Banque Misr – (S.A.E)

Summarized Separate Financial Statements

For The Financial Period Ended June 30, 2021

Dr. Ahmed Mostafa Shawki	**Accountant / Mohamed Hany Fouad Ismael**
mazars Mostafa Shawki	**Accountability State Authority (ASA)**

Translation of Auditor's Report
Originally Issued in Arabic

mazars - Mostafa Shawki
Chartered Accountants & Consultants

Mohamed Hany Fouad Ismaiel
Accountability State Authority (ASA)

Limited review report
On the Summarized Separate Financial Statements

To: The Board of directors of Banque Misr "S.A.E."

We have performed a limited review for the Separate financial statements of Banque Misr (S.A.E) for the period ended June30, 2021 from which the accompanying Separate summarized financial statements have been derived in a according to the Egyptian Standards on Auditing and the requirements of applicable Egyptian law and regulations, as presented in our report dated October 12, 2021, where we expressed an unqualified opinion on the complete set of the Separate financial statements for the period ended June30, 2021 from which the accompanying summarized financial statements have been derived.

In our opinion, the accompanying set of the Separate summarized financial statements is fairly stated – in its all material aspects - in relation to the bank Separate complete financial statements for the period ended June30, 2021.

In order to get a complete understanding of the bank's financial position along with its performance, cash flow for the period ended June30, 2021 and our audit scope, we should refer to the bank's Separate complete financial statements along with our audit report.

Cairo: October12, 2021

Auditors

Dr. Ahmed Mostafa Shawki
Mazars - Mostafa Shawki

Acc. Mohamed Hany Fouad Ismaiel
M. Hany
Accountability State Authority (ASA)

Banque Misr

Separate statement of financial position as at June 30,2021

	Note no	June 30,2021	Translated from Arabic Amounts in EGP Thousands June 30,2020
Assets			
Cash and balances at central banks		62,556,609	38,839,793
Due from banks		246,568,609	255,588,546
Loans and advances to banks	(4)	2,035,596	2,832,964
Loans and advances to customers	(5)	569,902,812	335,392,117
Financial derivatives		26,190	-
Financial investments			
Financial investments at fair value through P&L	(6)	3,939,208	3,971,520
Financial investments at fair value through OCI	(7)	457,853,865	471,434,322
Financial investments at amortized cost		39,003,195	60,251,793
Investments in subsidiaries and associates		25,290,410	20,624,440
Intangible assets		165,736	246,518
Other assets		43,958,456	33,594,331
Property,Plant,and Equipment		6,996,089	4,995,976
Total Assets		**1,458,296,775**	**1,227,772,320**
Liabilities and shareholders' equity			
Liabilities			
Due to banks		122,206,054	91,247,368
Customers' deposits	(8)	1,120,349,800	927,813,051
Financial derivatives		-	38,080
Other loans	(9)	84,994,146	92,404,377
Other liabilities		25,591,525	18,941,621
Other provisions	(10)	2,471,257	2,133,889
Deferred tax liabilities		626,560	636,102
Post retirement benefits liabilities	(11)	5,420,039	4,615,403
Total Liabilities		**1,361,659,381**	**1,137,829,891**
Shareholders' equity			
Paid in capital	(12)	15,000,000	15,000,000
Reserves	(13)	70,836,820	63,058,493
Retained earnings		10,800,574	11,883,936
Total shareholders' equity		**96,637,394**	**89,942,429**
Total liabilities and shareholders' equity		**1,458,296,775**	**1,227,772,320**
Contingent liabilities and commitments			
Liabilities for letters of guarantee, letters of credit and other commitments.		**152,124,439**	**71,113,403**

The accompanying notes are an integral part of these financial statements

Chief Financial Officer
Mohamed. M-Shaf
Mohamed Mohamed Sherif Ismael

Vice Chairman
Hossam El Din Abdel Wahab

Vice Chairman
Akef Abdel Latif El Maghraby

Chairman
Mohamed Mahmoud Eletreby

Auditors

Dr.Ahmed Mostafa Shawki
mazars Mostafa Shawki

Accountant / Mohamed Hany Fouad Ismael
M. Hany
Accountability State Authority (ASA)

Banque Misr

Separate income statement

for the finanical period from 01/07/2020 to 30/06/2021

Translated from Arabic

Amounts in EGP Thousands

	Note no	For the Twelve Months Period Ended June 30,2021	For the Twelve Months Period Ended June 30,2020	For the Three Months Period Ended June 30,2021	For the Three Months Period Ended June 30,2020
Interest on loans and similar income		121,137,458	112,166,101	31,401,422	28,790,017
Interest on deposits and similar expenses		(88,264,496)	(83,542,446)	(22,621,282)	(21,973,824)
Net interest income		**32,872,962**	**28,623,655**	**8,780,140**	**6,816,193**
Fees and commissions income		6,715,977	5,379,810	1,787,605	1,202,107
Fees and commissions expense		(504,503)	(284,620)	(163,878)	(104,690)
Net fee and commission income		**6,211,474**	**5,095,190**	**1,623,727**	**1,097,417**
Dividend income		1,079,072	2,058,917	752,497	1,663,854
Net trading income		975,029	587,539	(13,597)	88,715
Profits on financial investments		3,117,328	1,242,536	733,713	915,420
Impairment (charge) for credit losses		(4,892,643)	(1,436,771)	(780,133)	(132,398)
Administrative expenses		(14,523,901)	(12,088,498)	(3,869,832)	(3,717,296)
Other operating revenues (expenses)		82,149	148,404	51,669	(500,823)
Profit before income tax		**24,921,470**	**24,230,972**	**7,278,184**	**6,231,082**
Income tax expense		(14,211,809)	(13,177,068)	(3,363,462)	(3,986,113)
Net profit for the period		**10,709,661**	**11,053,904**	**3,914,722**	**2,244,969**
Earning per share (EGP/Share)		**3.57**	**3.31**	**1.30**	**0.37**

Banque Misr

Separate statement of comprehensive income

for the finanical period from 01/07/2020 to 30/06/2021

Translated from Arabic

Amounts in EGP Thousands

	For the Twelve Months Period Ended June 30,2021	For the Twelve Months Period Ended June 30,2020	For the Three Months Period Ended June 30,2021	For the Three Months Period Ended June 30,2020
Net profit for the period	10,709,661	11,053,904	3,914,722	2,244,969
Other comprehensive income items				
Items that are not classified in profit and loss				
Net change in the fair value for equity instruments at fair value through other comprehensive income	1,544,482	(1,317,624)	221,583	(4,287,464)
Total items that are not classified in profit and loss	**1,544,482**	**(1,317,624)**	**221,583**	**(4,287,464)**
Items that are classified in profit and loss				
Net change in the fair value for debt instruments at fair value through comprehensive income	(136,349)	5,582,262	464,120	4,583,141
Net change in impairment losses for debt instruments at fair value through comprehensive income	(62,239)	615,007	204,302	(144,334)
Net change in foreign currency translation differences	(74,395)	(238,530)	7,500	204,718
Coverage of cash flow - which was settled in profit or loss	-	2,695	-	4,061
Total items that are classified in profit and loss	**(272,983)**	**5,961,434**	**675,922**	**4,647,586**
Net comprehensive income for the period	**11,981,160**	**15,697,714**	**4,812,227**	**2,605,091**

Banque Misr

Separate statement of changes in shareholders' equity

for the period ended June 30,2021

Translated from Arabic
Amounts in EGP Thousands

	Note no	Paid in capital	Legal reserve	General reserve	Capital reserve	Fair value reserve	Banking risks reserve	Supportive reserve	Differences of nominal value and present value of subordinated deposit	F.C Translation differences reserve	Cash flow risk reserve	ECL reserve for Debt instruments through OCI	General risk reserve	Retained Earnings	Total
Balance as of July 1, 2019		15,000,000	2,143,005	1,615,489	929,014	2,782,706	260,650	4,673,426	22,235,363	1,055,047	(2,695)	902,538	97,386	8,925,345	60,617,274
Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	(3,369,497)	(3,369,497)
Transferred to reserves		-	851,352	614,420	88,000	-	1,517,963	2,160,284	-	-	-	-	-	(5,232,019)	-
Net change in impairment of debt instruments through OCI		-	-	-	-	-	-	-	-	-	-	(287,531)	-	-	(287,531)
Net change in financial investments through OCI-net of tax		-	-	-	-	4,588,467	-	-	-	-	-	-	-	-	4,588,467
Profit (loss) on disposal of equity instruments through OCI		-	-	-	-	-	-	-	-	-	-	-	-	506,203	506,203
Net change in foreign currency translation differences		-	-	-	-	-	-	-	-	(238,530)	-	-	-	-	(238,530)
Net change between nominal value and present value of subordinated deposit		-	-	-	-	-	-	-	17,069,444	-	-	-	-	-	17,069,444
Net change in cash flow		-	-	-	-	-	-	-	-	-	2,695	-	-	-	2,695
Net profit for the year		-	-	-	-	-	-	-	-	-	-	-	-	11,053,904	11,053,904
Balance as of June 30, 2020		15,000,000	2,994,357	2,229,909	1,017,014	7,371,173	1,778,613	6,833,710	39,304,807	816,517	-	615,007	97,386	11,883,936	89,942,429
Balance as of July 1, 2020	(12,13)	15,000,000	2,994,357	2,229,909	1,017,014	7,371,173	1,778,613	6,833,710	39,304,807	816,517	-	615,007	97,386	11,883,936	89,942,429
Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	(3,585,988)	(3,585,988)
Transferred to reserves		-	1,096,067	1,138,670	93,230	-	404,006	5,565,975	-	-	-	-	-	(8,297,948)	-
Net change in impairment of debt instruments through OCI		-	-	-	-	-	-	-	-	-	-	(62,239)	-	-	(62,239)
Net change in financial investments through OCI-net of tax		-	-	-	-	1,408,133	-	-	-	-	-	-	-	-	1,408,133
Profit (loss) on disposal of equity instruments through OCI		-	-	-	-	-	-	-	-	-	-	-	-	90,913	90,913
Net change in foreign currency translation differences		-	-	-	-	-	-	-	-	(74,395)	-	-	-	-	(74,395)
Net change between nominal value and present value of subordinated deposit		-	-	-	-	-	-	-	(1,791,120)	-	-	-	-	-	(1,791,120)
Net profit for the period		-	-	-	-	-	-	-	-	-	-	-	-	10,709,661	10,709,661
Balance as of June 30, 2021	(12,13)	15,000,000	4,090,424	3,368,579	1,110,244	8,779,306	2,182,619	12,399,685	37,513,687	742,122	-	552,768	97,386	10,800,574	96,637,394

Banque Misr
separate statement of cash flows
for the financial period ended at 30 June 2021

Translated From Arabic
Amounts In EGP Thousands

	June 30,2021	June 30,2020
Net cash flows provided from operating activities (1)	73,460,173	221,728,017
Net cash flows (used in) investing activities (2)	(66,949,052)	(148,949,816)
Net cash flows (used in) Provided from financing activities (3)	(12,787,339)	35,627,655
Net (decrease) increase in cash and cash equivalents during the period (1+2+3)	**(6,276,218)**	**108,405,856**
Cash and cash equivalents at the beginning of the year	**292,062,554**	**183,656,698**
Cash and cash equivalents at the end of the period	**285,786,336**	**292,062,554**

Cash and cash equivalents are represented in :

	June 30,2021	June 30,2020
Cash and balances with central banks	62,556,609	38,839,793
Due from banks	247,560,969	256,682,511
Treasury bills	45,905,664	142,258,260
Obligatory reserve balance with CBE	(52,162,195)	(30,680,281)
Due from banks (more than three months maturity)	(8,890,178)	(28,164,256)
Treasury bills (more than three months maturity)	(9,184,533)	(86,873,473)
Cash and cash equivalents	**285,786,336**	**292,062,554**

Summarized notes to the separate financial statements

For the financial period ended June 30, 2021

1. General information

Banque Misr (S.A.E.) was established on April 3, 1920 as a commercial bank in Egypt. The head office is located at 151, Mohamed Farid Street, Cairo.
The Bank carries out corporate, retail and investment banking in addition to Islamic banking through 739 branches in Arab Republic of Egypt and 5 branches in U.A.E, and one branch in France and representative offices in Russia, China, South Korea, Italy and Ivory Coast. The number of employees at the balances sheet date is 20313 employees.
These financial statements were approved by the board of directors on 06, October 2021.

2. Basis of preparation of financial statements and Summary of significant accounting policies

These separate 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 in accordance with Egyptian Financial Accounting standards.
According to the new Article of association dated 11 October 2020, the financial year begins from the first of January till end of December, accordingly this year will be a transition period that start from first of July 2020 till end of December 2021 for 18-months period. Figures in the financial statements are presented in Egyptian pound and to the nearest thousands.

2.1 Classification of financial assets and liabilities

2.1.1 Financial assets were classified into three main categories as follows:

- Financial assets at fair value through profit or loss.
- Financial assets at Fair value through other comprehensive income statements.
- Financial assets measured at amortized cost.

The classification of IFRS 9 is generally based on the business models of the bank in which financial assets and their contractual cash flows are managed.

2.1.2 The change in financial liabilities at fair value through profit and loss is presented as follows:

- The change in the fair value related to the change in the credit rating is presented in the statement of other comprehensive income.
- The remaining amount of the change in the fair value is presented in the item (Net Income from other financial instruments at fair value through profit and loss) in the statement of profit and loss.

2.2 Impairment of financial assets

The "expected credit losses" model was used instead of the "realized credit losses" model when measuring the impairment in the value of all financial assets that are measured at amortized cost and debt instruments at fair value through other comprehensive income statements in addition to some loan commitments and financial guarantee contracts.

The following is a summary of the most important accounting policies used:

A- Foreign currency translation

A/1 Functional and presentation currency

The separate financial statements for each branch of the bank are measured using the currency of basic economic environment in which the branch conducts its activity “The functional currency”. The separate financial statements are presented in Egyptian pound, which is also the functional currency of the branches inside Arab Republic of Egypt.

A/2 Transactions and balances in foreign currencies

Each Branch maintains its accounting records in its functional currency and transactions in other currencies are recorded during the financial year using the prevailing exchange rate on the date of the transaction. 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 differ resulting from re-evaluation are recognized in the income statement under the following items:

- Net Trading Income of financial asset. (Case of held-for-trading financial assets or classified at fair value through profit or loss).
- Other operating income (expenses) for the remaining items.

Changes in the fair value of monetary financial instruments in foreign currency; which is classified as other comprehensive income (debt instruments) are analyzed into valuation differences resulting from changes in the 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 the 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. Whereas valuation differences resulting from exchange rates of equity instruments classified as Financial investments at Fair value through comprehensive income are recognized directly in equity in the ‘fair value reserve’.

A/3 Foreign Branches

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

- Assets and liabilities of foreign branches are translated using the closing rate at the balance sheet 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 caption.

B- Revenue recognition

B/1 Interest income and expense

Revenues and expenses is recorded in the income statement as interest on loans and similar income, interest on deposits and similar expense using effective rate method for all financial instruments that are calculated except for those classified for trading purposes or those classified at fair value through profit and loss.
The calculation includes all fees and points paid or received between parties to the contract that represents an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

B/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 receivables cease 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 securities or the purchase or sale of businesses – 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.

B/3 Dividend Income

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

C- Purchase and resale agreements, and Sale and repurchase agreements

Securities that may be lent or sold subject to a commitment to repurchase (repos) are reclassified in the financial statements and added to treasury bills balance. Securities borrowed or purchased subject to a commitment to resell them (reverse repos) are reclassified in the financial statements and deducted from 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.

D- 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 quarterly basis at the portfolio level for all financial assets for individuals, small and medium and 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 takes into account the expected recovery rates from the present value of the expected cash flows, whether from cash and tangible 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 foundations 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 failure rates are 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 rate 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, minus any other amounts that the bank expects to recover.

E- <u>Financial assets at fair value through profit and loss</u>

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

F- <u>Financial assets at fair value through other comprehensive income</u>

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

G- Financial assets 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.

H- Investments in subsidiaries and associates

Subsidiaries and associates companies in these separate financial statements of the bank is carried out according to the cost method and according to this method, investments are recognized at the cost of acquisition, and in the event of impairment in its fair value from the book value, the book value will be reduced for each investment separately, and it is charged to the income statement With the item impairment losses on other financial investments, and in the event of a subsequent rise in the fair value, it is added to the same item within the limits of what was previously charged to the income statements for previous financial periods, and dividends are recognized in the income statement when the distribution of these profits is approved and the bank's right to collect them is proven.

I- 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.

J- 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. Intangible assets are amortized by straight-line method and using amortization rate from 20% to 100% or the duration of licenses for programs, whichever is less.

K- 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 to allocate their residual values over estimated useful lives, as follows:

Assets	**June 30, 2021**
Building & construction	2.5%
Equipment	From 10% to 20%
Furniture	From 6.5% to 25%
Vehicles	From 20% to 25%
IT equipment	From 14.5% to 25%
Fixtures	From 6.5% to 33.5%
Lease hold improvement	12.5% or lease period whichever is less

L- 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.

M- Post-retirement benefits liabilities

Banque Misr granted its employees some benefits after they retired. This benefits considered one of other benefits that have been charged to expenses through employee's years of service and recognized in the liability according to Egyptian Accounting Standards and central bank rules prevailed in December 2008.

Liabilities resulting from specified system benefits which employees have obtained at the end of financial year on the base of the present value of expected future cash flows by the actuarial using "projected unit credit method "which contains assumptions related to population sciences, employees turn over, interest rate, and inflation rate.

Banque Misr granted for its employees in foreign branches post-retirement benefit according to United Arab Emirates (UAE) labor law and according to article of employees in banks assigned from Banque De France.

N- 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.

O- Income tax

Income tax on the profit or loss for the year 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 at 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 foundations 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 at 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 above 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 return 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.

Capital Management

Capital adequacy and the use of regulatory capital are monitored periodically by the Bank's management through employing techniques based on the guidelines developed by the Basel Committee for Banking supervision. The required data is submitted to the Central Bank of Egypt on a quarterly basis.

Central bank of Egypt requires the following:

- Maintain the sum of EGP 500 M as a minimum limit for issued and paid-up capital.
- Maintaining a ratio between elements of capital and between elements of assets and contingent liabilities weighted by risk weights equal to or greater than 13.25%.

The bank branches operating outside the Arab Republic of Egypt are subject to the rules of supervision regulating banking business in the countries in which they operate.

The bank has complied with all capital requirements and in the countries in which its foreign branches operate during the past two years.

The Board of Directors of the Central Bank of Egypt decided, in its session held on December 18, 2012, to approve the instructions for the minimum capital adequacy standard within the framework of implementing the Basel II decisions.

The following table summarizes the components of tier one capital, tier two capital and capital adequacy ratio for the financial statements of banking group as at the end of current period ended June 30,2021 and comparative year according to CBE regulations issued on Basle II applications:

Amounts in EGP Thousands

	June 30,2021	June 30,2020
Capital		
Tier 1 Capital	89,098,236	87,906,121
Tier 2 Capital	20,477,435	18,482,983
Total Capital	**109,575,671**	**106,389,104**
Total risk weighted assets and contingent liabilities	**715,642,841**	**561,862,956**
Capital Adequacy Ratio	**15.31%**	**18.94%**

The financial leverage ratio according to the financial statements of banking group as the end of current period 4.88% against 5.79% in comparative year.

Amounts in EGP Thousands

	June 30,2021	June 30, 2020
(4) Loans and advances to banks		
Term loans	2,083,360	2,878,206
Deduct: impairment losses provision	(47,764)	(45,242)
	2,035,596	**2,832,964**
(5) Loans and advances to customers		
Retail		
Overdraft	8,579,606	7,453,202
Credit cards	1,728,416	1,119,048
Personal loans	65,763,756	43,606,325
Direct loans	27,624,732	15,875,136
Mortgages loans	8,577,841	7,374,728
Other loans	205,762	64,925
Total (1)	**112,480,113**	**75,493,364**
Corporate		
Over draft	70,992,280	45,483,697
Direct loans	257,096,932	168,833,729
Syndicated loans	142,503,715	55,855,044
Other loans	713,849	581,096
Total (2)	**471,306,776**	**270,753,566**
Total loans and advances to customers (1+2)	**583,786,889**	**346,246,930**
Deduct: impairment provision for customer loans	(13,366,945)	(10,134,664)
Deduct: unearned doubtful interest	(331,621)	(365,062)
Deduct: unearned discount	(185,511)	(355,087)
Net loans and advances to customers and discounted commercial papers	**569,902,812**	**335,392,117**

impairment provision for customer loans

• Movement analysis of the impairment provision for customer loans during the period :-

Amounts in EGP Thousands

Item	June 30,2021			June 30,2020		
	Non performing loans	performing loans	Total	Non performing loans	performing loans	Total
Provision at beginning of the year	5,494,387	4,640,277	10,134,664	2,872,206	2,715,731	5,587,937
IFRS 9 Implementation Difference as of 01-07-2019	-	-	-	1,187,867	2,026,849	3,214,716
Impairment Charge (Release) during the period / year	3,495,376	1,181,046	4,676,422	1,481,204	(20,606)	1,460,598
Recoveries during the period / year	334,101	-	334,101	693,987	-	693,987
Revaluation differences of provision in foreign currencies	(89,984)	(30,362)	(120,346)	(81,608)	(81,697)	(163,305)
Write off during the period	(1,657,454)	(442)	(1,657,896)	(659,269)	-	(659,269)
Provision at the end of the period	**7,576,426**	**5,790,519**	**13,366,945**	**5,494,387**	**4,640,277**	**10,134,664**

Analysis of the Impairment provision of loans and advances for individual :-

Item	Individual						
	Overdrafts	Credit cards	Personal loans	Direct loans	Mortgages loans	Other loans	Total
30/06/2021	223,228	35,630	652,161	1,140,932	629,901	205,754	2,887,606
30/06/2020	155,438	22,665	455,951	383,300	401,015	63,009	1,481,378

Analysis of the Impairment provision of loans and advances for corporate :-

Item	Corporate				
	Overdrafts	Direct loans	Syndicated loans	Others Loans	Total
30/06/2021	3,766,403	1,680,571	4,800,749	231,616	10,479,339
30/06/2020	3,314,757	1,349,775	3,894,402	94,352	8,653,286

	June 30,2021	June 30, 2020
		Amounts in EGP Thousands
(6) Financial investments at fair value through profit and loss		
Equity instruments		
Corporate shares	153,765	124,563
Total Equity instruments	**153,765**	**124,563**
Financial investments managed by others	3,785,443	3,846,957
Total Financial investments at fair value through Profit & Loss	**3,939,208**	**3,971,520**
(7) Financial investments at fair value through OCI		
Equity instruments	11,658,138	8,286,618
Debt instruments	446,195,727	463,147,704
Total financial investments at fair value through OCI	**457,853,865**	**471,434,322**
(8) Customers' Deposits		
Demand deposits	122,444,523	75,529,517
Call and time deposits	141,283,368	116,615,938
Certificates of deposit	631,382,392	532,284,989
Saving deposits	208,934,745	188,303,220
Other deposits	16,304,772	15,079,387
Total	**1,120,349,800**	**927,813,051**

(9) Other Loans

Amounts in EGP Thousands

Items	Interest Rate	Accrued during the period	Balance as at June 30,2021	Balance as at June 30, 2020
Subordinated deposit	with interest	-	15,486,313	13,695,193
Long term loans - egyptian company for refinancing	%10.25	1,333	9,444	10,778
Small enterprises development agency loans	with interest	33,800	500,000	-
Social fund loans - financing programs	10%	3,080	4,610	7,690
Social fund loans- bedaity 1	7.75%	20,000	20,000	100,000
Social fund loans- bedaity 2	9.50%	106,800	186,400	293,200
Social fund loans- bedaity 3	10.50%	62,500	218,750	250,000
Long-term loans from external banks	with interest	150,387	64,746,796	53,532,147
Short-term loans from external banks	with interest	243,711	3,821,833	23,547,065
Short-term loans from local banks	with interest	-	-	968,304
Total Other Loans			**84,994,146**	**92,404,377**
Current balances			621,611	1,888,409
Non current balances			84,372,535	90,515,968
Total Other Loans			**84,994,146**	**92,404,377**

(10) Other Provisions

	June 30,2021	June 30, 2020
Provision for tax and legal claims	637,805	592,370
Provision for contingent liability and commitments	1,829,691	1,537,702
Others	3,761	3,817
Total	**2,471,257**	**2,133,889**

(11) Post retirement benefits liabilities

	June 30,2021	June 30, 2020
Post retirement medical benefits	4,462,025	3,672,406
End of service benefits	958,014	942,997
Total	**5,420,039**	**4,615,403**

Amounts recognized in the income statement

	June 30,2021	June 30, 2020
Liabilities for post retirement medical benefits	1,026,000	815,036
Liabilities for end of service benefits	141,072	405,017
Total	**1,167,072**	**1,220,053**

(12) Paid in 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 15,000 million divided into 3000 million shares of EGP 5 per share wholly owned by ministry of finance of Egypt .

(13) Reserves

Amounts in EGP Thousands

	June 30,2021	June 30, 2020
Legal reserve	4,090,424	2,994,357
General reserve	3,368,579	2,229,909
Capital reserve	1,110,244	1,017,014
Supportive reserve	12,399,685	6,833,710
Fair value reserve	8,779,306	7,371,173
General banking risk reserve	2,182,619	1,778,613
Foreign currency translation differences reserve	742,122	816,517
Difference of nominal value and present value of subordinated deposit	37,513,687	39,304,807
General risk reserve	97,386	97,386
ECL reserve for debt instruments through OCI	552,768	615,007
Total reserves	**70,836,820**	**63,058,493**