AHLI UNITED BANK S.A.E

Standalone Financial Statements

Together With Auditors' Report

For The Year Ended December 2021

Index

AUDITORS' REPORT

To the shareholders of Ahli United Bank Egypt (SAE)

Report on the separate financial statements

We have audited the accompanying separate financial statements of Ahli United Bank Egypt (SAE) which comprise the separate financial position as of 31 December 2021 and the separate income statement, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the separate financial statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the rules of preparation and presentation of Banks' financial statements issued by the Central Bank of Egypt on 16 December 2008 as amended by the regulation issued on February 26, 2019 and in light of the prevailing Egyptian laws. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Ahli United Bank Egypt (SAE) as of 31 December 2021 and of its separate financial performance and its separate cash flows for the year then ended in accordance with the rules of preparation and presentation of banks' financial statements issued by the Central Bank of Egypt on 16 December 2008 as amended by the regulation issued on February 26, 2019 and the Egyptian laws and regulations relating to the preparation of this separate financial statements.

Report on legal and other regulatory requirements

No violations of any of the provisions of Central Bank and Banking System Law No. 194 of 2020 are noted during the financial year ended 31 December 2021.

The Bank keeps proper books of account that comply with all the requirements of provisions of Law and Bank's bylaws and the separate financial statements are in accordance with such books of account.

The financial information included in the report of the Board of Directors prepared according to Law no. 159 of 1981 and its executive regulation is in accordance with such books of account, to the extent it is included in the books of account.

Cairo: 3 February 2022

A Member Of
Ernst & Young Global

Auditors

CHANGE
CHARTERED ACCOUNTANTS

Amr Waheed Bayoumi
Egyptian Financial Supervisory Authority Register no.358

Allied for Accounting & Auditing EY

Ahmed Adbel Hady
Egyptian Financial Supervisory Authority Register no.287

Change Chartered Accountants

AHLI UNITED BANK EGYPT S.A.E

STANDALONE BALANCE SHEET
As of 31 December 2021

	Notes	*31 December 2021 EGP Thousands*	*31 December 2020 EGP Thousands*
ASSETS			
Cash and balances with Central Bank of Egypt	(15)	**5,500,878**	4,546,189
Due from banks	(16)	**4,768,772**	3,769,782
Treasury bills	(17)	**1,966,954**	7,134,231
Loans and advances to customers & banks (net)	(18)	**36,481,047**	29,451,950
Financial Investments			
- Financial assets at fair value through other comprehensive income	(20)	**10,502,774**	6,735,487
- Financial assets at Amortized cost	(20)	**2,504,245**	2,667,414
- Financial assets at Fair value through profit or loss	(20)	**34,269**	31,621
Financial Investments in subsidiaries	(22)	**54,468**	54,468
Investments properties (net)	(23)	**34,659**	35,058
Other assets	(24)	**1,588,181**	1,104,891
Property, plant and equipment (net)	(25)	**824,618**	630,019
TOTAL ASSETS		**64,260,865**	56,161,110
LIABILITIES AND EQUITY			
Due to banks	(26)	**325,444**	21,216
Derivative financial instruments	(19)	**6,674**	15,128
Borrowings under repurchase agreements	(17)	**10,152**	20,156
Customers' deposits	(27)	**53,537,115**	46,578,918
Other liabilities	(28)	**1,152,456**	1,239,998
Other provisions	(29)	**156,456**	161,937
TOTAL LIABILITIES		**55,188,297**	48,037,353
EQUITY			
Issued and paid-up-capital	(30)	**3,000,000**	3,000,000
Transferred under capital increase	(30)	**2,000,000**	-
Reserves	(31)	**676,715**	680,177
Retained earnings including net profit for the current year	(31)	**3,395,853**	4,443,580
TOTAL SHAREHOLDERS' EQUITY		**9,072,568**	**8,123,757**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**64,260,865**	56,161,110

Hala Hatem Sadek
CEO & Board Member

- The accompanying notes, (1) to (38) form an integral part of the standalone financial statements and to be read therewith.
- Audit report attached

AS

AHLI UNITED BANK EGYPT S.A.E

STANDALONE INCOME STATEMENT

For The Year Ended 31 December 2021

	Note	*31 December 2021* *EGP Thousands*	*31 December 2020* *EGP Thousands*
Interest from loans and similar revenues	(6)	**5,153,121**	5,004,248
Interest on deposits and similar expenses	(6)	**(3,089,523)**	(2,975,309)
Net interest income		**2,063,598**	2,028,939
Fees and commission revenue	(7)	**349,607**	319,337
Fees and commission expense	(7)	**(30,070)**	(26,709)
Net fees and commission income		**319,537**	292,628
Dividend income	(8)	**8,464**	5,846
Net trading income	(9)	**86,475**	104,099
Gain on financial investments	(21)	**56,492**	87,372
Impairment charges for credit loss	(12)	**(451,948)**	(159,418)
Administrative expenses and depreciation	(10)	**(832,771)**	(713,591)
Other operating income	(11)	**48,453**	11,732
Net profit before income tax		**1,298,300**	1,657,607
Income tax expense	(13)	**(145,248)**	(471,349)
Net profit for the year		**1,153,052**	1,186,258
Earnings per share	(14)	**3.40**	3.48

The accompanying notes, (1) to (38) form an integral part of the standalone financial statements and to be read therewith.

AHLI UNITED BANK EGYPT S.A.E

STANDALONE STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2021

	31 December 2021 EGP Thousands	*31 December 2020 EGP Thousands*
Net profit for the year	**1,153,052**	1,186,258
Income items that will not be transferred to profit or loss		
Net change in fair value of equity instruments measured at fair value through other comprehensive income	**3,747**	(3,053)
Items that is or may be transferred to profit or loss		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	**(72,954)**	(82,367)
Fair value hedge – change in fair value of interest rate swaps	**8,376**	(6,066)
Expected credit loss of debt instruments measured at fair value through other comprehensive income	**(2,633)**	(3,022)
Total comprehensive income for the year	**1,089,588**	1,091,750

The accompanying notes, (1) to (38) form an integral part of the standalone financial statements and to be read therewith.

AHLI UNITED BANK EGYPT S.A.E

STANDALONE CASH FLOW

For The Year Ended 31 December 2021

	Notes	*31 December 2021* *EGP Thousands*	*31 December 2020* *EGP Thousands*
Operating activities			
Profit before income tax		**1,298,300**	1,657,607
Adjustments:			
Depreciation	(10)	**82,037**	67,398
Net impairment charges to Loans to Customers	(12)	**454,547**	160,225
Other provisions (released) during the year	(29)	**(3,269)**	(32,603)
Impairment Credit losses - Due from banks	(12)	**22**	1,753
Revaluation differences of other provisions in foreign currencies	(29)	**(79)**	(819)
Gain on sale of property, plant and equipment		**(1,001)**	-
Amortization of premium	(20)	**25,647**	(23,457)
Impairment credit loss release - Debt instruments at FVTOCI	(12)	**(2,623)**	(3,008)
Revaluation difference of Financial investments in foreign currencies	(20)	**5,625**	(6,581)
Utilization of other provision	(29)	**(2,133)**	(30,101)
Impairment charges - Treasury bills	(12)	**2**	448
Revaluation of financial assets at fair value through profit or loss	(9)	**(2,647)**	(2,534)
Operating income before changes in operating assets and liabilities		**1,854,428**	1,788,328
Net Increase in assets and liabilities			
Due from banks	(16)	**13**	164,951
Balances with Central Bank of Egypt - Mandatory Reserve	(15)	**(839,516)**	(1,022,702)
Treasury bills	(17)	**5,167,277**	(3,976,109)
Financial investments-Fair value through profit or loss	(20)	**(2,648)**	(502,534)
Loans and advances to customers and banks	(18)	**(7,483,644)**	(3,674,060)
Other assets	(24)	**(483,290)**	(18,496)
Due to banks	(26)	**304,228**	(781,224)
Customers' deposits	(27)	**6,958,197**	9,388,504
Other liabilities	(28)	**203,237**	1,704
Derivative financial instruments	(19)	**(8,454)**	6,095
Borrowings under repurchase agreements	(17)	**(10,004)**	(1,844)
Income tax paid		**(443,489)**	(381,007)
Net cash flows from operating activities		**5,216,335**	991,606
Investing activities			
Payments to purchase of property, plant and equipment		**(276,323)**	(183,396)
Proceeds from sale of property, plant and equipment		**1,001**	563
Sale of investment -Fair value through other comprehensive income	(20)	**1,284,295**	2,640,308
Redemption of Investments -Amortized cost	(20)	**610,385**	2,804,443
Purchase of investment	(20)	**(5,592,608)**	(5,342,270)
Net cash flows (used in) investing activities		**(3,973,250)**	(80,352)
Financing activities			
Dividends and employees profit paid		**(128,922)**	(575,922)
Net cash flows used in financing activities		**(128,922)**	(575,922)
Increase in cash and cash equivalents during the year		**1,114,163**	335,332
Cash and cash equivalent at the beginning of the year		**4,122,369**	3,787,037
Cash and cash equivalents at the end of the year	(32)	**5,236,532**	4,122,369
Cash and cash equivalents are represented as follows:			
Cash and balances with Central Bank of Egypt	(15)	**5,500,878**	4,546,189
Balances with banks	(16)	**4,768,772**	3,769,782
Treasury Bills	(17)	**1,966,954**	7,134,231
Balances with Central Bank of Egypt - Mandatory Reserve	(15)	**(5,033,118)**	(4,193,602)
Treasury Bills with maturities more than 3 months	(17)	**(1,966,954)**	(7,134,231)
Cash and cash equivalents at the end of the year		**5,236,532**	4,122,369

The accompanying notes, (1) to (38) form an integral part of the standalone financial statements and to be read therewith.

AHLI UNITED BANK EGYPT S.A.E

STANDALONE STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2021

	Paid-Up-Capital	*Paid Under Capital Increase*	*General Risk Reserve*	*Legal Reserves & Capital Reserve*	*Reserve of General Bank Risk*	*Fair Value Reserve*	*Retained Earnings*	*Total*
Balances as of 1 January 2020	3,000,000	-	11,884	436,164	6,027	255,764	3,898,090	7,607,929
Transferred to reserves	-	-	-	64,495	-	-	(64,495)	-
Directors' remuneration	-	-	-	-	-	-	(5,922)	(5,922)
Dividend to shareholder	-	-	-	-	-	-	(450,000)	(450,000)
Employees profit paid	-	-	-	-	-	-	(120,000)	(120,000)
Transferred to GBRR	-	-	-	-	351	-	(351)	-
Net change in other comprehensive income	-	-	-	-	-	(94,508)	-	(94,508)
Net profit for the year	-	-	-	-	-	-	1,186,258	1,186,258
Balances as of 31 December 2020	3,000,000	-	11,884	500,659	6,378	161,256	4,443,580	8,123,757
Balances as of 1 January 2021	**3,000,000**	-	**11,884**	**500,659**	**6,378**	**161,256**	**4,443,580**	**8,123,757**
Transfer to bonus shares	-	**2,000,000**	-	-	-	-	**(2,000,000)**	-
Transferred to reserves	-	-	-	**59,653**	-	-	**(59,653)**	-
Directors' remuneration	-	-	-	-	-	-	**(5,922)**	**(5,922)**
Employees profit paid	-	-	-	-	-	-	**(123,000)**	**(123,000)**
Transferred to GBRR	-	-	-	-	**349**	-	**(349)**	-
Transferred to banking sector support fund	-	-	-	-	-	-	**(11,855)**	**(11,855)**
Net change in other comprehensive income	-	-	-	-	-	**(63,464)**	-	**(63,464)**
Net profit for the year	-	-	-	-	-	-	**1,153,052**	**1,153,052**
Balances as of 31 December 2021	**3,000,000**	**2,000,000**	**11,884**	**560,312**	**6,727**	**97,792**	**3,395,853**	**9,072,568**

The accompanying notes, (1) to (38) form an integral part of the standalone financial statements and to be read therewith.

AHLI UNITED BANK EGYPT S.A.E

STANDALONE PROPOSED DIVIDENDS
For The Year Ended 31 December 2021

	31 December 2021 EGP (000)	*31 December 2020* EGP (000)
Net profit of the year	**1,153,052**	1,186,258
General Banking Risk Reserve	**(349)**	(351)
Transferred to Capital Reserve	**(1,001)**	(358)
Net Distributable profit	**1,151,702**	1,185,549
Retained Earnings Opening Balance	**2,243,150**	3,257,673
Total Distributable Profit	**3,394,852**	4,443,222
Transfer to Legal Reserve	**57,603**	59,295
Banking Sector Support and Development Fund	**11,517**	11,855
Bonus shares	**2,000,000**	2,000,000
Employees Share	**116,000**	123,000
Directors' remuneration	**5,922**	5,922
Retained Earnings Ending balance	**1,203,810**	2,243,150
Total	**3,394,852**	4,443,222

* According to Article 178 of the Central Bank and Banking Sector's Law No. 194 for year 2020, to deduct an amount not exceeding 1% of the distributable year's net profits for the benefit of the Support and Development the Banking Sector Fund.

1- General information

The Bank and its subsidiary (together "the Bank") provides Institutional, Retail Banking and Investment Banking services within the Arab Republic of Egypt through its head office and 43 branches with 1150 employees at 31 December 2021.

Ahli United Bank- Egypt S.A.E (the Bank) was incorporated on 8 August 1978 in accordance with Law No.43 of 1974 and its Executive Regulations within the Arab Republic of Egypt, having its Head Office situated at 81, Ninety St., City Centre, The 5th Settlement New Cairo, Governorate of Cairo, On 14 July 2010 the Bank's shares were voluntarily delisted from the Egyptian exchanges.

The Board of Director has approved the Bank's financial statements on **31 January 2022**

2- Summary of the significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated:

A- Basis of preparation of the financial statements

These standalone financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008; and as per IFRS 9 "Financial Instruments" in accordance with the instructions of the Central Bank of Egypt (CBE) dated February 26, 2019.

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

The standalone financial statements of the Bank should be read with its consolidated financial statements, for the year ended on December 31, 2021 to get complete information on the Bank's financial position, income statements, cash flows and change in shareholders equity.

B- Subsidiaries

Subsidiaries are all companies (including special purpose entities) over which the bank has owned directly or indirectly the power to govern the financial and operating policies generally the Bank own more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has ability to control the entity.

C- Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

2 – Summary of the significant accounting policies (continued)

D- Translation of foreign currencies

D. 1 Functional and presentation currency

The standalone financial statements are presented in Egyptian pounds, which is the functional and presentation currency of the bank.

D. 2 Foreign currency transactions and balances:

The Bank maintains its accounting records in Egyptian pounds. Transactions in foreign currencies during the period are translated into the Egyptian pounds using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at end of reporting period at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the standalone income statement and reported under the following line items:

- Net trading income from held for trading assets and liabilities;
- Other operating revenues (expenses) from the remaining assets and liabilities;

Investments in equity instrument recognized at fair value through other comprehensive income in equity.

- Changes in the fair value of monetary financial instruments in foreign currencies classified as investments held at fair value through other comprehensive income (debt instruments) are classified as valuation differences resulting from changes in amortized cost of the instrument and differences resulted from changes in applicable exchange rates and differences resulted from changes in the instrument fair value. Valuation differences relating to changes in amortized cost are recognized in income statement under "interest and similar income" while differences relating to changes in exchange rates are recognized under item "other operating income (expenses). Differences resulting from changes in fair value are recognized under "fair value reserve – available for sale investments" in the equity caption.

- Valuation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held at fair value through profits and losses, while valuation differences resulting from equity instruments classified as financial investments available for sale are recognized as "fair value reserve-available for sale investments" under the equity caption.

E- Financial assets

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

E.1-Financial assets classified as amortized cost

The financial asset is retained in the business model of financial assets held to collect contractual cash flow.
The objective from this business model is to collect contractual cash flow which represented in principal and interest.
The sale is an exceptional event for the purpose of this model and under the terms of the standard represented in following:

- Significant deterioration for the issuer of financial instrument;
- Lowest sales in terms of rotation and value;
- A clear and reliable documentation process for the justification of each sale and its conformity with the requirements of the standard

2– Summary of the significant accounting policies (Continued)

E- Financial assets (Continued)

E.2-Financial assets classified as fair value through other comprehensive income

The financial asset is retained in the business model of financial assets held to collect contractual cash flows and sales. Held to collect contractual cash flows and sales are integrated to achieve the objective of the model. Sales are high in terms of turnover and value as compared to the business model retained for the collection of contractual cash flows.

E.3-Financial assets classified as fair value through profit or loss

The financial asset is held in other business models including trading, management of financial assets at fair value, maximization of cash flows through sale. The objective of the business model is not to retain the financial asset for the collection of contractual or retained cash flows and sales. Collecting contractual cash flows is an incidental event for the objective of the model.

The characteristics of the business model are as follows: Structuring a set of activities designed to extract specific outputs; Represents a complete framework for a specific activity (inputs - activities - outputs);

- One business model can include sub-business models.

Business model assessment

The Bank makes an assessment of the objective of a 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, specially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets period with financial liabilities period which finance these assets or target cash flow from selling the assets;
- How the performance of the portfolio is evaluated and reported to the Bank'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;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. Meanwhile the bank didn't scoped only on information related to sales activity separately, but taking into consideration overall assessment on how achieving the goal that was announced by the bank to manage financial assets and how to achieve cash flow.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

2 - Summary of the significant accounting policies (continued)

Assessment of 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 profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the bank 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.

F- Financial assets-Clearing

A set-off was made between financial assets and liabilities if there is a right to exchange them on net basis.

G- Derivative instruments and hedge accounting

Derivatives are recognized at fair value at the date of entering into the derivative contract and are subsequently measured at their fair value. Fair value is obtained from quoted market prices in active markets, recent market transactions or valuation techniques such as discounted cash flow models and option pricing models, as appropriate. All derivatives are stated as assets if their fair value is positive, or if the fair value is negative they are stated on liabilities.

G-1 Derivatives not eligible for hedge accounting

The net income of the financial instruments classified at fair value through profit or loss is recognized in the income statement as "net income from trading" under changes in the fair value of derivatives that are not eligible for hedge accounting. Changes in the fair value of derivatives that are managed in conjunction with financial assets and liabilities classified at fair value through profit or loss.

G-2 Fair value hedges

Changes in the fair value of designated derivatives eligible for fair value are recognized in the income statement with any changes in the fair value attributable to the risk of the underlying asset or liability.

The effect of effective changes in fair value of interest rate swaps and related hedged items is taken as net income from return.

The effect of effective changes in the fair value of future currency contracts is taken to net trading income.

The effect of non-effectiveness in all contracts and related hedged items in the preceding paragraph is taken to net trading income.

2 - Summary of the significant accounting policies (continued)

H- Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for held for trading investments or recorded at fair value through profit or loss, is recognized under interest and similar income or "interest and similar charges expense" in the consolidated income statement using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a life of the product asset or liability and of allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument or, a shorter year when appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract which is considered part of the effective interest rate. Transaction costs include all other premiums or discounts.

When loans or debts are classified as non-performing or impaired, related interest income are not recognized but rather are carried off balance sheet in statistical records and are recognized under revenues according to cash basis as per the following :

- When collected and after recovery of all past dues for retail loans, mortgage loans for personal housing and small loans for business.
- For loans granted to corporate, interest income is recognized on cash basis after the Bank collects 25 % of the scheduling instalments and after the instalments continued to be regular for at least one year. Interest income will not be recognized as revenue until full payment of the loan balance before the rescheduling and client is considered to be performing.

I- Fees and commission income

Accrued fees for loans or advances service are recognized as revenue at the time service is provided. Fees and commissions income related to non-performing or impaired loans or debts are suspended and are carried off-balance sheet and are recognized under income according to the cash basis, when interest income is recognized.

Fees that represent a complementary part of the actual interest on the financial asset in general and treated as adjustment to the actual interest rate.

Commitment fees on loans granted are deferred if there is a possibility that such loans shall be drawn, since the commitment fees received by the Bank are deemed to be a compensation for the ongoing intervention to acquire the financial instrument; subsequently, they are recognized by adjusting the effective interest rate on the loan. In the event of expiry of the commitment year without issuing the loan by the Bank, the fees are recognized as revenues at the expiry of the commitment year.

2 - Summary of the significant accounting policies (continued)

Fees related to debt instruments which are measured at fair value are recognized under revenue at initial recognition. The fees for promotion of syndication loans are recognized as revenues upon completing the promotion process without retaining any part of the loan by the Bank, or if the Bank maintains a part thereof with the actual interest rate available to other participants.

Commissions and fees arising from negotiation, or participating in a negotiation in favor of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized in the consolidated income statement when the transaction is completed, commissions and fees related to management advisory and other service are recognized as on partial time distribution basis through the time of service, usually on a time appropriation basis. Financial planning and custody department fees are recognized over the year in which the service is provided.

J- Dividend income

Dividends are recognized in the income statement when the Bank's right to receive those dividends is established.

K- Agreement for purchase and resale and agreements for selling and repurchase (Repos and reverse Repos)

Financial instruments sold under repurchase agreements are presented as a liability in the balance sheet while the purchase and resale agreements are presented with treasury bills and other government notes in the balance sheet. The difference between the sale and repurchase prices is recognized as a return due through the tenor of the agreement using the effective interest rate method.

L- Impairment of financial assets

The Bank apply three stages to measure expected credit loss on financial assets that are recognized at amortized cost and debt instruments that are recognized at fair value through other comprehensive income. The financial assets can transfer between three stages according to changes in credit quality since initial recognition.

Stage 1

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets, expected credit loss are recognized on the gross carrying amount of the asset based on the expected credit losses that result from default events that are possible within 12 months after the reporting date.

Stage 2

Stage 2 includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime expected credit loss are recognized, but interest is still calculated on the gross carrying amount of the asset.

Lifetime expected credit loss are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss are recognized.

2- Summary of the significant accounting policies (continued)

Expected credit loss impairment model

The Bank's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from date of initial recognition. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

Significant increase in credit risk

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

Quantitative factors

When the probability of default over the remaining life of the instrument is increased from the date of the financial position compared to the probability of default over the remaining life expected at initial recognition in accordance with the Bank's acceptable risk structure.

Qualitative factors

When the probability of default over the remaining life of the instrument is increased from the date of the financial position compared to the probability of default over the remaining life expected at initial recognition in accordance with the Bank's acceptable risk structure.

Retail loans, micro and small businesses

If the borrower encounters one or more of the following events:

The borrower submits a request to convert short-term to long-term payments due to negative effects on the borrower's cash flows.

• Extension of the deadline for repayment at the borrower's request.

Frequent Past dues over the previous 12 months.

Future adverse economic changes affecting the borrower's future cash flows.

Corporate loans and medium businesses.

If the borrower has a follow-up list and / or financial instrument faced one or more of the following events:

A significant increase in the rate of return on the financial asset as a result of increased credit risk.

Significant negative changes in the activity and physical or economic conditions in which the borrower operates.

Scheduling request as a result of difficulties facing the borrower.

Significant negative changes in actual or expected operating results or cash flows.

Future economic changes affecting the borrower's future cash flows.

Early indicators of cash flow / liquidity problems such as delays in servicing creditors / business loans.

Cancellation of a direct facility by the bank due to the high credit risk of the borrower.

Non-payments

The loans and facilities of institutions, medium, small, micro and retail banking are included in stage two if the period of non-payment is more than 60 days and less than 90 days. Note that this period (60 days) will be reduced by (10) days per year to become (30) days during (3) years from the date of application (Year 2019).

Transfer between the three stages:

Transfer from second stage to first stage:

The financial asset shall not be transferred from the second stage to the first stage unless all the quantitative and qualitative elements of the first stage are met and the full arrears of the financial asset and the proceeds are paid.

2- Summary of the significant accounting policies (Continued)

Transfer from third stage to second stage:

The financial asset shall not be transferred from the third stage to the second stage until all the following conditions have been met:

Completion of all quantitative and qualitative elements of the second stage. Repayment of 25% of the balance of the outstanding financial assets, including accrued segregated / statistical interest. Regularity of payment for at least 12 months

M- Investment Properties

Land and buildings held for the purpose of capital appreciation or for long term rental yield and not occupied by the group is classified as investment properties

Investment properties are measured at cost less accumulated depreciation.

N- Fixed assets

Land and buildings comprise mainly the head office and the branches, and all fixed assets are reported at historical cost minus depreciation and impairment losses. The historical cost includes the charges directly related to measure at fixed assets items, and accumulated impairment

Subsequent costs are included in the asset's carrying amount or are recognized as a standalone asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Maintenance and repair expenses are charged to other operating expenses during the financial year in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	40-50 years
Improvements to the leased assets	10 years
Machinery and equipment	10 years
Other assets	2-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The recoverable amount presents the net realizable value of assets or the usage amount of the asset whichever is higher. Profit and (loss) on disposals are determined by comparing proceeds with asset carrying amount. These profits and (losses) are included in other operating income (expenses) in the income statement.

3- Summary of the significant accounting policies (Continued)

O- Borrowing costs

Borrowing costs are recorded in standalone income statement as funding expenses other than borrowing cost directly related to acquisition of qualifying assets which are capitalized as part of assets' cost.

P- Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents include balances due within three months from date of acquisition; the Bank uses the indirect method in preparing the cash flow statement cash and balances due from the Central Bank of Egypt other than the mandatory reserve, and current accounts with Banks and treasury bills.

Q- Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has a present legal or constructive obligation as a result of past events; it is more likely than that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determine taking into consideration the group of obligations as a whole.

A provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal. Provisions no longer required are reversed in other operating income (expense). Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from financial statement date using the appropriate rate in accordance with the terms of settlement ignoring the tax effect which reflects the time value of money. If the settlement term is less than one year the provision is booked using the present value unless time consideration has a significant effect.

R- Income taxes

Income tax on the profit or loss for the year includes each of tax and deferred tax and they are recognized in the standalone income statement except for income tax relating to items of equity which is recognized directly in statement of changes in equity.

Income tax is recognized based on net taxable profit as per the effective tax rates applicable on the balance sheet date, in addition to tax adjustments related to the previous years.

The deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the rules of the tax, using tax rates applicable at the date of the balance sheet.

The deferred tax assets shall be recognized if it is probable that sufficient taxable profits shall be realized in the future whereby the asset can be utilized and the value of deferred tax assets shall be reduced by the value of portion not yielding the expected tax benefit. However, in case tax benefit is highly expected, the deferred tax assets shall increase to the extent of previous reduction.

S- Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between proceeds net of transaction costs and the redemption value is recognized in the consolidated income statement over the Year of the borrowings using the effective interest method.

2-Summary of the significant accounting policies (Continued)

T- Capital

T – 1 Cost of capital

Issuing expenses which are directly related to new shares issuance or shares for the acquisition of an entity or issuing optional shares are presented by deducting from owners' equity and by net receivables after tax.

T – 2 Dividends

Dividends are recognized as a charge of equity upon the General Assembly approval. Those dividends include the employees' share in profit and the Board of Directors' remuneration as prescribed by the Bank's articles of incorporation and corporate law.

U- Fiduciary activities

The Bank practices the fiduciary activities that result in ownerships or management of assets on behalf of individuals, trusts, and retirement benefit plans. These assets and related income are excluded from the Bank's financial statements, as they are assets not owned by the Bank.

V- Comparative figures

The comparative figures shall be reclassified when necessary to be in conformity with the changes to presentation used in the current year.

3 - Financial risks management

The Bank's activities are exposed to various financial risks .Since the basis of financial activity is to accept risks, some risks or group of risks are analyzed, evaluated and managed altogether. The Bank intends to strike a balance between the risk and return and to reduce the probable adverse effects on the Bank's financial performance.

The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency exchange rates, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated systems.

The Bank regularly reviews the risk management policies and systems and amends them to reflect the changes in market, products, services and the best updated applications.

Those risks are managed by risk department in the light of policies approved by Board of Directors. The risk department determines, evaluates and covers the financial risks, in collaboration with the Bank's various operating units, and the Board of Directors provides written policies for management of risks as a whole.

In addition to written policies covering specific risk areas, like credit risk, foreign exchange rate risk, interest rate risk, and using the financial derivative and non–derivative instruments. Moreover, the risk department is independently responsible for regular review of risk management and control environment.

The bank's board of directors determines the policy of provisions and expected losses and has the authority to approve the increase in the percentage of expected credit losses for some accounts over the value calculated from the system outputs.

3 - Financial risks management (Cont....)

A- Credit risk

The Bank is exposed to the credit risk which it is the risk resulting from failure of one party to meet its contractual obligations towards the Bank. The credit risk is considered to be the most significant risks for the Bank. The Bank set specific procedures to manage that risk. The credit risk in the lending and investment activities which are represented Bank's assets contain debt instruments. The credit risk is also found in off balance sheet financial instruments, like loan commitment. The managing and monitoring process on credit risk is centralized at credit risk team management at credit risk department that prepare reports to Board of Directors and head of department on regular basis.

A.1 Measurement credit risk

Loans and advances to banks and customers

In measuring credit risk of loan and advances to Banks and to customers at a counterparty level, the Group takes three components into consideration:

- The probability of default by the customer or counterparty on its contractual obligations.
- Current exposures to the counterparty and its likely future development, from which the Bank derive the (exposure at default).
- The likely recovery ratio on the defaulted obligations (the loss given default).

The Bank evaluates the customer risk using internal policies for the different customers' categories. These policies are updated taking into consideration financial analysis and statistical analysis for each customer category in addition to the personal judgment of the credit officer to reach the appropriate grading. The customers are classified into ten grading, which are divided into four ratings.

The rating tools are reviewed and upgraded as necessary. The Group regularly validates the performance of the rating and their anticipated future outcomes with regard to default events.
The Group's internal ratings classification

Rating	Classification
1	Performing loans
2	Regular watch
3	watch list
4	Non-performing loans

The loans exposed to default depend on the Bank's expectation for the outstanding amounts when default occurs. Loss given default or loss severity represents the Group expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

Debt instruments, treasury bills and other notes

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by the Bank's risk department for managing of the credit risk exposures, and if this rating is not available, then methods similar to those applying to the credit customers are used. The investments in those securities and bills are viewed as a method to obtain a better credit quality mapping and maintaining a readily available source to meet the funding requirement at the same time.

3 - Financial risks management (Cont....)

A.2 Limiting and preventing risk policies

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

The exposure to any one borrower including banks is further restricted by subsidiary limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below.

The Group employs a range of policies and practices to mitigate credit risk and one of these means is accepting collaterals against loans and advances. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Real estate mortgage.
- Business assets mortgage such as machines and goods
- Financial instruments mortgage such as debt securities and equity instruments.

The Bank is keen to obtain the appropriate guarantees against corporate entities of long term finance while individual credit facilities are generally unsecured.

In addition, to minimize the credit loss the Bank will seek additional collaterals from all counterparties as soon as impairment indicators are noticed for a loan or advance.

The Bank determine type of collaterals held by the Bank as security for financial assets other than loans and advances according to the nature of the instrument, generally debt securities and treasury bills are fully secured, except for asset-backed securities and similar instruments are secured by a financial instrument portfolio.

Derivatives

The Bank maintains strict control limits over amounts and terms for the net value of opened derivative positions i.e. the difference between purchase and sale contracts. In all cases, the amount subject to credit risk is limited to the current fair value of instruments in which the Bank could gain a benefit from it (i.e. assets that have positive fair value), which represent small value of the contract, or the notional value. The Bank manages this credit risk which is considered part of the total customer limit with market changes risk all together. Generally, no collateral obtained for credit risk related to these instruments, except for marginal deposits required by the Bank from other parties.

Settlement risk arises when cash, equity instruments or other financial papers is used in the settlement process, or if there is expectation to receive cash, equity instruments or other financial papers. Daily settlement limits are established for each counterparty to cover the aggregate settlement risk arising from the daily Bank transactions.

Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties of significant volume of transactions. Generally, no netting between assets and liabilities at the balance sheet data relating to the master netting arrangements, as aggregate settlements are made. However, the credit risk related to contracts to the favor of the Bank is reduced by a master netting arrangement as netting will be made with the counterparty to settle all transactions. The value of the credit risk faced by the Bank changes substantially within a short period of time, as it is affected by each transaction occurs in the arrangement.

3 - Financial risks management (Cont....)

Commitments related to credit

The primary purpose of these commitments is to ensure that funds are available to customer when required. Guarantees and standby letters of credit are of the same credit risks as loans.

Documentary and commercial letters of credit which are issued by the Bank on behalf of customer by which authorizing a third party to draw within a certain limit in accordance to specific terms and conditions and guaranteed by the goods under shipment are of lower 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 good 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.

A. 3 Impairment and provisions policies

The internal rating systems described in (A -1) focus more on credit-quality at the inception of lending and investment activities. Otherwise, impairment provisions recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below. Due to the different methodologies applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the expected amount determined from the expected loss models used for CBE regulation purposes (A-4 note). The impairment provision appeared in the balance sheet at the end of the year is derived from the four internal rating grades. However, the majority of the impairment provision comes from the last two ratings. The table below shows the percentage of items in-balance sheet relating to loans and advances and the related impairment provision for each rating:

	31-Dec-21
Categories	**Loans and advances %**
Performing loans	59.0
Regular watch	32.4
Watch list	5.1
Non- performing loans	3.5
	100%

	31-Dec-20
Categories	**Loans and advances %**
Performing loans	55.9
Regular watch	37.0
Watch list	3.3
Non- performing loans	3.8
	100%

3 - Financial risks management (Cont....)

A - Credit risk (Cont....)

A. 3 Impairment and provisions policies

The Bank's internal rating assists management to determine whether objective evidence of impairment exists under EAS 26, based on the following criteria set out by the Bank:

- Payment delinquency of debtor or loan beneficiary.
- Breach of loan conditions such as non- payment.
- Initiation of bankruptcy or entering a liquidation or finance restructures.
- Deterioration of the borrower's competitive position.
- For economical or legal reasons, the Bank granted the borrower additional benefits that will not be done in normal circumstances Taking in consideration the central Bank of Egypt regulations issued on14 April 2011 concerning dealing with retail and corporate loans in the current economic situation.
- Impairment in the value of collateral.
- Deterioration of the credit status.

The Bank policies require review of all financial assets (that exceed specific materiality) at least once a year or more when required, the impairment loss is determined on individual basis by determining case by case actual losses. These policies applied on all accounts having specific materiality on individual basis. Valuation usually includes the existing collateral, the related enforcements on these collaterals and the expected collections from those accounts.
Impairment loss provision is formed based on group of similar assets using the historical experience available, personal judgment and statistical methods.

A.4 General Module to measure banking general risks

In addition to the four categories of credit rating indicated in note (A.1) the management makes more detailed groups in accordance with the CBE requirements.
Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, his activities, financial position and payment schedules.
The Bank calculates the provisions required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the allowance required for impairment losses as per CBE credit worthiness rules exceeds the provisions as required by the expected credit loss, that excess shall be debited to retained earnings and carried to the general banking risk reserve in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so that the reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution, Note (31.1) shows the "general banking risk reserve" movement during the year.

3 - Financial risks management (Cont....)

A - Credit risk (Cont....)

A. 4 General Module to measure banking general risks

Below is the statement of credit rating as per internal valuation basis compared to Central Bank of Egypt valuation basis and the percentage of provisions required for impairment assets exposed to credit risk up to 31 December 2021.

Classification of the Central Bank of Egypt	Classification	Required provision rate	Internal classification	Internal classification Significance
1	Low risk	Nil	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Marginally acceptable risk	3%	2	Regular watch
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non- performing loans
9	Doubtful	50%	4	Non -performing loans
10	Bad debt	100%	4	Non -performing loans

3 - Financial risks management (Cont....)

A - Credit risk (Cont....)

A. 5 Maximum credit risk before collaterals

	31-Dec-21 EGP (000)	31-Dec-20 EGP (000)
In balance sheet items exposed to credit risk		
Due from banks	4,768,772	3,769,782
Treasury bills and other government notes	2,032,385	7,365,875
Loans and credit facilities to customers		
Individuals		
Overdrafts	470,953	481,534
Credit cards	33,072	32,755
Personal loans	1,126,015	843,023
Other loans	887,243	1,474,184
Corporates		
Overdrafts	3,496,208	2,087,612
Direct loans	27,630,512	21,274,867
Syndicated loans	5,104,265	5,310,459
Bank loans	354,347	342,988
Financial investments		
Debt instruments	11,161,977	8,823,324
Other Financial Assets	894,527	497,745
Total	57,960,276	52,304,148
Off-balance sheet items exposed to credit risk (Gross)		
Acceptances	814,372	442,002
Letter of guarantee	7,517,165	5,545,057
Letter of credit	473,735	223,028
Forward exchange contracts	387,516	180,616
Interest rate swap	306,874	313,157
Non-cancellable commitments for credit facilities	145,000	46,582
Total	9,644,662	6,750,442

The above table represents the maximum limits for credit risk as of 31 December 2021 and 31 December 2020, without taking into consideration any collateral held by the bank, if any. For the balance sheet items, amounts stated depend on the gross amount shown in the balance sheet.

As shown in the preceding table, 67.5%(against 60.9% as at 31 December 2020) of the total maximum limit exposure to credit risk resulted from loans and advances to banks and customers; 22.8% as at 31 December 2021 (against 31% as at 31 December 2020) represents investments in debt instruments and treasury bills

The management is confident of its ability to maintain control on ongoing basis and maintain the minimum credit risk resulting from loans and advances, and debt instruments as follows:

- 91.37% of the loans and advances portfolio is classified at the highest two rating as of 31 December 2021 against 92.90% as at 31 December 2020
- The Bank has implemented prudent processes when granting loans and advances during the financial year ended in 31 December 2021
- More than 94.69% of the investments in debt instruments are placed with governmental instruments.

3 - Financial risks management (Cont....)

A - Credit risk (Cont....)

A. 6 Loans and advances

Following is the position of loans and advances balances to the customers and banks in terms of credit solvency:

	December 31, 2021 EGP (000)		*December 31, 2020 EGP (000)*	
	Loans and facilities credit to customers	*Loans and facilities credit to banks*	*Loans and facilities credit to customers*	*Loans and facilities credit to banks*
Neither have past dues nor impaired	**36,847,756**	**354,131**	29,845,394	342,756
Have past dues but not impaired	**529,531**	**-**	475,336	-
Impaired	**1,370,981**	**216**	1,183,704	232
Total	**38,748,268**	**354,347**	31,504,434	342,988
Less: Allowance for impairment losses	**(2,386,397)**	**(1,466)**	(1,991,630)	(1,247)
Less: interest in suspense	**(120,673)**	**-**	(163,126)	-
Less: Unearned discount	**(111,107)**	**(1,925)**	(237,065)	(2,404)
Net	**36,130,091**	**350,956**	29,112,613	339,337

Provision for impairment losses comprise an amount of EGP 1,159,765 thousands (31 Dec 2020: EGP 1,084,934 thousands) towards loans classified under stage 3 and an amount of EGP 1,228,098 thousands (31 Dec 2020: EGP 907,943 thousands) on a portfolio basis.

Note (18) includes additional information on the allowance for impairment losses for Loans and credit facilities to customers during the current reporting year.

Total Fair Value of all collaterals amounted to EGP 1,352,926 thousand at 31 December 2021 (31 December 2020 EGP 2,361,222 thousands).

Loans and credit facilities which do not have past dues and are not subject to impairment

The credit quality of Loans and credit facilities that do not have past dues and which are not subject to impairment is assessed by reference to the bank's internal rating.

Loans and credit facilities to customers

December 31, 2021					
Rating	***Overdrafts***	***Credit cards***	***Retail Personal loans***	***Other loans***	***Total***
Performing Loans	**436,807**	**17,515**	**294,695**	**-**	**749,017**
Regular watch	**34,085**	**9,744**	**480,619**	**887,243**	**1,411,691**
Total	**470,892**	**27,259**	**775,314**	**887,243**	**2,160,708**

December 31, 2020					
Rating	*Overdrafts*	*Credit cards*	*Retail Personal loans*	*Other loans*	*Total*
Performing Loans	412,567	23,344	443,188	-	879,099
Regular watch	68,904	2,231	399,100	1,474,184	1,944,419
Total	481,471	25,575	842,288	1,474,184	2,823,518

3 - Financial risks management (Cont....)

A - Credit risk (Cont....)

A. 6 Loans and advances

December 31, 2021 **Rating**	***Overdrafts***	***Direct loans***	***Corporate Syndicated Loans and facilities***	***Other loans***	***Total***
Performing Loans	**2,805,873**	**17,838,933**	**1,259,132**	**-**	**21,903,938**
Regular watch	**377,256**	**7,771,663**	**2,754,312**	**-**	**10,903,231**
watch-list	**54,279**	**1,470,547**	**355,053**	**-**	**1,879,879**
Total	**3,237,408**	**27,081,143**	**4,368,497**	**-**	**34,687,048**

December 31, 2020 Rating	*Overdrafts*	*Direct loans*	**Corporate** *Syndicated Loans and facilities*	*Other loans*	*Total*
Performing Loans	1,657,539	12,929,010	2,039,728	-	16,626,277
Regular watch	82,790	7,260,263	2,068,953	-	9,412,006
watch-list	128,846	629,765	224,982	-	983,593
Total	1,869,175	20,819,038	4,333,663	-	27,021,876

Loans guaranteed by cash are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees.

3 - Financial risks management (Cont....)

A - Credit risk (Cont....)

A. 6 Loans and advances

Loans and credit facilities which have past dues but are not subject to impairment

These are Loans and credit facilities with past-due instalments but are not subject to impairment, unless information has otherwise indicated. Loans and credit facilities to customers which have past dues but are not subject to impairment are analysed below:

December 31, 2021

	Retail			
	Overdrafts	***Credit cards***	***Personal loans***	***Total***
< 30 days	-	**3,366**	**295,748**	**299,114**
30 – 60 days	-	**1,053**	**41,846**	**42,899**
over 60	-	**1,060**	**12,333**	**13,393**
Total	-	**5,479**	**349,927**	**355,406**

December 31, 2020

	Overdrafts	*Credit cards*	*Personal loans*	*Total*
< 30 days	-	3,134	734	3,868
30 – 60 days	-	1,672	-	1,672
over 60	-	2,331	-	2,331
Total	-	7,137	734	7,871

December 31, 2021

	Corporate			
	Overdrafts	***Direct loans***	***Syndicated Loans and facilities***	***Total***
< 30 days	-	**27,265**	-	**27,265**
30 – 60 days	-	**19,996**	-	**19,996**
over 60	-	**126,864**	-	**126,864**
Total	-	**174,125**	-	**174,125**

December 31, 2020

	Overdrafts	*Direct loans*	*Syndicated Loans and facilities*	*Total*
< 30 days	-	122,641	235,981	358,622
30 – 60 days	-	36,317	-	36,317
over 60	-	70,190	2,336	72,526
Total	-	229,148	238,317	467,465

Past due Loans and credit facilities are those amounts, or any part thereof, which have fallen due but for which no payment has been received in accordance with the contractual terms. These include past dues for periods more than one day. Amounts shown in the note represent the whole balance of the loan or facility and not only the past due amounts. These do not include the remaining Loans and credit facilities of the same customer so long default has not fully or partially occurred on those loans. On initial recognition of Loans and credit facilities, the fair value of collaterals, if any, is assessed based on valuation methods used for similar assets but are not recognized in the financial statements since these do not represent assets of the bank at that date. In subsequent periods, the fair value is updated to reflect the market price or prices for similar assets.

3 - Financial risks management (Cont....)

A - Credit risk (Cont....)

A. 6 Loans and advances

Loans and credit facilities which are individually impaired

Loans and credit facilities to customers

The following table provides a breakdown of the balance of such Loans and credit facilities which are individually impaired including the fair value of the collaterals shall prevail when calculating the provisions.

December 31, 2021			***Retail***		
	Overdrafts	***Credit cards***	***Personal loans***	***Real estate loans***	***Total***
Loans which are individually impaired	-	**334**	773		**1,107**

December 31, 2020					
	Overdrafts	*Credit cards*	*Personal loans*	*Real estate loans*	*Total*
Loans which are individually impaired	61	46	-		107

December 31, 2021			***Corporate***		
	Overdrafts	***Direct loans***	***Syndicated Loans and facilities***	***Other loans***	***Total***
Loans which are individually impaired	**258,860**	**375,245**	735,769	-	**1,369,874**

December 31, 2020					
	Overdrafts	*Direct loans*	*Syndicated Loans and facilities*	*Other loans*	*Total*
Loans which are individually impaired	218,437	226,681	738,479	-	1,183,597

3 - Financial risks management (Cont....)

A - Credit risk (Cont....)

A. 6 Loans and advances

Restructured Loans and credit facilities:

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies are based on indicators or criteria of credit performance of the borrower that is based on the personal judgment of the management, which indicate that payment will most likely continue. Restructuring is commonly applied to term loans, especially customer loans. Renegotiated loans totaled at the end of the year:

Loans and credit facilities to customers

Corporate loans	**31-Dec-21**	31-Dec-20
Direct loans	1,894,407	1,255,284
Total	1,894,407	1,255,284

A.7 Debt instruments, treasury bills and other government notes and other investments

The following table shows a breakdown of debt instruments, treasury bills, and other governmental notes per last rating for Standard and Poor's and its equivalent:

December 31, 2021	*Egyptian Treasury Bills*	*Egyptian Treasury Bonds*	*Non-Governmental Bonds*	*Total*
A(+/-)	-	-	1,910,213	1,910,213
BBB(+/-)	-	-	318,596	318,596
BB(+/-)	-	-	194,545	194,545
B(+/-)	1,966,954	10,461,977	32,737	12,461,668
Total	1,966,954	10,461,977	2,456,091	14,885,022

All Figures are in EGP 000

3 - Financial risks management

A- Quality of Financial Assets

The following figure illustrates the quality of financial assets during the year:

31 December 2021	***Stage (1) 12 months***	***Stage (2) Lifetime***	***Stage (3) Lifetime***	***Total***
Financial Assets:				
Due from banks	**2,991,447**	**1,779,418**	**-**	**4,770,865**
Treasury bills	**1,857,930**	**174,455**	**-**	**2,032,385**
Loans and advances to customers & banks	**23,080,920**	**14,614,775**	**1,406,920**	**39,102,615**
Debt Instruments at Fair value through other comprehensive income	**9,867,945**	**545,877**	**-**	**10,413,822**
Debt Instruments at Amortized Cost	**2,504,245**	**-**	**-**	**2,504,245**
	40,302,487	**17,114,525**	**1,406,920**	**58,823,932**

31 December 2020	*Stage (1) 12 months*	*Stage (2) Lifetime*	*Stage (3) Lifetime*	*Total*
Financial Assets:				
Due from banks	2,672,868	1,099,020	-	3,771,888
Treasury bills	7,191,249	174,626	-	7,365,875
Loans and advances to customers & banks	17,904,401	12,759,310	1,183,711	31,847,422
Debt Instruments at Fair value through other comprehensive income	5,967,295	188,615	-	6,155,910
Debt Instruments at Amortized Cost	2,667,414	-	-	2,667,414
	36,403,227	14,221,571	1,183,711	51,808,509

The following figure illustrates the expected credit loss at 31 December 2021

31 December 2021	***Stage (1) 12 months***	***Stage (2) Lifetime***	***Stage (3) Lifetime***	***Total***
Financial Assets:				
Due from banks	**280**	**1,813**	**-**	**2,093**
Treasury bills	**-**	**452**	**-**	**452**
Loans and advances to customers & banks	**80,881**	**1,147,217**	**1,159,765**	**2,387,863**
Debt Instruments at Fair value through other comprehensive income	**1,056**	**2,105**	**-**	**3,161**
Commitments on loans and collaterals	**35,879**	**6,539**	**15,324**	**57,742**
	118,096	**1,158,126**	**1,175,089**	**2,451,311**

31 December 2020	*Stage (1) 12 months*	*Stage (2) Lifetime*	*Stage (3) Lifetime*	*Total*
Financial Assets:				
Due from banks	496	1,610	-	2,106
Treasury bills	-	449	-	449
Loans and advances to customers & banks	86,094	820,769	1,086,014	1,992,877
Debt Instruments at Fair value through other comprehensive income	1,432	4,362	-	5,794
Commitments on loans and collaterals	13,694	6,895	11,291	31,880
	101,716	834,085	1,097,305	2,033,106

3 - Financial risks management (Cont....)

A - Credit risk (Cont....)

A. 9 Acquisition of collaterals

During the current reporting year the bank has not acquired any additional foreclosed assets in order to settle debts.

A. 10 Concentration of risks of financial assets exposed to credit risk

A.10.1 Geographic Sectors

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting year (excluding allowances for impairment). The gross amount of all financial assets including Loans and credit facilities is segmented into the geographical regions of the bank's clients.

	Arab Republic of Egypt						
31-Dec-21	*Greater Cairo*	*Alexandria, Delta and Sinai*	*Upper Egypt*	*Total*	*Gulf Countries*	*Other countries*	*Total*
Treasury bills and other government notes	1,966,954	-	-	1,966,954	-	-	1,966,954
Loans and advances to customers							
Loans to individuals							
Overdrafts/Personal loans	341,769	128,511	673	470,953	-	-	470,953
Credit cards	24,859	7,858	355	33,072	-	-	33,072
Personal loans	949,298	148,311	28,406	1,126,015	-	-	1,126,015
Other loans	887,243	-	-	887,243	-	-	887,243
Corporate:							
Overdrafts	2,766,044	726,760	3,404	3,496,208	-	-	3,496,208
Direct loans	23,265,725	4,295,553	69,234	27,630,512	-	-	27,630,512
Syndicated loans	5,104,265	-	-	5,104,265	-	-	5,104,265
Bank loans	354,347	-	-	354,347	-	-	354,347
Financial investments							
Debt instruments	10,693,281	-	-	10,693,281	414,117	54,579	11,161,977
Total at the end of the current year	46,353,785	5,306,993	102,072	51,762,850	414,117	54,579	52,231,546
Total at the end of the comparative year	43,281,673	3,851,687	112,292	47,245,652	504,746	54,579	47,804,977

3 - Financial risks management (Cont....)

A - Credit risk (Cont....)

A. 10 Concentration of risks of financial assets exposed to credit risk (continued)

A.10.2 Industrial sectors

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting year (excluding allowances for impairment). The gross amount of all financial assets is segmented into business sectors in which the bank's clients operate.

	Financial institutions	Manufacturing Sector	Real estate activity	Government sector	Other activity	Individual	Total
Treasury bills and other government notes	-	-	-	1,966,954	-	-	1,966,954
Loans and advances to customers							
Loans to individuals							
Overdrafts	-	-	-	-	-	470,953	470,953
Credit cards	-	-	-	-	-	33,072	33,072
Personal loans	-	-	-	-	-	1,126,015	1,126,015
Other loans	-	-	-	-	-	887,243	887,243
Corporate:							
Overdrafts	230,186	296,632	1,285,818	-	1,683,572	-	3,496,208
Direct loans	1,370,355	9,781,765	4,542,102	-	11,936,290	-	27,630,512
Syndicated loans	-	1,136,869	434,260	-	3,533,136	-	5,104,265
Bank loans	354,347	-	-	-	-	-	354,347
Financial investments							
Debt instruments	748,155	-	-	10,413,822	-	-	11,161,977
Total at the end of the current year	2,703,043	11,215,266	6,262,180	12,380,776	17,152,998	2,517,283	52,231,546
Total at the end of the comparative year	1,984,416	12,113,682	4,498,308	14,820,751	11,556,324	2,831,496	47,804,977

3 - Financial risks management (Cont....)

B - Market risk

The Bank exposed to market risks which is the risk that the fair value or future cash flow fluctuation resulted from changes in market prices. Market risks arise from open market related to interest rate, currency, and equity products of which each is exposed to general and specific market movements and changes in sensitivity levels of market rates or prices such as interest rates, foreign exchange rates and equity instrument prices. The Bank divides its exposure to market risk into trading and non-trading portfolios.

The Bank treasury department is responsible for managing the market risks arising from trading and non-trading activities of which monitored by two standalone teams. Regular reports are submitted to the Board of Directors and each business department.

Trading portfolios include transactions where the Bank deals direct with clients or with the market; Non-trading portfolios primarily arise from managing assets and liabilities interest rate relating to retail transactions. Non-trading portfolios also includes foreign exchange risk and equity instruments risks arising from the Bank's held-to-maturity and available-for-sale investments portfolios.

B.1 Market risks measurement techniques

As part of market risk management the Bank undertakes various hedging strategies and enters into swaps to match the interest rate risk associated with the fixed-rate long-term loans if the fair value option been applied, the major measurement techniques used to measure and control market risk are outlined below:

Value at risk

The Bank applies a "value at risk" methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Board sets limits on the value of risk that may be accepted for the Bank, trading and non-trading stand lonely, which are monitored on a daily basis by the Bank's treasury department.

VAR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the "maximum" amount the Bank might lose, but only to a certain levels of confidence (95%, 97.5% and 99%) the validity of the assumptions and parameters/factors used in the VAR calculation. There is therefore a specified statistical probability (5%, 2.5%, and 1%) that actual losses could be greater than the VAR estimate The VAR model assumes a certain "holding Year" until positions can be closed (10 days).

It also assumes that market moves occurring over this holding Year will follow a similar pattern to those that have occurred over 10-day Year in the past. The Bank's assessment of past movements is based on data for the past five years. The Bank applies these historical changes in rates, prices, indices, etc. directly to its current positions – a method known as historical simulation. The actual outcomes are monitored regularly to test the use of this approach does not prevent losses outside of these limits in the event of more significant market movements. As VAR constitutes an integral part of the Bank's market risk control regime, VAR limits are established by the Board annually for all trading and non-trading portfolio operations and allocated to business units. Actual exposure against limits, together with a standalone bank-wide VAR, is reviewed daily by the Bank risk treasury department.

As VAR constitutes an integral part of the Bank's market risk control regime, VAR limits are established by the Board annually for all trading and non-trading portfolio operations and allocated to business units. Actual exposure against limits, together with a standalone bank-wide VAR, is reviewed daily by the Bank risk treasury department.

3 - Financial risks management (Cont....)

B - Market risk

B.1 Market risks measurement techniques

Stress testing

Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances stress testing are designed to match business using standard analysis for specific scenarios. The stress testing carried out by the Bank treasury. Stress testing include: risk factor stress testing where sharp movements are applied to each risk category and test emerging market stress, as emerging market portfolios are subject to sharp movements; and subject to special stress including possible stress events to specific positions or regions - for example the stress outcome to a region applying a free currency rate.

B.2 Summary on the value at exchange rate risk

	31-Dec-21	31-Dec-20
Medium	309	423
High	475	862
Low	155	151

3 - Financial risks management (Cont….)

B - Market risk

B.3 Foreign Exchange Risk

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The board of directors set limits for foreign exchange risk at the total value of positions at the end of the day and during the day when timely control is exercised. The following table summarizes the bank's exposure to the risks of fluctuations in foreign exchange rates at the end of the reporting year. This table includes the carrying amounts of the financial instruments in terms of their relevant currencies and in EGP equivalent.

31 December 2021	Egyptian Pound	US Dollar	Euro	Sterling Pound	Other Currencies	Total
Assets:						
Cash and balance with Central Bank	5,399,590	63,525	22,493	5,830	9,440	5,500,878
Due from banks	1,309,728	3,308,566	70,936	52,396	27,146	4,768,772
Treasury bills and government notes	1,793,266	173,688	-	-	-	1,966,954
Loans and advances for customers and banks	30,166,382	5,979,282	335,339	18	26	36,481,047
Investments:						
Fair value through other comprehensive income	10,040,821	389,785	72,168	-	-	10,502,774
Fair value through profit or loss	34,269	-	-	-	-	34,269
Subsidiaries	54,468	-	-	-	-	54,468
Amortized cost	2,504,245	-	-	-	-	2,504,245
Other assets and fixed assets and Investment Property	2,150,846	293,410	2,962	238	2	2,447,458
Total assets	53,453,615	10,208,256	503,898	58,482	36,614	64,260,865
liabilities:						
Due to banks	275,854	49,412	178	-	-	325,444
Customers' deposits	45,754,307	7,061,166	638,847	57,728	25,067	53,537,115
Financial derivatives liability	-	6,542	132	-	-	6,674
Other liabilities and provisions	1,281,662	33,518	3,001	264	619	1,319,064
Total liabilities	47,311,823	7,150,638	642,158	57,992	25,686	55,188,297
Net financial position as of 31 December 2021	6,141,792	3,057,618	(138,260)	490	10,928	9,072,568
At the end of the comparative year						
Total financial assets	46,876,672	8,528,074	610,359	54,906	91,099	56,161,110
Total financial liabilities	41,645,063	5,704,335	620,819	52,427	14,709	48,037,353
Net financial position	5,231,609	2,823,739	(10,460)	2,479	76,390	8,123,757

3 - Financial risks management (Cont....)

B - Market risk

B.4 Interest rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but profit may decrease in the event that unexpected movements arise. The Board sets limits on the level of gaps in interest rates reprising that may be undertaken, which is monitored daily by risk department. The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of reprising.

31 December 2021	**Up to 1 month**	**More than 1 month to 3 months**	**More than 3 months to 1 year**	**More than 1**	**Non- interest bearing**	**Total**
Financial Assets:						
Cash and balances with Central Bank of Egypt	5,500,878	-	-	-	-	5,500,878
Due from banks	2,705,494	2,063,278	-	-	-	4,768,772
Treasury bills and other government notes	194,194	1,093,443	679,317	-	-	1,966,954
Loans and advances to customers and banks	9,276,229	24,038,579	2,475,183	691,056	-	36,481,047
Non trading financial investments	730,980	79,560	840,540	11,287,599	68,340	13,007,019
Fair value through profit or loss	34,269	-	-	-	-	34,269
Subsidiaries	-	-	-	-	54,468	54,468
Fixed Assets and other assets and Investment properties	-	-	-	-	2,447,458	2,447,458
Total financial assets	18,442,044	27,274,860	3,995,040	11,978,655	2,570,266	64,260,865
Financial liabilities						
Due to banks	325,444	-	-	-	-	325,444
Customers' deposits	18,624,460	9,247,629	15,288,278	6,770,374	3,606,374	53,537,115
Financial derivatives liability	-	-	-	-	6,674	6,674
Other liabilities and provisions	-	-	-	-	1,319,064	1,319,064
Total financial liabilities	18,949,904	9,247,629	15,288,278	6,770,374	4,932,112	55,188,297
Interest repricing gap	(507,860)	18,027,231	(11,293,238)	5,208,281	(2,361,846)	9,072,568
At the end of the comparative year						
Total financial assets	20,251,097	19,908,697	5,036,426	9,083,401	1,881,489	56,161,110
Total financial liabilities	17,059,888	11,298,528	10,366,321	4,768,530	4,544,086	48,037,353
Re-pricing gap	3,191,209	8,610,169	(5,329,895)	4,314,871	(2,662,597)	8,123,757

3 - Financial risks management (Cont....)

C - Liquidity risk

Liquidity risk represents difficulty encountering the Bank in meeting its financial commitments when they fall due and replace funds when they are withdrawn, this may results in failure in fulfilling the Bank obligation to repay to the depositors and fulfilling lending commitments.

Liquidity risk management

The risk management department monitor the Bank's liquidity process in the following ways:

- Daily funding managed by monitoring future cash flows to ensure that all requirements can be met when due. This includes availability of liquidity as they due lending to customers. To ensure that the Bank reaches its objective the Bank maintains an active presence in global money markets.
- The Bank maintains a portfolio of highly marketable and diverse assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.
- Monitoring liquidity ratios in relation with internal requirements and central Bank of Egypt requirements.
- Managing loans concentration and dues.

For monitoring and reporting purposes take the form of cash flow measurement and expectations for the next day, week and month respectively, as these are key Years for liquidity management.
The starting point for those expectations is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets .
Credit risk department monitor the mismatch between medium term assets, the level and nature of unused loans limits, overdraft utilizations, and the effect of contingent liabilities such as letters of guarantees and letters of credit.

The bank adheres to CBE regulations on Liquidity risk management issued on June 2016 and maintains the minimum requirement for both local currency and foreign currency liquidity ratios in addition to LCR and NSFR

Liquidity Ratios

The liquidity ratio for the local currency is 28.38 %
The liquidity ratio for the foreign currency is 49.53 %

Funding approach

Sources of liquidity are regularly reviewed by Bank treasury to maintain a wide diversification by currency, geography, source products and terms.

D - Fair value of financial assets and liabilities

D.1 Financial instruments measured at fair value using the valuation methods

No changes in fair value using the valuation methods that occurred during the year.

Due from banks

Fair value of placements and deposits bearing variable interest rate for one day is its current value.
The expected fair value for deposits bearing variable interest is based on the discounted cash flow using rate of similar asset of similar credit risk and due dates.

3 - Financial risks management (Cont....)

D - Fair value of financial assets of liabilities (Cont....)

D.1 Financial instruments measured at fair value using the valuation methods (Cont....)

Loans and advances to banks

Loans and advances to banks represent loans and advances other than deposits at banks. The fair value represents the value expected to be recovered based on present value future cash flow and cash flows are determined using the interest rate.

Loans and advances to Customer

Loans and advances are net of provisions for impairment losses. Fair value expected for loans and advances represents the discounted value of future cash flows expected to be collected and cash flows are discounted using the current market interest rate to determine fair value.

Investments in securities

FVOCI are measured at fair value except for equity instruments that its market value can't be reliably determined. Fair value of amortized cost investments is based on market prices or broker/ prices. Fair value is estimated using quoted market prices for financial paper with similar credit maturity and yield characteristics where information is not available.

Due to Banks and customers

The estimated fair value of deposits of indefinite maturity which includes interest-free deposits is the amount paid on call. The estimated fair value of fixed interest-bearing deposits and other loans not traded in an active market is based on discounted cash flows using interest rates for new debts of similar maturity dates.

E - Capital risk management

The bank's objectives behind managing capital include elements other than equity shown in the balance sheet are represented in the following:

- Compliance with capital legal requirements in Arab Republic of Egypt and the other countries the Bank is operating in.
- Protecting the bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth.

Capital adequacy and uses are reviewed on a daily basis according to the regulatory authority's requirements (Central Bank in Arab Republic of Egypt) by the bank's management through models based Basel committee for banking control instructions, these data are submitted to Central Bank of Egypt on quarterly basis.

Central Bank of Egypt requires the following from the Bank:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid up capital. as per new banks law issued on September 2020 minimum capital required was increased to 5 billion EGP all banks are required to within a year .
- Maintaining a ratio between capital elements and asset and contingent liability elements weighted by risk weights at 12.75 % or more.
- Bank's branches which operate outside the Arab Republic of Egypt are subject to the banking business regulators' supervising rules in countries which they operate.

3 - Financial risks management (Cont....)

E - Capital risk management (Cont....)

In accordance with the requirements of Basel II, the numerator in capital adequacy comprises the following 2 tiers:

Tier 1:

Basic capital which comprises paid-up capital (net of treasury stock), plus: retained earnings and reserves resulting from profit appropriations (other than general reserve for banking risks & special reserve), less: any goodwill previously recognized and any carried forward losses.

Tier 2:

Subordinated capital which comprises with equivalent amount of the loans general provision which does not exceed 1.25% from the total risk-weighted average of assets and contingent liabilities, plus: the carrying amount of subordinated loans/deposits maturing over more than 5 years (provided that such carrying amount shall be reduced by 20 % of its value in each of the last five years of their maturity), plus: 45 % of the increase in fair value above the carrying amount of available-for-sale investments, held to maturity investments, and investments in subsidiaries and associates and 45% from special reserve. In calculating the numerator of the capital adequacy ratio, total value of tier 2 should not exceed total value of tier 1.Also, total value of subordinated loans (deposits) should not exceed 50 % of tier 1. Assets are risk weighted at a range of 0 to 200 %. Risk classification of these assets is based on the type of the debtor as to reflect the associated credit risk and after consideration of cash collaterals. The same treatment is applied for the off-balance sheet items which shall be adjusted to reflect the contingent nature of and potential loss on these amounts.

	31-Dec-21 EGP (000)	31-Dec-20 EGP (000)
Tier 1		
Issued and paid-up-capital	5,000,000	5,000,000
Reserves	578,370	578,370
OCI	94,631	161,259
Retained earnings	2,308,190	2,308,190
Net Profit	814,170	-
Total Tier 1	8,795,361	8,047,819
Tier 2		
45% of the increase in fair value over the book value of financial investment (if positive)	6,902	5,636
Performing Loans and contingent liability, impairment loss	136,210	112,380
Total Tier 2	143,112	118,016
Total Capital Base	8,938,473	8,165,835
Assets and contingent liabilities risk weighted		
Total credit risk	46,674,918	37,247,275
Capital market risk requirements	108,101	302,356
Capital operational risk requirements	3,530,128	3,496,106
Total weighted risk of contingent assets and liabilities	50,313,147	41,045,737
Capital Adequacy Ratio	17.77%	19.89%

Capital adequacy Standard had been prepared based on Basel II requirements, which Central Bank of Egypt Board of Directors had approved in its meeting held on December 18, 2012.and had been issued on December 24, 2012.

3 - Financial leverage risk management

Item	Conversion factor %	31 Dec 2021 EGP (000)	31 Dec 2020 EGP (000)
Tier 1 of the capital adequacy ratio		8,795,362	8,047,819
Total exposures in & off Balance Sheet		69,659,832	59,976,258
Total exposures within B/S and operations of financial derivatives and securities		64,559,090	56,466,786
Exposures items within the balance sheet after deducting Disposals tier 1			
Cash and balances with the Central Bank		5,500,878	4,546,189
Due to banks :		5,120,428	4,110,154
Current accounts and deposits		4,769,468	3,770,817
Loans and credit facilities for banks		350,960	339,337
Treasury bills and other government securities		1,966,954	7,134,231
Financial investments Fair value through profit or loss		45,737	531,621
Financial investments Fair value through other comprehensive income		10,507,500	6,240,213
Amortized cost		2,504,245	2,667,414
Net Loans and advances to customers		36,461,715	29,452,580
Gross Loans and credit facilities		38,765,567	31,365,585
(-)Provision impairment losses		(2,303,852)	(1,913,005)
Fixed assets (net of impairment loss and accumulated depreciation)		825,755	631,396
Other assets		1,625,878	1,152,988
Off balance sheet Exposures	**Conversion factor %**	**Amount**	
Total contingent liabilities :			
Letter of credits - import	20%	75,703	33,569
Letters of guarantee	50%	3,256,048	2,382,471
Letters of guarantee at the request of foreign banks	50%	81,865	39,651
Contingent liabilities for general guarantees of credit facilities and similar guarantees	100%	387,516	180,616
Bills accepted	100%	813,786	441,829
Total capital commitments	100%	119,152	190,032
Non-cancellable commitments for credit facilities	50%	72,500	23,291
Cancellable commitments for credit facilities	10%	294,172	218,013
Leverage ratio%		12.63%	13.42%

4 - Significant accounting estimates and assumptions

The Bank considers the financial asset to be impaired and therefore to be included in stage 3 (classified as impaired) for the purpose of calculating expected credit losses in the event of a default in repayment of the principal amount or profit of the facility for more than 90 days or in the case of known cash flow difficulties, Counterparty business, credit rating decline, breach of the original terms of the contract or its ability to improve performance when the financial difficulty arises or the value of the security is reduced, etc. In such cases, the Group records an allowance for estimated credit losses over the life of the instrument.

Any facility with low credit or irregular value that has been restructured is also considered to be stalled. The Group is also based on external credit ratings of risk related to debt as a default if it is classified as "D" by Standard & Poor's and Fitch Ratings and "C" by rating agency Moody's.

The Bank takes into account a variety of indicators that may indicate a potential default as part of a qualitative assessment of client default. These include Breach of agreements the borrower has outstanding obligations with creditors or public servants that the borrower dies

The marked increase in credit risk

The Bank continuously monitors all assets exposed to expected credit losses. In order to determine whether a tool or a portfolio of instruments is exposed to 12-month expected credit losses or expected credit losses over the life of the instrument, the Group assesses the extent of a significant increase in credit risk since initial recognition. The Group applies consistent quantitative criteria for the portfolio that is subject to internal and external credit ratings for the purpose of assessing the significant increase in credit risk

Internal rating and evaluation process of potential stumbling blocks

The Bank's internal evaluation system is based on several qualitative evaluations. The Bank also complies with the relevant regulatory directives as follows:

• Credit facilities are classified as Tier 2 if there is a default in repayment of principal or profit for more than 60 days - or at management's discretion.

• Credit facilities are classified as Tier 2 if there is a credit rating downgrade of more than one degree above the midpoint of the rating between the previous rating and the last rating granted for regular creditworthiness credit rating.

The standard requires the use of a separate risk factor for default over a period of twelve months and over the lifetime of the instrument, depending on the assigned duration of the obligor. The potential for default under IFRS 9 should reflect the Bank's estimate of the quality of its assets in the future. The group uses a point-in-time scale (PIT PD) to calculate expected credit losses. The expected credit loss is the probability of a credit loss and is measured at present value for all cash losses discounted at the effective interest rate of the financial instrument. The cash deficit represents the difference between cash flows due to the Group in accordance with the contract and the cash flows expected to be received by the Bank. Key elements of measuring expected credit losses include default, loss from default and risk in case of default. The Bank evaluates these factors using appropriate credit risk models, taking into account internal and external credit ratings of assets and future macroeconomic scenarios.

4 - Significant accounting estimates and assumptions (Cont....)

4.1 Impairment of investments in equity instruments

The Bank determines that investments in equity instruments at fair value through other comprehensive income are impaired when there is a significant or prolonged decline in its fair value below its cost and specifically requires whether the impairment is significant or extended to a judgment. In addition, there may be impairment when there is evidence of deterioration in the financial condition of the investee, its operating and financing cash flows, industry or sector performance, or changes in technology.

4.2 Classification of financial investments in debt instruments

Financial assets at amortized cost

The objective of the business model is to maintain the financial assets to collect the contractual cash flows of the principal amount of investment and returns.

A sale is an exceptional event for the purpose of this model and under the terms of IFRS 9.

Financial assets at fair value through other comprehensive income

The objective of the business model is to maintain financial assets for the collection of contractual cash flows and sales.

A sale is a non-incidental or exceptional event for the purpose of this model and under the terms of IFRS 9.

Financial assets at fair value through profit or loss

The objective of the business model is not to hold financial assets to collect contractual cash flows but to manage assets on a fair value basis through profit or loss.

4.3 Income tax

The Bank is subject to income taxes in (relation to the operation of its branches abroad). This requires the use of significant estimations in order to determine the total provision for income tax. There are several operations and accounts for which the final tax cannot be determined with certainty. The Bank created provisions for the expected results in relation to the tax inspection that is being conducted and to account for probable additional tax. When there is a difference between the final tax results and the pre-recorded amounts, these differences will be adjusted against the income tax and the deferred income tax provision.

5 - Segment analysis

5.1 Activity segment analysis

The segment activity includes operational processes & assets that are used in providing banking services, manage their risk & linking return to this activity which may differ from those of other activities.

According to banking processes the segment analysis includes the following:

Large, medium & small institutions

It includes activities of current accounts, deposits, debit current accounts, loans, advances & financial derivatives.

Investments:

It includes activities of corporate merge, investment purchase, financing corporate restructuring & financial instruments.

Individuals:

It includes activities of current accounts, saving, deposits, credit cards, personal loans & real-estate loans.

Other activities:

It includes other banking activities such as fund management. Transactions are applied within segment activities according to the Bank's activity cycle which include assets and liabilities; operational assets and liabilities that are presented in the Bank's balance sheet.

5 - Segment analysis - Activity

All Figures are in EGP 000

31 December 2021	*Large institutions*	*Small & medium institutions*	*Investments*	*Retail*	*Other activities*	*Total*
Revenues & expenses according to segment activities						
Segment activity revenues	1,397,138	34,589	638,531	3,322,271	310,083	5,702,612
Segment activity expenses	(1,205,110)	(21,860)	(196,273)	(2,967,098)	(13,971)	(4,404,312)
Profit before tax	192,028	12,729	442,258	355,173	296,112	1,298,300
Income tax	(49,728)	(2,864)	(210,393)	(81,141)	198,878	(145,248)
Profit for the year	142,300	9,865	231,865	274,032	494,990	1,153,052
Segment activity assets	37,438,034	806,971	22,765,943	1,899,743	1,350,174	64,260,865
Total assets	37,438,034	806,971	22,765,943	1,899,743	1,350,174	64,260,865
Segment activity liabilities	10,389,022	261,803	336,468	42,830,897	1,370,107	55,188,297
Total liabilities	10,389,022	261,803	336,468	42,830,897	1,370,107	55,188,297
Other items for segment activity						
Depreciation	(26,964)	(1,577)	(11,608)	(37,302)	(4,586)	(82,037)
Net (charges) / release of ECL	(465,973)	-	2,600	11,425	-	(451,948)

All Figures are in EGP 000

5 - Segment analysis – Activity

31 December 2020	*Large institutions*	*Small & medium institutions*	*Investments*	*Retail*	*Other activities*	*Total*
Revenues & expenses according to segment activities						
Segment activity revenues	1,076,948	21,739	493,112	3,335,244	593,859	5,520,902
Segment activity expenses	(861,429)	(16,015)	(200,121)	(2,770,673)	(15,057)	(3,863,295)
Profit before tax	215,519	5,724	292,991	564,571	578,802	1,657,607
Income tax	(56,862)	(1,288)	(65,923)	(127,029)	(220,247)	(471,349)
Profit for the year	158,657	4,436	227,068	437,542	358,555	1,186,258
Segment activity assets	30,381,181	439,624	22,516,771	1,689,569	1,133,965	56,161,110
Total assets	30,381,181	439,624	22,516,771	1,689,569	1,133,965	56,161,110
Segment activity liabilities	8,985,147	125,915	1,020,761	36,256,492	1,649,038	48,037,353
Total liabilities	8,985,147	125,915	1,020,761	36,256,492	1,649,038	48,037,353
Other items for segment activity						
Depreciation	(23,233)	(837)	(8,941)	(30,672)	(3,715)	(67,398)
Net (charges) / release of ECL	(202,998)	-	807	42,773	-	(159,418)

5 - Segment analysis (Cont....)

5.2 Geographical segments analysis

	Arab Republic of Egypt				
31 December 2021	*Greater Cairo*	*Giza*	*Alexandria Delta, Sinai &*	*Upper Egypt*	*Total*
Revenues & expenses according to geographical segments					
Segment revenues	3,499,448	684,946	1,447,571	70,647	5,702,612
Segment expenses	(2,083,356)	(528,870)	(1,733,697)	(58,389)	(4,404,312)
Activities results by segment	1,416,092	156,076	(286,126)	12,258	1,298,300
Profit before tax	1,416,092	156,076	(286,126)	12,258	1,298,300
Tax	(153,027)	(38,430)	48,955	(2,746)	(145,248)
Profit for the year	1,263,065	117,646	(237,171)	9,512	1,153,052
Assets & liabilities according to geographical segments					
Geographical segment assets	48,697,275	10,094,487	5,367,080	102,023	64,260,865
Total assets	48,697,275	10,094,487	5,367,080	102,023	64,260,865
Geographical segment liabilities	27,481,984	7,138,821	19,785,646	781,846	55,188,297
Total liabilities	27,481,984	7,138,821	19,785,646	781,846	55,188,297
Other items for segment activity					
Depreciation	(69,350)	(3,280)	(7,893)	(1,514)	(82,037)
Net (charges) / release of ECL	(35,859)	(73,617)	(342,734)	262	(451,948)

5 - Segment analysis (Cont....)

5.2 Geographical segments analysis

	Arab Republic of Egypt				
31 December 2020	*Greater Cairo*	*Giza*	*Alexandria Delta, Sinai &*	*Upper Egypt*	*Total*
Revenues & expenses according to geographical segments					
Segment revenues	3,438,367	719,020	1,291,551	71,964	5,520,902
Segment expenses	(2,141,507)	(531,493)	(1,138,535)	(51,760)	(3,863,295)
Activities results by segment	1,296,860	187,527	153,016	20,204	1,657,607
Profit before tax	1,296,860	187,527	153,016	20,204	1,657,607
Tax	(388,294)	(43,800)	(34,737)	(4,518)	(471,349)
Profit for the year	908,566	143,727	118,279	15,686	1,186,258
Assets & liabilities according to geographical segments					
Geographical segment assets	45,000,750	7,149,730	3,898,086	112,544	56,161,110
Total assets	45,000,750	7,149,730	3,898,086	112,544	56,161,110
Geographical segment liabilities	27,350,207	6,082,858	14,063,009	541,279	48,037,353
Total liabilities	27,350,207	6,082,858	14,063,009	541,279	48,037,353
Other items for segment activity					
Depreciation	(56,212)	(2,829)	(7,864)	(493)	(67,398)
Net (charges) / release of ECL	(117,496)	(35,699)	(6,857)	634	(159,418)

All Figures are in EGP 000

6-Net interest income

	31 December 2021	*31 December 2020*
Interest from loans and similar income:		
Loans and advances to customers	**3,045,117**	2,927,802
Treasury bills and bonds	**1,979,332**	1,995,858
Deposits and current accounts	**128,672**	80,588
Total	**5,153,121**	5,004,248
Cost of deposits and similar expense:		
Deposits and current accounts:		
Banks	**(62,371)**	(118,970)
Customers	**(3,027,152)**	(2,856,339)
Total	**(3,089,523)**	(2,975,309)
Net interest income	**2,063,598**	2,028,939

7- Net fees and commission income

	31 December 2021	*31 December 2020*
Fees and commissions income:		
Credit Fees and commissions	**289,686**	258,144
Custody fees	**26,437**	25,452
Other fees	**33,484**	35,741
Total	**349,607**	319,337
Fees and commission expense:		
Other fees	**(30,070)**	(26,709)
Total	**(30,070)**	(26,709)
Net income from fees and commissions	**319,537**	292,628

8- Dividend income

	31 December 2021	*31 December 2020*
Financial investments at fair value through other comprehensive income	**8,464**	5,846
Total	**8,464**	5,846

9- Net trading income

	31 December 2021	*31 December 2020*
Foreign exchange trading gains	**83,828**	101,565
Change in fair value of investment at FVTPL	**2,647**	2,534
Net trading income	**86,475**	104,099

All Figures are in EGP 000

10- Administrative expense and Depreciation

	31 December 2021	31 December 2020
Staff cost:		
Salaries and wages	(287,381)	(239,858)
Social insurance	(18,925)	(15,926)
	(306,306)	(255,784)
Depreciation and amortization	(82,037)	(67,398)
Other administrative expenses	(444,428)	(390,409)
Total	(832,771)	(713,591)

11- Other operating income

	31 December 2021	31 December 2020
(Losses) from non-trading assets and liabilities revaluation	(3,259)	(58,079)
Gain on sale of property and equipment	1,001	358
Legal provision released /charged	36	(430)
Claims provision released	29,171	34,540
Contingent provision charged	(25,938)	(1,507)
Other income	47,442	36,850
Total	48,453	11,732

12- Impairment charges of credit loss

	31 December 2021	31 December 2020
Loans and credit facilities to customers	(454,547)	(160,225)
Due from Banks	(22)	(1,753)
Debt instruments at FVTOCI	2,623	3,008
Treasury bills	(2)	(448)
Total	(451,948)	(159,418)

13- Income tax expense

	31 December 2021	31 December 2020
Current Tax	410,900	484,079
Deferred Tax	(265,652)	(12,730)
Net tax	145,248	471,349

	31 December 2021	31 December 2020
Net profit before tax	1,298,300	1,657,607
Income tax (22.5%)	292,118	372,962
Tax effect on:		
Income not subject to tax	(11,820)	(11,534)
Provision	18,764	(1,375)
Depreciation differences	(5,623)	(6,765)
Others	117,461	130,791
Income Tax Expense	410,900	484,079
Effective income tax rate	31.6%	29.2%

All Figures are in EGP 000

14- Earnings per share

	31 December 2021	31 December 2020
Net profit	**1,153,052**	1,186,258
Less:		
Employees' profit share Proposed / Actual	**(116,000)**	(123,000)
Directors' remuneration Proposed / Actual	**(5,922)**	(5,922)
Transferred to banking Sector support fund	**(11,517)**	(11,855)
Net profit for the year available for distribution	**1,019,613**	1,045,481
Weighted average number of shares	**300,000**	300,000
Basic earnings per share	**3.40**	3.48

15- Cash and balances with Central Bank of Egypt

	31 December 2021	31 December 2020
Cash	**467,760**	352,587
Balances with CBE (mandatory reserve)	**5,033,118**	4,193,602
Total	**5,500,878**	4,546,189
Interest free balances	**5,500,878**	4,546,189

16-Due from Banks

	31 December 2021	31 December 2020
Current accounts	**414,502**	577,550
Deposits	**4,356,363**	3,194,338
	4,770,865	3,771,888
Less: ECL Allowance	**(2,093)**	(2,106)
Total	**4,768,772**	3,769,782
Balances at CBE other than those under the mandatory reserve	**2,067,666**	683,006
Local banks	**56,351**	982,938
Foreign Banks	**2,646,848**	2,105,944
	4,770,865	3,771,888
Less: ECL Allowance	**(2,093)**	(2,106)
Total	**4,768,772**	3,769,782

All Figures are in EGP 000

17- Treasury bills & Borrowings under repurchase agreements

17.1 Treasury bills

	31 December 2021	*31 December 2020*
Treasury Bills at Amortized Cost		
365 Days maturity	**174,455**	174,626
Treasury Bills at Fair value through OCI		
182 Days maturity	**-**	2,456,000
273 Days maturity	**705,021**	482,701
365 Days maturity	**1,152,909**	4,252,548
	2,032,385	7,365,875
Less: Unearned interest	**(64,979)**	(231,195)
Less: ECL Allowance	**(452)**	(449)
Total	**1,966,954**	7,134,231

17.2 Borrowings under repurchase agreements

Borrowings under repurchase agreements	**10,152**	20,156
Total	**10,152**	20,156

All Figures are in EGP 000

18- Loans and advances to customers & banks

	31 December 2021	*31 December 2020*
Individuals		
Overdrafts	**470,953**	481,534
Credit cards	**33,072**	32,755
Personal loans	**1,126,015**	843,023
Other Loans	**887,243**	1,474,184
Total (1)	**2,517,283**	2,831,496
Corporate loans including small loans:		
Overdrafts	**3,496,208**	2,087,612
Direct loans	**27,630,512**	21,274,867
Syndication loans	**5,104,265**	5,310,459
Total (2)	**36,230,985**	28,672,938
Total loans and advances to customers (1+2)	**38,748,268**	31,504,434
Less :ECL Allowance	**(2,386,397)**	(1,991,630)
Less: Interest in suspense	**(120,673)**	(163,126)
Less :Unearned discount	**(111,107)**	(237,065)
Net loans and advances to customers	**36,130,091**	29,112,613
Loans and advances to banks	**354,347**	342,988
Less :ECL Allowance	**(1,466)**	(1,247)
Less :Unearned discount	**(1,925)**	(2,404)
Net loans and advances to customers & Banks	**36,481,047**	29,451,950

Analysis of expected credit loss of loans and facilities to customers and banks

	31 December 2021	31 December 2020
Balance at the beginning of the Year	**1,992,877**	1,845,128
ECL Allowance for the Year (note 12)	**460,819**	168,680
Provisions no longer required (note 12)	**(6,272)**	(8,455)
Foreign currency translation	**(2,966)**	(20,898)
Recoveries from written-off debts	**6,272**	8,455
Write-off during the year	**(62,867)**	(33)
Balance at the end of the Year	**2,387,863**	1,992,877

Analysis of expected credit loss of loans and facilities by type:

	31 December 2021	31 December 2020
Retail		
Balance at the beginning of the Year	**27,721**	70,494
ECL Allowance for the Year (note 12)	**(11,426)**	(42,773)
Balance at the end of the Year (1)	**16,295**	**27,721**
Corporate and Banks		
Balance at the beginning of the Year	**1,965,156**	1,774,634
ECL Allowance for the Year (note 12)	**472,245**	211,453
Provisions no longer required (note 12)	**(6,272)**	(8,455)
Foreign currency translation	**(2,966)**	(20,898)
Recoveries from written-off debts	**6,272**	8,455
Writ-off during the year	**(62,867)**	(33)
Balance at the end of the Year (2)	**2,371,568**	1,965,156
Total (1) + (2)	**2,387,863**	**1,992,877**

All Figures are in EGP 000

19- Derivative financial instruments

The Bank has applied hedge accounting and the change in the fair value of the derivative is recognized in other comprehensive income.

31 December 2021

	Contractual value	*Assets*	*Liabilities*
Cash flow hedge			
Interest rate swap	306,874	-	6,674
Total assets / liabilities	306,874	-	6,674

31 December 2020

	Contractual value	*Assets*	*Liabilities*
Cash flow hedge			
Interest rate swap	313,157	-	15,128
Total assets / liabilities	313,157	-	15,128

20- Financial investments

	31 December 2021	*31 December 2020*
Financial investments at fair value through Other Comprehensive Income:		
A) Debt instruments		
Listed (Treasury Bonds)	7,957,732	4,519,106
Listed (Non-government Bonds)	1,756,090	1,636,804
Sukkuk	700,000	500,000
B) Equity instruments		
Listed	4,050	-
Unlisted	59,565	57,052
C) Money Market Funds		
AUBE Mutual Fund THARWA	14,335	13,040
AUBE Mutual Fund ALPHA	11,002	9,485
Total financial investments at FVTOCI (1)	10,502,774	6,735,487
Financial investments at Amortized Cost:		
A) Debt instruments		
Government Bonds	2,504,245	2,667,414
Total financial investments at Amortized Cost (2)	2,504,245	2,667,414
Financial investments at fair value through profit or loss:		
A) Equity instruments		
Listed	1,298	1,630
B) Money Market Funds		
AUBE Mutual Fund THARWA	32,971	29,991
Total financial investments at FVTPL (3)	34,269	31,621
Total financial investments (1+2+3)	13,041,288	9,434,522
Current Balances	93,834	88,673
Non- current Balances	12,947,454	9,345,849
Total	13,041,288	9,434,522
Equity Instruments	64,913	58,682
Debt Instruments	12,918,067	9,323,324
Mutual Funds	58,308	52,516
Total	13,041,288	9,434,522

20- Financial investments (cont....)

All Figures are in EGP 000

31 December 2021	***Financial investment at Fair value through OCI***	***Financial investment at Amortized Cost***	***Total***
Balance at 1 January 2021	**6,735,487**	**2,667,414**	**9,402,901**
Additions	**5,147,608**	**445,000**	**5,592,608**
Amortization of discount	**(27,863)**	**2,216**	**(25,647)**
Disposals / Maturities	**(1,284,295)**	**(610,385)**	**(1,894,680)**
Foreign Currency Revaluation	**(5,625)**	**-**	**(5,625)**
Net fair value adjustments	**(62,538)**	**-**	**(62,538)**
Balance at 31 December 2021	**10,502,774**	**2,504,245**	**13,007,019**

31 December 2020	*Financial investment at Fair value through OCI*	*Financial investment at Amortized Cost*	*Total*
Balance at 1 January 2020	4,334,342	4,730,434	9,064,776
Additions	5,122,360	719,910	5,842,270
Amortization of discount	1,944	21,513	23,457
Disposals / Maturities	(2,640,308)	(2,804,443)	(5,444,751)
Foreign Currency Revaluation	6,581	-	6,581
Net fair value adjustments	(89,432)	-	(89,432)
Balance at 31 December 2020	6,735,487	2,667,414	9,402,901

21-Gain on Financial Investments

	31 December 2021	*31 December 2020*
Gain on sale of treasury bills	**26,813**	50,391
Gain on sale of financial investment – FVTOCI	**29,679**	36,981
Total	**56,492**	87,372

22-Financial investment in subsidiaries

	31 December 2021	*31 December 2020*
Ahli United Finance Company (Unlisted) - Owned 99.99%	**54,468**	54,468

23- Investment properties (net)

	31 December 2021	*31 December 2020*
Cost	**41,646**	41,646
Additions	**434**	-
Accumulated depreciation	**(6,588)**	(5,755)
Depreciation during the year	**(833)**	(833)
Net Book Value	**34,659**	**35,058**

All Figures are in EGP 000

24- Other assets

	31 December 2021	*31 December 2020*
Interest Receivable from Customers	**894,527**	497,745
Prepaid expenses	**27,824**	20,801
Advances for purchase of property, plant and equipment	**92,191**	168,944
Assets acquired as settlement of debts	**294,080**	146,013
Deposits held with other custody	**7,219**	7,734
Other assets	**272,340**	263,654
Total	**1,588,181**	1,104,891

25 – Property, plant and equipment (net)

	Lands and buildings	*Leased assets improvements*	*Equipment and machinery*	*Others*	*Total*
Net book value as of 1 January 2021	**319,793**	**86,276**	**67,116**	**156,834**	**630,019**
Additions	**143,670**	**52,122**	**16,578**	**63,519**	**275,889**
Disposals	-	-	-	**(847)**	**(847)**
Depreciation charge	**(9,104)**	**(19,493)**	**(9,484)**	**(43,209)**	**(81,290)**
Depreciation related to Disposals	-	-	-	**847**	**847**
Net book value 31 December 2021	**454,359**	**118,905**	**74,210**	**177,144**	**824,618**
Balance at the end of current Year represents in:					
Cost	**527,105**	**254,539**	**128,637**	**449,089**	**1,359,370**
Accumulated depreciation	**(72,746)**	**(135,634)**	**(54,427)**	**(271,945)**	**(534,752)**
Net book value 31 December 2021	**454,359**	**118,905**	**74,210**	**177,144**	**824,618**

	Lands and buildings	*Leased assets improvements*	*Equipment and machinery*	*Others*	*Total*
Net book value as of 1 January 2020	233,998	88,921	70,829	119,645	513,393
Additions	92,331	13,700	5,220	72,145	183,396
Disposals	-	-	(634)	(541)	(1,175)
Depreciation charge	(6,536)	(16,345)	(8,728)	(34,956)	(66,565)
Depreciation related to Disposals	-	-	429.00	541	970
Net book value 31 December 2020	319,793	86,276	67,116	156,834	630,019
Balance at the end of current year represents in:					
Cost	383,435	202,417	112,059	386,417	1,084,328
Accumulated depreciation	(63,642)	(116,141)	(44,943)	(229,583)	(454,309)
Net book value 31 December 2020	319,793	86,276	67,116	156,834	630,019

All Figures are in EGP 000

26-Due to banks

	31 December 2021	31 December 2020
Current accounts	55,444	21,216
Deposits from Banks	270,000	-
Total	325,444	21,216
Local banks	270,000	-
Foreign banks	55,444	21,216
Total	325,444	21,216

27-Customers' deposits

	31 December 2021	31 December 2020
Demand deposits	17,585,651	15,421,374
Time deposits	25,374,327	22,186,609
Certificates of deposit	5,834,945	4,780,309
Savings deposits	4,008,050	3,851,444
Other deposits	734,142	339,182
Total	53,537,115	46,578,918
Corporate deposits	40,466,388	37,632,507
Individual deposits	13,070,727	8,946,411
Total	53,537,115	46,578,918
Non-interest bearing balances	4,340,517	3,124,847
Floating-interest bearing balances	17,987,326	16,487,153
Fixed interest bearing balances	31,209,272	26,966,918
Total	53,537,115	46,578,918
Current balances	22,327,843	19,612,000
Non-current balances	31,209,272	26,966,918
Total	53,537,115	46,578,918

28- Other liabilities

	31 December 2021	31 December 2020
Interest Payable	268,718	266,071
Clearing operations – CBE	112,592	122,223
Margin deposits	262,116	84,986
Accrued Taxes	324,963	351,465
Unearned revenue	21,809	21,409
Accrued expenses	82,511	68,356
Deferred tax liability	7,863	273,516
Dividends Payable	11,855	-
Other credit balances	60,029	51,972
Total	1,152,456	1,239,998

All Figures are in EGP 000

29- Other provisions

	Provision for legal claims	*Claims provision*	*Contingent liabilities*	*Total*
Balance at 1 January 2021	**31,730**	**98,327**	**31,880**	**161,937**
(Released) charged during the year	**(36)**	**(29,171)**	**25,938**	**(3,269)**
Used during the year	**(2,133)**	**-**	**-**	**(2,133)**
Foreign currency translation	**(2)**	**(1)**	**(76)**	**(79)**
Balance at 31 December 2021	**29,559**	**69,155**	**57,742**	**156,456**
Balance at 1 January 2020	32,872	162,154	30,434	225,460
Charged (released) during the year	430	(34,540)	1,507	(32,603)
Used during the year	(1,541)	(28,560)	-	(30,101)
Foreign currency translation	(31)	(727)	(61)	(819)
Balance at 31 December 2020	31,730	98,327	31,880	161,937

30-Capital

30.1 Authorized Capital

Authorized capital amounts to EGP 4 Billion (31 December 2020: EGP 4 Billion).

30.2 Issued and paid up Capital

Issued and paid in capital amounts to EGP 3 Billion at 31 December 2021 represented by 300 Million Share with par value 10 EGP for each.

On March 29, 2021 the ordinary general assembly approved to increase of the bank authorized capital up to EGP 10 billion, issued and paid up capital to EGP 5 billion by issuing of 200 million bonus shares out of retained earnings resulting in an increase in paid up capital by EGP 2 billion to reach EGP 5 billion, commercial register was updated on 10 January 2022 and shares issuance in progress.

All Figures are in EGP 000

31-Reserves and Retained Earnings

	31 December 2021	31 December 2020
Reserves of General bank risk	6,727	6,378
Legal & Capital reserve	560,312	500,659
Fair value reserve	97,792	161,256
General Risk reserve	11,884	11,884
Total reserves at the end of the Year	676,715	680,177

31-1 Reserves of General Bank Risks

	31 December 2021	31 December 2020
Balance at the beginning of the Year	6,378	6,027
Charge related to Assets reverted to the bank	349	351
Balance at the end of the Year	6,727	6,378

* As per CBE Regulations, the Bank is required to create a general banking risk reserve for impact arising from any unexpected risks. The Bank will not make any distribution from this reserve without obtaining prior approval of the Central Bank of Egypt.

31-2 Legal and Capital Reserve

	31 December 2021	31 December 2020
Balance at the beginning of the Year	500,659	436,164
Transfer from profit of previous year to Legal reserve	59,653	64,495
Balance at the end of the Year	560,312	500,659

*According to the Bank's Articles of Association 5% of the year's net profits are transferred to the legal reserve.

The transfer to legal reserve shall be suspended when the balance thereof equivalent to 50% of the total issued capital.

All Figures are in EGP 000

31-3 Fair value reserve

	31 December 2021	31 December 2020
Balance at the beginning of the Year	**161,256**	255,764
Fair value movements during year	**(60,831)**	(91,486)
Expected credit loss of debt instruments measured at fair value through Other comprehensive income	**(2,633)**	(3,022)
Balance at the end of the Year	**97,792**	161,256

31-4 Retained Earnings

	31 December 2021	31 December 2020
Balance at the beginning of the year	**4,443,580**	3,898,090
Transfer to legal reserve	**(59,653)**	(64,495)
Bonus shares	**(2,000,000)**	-
Cash dividends	**-**	(450,000)
Employees' profit share	**(123,000)**	(120,000)
Directors' remuneration	**(5,922)**	(5,922)
Transferred to GBRR	**(349)**	(351)
Net profit for the year	**1,153,052**	1,186,258
Transferred to Banking sector support fund	**(11,855)**	-
Balance at the end of year	**3,395,853**	4,443,580

32-Cash and cash equivalents

For the purpose of cash-flow presentation; cash and cash equivalent include the following balances that have maturity dates not exceeding three months from their acquisition date.

	31 December 2021	31 December 2020
Cash and due from Central Bank	**5,500,878**	4,546,189
Due from banks	**4,768,772**	3,769,782
Treasury bills	**1,966,954**	7,134,231
Balances with CBE - mandatory reserve	**(5,033,118)**	(4,193,602)
Treasury bills with maturities more than 3 months	**(1,966,954)**	(7,134,231)
Total	**5,236,532**	4,122,369

All Figures are in EGP 000

33 - Contingent liabilities and commitments

A - Legal claims

There is a number of existing cases filed against the bank on 31 December 2021 without provision as the bank does not expect to incur losses from it.

B - Capital commitments.

B.1 Fixed Assets and Branches Construction

The capital commitments as of 31 December 2021 amounted to EGP 62,955 thousands (31 December 2020: EGP 104,910 thousands), which represents purchasing of fixed assets. Management has full confidence towards the availability of funds to cover such commitments.

B.2 Commitments under operating lease contracts

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

	31 December 2021	*31 December 2020*
Not more than one year	**13,076**	26,122
More than one year and less than 5 years	**13,999**	29,858
More than 5 years	**29,121**	29,142
Total	**56,196**	85,122

B.3 Liabilities against letters of credit, documentary credits and other commitments

Gross Balances

	31 December 2021	*31 December 2020*
Acceptances	**814,372**	442,002
Letters of guarantee	**7,517,165**	5,545,057
Letters of credit	**473,735**	223,028
Forward exchange contracts	**387,516**	180,616
Interest rate swaps	**306,874**	313,157
Non-cancellable commitments for credit facilities	**145,000**	46,582
Total	**9,644,662**	6,750,442

Net of Collateral

	31 December 2021	*31 December 2020*
Acceptances	**777,732**	441,829
Letters of guarantee	**6,695,080**	4,862,143
Letters of credit	**378,409**	167,845
Forward exchange contracts	**387,516**	180,616
Interest rate swaps	**306,874**	313,157
Non-cancellable commitments for credit facilities	**145,000**	46,582
Total	**8,690,611**	6,012,172

All Figures are in EGP 000

34-Related party transactions

The Bank is a subsidiary of Ahli United Bank - Bahrain B.S.C (The Parent) which owns 95.68 % of the ordinary shares and the remaining stake of 4.32 % owned by other shareholders. In addition, Bank owns 99.99% of the subsidiary company, AUFC.Following are related party transactions and balances during the financial year ended 31 December 2021 and 31 December 2020:

	31 December 2021	*31 December 2020*
Due from banks	**793,331**	418,297
Due to banks	**42,510**	5,837
Customer deposits	**25,201**	20,831
Loans and advances to customers	**466,883**	177,767

The average monthly salaries inclusive of all other allowances, incentive or Profit Share for top 20 staff as at 31 December 2021 is EGP 2,811 thousand.

35- Mutual Funds

35.1 Ahli United Bank- Egypt (S.A.E) First Mutual Fund with daily accumulated interest and prizes (THARWA)

The fund is one of the licensed activities for the Bank under the law no: 95 /1992 and it's implementing regulations; the fund is managed by Hermes Fund Management Company.

THARWA has total number of 2,918,254 certificates with redemption value of EGP 287 per unit (total EGP 836,673 thousand) and AUB acquired 50,000 certificates and classified as Financial investments -Fair value through Other Comprehensive Income with total face value of EGP 5 million (note 20)

In addition the Bank invested another 115,000 certificates with redemption value of EGP 287 per certificate (total EGP 32,970 thousand) financial investments -Fair value through profit or loss in line with related regulation. (Note 20)

According to the Fund management agreement and the prospectus, the Bank receives fees and commission towards supervision of the Fund and related administrative services. The Bank received total commissions of EGP 3,378 thousand for the year ended 31 December 2021 and is included in the income statement under fees and commissions.

35.2 Ahli United Bank- Egypt (S.A.E) Second Mutual Fund with daily accumulated interest and prizes (ALPHA)

The fund is one of the licensed activities for the Bank under the law no: 95 /1992 and it's implementing regulations; and is managed by Hermes Fund Management Company.

ALPHA has total number of 545,745 certificates with redemption value of EGP 22 per unit (total EGP 12,008 thousand). AUB acquired 500,000 certificates and classified as Financial investments -Fair value through Other Comprehensive Income with total face unit of EGP 5 million (Note 20).

According to the Fund management agreement and the prospectus, the Bank receives fees and commission towards the supervision of the Fund and related administrative services. The Bank received total commissions of EGP 56 thousand for the year ended 31 December 2021 and is included in the income statement under fees and commissions.

36-Tax position

Income Tax

- The Bank calculates and pays the income tax liability in due date based on the bank's tax declaration report.
- Income Tax prior till 2016 has been assessed and settled with the tax authority.
- The tax examination data is being prepared for the years 2017/2019.
- The bank taken into consideration the status of the above assessment while estimating the tax provision.

Stamp Duty Tax

- All of the bank branches were inspected from operating date till 31 July 2006.
- From lst August 2006 up to 31st December 2020 settled with the tax authority –inspection completed.

Salary Tax

- The bank calculates, deducts and pays the monthly salary tax on a regular basis
- From the bank inception date till 2002 was assessed and the tax due was paid. Some periods are pending in the courts.
- From 2003 till 2004 was inspected /settled and the bank dispute was transferred to the Interior Committee.
- The period from 2005 till 2019 settled with tax authority- inspection completed.
- The Bank has taken into consideration the status of the above assessments while estimating the tax provision.

Real Estate Tax

- All real estate tax claims are paid, overstated claims were objected.

37-Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation of financial statements for the year.

38- Important Events

The coronavirus ("COVID-19") pandemic is continuing across the various geographies globally, causing disruption to business and economic activities. Albeit to a lesser degree, by strengthening vaccinations and succeeding to vaccinate citizens in many countries, including Egypt. However, the continued spread of the Corona virus COVID-19 and the emergence of mutated strains, led to the continuing uncertainty in the global economic environment. AUBE is closely monitoring the situation through the business continuity planning and other risk management practices to manage the business disruption caused by COVID-19 outbreak on its operations and financial performance.

Based on the uncertainties caused by COVID-19 and following the actions taken by the state regarding the co-existence procedures, AUBE is closely following up the loan portfolio considering the relevant impact of COVID-19 on the qualitative and quantitative factors where determining the significant increase in Credit Risk is specifically done for the whole portfolio with its different economic sectors.

Accordingly, AUBE is constantly following and applying its internal protective action started since Q1 2020 by monitoring and reviewing the level of provisions as well as the portfolio coverage ratio as a mitigation plan for the COVID-19 impact on the loan portfolio. Further precautionary actions might be taken progressively in the light of the pandemic is not over yet.