EFG-Hermes Holding Company (Egyptian Joint Stock Company)

Consolidated financial statements

For the year ended 31 December 2021

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Consolidated financial statements
For the year ended December 31, 2021

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Grant Thornton

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Independent Auditor's Report

To the Shareholders of EFG-Hermes Holding Company (Egyptian Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of EFG-Hermes Holding Company (Egyptian Joint Stock Company) (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirement that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 3.26 of the consolidated financial statements, which describes the effects of First-Time Adoption of IFRS. Our opinion is not modified in respect of this matter.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

<table>
<tr><th>Description of key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Measurement of expected credit loss model ("ECL")</td></tr>
<tr><td>The Group recognized allowances for credit losses using an expected credit loss model ("ECL").The Group exercises significant judgments and makes a number of assumptions in developing its ECL models which is determined as a function of the assessment of the probability of default ("PD"), loss given default ("LGD"), adjusted for the forward-looking information, and exposure at default ("EAD") associated with the underlying financial assets.

Qualitative adjustments or overlays may also be recorded by the Group using credit judgement where the inputs, assumptions and / or modelling techniques do not capture all relevant risk factors.

Given the inherent and significant auditor judgement required due to the use of complex models and effort in evaluating audit evidence related to the identification and calculation of qualitative adjustments and overlay adjustments to the ECL due to the impacts of current conditions and forecasts of future economic conditions, this is considered a key audit matter.</td><td>We have performed the following procedures:

• Evaluating the appropriateness of the accounting policies adopted based on the requirements of IFRS 9, our business understanding and industry practice.

• Involving our specialists to review the reasonableness and appropriateness of the methodology and assumptions used in various components of ECL modelling and governance over the application of expert credit judgment to determine the ECL. This included challenging key assumptions/judgments relating to significant increase in credit risk ("SICR"), definition of default, probability of default, recovery rates, use of macro-economic variables and probability weighted outcomes to check that the ECL amounts recorded are reflective of underlying credit quality and macroeconomic trends.

• Testing the completeness and accuracy of the data used within the ECL calculation.

• Performing credit assessments for a sample of selected customers, including Stage 3 customers, to test the appropriateness of the credit grades at a given point in time, assessing the financial performance of the borrower, source of repayment and future cash flows of the borrower.

• Assessing the disclosures included in the consolidated financial statements and assessing their compliance with the requirements of IFRS.</td></tr>
</table>

Report on the Audit of the Consolidated Financial Statements (continued)

Valuation of unquoted investments at fair value through profit and loss	
The Group invests in unquoted mutual fund certificates and structured notes. As disclosed in note 6, these instruments are measured at fair value through profit and loss and are classified as level 2 and level 3 within the fair value hierarchy. Management estimates the fair value of these investments by utilizing models based on valuation techniques defined in IFRS 13. Due to the judgement involved in developing an estimate of fair value, this is considered a key audit matter.	We have performed the following procedures: • Involving our specialists to assess the appropriateness of the valuation techniques embedded in the valuation models and appropriateness of the inputs, with respect to the requirements of IFRS 13. • Agreeing, on a sample basis, the value of the inputs to supporting documentation and evidence. • Assessing the disclosures included in the consolidated financial statements and assessing their compliance with the requirements of IFRS.

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Report on the Audit of the Consolidated Financial Statements (continued)

Other Matter

The consolidated financial statements for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Group or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton

Grant Thornton UAE
Dubai, United Arab Emirates

Grant Thornton Public Accountants P.O. Box: 1620 DUBAI-U.A.E.

Farouk Mohamed
29 April 2022

EFG-Hermes Holding Company (Egyptian Joint Stock Company)

Consolidated statement of financial position
As at December 31, 2021

(In EGP)	Note	31/12/2021	31/12/2020	01/01/2020
Assets				
Cash and cash equivalents	5	**30,876,257,819**	7,397,790,093	9,984,123,272
Funded facilities to customers	8	**10,081,007,385**	8,189,679,143	5,925,245,600
Banking loans and facilities (aiBank)	8.1	**9,544,916,760**	-	-
Accounts receivable	7	**5,611,375,904**	4,734,488,970	4,521,946,503
Investments at fair value through profit and loss	6	**8,002,539,778**	5,744,078,663	7,880,915,409
Investments at fair value through OCI	9	**16,820,480,365**	10,097,642,055	13,602,999,007
Investments at amortized cost	12	**10,050,278,918**	-	-
Assets held for sale	11	**305,541,145**	59,640,898	-
Equity accounted investees	10	**461,315,552**	103,095,770	55,000,000
Investment property	13	**125,529,472**	132,074,502	205,498,422
Property and equipment	14	**999,401,918**	651,958,068	667,411,332
Goodwill and other intangible assets	15	**1,107,396,952**	984,353,914	999,077,802
Deferred tax assets	22	**47,607,209**	24,995,255	87,035,205
Other assets	16	**2,561,079,667**	621,212,320	524,534,183
Total assets		**96,594,728,844**	38,741,009,651	44,453,786,735
Liabilities				
Due to banks and financial institutions	17	**17,736,580,111**	9,235,466,908	10,427,808,365
Customer deposits	18	**38,564,737,371**	-	-
Loan and borrowings	24	**5,501,069,487**	4,117,731,698	3,504,291,832
Creditors and other credit balances	21	**3,157,995,391**	2,408,136,351	2,399,822,189
Accounts payable – customers credit balance at fair value through profit and loss	19	**3,890,060,348**	2,022,981,775	5,086,573,832
Accounts payable – customers credit balances		**8,537,833,096**	5,486,303,627	7,677,341,560
Short term bonds	20	**550,000,000**	500,000,000	400,000,000
Provisions	23	**690,001,941**	566,956,651	569,382,887
Current tax liability		**363,572,503**	164,219,351	189,128,550
Deferred tax liabilities	22	**296,588,621**	301,270,105	211,537,049
Total liabilities		**79,288,438,869**	24,803,066,466	30,465,886,264
Equity				
Share capital	25	**4,865,353,355**	3,843,091,115	3,843,091,115
Legal reserve		**840,272,556**	833,933,867	803,102,208
Share premium		**1,668,623,811**	1,922,267,826	1,922,267,826
Other reserves		**783,420,592**	791,823,872	2,060,243,837
Retained earnings		**6,390,395,096**	6,235,979,897	5,002,324,179
Equity attributable to owners of the Group		**14,548,065,410**	13,627,096,577	13,631,029,165
Non – controlling interests	26	**2,758,224,565**	310,846,608	356,871,306
Total equity		**17,306,289,975**	13,937,943,185	13,987,900,471
Total liabilities and equity		**96,594,728,844**	38,741,009,651	44,453,786,735

These financial statements were approved and authorised for issue on 29 April 2022 and signed by:

Mona Zulficar
Chairperson

Karim Awad
Group Chief Executive Officer

The accompanying notes form an integral part of these consolidated financial statements.

EFG-Hermes Holding Company (Egyptian Joint Stock Company)

Consolidated statement of profit or loss
For the year ended December 31, 2021

(In EGP)	Note	For the year ended 31/12/2021	31/12/2020
Interest income	32	**4,416,355,205**	2,894,539,255
Interest expense	32	**(1,831,314,272)**	(1,077,889,450)
Net interest income		**2,585,040,933**	1,816,649,805
Fee and commission income	32	**3,395,050,747**	2,742,568,431
Fee and commission expense	32	**(344,114,579)**	(271,609,375)
Net fee and commission income		**3,050,936,168**	2,470,959,056
Securities (loss) gains for investments at fair value through profit and loss	32	**(7,302,092)**	371,758,025
Changes in the fair value of investments at fair value through profit and loss	32	**(76,153,571)**	576,420,133
Dividend income	32	**31,853,072**	39,543,674
Other revenues	28	**146,867,227**	126,552,995
Net gains on dereceognition of financial assets measured at amortized cost	32	**88,347,943**	13,542,181
Impairment loss on financial assets – net of recoveries	29	**(137,995,100)**	(294,566,570)
Foreign currencies exchange differences	32	**234,140,416**	(15,282,497)
Gains on selling assets held for sale	32	**3,864,407**	-
Share of loss from equity accounted investees	32	**(14,173,369)**	(4,237,980)
Operating income		**5,905,426,034**	5,101,338,822
General and administrative expenses	31	**(3,796,051,268)**	(3,251,986,101)
Financial guarantee provision	23	**(5,673,313)**	(10,079,751)
Impairment loss on goodwill and intangible assets	32	**(16,034,698)**	(5,921,804)
Impairment loss on investment property		**-**	(3,384,491)
Provisions	23	**(96,968,478)**	(32,475,067)
Depreciation and amortisation	13,14,15	**(193,664,511)**	(171,143,524)
Profit before tax		**1,797,033,766**	1,626,348,084
Income tax expense	30	**(350,786,930)**	(329,046,528)
Profit for the year		**1,446,246,836**	1,297,301,556
Profit attributable to:			
Owners of the Group		**1,329,283,838**	1,264,551,960
Non- controlling interests		**116,962,998**	32,749,596
		1,446,246,836	1,297,301,556
Basic earnings per share (EGP)	34	**1.57**	1.41
Dilluted earnings per share (EGP)	34	**1.49**	1.41

The accompanying notes form an integral part of these consolidated financial statements.

EFG-Hermes Holding Company (Egyptian Joint Stock Company)

Consolidated statement of comprehensive income
For the year ended December 31, 2021

(In EGP)		For the year ended	
		2021	2020
Profit for the year		**1,446,246,836**	1,297,301,556
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		**(15,450,147)**	(96,787,059)
Foreign currency translation differences - reclassified to profit or loss		**(167,306,760)**	(32,212,643)
Net losses on investments in debt instruments at fair value through OCI - net change in fair value		**(10,639,480)**	(625,405,385)
Investments at fair value through OCI - net change in fair value - reclassified to profit or loss		**34,043,158**	(474,568,773)
Related tax	22	**(930,181)**	12,221,624
Items that will not be reclassified to profit or loss			
Investment at fair value through OCI - reclassified to Retained Earnings		**(15,659)**	(2,176,473)
Net gains (losses) on investments in equity instruments designated at fair value through OCI - net change in fair value -		**10,802,502**	(52,867,403)
Actuarial gain (loss) re-measurement of employees' benefits obligations	23	**971,076**	(2,002,429)
Other comprehensive income, net of tax		**(148,525,491)**	(1,273,798,541)
Total comprehensive income		**1,297,721,345**	23,503,015
Total comprehensive income attributable to:			
Owners of the Group		**1,172,204,692**	(5,870,434)
Non - controlling interests		**125,516,653**	29,373,449
		1,297,721,345	23,503,015

The accompanying notes form an integral part of these consolidated financial statements.

EFG-Hermes Holding Company (Egyptian Joint Stock Company

Consolidated statement of changes in equity
For the year ended December 31, 2021

(In EGP)	Share capital	Legal reserve	Share premium	General reserve	Translation reserve	Fair value reserve	Employee stock Ownersip plan reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total Equity
Balance as at 31 December 2019, as previously reported	3,843,091,115	803,102,208	1,922,267,826	158,269	2,119,175,070	665,788,125	-	(26,442,387)	4,330,582,531	13,657,722,757	362,757,134	14,020,479,891
Effect of change in accounting policies	-	-	-	-	-	(724,877,627)	-	26,442,387	671,741,648	(26,693,592)	(5,885,828)	(32,579,420)
Balance as at 1 January 2020	3,843,091,115	803,102,208	1,922,267,826	158,269	2,119,175,070	(59,089,502)	-	-	5,002,324,179	13,631,029,165	356,871,306	13,987,900,471
Profit	-	-	-	-	-	-	-	-	1,264,551,960	1,264,551,960	32,749,596	1,297,301,556
Other comprehensive income	-	-	-	-	(126,465,076)	(1,141,954,889)	-	-	174,044	(1,268,245,921)	(3,376,147)	(1,271,622,068)
Total comprehensive income	-	-	-	-	(126,465,076)	(1,141,954,889)	-	-	1,264,726,004	(3,693,961)	29,373,449	25,679,488
Transactions with owners of the Group												
Contributions and distributions												
Dividends	-	-	-	-	-	-	-	-	-	-	(79,164,760)	(79,164,760)
Transferred to legal reserve	-	30,831,659	-	-	-	-	-	-	(30,831,659)	-	-	-
Changes in ownership interests												
Changes in ownership interests without a change in control	-	-	-	-	-	-	-	-	(238,627)	(238,627)	3,766,613	3,527,986
Balance as at 31 December 2020	3,843,091,115	833,933,867	1,922,267,826	158,269	1,992,709,994	(1,201,044,391)	-	-	6,235,979,897	13,627,096,577	310,846,608	13,937,943,185
Balance as at 31 December 2020	3,843,091,115	833,933,867	1,922,267,826	158,269	1,992,709,994	(1,201,044,391)	-	-	6,235,979,897	13,627,096,577	310,846,608	13,937,943,185
Effect of change in accounting policies on 1 January 2021												
Adjustment	-	-	-	-	-	-	-	-	(4,099,065)	(4,099,065)	-	(4,099,065)
Balance as at 1 January 2021	3,843,091,115	833,933,867	1,922,267,826	158,269	1,992,709,994	(1,201,044,391)	-	-	6,231,880,832	13,622,997,512	310,846,608	13,933,844,120

The accompanying notes form an integral part of these consolidated financial statements.

EFG-Hermes Holding Company (Egyptian Joint Stock Company

Consolidated statement of changes in equity (continued)
For the year ended December 31, 2021

(In EGP)	**Share capital**	**Legal reserve**	**Share premium**	**General reserve**	**Translation reserve**	**Fair value reserve**	**Employee stock Ownersip plan reserve**	**Hedging reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total Equity**
Total comprehensive income												
Profit	-	-	-	-	-	-	-	-	1,329,283,838	1,329,283,838	116,962,998	1,446,246,836
Other comprehensive income	-	-	-	-	(182,139,923)	24,089,701	-	-	986,735	(157,063,487)	8,553,655	(148,509,832)
Total comprehensive income	-	-	-	-	(182,139,923)	24,089,701	-	-	1,330,270,573	1,172,220,351	125,516,653	1,297,737,004
Transactions with owners of the Group												
Contributions and distributions												
Dividends	768,618,225	-	-	-	-	-	-	-	(768,618,225)	-	-	-
Transferred to share capital	253,644,015	-	(253,644,015)	-	-	-	-	-	-	-	-	-
Transferred to legal reserve	-	6,338,689	-	-	-	-	-	-	(6,338,689)	-	-	-
Employee stock ownership plan (ESOP)	-	-	-	-	-	-	149,646,942	-	-	149,646,942	-	149,646,942
Changes in ownership interests												
Changes in ownership interests without a change in control	-	-	-	-	-	-	-	-	(396,799,395)	(396,799,395)	(18,077,004)	(414,876,399)
Share of NCI in the increase/(decrease) of subsidiaries paid- in capital	-	-	-	-	-	-	-	-	-	-	2,339,938,308	2,339,938,308
Balance as at 31 December 2021	4,865,353,355	840,272,556	1,668,623,811	158,269	1,810,570,071	(1,176,954,690)	149,646,942	-	6,390,395,096	14,548,065,410	2,758,224,565	17,306,289,975

The accompanying notes form an integral part of these consolidated financial statements.

EFG-Hermes Holding Company (Egyptian Joint Stock Company

Consolidated statement of cash flows
For the year ended December 31, 2021

(In EGP)	Note	For the year ended **2021**	2020
Cash flows from operating activities			
Profit before income tax		**1,797,033,766**	1,626,348,084
Adjustments for:			
Depreciation and amortisation	13,14	**193,664,511**	171,143,524
Provisions formed	23	**102,641,791**	42,554,818
Provisions used	23	**(123,453,932)**	(8,684,029)
Provisions reversed	23	**(54,802,383)**	(35,255,180)
Gains on sale of property and equipment	14	**(14,668,983)**	(836)
Gains from Securitization		**(66,016,939)**	-
Gains (loss) on sale of investment at fair value through OCI	9	**34,043,538**	(474,568,773)
Gains on sale of assets held for sale	11	**(3,864,407)**	-
Amortization of premium/ issue discount		**(30,974,345)**	-
Changes in the fair value of investments at fair value through profit and loss	32	**76,153,571**	(576,420,133)
Share of loss of equity-accounted investees	32	**14,173,369**	4,237,980
Impairment loss on assets		**154,029,798**	303,872,865
Share-based payment	31	**149,646,948**	-
Foreign currency translation differences		**(17,442,997)**	(27,818,033)
Foreign currencies exchange differences		**(234,140,416)**	15,282,496
Operating cash flows before changes in working captial		**1,976,022,890**	1,040,692,783
Changes in working capital:			
Other assets	16	**(504,813,017)**	(53,187,325)
Creditors and other credit balances	21	**52,887,549**	94,960,732
Accounts receivable	7	**(916,774,492)**	(258,963,589)
Accounts payable – customers credit balances		**3,047,194,580**	(1,995,952,225)
Accounts payable – customers credit balance at fair value through profit and loss	19	**1,867,078,573**	(3,063,592,057)
Funded facilities to customers	8	**(2,935,999,896)**	(2,477,553,478)
Due from banks	5	**(5,583,297,532)**	-
Due to banks	17	**(304,852,380)**	-
Customers deposits		**(1,242,670,248)**	-
Investments at fair value through profit and loss	6	**(2,302,120,418)**	2,208,024,926
Income tax paid		**(233,489,679)**	(173,872,403)
Net cash used in from operating activities		**(7,080,834,070)**	(4,679,442,636)
Cash flows from investing activities			
Payments to purchase property and equipment and other intangible assets		**(97,448,606)**	(101,158,922)
Proceeds from sale of property and equipment	14	**19,391,892**	152,699
Proceeds from sale of assets held for sale	11	**120,045,492**	-
Proceeds from sale of investment at fair value through OCI	9	**24,130,051,252**	17,567,402,835
Payments to purchase investment at fair value through OCI	9	**(20,306,019,053)**	(14,767,315,832)
Payments to purchase investment in subsidiaries		**(2,965,924,996)**	-
Payments to purchase equity accounted investees	10	**(17,982,500)**	(52,333,749)
Dividends collected		**8,583,669**	-
Cash from acquisition of subsidiaries		**2,382,473,653**	-
Net cash used in investing activities		**3,273,170,803**	2,646,747,031

The accompanying notes form an integral part of these consolidated financial statements.

EFG-Hermes Holding Company (Egyptian Joint Stock Company

Consolidated statement of cash flows (continued)
For the year ended December 31, 2021

(In EGP)	Note	For the year ended **2021**	2020
Cash flows from financing activities			
Dividends paid		**-**	(89,377,959)
Proceeds from securitization transactions		**1,112,500,000**	-
Proceeds from short term bonds	20	**550,000,000**	500,000,000
Payment for short term bonds	20	**(500,000,000)**	(400,000,000)
Proceeds from / Payment for financial institutions		**3,619,102,552**	(2,563,764,366)
Proceeds from loans and borrowings	24	**2,178,924,870**	1,538,044,191
Payment for loans and borrowings	24	**(904,202,493)**	(981,195,693)
Net cash generated from (used in) financing activities activities		**6,056,324,929**	(1,996,293,827)
Net increase/(decrease) in cash and cash equivalents		**2,248,661,662**	(4,028,989,432)
Cash and cash equivalents at 1 January	5	**2,443,779,733**	6,405,620,232
Effect of exchange rate	5	21,918,767	67,148,933
Cash and cash equivalents at 31 December	5	**4,714,360,162**	2,443,779,733

The accompanying notes form an integral part of these consolidated financial statements.

1 Incorporation and principal activities

1.1 Incorporation

EFG Hermes Holding Company (Egyptian Joint Stock Company) (the "Group" or "Holding Company") is an Egyptian Joint Stock Company subject to the provisions of the Capital Market Law No.95 of 1992 and its executive regulations. The Group's registered office is located in Smart Village building No. B129, phase 3, KM 28 Cairo / Alexandria Desert Road, 6 October 12577 Egypt.

EFG Hermes shares are listed on the Egyptian Exchange (EGX) and the London Stock Exchange (LSE) in the form of USD-denominated Global Depository Receipts ("GDRs").

1.2 Purpose of the Group

EFG Hermes is a premiere financial services corporation that offers diverse investment banking services including securities brokerage, investment banking, asset management and private equity. In addition to its non-bank finance products, which include leasing and micro-finance, installment services, factoring, securitization, collection and tasquek. The purpose of the Group also includes participation in the establishment of companies which issue securities or in increasing their share capital, custody activities, margin trading and commercial bank activities.

2 Basis of preparation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board (IASB), interpretations as issued by the IFRS Interpretations Committee (IFRS IC), and the applicable requirements of the relevant Egyptian laws and regulations.

Basis of measurement

These financial statements have been prepared under the historical cost basis, except for the following:

- Financial assets measured at fair value through profit or loss;
- Financial assets at fair value through other comprehensive income;
- Assets held for sale at fair value at the lower of their carrying amount and fair value less costs to sell; and
- Accounts payable – customers credit balance at fair value through profit and loss.

Functional and presentation currency

The Group's consolidated financial statements are presented in Egyptian Pound ("EGP") because the EGP forms the major currency bloc in which the Group transacts and funds its business. The EGP is also the Group's functional currency because it's the most significant currency relevant to the underlying transactions, events and conditions of its subsidiaries, as well as representing a significant proportion of its funds generated from financing activities

Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in these consolidated financial statements are described in note 4.

3 Summary of significant accounting policies

3.1 Basis of consolidation

Business combination

- The Group accounts for business combinations using the acquisition method when control is transferred to the Group.
- The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired.
- Any goodwill that arises is tested annually for impairment, any gain on a bargain purchase is recognized immediately in profit or loss.
- Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities in which case those instruments are recognized at fair value, net of transaction costs.
- The consideration transferred doesn't include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.
- Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re measured and settlement is accounted for within equity. Otherwise, other contingent consideration is re measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries

- Subsidiaries are entities controlled by the Group.
- The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

3 Summary of significant accounting policies (continued)

3.1 Basis of consolidation (continued)

Subsidiaries (continued)

The consolidated financial statements comprise the financial statements of the Group and those of its following subsidiaries:

	Direct ownership %	Indirect ownership %
Financial Brokerage Group	99.87	0.09
Egyptian Fund Management Group	88.51	11.49
Hermes Portfolio and Fund Management	78.81	21.19
Hermes Securities Brokerage	97.58	2.42
Hermes Corporate Finance	99.42	0.48
EFG - Hermes Advisory Inc.	100	-
EFG- Hermes Financial Management (Egypt) Ltd.	-	100
EFG - Hermes Promoting & Underwriting	99.88	-
Bayonne Enterprises Ltd.	100	-
EFG- Hermes Fixed Income	99	1
EFG- Hermes Management	96.3	3.7
EFG- Hermes Private Equity	1.59	63.41
EFG- Hermes UAE LLC.	-	100
Flemming CIIC Holding	100	-
Flemming Mansour Securities	-	99.33
Flemming CIIC Securities	-	96
Flemming CIIC Corporate Finance	-	74.92
EFG- Hermes UAE Ltd.	100	-
EFG- Hermes Holding - Lebanon	99	-
EFG- Hermes KSA	73.3	26.7
EFG- Hermes Lebanon	99	0.97
Mena Opportunities Management Limited	-	95
Mena (BVI) Holding Ltd.	-	95
EFG - Hermes Mena Securities Ltd.	-	100
Middle East North Africa Financial Investments W.L.L	-	100
EFG- Hermes Oman LLC	-	51
EFG- Hermes Regional Investment Ltd.	100	-
Offset Holding KSC **	-	50
EFG- Hermes IFA Financial Brokerage	-	63.084
IDEAVELOPERS	-	52
EFG- Hermes CB Holding Limited	-	100

3 Summary of significant accounting policies (continued)

3.1 Basis of consolidation (continued)

Subsidiaries (continued)

	Direct ownership %	Indirect ownership %
EFG- Hermes Global CB Holding Limited	100	-
EFG - Hermes Syria LLC *	49	20.37
Sindyan Syria LLC *	97	-
Talas & Co. LLP *	-	97
EFG - Hermes Jordan	100	-
Mena Long-Term Value Feeder Holdings Ltd. **	-	50
Mena Long-Term Value Master Holdings Ltd. **	-	45
Mena Long-Term Value Management Ltd. **	-	45
EFG - Hermes CL Holding SAL	-	100
EFG-Hermes IB Limited	100	-
Financial Group for Securitization	100	-
Beaufort Investments Company	-	100
EFG Hermes-Direct Investment Fund	64	-
Tanmeyah Micro Enterprise Services S.A.E	-	100
EFG – Hermes Frontier Holdings LLC	100	-
EFG – Hermes USA	100	-
EFG Capital Partners III	-	65
Health Management Company	-	52.5
EFG – Hermes Kenya Ltd.	-	100
EFG Finance Holding	99.82	0.18
EFG - Hermes Pakistan Limited	-	51
EFG - Hermes UK Limited	-	100
OLT Investment International Company (B.S.C)	99.9	-
Frontier Investment Management Partners LTD **	-	50
EFG-Hermes SP limited	-	100
Valu	-	100
EFG Hermes Corp-Solutions	-	100

3 Summary of significant accounting policies (continued)

3.1 Basis of consolidation (continued)

Subsidiaries (continued)

	Direct ownership %	Indirect ownership %
Beaufort Asset Managers LTD	-	100
EFG Hermes Bangladesh Limited	-	100
EFG Hermes FI Limited	-	100
EFG Hermes Securitization	-	100
EFG Hermes PE Holding LLC	100	-
Etkan for Inquiry and Collection and Business Processes	0.002	95.196
RX Healthcare Management	-	52.5
FIM Partners KSA **	-	50
Egypt Education Fund GP Limited	-	80
EFG Hermes Nigeria Limited	-	100
EFG-Hermes Int. Fin Corp	100	-
FIM Partners UK Ltd	-	50
EFG Hermes Sukuk	90	10
Beaufort Holding LTD.	-	100
Beaufort Management LTD.	-	100
Vortex IV GP LTD.	-	100
Beaufort SLP Holding	-	100
Beaufort Private Investment Holding LTD.	-	100
Frontier Disruption Capital	-	50
Arab Investment Bank	51	-
EFG VA Holdco Limited	-	100
EFG VA Investco Limited	-	100

* Due to the political situation in Syria, the Group lost its control on the Syrian entities. In 2016, the Group has deconsolidated the Syrian companies and has fully impaired those investments.

** Management has determined that they do control those companies even though the Holding Company may own 50% or less of the issued capital of those entities. This is because the Holding Company is exposed and has the right to the variable returns of those companies and is able to use its power over those companies to affect those returns.

3 Summary of significant accounting policies (continued)

3.1 Basis of consolidation (continued)

Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, where by the Group has rights to the net assets of the arrangement. Rather than rights to its assets and obligations for its liabilities. Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising fromintra-Group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in consolidated statement of profit or loss.
However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- An investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

3 Summary of significant accounting policies (continued)

3.2 Foreign currency (continued)

Foreign currency transactions (continued)

- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- Qualifying cash flow hedges to the extent that the hedges are effective.

Exchange differences on a monetary item that is part of a net investment in a foreign operation are recognised in the income statement of the separate financial statements and in other comprehensive income in consolidated accounts. On disposal of a foreign operation, exchange differences previously recognised in other comprehensive income are reclassified to the income statement as a reclassification adjustment.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to Non Controlling Interest (the " NCI").

When a foreign operation is disposed off in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.3 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.
Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative period.

3.4 Revenue

Gain on sale of investments

Gain In case of derecognizing of investments in associates, the difference between the carrying amount and the sum of both the consideration received and cumulative gain or loss that had been recognized in shareholders' equity shall be recognized in the consolidated statement of profit or loss.

Dividend income

Dividend income is recognized when declared and the right to receive payment is established.

3 Summary of significant accounting policies (continued)

3.4 Revenue (continued)

Custody fee

Custody fees are recognized when the service is provided and the invoice is issued. Assets held in a fiduciary capacity are not treated as assets of the Group as they are only held in trust where the Group acts as a custodian on customers' behalf. The Group has no liability or obligations towards the customer on these assets held in trust. Accordingly, these assets are not included in these consolidated financial statements.

Interest income and expenses

Interest income and expense for all interest-bearing financial instruments, except for those classified as FVTPL or designated at fair value through profit or loss, are recognized within 'interest income' and 'interest expense' in the consolidated statement of profit or loss using the effective interest method.

Interest income and expense are recognized in the consolidated statement of profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset;or
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Groups estimate future cash flows considering all contractual terms of the financial instrument, but not expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Presentation

Interest income and expense presented in the consolidated statement of profit or loss and OCI include:
Interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis; and
Interest on financial investment is measured at FVOCI calculated on an effective interest basis; Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income from other financial instruments at FVTPL.

Amortized cost and gross carrying amount

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The'gross carrying amount of a financial asset'is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

For financial assets that have become credit-impaired subsequent to initial recognition,interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability.

3 Summary of significant accounting policies (continued)

3.4 Revenue (continued)

Fee and commission income

Fee and commission income and expense that are integral to the effective interest rate of a financial asset or liability are included in the measurement of the effective interest rate.
Other fee and commission income, including account servicing fees, placement fees and syndication fees, are recognised as the related services are performed.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fees and commission expenses relates mainly to transaction and service fees, which are expensed in the consolidated statement of profit or loss as the services are received.

Brokerage commission

Brokerage commission resulting from purchase of and sale of securities in favor of clients are recorded upon the execution of the transaction..

Management fee

Management fee is calculated as determined by the management contract of each investment fund & portfolio and recorded on accrual basis.

Incentive fee

Incentive fee is calculated based on certain percentages of the annual return realized by the fund and portfolio, however these incentive fee will not be recognized until revenue realization conditions are satisfied and there is adequate assurance of collection.

Investment property rental income

Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognized as other income.

Revenue from micro-finance services

- Revenue from micro-finance services is recognized based on time proportion taking into consideration the rate of return on asset. Revenue yield is recognized in the consolidated statement of profit or loss using the effective interest method for all financial instruments that carry a yield, the effective interest method is the method of measuring the amortized cost of a financial asset and distributing the revenue over the life time of the relevant instrument. The effective interest rate is the rate that discounts estimated future cash receipts during the expected life of the financial instrument to reach the book value of the financial asset.
- When classifying loans to customers as irregular, no income is recognized on its return and it is recognized in marginal records outside the financial statements and are recognized as revenue in accordance with the cash basis when it is collected.
- The commission income is represented in the value of the difference between the yield of the financing granted micro-enterprises and the accruals of the Group's bank by deducting the services provided directly from the amounts collected from the entrepreneurs.

4 Summary of significant accounting policies (continued)

3.4 Revenue (continued)

Revenue from micro-finance services (continued)

- The benefits and commissions resulting from the performance of the service are recognized, according to the accrual basis as soon as the service is provided to the client unless those revenues cover more of the financial period are recognized on a time proportion basis.
- An administrative commission of 8% of the loan granted to customers is collected on contracting in exchange for the issuance of the loan service and administrative commission revenue are proven in the consolidated statement of profit or loss upon the issuance of the loan to the client.
- A commission delay in payments of premiums is collected at rates agreed upon within the contracts and are recognized as soon as customers delayed payment on the basis of the extended delay.

Gains from securitization

Gains from securitization is measured as the difference between the fair value of the consideration received or is still due to the Group at the end of securitization process and the carrying amount of the securitization portfolios in the Group's books on the date of the transfer agreement.

3.5 Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.
Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

3 Summary of significant accounting policies (continued)

3.5 Income tax (continued)

Deferred tax (continued)

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.6 Property and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment . If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.
The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	Estimated useful life	
- Buildings	33.3 - 50	years
- Office furniture, equipment & electrical appliances	2- 16.67	years
- Computer equipment	3.33 - 5	years
- Transportation means	3.33 - 8	years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property.

3 Summary of significant accounting policies (continued)

3.7 Projects under construction

Projects under construction are recognized initially at cost, the book value is amended by any impairment concerning the value of these projects cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Property and equipment under construction are transferred to property and equipment caption when they are completed and are ready for their intended use.

3.8 Intangible assets and goodwill

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred or in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.
Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Research and development

Expenditure on research activities is recognized in profit or loss as incurred.
Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets

Other intangible assets, are measured at cost less accumulated amortisation and any accumulated impairment losses.

3.9 Investment property

Investment property is measured at cost on initial recognition.
Subsequent to initial recognition investment property is measured at cost less accumulated depreciation and impairment loss, if any. Investment property is depreciated on a straight line basis over is useful life. The estimated useful life of investment property is 33 years.

3 Summary of significant accounting policies (continued)

3.10 Assets held for sale

Non-current assets, or disposal Groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.
Such assets, or disposal Groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal Group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.
Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

3.11 Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.
Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

3 Summary of significant accounting policies (continued)

3.11 Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an instrument-by-instrument basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

3 Summary of significant accounting policies (continued)

3.11 Financial instruments (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
fEquity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3 Summary of significant accounting policies (continued)

3.11 Financial instruments (continued)

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.12 Fair value measurement

The fair value of financial instruments are determined based on the market value of the financial instrument or similar financial instruments at the date of the financial statements without deducting any estimated future selling costs.

3.13 Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

3 Summary of significant accounting policies (continued)

3.14 Legal reserve

The Group's statutes provide for deduction of a sum equal to 5% of the annual net profit for formation of the legal reserve. Such deduction will be ceased when the total reserve reaches an amount equal to half of the Group's issued capital and when the reserve falls below this limit, it shall be necessary to resume

3.15 Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for Expected Credit Loss (ECLs) on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI;
- contract assets.

The Group also recognizes loss allowances for ECLs on loans receivables.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. unless it can be rebutted.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due unless it can be rebutted.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are an unbiased probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3 Summary of significant accounting policies (continued)

3.15 Impairment (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

- At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than, investment property, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.
- For impairment testing, assets are Grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or Groups of CGUs that are expected to benefit from the synergies of the combination.
- The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
- An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

3 Summary of significant accounting policies (continued)

3.15 Impairment (continued)

Non-financial assets (continued)

- Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
- An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.16 Provisions

Provisions are recognized when the Group has a legal or constructive current obligation as a result of a past event and it's probable that a flow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at the financial position date and amended (when necessary) to represent the best current estimate.

3.17 Treasury bills

Treasury bills are recorded at nominal value and the accrued revenues is recorded under the item of "Other assets". Treasury bills are presented on the financial position net of the accrued revenues.

3.18 Trade, and notes receivables, debtors and other debit balances

- Trade, notes receivables, debtors and other debit balances are stated at nominal value less impairment losses.
- The Group's lessees and the leased assets are regularly classified & evaluated and their obligations are reduced by the rent value paid in each financial period, and with the assurance of the availability of adequate guarantee to collect the client's rent values.

3.19 Cash and cash equivalents

For the purpose of preparing the statement of cash flows, cash and cash equivalents includes the balances, whose maturity do not exceed three months from the date of acquisition, cash on hand, cheques under collection and due from banks and financial institutions.

3.20 Profit sharing to employees

The holding company pays 10% of its cash dividends as profit sharing to its employees provided that it will not exceed total employees' annual salaries. Profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the Group's shareholders as treated under Egyptian Accounting Standards. However, this is directly charged on the consolidated statement of profit or loss as per IFRS (Refer note 3.26.A).

3 Summary of significant accounting policies (continued)

3.21 Employees benefits

Share based payments

Equity settled transactions

For equity-settled share-based payment transactions, the Group measure the services received, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The fair value of those equity instruments is measured at grant date.

Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognized for services received as consideration for the equity instruments granted are based on the number of equity instruments that eventually vest. Hence, on a cumulative basis, no amount is recognized for services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition.

The Group recognize an amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested

3.22 Micro-enterprises Receivables

Credit policy

Funding Consideration

- Funding are granted to clients who have previous experience not less than one year in his current activity which is confirmed by the client with adequate documentation and field inquiry.
- Funding are granted to the client which it’s installment is suitable according to his predictable income activity and this done throw analyzing client's revenues and expenses and his foreseeable marginal income, and this done by the specialists of the Group on the prepared form for this purpose(financial study form and credit decision).
- Before grant funding, a client activity field inquiry is done.
- Recording inquiries results about client and guarantor with inquiring forms of the Group which reveal client’s activity (visit form & Inquiry form).
- The Group prohibit grant funding for new client unless the activity is existing with previous one year experience where the granted funds be within a minimum 1 000 EGP and maximum 30 000 EGP with loan duration of 12 months.
- Inquiries for clients are performed by I-Score Group before granting and in case of approval on granting. The credit limit of the client is considered when calculating the client’s revenue and expenses.

Client's Life Insurance

The insurance process on the client is performed with the authorized companies from insurance supervisory authority.

Client's Following up

The Group keeps specialists from following up all regular clients, and irregular with continuous application of that during finance period with judging on their commitment in paying the remaining installments and

3 Summary of significant accounting policies (continued)

3.22 Micro-enterprises Receivables (continued)

Client's Following up (continued)

this done through recording visits for clients with daily basis and also with data base provided by computer system for all Groups all over the republic.

Impairment loss of micro financed loans
The Group at the date of the financial statements estimates the impairment loss of micro financed loans, in the light of the basis and rules of granting credit and forming the provisions according to the Board of Directors decision of the Financial Supervisory Authority No. (173) issued on December 21, 2014, to deal with the impairment loss.

3.23 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.
Lease payments included in the measurement of the lease liability comprise the following:
fixed payments, including in-substance fixed payments; variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Group is

3 Summary of significant accounting policies (continued)

3.23 Leases (continued)

As a lessee (continued)

reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets
The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low – value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand- alone prices.
When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.
If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other revenue'.

3 Summary of significant accounting policies (continued)

3.24 Operating segment

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segment.

3.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.26 First time adoption of IFRS

These consolidated financial statements, for the year ended 31 December 2021, are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2020, the Group prepared its consolidated financial statements in accordance with Egyptain Accounting Standards.

Accordingly, the Group has prepared consolidated financial statements that comply with IFRS applicable as at 31 December 2021, together with the comparative period data for the year ended 31 December 2020, as described in the summary of significant accounting policies. In preparing the consolidated financial statements, the Group's opening consolidated statement of financial position was prepared as at 1 January 2020, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its Egyptian Accounting Standards consolidated financial statements, including the consolidated statement of financial position as at 1 January 2020 and the consolidated financial statements as of, and for, the year ended 31 December 2020.

3 Summary of significant accounting policies (continued)

3.26 First time adoption of IFRS (continued)

Group reconciliation of equity as at 1 January 2020 (date of transition to IFRS)

(In EGP)	Note	**Egyptian Accounting Standards**	**Reclassification and Remeasurements**	IFRS as at 1 January 2020
Assets				
Cash and cash equivalents		9,984,123,272	-	9,984,123,272
Loans and faciltites to customer		5,925,245,600	-	5,925,245,600
Accounts receivables		4,521,946,503	-	4,521,946,503
Investments at fair value through profit and loss		7,880,915,409	-	7,880,915,409
Investments at fair value through OCI		13,602,999,007	-	13,602,999,007
Equity accounted investees		55,000,000	-	55,000,000
Investment property		205,498,422	-	205,498,422
Fixed assets		667,411,332	-	667,411,332
Goodwill and other intangible assets		999,077,802	-	999,077,802
Deferred tax assets		87,035,205	-	87,035,205
Other assets		524,534,183	-	524,534,183
Total assets		44,453,786,735	-	44,453,786,735
Liabilities				
Due to banks and financial institutions		10,427,808,365	-	10,427,808,365
Loans and borrowings		3,504,291,832	-	3,504,291,832
Creditors and other credit balances		2,399,822,189	-	2,399,822,189
Accounts payable - customers credit balance at fair value through profit and loss		5,086,573,832	-	5,086,573,832
Accounts payable - customers credit balance		7,677,341,560	-	7,677,341,560
Short term bonds		400,000,000	-	400,000,000
Provisions		569,382,887	-	569,382,887
Current tax liability		189,128,550	-	189,128,550
Deferred tax liabilities		211,537,049	-	211,537,049
Total liabilities		30,465,886,264	-	30,465,886,264
Equity				
Share capital		3,843,091,115	-	3,843,091,115
Legal reserve		803,102,208	-	803,102,208
Share premium		1,922,267,826	-	1,922,267,826
Other reserves		2,060,243,837	-	2,060,243,837
Retained earnings		5,002,324,179	-	5,002,324,179
Equity attributable to owners of the Company		13,631,029,165	-	13,631,029,165
Non - controlling interests		356,871,306	-	356,871,306
Total equity		13,987,900,471	-	13,987,900,471
Total equity and liabilities		44,453,786,735	-	44,453,786,735

3 Summary of significant accounting policies (continued)

3.26 First time adoption of IFRS (continued)

Group reconciliation of equity as at 31 December 2020

(In EGP)	Note	Egyptian Accounting Standards	Reclassification and Remeasurements	IFRS as at 31 December 2020
Assets				
Cash and cash equivalents		7,397,790,093	-	7,397,790,093
Loans and faciltites to customer		8,189,679,143	-	8,189,679,143
Accounts receivables		4,734,488,970	-	4,734,488,970
Investments at fair value through profit and loss		5,744,078,663	-	5,744,078,663
Investments at fair value through OCI		10,097,642,055	-	10,097,642,055
Assets held for sale		59,640,898	-	59,640,898
Equity accounted investees		103,095,770	-	103,095,770
Investment property		132,074,502	-	132,074,502
Fixed assets		651,958,068	-	651,958,068
Goodwill and other intangible assets		984,353,914	-	984,353,914
Deferred tax assets		24,995,255	-	24,995,255
Other assets		621,212,320	-	621,212,320
Total assets		38,741,009,651	-	38,741,009,651
Liabilities				
Due to banks and financial institutions		9,235,466,908	-	9,235,466,908
Loans and borrowings		4,117,731,698	-	4,117,731,698
Creditors and other credit balances		2,408,136,351	-	2,408,136,351
Accounts payable - customers credit balance at fair value through profit and loss		2,022,981,775	-	2,022,981,775
Accounts payable - customers credit balance		5,486,303,627	-	5,486,303,627
Short term bonds		500,000,000	-	500,000,000
Provisions		566,956,651	-	566,956,651
Current tax liability		164,219,351	-	164,219,351
Deferred tax liabilities		301,270,105	-	301,270,105
Total liabilities		24,803,066,466	-	24,803,066,466
Equity				
Share capital		3,843,091,115	-	3,843,091,115
Legal reserve		833,933,867	-	833,933,867
Share premium		1,922,267,826	-	1,922,267,826
Other reserves		791,823,872	-	791,823,872
Retained earnings		6,235,979,897	-	6,235,979,897
Equity attributable to owners of the Company		13,627,096,577	-	13,627,096,577
Non - controlling interests		310,846,608	-	310,846,608
Total equity		13,937,943,185	-	13,937,943,185
Total equity and liabilities		38,741,009,651	-	38,741,009,651

3 Summary of significant accounting policies (continued)

3.26 First time adoption of IFRS (continued)

Group reconciliation of total comprehensive income for the year ended 31 December 2020

(In EGP)	Note	Egyptian Accounting Standards	Remeasurements	IFRS for the year ended 31 December 2020
Interest income		2,894,539,255	-	2,894,539,255
Interest Expense		(1,077,889,450)	-	(1,077,889,450)
Net Interest Income		1,816,649,805	-	1,816,649,805
Fee and commission income		2,742,568,431	-	2,742,568,431
Fee and commission expense		(271,609,375)	-	(271,609,375)
Net Fees and commission Income		2,470,959,056	-	2,470,959,056
Securities (Loss) Gains		371,758,025	-	371,758,025
Changes in Investments at Fair Value through Profit & Loss		576,420,133	-	576,420,133
Dividend Income		39,543,674	-	39,543,674
Other Revenues		126,552,995	-	126,552,995
Net gain /(losses) on derecognition of financial assets measured at amortized cost		13,542,181	-	13,542,181
Impairment loss on financial assets – net of recoveries		(294,566,570)	-	(294,566,570)
Foreign Currencies Exchnage Differences		(15,282,497)	-	(15,282,497)
Share of loss from equity accounted investees		(4,237,980)	-	(4,237,980)
Revenue		5,101338822	-	5,101,338,822
General administrative expenses		(3,208,561,612)	(43,424,489)	(3,251,986,101)
Financial Guarantee Provision		(10,079,751)	-	(10,079,751)
Impairment loss on assets		(9,306,295)	-	(9,306,295)
Provisions		(32,475,067)	-	(32,475,067)
Depreciation and amortization		(171,143,524)	-	(171,143,524)
Profit before tax		1,669,772,573	(43,424,489)	1,626,348,084
Income tax expense		(329,046,528)	-	(329,046,528)
Profit for the year		1,340,726,045	(43,424,489)	1,297,301,556
Profit attributable to:				
Owners of the Company		1,305,403,129	(40,851,169)	1,264,551,960
Non - controlling interests		35,322,916	(2,573,320)	32,749,596
		1,340,726,045	(43,424,489)	1,297,301,556

A - Employee Benefits

Under Egyptian Accounting Standards and as stipulated by Egyptian laws The Companies Law (promulgated by Law No. 159 of 1981), when a publicly joint stock company declares any dividends, the company is mandated to distribute profits to its employees and board of directors. Those distributions are treated as an adjustment to retained earnings, similar to the treatment of dividends.

Those compensations are treated as a direct charge to the profit or loss under IFRS and is accounted for under General and administrative expenses in the consolidated statement of profit or loss.

3 Summary of significant accounting policies (continued)

3.26 First time adoption of IFRS (continued)

Group reconciliation of total comprehensive income for the year ended 31 December 2020 (continued)

(In EGP)	Note	Local GAAP	Remeasurements	IFRS for the year ended 31 December 2020
Other comprehensive income				
Foreign operations - foreign currency translation differences		(96,787,059)	-	(96,787,059)
Foreign currency translation differences - reclassified to profit or loss		(32,212,643)	-	(32,212,643)
Investments at fair value through OCI - net change in fair value		(625,405,385)	-	(625,405,385)
Investments at fair value through OCI - net change in fair value - reclassified to profit or loss		(474,568,773)	-	(474,568,773)
Investment at Fair Value through OCI - reclassified to Retained Earnings		(2,176,473)	-	(2,176,473)
Net gains on investments in equity instruments designated at fair value through OCI		(52,867,403)	-	(52,867,403
Actuarial gain (loss) re-measurement of employees' benefits obligations		(2,002,429)	-	(2,002,429)
Related tax		12,221,624	-	12,221,624
Other comprehensive income, net of tax		(1,273,798,541)	-	(1,273,798,541)
Total comprehensive income		66,927,504	(43,424,489)	23,503,015
Total comprehensive income attributable to:				
Owners of the Company		34,980,736	(40,851,169)	(5,870,433)
Non - controlling interests		31,946,768	(2,573,320)	29,373,448
		66,927,504	(43,424,489)	23,503,015

3.27 New and Amended standards and interpretations adopted

The following amendments to existing standards and framework have been applied by the Group in preparation of these combined financial statements. The adoption of the below did not result in changes to previously reported net profit or equity of the Group.

Description	Effective from
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	01 January 2021

Interest Rate Benchmark Reform — Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

As per management's assessment, this amendment has no material impact on the consolidated financial statements of the Group.

Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements.

The following amended standards are not expected to have a significant impact on the Group's financial statements:

- 1 June 2020: COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- 1 January 2022: Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- 1 January 2022: Annual Improvements to IFRS Standards 2018–2020.
- 1 January 2022: Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- 1 January 2022: Reference to the Conceptual Framework (Amendments to IFRS 3)
- 1 January 2023: Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- 1 January 2023: IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- 1 January 2023: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- 1 January 2023: Definition of Accounting Estimates (Amendments to IAS 8).
- 1 January 2023: Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities (Annual improvements to IFRS 9)
- 1 January 2023: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

4 Significant management judgements and estimates

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation and uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Impairment charge on financial assets

Impairment losses are evaluated as described in accounting policy 3.15

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include: The Group's internal credit grading model, which assigns PDs to the individual grades

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels, GDP and inflation rate and the effect on PDs, EADs and LGDs

Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models It is the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Fair value measurement

The Group's determination of fair value hierarchy of financial instruments is discussed in note 36

The value of financial assets is determined by the values of the current purchase prices for those assets, while the value of financial liabilities is determined by the current prices that can be settled by those liabilities.

- In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into consideration the prices of the transactions occurred recently, and guided by the current fair value of other similar tools substantially - discounted cash flow method - or any other evaluation method to get resulting values that can rely on.

4 Significant management judgements and estimates

Fair value measurement (continued)

- When using the discounted cash flow method to evaluate, the future cash flows are estimated based on the best estimates of management. And the discount rate used is determined in the light of the prevailing market price at the date of the financial statements that are similar in nature and conditions.

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation of financial instruments

The valuation techniques of financial instruments may require certain unobservable inputs to be estimated by the management. These are discussed in detail in note 36.

The Group measures fair values using the fair value hierarchy outlined in note 36, which reflects the significance of the inputs used in making the measurements. The Group has an established control framework with respect to the measurement of fair values.

This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the CFO. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

The Group recognizes transfers between levels of the fair value hierarchy at the end of reporting period during which the change has occurred. Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, like interest rate and currency swaps that use only observable market data and require little management judgment and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over the counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Operating segments

In preparation of the segment information disclosure, management has made certain assumptions to arrive at the segment reporting. These assumptions would be reassessed by the management on a periodic basis. Operating segments are detailed in note 32.

5 Cash and cash equivalents

	31/12/2021	31/12/2020
Cash on hand	173,138,322	34,596,734
Cheques under collection	140,001	465,001
Banks - current accounts	10,740,937,558	6,062,014,232
Obligatory reserve balance with Central Bank of Egypt CBE*	897,426,113	-
Banks - time deposits	19,066,529,533	1,301,851,385
Balance	30,878,171,527	7,398,927,352
Impairment loss	(1,913,708)	(1,137,259)
Balance**	30,876,257,819	7,397,790,093

* Obligatory reserve balance with CBE relates to balances with the Central Bank within the statutory reserve ratio, which have arisen during 2021 as a result of the acquisition of aiBank.

The cash and cash equivalents disclosed above and in the statement of cash flows include 897,426,113 EGP which are held by CBE. These deposits are subject to regulatory restrictions and are therefore not available for general use by the other entities within the Group.

** For the purposes of presenting the statement of cash flows, cash and cash equivalents include balances whose maturity dates do not exceed three months from the date of acquisition.

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	31/12/2021	31/12/2020
ECL For Cash and cash equivalents	1,913,708	1,137,259
Time Deposit - (Arab Investment Bank)	(18,624,256,909)	-
Obligatory reserve balance with CBE	(897,426,113)	-
Bank overdraft	(8,818,578,082)	(4,992,861,554)
Treasury bills less than 90 days	2,176,449,739	37,713,935
Balance	4,714,360,162	2,443,779,733

6 Investments at fair value through profit and loss

	31/12/2021	31/12/2020
Mutual fund certificates	3,094,960,043	2,786,033,100
Equity securities	144,330,891	128,071,075
Debt securities	670,915,045	660,445,570
Treasury bills	202,273,451	146,547,143
Structured notes	3,890,060,348	2,022,981,775
Balance	8,002,539,778	5,744,078,663
Listed	738,094,101	778,566,254
Unlisted	7,264,445,677	4,965,512,409
Balance	8,002,539,778	5,744,078,663

(i) Amounts recognized in profit or loss

During the year, the following fair value gains/(losses) were recognised in the consolidated statement of profit or loss:
Fair value gains on equity investments at FVPL as at 31 December 2021 amounted to EGP 37,276,027 (31 Decemebr 2020: EGP 509,840,600); while fair value losses on debt instruments at FVPL as at 31 December 2021 amounted to EGP (113,429,598) (31 Decemebr 2020: EGP 66,579,533). Those are recognized under changes in the fair value of the investment at fair value through profit and loss on the consolidated statement of profit or losss.

7 Accounts receivable

	31/12/2021	31/12/2020
Accounts receivable	5,684,065,407	4,211,281,701
Other brokerage companies	39,939,670	618,552,435
Balance	5,724,005,077	4,829,834,136
Impairment loss	(112,629,173)	(95,345,166)
Balance	5,611,375,904	4,734,488,970

8 Funded facilities to customers

	31/12/2021	31/12/2020
Micro finance	1,669,477,709	1,722,754,659
Finance lease	4,753,314,394	4,751,487,371
Consumer finance	1,590,233,225	698,970,013
Factoring	1,884,359,760	772,009,052
Other loans	572,771,302	591,727,867
Balance	10,470,156,390	8,536,948,962
Impairment loss	(389,149,005)	(347,269,819)
Balance	10,081,007,385	8,189,679,143

8 Funded facilities to customers (continued)

	31/12/2021	31/12/2020
Current	2,983,821,531	3,947,288,179
Non-current	7,097,185,854	4,242,390,964
Balance	10,081,007,385	8,189,679,143

8.1 Banking loans and facilities (aiBank)

	31/12/2021	31/12/2020
Individuals		
Debit current accounts	479,867,854	-
Personal loans	2,857,376,023	-
Credit cards	22,706,697	-
Real estate loans	434,967,591	-
Total	3,794,918,165	-
Corporate loans including small loans for economic activities		
Debit current accounts	741,503,130	-
Direct loans	5,206,422,091	-
Syndicated loans	1,539,360,392	-
Total	7,487,285,613	-
Total loans and facilities to customers	11,282,203,778	-
Less:		
Expected credit losses	(1,580,930,537)	-
Suspended interest	(83,171,285)	-
Interest payable	(73,185,196)	-
Total	9,544,916,760	-
Distributed to:		
Current balances	6,739,291,962	-
Non-current balances	2,805,624,798	-
	9,544,916,760	-

9 Investments at fair value through OCI

	31/12/2021	31/12/2020
Non-current investments		
Equity securities	105,064,479	33,933,001
Mutual fund certificates	98,972,870	59,012,925
Debt instruments	1,836,353,781	86,546,749
	2,040,391,130	179,492,675
Current investments		
Debt instruments	14,795,809,291	9,919,679,373
Impairment loss	(15,720,056)	(1,529,993)
	14,780,089,235	9,918,149,380
Balance	16,820,480,365	10,097,642,055
Listed	1,851,077,240	104,554,341
Unlisted	14,969,403,125	9,993,087,714
Balance	16,820,480,365	10,097,642,055

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity instruments which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

-Debt securities where the contractual cash flows are solely principal, and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

10 Equity accounted investees

December 31, 2021

	Company's location	Company's asset	Company's liabilities	Company's net gain (losses)	Company's total revenue	Shareholding Percentage %	Shareholding value
Interest in joint venture							
Bedaya Mortgage Finance Co	Egypt	1,099,525,625	910,182,306	19,212,115	45,217,153	33.34	61,253,690
EFG-EV Finech	Egypt	42,810,436	648,333	(2,855,335)	297,245	50	21,081,052
Paytabs	Egypt	7,987,835	24,875,887	(9,857,646)	2,270,958	51	1,459,594
RX Capital limited	UAE	16,512,209	2,811,550	(2,009,341)	-	50	6,850,329
Interest in associates							
Kaf Life Insurance takaful	Egypt	251,117,156	185,998,053	(36,676,288)	10,490,848	37.5	21,599,015
Zahraa Elmaadi Company*	Egypt	2,309,385,000	938,992,000	-	-	20.30	278,655,628
Middle East Land Reclamation Company*	Egypt	47,974,000	192,215,000	-	-	24	-
Prime for investment fund management*	Egypt	2,546,000	176,000	106,550	269,000	20	474,060
Enmaa Financial Leasing company	Egypt	1,379,917,000	1,157,373,000	1,953,331	17,121,000	31.40	69,942,184
Balance							461,315,552

December 31, 2020

	Company's location	Company's asset	Company's liabilities	Company'snet gain (losses)	Company's total revenue	Shareholding Percentage %	Shareholding value
Interest in Joint venture							
Bedaya Mortgage Finance co	Egypt	319,014,958	151,421,255	9,083,911	21,935,649	33,34	54,848,370
EFG-EV Finech	Egypt	28,535,795	3,518,357	(3,802,910)	210,027	50	12,955,277
Interest in associates							
Kaf Life Insurance Takaful	Egypt	256,287,123	165,591,402	(18,616,335)	7,483,141	37.50	35,292,123
Balance							103,095,770

* Equity accounted investees acquired during the year through the acquisition of Arab Investment Bank (aiBank).

11 Assets held for sale

	31/12/2021	31/12/2020
Non-current asset held for sale *	-	59,640,898
Assets acquired by the Group for debt fulfilment **	305,541,145	-
Balance	305,541,145	59,640,898

*** Non-current asset held for sale**

On 29 December 2020, EFG – Hermes UAE Limited, (a subsidiary) committed to a plan to sell its investment property (Index Tower) which has been classified as an asset held for sale. The fair value of the asset as at 31 December 2020 has been determined by in pursuance of a Sale and Purchase Agreement ("the Agreement") signed on 5th January 2021. According to the Agreement, the sale price of the property has been determined at USD 3,790,334 equivalent to EGP 59,640,898. The sale was completed in the first quarter of 2021.

**** Assets acquired by the Group for debt fulfilment**

Assets acquired by the Group for debt fulfilment represented in the assets that has been acquired by EFG Hermes Corp-Solutions and Arab Investment Bank (aiBank) amounted to EGP 305,541,145 in exchange of debt account receivables. Assets acquired by the Group for debt fulfilment relates to the acquisition of the following assets:

- Land and buildings.
- Machines and equipment.

12 Investments at amortized cost

	31/12/2021	31/12/2020
Debt instruments-Listed	10,069,806,653	-
Impairment loss	(19,527,735)	-
Balance	10,050,278,918	-

Investment at amortized cost instruments are all listed and arose upon the acquisition of aiBank, refer to note 15. Those are long term bonds held at amortized cost.

13 Investment property

	Buildings
Cost	
Balance as at 1/1/2020	247,559,990
Reclassification to Assets held for sale	(76,148,076)
Foreign currency translation differences	(1,872,096)
Total cost as at 31/12/2020	169,539,818
Total cost as at 31/12/2021	169,539,818
Accumulated depreciation	
Accumulated depreciation as at 1/1/2020	42,061,568
Depreciation for the year	9,085,335
Reclassification to Assets held for sale	(16,507,178)
Impairment loss	3,384,491
Foreign currency translation differences	(558,900)
Accumulated depreciation as at 31/12/2020	37,465,316
Depreciation for the year	6,545,030
Accumulated depreciation as at 31/12/2021	44,010,346
Carrying amount	
Net carrying amount as at 31/12/2020	132,074,502
Net carrying amount as at 31/12/2021	125,529,472

Investment property net carrying amounted to EGP 125,529,472 as at 31 December 2021, represents the following:-

- EGP 119,806,262 the book value of the area owned by EFG – Hermes Holding Company in Nile City building, and with a fair value of EGP 434,275,000.
- EGP 3,087,806 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elmanial branch and with a fair value of EGP 10,400,000.
- EGP 2,635,404 the book value of the area owned by Hermes Securities Brokerage, one of the subsidiaries, in Elharam branch and with a fair value of EGP 17,894,190.

14 Property and equipment

Particulars	Land & Buildings	Leasehold Improvements	Office furniture, equipment & electrical appliances	Computer Equipment	Vehicles	Right of use assets	Total
Cost							
Balance as at 1/1/2020	362,459,396	76,554,203	276,699,451	358,742,427	30,363,250	167,924,399	1,272,743,126
Additions	-	7,091,994	12,921,684	61,240,291	7,905,514	42,464,093	131,623,576
Disposals	(30,230)	-	(186,628)	(204,298)	(359,655)	-	(780,811)
Foreign currency translation differences	(21,768)	(244,070)	(3,292,266)	(3,721,672)	(201,845)	(3,720,500)	(11,202,121)
Total cost as at 31/12/2020	362,407,398	83,402,127	286,142,241	416,056,748	37,707,264	206,667,992	1,392,383,770
Balance as at 1/1/2021	362,407,398	83,402,127	286,142,241	416,056,748	37,707,264	206,667,992	1,392,383,770
Additions	-	9,658,891	30,283,024	33,485,582	8,627,151	93,511,316	175,565,964
Disposals	(6,785,000)	-	(10,518,281)	(28,140,454)	(4,121,440)	(3,924,512)	(53,489,687)
Reclassification to intangible assets	-	-	-	(20,481,910)	-	-	(20,481,910)
Acquisition of subsidiaries	318,408,752	162,025,074	52,349,297	130,192,193	4,325,984	11,766,119	679,067,419
Foreign currency translation differences	(38,127)	(86,389)	(511,268)	(545,528)	(128,215)	(206,536)	(1,516,063)
Total cost as at 31/12/2021	673,993,023	254,999,703	357,745,013	530,566,631	46,410,744	307,814,379	2,171,529,493

14 Property and equipment (continued)

Particulars	Land & Buildings	Leasehold Improvements	Office furniture, equipment & electrical appliances	Computer Equipment	Vehicles	Right of use assets	Total
Accumulated depreciation							
Accumulated depreciation as at 1/1/2020	62,076,268	39,500,813	197,881,087	261,337,233	19,223,687	25,312,706	605,331,794
Depreciation	9,523,050	11,442,455	28,322,789	46,737,787	4,806,857	43,387,821	144,220,759
Disposals' accumulated depreciation	-	-	(115,309)	(153,984)	(359,655)	-	(628,948)
Reclassification to intangible assets	-	-	(623,068)	(1,260,480)	-	-	(1,883,548)
Foreign currency translation differences	(8,559)	(121,380)	(2,564,850)	(3,127,186)	(165,665)	(626,715)	(6,614,355)
Accumulated depreciation as at 31/12/2020	71,590,759	50,821,888	222,900,649	303,533,370	23,505,224	68,073,812	740,425,702
Accumulated depreciation as at 1/1/2021	71,590,759	50,821,888	222,900,649	303,533,370	23,505,224	68,073,812	740,425,702
Depreciation	11,889,172	14,421,859	29,008,072	55,891,293	6,089,378	47,407,238	164,707,012
Disposals' accumulated depreciation	(2,645,713)	-	(10,481,021)	(27,921,225)	(3,793,094)	(2,746,279)	(47,587,332)
Reclassified to intangible assets	-	-	-	(18,155,301)	-	-	(18,155,301)
Adjustment	-	-	-	-	-	238,867	238,867
Acquisition of subsidiaries	80,955,885	139,698,210	27,735,899	77,366,422	4,117,530	3,682,859	333,556,805
Foreign currency translation differences	(19,299)	(64,559)	(319,944)	(414,660)	(109,347)	(130,369)	(1,058,178)
Accumulated depreciation as at 31/12/2021	161,770,804	204,877,398	268,843,655	390,299,899	29,809,691	116,526,128	1,172,127,575
Carrying amount							
Carrying amount as at 31/12/2020	290,816,639	32,580,239	63,241,592	112,523,378	14,202,040	138,594,180	651,958,068
Carrying amount as at 31/12/2021	512,222,219	50,122,305	88,901,358	140,266,732	16,601,053	191,288,251	999,401,918

15 Goodwill and other intangible assets

		31/12/2021	31/12/2020
Goodwill	(15.1)	994,145,243	890,091,108
Customer relationships		38,882,258	46,024,888
Licenses		3,839,378	10,550,653
Software		70,530,073	37,687,265
Balance		1,107,396,952	984,353,914

15.1 Goodwill is relating to the acquisition of the following subsidiaries

	31/12/2021	31/12/2020
EFG- Hermes IFA Financial Brokerage Company Kuwait – (KSC)	179,148,550	179,148,550
IDEAVELOPERS – Egypt	1,600,000	1,600,000
EFG- Hermes Jordan	8,639,218	8,639,218
Tanmeyah Micro Enterprise Services S.A.E	365,398,862	365,398,862
EFG - Hermes Pakistan Limited	-	9,503,738
Frontier Investment Management Partners LTD	325,800,740	325,800,740
Arab Investment Bank *	113,557,873	-
Balance	994,145,243	890,091,108

*** Acquisition of Arab Investment Bank**

In November 2021 the Group acquired circa 51% of Arab Investment Bank shares with an acquisition cost amounting to EGP 2,551,048,598.

The Group's share in the acquired net assets and liabilities on the date of acquisition amounted to EGP 2,437,490,725. Accordingly the goodwill will represents the difference which amounts to EGP 113,557,873

The fair values of the assets and liabilities on the acquisition date are as follows:

Description	EGP
Cash and cash equivalents	14,239,302,091
Loans and due to banks	21,053,414,326
Funded facilities to customers	9,717,070,397
Other assets	1,689,552,626
Property and equipment	337,427,383
Intangible assets	30,498,454
Deferred tax assets	11,764,631
Due to banks and financial institutions	(1,361,146,504)
Customer deposits	(39,807,407,618)

15 Goodwill and other intangible assets (continued)

* Acquisition of Arab Investment Bank (continued)

Description	EGP
Creditors and other credit balances	(664,755,704)
Provisions	(200,909,201)
Loans and facilities from bank	(155,334,636)
Current tax liability	(112,047,214)
Total	4,777,429,031
Non- controlling Interest	2,339,938,307
Group's share in the acquired assets	2,437,490,725
Paid in acquisition (Cash Paid)	2,551,048,598
Goodwill	113,557,873

The acquiree's financial statements have been consolidated based on the book value of the identifiable assets and liabilities.

16 Other assets

	Note	31/12/2021	31/12/2020
Deposits with others	(16.1)	57,133,978	38,910,748
Down payments to suppliers		899,769,920	89,543,602
Prepaid expenses		83,360,970	60,270,163
Employees' advances		61,420,556	56,309,877
Accrued revenues		989,851,567	257,587,316
Taxes withheld by others		23,615,895	19,983,975
Payments for investments	(16.2)	1,373,856	1,623,856
Settlement Guarantee Fund		22,898,787	21,480,174
Due from Egypt Gulf Bank- Tanmeyah Clients		17,314,143	23,306,020
Due from custodian		237,491,459	-
Receivables-sale of investments		16,854,902	9,826,622
Securitization surplus		31,045,330	15,331,670
Sundry debtors		155,751,696	48,065,349
Total		2,597,883,059	642,239,372
Impairment loss		(36,803,392)	(21,027,052)
Balance		2,561,079,667	621,212,320

16 Other assets (continued)

16.1 Deposits with others include an amount of EGP 15,046,240 in the name of the subsidiaries, Financial Brokerage Group Company and Hermes Securities Brokerage Company which represents blocked deposits for same day trading operations settlement takes place in the Egyptian Stock Exchange. Both companies are not entitled to use these amounts without prior approval from Misr Clearance Company.

16.2 Payments for investments are represented in the following:

	31/12/2021	**31/12/2020**
AAW Company for Infrastructure	1,348,856	1,348,856
IDEAVELOPERS	25,000	25,000
Paytabs Egypt Solutions	-	250,000
Balance	1,373,856	1,623,856

17 Due to banks and financial institutions

	31/12/2021	**31/12/2020**
Financial institutions	7,861,707,906	4,242,605,354
Bank overdraft *	8,818,578,082	4,992,861,554
Deposits**	1,008,686,945	-
Current account**	47,607,178	-
Balance	17,736,580,111	9,235,466,908

* Banks overdraft include the credit facilities granted from one of the banks which represents the following:

- During 2021, a governmental bond has been pledged against a credit facility with a credit limit of EGP 1,057,000,000.
- During 2021, Treasury bills have been pledged against a credit facility with a credit limit of EGP 737,000,000.

** Related to Arab Investment Bank (aiBank).

18 Customer Deposits

	31/12/2021	31/12/2020
Call deposits	13,590,506,782	-
Term deposits	14,545,755,376	-
Saving and deposit certificates	7,881,255,045	-
Saving deposits	1,316,791,217	-
Other deposits	1,230,428,951	-
Balance	38,564,737,371	-
Corporate deposits	14,820,936,371	-
Retail	23,743,801,000	-
Balance	38,564,737,371	-
Current	19,160,002,371	-
Non-current	19,404,735,000	-
Balance	38,564,737,371	-

19 Accounts payable - customers credit balance at fair value through profit and loss

This amount represents payable to customers against the structured notes issued by one of the Group companies.

20 Short term bonds

During December 2021 Hermes Securities Brokerage (a subsidiary -100%) issued short-term bonds with a value of EGP 550 million (Third issuance) that are tradable and non-convertible to shares and it's for the period of 12 months at a par value of EGP 100 (one hundred Egyptian pounds only) for the bond to be paid at the end of the period with a fixed rate of 11.15 % that will be paid at the end of the issuance period. And its non-expedited payment, the bonds proceeds will be used to finance different Group activities and pay its financial obligations.

21 Creditors and other credit balances

	31/12/2021	31/12/2020
Accrued expenses *	1,810,962,061	1,324,932,181
Dividends payable (prior years)	211,451,565	211,564,190
Deferred revenues	50,637,002	38,914,452
Trade payable	347,141,373	160,997,015
Clients' coupons - custody activity	12,489,264	11,696,426
Tax authority	68,525,079	25,486,546
Social Insurance Association	18,217,043	16,109,322
Medical takaful insurance tax	12,837,396	9,605,682
Deposits due to others –finance lease contracts **	4,136,184	14,639,821
Lease Liabilities***	462,264,389	480,378,836
Sundry creditors	159,334,035	113,811,880
Balance	3,157,995,391	2,408,136,351

* Accrued expenses comprimise of employee benefits, occupancy expenses and office expenses accruals.

** Deposits due to others amounted to EGP 4,136,184 as at 31 December 2021 versus EGP 14,639,821 as at 31 December 2020 represents the deposits collected from the lessees of EFG Hermes Corp- Solutions.

Lease Liabilities***

include an amount of EGP 239,123,600 in the name of EFG-Hermes Holding and Tanmeyah Micro Enterprise Services S.A.E that represents sale and lease back agreement.

	31/12/2021	31/12/2020
Current	141,342,075	111,839,826
Non-current	320,922,314	368,539,010
Balance	462,264,389	480,378,836

22 Deferred tax assets (liabilities)

	Balance at 1/1/2021	Acquisition of subsidiaries	Recognized in profit or loss	Recog - nized in equity	Foreign currency differences	Net	Deferred tax assets	Deferred tax liabilities
Property and equipment depreciation	(10,669,638)	16,964,557	(209,718)	-	584	6,085,785	6,085,785	-
Claims provision	849,159	-	(1,239,043)	-	(8,418)	(398,302)	-	(398,302)
Impairment loss on assets	1,224,794	-	(44,714)	-	24	1,180,104	1,180,104	-
Prior year losses carried forward	20,139,137	-	9,119,971	-	(17,361)	29,241,747	29,241,747	-
Investment at fair value	(290,600,467)	-	923,298	(930,181)	-	(290,607,350)	-	(290,607,350)
Foreign currency translation differences	915,018	-	543,182	-	(827)	1,457,373	1,457,373	-
Revaluation of investment property	1,867,147	-	-	-	-	1,867,147	1,867,147	-
Investment in Associates	-	(5,199,926)	(383,043)	-	-	(5,582,969)	-	(5,582,969)
ESOP deferred	-	-	7,775,053	-	-	7,775,053	7,775,053	-
	(276,274,850)	11,764,631	16,484,986	(930,181)	(25,998)	(248,981,412)	47,607,209	(296,588,621)

23 Provisions

		31/12/2021	31/12/2020
Claims provision	23.1	372,814,069	312,567,570
ECL on unfunded exposure Commercial bank (aiBank)	23.1	56,117,796	-
Severance pay provision	23.1	226,617,198	213,356,835
Financial guarantee for contingent liabilities	23.1	34,452,878	41,032,246
		690,001,941	566,956,651

23 Provisions (continued)

23.1

	Claims provision	Severance Pay provision *	Financial guarantee for contingent liabilities	Commercial bank contingent liabilities	Total
Balance at the beginning of the year	312,567,570	213,356,835	41,032,246	-	566,956,651
Formed during the year	64,123,194	19,019,335	5,673,313	13,825,949	102,641,791
Foreign currency differences	(393,499)	(152,812)	-	(732,000)	(1,278,311)
Amounts used during the year	(106,566,167)	(4,635,084)	(12,252,681)	-	(123,453,932)
Acquisition of subsidiaries	123,504,897	-	-	77,404,304	200,909,201
Actuarial of employees' benefits obligations	-	(971,076)	-	-	(971,076)
No longer needed	(20,421,926)	-	-	(34,380,457)	(54,802,383)
Balance at the end of the year	372,814,069	226,617,198	34,452,878	56,117,796	690,001,941

* Related to Group entities outside Egypt.

24 Loans and borrowings

The borrower	Credit Limit	Contract date	Maturity date	31/12/2021	31/12/2020
EFG Hermes Corp-Solutions *	350 million	16/7/2020	16/7/2027	169,630,189	74,473,883
EFG Hermes Corp-Solutions	150 million	27/2/2020	27/2/2027	43,728,117	77,230,237
EFG Hermes Corp-Solutions	500 million	12/12/2019	12/12/2026	412,389,761	464,514,612
EFG Hermes Corp-Solutions	400 million	1/4/2020	7/11/2022	315,766,871	354,726,305
EFG Hermes Corp-Solutions	1 billion	9/8/2015	9/8/2023	682,796,686	638,994,688
EFG Hermes Corp-Solutions	231 million	31/1/2021	31/1/2031	177,724,571	33,305,064
EFG Hermes Corp-Solutions	260 million	14/3/2016	14/3/2023	69,696,583	250,074,996
EFG Hermes Corp-Solutions	150 million	13/7/2020	13/7/2027	26,822,749	39,618,461
EFG Hermes Corp-Solutions	200 million	12/6/2017	12/6/2025	19,209,706	78,310,630
EFG Hermes Corp-Solutions	100 million	28/11/2016	31/10/2022	-	39,823,216
EFG Hermes Corp-Solutions	53 thousand	18/2/2020	18/2/2025	653,831	1,061,181
EFG Hermes Corp-Solutions	450 million	1/3/2020	30/9/2022	397,029,955	375,701,258
EFG Hermes Corp-Solutions	250 million	25/2/2020	7/5/2020	114,928,127	195,170,136
EFG Hermes Corp-Solutions	200 million	3/6/2020	30/9/2025	81,305,409	129,412,374
EFG Hermes Corp-Solutions	1.6 million	24/4/2017	24/4/2023	1,226,987	2,044,979
EFG Hermes Corp-Solutions	99.3 million	25/5/2021	25/5/2028	99,346,583	109,383,304
EFG Hermes Corp-Solutions	125 million	4/4/2021	4/4/2028	21,052,491	139,283,053
EFG Hermes Corp-Solutions	35.3 million	19/10/2017	19/10/2022	7,069,500	14,161,500
EFG Hermes Corp-Solutions	20 million	6/5/2021	6/5/2028	8,834,128	22,375,602

24 Loans and borrowings (continued)

EFG Hermes Corp-Solutions	225 million	7/2/2018	7/2/2023	97,590,676	140,000,000
EFG Hermes Corp-Solutions	500 million	19/5/2020	19/5/2027	164,578,428	140,730,595
EFG Hermes Corp-Solutions	600 million	28/8/2018	8/5/2028	357,425,443	296,740,523
EFG Hermes Corp-Solutions	500 million	3/5/2020	16/3/2022	260,283,150	98,796,378
EFG Hermes Corp-Solutions	100 million	26/11/2020	26/11/2027	66,287,873	2,057,775
Arab Investment bank	10.3 million	13/4/2017	1/8/2023	3,630,198	-
Arab Investment bank	25.4 million	13/4/2018	31/7/2023	10,001,430	-
EFG – Hermes Pakistan Limited	32.9 million	12/5/2017	11/5/2023	32,990,250	36,833,250
EFG – Hermes Pakistan Limited	39.5 million	29/10/2021	28/10/2024	39,588,300	-
Tanmeyah Micro Enterprise Services S.A.E	50 million	4/5/2018	3/5/2023	43,633,026	34,358,483
Tanmeyah Micro Enterprise Services S.A.E	81.3 million	4/11/2019	12/2/2022	27,104,333	54,208,666
Valu	100 million	27/11/2017	12/1/2023	16,120,232	24,340,549
EFG - Hermes Advisory Inc.	370 million	18/11/2021	18/5/2022	370,497,531	-
EFG Finance Holding	250 million	13/8/2020	13/8/2027	250,000,000	250,000,000
EFG Finance Holding	400 million	21/12/2021	21/12/2028	375,175,828	-
EFG Finance Holding	250 million	30/8/2021	30/8/2028	123,946,345	-
EFG Hermes Int. Fin Corp	785.5 million	21/5/2021	21/5/2023	613,004,200	-
	Balance			5,501,069,487	4,117,731,698

	31/12/2021	31/12/2020
Current	2,541,032,778	921,776,276
Non-current	2,960,036,709	3,195,955,422
Balance	5,501,069,487	4,117,731,698

* EFG Hermes Corp Solutions (wholly owned subsidiary), is committed to settle the credit granted by waiving the rental value of the finance lease contracts to the banks within the credit amount.

25 Share capital

- The Group's authorized capital amounts EGP 6 billion and issued capital amounts EGP 3,843,091,115 distributed on 768,618,223 shares of par value EGP 5 per share which is fully paid.
- The Group's General Assembly approved in its session held on May 20, 2021 to increase the Group's issued capital from EGP 3,843,091,115 to EGP 4,611,709,340 distributed on
- 922,341,868 shares with an increase amounting to EGP 768,618,225 by issuing 153,723,645 shares with par value EGP 5 through the issuance of one free share for every five shares.
- This increase is transferred from the Group retained earnings that presented in December 31, 2020 financial statements. The required procedures had been taken to register the increase in the Commercial Register.
- On 28th September 2021, the Group's General Assembly approved the increase in issued capital from EGP 4,611,709,340 to EGP 4,865,353,355 representing an increase of EGP 253,644,015 and distributed on 50,728,803 shares having a par value of EGP 5 per share, The issuance of the capital increase shares was financed from the share premium reserve for the purpose of the Remuneration & Incentive Program of the Employees, Managers & Executive Board Members of the Group, and its subsidiaries. The commercial register was updated, and the issued shares were allocated under the Remuneration & Incentive Program of the Employees of the Group, and the Beneficiary of the program will be entitled to attend the Ordinary and Extraordinary General Shareholders of the Group and to vote on its resolutions upon the transfer of ownership of the Granted Shares to the Beneficiary.

26 Non - controlling interests

	31/12/2021	31/12/2020
Share capital	2,618,870,616	173,095,207
Additional paid-in capital	120,463,104	120,463,104
Legal reserve	37,775,135	20,012,721
Other reserves	106,534,088	8,243,820
Accumalated losses of acquired entities*	(242,381,376)	(43,717,840)
Profit for the year	116,962,998	32,749,596
Balance	2,758,224,565	310,846,608

*Part of accumulated losses of acquired entities pertain to the non-controlling interest portion of accumulated losses on aiBank.

27 Contingent liabilities

The holding company guarantees its subsidiary EFG- Hermes UAE LLC against the Letters of Guarantee issued from banks amounting to:

	31/12/2021	31/12/2020
AED	83,670,000	83,670,000
Equivalent to EGP	357,864,957	358,425,546

Group off-financial position items:

- Assets under management	71,407,412,524	55,489,735,019

- Securitization and Sukuk transactions
  The Group has entered some securitization and Sukuk transactions, the assets and liabilities related to those transactions do not qualify for the recognition criteria, accordingly the Group has not recognized those assets or liabilities.

The assets and liabilities related to those transactions are represented in :

Client portfolios related to securitization transactions	3,736,460,182
Balances with custodians	650,691,234
Land and Buildings related to Sukuk transactions	2,600,000,000
Total Assets	6,987,151,416
Bonds	3,099,039,305
Sukuk	2,600,000,000
Total liabilities	5,699,039,305

27.1 Arab Investment Bank Contingent liabilities are as follows:

A- Capital commitments

Financial investments

The value of commitments related to financial investments for which payments was not requested until the date of the financial position as at 31 December 2021:

	Contribution amount USD	Amount paid USD	Residual amount USD
African Export -Import Bank	1,066,000	586,000	480,000

27 Contingent liabilities (continued)

B- Commitments on loans, guarantees and facilities

The bank's commitments on loans and facilities are as follows:

	31 December 2021
	EGP
Letters of guarantees	1,475,265,000
Letters of credit (Export and Import)	12,910,000
Acceptances of supplier facilities	246,364,000
Balance	1,734,539,000

28 Other Revenues

Other revenues includes rental income and non-recurring income as follows:

	For the year ended	
	31/12/2021	31/12/2021
Release of provisions	54,802,383	35,255,177
Rental income	40,343,915	40,346,555
Gain on sale of property and equipment	14,668,983	836
Custodion rebates	8,683,820	6,155,900
Other gain	28,368,126	44,794,527
Total	146,867,227	126,552,995

29 Impairment loss on financial assets – net of recoveries

	For the year ended	
	31/12/2021	31/12/2020
Accounts receivable	19,016,764	63,234,718
Funded facilities to customers	68,076,189	213,211,453
Banking loans and facilities (aiBank)	36,355,632	-
Cash and cash equivalents	451,596	918,321
Other assets	15,756,528	16,540,748
Investments at fair value through OCI – Debt Instruments	210,595	661,330
Investments at amortized cost – Debt Instruments	(1,872,204)	-
Total	137,995,100	294,566,570

30 Income tax expense

	For the year ended	
	31/12/2021	31/12/2020
Current income tax	(367,271,918)	(164,296,068)
Deferred tax	16,484,988	(164,750,460)
Total	(350,786,930)	(329,046,528)

31 General administrative expenses

	For the year ended	
	31/12/2021	31/12/2020
Wages , salaries and similar items *	2,916,327,108	2,369,964,870
Consultancy	179,435,929	136,480,182
Travel , accommodation and transportation	10,203,324	16,443,710
Leased line and communication	142,505,592	136,288,932
Rent and utilities expenses	58,457,373	57,693,419
Other expenses	489,121,942	535,114,988
Total	3,796,051,268	3,251,986,101

* **Share-based payments**.

The Group introduced an Employees Share Ownership plan (ESOP) in accordance with the shareholder's approval at the extraordinary general assembly meeting, held on 30 May 2021, by issuing Free shares representing 5.5% of the issued capital of the Group shall be granted to employees, managers and executive board members of the Group and its subsidiaries
The duration of this program is five years starting as of 1 January 2021 till 31 December 2025, the vesting period is 3-4 years starting from 1 January 2021 till 31 December 2024. The beneficiary entitled to shares granted to 4 equal installments.
The equity instruments for share-based payment are recognized at fair value on the grant date and are record in the consolidated statement of profit or loss with a corresponding increase in equity. The value of expenses charged to the consolidated statement of profit or loss during the year amounted EGP 149,646,948.

Equity instruments during the year represents the following:

	For the year ended
	31/12/2021
	No. of Shares
Granted shares during the year	48,504,101
Total at the end of the year	48,504,101

32 Operating segment

(a) Basis for operating segment

Segment information is presented in respect of the Group's business segments.
The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment. The revenue & expense and assets & liabilities analyses in the table below are based on the type of business activities and services that are distinguishable component.

For the year ended December 31, 2021

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Finance Holding	Leasing	Micro Finance	Consumer Finance	Factoring	Commerci-al bank (aiBank)	Intercomp-any eliminatio-ns	Total
Interest income	1,430,183,686	452,947,050	328,831	29,419,414	13,314,024	776,584	572,867,261	976,895,160	152,500,384	113,851,162	724,890,739	(51,619,090)	4,416,355,205
Interest Expense	(322,771,524)	(173,834,022)	-	(7,630,117)	(1,386,507)	-	(433,438,266)	(264,469,884)	(62,924,119)	(91,810,695)	(503,856,481)	30,807,343	(1,831,314,272)
Net Interest income	1,107,412,162	279,113,028	328,831	21,789,297	11,927,517	776,584	139,428,995	712,425,276	89,576,265	22,040,467	221,034,258	(20,811,747)	2,585,040,933
Fee and commission income	-	1,248,061,289	620,161,808	467,324,457	94,262,892	-	46,880,827	686,324,146	177,759,254	35,846,917	38,789,397	(20,360,240)	3,395,050,747
Fees and commission expense	(7,511,446)	(211,150,632)	(94,473,907)	(117,857)	(4,909,016)	(270)	(3,231,483)	(271,043)	(298,618)	(44,006)	(17,446,693)	(4,659,608)	(344,114,579)
Net fees & commission	(7,511,446)	1,036,910,657	525,687,901	467,206,600	89,353,876	(270)	43,649,344	686,053,103	177,460,636	35,802,911	21,342,704	(25,019,848)	3,050,936,168
Securities (loss) gains	(7,973,078)	(2,529,371)	-	-	-	-	-	-	-	-	3,200,357	-	(7,302,092)
Changes in the investments at fair value through profit and loss	(59,767,614)	(16,622,407)	39,058	-	197,392	-	-	-	-	-	-	-	(76,153,571)
Dividend income	17,405,866	13,915,801	-	-	-	-	-	-	-	-	531,405	-	31,853,072
Other Revenues	45,185,834	30,319,687	1,762,801	4,933,170	8,175,964	124,308	-	6,962,877	71,808	-	49,330,778	-	146,867,227
Net gains on dereceognition of financial assets measured at amortized cost	-	-	-	-	-	-	31,489,085	21,853,157	35,005,701	-	-	-	88,347,943

32 Operating segment (continued)

(a) Basis for operating segment (continued)

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Finance Holding	Leasing	Micro Finance	Consumer Finance	Factoring	Commerci-al bank (aiBank)	Intercomp-any eliminatio-ns	Total
Impairment loss on financial assets – net of recoveries	429,978	(21,741,899)	(1,533,356)	-	(7,019,771)	184,274	947,437	(4,299,332)	(52,395,049)	(19,114,900)	(35,113,575)	1,661,093	(137,995,100)
Foreign currencies exchange differences	227,911,780	217,993	-	-	-	-	-	-	-	-	6,010,643	-	234,140,416
Gain on selling Assets held for sale	-	-	-	-	-	-	326,756	-	-	-	3,537,651	-	3,864,407
Share of loss from equity accounted investees	-	-	-	-	(1,004,671)	(13,803,355)	-	-	-	-	634,657	-	(14,173,369)
Total revenues	1,323,093,482	1,319,583,489	526,285,235	493,929,067	101,630,307	(12,718,459)	215,841,617	1,422,995,081	249,719,361	38,728,478	270,508,878	(44,170,502)	5,905,426,034
General administrative expenses	(556,622,016)	(1,139,680,307)	(330,533,066)	(318,421,872)	(132,587,745)	(252,532,367)	(81,482,221)	(728,446,397)	(203,777,676)	(22,895,178)	(120,650,209)	91,577,786	(3,796,051,268)
Financial guarantee provision	-	-	-	-	-	-	-	(5,673,313)	-	-	-	-	(5,673,313)
Impairment loss on assets	-	(16,034,698)	-	-	-	-	-	-	-	-	-	-	(16,034,698)
Provisions	(33,402,635)	(16,992,834)	(33,760)	(9,060,639)	(124,417)	(14,315,415)	-	(689,999)	(4,000,000)	-	(18,348,779)	-	(96,968,478)
Depreciation and amortization	(31,641,357)	(22,527,156)	(7,904,504)	(331,416)	(235,125)	(13,585,873)	(282,004)	(50,684,065)	(6,209,695)	(1,776,261)	(11,079,771)	(47,407,284)	(193,664,511)
Profit before income tax	701,427,474	124,348,494	187,813,905	166,115,140	(31,316,980)	(293,152,114)	134,077,392	637,501,307	35,731,990	14,057,039	120,430,119	-	1,797,033,766
Income tax expense	(34,447,859)	(67,727,249)	9,932,394	(5,380,883)	(672,615)	(750,744)	(33,127,365)	(167,294,401)	(2,473,889)	(3,291,096)	(45,553,223)	-	(350,786,930)
Profit for the year	666,979,615	56,621,245	197,746,299	160,734,257	(31,989,595)	(293,902,858)	100,950,027	470,206,906	33,258,101	10,765,943	74,876,896	-	1,446,246,836
Total assets	17,408,222,861	19,820,933,665	989,652,555	169,244,240	381,977,570	386,313,371	5,246,966,419	2,932,095,453	1,790,628,843	1,915,379,272	45,553,314,595	-	96,594,728,844
Total liabilities	11,034,826,207	17,016,273,221	257,478,546	257,892,982	347,652,343	49,043,360	4,460,435,995	2,203,414,533	1,565,267,915	1,668,854,173	40,427,299,594	-	79,288,438,869

32 Operating segment (continued)

(a) Basis for operating segment (continued)

For the year ended December 31, 2020

	Holding & Treasury	Brokerage	Asset Management	Investmen t Banking	Private Equity	Finance Holding	Leasing	Micro Finance	Consumer Finance	Factoring	Intercompany eliminations	Total
Interest income	1,058,413,820	362,883,228	606,176	16,042,219	24,308,668	7,018,549	462,692,891	860,428,603	82,595,146	48,684,740	(29,134,785)	2,894,539,255
Interest Expense	(206,307,069)	(171,191,911)	-	(5,194,371)	(1,791,368)	(5,513,331)	(308,708,192)	(323,474,186)	(25,788,230)	(38,530,363)	8,609,571	(1,077,889,450)
Net Interest income	852,106,751	191,691,317	606,176	10,847,848	22,517,300	1,505,218	153,984,699	536,954,417	56,806,916	10,154,377	(20,525,214)	1,816,649,805
Fee and commission income	-	1,038,138,618	413,076,406	225,434,763	444,171,336	-	31,034,961	536,274,421	54,588,689	16,817,209	(16,967,972)	2,742,568,431
Fees and commission expense	(19,526,542)	(201,095,082)	(51,119,817)	(36,091)	-	-	(278,954)	(293,630)	(20,370)	(285,214)	1,046,325	(271,609,375)
Net fees & commission	(19,526,542)	837,043,536	361,956,589	225,398,672	444,171,336	-	30,756,007	535,980,791	54,568,319	16,531,995	(15,921,647)	2,470,959,056
Securities gains (losses)	403,312,836	(31,467,136)	-	-	(87,675)	-	-	-	-	-	-	371,758,025
Changes in the investments at fair value through profit and loss	575,158,504	1,231,882	-	-	29,747	-	-	-	-	-	-	576,420,133
Dividend income	26,452,666	13,091,008	-	-	--	-	-	-	-	-	-	39,543,674
Other Revenues	97,286,213	19,876,391	465,140	752,079	1,671,500	-	-	6,503,192	-	(1,520)	-	126,552,995
Net gains on dereceognition of financial assets measured at amortized cost	-	-	-	-	-	-	1,253,632	12,288,549	-	-	-	13,542,181
Impairment loss on financial assets – net of recoveries	(1,486,171)	(2,354,880)	175,755	-	(61,092,981)	-	(42,399,645)	(172,473,964)	(12,058,428)	(2,876,256)	-	(294,566,570)
Foreign currencies exchange differences	(22,881,563)	7,611,497	-	-	-	-	-	-	-	-	(12,431)	(15,282,497)

32 Operating segment (continued)

(a) Basis for operating segment (continued)

	Holding & Treasury	Brokerage	Asset Management	Investment Banking	Private Equity	Finance Holding	Leasing	Micro Finance	Consumer Finance	Factoring	Intercompany eliminations	Total
Share of loss from equity accounted investees	-	-	-	-	-	(4,237,980)	-	-	-	-	-	(4,237,980)
Total revenues	1,910,422,694	1,036,723,615	363,203,660	236,998,599	407,209,227	(2,732,762)	143,594,693	919,252,985	99,316807	23,808,596	(36,459,292)	5,101,338,822
General administrative expenses	(566,730,277)	(1,037,057,937)	(283,916,189)	(203,031,511)	(140,864,776)	(335,999,310)	(74,076,987)	(586,963,439)	(85,940,886)	(17,251,890)	79,847,101	(3,251,986,101)
Financial guarantee provision	-	-	-	-	-	-	-	(10,079,751)	-	-	-	(10,079,751)
Impairment loss on goodwill and intangible assets	-	(5,921,804)	-	-	-	-	-	-	-	-	-	(5,921,804)
Impairment loss on investment property	(3,384,491)	-	-	-	-	-	-	-	-	-	-	(3,384,491)
Provisions	(2,123,004)	(28,104,268)	(466,968)	(933,940)	-	(909,859)	-	20,764	-	-	42,208	(32,475,067)
Depreciation and amortization	(32,690,766)	(19,464,405)	(10,183,876)	(306,428)	(322,262)	(14,032,362)	(210,462)	(47,078,648)	(7,545,886)	(1,754,891)	(37,553,538)	(171,143,524)
Profit before income tax	1,305,494,156	-53,824,799	68,636,627	32,726,720	266,022,189	-353,674,293	69,307,244	275,151,911	5,830,035	4,801,815	5,876,479	1,626,348,084
Income tax expense	(164,821,056)	(16,482,044)	5,706,662	(3,673,562)	(44,649,431)	(8,318)	(13,132,096)	(89,794,554)	-	(2,192,129)	-	(329,046,528)
Profit for the year	1,140,673,100	(70,306,843)	74,343,289	29,053,158	221,372,758	(353,682,611)	56,175,148	185,357,357	5,830,035	2,609,686	5,876479	1,297,301,556
Total assets	14,628,517,556	13,181,726,754	742,421,729	270,255,259	639,029,765	143,307,648	4,799,083,360	2,846,786,533	709,545,694	780,335,353	-	38,741,009,651
Total liabilities	6,115,050,030	10,433,280,591	197,289,623	166,885,157	418,102,458	33,406,928	4,125,767,975	2,173,395,002	466,958,499	672,930,203	-	24,803,066,466

32 Operating segment (continued)

(b) Geographical segments

- The Group operates in three main geographical areas: Egypt, GCC and Lebanon. In presenting the geographic information, segment revenue has been based on the geographical location of operation and the segment assets were based on the geographical location of the assets. The Group's operations are reported under geographical segments, reflecting their respective size of operation.
- The revenue analysis in the tables below is based on the location of the operating Group, which is the same as the location of the major customers and the location of the operating companies.

			December 31, 2021		
	Egypt	**GCC**	**Lebanon**	**Other**	**Total**
Total revenues	4,500,889,692	1,230,795,863	-	173,740,479	5,905,426,034
Segment assets	80,659,376,773	15,427,005,155	-	508,346,916	96,594,728,844

			December 31, 2020		
	Egypt	**GCC**	**Lebanon**	**Other**	**Total**
Total revenues	4,197,797,194	764,899,614	-	138,642,014	5,101,338,822
Segment assets	28,170,967,092	10,093,748,380	1,354,003	474,940,176	38,741,009,651

(c) Interest income

Interest from:	**31/12/2021**	**31/12/2020**
Banks and financial institutions	120,280,751	123,572,094
Accounts receivables	310,276,819	227,321,803
Loans and facilities to customer	2,267,253,260	1,433,189,356
Debt securities	1,718,544,375	1,110,456,002
Balance	4,416,355,205	2,894,539,255

(d) Interest expense

Interest to:	**31/12/2021**	**31/12/2020**
Banks and financial institutions	770,666,895	632,625,246
Customer deposits	504,102,576	-
Loans and borrowings	499,582,472	393,556,240
Short term bonds	56,962,329	51,707,964
Balance	1,831,314,272	1,077,889,450

33 Tax status (the holding company)

- As to Income Tax, the years till 2019 the competent Tax Inspectorate inspected the parent Group's books and all the disputed points have been settled with the Internal Committee. And as to year 2020, have not been inspected yet.
- As to Salaries Tax, the parent Group's books had been examined till 2019 and all the disputed points have been settled with the Internal committee and as to year 2020/2021 have not been inspected yet.
- As to Stamp Tax, the parent Group's books had been examined from year 1998 till 2018 and all the disputed points have been settled with the competent Tax Inspectorate and as to years 2019/2021 have not been inspected yet.
- As to Property Tax, for Smart Village building the Group paid tax till December 31,2021 and for Nile City building the Group paid tax till December 31,2021.

34 Earnings per share

Earnings per share is calculated by dividing the net profit for the year after deduction of Tier 1 capital notes payment by the weighted average number of ordinary shares in issue during the year as set out below:

Basic earnings per share:	**2021**	2020
Net profit for the year	1,446,246,834	1,297,301,556
Weighted average number of ordinary shares:		
Number of shares issued / deemed to be outstanding from the beginning of the year	922,341,868	922,341,868
Weighted average number of shares exercised under the share-based payment scheme		
Weighted average number of ordinary shares	922,341,868	922,341,868
Basic earnings per share	1.57	1.41
Net profit for the year for calculating diluted earnings per share	1,446,246,834	1,297,301,556
Weighted average number of ordinary shares	922,341,868	922,341,868
Weighted average number of dilutive shares under share-based payment scheme	50,728,803	-
Weighted average number of ordinary shares in issue for diluted earnings per share	973,070,671	922,341,868
Diluted earnings per share	1.49	1.41

35 Financial risk management

The Bank, as a result of its activities, is exposed to various financial risks, considering the risk acceptance is the basis of the financial activity. Some risks or a Group of risks are analyzed, assessed, and managed collectively, and therefore the Bank intends to achieve an appropriate balance between risk and interest and to reduce the potential negative effects on the financial performance of the Bank. The most significant types of financial risks are credit risk, market risk and liquidity risk and other operating risks. Market risk includes foreign exchange rate risk, and interest rate risk.

Risk management policies are adopted to determine and analyse risks to limit, control and monitor the risks and commit to limits through the reliable techniques and updated information systems. The Bank periodically reviews and modifies the risk management policies and systems to reflect changes in markets, products, services, and the best recent applications.

Risks are managed by Risk Function in terms of the policies approved by the Board of Directors. Risk Function determines, assesses and covers the financial risks in close cooperation with the various operating units of the Bank. The Board of Directors provides written principles for managing the risks as a whole, in addition to written policies covering specific risk areas such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative instruments. In addition, the Risk Function is independently responsible for periodic review of the risk management and control environment.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the Group's financial performance.

Management of financial risk in the commercial bank (aiBank) is conducted through a separate organization from the investment bank due to regulatory rules and operational necessity. Below is a summary of the risk management framework in both business segments.

Risk management framework in the investment bank

The investment bank has a central treasury department that works closely with the operating units throughout the Group. The board of directors provides, through its audit and risk committee, guidance to management to issues regarding risk. The board of directors is responsible for:

- Overseeing, ratifying, and reviewing the duties of the risk management department.
- Approving the investment bank's risk appetite framework ("RAF") and ensure it remains consistent with the Firm's short and long term strategy, business and capital plans and risk capacity.
- Discuss and determine actions if any of the RAF measures are breached..

a) Investment bank market risk

Market risk is defined as the potential loss in both on and off balance sheet positions resulting from movements in market risk factors such as foreign exchange rates, interest rates, and equity prices.
Market risk is represented in the factors which affect values, earnings and profits of all securities negotiated in stock exchange or affect the value, earning and profit of a particular security.
According to the company's investment policy, the following procedures are undertaken to reduce the effect of this risk.

- Performing the necessary studies before investment decision to verify the merits of the investment.
- Diversification of investments in different sectors and industries.
- Performing continuous studies required to follow up the company's investments and their development.

35 Financial risk management (continued)

Risk management framework in the investment bank (continued)

I. Foreign exchange risk

The investment bank operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US dollar and other GCC currencies. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.
Management requires investment bank companies to manage their foreign currency risk against their functional currency. Commercial transactions are conducted either in the functional currency of the investment bank country or in transaction currency.
The investment bank actively manages its currency exposure by holding different currency positions in accordance with the RAF and may use derivatives or hedging tools if needed.If the Egyptian pound had weakened / strengthened by 10% against the US dollar with all other variables held constant the Company would have recognized gains or losses as follows:

	2021	2020
Weakened 10 %	56,283,675	48,478,845
Strengthened 10 %	(56,283,675)	(48,478,845)

II. Price risk

EFG is exposed to equity price risk on equity investments, through holding of equities of another entity. The fair value of these instruments will fluctuate due changes in the market price. The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration.
The following table estimates the sensitivity to a possible change in equity markets on the Group's income statement. The sensitivity of the income statement is the effect of the assumed change in the reference equity benchmark on the fair value of investments carried at fair value through the income statement and through OCI.

In EGP	**2021**		**2020**	
	5% Increase	5% Decrease	5% Increase	5% Decrease
Net asset value of managed funds and private equities	145,168,201	(145,168,201)	134,124,860	(134,124,860)
Operating Exchange Index	1,961,678	(1,961,678)	1,979,733	(1,979,733)

III. Interest rate risk

Interest rate risk stems from the sensitivity of earnings to future movements in interest rates applied on assets and liabilities. The Group's management closely monitors interest rate fluctuations on a continuous basis and ensures that assets and liabilities are matched and re-priced in a timely manner. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or are re-priced in a given period. The most important source of interest rate risk derives from the lending, funding and investing activities, where fluctuations in interest rates are reflected in interest margins and earnings.

35 Financial risk management (continued)

Risk management framework in the investment bank (continued)

b) Investment bank credit risk

Credit risk is the risk of a person or an organization defaulting in the repayment of their obligations to the Group in respect of the terms and conditions of the credit facilities granted to them by the Group. The management minimizes this risk by spreading its loan portfolio overall economic sectors and by adopting appropriate procedures and controls to evaluate the quality of the credit facilities granted and the creditworthiness of the borrowers. The credit risk of connected accounts is monitored on a united basis. In addition, the effective credit appraisal procedure for examining applications for credit facilities followed by the Group, adopts as the main criteria the repayment capability and obtaining sufficient collateral and/or guarantees depending on the nature of the lending business.. The continuous monitoring of credit accounts and the timely preventive action further minimize, to a large extent, the exposure to credit risk.

International Financial Reporting Standard (IFRS) 9 covering classification and measurement, impairment and hedge accounting. IFRS 9 introduces a forward-looking approach for recognising credit losses in the financial accounts—the Expected Credit Loss (ECL) approach, which takes into account a broad range of information, including forward-looking events and conditions. Under IFRS 9's ECL impairment framework, financial Institutions are required to recognize ECLs at all times, taking into account past events, current conditions and forecast information, and to update the amount of ECLs recognised at each reporting date to reflect changes in an asset's credit risk. It is a more forward-looking approach and will result in more timely recognition of credit losses.

IFRS 9 introduces a three-stage approach for the measurement of ECLs of financial assets described as follows:

Stage 1: “Performing”
a) Initial Recognition, no significant increase in credit risk
b) Account is doing well, no signs of deterioration
c) ECL: 12 Months

Stage 2: "Under-Performing"
d) SICR
e) Signs of Credit Quality worsening
f) ECL: Lifetime

Stage 3 “Non-Performing"
g) Credit Impaired Asset
h) Account shows clear signs of impairment as customer is having problems with repayment
i) ECL: Lifetime

If the credit risk has not increased significantly accounts are held in Stage 1 and accordingly IFRS 9 requires allowances based on 12 month expected losses. If the credit risk has increased significantly, accounts will move to Stage 2 and if the loan is ‘credit impaired’ then clients move further to Stage 3. For Stage 2 and Stage 3 the standard requires allowances to be based on lifetime expected losses.

Defining “SICR”:
A significant increase in credit risk is expected to occur prior to delinquency. While behavioral indicators should not be ignored, behavioral indicators (DPD, Partial payments etc.) are often lagging indicators of increases in credit risk and therefore they should be considered in conjunction with other, more forward-looking information.

35 Financial risk management (continued)

Risk management framework in the investment bank (continued)

c) Investment bank liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources.
Cash flow forecasting is performed in the operating entities of the bank and aggregated by the central treasury unit. The unit monitors the bank's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its committed short term facilities at all times so that the bank does not breach any capital adequacy rules.
Surplus cash held by the operating entities over and above balance required for working capital management are, with the input of central treasury, are either up streamed to the holding company invested in time deposits, money market accounts and investment funds.

d) Investment bank operational risk

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel, and other risks having an operational risk impact. The Group seeks to minimize actual or potential losses from operational risk failure through a framework of policies and procedures that identify, assess, control, manage, and report those risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

35.1 Credit risk

Risk management framework in aiBank

The Bank is exposed to credit risk which is the risk resulting from a party's failure to meet its contractual obligations towards the Bank. The credit risk is considered to be the most significant risk for the Bank, therefore requiring careful management. Credit risk is mainly represented in lending activities that give rise to loans, facilities and investment activities that result in the Bank's assets including debt instruments. Credit risk exists also in financial instruments outside the financial position such as loan commitments. The FINANCIAL RISK MANAGEMENT and control are centralized in a FINANCIAL RISK MANAGEMENT team in the Bank's Risk Management Department which reports to the Board of Directors and head of each business unit regularly.

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Loans and facilities to banks and customers (including commitments and financial guarantee contracts)

In measuring credit risk of Funded facilities to customersand to banks, the Bank's rating system is based on three key pillars:

35.1.1 Current exposures to the counterparty and its likely future development, from which the Bank derive the (exposure at default)
35.1.2 The risk of default failure (Loss given default).
35.1.3 The probability of default by the customer or counterparty on its contractual obligations.

These credit risk measurements, are embedded in the Bank's daily operations which reflect expected loss through the expected loss model required by the Banking Supervision Committee, and the operational measures can contradict with the burden of impairment in accordance with the previous standards that depend on the losses that have realized on the date of the financial statements (realized loss model) and not the expected losses as will come after.

The Bank assesses the probability of default per each customer using internal rating techniques tailored to the various categories of customers. These techniques have been developed internally and the statistical analyses combine credit officers' personal judgment to reach the appropriate viability rating.

Customers of the Bank are segmented into four viability rating classes. The Bank's viability rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, credit positions migrate between classes as the assessment of their probability of default changes. The rating techniques are kept under review and are upgraded as necessary. The Bank regularly validates the performance of the viability rating techniques and their ability to predict cases of default.

Bank's internal rating classes Bank's rating	Rating description
1	Performing Debts
2	Standard Monitoring
3	Special Monitoring
4	Non- Performing Debts

The position exposed to default depends on the amounts expected by the Bank to be outstanding when default occurs. For example, for a loan, this position is the nominal value and for commitments, the Bank recognizes all amounts actually withdrawn in addition to other amounts that are expected to have been withdrawn up to the date of the delay if it occurs.

Loss given default or loss severity represents the Bank's expectation of the extent of loss on a claim should a default occur. It is expressed as percentage of loss to debt and typically varies by type of the debtor, seniority of claim and availability of collateral or other credit coverages.

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Loans and facilities to banks and customers (including commitments and financial guarantee contracts) (continued)

Estimation of exposure to credit risks to manage the credit risks is a complex matter that requires the use of statistical and electronic models, as the level of exposure to credit risks changes depending on the changes in market conditions and other economic areas in a complex and rapid degree. The exposure to credit risk changes depending on the changes in the level, value and timing of expected cash flows and the passage of time. Accordingly, assessment of the credit risk of the assets portfolio requires further estimations of the probability of default and the related loss rates. The Bank measures credit risk losses by using the probability of default (default in contractual liabilities) based on the carrying amount balance of the financial instrument at the date of Exposure at Default and loss given default.

Classification of credit risks

The Bank assesses the probability of default at the level of each customer / related Group / credit product, by using techniques to classify the customers into different categories, taking into account the minimum rating in accordance with the CBE instructions in terms of determining the creditworthiness of the customers and making the provisions issued during the year 2005. Therefore, the Bank uses a Group of internally developed models and evaluation techniques for the categories of counterparties, customers and the nature of various loans in light of the available information that is collected on the date of adoption of the used model (such as: level of income, level of disposable income and guarantees for individual clients, revenues, type of industry, and other financial and non-financial indicators of the institutions). The Bank completes such indicators with a set of external data, such as the inquiry reports issued by both CBE and credit reporting companies on borrowers and the reports issued by the other local and external credit rating agencies. Moreover, the models used by the Bank allow the systematic exercise of expert assessment by credit risk officials in the final internal credit rating. Therefore, this allows to consider other matters and indicators that may not have been taken as part of other data inputs in the internally or externally developed assessment models and techniques or through external sources.

Credit grades are assessed so that the risk of default increases incrementally at each higher risk grade, namely the difference in default rates between the rating grade A and A- is less than the difference in default rates between rating grade B and B-. Additional considerations for each type of credit portfolio held by the Bank are set out below:

Individuals, retail banking products and small & micro enterprises
After the date of initial recognition, the borrower's payment behaviour is monitored periodically to calculate a measurement of the payment pattern. Any other information known about the borrower, supposed to be determined by the Bank, may have an impact the creditworthiness, such as unemployment rates and non-payment precedents, as they are included to measure the payment pattern and default rates are, accordingly, determined for each payment pattern measurement.

(Large & Medium) Enterprises and Companies
The rating is determined at the level of the borrower / Groups with similar credit risks. Any updated or new credit information or assessments are included in the credit system constantly and periodically. In addition, information about the creditworthiness of the borrower / Groups with similar credit risks is also updated periodically from other sources such as financial statements and other published financial and non-financial statements.

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Classification of Credit Risks (continued)

Debt Instruments, Treasury Bills and Government Bonds
The Bank uses the external ratings issued by the institutions mentioned in the CBE's instructions to manage the credit risk in terms of the debt instruments in the investment portfolio. These published classifications are monitored and updated regularly and periodically. The default rates associated with each rating are determined based on the rates realized over the previous twelve months, as published by the aforementioned rating agencies. The loss rate of the government and CBE debt instruments dominated in local currency is zero.

Future data used in the expected loss model
Future data is used in assessing whether there is a significant increase in the credit risk of financial instruments and estimating the expected credit losses (ECL). The management of Bank determines the main economic variables that affect credit risk and expected credit losses for each credit portfolio by carrying out an analysis of historical data. The economic variables and the related effect on both Probability of Default "PD" and the Exposure at Default "EAD" and Loss Given Default "LGD" are different depending on the financial asset. The Bank will use expert opinions regarding these assumptions and estimates, if necessary.

To determine the impact of such economic variables on both Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), the management of the Bank carries out the "regression analysis" to understand the historical effects arising from such variables on the default rates and the inputs used in calculating both Exposure at Default (EAD) and Loss Given Default (LGD).

Further to the key economic scenarios, the management of Bank establishes other potential scenarios in addition to assumptions relating to each scenario separately.

The lifetime probability of default (PD) relating to the key assumption and other assumptions are used, as the outcome of multiplication is determined for each assumption with the related probabilities of each, in addition to the supporting indicators and qualitative indicators. Based on the results of such study, it is assessed whether this financial asset is located at the first, second or third level, on the basis of which it is determined whether the expected credit losses "ECL" will be computed on 12- month bases "12-month ECL" or over lifetime of the financial instrument "Lifetime ECL".

The expectations and probabilities of occurrence are subject to a high degree of uncertainty, as it is known to any economic forecasts, therefore the actual results may be significantly different from those anticipated. The Bank makes the best estimate of these potential expectations and carries out an analytical study of the irrelevant and non -similar factors for the different credit portfolios to conclude appropriate assumptions for all possible scenarios.

Variable Economic Assumptions
The most significant assumptions that have an impact on the expected credit losses "ECL" are:

a) Consumption Pricing Indicators (CPI)
b) Unemployment Rate
c) Gross Domestic Product (GDP)
d) Gross national saving/investment
e) Real available income

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Classification of Credit Risks (Continued)

Classification of the instruments relating to the losses measured on basis of the similar Groups
For ECL provisions, Groups are classified on the basis of similar credit risk characteristics, as risk exposure within the Bank is homogeneous. When carrying out this classification, it is taken into consideration that there is sufficient information that enables the Bank to classify the Bank with statistical reliability. When sufficient information is not available, the Bank takes into consideration the complementary internal / external reference data.

Corporate loans
Probability of default model (S& P) is used.
A conciliation was made between "S&P" and "ORR".

The model was updated by some economic indicates to keep the probability of default in line with the clients existing in Egypt.
The model was updated by the ratios of change in the low credit rating of the other clients of the Bank for two years to keep the ratios of model default in line with the clients of the Bank.

Maximum Exposure to Credit Risks – Impaired Financial Instruments
The following table includes the analysis of maximum exposure to the credit risks of financial instruments for which the provision of expected credit risks (ECL) is recognized:
The following table represents the total carrying amount of the financial assets and the maximum exposure to credit risk on these financial assets.

Individuals

	31 December 2021			**Amount in EGP**
Credit Grade	**Order of Expected Credit Risks**			
<u>Standard monitoring</u>	**Stage 1 12 Months**	**Stage 2 Lifetime**	**Stage 3 Lifetime**	**Total**
Current accounts	476,758,014	2,629,055	480,785	479,867,854
Personal loans	2,547,164,135	30,015,460	22,587,392	2,599,766,987
Credit cards	17,122,785	85,549	87,361	17,295,695
Real estate loans	423,611,869	1,201,503	2,398,454	427,211,826
Special monitoring				
Personal loans	87	98,705,974	16,100,698	114,806,759
Credit cards	2,280,634	118,378	44,406	2,443,418
Real estate loans	-	2,397,602	741,535	3,139,137
Default				
Personal loans	184,743	-	142,617,534	142,802,277
Credit cards	2,450,568	167,391	349,625	2,967,584
Real estate loans	-	-	4,616,628	4,616,628
Total carrying amount	3,469,572,835	135,320,912	190,024,418	3,794,918,165
Loss provision	(43,331,915)	(13,997,630)	(166,422,106)	(223,751,651)
Net carrying amount	3,426,240,920	121,323,282	23,602,312	3,571,166,514
Collaterals	1,367,595,432	86,572,483	26,661,024	1,480,828,939

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Maximum exposure to credit risks – impaired financial instruments (Continued)

Credit Grade	Order of Expected Credit Risks Stage 1 12 Months	Stage 2 Lifetime	Stage 3 Liftetime	31 December 2021 Amount in EGP Total
Corporates				
Standard monitoring				
Debit current accounts	538,028,538	78,962,795	2,337,917	619,329,250
Direct loans	2,843,841,684	649,275,430	217,302,103	3,710,419,217
Syndicated loans	1,259,121,143	187,233,587	93,005,662	1,539,360,392
Special monitoring				
Debit current accounts	-	118,483,636	-	118,483,636
Direct loans	-	150,137,284	33,419	150,170,703
Syndicated loans	-	-	-	-
Default				
Debit current accounts	-	-	3,690,244	3,690,244
Direct loans	-	-	1,345,832,171	1,345,832,171
Syndicated loans	-	-	-	-
Real estate loans	-	-	-	-
Total carrying amount	4,640,991,365	1,184,092,732	1,662,201,516	7,487,285,613
Loss provision	(128,030,347)	(286,484,056)	(942,664,483)	(1,357,178,886)
Net carrying amount	4,512,961,018	897,608,676	719,537,033	6,130,106,727
Collaterals	3,977,601,259	116,739,248	535,938,011	4,630,278,518
Individuals				
Loans and Bank Balances				
Standard monitoring	18,757,148,028	-	-	18,757,148,028
Total carrying amount	18,757,148,028	-	-	18,757,148,028
Loss provision	(954,675)	-	-	(954,675)
Net carrying amount	18,756,193,353	-	-	18,756,193,353
Treasury Bills and Debt Instruments				
Standard monitoring	13,594,824,329	-	-	13,594,824,329
Total carrying amount	13,594,824,329	-	-	13,594,824,329
Loss provision	(33,509,348)	-	-	(33,509,348)
Net carrying amount	13,561,314,981	-	-	13,561,314,981
Other assets				
Standard monitoring	1,701,582,318	-	-	1,701,582,318
Total carrying amount	1,701,582,318	-	-	1,701,582,318
Loss provision	-	-	-	-
Net carrying amount	1,701,582,318	-	-	1,701,582,318

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Credit Guarantees

The Bank uses many policies and practices to limit the credit risks. The most widely adopted of these is the acceptability of collateral for debt instruments and loan commitments. The Bank has internal policies regarding classes of collateral that can be accepted to limit or decrease the credit risks.

The Bank accrues out an assessment of the guarantees that have been obtained when establishing these loans. This assessment is regularly assessed. The key types of guarantees are:

- Cash and cash equivalent
- Real estate mortgage
- Derivatives margin agreement that has been signed with the Bank as a part of main offsetting agreements.
- Commercial mortgages
- Financial assets pledge such as debt instruments and equity instruments.

The guarantees held as collateral against the financial assets other than loans and facilities depend on the nature of the instrument, as debt securities, government bonds and other qualified bills are generally not secured, except for the asset-backed securities and similar instruments secured by portfolios of financial instruments. The derivatives are often secured.

The policies adopted by the Bank have not been changed significantly in terms of obtaining guarantees during the financial year, and there has been no change in the quality of those guarantees held by the Bank compared to the previous financial year.

The Bank closely monitors the guarantees held against the low – credit financial assets, as it is likely that the Bank will hold collateral to mitigate potential credit losses.

Written-off Financial Instruments (Loans)

The Bank excludes the financial assets that are still under compulsory collection for unpaid contractual amounts of the bad assets. The Bank seeks to fully recover some amounts legally due that were partially or fully written off due to the lack of a possibility of a full recovery.

Modifications of loans terms and rescheduling

The Bank sometimes modifies terms of the loans granted to the customers due to the commercial renegotiation or non-performing to increase the chances of recovery. The activities of restructuring include arrangements of extension of repayment terms, grace periods, exemption from repayment or some or full interests. Restructuring policies and practices are based on indicators or criteria that indicate – based on the discretion of management - that repayment is likely to continue. These policies are constantly reviewed.

Reduction and Risk Avoidance Policies

The Bank manages, limits, and controls the concentration of credit risks at the debtor level, Groups, industries, and countries. The Bank regulates the levels of acceptable credit risks by setting limits to the amount of risk that will be accepted at the level of each borrower, or Group of borrowers, and at the level of economic activities and geographical sectors.

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Reduction and Risk Avoidance Policies (continued)

These risks are monitored constantly and are reviewed annually or on a recurring basis, when necessary. Limits of the credit risks at the level of the borrower / bank, producer, sector, and country are quarterly approved by the Board of Directors.

Credit limits for any borrower, including banks, are divided into sub-limits that include the amounts on- and off-balance sheet, and the daily risk limit relating to trading items such as forward foreign exchange contracts. Actual amounts are compared with the daily limits. Exposure to credit risks is also managed through periodic analysis of the ability of borrowers and potential borrowers to meet the repayment of their liabilities and by amending lending limits, if appropriate.

Means of setting limits of to the risks are shown as following:

Guarantees

The Bank adopts many policies and controls to limit the credit risks. These means include the guarantees obtained against borrowed funds. The Bank sets guiding rules for specific acceptable classes of guarantees. The key types guarantee of loans and facilities are:

- Real estate mortgages.
- Mortgage of activity assets such as machinery and merchandise
- Mortgage of financial instruments such as debt instruments and equity.

The financing is often granted in the longer term and loans to the companies are secured. In order to reduce the credit loss to a minimum, the Bank seeks to get additional guarantees from the concerned parties and when indicators of impairment are shown for a loan or facilities. The guarantees taken as collateral for assets other than loans and facilities are determined based on the nature of the instrument. Generally, the debt instruments and treasury bills are not secured, except for Groups of financial instruments covered by Asset-Backed Securities and similar instruments that are secured by a portfolio of financial instruments.

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Master Netting Arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities shown in the balance sheet, as transactions are either usually settled on a gross basis. However, the credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short year, as it is affected by each transaction subject to the arrangement.

Credit Related Commitments

The main purpose of credit-related commitments is to ensure that funds are available to the customer on demand, and financial guarantee contracts carry a credit risk related to loans, and documentary and commercial credits issued by the Bank on behalf of the customer to grant a third party the right to withdraw from the Bank within certain amounts and under specific terms and conditions often secured against the goods being shipped and therefore carries a lower degree of risk than a direct loan.
Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Expected Credit Loss Measurement Policy

The Bank's policy requires defining three stages for classifying financial assets that are measured at amortized cost, loan commitments and financial guarantees, as well as debt instruments at fair value through other comprehensive income, according to changes in credit quality since the initial recognition, and then measuring (expected credit losses) in the value related to these instruments as follows:

The unimpaired financial asset is classified upon initial recognition in Stage 1 and credit risk is monitored on an ongoing basis by the Bank's credit risk department.

If there has been a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2 and the financial asset is not considered impaired at this stage (lifetime expected credit loss in the absence of credit impairment).

If there are indications of impairment in the value of the financial asset, it is transferred to Stage 3, and the Bank relies on the following indicators to determine whether there are objective evidence indicating.

- A significant increase in the rate of interest on the financial asset because of the increase in credit risk.
- Negative material changes in the activity and financial or economic conditions in which the borrower operates.
- A scheduling request because of difficulties facing the borrower.
- Negative material changes in actual or expected operating results or cash flows.
- Early signs of cash flow/liquidity problems such as delays in servicing creditors/business loans.
- Cancellation of a direct facility by the Bank due to the borrower's high credit risk.

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

General Bank Risk Measurement Model

The management performs classifications in the form of a more detailed subGroup to comply with the requirements of the Central Bank of Egypt, and the assets exposed to credit risk are classified according to detailed rules and conditions that depend largely on the information related to the customer, his activity, his financial status, and the extent of his regularity of payment.
The Bank calculates the required provisions in accordance with the instructions of creditworthiness, on the basis of specific ratios by the Central Bank of Egypt, and in the event that the required provisions in accordance with the rules of the Central Bank of Egypt exceed the expected credit losses calculated for the purposes of preparing the financial statements, the general bank risk reserve is set aside within rights ownership with a discount on the distributable profits by the amount of that increase, and this reserve is periodically adjusted by increase or decrease so that it is always equal to the amount of the increase between the two provisions, and this reserve is not distributable.

Following is a table on the creditworthiness levels for institutions in accordance with the internal assessment bases compared to the Central Bank of Egypt assessment bases and the provision ratios required for the impairment of the assets exposed to credit risk:

CBE Rating	Rating description	Provision %	Internal rating description
1	Low Risk	0%	Good debts
2	Moderate Risk	1%	Good debts
3	Satisfactory Risk	1%	Good debts
4	Reasonable Risk	2%	Good debts
5	Acceptable Risk	2%	Good debts
6	Marginally Acceptable Risk	3%	Standard monitoring
7	Watch List	5%	Special monitoring
8	Substandard	20%	Non-performing debts
9	Doubtful	50%	Non-performing debts
10	Bad Debt	100%	Non-performing debts

Maximum limits for credit risk before collateral - items exposed to credit risk (on-balance sheet)

	31 December 2021 EGP
Balances with Central Bank limited to the statutory reserve ratio	1,040,750,961
Treasury bills and other government securities	2,862,308,289
Bank balances	18,756,193,354
Funded facilities to customers	
Loans to individuals:	
Personal loans	2,857,376,023
Credit cards	22,706,697
Debit current accounts	479,867,854
Real estate loans	434,967,591

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

General Bank Risk Measurement Model (continued)

Maximum limits for credit risk before collateral - items exposed to credit risk (on-balance sheet) (continued)

	31 December 2021 EGP
Loans to corporate entities:	
Debit current accounts	741,503,130
Direct loans	5,206,422,091
Syndicated loans	1,539,360,392
Financial investments	
Debt instruments	10,732,514,653
Other assets - accrued revenue	556,958,752
	45,230,929,787

Credit risk exposure item without taking collaterals (off-balance sheet):

Commitments on irrevocable loans and other obligations related to credit

	31 December 2021 EGP
Acceptances on supplier facilities	247,165,416
Letters of credit	111,635,866
Letters of guarantee	1,839,630,521
	2,198,431,803

The above table represents the maximum bank exposure to credit risk 31 December 2021, without taking in consideration any collateral held for in balance sheet items, the balances included are based on net carrying amounts as reported in the balance sheet and as shown above, 24.98% of the total maximum exposure is derived from Funded facilities to customersagainst 26.58 % at 31 December 2020; while 30.05 % represents investments in debt instruments.

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

General Bank Risk Measurement Model (continued)

Credit risk exposure item without taking collaterals (off-balance sheet) (continued):

Commitments on irrevocable loans and other obligations related to credit (continued)

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both its loan and facility portfolio and debt Instruments based on the following:

- 87 % of the loans and facility portfolio is categorized in the top two grades of the internal rating system against 88% on 31 December 2020.
- 71% of the loans and facility portfolio without accruals or impairment indicators against 66% at 31 December 2020.
- 97 % of the investments in debt instruments and treasury bills represent the debt instruments on Egyptian Government against 99% at 31 December 2020.

Loans and facilities

Balances of loans and facilities at 31 December 2021 are set out below:

	31 December 2021
	EGP
Stage 1	8,110,564,194
Stage 2	1,319,413,647
Stage 3	1,852,225,937
Total	11,282,203,778
Less:	
Expected credit losses	(1,580,930,537)
Earmarked interests	(83,171,285)
Interest payable	(73,185,196)
Net	9,544,916,760

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Loans and facilities according to past due periods

31 December 2021	Retail				Corporate			EGP
Grades	**Debit current accounts**	**Credit cards**	**Personal loans**	**Real estate loans**	**Debit current accounts**	**Direct loans**	**Syndicated loans**	**Total loans and facilities to customers**
Performing /No Dues	479,867,854	17,295,694	2,354,893,361	419,712,758	740,415,125	2,807,300,027	1,146,805,347	7,966,290,166
Past due up to 30 days	-	-	244,873,626	7,499,069.00	-	356,535,071	129,379,779	738,287,545
Past due 30-60 days	-	1,762,391	94,250,421	2,981,823.00	-	376,140,386	-	475,135,021
Past due more than 60 to 90 days	-	681,027	20,556,337	157,313	-	55,734,894	-	77,129,571
Impairment	-	2,967,585	142,802,278	4,616,628	1,088,005	1,610,711,713	263,175,266	2,025,361,475
Total	479,867,854	22,706,697	2,857,376,023	434,967,591	741,503,130	5,206,422,091	1,539,360,392	11,282,203,778

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Restructured loans and facilities
Restructuring activities include extending payment arrangements, implementing forced management programs, modifying and postponing payments. Policies for implementing restructuring depend on indicators or criteria that indicate that there is a high probability of Continued payments, based on the personal judgment of management. These policies are subject to continuous review. It is usual to apply restructuring to long-term loans, especially customer financing loans, and the renegotiated loans amounted to EGP 260,314 thousand, compared to EGP 309,361 thousand at 31 December 2022.

Written-off loans
In accordance with the Board of Directors' decision or its specialized committees, the written-off loans from the non-performing loans are written-off against its related loan loss provisions and that step is made after exhausting all the possible recovery processes.

Debt Instruments and Treasury Bills
The table below presents an analysis of debt instruments, and other treasury bills according to the rating agencies at 31 December 2021, based on Standard & Poor's rating and equivalent.

31 December 2021	Treasury bills & other Governmental securities	Debt Instruments	Total
B	2,861,645,581	10,732,516,040	13,594,161,621

35 Financial risk management (continued)

35.1 Credit risk (continued)

Risk management framework in aiBank (continued)

Activity segments

The following table represent the analysis of the Bank’s main credit exposure at carrying value categorized by the activities practiced by the bank's customers.

31 December 2021	*Commercial activity*	*Industrial activity*	*Financial institutions*	*Real estate companies*	*Governmental sector*	*Other Activities*	*Individuals*	*EGP Total*
Cash and balances with Central Bank	-	-	1,040,750,961	-	-	-	-	1,040,750,961
Due from banks	-	-	18,756,193,281	-	-	-	-	18,756,193,281
Loans and facilities to retail customers								
Debit current accounts	-	-	-	-	-	-	479,867,854	479,867,854
Personal loans	-	-	-	-	-	-	2,857,376,023	2,857,376,023
Credit cards	-	-	-	-	-	-	22,706,697	22,706,697
Real estate loans	-	-	-	-	-	-	434,967,591	434,967,591
Corporate loans								
Debit current accounts	1,462,633	304,265,816	16,396,602	222,156,655	568,143	196,653,281	-	741,503,130
Direct loans	56,870,622	2,734,411,392	341,397,565	538,775,182	66,763,741	1,468,203,589	-	5,206,422,091
Syndicated loans	-	69,966,961	-	602,195,521	319,822,629	547,375,281	-	1,539,360,392
Financial Investments								
Debt instruments	-	-	-	-	13,594,824,329	-	-	13,594,824,329
Other assets	-	-	-	-	-	1,701,582,318	-	1,701,582,318
Total at 31 December 2021	58,333,255	3,108,644,169	20,154,738,409	1,363,127,358	13,981,978,842	3,913,814,469	3,794,918,165	46,375,554,667

35 Financial risk management (continued)

35.2 Market Risk

Risk management framework in aiBank

The Bank is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of sensitivity of market rates or prices such as interest rates, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non- trading portfolios.

The management of market risks arising from trading or non-trading activities is concentrated in the market risk management of the Bank and is monitored by two teams separately. Periodic reports on market risks are submitted to the Board of Directors and heads of each business unit.

Trading portfolios include those positions arising from the Bank's dealings directly with customers and market-making transactions, where the Bank acts as a principal with customers or with the market Non-trading portfolios primarily arise from the interest rate management of the entity's retail and commercial banking assets and liabilities, these portfolios include foreign exchange and equity risks arising from investments at amortized cost and at fair value through other comprehensive income.

The Bank uses the method of relating debit interest rate with credit interest rate to avoid the risk of fluctuations in interest rate. The Bank also depends on fluctuated interest rate which does not exceed 3 months except in specific cases interest rates are specified for longer period relating resources portfolio with application portfolio to get return that covers its costs.

In addition, the Bank should not exceed the following:

i. The surplus amount of any foreign currency positions should not exceed 1 % of the capital base
ii. The total surplus of foreign currency positions should not exceed 2 % of capital base
iii. The total shortage amount in the position of any currency should not exceed 10 % of capital base
iv. The total shortage of (local/foreign) currency positions should not exceed 20 % of capital base

Market Risk Measurement Techniques

The exchange rate risk is measured and hedged by daily follow-up of foreign exchange rates and purchase or sale operations in proportion to market prices with the adoption of limits for foreign currency positions and daily stop-loss limits in proportion to the risks acceptable to the Bank.

The risk of interest rate movements is measured using the standard method for measuring the gap that affects the Bank's profits or the economic value of the Bank.

The risks of securities rate fluctuations are measured. The Market Risk Department follows up on the classification, sale, and purchase of financial investments for the purpose of trading and making a daily assessment of them with close follow-up and working to set the necessary limits for them, in cooperation with the treasury sector, while measuring the value at risk of those instruments if they are kept for the purpose of trading to determine the extent of potential losses.

Liquidity risk is measured by managing all assets and liabilities inside and outside the balance sheet in line with the Bank's objectives in its management, through the ALCO committee, which identifies the sources from which liquidity risks arise with the management of market risks and the work of possible scenarios for liquidity pressure and management in case of crises.

35 Financial risk management (continued)

35.2 Market Risk (continued)

Risk management framework in aiBank (continued)

Market Risk Measurement Techniques (Continued)

The causes of market risks are due to the risk of interest rates and exchange rate risks that arise due to the Bank's daily activities. The Bank manages the risks it is exposed to in the market through a comprehensive framework that reflects the limited acceptance of those risks. All reports are presented to the Risk Committee and the Assets and Liabilities Committee of the Bank. market risks are measured as follows:

Measuring the interest rate risk for positions held not for the purpose of trading, which is the risk that arises from unfavourable movements in the prevailing interest rates in the market during a certain period of time, which may negatively affect the Bank's profitability and the economic value of its equity and consequently the bank's position and the Bank's profitability. The Bank calculates the qualitative and quantitative requirements regarding the rate of interest risks of the positions held for non-trading purposes, while carrying out stress tests on them.

Value at risk of non-trading purpose according to risk type

	EGP 31 December 2021		
	Average	**Higher**	**Lower**
Interest rate risk	**72,648**	**210,318**	**60,119**

Foreign exchange fluctuation risk

The Bank is exposed to the effects of fluctuations in the foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign currency exchange rate risk at the end of financial year, and Bank's financial instruments at carrying amounts, categorized by currency.

35 Financial risk management (continued)

35.2 Market Risk (continued)

Risk management framework in aiBank (continued)

Foreign exchange fluctuation risk (continued)

31 December 2021	*EGP*	*US Dollar*	*Euro*	*Sterling Pound*	*Other Currencies*	*EGP Total*
Financial Assets:						
Cash and balances with Central Bank	994,200,469	30,882,121	14,575,747	598,968	493,656	1,040,750,961
Due from banks	18,100,642,495	444,826,782	66,948,890	123,213,116	20,562,071	18,756,193,354
Funded facilities to customers	8,764,393,748	673,023,552	107,499,460	-	-	9,544,916,760
Financial investments:						
Financial investments through other comprehensive income	1,791,069,222	1,758,379,721	59,279,838	-	-	3,608,728,781
Financial investments at amortized cost	8,301,889,641	1,748,389,277	-	-	-	10,050,278,918
Financial investments in subsidiaries and associates	349,071,874	-	-	-	-	349,071,874
Other financial assets	517,872,030	37,021,756	2,065,638	299	28	556,959,751
Total financial assets at 31 December 2021	38,819,139,479	4,692,523,209	250,369,573	123,812,383	21,055755	43,906,900,399
Financial liabilities:						
Due to banks	4	994,538,350	53,383,350	-	8,372,420	1,056,294,124
Customers' deposits	34,500,601,892	3,741,442,765	195,975,749	123,967,682	2,749,283	38,564,737,371
Other financial liabilities	450,843,670	16,058,283	1,634,285	49,343	4,487	468,590,068
Total financial liabilities at 31 December 2021	34,951,445,566	4,752,039,398	250,993,384	124,017,025	11,126,190	40,089,621,563
Net financial position at 31 December 2021	3,867,693,913	(59,516,189)	(623,811)	(204,642)	9,929,565	3,817,278,836

Interest rate risk

The Bank is exposed to the effects of fluctuations in the levels of the prevailing interest rate in the market, i.e., the risk of cash flows of the interest rate represented in the fluctuation of future cash flows of a financial instrument due to changes in the interest rate of the instrument and fair value risk of the interest rate, i.e., is the risk of fluctuations in the value of the financial instrument as a result of a change in the interest rates in the market. The interest margin may increase due to these changes; however, the profits may decrease if unexpected movements occur. The Bank's Board of Directors sets limits for the level of variation in interest re-pricing that can be maintained by the Bank, and this is monitored daily by the Bank's fund management.

35 Financial risk management (continued)

35.2 Market Risk (continued)

Risk management framework in aiBank (continued)

Interest rate risk (Continued)

The tables below summaries the Bank 's exposure to the interest rate fluctuations risk that include carrying amount of the financial instruments categorized based on the repricing dates or the maturity date – whichever is earlier.

31 December 2021	Up to 1 month	More than 1 month to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Without interest	EGP Total
Financial Assets							
Cash and balances with Central Bank	-	-	-	-	-	1,040,750,961	1,040,750,961
Due from banks	5,402,810,345	421,440,453	12,799,050,308	-	-	132,892,248	18,756,193,354
Treasury bills and other government securities	182,890,280	675,120,983	1,103,210,000	3,411,370,520	2,006,413,323	2,165,911,654	9,544,916,760
Funded facilities to customers	-	-	-	-	-	-	-
Financial investments							
Financial investments through other comprehensive income	-	2,085,010,076	777,240,876	146,300,321	502,490,356	97,687,152	3,608,728,781
Financial investments at amortized cost	513,950,054	-	1,923,270,034	6,442,640,478	1,170,418,352	-	10,050,278,918
Investments in associates	-	-	-	-	-	349,071,874	349,071,874
Other financial assets	-	-	-	-	-	1,701,582,318	1,701,582,318
Total assets	6,099,650,679	3,181,571,512	16,602,771,218	10,000,311,319	3,679,322,031	5,487,896,207	45,051,522,966
Financial liabilities							
Due to banks	1,008,690,258	-	-	-	-	47,603,865	1,056,294,123
Customers' deposits	2,436,630,056	5,730,770,037	8,388,970,024	21,653,325,025	290,326,254	64,715,975	38,564,737,371
Other financial liabilities	-	-	-	-	-	468,587,135	468,587,135
Total liabilities	3,445,320,314	5,730,770,037	8,388,970,024	21,653,325,025	290,326,254	580,906,975	40,089,618,629
Re-pricing gap at 31 December 2021	2,654,330,365	(2,549,198,525)	8,213,801,194	(11,653,013,706)	3,388,995,777	4,906,989,232	4,961,904,337

35 Financial risk management (continued)

35.2 Market Risk (continued)

Risk management framework in aiBank (continued)

Interest rate risk (Continued)

Sensitivity analysis of interest rate

Changes in interest rates affect equity by the following ways:
Retained Earnings: Increase or decrease in the net interest income and fair value of the financial derivatives included in profits and losses.
Fair value reserve: Increase or decrease in the fair value of the financial assets at fair value through other comprehensive income recognized directly in the statement of other comprehensive income.

35.3 Liquidity risk

Risk management framework in aiBank

Liquidity risk is the risk that the Bank is unable to meet its 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 obligation to repay depositors and fulfil commitments to lending.

Liquidity Risk Management

The Bank's liquidity management process, as carried out within the Bank and monitored by Assets & Liabilities Committee, includes:

i. Day-to-day funding managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or borrowed by customers. The Bank maintains an active presence in global money markets to enable this to happen.
ii. Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
iii. Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.
iv. Managing the concentration and profile of debt maturities.

For monitoring and reporting purpose, the cash flow is measured and projected for the next day, week and month respectively, which are key periods for liquidity management. The starting point for those projections represented in the contractual maturity analysis of the financial liabilities and the expected collection date of the financial assets.

Asset and liability management also monitors unmatched medium-term assets, the level and type of undrawn loan commitments, the usage of debit current account facilities and the impact of contingent liabilities such as letters of guarantees and credits.

The following table represent the analysis of the Bank's liquidity coverage ratio:

	31 December 2021
Total value of high-quality liquid assets (1)	12,071,343,001
Total Cash outflow	13,721,301,205
Total Cash inflow within the limit The value less than: Total Cash Inflows ‹75% from Total Cash outflows)"	4,145,603,005
Net cash outflows (2)	9,575,698,200
Liquidity coverage ratio (1/2)	126.06%

35 Financial risk management (continued)

35.4 Capital management

Risk management framework in aiBank

The Bank's objectives on managing capital, which include other elements in addition to the equity shown in the balance sheet, are as follows:

- Compliance with the legal requirements of capital in the Arab Republic of Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to continue generating income for shareholders and other parties dealing with the Bank.
- Maintaining a strong capital base that supports the growth of activity.

The capital adequacy and capital uses are daily reviewed according to the requirements of the Central Bank of Egypt by the Bank's management, through forms based on the guidelines of the Basel Committee on Banking Supervision. The required data are submitted and provided to the Central Bank of Egypt on a quarterly basis.

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

- Maintain one billion Egyptian pounds as a minimum for issued and paid-up capital.
- Maintain a ratio equal to or more than 10% between the elements of capital and the elements of assets and contingent liabilities weighted by risk weights.

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

Tier I after disposals includes the following:

Some of the items that will be deducted/ will not be considered and mentioned in the "supervisory instructions on the minimum ratio of capital adequacy", Chapter II on the capital base will be dealt with later as stated in the instructions.

- Continuing core capital after disposals (CET1-Common Equity).
- Additional core capital

There are some items that will be deducted/ not considered and mentioned in the "supervisory instructions on the minimum ratio of capital adequacy", Chapter II on the capital base. These items are deducted from the continuous core capital if the balance is negative, while they are not considered if it is positive.

Tier II after disposals

It includes 45% of the special reserve, loans and subordinated deposits within the limits of the prescribed percentage, as well as the considerable provisions required against the debt instruments, loans, credit facilities and contingent liabilities included in the first stage (Stage 1).

The capital adequacy ratio model includes some important notes and points which are as follows:

1. Reserves: include legal, general, statutory, supportive and capital reserves only.

2. The "general risk reserve" is formed on the beginning date of the application of International Financial Reporting Standard (IFRS 9), in accordance with the supervisory instructions issued to banks on 26January 2019. It includes the special reserve – credit, the general bank risk reserve - credit and the reserve risk of standard (9), considering that in the subsequent periods of application, the Bank shall abide by what is stated within the instructions on minimum capital adequacy ratio "which is not to consider the bank risk reserve when calculating the ratio."

35 Financial risk management (continued)

35.4 Capital management (continued)

Risk management framework in aiBank (continued)

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

Tier II after disposals (continued)

3. The values of accumulated other comprehensive income items, whether they are positive or negative, are considered.

4. Interim profits/ (losses): It is allowed to record the net interim profits within the capital base after the limited inspection report prepared by the auditor on the Bank's financial statements on a quarterly basis. As for the interim losses, they are presented without any conditions.

5. It does not include the part related to credit, and the explanatory instructions of the rules on the preparation and presentation of the financial statements issued by the Central Bank in April 2009, page 7, item (9) must be perused.

6. It should not exceed 1.25% of total assets and contingent liabilities weighted for credit risk, provided that the required provisions against debt instruments, loans, credit facilities and contingent liabilities included in the Stage 2 and Stage 3 are sufficient to meet the obligations for which the provision is formed.

7. "The value of exceeding the limits set for investments in countries, weighted by risk weights."

8. This value must be included in accordance with Form No. 720 related to investments in countries abroad, taking into account that the value of the capital base listed in the aforementioned statement must be adjusted according to the calculated value.

* The continuing core capital after the regulatory adjustments is Clause 1.1 before excluding contributions to financial companies (shares or investment funds) represented in Clause 1.3.1.1.
* Continuing core capital before regulatory adjustments means paid-up capital, reserves, retained earnings, general risk reserve, and accumulated other comprehensive income items net of goodwill and treasury shares.
* Subordinated loans (deposits): provided that they do not exceed 50% of Tier I after disposals and that 20% of its value is consumed in each of the last five years.

35.5 Financial leverage ratio

Risk management framework in aiBank

The Board of Directors of the Central Bank of Egypt, in its session held on 7 July, issued a decision approving the supervisory instructions related to the financial leverage, besides the banks' compliance with the stipulated minimum percentage (3%) on a quarterly basis, as follows:

This is in preparation for the consideration of it within the first pillar of Basel decisions (the minimum capital adequacy ratio) for maintaining the strength and integrity of the banking sector and keeping pace with the best international control practices in this regard.

The financial leverage reflects the relationship between Tier I of capital used in capital adequacy ratio (after disposals) and the Bank's assets (inside and outside the balance sheet) unweighted with risk weights.

36 Fair Value of Financial Assets and Liabilities

Financial instruments measured at fair value

Bank balances

The fair value of one-day variable-rate placements and deposits represent their present value, and the expected fair value of variable-rate deposits is estimated based on the discounted cash flows using the interest rate prevailing in the capital markets for debts that have similar credit risk and maturity date.

Loans and facilities to banks

Loans and facilities to banks represent loans other than bank deposits. The expected fair value of loans and facilities is the discounted value of future cash flows expected to be collected and the cash flows are discounted using the current market interest rate for determining the fair value to determine the fair value to meet all the requirements. This includes replacement of funds on maturity or upon being lent to customers. The Bank is present in global money markets to achieve this objective.

Funded facilities to customers

They are recognized at net value after deduction of provision for impairment loss. The expected fair value for these loans and facilities represents the discounted value of estimated future cash flows expected to be collected. Cash flows are deducted using the current interest rate in the market to specify the fair value.

Investments in securities

Assets through other comprehensive income or profit or loss are carried at fair value. The fair value is determined based on market prices. If such data is not available, fair value is estimated using prices of capital markets for traded securities with similar credit characteristics, dates of maturity and rates.

Due to other banks and customers

The estimated fair value of deposits with undefined maturity date including interest bearing deposits is the amount to be paid upon request. The fair value of fixed interest deposits and non-current other loans are determined in an active market based on discounted cash flows using the interest rate on new debts with similar maturity dates.

Issued debt Instruments

Total fair value is calculated based on prices ruling in the capital markets. For securities with no active markets, discounted cash flow model is used based on the current rate appropriate with the remaining period to date of maturity.

Financial instruments not measured at fair value

Financial investments at amortized cost

They include held-to-maturity financial investments that are listed in the market and are measured at amortized cost in case of bonds, and with respect to investment funds, the evaluation is done at the recoverable amount (fair value).

Management believes that the fair value is not materially different from the carrying amount of these assets.

Due from banks

The fair value of one-day variable-rate placements and deposits represent their present value, and the expected fair value of variable-rate deposits is estimated based on the discounted cash flows using the interest rate prevailing in the capital markets for debts that have similar credit risk and maturity date.

36 Fair Value of Financial Assets and Liabilities (continued)

Loans and facilities to banks

Loans and facilities to banks represent loans other than bank deposits. The expected fair value of loans and facilities is the discounted value of future cash flows expected to be collected and the cash flows are discounted using the current market interest rate for determining the fair value. Loans and facilities are presented net of provision for impairment losses.

Fair value measurement - fair value hierarchy:

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuatio1 techniques.

For financial instruments that trade infrequently and have little price transparency fair value is less objective, and requires varying degrees of judgment depending 0 liquidity, concentration, uncertainty of market factors, pricing assumptions another risks affecting the specific instrument.

Fair values of financial instruments

a) Valuation models

The Group measures fair values using the following fair value hierarchy, whic reflects the significance of the inputs used in making the measurements. Th Group has an established control framework with respect to the measurement of fair values.

This includes a valuation team that has overall responsibility for overseeing a significant fair value measurements, including level 3 fair values, and report directly to the CFO.

The valuation team regularly reviews significant unobservable inputs an valuation adjustments.

If third party information, such as broker quotes or pricing services, is used t measure fair values, then the valuation team assesses the evidence obtaine from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in whic such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee. When measuring the fair value of an asset or liability, the Group uses mark observable data as far as possible. Fair values are categorized into differe levels in a fair value hierarchy based on the inputs used in the valuatio techniques as follows.

Level 1: inputs that are quoted market prices (unadjusted) in active markets f identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derive from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted price for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

36 Fair Value of Financial Assets and Liabilities (continued)

Fair values of financial instruments (continued)

b) Financial instruments measured at fair value

The following tables analyses financial instruments measured at fair value at the reporting date, the amounts are based on the values recognized in the statement of financial position:

31 December 2021 (In EGP)	Carrying amount: Designated at fair value through P/L	Carrying amount: Amortized Cost	Carrying amount: Designated at fair value through OCI	Carrying amount: Other Financial Liabilities	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial assets measured at Fair Value:									
Investments measured at Fair Value through profit or loss	8,002,539,778	-	-	-	8,002,539,778	738,094,101	4,092,333,799	3,172,111,878	8,002,539,778
Investments measured at Fair Value through OCI	-	-	16,820,480,365	-	16,820,480,365	1,851,077,240	14,899,135,327	70,267,798	16,820,480,365
	8,002,539,778	-	16,820,480,365	-	24,823,020,143	2,589,171,341	18,991,469,126	3,242,379,676	24,823,020,143
Financial assets not measured at fair value:									
Cash and Cash equivalents	-	30,876,257,819	-	-	30,876,257,819	-	-	-	-
Funded facilities to customers	-	19,625,924,145	-	-	19,625,924,145	-	-	-	-
Accounts receivable	-	5,611,375,904	-	-	5,611,375,904	-	-	-	-
Investments at amortized cost	-	10,050,278,918	-	-	10,050,278,918	-	-	-	-
Other assets	-	2,561,079,667	-	-	2,561,079,667	-	-	-	-
	-	68,724,916,453	-	-	68,724,916,453	-	-	-	-
Financial Liabilities measured at fair value:									
Accounts payable-Customers credit balances at fair value through profit and loss	3,890,060,348	-	-	-	3,890,060,348	-	3,890,060,348	-	3,890,060,348
	3,890,060,348	-	-	-	3,890,060,348	-	3,890,060,348	-	3,890,060,348

36 Fair Value of Financial Assets and Liabilities (continued)

Fair values of financial instruments (continued)

b) Financial instruments measured at fair value (continued)

	Carrying amount					Fair value			
31 December 2021 **(In EGP)**	**Designated at fair value through P/L**	**Amortized Cost**	**Designated at fair value through OCI**	**Other Financial Liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Liabilities not measured at fair value:									
Due to banks and financial institutions	-	-	-	17,736,580,111	17,736,580,111	-	-	-	-
Customer deposits	-	-	-	38,564,737,371	38,564,737,371	-	-	-	-
Loans and borrowings	-	-	-	5,501,069,487	5,501,069,487	-	-	-	-
Creditors and other credit balances	-	-	-	3,157,995,391	3,157,995,391	-	-	-	-
Account payable-customer credit balances	-	-	-	8,537,833,096	8,537,833,096	-	-	-	-
Short term bonds	-	-	-	550,000,000	550,000,000	-	-	-	-
	-	-	-	74,048,215,456	74,048,215,456	-	-	-	-

36 Fair Value of Financial Assets and Liabilities (continued)

Fair values of financial instruments (continued)

b) Financial instruments measured at fair value (continued)

31 December 2020 (In EGP)	Carrying amount: Designated at fair value through P/L	Carrying amount: Amortized Cost	Carrying amount: Designated at fair value through OCI	Carrying amount: Other Financial Liabilities	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial assets measured at Fair Value:									
Investments measured at Fair Value through profit or loss	5,744,078,663	-	-	-	5,744,078,663	778,566,254	2,276,967,100	2,688,545,309	5,744,078,663
Investments measured at Fair Value through OCI	-	-	10,097,642,055	-	10,097,642,055	104,554,341	9,952,082,381	41,005,333	10,097,642,055
	5,744,078,663	-	10,097,642,055	-	15,841,720,718	883,120,595	12,229,049,481	2,729,550,642	15,841,720,718
Financial assets not measured at fair value:									
Cash and Cash equivalents	-	7,397,790,093	-	-	7,397,790,093	-	-	-	-
Funded facilities to customers	-	8,189,679,143	-	-	8,189,679,143	-	-	-	-
Accounts receivable	-	4,734,488,970	-	-	4,734,488,970	-	-	-	-
Investments at amortized cost	-	-	-	-	-	-	-	-	-
Other assets	-	621,212,320	-	-	621,212,320	-	-	-	-
	-	20,943,170,526	-	-	20,943,170,526	-	-	-	-
Financial Liabilities measured at fair value:									
Accounts payable-Customers credit balances at fair value through profit and loss	2,022,981,775	-	-	-	2,022,981,775	-	2,022,981,775	-	2,022,981,775
	2,022,981,775	-	-	-	2,022,981,775	-	2,022,981,775	-	2,022,981,775

36 Fair Value of Financial Assets and Liabilities (continued)

Fair values of financial instruments (continued)

b) Financial instruments measured at fair value (continued)

	Carrying amount					Fair value			
31 December 2020 (In EGP)	**Designated at fair value through P/L**	**Amortized Cost**	**Designated at fair value through OCI**	**Other Financial Liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Liabilities not measured at fair value:									
Due to banks and financial institutions	-	-	-	9,235,466,908	9,235,466,908	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-
Loans and borrowings	-	-	-	4,117,731,698	4,117,731,698	-	-	-	-
Creditors and other credit balances	-	-	-	2,408,136,351	2,408,136,351	-	-	-	-
Account payable-customer credit balances	-	-	-	5,486,303,627	5,486,303,627	-	-	-	-
Short term bonds	-	-	-	500,000,000	500,000,000	-	-	-	-
	-	-	-	21,747,638,584	21,747,638,584	-	-	-	-

37 Subsequent events

With the outbreak of COVID-19 pandemic all over the world, the year 2020 witnesses a slowdown in the economic activities till date. Accordingly, the Group's management has formed a taskforce to develop and implement the emergency plan to face these exceptional circumstances. Several measures have been taken, including a plan to split the employee workforce whereby 50% of the employees will work from the office, while the remaining 50% will work remotely from home. The management is closely monitoring the situation to ensure the safety of the Group's employees.

38 Egyptian pound devaluation and Russia / Ukraine war and the geopolitical situation

Post the closure of the financial statements, a number of events have taken place both globally and in specific regions where EFG Hermes operates. Of these events the war in Ukraine and the devaluation of the EGP have the most direct effects. On March 22nd 2022, The USD-EGP devalued c14% in that day's trading, hitting a five-year low. The CBE held a special meeting, in which it hiked policy rates by 100bps (corridor rate now at 9.75%), citing global inflationary pressures caused by both the pandemic and the war in Ukraine. The Egyptian economy is currently facing head winds amidst the ongoing global challenges and has officially requested support from the IMF to implement the country's comprehensive economic programme, Egypt has also received various support packages from its Neighboring GCC allies in the form of investments and/or deposits in the CBE to shore up its foreign currency reserves. The war in Ukraine, although negative on the global front and on Egypt in particular (Egypt also imports a large percentage of its wheat need from Ukraine and Russia, while c.20% to 30% of its tourist recipients come from both countries) has leaded to an elevated oil price. This has a positive impact on a number of GCC countries and in particular KSA, UAE and Kuwait which are 3 important markets that EFG Hermes operates in. The governments of these countries and particularly KSA and UAE continue with their reform programs leading to increased economic and capital market activity and hence a positive outlook for EFG Hermes's operations in those countries.

39 UAE Federal Corporate Tax announcement

The Ministry of Finance (MOF) announcing on 31 January 2022 that federal corporate income tax (CIT) will be introduced in the UAE. The CIT regime is expected to apply for fiscal years starting on or after 1 June 2023, this move is motivated by UAE's desire to meet international tax standards, following similar moves in neighbouring Gulf states.

40 FAB announcement and status on bid to acquire EFG Hermes

On February 9th, 2022, EFG Hermes Holding has received a non-binding offer from First Abu Dhabi Bank (FAB), UAE's leading and largest bank, for a potential cash acquisition of a majority stake, of not less than 51% of the issued shares of the Group at an indicative purchase price of EGP19 per share. The completion of the transaction and the final purchase price is conditional upon the completion of a satisfactory comprehensive due diligence on the Group, and the receipt of the required regulatory approvals; upon which a mandatory tender offer will be made to all shareholders of the Group, in accordance with Law 95 of 1992 and its executive regulations.

40 FAB announcement and status on bid to acquire EFG Hermes (continued)

The offer stresses on the outstanding reputation of EFG Hermes in regional and international markets and recognizes its strong management team, high standards of corporate governance, and strong brand equity. The offer also views the employees of the Group as a vital component of the organization's ability to compete and succeed.

On April 14th, 2022: The Financial Regulatory Authority "FRA" received from First Abu Dhabi "FAB" a letter with regards to the withdrawal of their intention to submit a Mandatory Tender Offer to acquire the shares of EFG Hermes Holding SAE.