial year January 1,2022	72	72
Additions during the financial year	611	611
Cost at the end of the financial year December 31,2022 (1)	683	683
Accumulated depreciation at the beginning of the financial year January 1,2022	3	3
Depreciation for the year	2	2
Accumulated depreciation at the end of the financial year December 31,2022 (2)	5	5
Net Assets at the end of the financial year December 31,2022 (1-2)	678	678
Net Assets at the ending of the financial period December 31,2021	69	69

Financial year 2020/2021	Lands	Total
Cost at the beginning of the financial year July 1,2020	-	-
Additions during the financial Period	48	48
Revaluation differences	24	24
Cost at the end of the financial period December 31,2021 (1)	72	72
Accumulated depreciation at the beginning of the financial year July 1,2020	-	-
Depreciation for the year	1	1
Accumulated depreciation for additions	2	2
Accumulated depreciation at the end of the financial period December 31,2021 (2)	3	3
Net Assets at the end of the financial period December 31,2021 (1-2)	69	69
Net Assets at the ending of the financial year June 30,2020	-	-

(25) Property, Plant, and Equipment

Amounts in EGP Millions

Financial year 2022	Lands	Buildings & constructions	IT equipment	Vehicles	Machinery & Equipment	Fixtures	Furniture	Leasehold Improvements	Total
Cost at the beginning of the financial year January 1, 2022	1,252	5,427	5,219	354	2,355	3,003	797	728	19,135
Transfers between assets	-	(14)	1	-	24	(7)	3	(7)	-
Additions during the financial year	19	429	1,195	73	561	866	128	153	3,424
Disposals during the financial year	(7)	(94)	(20)	(22)	(222)	(10)	(11)	(1)	(387)
Impairment losses on fixed assets	-	-	-	-	(16)	-	-	-	(16)
Foreign currency translation differences	(19)	(181)	133	10	165	68	36	-	212
Revaluation differences	-	-	-	1	4	-	1	-	6
Cost at the end of the financial year December 31, 2022 (1)	1,245	5,567	6,528	416	2,871	3,920	954	873	22,374
Accumulated depreciation at the beginning of the financial year January 1, 2022	-	1,930	3,064	212	1,543	1,299	475	250	8,773
Depreciation for the year	-	132	767	62	296	593	117	115	2,082
Accumulated depreciation for additions	-	1	-	-	-	-	-	-	1
Accumulated depreciation for disposals	-	(84)	(16)	(19)	(217)	(3)	(9)	-	(348)
Accumulated depreciation transfer	-	(15)	-	-	17	(1)	-	(2)	(1)
Foreign currency translation differences	-	(236)	114	3	161	64	26	-	132
Accumulated depreciation at the end of the financial year December 31, 2022 (2)	-	1,728	3,929	258	1,800	1,952	609	363	10,639
Net Assets at the end of the financial year December 31, 2022 (1-2)	1,245	3,839	2,599	158	1,071	1,968	345	510	11,735
Net Assets at the ending of the financial period December 31, 2021	1,252	3,497	2,155	142	812	1,704	322	478	10,362

Property, Plant, and Equipment

Amounts in EGP Millions

Financial year 2020/2021	Lands	Buildings & constructions	IT equipment	Vehicles	Machinery & Equipment	Fixtures	Furniture	Leasehold Improvements	Total
Cost at the beginning of the financial year July 1, 2020	1,125	4,010	3,210	272	2,025	1,969	534	457	13,602
Transfers between assets	8	(49)	23	-	(25)	-	1	-	(42)
Additions during the financial year	269	1,337	2,015	103	423	1,090	274	271	5,782
Disposals during the financial year	(152)	(4)	(25)	(38)	(94)	(52)	(21)	-	(386)
Impairment losses on fixed assets	-	-	-	-	-	-	-	-	-
Foreign currency translation differences	2	30	(4)	-	(8)	(4)	(1)	-	15
Revaluation differences	-	103	-	17	34	-	10	-	164
Cost at the end of the financial period December 31, 2021 (1)	1,252	5,427	5,219	354	2,355	3,003	797	728	19,135
Accumulated depreciation at the beginning of the financial year July 1, 2020	-	1,705	2,270	157	1,288	780	335	114	6,649
Depreciation for the year	-	194	801	68	284	521	126	136	2,130
Accumulated depreciation for additions	-	19	-	19	73	-	34	-	145
Accumulated depreciation for disposals	-	(11)	(23)	(32)	(74)	-	(19)	-	(159)
Accumulated depreciation transfer	-	-	20	-	(21)	1	-	-	-
Foreign currency translation differences	-	23	(4)	-	(7)	(3)	(1)	-	8
Accumulated depreciation at the end of the financial period December 31, 2021 (2)	-	1,930	3,064	212	1,543	1,299	475	250	8,773
Net Assets at the end of the financial period December 31, 2021 (1-2)	1,252	3,497	2,155	142	812	1,704	322	478	10,362
Net Assets at the ending of the financial year June 30, 2020	1,125	2,305	940	115	737	1,189	199	343	6,953

(26.) Right of use assets

Amounts in EGP Millions

Financial year 2022	Lands & Buildings	Total
Cost at the beginning of the financial year January 1,2022	217	217
Additions during the financial year	214	214
Disposals during the financial year	(38)	(38)
Foreign currency translation differences	34	34
Cost at the end of the financial year December 31,2022 (1)	427	427
Accumulated depreciation at the beginning of the financial year January 1,2022	55	55
Depreciation for the year	56	56
Accumulated depreciation for additions	19	19
Accumulated depreciation for disposals	(6)	(6)
Foreign currency translation differences	3	3
Revaluation differences	14	14
Accumulated depreciation at the end of the financial year December 31,2022 (2)	141	141
Net Assets at the end of the financial year December 31,2022 (1-2)	286	286
Net Assets at the ending of the financial period December 31,2021	162	162

Financial year 2020/2021	Lands & Buildings	Total
Cost at the beginning of the financial year July 1,2020	1	1
Transfers between assets	84	84
Additions during the financial year	137	137
Disposals during the financial year	(6)	(6)
Foreign currency translation differences	1	1
Cost at the end of the financial period December 31,2021 (1)	217	217
Accumulated depreciation at the beginning of the financial year July 1,2020	-	-
Depreciation for the year	38	38
Accumulated depreciation for additions	6	6
Accumulated depreciation transfer	11	11
Accumulated depreciation at the end of the financial period December 31,2021 (2)	55	55
Net Assets at the end of the financial period December 31,2021 (1-2)	162	162
Net Assets at the ending of the financial year June 30,2020	1	1

Amounts in EGP Millions

	December 31, 2022	December 31, 2021
(27) Due to banks		
Current accounts	4,118	4,991
Deposits	97,047	58,199
Total	101,165	63,190
Central banks	3,497	1,992
Local banks	44,728	26,523
Foreign banks	52,940	34,675
Total	101,165	63,190
(28) Customers' deposits		
Demand deposits	366,511	202,714
Call and time deposits	381,096	239,729
Certificates of deposit	977,521	751,818
Saving deposits	232,859	241,239
Other deposits	58,116	21,037
Total	2,016,103	1,456,537
Corporate Deposits	671,267	410,979
Individuals Deposits	1,344,836	1,045,558
Total	2,016,103	1,456,537

(29) Financial Derivatives

- Forward contracts represent commitments to purchase foreign and local currencies, including the undeclared part of spot transactions, Future contracts of foreign exchange or interest rates represent contractual obligations to receive or pay a net amount on the basis of changes in exchange rates and interest rates or buy or sale of a foreign currency or a financial instrument at a future date at a fixed contract price in an active financial market.

- Contracts of "currency or Interest rates" swaps represent commitments to exchange a group of cash flows. these contracts resulting in swaps currencies or interest rates (e.g Swap fixed rate with variable rate), or all these together (any contracts for swap interest rates and currencies), Actual exchange of contract amounts is made only in certain currency swap contracts.

The fair values of derivatives held as at 31 December 2022 are as follows:

Amounts in EGP Millions

	Contractual amount	Assets	Liabilities	Net
A- Derivatives for trading:				
Forward currency contracts	242	105	-	105
B- Derivatives classified as flow hedges:				
Currency swaps contracts	3,573	46	10	36
C- Derivatives classified as fair value hedges:				
Interest swaps contracts	5,844	271	271	-
Commodities derivatives contracts	167	7	7	-
Total		429	288	141

The fair values of derivatives held as at 31 December 2021 are as follows:

Amounts in EGP Millions

	Contractual amount	Assets	Liabilities	Net
A- Derivatives for trading:				
Forward currency contracts	451	1	10	(9)
B- Derivatives classified as flow hedges:				
Currency swaps contracts	4,524	7	8	(1)
Total		8	18	(10)

(30) Other loans

Item	Amounts in EGP Millions	
	December 31, 2022	December 31, 2021
Subordinated deposit	50,203	46,817
Long term loans - Egyptian Company for Refinancing	7	9
Small Enterprises Development Agency	1,250	925
Social fund loans - Financing projects	-	3
Social fund loans- bedaity 2	26	133
Social fund loans- bedaity 3	125	188
Long-term loans from foreign banks	104,431	69,694
Short-term loans from foreign banks	42,145	12,644
Short-term loans from local banks	8,922	3,360
Arab Economic Fund for Development loan - Kuwait	1,138	786
Medium Enterprises Development Agency loan (BDCE)	1,729	1,713
Sanad fund for SMSE (BDCE)	742	472
GREEN for growth fund (BDCE)	967	629
Financing loan for Arab trade program (BDCE)	628	8
European Investment Bank	2,199	1,572
European Bank for Reconstruction and Development	1,060	786
European Bank for Reconstruction and Development (Subordinated loan)	1,237	-
British International investment	1,237	-
Financing loan for financial leasing contracts - NBE	1,026	394
Financing loan for financial leasing contracts - EALB	112	140
Financing loan for financial leasing contracts - Al Baraka Bank	141	167
Financing loan for financial leasing contracts - EBE	241	288
Financing loan for financial leasing contracts - SMES Agency	106	73
Financing loan for financial leasing contracts - ABK Bank	82	79
Financing loan for financial leasing contracts - United Bank of Egypt	601	461
Financing loan for financial leasing contracts - SAIB	693	397
Financing loan for financial leasing contracts - Attijariwafa bank	147	155
Financing loan for financial leasing contracts - ADCB	220	-
BLOM Bank - Egypt	182	-
Factoring Loans - EALB	16	135
Financing loan for financial leasing contracts - NBK	112	-
Factoring Loans - FAB	37	30
Factoring Loans - ADCB	26	-
Factoring Loans - SAIB	46	-
Factoring Loans - Attijariwafa bank	107	-
African Export-Import Bank	4,021	3,143
Saudi Fund for Development	75	-
Loans and Facilities - EALB	14	-
Loans and Facilities - BLOM	28	-
Loans and Facilities - EBank	46	-
Loans and Facilities - NBE	63	-
Loans and Facilities - SCB	48	-
Loans and Facilities - IDB	49	-
Financing loan for financial leasing contracts -FAB	-	14
Financing loan for financial leasing contracts - Emirates NBD	57	-
Total other loans	226,342	145,215

		Amounts in EGP Millions	
		December 31, 2022	December 31, 2021
(31) Other liabilities			
Accrued interest		12,250	6,167
Prepaid revenues		2,666	1,260
Accrued expenses		13,674	11,107
Tax accruals		1,164	883
Commercial papers		12	-
Clearing documents at collection		3,089	1,984
Leasing contracts		256	109
Other credit balances		33,228	23,268
Total other liabilities		66,339	44,778

(32) Other provisions		Amounts in EGP Millions						
Item	Beginning balance	Charges (Release) in income statement	Transfers	Provision in foreign currency revaluation differences	Other additions	Write off	Foreign currency translation differences	Ending balance
<u>December 31, 2022</u>								
Provision for tax and legal claims	1,677	485	-	135	28	(124)	1	2,202
Provision for contingent liabilities and commitments	2,439	1,073	38	608	-	(66)	(3)	4,089
Others	144	384	(31)	87	4	(6)	11	593
Total	4,260	1,942	7	830	32	(196)	9	6,884
<u>December 31, 2021</u>								
Provision for tax and legal claims	1,055	581	-	(3)	319	(275)	-	1,677
Provision for contingent liabilities and commitments	2,601	673	(800)	(16)	11	(7)	(23)	2,439
Others	48	77	-	(1)	25	(4)	(1)	144
Total	3,704	1,331	(800)	(20)	355	(286)	(24)	4,260

(33) Deferred income tax

The deferred income tax is calculated on the increase of the fair value of available for sale investments over its carrying amount that recognized in fair value reserve in owner's equity statement by using tax rate 22.5% according to income tax law .

Deferred tax assets and liabilities movement

Amounts in EGP Millions

Deferred tax assets movement

Balances at the beginning of the year

December 31, 2022	December 31, 2021
2,491	417
1,235	2,579
(93)	(506)
27	1
3,660	2,491

Additions

Disposals

Foreign currency translation differences

Balances at the end of the period

Deferred tax assets movement

Balances at the beginning of the year

1,358	841
1,271	732
(514)	(215)
2,115	1,358

Additions

Disposals

Balances at the end of the period

Net balance of deferred tax assets (liabilities)

1,545	1,133
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(34) Post retirement benefits liabilities

Amounts in EGP Millions

Post retirement medical benefits

December 31, 2022	December 31, 2021
7,976	6,277
1,242	1,099
9,218	7,376

End of service benefits

Total

(35) Capital

A. Authorized capital

Based on the extraordinary general assembly held on March 22, 2015 , The authorized capital has been increased from EGP 15,000 million to EGP 30,000 million.

B. Issued and paid-in capital

The issued and paid-in capital reached EGP 15000 million divided into 3000 million shares of EGP 5 per share . All owned by the state

(36) Reserves

Amounts in EGP Millions

	December 31, 2022	December 31, 2021
Legal reserve	8,401	5,736
General reserve	6,082	3,666
Capital reserve	2,238	2,252
Supportive reserve	26,103	13,431
Fair value reserve - equity instrument	10,438	7,069
Fair value reserve - debt instrument	(3,226)	4,222
Special reserve	1	1
General banking risk reserve	3,791	2,793
Foreign currency translation differences reserve	5,984	2,026
Difference of nominal value and present value of subordinated deposit	54,797	58,183
General risk reserve	1,015	985
ECL - debt instruments through OCI reserve	1,452	851
Leasing risk reserve	10	21
Post acquisition reserve	(48)	(180)
Total reserves	117,038	101,056

(37) Contingent liabilities and commitments

Amounts in EGP Millions

A- Contingent liabilities

Letters of guarantee
Letters of credit - import
Letters of credit - export
Acceptance
Loans commitments
Other

December 31, 2022	December 31, 2021
169,930	125,008
29,959	29,482
14,390	6,499
34,162	11,541
6,496	3,318
563	453
255,500	176,301

B- Capital commitments

Financial investments
Fixed assets and constructions of branches

9,119	3,692
4,240	2,124
13,359	5,816

C- Legal claims commitments

581	611
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Total Contingent liabilities and commitments

269,440	182,728
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(38) Cash and cash equivalents

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

Amounts in EGP Millions

Cash and balances with central banks
Due from banks
Treasury bills (net)

December 31, 2022	December 31, 2021
21,092	14,956
601,637	369,126
186,133	17,323
808,862	401,405

(39) Comparative Figures

As Per the change in the bank financial year to start and end of the calendar year to comply with the new Central Bank Law, The Consolidated income statement along with the notes ,other comprehensive income, and cash flow statement have presented Six months starting from 1st of January ,2022 to the end of June ,2022 compared with latest approved by the general assembly that starting from 1st of July 2020 ends at 30th of December 2021 which represented eighteen months . So, The comparative figures for this financial period are not comparable at all.

(40) Important Events

- 1- The Monetary Policy Committee of the Central Bank of Egypt decided in its meetings during the fiscal year 2022 to raise the overnight deposits rate, the overnight lending rate and the rate of the main operation, as well as the discount rate were raised according to the following:
 - By 100 basis points, to reach 9.25%, 10.25%, and 9.75%, respectively. The discount rate was also raised by 100 basis points, to reach 9.75% on March 21, 2022.
 - by 200 basis points to reach 11.25%, 12.25% and 11.75%, respectively. The discount rate was also raised by 200 basis points to 11.75% on May 19, 2022.
 - By 200 basis points, reaching 13.25%, 14.25% and 13.75%, respectively. The discount rate was also raised by 200 basis points, to reach 13.75% on October 27, 2022.
 - by 300 basis points to reach 16.25%, 17.25% and 16.75%, respectively. The discount rate was also raised by 300 basis points to 16.75% on December 22, 2022.
- 2- The exchange rate of the US dollar increased to reach 24.74 Egyptian pounds in December 2022, compared to 15.72 Egyptian pounds in December 2021.
- 3- Management will periodically monitor the situation as it stands and its effects.

(41) Subsequent Events

- On February 28, 2023, it was approved to increase the capital of Banque du Caire by EGP 5 billion, bringing Banque Misr's contribution to EGP 18.99 billion instead of EGP 13.99 billion.
- The banking sector witnessed movements in the exchange rates of foreign currencies against the Egyptian pound during January 2023, as the exchange rate of the US dollar increased against the Egyptian pound to reach 30.19 at the end of January 2023.