



BANQUE MISR S.A.E

Summarized Separate Financial Statements

for the financial period ended
September 30, 2022



بنك مصر
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Banque Misr

Summarized Separate Financial statements for the Financial period ended September 30, 2022

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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 September 30, 2022 from which the accompanying Separate summarized financial statements have been derived according to the Egyptian Standards on Auditing and the requirements of applicable Egyptian law and regulations, as presented in our report dated December 27, 2022, where we expressed an unqualified opinion on the complete set of the Separate financial statements for the period ended September 30, 2022 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 September 30, 2022.

Emphasis of Matter

Without qualifying our report The general assembly of Banque Misr has approved in the 11th of October 2020 the amendment of article (25) in the bank's article of association under which the bank's financial year to begin from the first of January till end of December each year, while considering the period begin from 1st of July 2020 till end of December 2021 that represent eighteen months as an extended transitional period.

Separate statements of income, comprehensive income and cash flows for the first quarter have been prepared for the financial period from 1/1/2022 to 30/9/2022 compared to the financial period from 1/7/2020 to 30/9/2021 (representing fifteen months), and they are not Absolutely comparable. Therefore, a third statement has been added to the separate income statement and the separate comprehensive income statement for the period from 1/1/2021 to 30/9/2021 for comparability, as shown in Notes No. (1,14) of the accompanying financial statements notes .

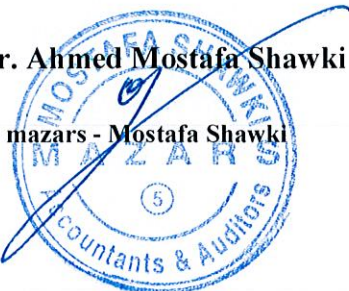
In order to get a complete understanding of the bank's financial position along with its performance, cash flow for the period ended September 30, 2022 and our audit scope, we should refer to the bank's Separate complete financial statements along with our audit report.

Cairo: December 27, 2022

Auditors

Dr. Ahmed Mostafa Shawki

mazars - Mostafa Shawki



Acc. Mohamed Hany Fouad Ismaiel

Accountability State Authority (ASA)

A handwritten signature in blue ink, appearing to read "M. Hany", written over a horizontal line.

Banque Misr

Separate statement of financial position as at September 30, 2022

Translated from Arabic
Amounts in EGP Thousands

	Note no	September 30, 2022	December 31, 2021
<u>Assets</u>			
Cash and balances due from central banks		107,489,745	32,635,055
Due from banks		574,084,159	373,627,011
Loans and advances to banks	4	1,231,895	1,287,309
Loans and advances to customers	5	648,866,504	590,570,959
Financial derivatives		18,747	-
<u>Financial investments</u>			
- at fair value through P&L	6	2,943,160	4,438,218
- at fair value through OCI	7	196,503,501	324,196,246
- at amortized cost		336,649,944	169,091,715
- in subsidiaries and associates		42,853,908	30,876,513
Intangible assets		216,303	232,406
Other assets		50,387,854	47,446,800
Property, Plant, and Equipment		8,332,916	7,668,869
Deferred tax assets		1,535,810	984,021
Total assets		1,971,114,446	1,583,055,122
<u>Liabilities and shareholders' equity</u>			
<u>Liabilities</u>			
Due to banks		65,937,893	48,354,072
Customers' deposits	8	1,570,311,219	1,233,925,731
Financial derivatives		-	4,778
Other loans	9	154,395,078	126,203,870
Other liabilities		37,605,528	33,587,723
Other provisions	10	5,082,324	3,496,645
Post retirement benefits liabilities	11	6,796,233	5,870,261
Total liabilities		1,840,128,275	1,451,443,080
<u>Shareholders' Equity</u>			
Paid in capital	12	15,000,000	15,000,000
Reserves	13	97,994,457	92,001,597
Retained earnings		17,991,714	24,610,445
Total shareholders' equity		130,986,171	131,612,042
Total liabilities and shareholders' equity		1,971,114,446	1,583,055,122
<u>Contingent liabilities and commitments</u>			
Liabilities for letters of guarantee, letters of credit and other commitments.		188,429,098	158,478,058

The accompanying notes are an integral part of these financial statements

Chief Financial Officer
Mohamed M. Sherif
Mohamed Mohamed Sherif Ismael

Vice Chairman
Hossameldin Abdelwahab
Hossameldin Abdelwahab

Vice Chairman
Akef Abdellatif Elmaghraby
Akef Abdellatif Elmaghraby

Chairman
Mohamed Mahmoud Eletreby
Mohamed Mahmoud Eletreby

Dr / Ahmed Mostafa Shawki

mazars Mostafa Shawki

Auditors

Accountant / Mohamed Hany Fouad Ismael

Accountability State Authority (ASA)

Banque Misr
Separate income statement
for the financial period ended September 30,2022

Amounts in EGP Thousands

	From 01/01/2022 To 30/09/2022 Nine Months	From 01/07/2020 To 30/09/2021 Fifteen Months	From 01/01/2021 To 30/09/2021 Nine Months
Interest on loans and similar income	117,351,921	153,306,555	93,960,307
Interest on deposits and similar expense	(81,960,058)	(110,929,922)	(67,599,667)
Net interest income	35,391,863	42,376,633	26,360,640
Fee and commission income	7,304,161	8,801,849	5,693,668
Fee and commission expense	(485,854)	(759,479)	(546,860)
Net fee and commission income	6,818,307	8,042,370	5,146,808
Dividends income	2,802,947	6,084,650	5,789,373
Net trading income	117,724	1,218,120	601,596
Gain on financial investments	2,217,201	3,970,966	2,285,698
Impairment (charge) for credit loss	(6,281,188)	(6,186,329)	(3,132,093)
Administrative expenses	(14,162,650)	(18,523,510)	(11,610,644)
Other operating revenue	876,981	263,629	73,490
Profit before income tax	27,781,185	37,246,529	25,514,868
Income tax expense	(10,079,730)	(15,780,344)	(8,443,284)
Net profit for the period	17,701,455	21,466,185	17,071,584
Earning per share (EGP/Share)	5.90	7.16	5.69

Banque Misr
Separate statement of other comprehensive income
for the financial period ended September 30,2022

Amounts in EGP Thousands

	From 01/01/2022 To 30/09/2022 Nine Months	From 01/07/2020 To 30/09/2021 Fifteen Months	From 01/01/2021 To 30/09/2021 Nine Months
Net profit for the period	17,701,455	21,466,185	17,071,584
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	(1,310,814)	1,043,045	(66,767)
Total items that are not reclassified in profit or loss	(1,310,814)	1,043,045	(66,767)
Items that are reclassified in profit or loss			
Net change in the fair value for debt instruments at fair value through OCI	(9,166,566)	50,017	(2,156,497)
Net change in ECL for debt instruments at fair value through OCI	7,983	(172,719)	(345,111)
Net change in foreign currency translation differences	986,408	(108,387)	(122,048)
Total items that are reclassified in profit or loss	(8,172,175)	(231,089)	(2,623,656)
Net Comprehensive income for the period	8,218,466	22,278,141	14,381,161

Banque Misr
Separate statement of changes in shareholders' equity
for the financial period ended September 30, 2022

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	ECL debt instruments through OCI reserve	General risk reserve	Retained Earnings	Total
Balances at July 1, 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
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 ECL of debt instruments through OCI		-	-	-	-	-	-	-	-	-	98,254	-	-	98,254
Net change in financial investments through OCI - After tax		-	-	-	-	2,022,175	-	-	-	-	-	-	-	2,022,175
Profit (loss) on disposal of equity instruments through OCI and Others		-	-	-	-	-	-	-	-	-	-	-	1,063,560	1,063,560
Net change in Foreign currency translation differences		-	-	-	-	-	-	-	-	(148,629)	-	-	-	(148,629)
Net change between nominal value and present value of subordinated deposit		-	-	-	-	-	-	-	17,823,356	-	-	-	-	17,823,356
Net change in General risk reserve		-	-	-	-	-	-	-	-	-	-	850,000	-	850,000
Net profit for the period		-	-	-	-	-	-	-	-	-	-	-	23,546,885	23,546,885
Balances at Dec 31, 2021		15,000,000	4,090,424	3,368,579	1,110,244	9,393,348	2,182,619	12,399,685	57,128,163	667,888	713,261	947,386	24,610,445	131,612,042
Balances at Jan 1, 2022	12-13	15,000,000	4,090,424	3,368,579	1,110,244	9,393,348	2,182,619	12,399,685	57,128,163	667,888	713,261	947,386	24,610,445	131,612,042
Dividends paid		-	-	-	-	-	-	-	-	-	-	-	(6,748,729)	(6,748,729)
Transferred to reserves		-	2,351,833	2,414,966	28,559	-	432,225	12,634,133	-	-	-	-	(17,861,716)	-
Net change in ECL of debt instruments through OCI		-	-	-	-	-	-	-	-	-	7,983	-	-	7,983
Net change in financial investments through OCI - After tax		-	-	-	-	(10,477,380)	-	-	-	-	-	-	-	(10,477,380)
Profit (loss) on disposal of equity instruments through OCI and Others		-	-	-	-	-	-	-	-	-	-	-	290,259	290,259
Net change in foreign currency translation differences		-	-	-	-	-	-	-	-	985,865	543	-	-	986,408
Net change between nominal value and present value of subordinated deposit		-	-	-	-	-	-	-	(2,385,867)	-	-	-	-	(2,385,867)
Net profit for the period		-	-	-	-	-	-	-	-	-	-	-	17,701,455	17,701,455
Balances at September 30, 2022	12-13	15,000,000	6,442,257	5,783,545	1,138,803	(1,084,032)	2,614,844	25,033,818	54,742,296	1,653,753	721,787	947,386	17,991,714	130,986,171

Banque Misr
Separate statement of cash flows
for the financial period ended September 30,2022

Translated from Arabic
Amounts in EGP Thousands

	September 30, 2022 Nine Months	September 30, 2021 Fifteen Months
Net cash flows provided from operating activities (1)	267,466,592	70,475,406
Net cash flow provided (used in) investing activities (2)	42,212,054	(64,215,385)
Net cash flows provided (used in) provided from financing activities (3)	19,056,612	(7,397,281)
Net increase (decrease) in cash and cash equivalents during the period (1+2+3)	328,735,258	(1,137,260)
Cash and cash equivalents at the beginning of the period	359,292,636	292,062,554
Cash and cash equivalents at the end of the period	688,027,894	290,925,294
<u>Cash and cash equivalents are represented as follows :-</u>		
Cash and balances at central Banks	107,489,745	52,507,344
Due from banks	575,684,996	265,482,129
Treasury bills	139,322,328	56,422,125
Obligatory reserve balance with central banks	(95,284,915)	(43,251,976)
Due from banks more than three months maturity	(22,046,630)	(18,366,246)
Treasury bills more than three months maturity	(17,137,630)	(21,868,082)
Cash and cash equivalents	688,027,894	290,925,294

Summarized notes to the separate financial statements
For the financial period ended September 30, 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 carries out corporate, retail and investment banking in addition to Islamic banking through 798 branches and unit 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 , côte d'Ivoire and Kenya. The bank has 21386 employees on financial position date.
- The general assembly of Banque Misr have approved in the 11th of October 2020 for the amendment of article 25 in the bank's article of association for the financial year to begin from the first of January till end of December 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 December 21, 2022

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.

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.
- 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 other comprehensive income.
- The remaining amount of the change in the fair value is presented in (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". These 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 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 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. While 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 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 .

B- Revenue recognition

B/1 Interest income and expense

Interest income and expense is recorded in the income statement as interest on loans and similar income, interest on deposits and similar expenses 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 include 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 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.

B/3 Dividend Income

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

C- Repo and Reverse repo agreements

Securities lent or sold according to a commitment to repurchase (repos) are presented in the financial statements and added to treasury bills balance. Securities borrowed or (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 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 takes into account 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.

E- 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.

F- 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.

G- 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.

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	Depreciation rates
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 "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 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.

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.

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.
- Maintaining a minimum level of capital adequacy ratio of 13.25%, calculated as the ratio between total value of capital base elements, and the risk-weighted assets and contingent liabilities of the bank (Credit Risk, Market Risk and Operational Risk).

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.

Banque Misr has complied with all local & foreign capital requirements in the Countries in which its foreign branches operate in for the current year.

The below tables summarize the compositions of Tier 1, Tier 2, capital adequacy ratio based on Consolidated Financial statement of the financial group as at end of 30th of September 2022 and comparative period according to CBE regulations issued on Basel II:

	Amounts in EGP Thousands	
	<u>September 30,2022</u>	<u>December 31,2021</u>
<u>Capital</u>		
Tier 1 Capital	119,396,423	107,152,991
Tier 2 Capital	55,554,958	50,478,057
Total Capital Base	<u>174,951,381</u>	<u>157,631,048</u>
Total risk weighted assets and contingent liabilities	<u>953,119,224</u>	<u>787,719,852</u>
Capital Adequacy Ratio	<u>18.36%</u>	<u>20.01%</u>

The financial leverage ratio according to the financial statements of banking group as the end of current period 4.88% against 5.40% in comparative period.

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	Amounts in EGP Thousands	
	September 30, 2022	December 31, 2021
(4) <u>Loans and advances to banks</u>		
Term loans	1,261,709	1,319,789
Deduct : impairment provision for loan losses	(29,814)	(32,480)
Net Loans and advances to banks	1,231,895	1,287,309
 (5) <u>Loans and advances to customers</u>		
<u>Individuals</u>		
Overdraft	2,359,256	1,708,415
Credit cards	3,100,791	2,123,355
Personal loans	73,057,289	68,031,883
Mortgages loans	12,199,906	9,432,329
Other loans	576,239	603,309
Total (1)	91,293,481	81,899,291
 <u>Corporates</u>		
Over draft	62,004,519	57,483,551
Direct loans	279,151,962	265,281,561
Syndicated loans	199,347,240	167,572,795
Other loans	40,020,768	34,531,005
Total (2)	580,524,489	524,868,912
 Total loans and advances to customers (1+2)	671,817,970	606,768,203
 Deduct: impairment provision for customer loans	(22,267,527)	(15,835,053)
Deduct: unearned doubtful interest	(297,476)	(251,863)
Deduct: unearned discount	(386,463)	(110,328)
Net loans and advances to customers	648,866,504	590,570,959

Impairment provision of loans and advances to customers

Analysis for Impairment provision movement of loans and advances to customers during the period

Amounts in EGP Thousands

Item	September 30, 2022			December 31, 2021		
	Stage 1&2	Stage 3	Total	Stage 1&2	Stage 3	Total
Balance at beginning of the period	6,449,068	9,385,985	15,835,053	4,640,277	5,494,387	10,134,664
Charge (Release) during the period	1,388,467	3,788,537	5,177,004	1,836,882	5,865,269	7,702,151
Recoveries during the period	-	1,438,150	1,438,150	-	690,824	690,824
Transfers during the Period	(47,813)	-	(47,813)	-	-	-
Revaluation differences of provision in foreign currency	457,017	436,841	893,858	(27,649)	(86,685)	(114,334)
Written off loans during the period	-	(1,028,725)	(1,028,725)	(442)	(2,577,810)	(2,578,252)
Balance at the end of the period	8,246,739	14,020,788	22,267,527	6,449,068	9,385,985	15,835,053

Analysis of impairment losses for loans and facilities for individuals

Item	Individuals					
	Overdraft	Credit Card	Personal Loans	Mortgage Loans	Other Loans	Total
September 30, 2022	11,971	133,883	689,758	1,154,359	506,082	2,496,053
December 31, 2021	20,974	32,165	703,805	752,521	29,354	1,538,819

Analysis of impairment losses for loans and facilities for Corporates

Item	Corporates				
	Overdraft	Direct Loans	syndicated loans	Other Loans	Total
September 30, 2022	6,562,236	6,198,398	5,897,746	1,113,094	19,771,474
December 31, 2021	4,496,502	4,444,130	4,773,821	581,781	14,296,234

	Amounts in EGP Thousands	
	September 30, 2022	December 31, 2021
<u>(6) Financial investments at fair value through P&L</u>		
- <u>Equity instruments</u>		
Corporate shares	68,381	138,562
Banks shares	28,607	-
Total equity instruments	96,988	138,562
Financial investments managed by others	2,846,172	4,299,656
Total financial investments at fair value through P&L	2,943,160	4,438,218
<u>(7) Financial investments at fair value through OCI</u>		
Equity instruments	13,154,976	15,538,847
Debt instruments	183,348,525	308,657,399
	196,503,501	324,196,246
<u>(8) Customers' deposits</u>		
Demand deposits	277,776,919	167,620,153
Call and time deposits	215,669,238	163,824,574
Certificates of deposit	856,298,481	677,905,190
Saving deposits	186,627,647	205,778,459
Other deposits	33,938,934	18,797,355
Total	1,570,311,219	1,233,925,731

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(9) Other loans

Amounts in EGP Thousands

	September 30, 2022	December 31, 2021
Subordinated deposit	48,257,704	45,871,837
Long term loans - Egyptian Company for Refinancing	7,778	8,778
Micro, Small and Medium Enterprises Development Agency Loans	1,157,900	925,000
Social fund loans - Financing projects	760	3,070
Social fund loans- bedaity 2	52,900	133,000
Social fund loans- bedaity 3	140,625	187,500
Long-term loans from foreign banks	78,092,030	68,974,273
Short-term loans from foreign banks	26,685,381	10,100,412
Total other loans	154,395,078	126,203,870

(10) Other provisions

Provision for tax and legal claims	1,375,709	1,285,128
Provision for contingent liabilities and commitments	3,412,276	2,208,701
Others	294,339	2,816
Total	5,082,324	3,496,645

(11) Post retirement benefits liabilities

Post retirement medical benefits	5,748,397	4,886,833
End of service benefits	1,047,836	983,428
Total	6,796,233	5,870,261

Amounts recognized in the income statement :

	September 30, 2022	September 30, 2021
Post retirement medical benefits	1,107,000	1,282,500
End of service benefits	112,136	175,749
Total	1,219,136	1,458,249

(12) Capital

A. Authorized capital

Based on the extraordinary general assembly held on 27-07-2022 , The authorized capital has been increased from EGP 30,000 million to EGP 120,000 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 .

(13) Reserves

Amounts in EGP Thousands

	September 30, 2022	December 31, 2021
Legal reserve	6,442,257	4,090,424
General reserve	5,783,545	3,368,579
Capital reserve	1,138,803	1,110,244
Supportive reserve	25,033,818	12,399,685
Fair value reserve	(1,084,032)	9,393,348
General banking risk reserve	2,614,844	2,182,619
Foreign currency translation differences reserve	1,653,753	667,888
Difference of nominal value and present value of subordinated deposit	54,742,296	57,128,163
General risk reserve	947,386	947,386
ECL - debt instruments through OCI reserve	721,787	713,261
Total reserves	97,994,457	92,001,597

(14) Comparative Figures

- Due to changing the financial year of the bank to begin 1st january till end of December each year to comply with the new legislation of Central Bank of Egypt, The Separate Income statement, its' disclosures, Separate Statement of other comprehensive income and also Separate Statement of cash flow for the period of 9 Months from January 1, 2022 to september 30, 2022 compared to the financial period from July 1, 2020 to september 30, 2021 (15 Months) and therefore the comparative figures in the financial statement are not comparable.
- Concerning income statement and statement of other comprehensive income and according to paragraphs 38C and 38D in the Egyptian Accounting Standards No.1 "Presentation of Financial Statements", a third statement has been added for the period from January 1, 2021 to september 30, 2021 (9 Months) to ease the comparability of the figures.

(15) Important Events

- The central bank's monetary policy committee in its extraordinary meeting held on October 27,2022 decided to raise the overnight deposits rate, the overnight lending rate and the rate of the main operation by 200 basis points to be %13.25, %14.25, and %13.75, respectively. The discount rate was also raised by 200 basis points to %13.75.
- The management will keep assessing the current position and its related impacts regularly.