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ANNUAL REPORT

2021

AIB المصرف العربي الدولي

ARAB INTERNATIONAL BANK

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First
General View

A Letter from The Chairman

Dear Esteemed Shareholders,

On behalf of the members of the Board of Directors of the Arab International Bank, and on my own behalf, I am extremely honored to present to you the separate and consolidated financial statements of the Bank through the annual report for the year 2021. In spite of the outbreak of Novel Coronavirus Disease (COVID-19), during the year 2021, that is still having a heavy and negative impact all over the world, the financial statements of the Arab International Bank had proved that we were able to accomplish the appropriate achievements to move forward towards reaching the strategic vision that maintains the position of the Arab International Bank as one of the most deeply rooted banks in the Egyptian banking sector.

It is worth noting that, we are constantly working to achieve excellence, continue to progress and provide the best level of service to our customers, while ensuring that we attract new customers by relying on our branches, services and products, as the culture of the Arab International Bank is characterized by providing banking services in the best manner and striving for progress and achieving better performance. In addition, we can affirm that all the employees of the Arab International Bank are always keen to treat all customers with extreme care and in a distinctive manner.

The following is a summary of the most important indicators of our Bank's performance during the financial year ended as at December 31, 2021, in addition to the most prominent economic events and developments on the global and domestic levels in 2021.

The separate and consolidated financial statements of the Bank had been prepared and presented in accordance with the instructions of the Central Bank of Egypt.

The net profit increased by about 25% when compared with the previous year, as it reached US$ 23.3 million in 2021, compared to US$18.6 million in 2020. In addition, the customers' deposits also increased by 4.5 %, as they reached 4.212 billion US dollars in 2021 when compared with 4.031 billion US dollars in 2020, and the coverage rate of the Expected Credit Loss (ECL) provision of the loans portfolio reached 31.20% in 2021 compared to 31.26% in the previous year.

The Bank's capital adequacy ratio calculated on a Banking Group basis according to the instructions of The Central Bank of Egypt equals 20.30 % as at December 31, 2021, while the minimum limit required according to the instructions of The Central Bank of Egypt is 12.50 % including the capital conservation buffer.

Technological Development:

Despite the continued spread of the Covid-19 pandemic (Corona), we proceeded at a confident and steady pace in overcoming obstacles by following the precautionary instructions to prevent the pandemic, as the Bank took several measures, including, for example: employees rotation in the head office and working on the principle of "distancing" through technological means, increasing ATM balances, providing gloves and sterilization tools for branch workers, especially banknote dealers, using awareness videos on the screens of branches and the head office, and frequently asked questions and answers to them, transferring the contact fingerprint of attendance and leaving work, to an employee identification card, prohibiting the printing of marketing publications for products and only announcing them through social media channels and sending text messages, canceling internal training for students, reducing meetings and activating the "virtual meetings" feature via video conference for top management and employees as well.

Despite the negative factors caused by the pandemic, it helped the banking sector to implement financial technology in the banking sector, support its use and spread, and made customers accept digital services and digital transformation, and made them more willing to experience new technological developments instead of going to traditional branches and dealing directly with employees. Therefore, the Bank seeks to provide channels and means to keep pace with this development.

Financial Inclusion:

In support of the approach of the state and the Central Bank of Egypt towards the support of financial inclusion to achieve economic and social development, we strongly support the initiatives and activities that are implemented in this regard, and based on our strategy, we focus our attention on providing products that are suitable for all segments of the society, such as youth, women, the elderly, people of determination, entrepreneurs, free professions, freelancers and craftspeople.

Economy in the Host Country (Arab Republic of Egypt):

Through its economic and structural reform program with its various axes, the Egyptian state was able to transform challenges into development opportunities, and establish a strong, coherent, diversified and resilient national economy, as Egypt recorded the highest semi-annual growth rate since the beginning of the millennium at 9% of GDP during the period from July to December 2021, making the Egyptian economy one of the few economies in the world that managed to achieve positive growth rates.

The International Monetary Fund (IMF) forecasts indicate that the Egyptian economy will be the second largest African economy in 2022 with a value of US$ 438.3 billion, compared to obtaining the third place in 2021 with a value of US$ 396.3 billion.

The Egyptian state was also able to maintain the credit rating, as Standard & Poor's and Fitch Ratings Inc. kept Egypt's credit rating at (BB) and (B+) with a stable outlook.

Global Economic Developments:

If we look at the economic events throughout the year 2021, we could find out that it went under the heading of "The Recovery Is Still Going On"; as it is the first time that a crisis has hit all the economies of the world, and all economic sectors at the same time. Despite the change in global economic growth forecasts from the beginning of the year to the end of the year, they remained at positive rates ranging between 4 and 6 %, according to the International Monetary Fund Report that is issued under the title of "Global Economic Outlook". The global economy was also able during the year 2021 to withstand the repercussions of the "Covid-19" pandemic and achieve the ability to shift from the contraction recorded in 2020 to growth rates supported by optimistic estimates of a return to growth levels before the pandemic, as energy prices witnessed a return to rise, to exceed US$ 73 per barrel, and US$ 48 at the end of 2020, compared to approximately US$ 66 a barrel at the end of 2019.

According to World Bank Reports, the economies of the ten largest countries in the world maintained holding the previous global ranking, namely, the United States of America, China, Japan, Germany, India, the United Kingdom, France, Italy, Brazil, and Canada, respectively.

The volume of global economic output reached US$ 94 trillion in 2021, and only 4 countries, namely the United States of America, China, Japan and Germany, accounted for more than half of the world's economy.

Despite the fact that, the recovery of the global and local economy continues to move forward, we are extremely proud of the Arab International Bank, as it has skillfully managed to maintain its position.

Finally, I would like to express my sincere feelings of gratitude and appreciation to the members of the Board of Directors for their wise leadership and to the Bank's employees for their continuous efforts, and we will always continue to maintain our efforts to achieve excellence through cooperation, commitment and transparency in all our dealings.

Hisham Ramez Abdel Hafez

Chairman of The Board of Directors
&
Managing Director

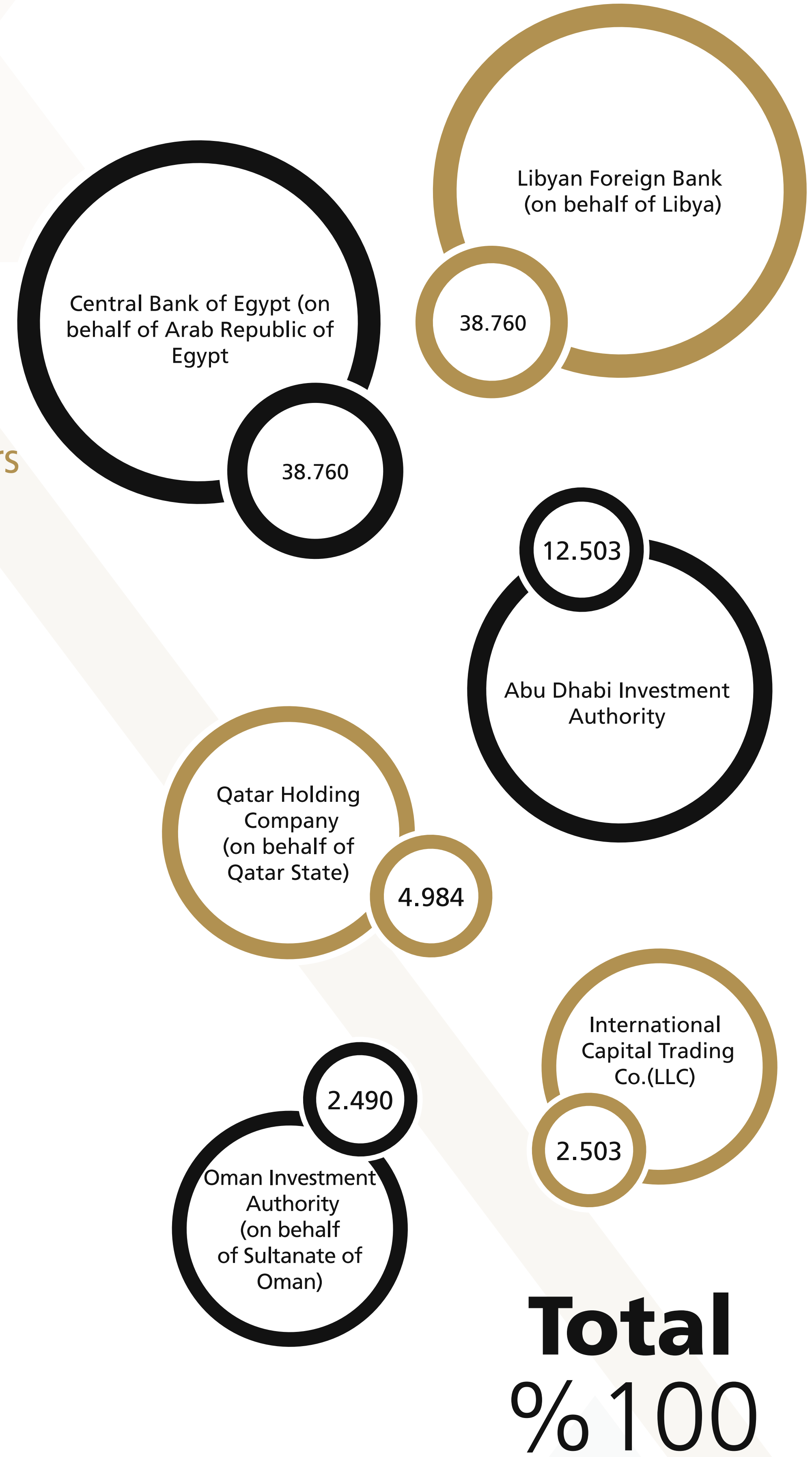
Bank's Background

The Arab International Bank was established in 1974 by virtue of an international treaty concluded by the governments of the Arab Republic of Egypt, Libya, Sultanate of Oman, the State of Qatar and the United Arab Emirates. The legal domicile of the Bank is located in Cairo, Egypt. The purpose of this Bank is to carry out all the banking, financial and commercial activities related to the projects of economic development and foreign trade, especially for the interest of the member states, other countries and the Arab countries. The mentioned activities include but are not limited to:

- Accepting time deposits or call deposits and opening accounts for the governments of the Arab countries, non-Arab countries, the organizations, institutions, banks, companies and individuals from the Arab countries and non-Arab countries.
- Financing the foreign trade operations of the Arab countries through providing credit facilities for the importers, granting finance to the exporters and providing insurance or securing the facilities required for such operations.
- Organizing the participation in the projects and investment programs that are related to the economic development particularly those of common nature among a number of the Arab countries.
- Providing long- and medium-term loans for the purposes of development.
- Establishing or acquiring companies or participating in any manner with the banks, Arab and foreign companies practicing similar activities and assisting the Bank in achieving its purposes in the Arab or foreign countries. Within the framework of the endeavors exerted by the Bank to expand its activities and the establishment of new branches in addition to providing all the services to its customers in a manner according to which the Bank can carry out transactions in all currencies including the Egyptian Pound along with maintaining all the privileges granted by virtue of the Bank Establishment Treaty whether to the shareholders or the bank customers dealing with it, as the Extraordinary General Assembly meeting of the Arab International Bank held on March 22,2012 approved the amendment of some articles of the Bank Establishment Treaty and its statutes, the following are the most significant amendments of which:
  - All transactions undertaken by the Bank shall be conducted in all currencies as specified by the Board of Directors.
  - The Bank and its branches are not subject to the laws regulating general organizations or organizations of public utility, public sector companies and joint stock companies in Member States where the Bank or its branches operate.
  - In a manner that is not in conflict with the above mentioned and with the rest of Bank Establishment Treaty, this Bank is subjected to the supervision of the Central Bank according to the law of Central Bank, the law of Banking and Monetary System in the headquarters hosting country in addition to exercising control by the other central banks over the branches of the Bank of the member states that participated in the Establishment Treaty of the Bank according to the applicable provisions of the laws regulating the banks and credit facilities of the member states.

It has been taken to activate this amendment procedures as of April 2015.

Members
The shareholders



Members of the Board of Directors

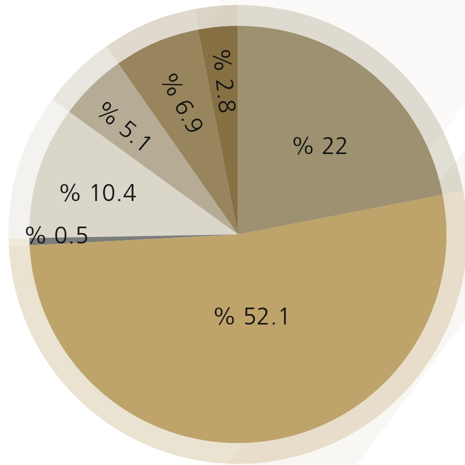
Mr. Hisham Ramez Abdel Hafez	Chairman of the Board of Directors & Managing Director
Mr. Mohamed Kamal El-Din Barakat	Deputy-Chairman of the Board of Directors & Managing Director
Dr. Mostafa Kamal Madboly	Member of the Board of Directors
Mr. Rami Ahmed Aboulnaga	Member of the Board of Directors
Mr. Mohamed Hesham Abdelhamid Abomousa	Member of the Board of Directors
Mrs. Mai Sherif Aboulnaga	Member of the Board of Directors
Mr. Ali Salem El Hebry	Member of the Board of Directors
Mr. Essam Elddin Salem Allag	Member of the Board of Directors
Mr. Hamad Rashed Al Noeimy	Member of the Board of Directors
Mr. Khaled Mohamed Al Khajeh	Member of the Board of Directors
Mr. Abdullah Ali Al-Kuwari	Member of the Board of Director
Mr. Matar Mubarak Almazrouei	Member of the Board of Director

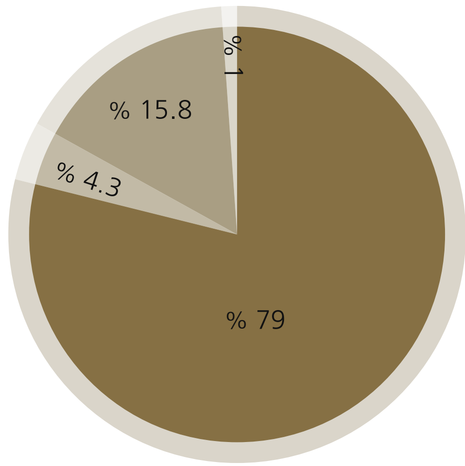
The most significant financial information & indications

	2021	2020
		(US$ Thousands)
Income Statement Items		
Total operating income	89 553	80 990
Total operating expenses	(65 777)	(61 402)
Profit before provisions	23 778	19 589
Net profit	23 347	18 634
		(US$ Million)
Financial Position Items		
Total Assets	5 356	5 441
Cash & Placement with banks	1 189	1 412
Net loans and advances	557	595
Treasury bills	2 793	2 697
Investments at fair value through other comprehensive income	27	27
Financial investments at amortized cost	273	208
Investments in subsidiaries & associates	368	365
Customers' deposits	4 212	4 031
Shareholders' equity	847	843
Ratio (%)	%	%
Assets Quality		
Total assets growth rate	(1.55)	1.51
Loans provision to gross loans	31.2	31.26
Loans provision to non-performing loans	88.87	93.03
Capital Adequacy		
Total equity growth rate	0.45	0.56
Total equity to total assets	15.8	15.5
Liquidity		
Net loans to total deposits	12.53	13.09
Net loans to total customers' deposits	13.23	14.76
Total customers' deposits to total deposits	94.77	88.65
Liquid assets to total assets ratio	68.78	69.9
Profitability		
Operating income on average assets *	0.34	0.28
Return to average equity *	2.20	1.80
Return to paid in capital *	3.09	2.52

* Excluding the amount of US$ 4.8 million as at 31-12-2021 and the amount of US$ 3.5 million as at 31-12-2020 representing associates impairment reversal (Non-recurring transaction)

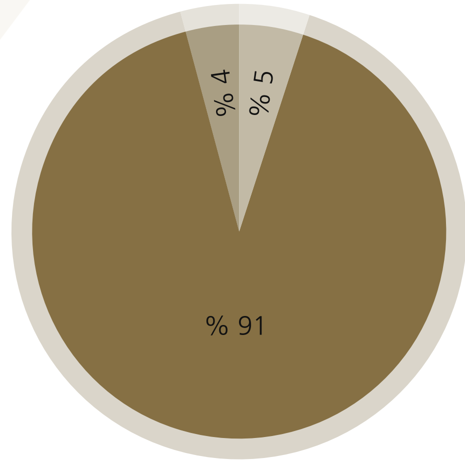
2021	Assets Breakdown	%
1 189 055	Cash & Cash at Banks	% 22
2 792 713	Treasury Bills	% 52.1
26 502	Investments at fair value through OCI	% 0.5
557 080	Loans & Advances	% 10.4
272 724	Investments at amortized cost	% 5.1
367 727	Investments in Associates	% 6.9
150 327	Others	% 2.8
5 356 128		**% 100**

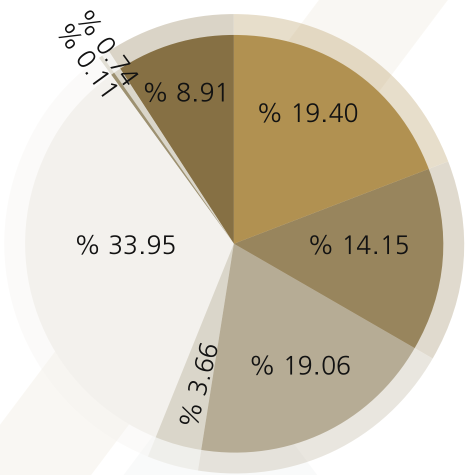




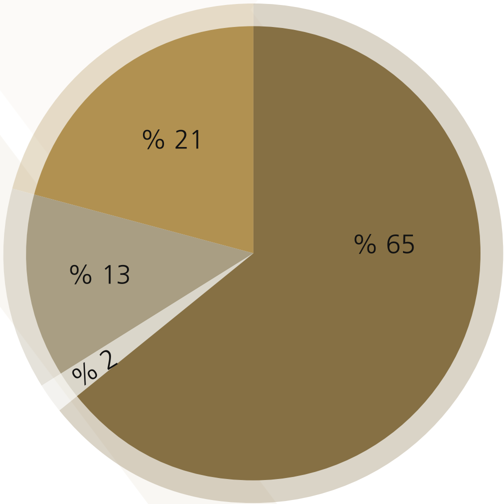
2021	Resources Breakdown	%
4 212 211	Customers Deposits	% 79
232 647	Banks deposits	% 4.3
847 006	Shareholders' equity	% 15.8
64 264	Others	% 1
5 356 128		**% 100**

2021	Gross Loans and Advances by Type	%
40 555	Customers	% 5
739 121	Corporate Finance	% 91
30 000	Banks	% 4
809 676		**% 100**
(252 596)	Provisions	



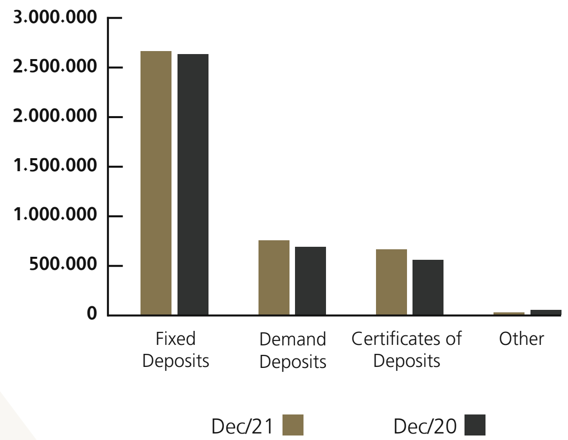


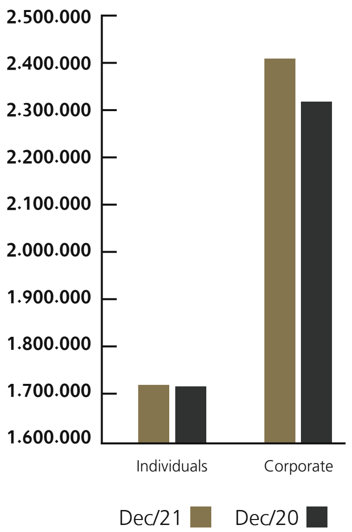
2021	Distribution of Net Loans According to Sectors	%
157 069	Financials	% 19.40
114 586	Industrial	% 14.15
154 364	Petroleum & Gas	% 19.06
29 668	Commercial	% 3.66
274 911	Tourism	% 33.95
891	Electricity	% 0.11
6 032	Construction	% 0.74
72 155	Others	% 8.91
809 676	**Total**	**% 100**



2021	Associates by Sectors	%
237 207	Financial institutions	% 65
6 800	Tourism	% 2
48 000	Commercials & Industrial	% 13
75 720	Technology & Education	% 21
367 727	**Total**	**% 100**

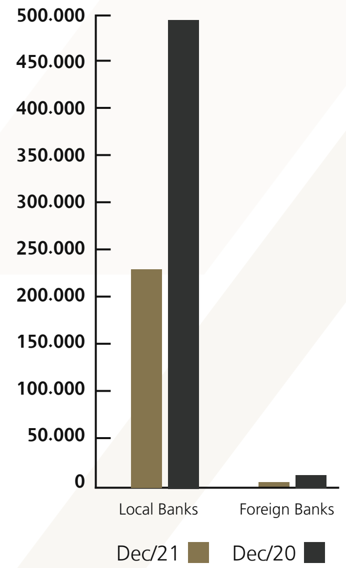
Customers Deposits	Dec/21	Dec/20
Fixed Deposits	2 651 110	2 644 569
Demand Deposits	780 252	756 861
Certificates of Deposits	745 942	570 898
Other	34 907	58 276
Total	**4 212 211**	**4 030 604**



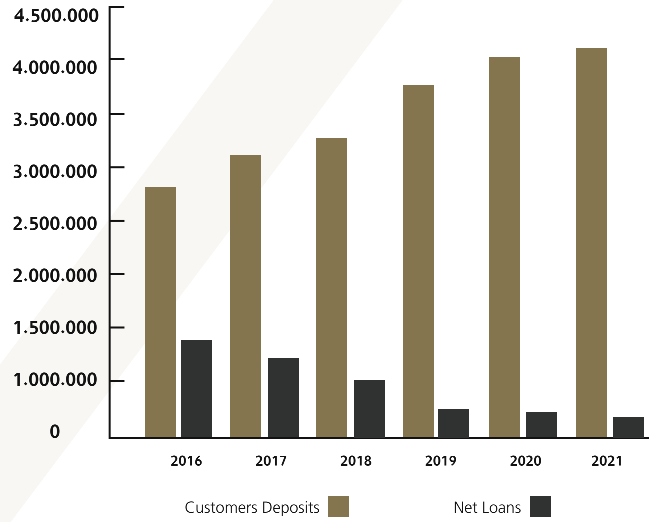


Distribution of Customers Deposits by Client Type	Dec/21	Dec/20
Individuals	1 748 730	1 705 824
Corporate	2 463 481	2 324 780
Total	**4 212 211**	**4 030 604**

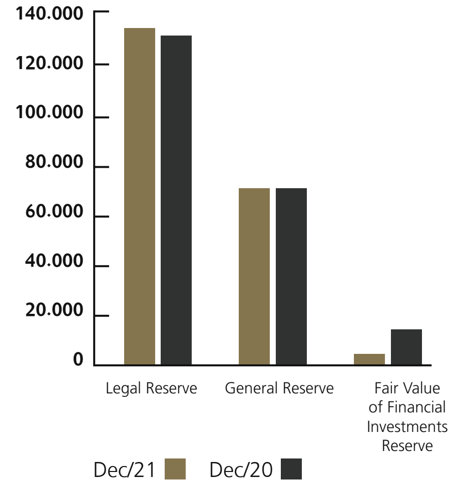
Distribution of Interbanks Deposits by Region	Dec/21	Dec/20
Local Banks	225 253	496 187
Foreign Banks	7 394	19 638
Total	**232 647**	**515 825**



Net Loans Versus Customers Deposits	Net Loans	Customers Deposits
2016	2 803 912	1 340 876
2017	3 112 873	1 228 470
2018	3 317 048	1 061 472
2019	3 786 645	608 167
2020	4 030 604	595 029
2021	4 212 211	557 080



Reserves Distribution	Dec / 21	Dec / 20
Legal Reserve	134 648	132 785
General Reserve	73 582	73 582
Fair Value of Financial Investments Reserve	4 989	12 710
Total	**213 219**	**219 077**



Second
Board of Directors' Report

Board Of Directors' Report On The Activities Of The Bank During The Year 2021

Introduction

These financial statements of the Bank were prepared in accordance with rules issued on 16 December 2008 by the Central Bank of Egypt with respect to the preparation and presentation of the financial statements of banks in addition to the instructions of preparation and presentation of the financial statements of banks issued on 26 February 2020 by the Central Bank of Egypt with respect to the requirements of IFRS (9) "Financial Instruments".

The said separate and consolidated financial statements were audited by external auditors in accordance with the rules and instructions mentioned above and they issued an unqualified opinion (a clean opinion report) to the effect that the financial statements present fairly, in all material respects, the financial position of Arab International Bank as at December 31, 2021, its financial performance and its cash flows for the year then ended.

The Board of Directors of the Arab International Bank is honored to introduce the results of the Bank's activities and its performance according to the financial statements for the year ended as at December 31, 2021, along with a summary of the Bank's performance during that year:

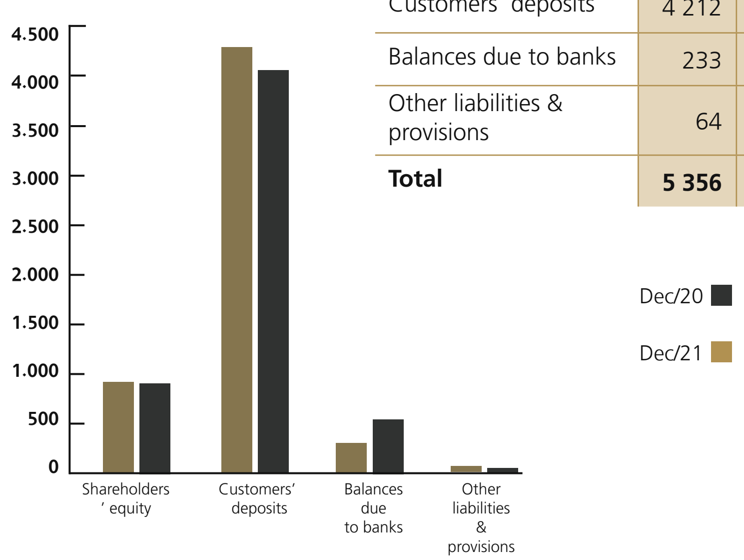
First: Financial Position:

1- Liabilities and owners' equity:

The total amount of liabilities and owners' equity as at December 31, 2021 amounted to US$ 5 356 million corresponding to US$ 5 441 million as at December 31, 2020 with a decrease of US$ 85 million as showed in the following table:

(Per Million US$)

Description	31-Dec-2021		31-Dec-2020		Change (-)/+	
	Value	%	Value	%	Value	%
Shareholders' equity	847	15.8	843	15.5	4	0
Customers' deposits	4 212	78.6	4 031	74.1	181	4
Balances due to banks	233	4.4	516	9.5	(283)	(55)
Other liabilities & provisions	64	1.2	51	0.9	13	26
Total	**5 356**	**100**	**5 441**	**100**	**(85)**	**(2)**



A- Shareholders' Equity

The total shareholders' equity as at December 31, 2021 amounted to US$ 847 million corresponding to US$ 843 million, as at December 31, 2020 with an increase amounting to US$ 4 million. Hereunder, is an analysis of the shareholder's equity items as at December 31, 2021 & December 31, 2020:

Per Million US$

Item	31-Dec-2021	31-Dec-2020	+/(-)Change	
	Value	Value	Value	%
Paid- in capital	600	600	-	-
Legal reserve	135	133	2	1
General reserve	74	74	(0)	(1)
Financial investments fair value reserve through other comprehensive income	5	12	(7)	(58)
Retained earnings including net profit for the year	34	24	10	41
Total	**847**	**843**	**4**	**0**

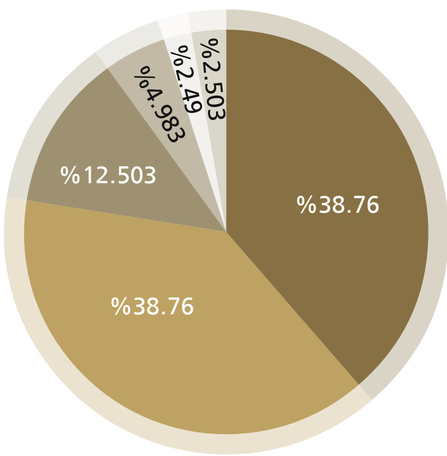
A/1 Capital

The Ordinary General Assembly meeting of the Bank was held on May 14, 2009 and approved increasing the issued capital from US$ 300 million to US$ 600 million through the issuance of 15 thousand ordinary shares, the value of each is US$ 20 thousand and they were entirely subscribed in. On November 3, 2009, the amount of US$ 150 million of the said increase was called up and paid on November 23, 2009.

On March 6, 2016, the Board of Directors of the Bank resolved to call up the second portion of capital that represents the last one of the issued capital increase portions whose value amounted to US$ 150 million and it was paid as at June 30, 2016 and thus the issued and paid in capital amounted to US$ 600 million as at December 31, 2021 distributed over 30 000 ordinary shares, the value of each is US$ 20 thousand.

The issued & paid in capital is as follows:

	No. of shares	Value of issued shares (per thousand US$)	%
Arab Republic of Egypt	11 628	232 560	38.76
State of Libya	11 628	232 560	38.76
Abu Dhabi Investment Authority	3 751	75 020	12.503
State of Qatar	1 495	29 900	4.983
Sultanate of Oman – Oman Investment Authority	747	14 940	2.49
International Capital Trading Company	751	15 020	2.503
Total	**30 000**	**600 000**	**100**



The capital adequacy ratio reached 20.30 % as of December 31, 2021 (as a banking group) after the provisional exemption granted to banks by the Central Bank of Egypt from calculating the risks of concentration of the credit portfolio with the largest 50 clients and related parties, while the minimum requirements of the Central Bank of Egypt, including the conservation buffer until that date is 12.5%.

A/2 Financial investments fair value reserve through other comprehensive income

Financial investments fair value reserve through other comprehensive income is represented in the profits gained from revaluation of financial investments through other comprehensive income amounting to US$ 5 million as at December 31, 2021 against the amount of US$ 12.7 million as at December 31, 2020, with a decrease of US$ 7.7 million due to a decrease in the reserve of treasury bills at fair value through other comprehensive income by US$ 7.7 million at fair value through other comprehensive income with an amount of US$ 7.7 million as a result of a decrease in the valuation differences at fair value thereof for the year 2020.

A/3 Retained Earnings

The retained earnings including the net profit of the year as at December 31, 2021 amounted to US$ 33.8 million corresponding to US$ 24.1 million as at December 31, 2020 with an increase of US$ 9.7 million.

B- Deposits

B/1 Customers' Deposits

The customers' deposits as at December 31, 2021 amounted to US$ 4 212 million corresponding to US$ 4 031 million as at December 31, 2020 with an increase amounted to US$ 181 million at a rate of increase of 4.5 % as the increase rate in certificates of deposits reached 30.7 % and the financial organizations and institutions deposits reached 5.9 % while the retail deposits decreased with a rate of 11.64 %.

The interest paid in return for customers' deposits as at 31 December 2021 amounted to US$ 251 million corresponding to US$ 258 million as at 31 December 2020 at an average interest rate that reached 10 % for the Egyptian pound and 1.9 % for foreign currencies during the current financial year while corresponding to 11.4 % for the Egyptian pound and 2.6 % for foreign currencies during the comparative year.

B/2 Placements from Banks

The Placements from Banks as at December 31, 2021 amounted to US$ 233 million corresponding to US 516 million as at December 31, 2020 with a decrease amounting to US$ 283 million at a rate of decrease of 54.8 % when compared to last year.

The interest paid on Placements from Banks as at December 31, 2021 amounted to US$ 23 million at an average interest rate that amounted to 10.5 % for the Egyptian pound and 0.1 % for foreign currencies corresponding to US$ 43 million as at December 31, 2020 at an average interest rate of 10.9 % for the Egyptian pound and 0.5 % for foreign currencies.

C- Other Liabilities

The total amount of other liabilities as at December 31, 2021 amounted to US$ 57.9 million corresponding to US$ 45 million with an increase amounted to US$ 12.9 million. The said increase is attributed to an increase in interests due to customers with an amount of US$ 10 million in addition to an increase that amounted to US$ 3.5 million in the balances of the employee's alternative pension scheme (end of service compensation) and an increase of US$ 0.6 million in the amounts due to the employees' fund against a decrease of US$ 1.3 million in the other credit balances.

D- Other Provisions

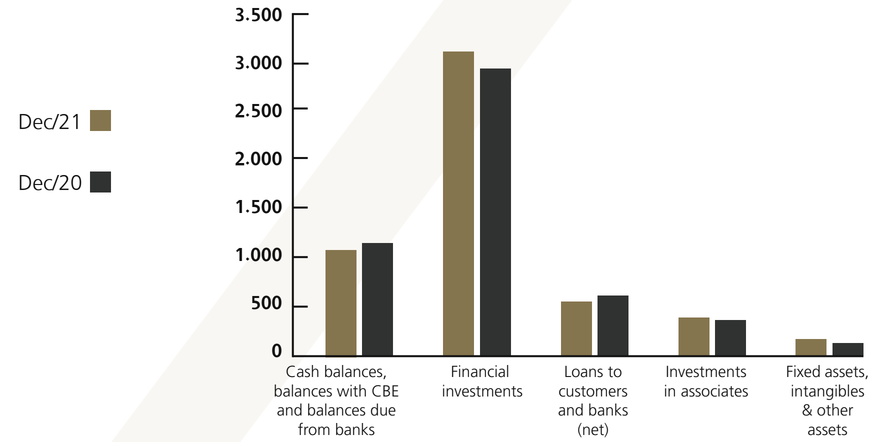
The total other provisions as at December 31, 2021 amounted to US$ 6.3 million corresponding to the amount of US$ 5.8 million as at December 31, 2020 with an increase of US$ 0.5 million represented in supporting the provision of contingent liabilities by an amount of US$ 1.1 million, against the reverse of the provision of commitments and facilities with an amount of US$ 0.3 million and the reverse of contingent claims with an amount of US$ 0.3 million.

2- Assets

The total Assets as at December 31, 2021 amounted to US$ 5 356 million corresponding to US$ 5 441 million as at December 31, 2020 at a decrease amounted to US$ 85 million as follows:

Per Million US$

Description	31-Dec-2021		31-Dec-2020		Change (-)/+	
	Value	%	Value	%	Value	%
Cash balances, balances with CBE and balances due from banks	1 189	22.2	1 412	26.0	(223)	(16)
Financial investments	3 092	57.7	2 932	53.9	160	5
Loans to customers and banks (net)	557	10.4	595	10.9	(38)	(6)
Investments in associates	368	6.9	365	6.7	3	1
Fixed assets, intangibles & other assets	150	2.8	137	2.5	13	10
Total	**5 356**	**100**	**5 441**	**100**	**(85)**	**(2)**



A- Cash Balances, Balances with the Central Bank of Egypt &Balances Due from Banks

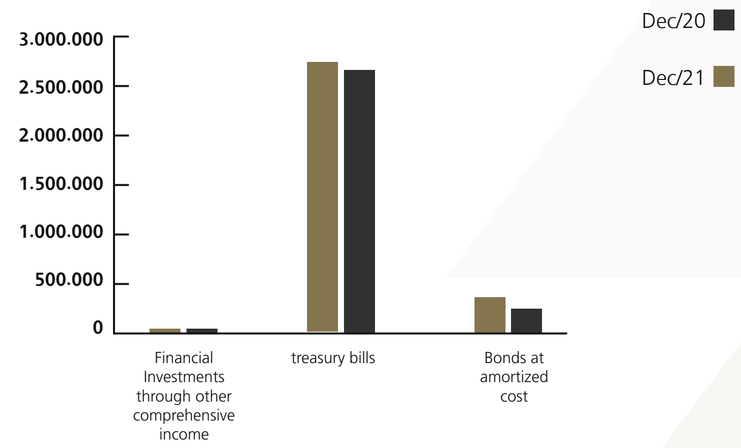
Cash Balances, Balances with the Central Bank of Egypt & Balances Due from Banks as at December 31, 2021 amounted to US$ 1 189 million corresponding to US$ 1 412 million as at December 31, 2020 with a decrease of US$ 223 million at a decrease rate of 15.8 % (A decrease in foreign banks' deposits with an amount of US$ 228 million, a decrease in balances with the Central Bank within the statutory reserve percentage in Egyptian pound equivalent to US$ 8 million, a cash decrease that amounted to US$ 1.5 million, an increase in local banks' current accounts with an amount of US$ 5.9 million, an increase in foreign banks' current accounts with an amount of US$ 5 million and an increase in local bank's deposits with an amount of US$ 3.5 million). The percentage of the said balances as at December 31, 2021 amounted to 28.2 % of the volume of customers' deposits corresponding to 35 % as at December 31, 2020.

B- Financial Investments

The balances of financial investments at fair value through other comprehensive income, financial investments at amortized cost and treasury bills as at December 31, 2021 amounted to US$ 3 092 million corresponding to US$ 2 932 million as at December 31, 2020 with an increase of US$ 160 million. The value of such investments represents 57.7 % of the total assets as at December 31, 2021 corresponding to 53.9 % as at December 31, 2020. The following represents the components of the said investments as at December 31, 2021/ 2020:

Per Thousand US$

Description	Percentage of participation	31-Dec	31-Dec	+/(-) Change	
		2021	2020	Value	%
Financial Investments through other comprehensive income					
Equity instruments at fair value through other comprehensive income					
Arab International Company for Hotels and Tourism (AICHT)	17.60	16 400	16 400	-	-
Arab Financial Services – Bahrain (AFS CO)	2.30	176	176	-	-
International Co. for Multi Investments	10.80	230	230	-	-
Arab Trade Financing Program - ATFP	0.11	860	860	-	-
Arab Banking Corporation - Bahrain (Bank ABC)	-	284	227	57	25
Egyptian Banks Takaful Insurance Co. (for property and liability insurance)	9.50	5 933	5 933	-	-
The Egyptian Credit Bureau "I-Score"	3.60	2 592	2 592	-	-
The Society for Worldwide Interbank Financial Telecommunication (SWIFT)		27	27	-	-
Société d'études et de développement de Sousse *	10.00	-	-		
Arab International Company for Investments – LAFICO (Under liquidation) *	2.00	-	-		
Abou El Makarem Group (The Joint-stock companies) *	6.40	-	-		
Total equity instruments of participation percentage less than 20%		**26 502**	**26 445**	**57**	
Mutual funds & investment managers		-	85	(85)	(100)
Total financial investments through other comprehensive income		**26 502**	**26 530**	**(28)**	**( )**
Treasury bills at amortized cost		482 781	1 087 981	(605 200)	(56)
Treasury bills at fair value through other comprehensive income		2 309 932	1 608 643	701 289	44
Total treasury bills		**2 792 713**	**2 696 624**	**96 090**	**4**
Bonds at amortized cost		272 724	208 322	64 402	31
Total bonds at amortized cost		**272 724**	**208 322**	**64 402**	**31**
Total financial investments		**3 091 939**	**2 931 475**	**160 464**	**5**



The financial investments through other comprehensive income are valuated at their fair value and the differences of valuations are recorded in equity under the item of fair value reserve of revaluation differences of financial investments through other comprehensive income.

C- Loans to Customers and Banks (Net):

The net loans and advances portfolio after deducting the impairment provision that amounted to US$ 557 million as at December 31, 2021 corresponding to US$ 595 million as at December 31, 2020 with a decrease amounting to US$ 38 million.

Hereunder are the portfolio components as at December 31, 2021/ 2020:

Per Thousand US$

Description	31-Dec-2021	31-Dec-2020	Change (-)/+	
			Value	%
Loans granted to financial institutions (subordinated loan)	30 000	50 000	(20 000)	(40)
Loans to corporates & firms	930 658	931 445	(787)	(0)
Personal loans	40 696	42 671	(1 975)	(5)
Total portfolio amount	**1 001 355**	**1 024 116**	**(22 761)**	**(2)**
Less:				
Marginalized interests & commissions	(191 678)	(158 552)	(33 126)	21
Impairment provision	(252 072)	(269 663)	17 591	(7)
Impairment provision of loans to financial institutions (subordinated loan)	(524)	(873)	349	(40)
Total provisions, marginalized interests & commissions	**(444 274)**	**(429 088)**	**(15 186)**	**4**
Net	**557 080**	**595 028**	**(37 948)**	**(6)**

The non-performing loans portfolio (stage 3) after disposing the marginalized interests, amounted to US$ 284 million on December 31, 2021, corresponding to US$ 291 million during the previous year. The coverage ratio of loans and advances impairment provisions to the total credit portfolio (excluding the marginalized interests) was 31.2 % on December 31, 2021 corresponding to 31.26 % on December 31, 2020 while the coverage ratio of the defaulting loans impairment provision (stage 3) to the net defaulting loans portfolio was 66.4 % on December 31, 2021 corresponding to 65.85 % on December 31, 2020.

The total amount of the interest income pertaining to the credit portfolio amounted to US$ 32 million on December 31, 2021 at an average interest rate of 11.8 for the Egyptian pound and 3.5 % for foreign currencies on December 31, 2021 corresponding to US$ 36 million on December 31, 2020 at an average interest rate of 13.3 % for the Egyptian pound and 4.2 % for foreign currencies.

The classification of the loans and advances granted to customers and banks according to the sectors is as follows (before deducting the impairment provision):

Per Thousand US$

Sector	31-Dec-2021	31-Dec-2020	Change (-)/ +	
			Value	%
Financial	157 069	178 258	(21 189)	(12)
Industrial	114 586	111 239	3 347	3
Mining & Petroleum services	154 364	170 211	(15 847)	(9)
Commercial	29 668	20 225	9 443	47
Touristic	274 911	263 041	11 870	5
Electricity	891	43 890	(42 999)	(98)
Contracting works	6 032	4 301	1 731	40
Other	72 155	74 400	(2 245)	(3)
Total	**809 676**	**865 565**	**(55 889)**	**(6)**

D- Investments in Subsidiaries & Associates:

The volume of the direct participations in the capital of the subsidiary and associate companies on December 31, 2021 reached the amount of US$ 367.7 million corresponding to US$ 364.9 million on December 31, 2020 with an increase of US$ 2.7 million. The following is an analytical statement of such participations:

Per Thousand US$

Description	Business Activity	Participation Percentage	31-Dec-2021	31-Dec-2020	Change (-)/ +	
					Value	%
Investments in Subsidiaries & Associates Participation Percentage 20% and More						
A-Subsidiaries						
Société Arabe Internationale de Banque (SAIB) *	Banking	50.438	82 694	79 815	2 880	4
International Finance Arab Company, Luxembourg (CAFI) (Under liquidation) **	Financial Institutions	89	181	5 108	(4 928)	(96)
B-Associates						
World Trade Center Company (WTC)	Housing – Administrative	50	48 000	48 000		
Suez Canal Bank***	Banking	41.500	154 332	149 538	4 794	3
Suez Canal Company for Technology	Educational Institutions	24	75 720	75 720		
International Company for Tourist Investments (ICTI)	Housing – Hotels	20	6 800	6 800		
Total Investments in Subsidiaries and Associates			367 727	364 981	2 746	1

* The participation percentage of the Arab International Bank (AIB) in the Societe Arabe International de Banque (SAIB) is represented in the direct and indirect participation therein.

The Board of Directors of the Central Bank of Egypt approved in its session held on May, 19, 2020, to increase the percentage of direct participation of the Arab International Bank (AIB) in Societe Arabe International de Banque (SAIB) to become 50.438% instead of 46.075% by transferring its indirect participation in Societe Arabe International de Banque (SAIB) which is represented in its participation in the share capital of Compagnie Arab De Financement International « CAFI » of approximately 89 %, that subsequently leads to participating in around 4.9% in Societe Arabe International de Banque (SAIB), hence, the Bank's participation in Societe Arabe International de Banque (SAIB) turned out to be a direct participation therein.

** The Extraordinary General Assembly of CAFI Company decided on 16/11/2020 to liquidate the Company, and a liquidator was appointed for the Company.

*** The increase is due to the reverse of impairment that was previously deducted in 2005 as a result of revaluation of the bank by an independent external party and resulted in an increase of the fair value above the book value.

E- Intangible Assets:

The net intangible assets after depreciation whose balance amounted to US$ 717 thousand as at December 31, 2021, are represented in computer software corresponding to US$ 1 200 thousand as at December 31, 2020.

F- Other Assets:

On 31 December 2021, the other assets amounted to US$ 87.3 million corresponding to US$ 71.9 million on December 31, 2020 with an increase of US$ 15.4 million. The said increase is represented in an increase in advance payments under the account of fixed assets purchase with the amount of US$ 21.6 million, an increase in the Bank's share in profits under settlement of associates with an amount of US$ 7.1 million and an increase in accrued revenues with the amount of US$ 3.4 million in addition to a decrease in bonds' tax amounts under settlement with the amount of US$ 16.7 million.

G- Fixed Assets:

The net value of the fixed assets after depreciation as at December 31, 2021 reached the amount of US$ 62.3 million corresponding to US$ 64 million as at December 31, 2020 with a decrease that amounted to US$ 1.7 million.

H- Contingent Liabilities and Commitments:

The net total amount of contingent liabilities and commitments after deducting the cash collaterals as at December 31, 2021 reached US $ 149.2 million corresponding to US$ 66.7 million as at December 31, 2020, whose statement is as follows:

Per Thousand US$

Item	31-Dec 2021	31-Dec 2020	Change (-) / +	
			Amount	%
Documentary Credit & Letters of Guarantee				
Documentary credit	3 392	3 411	(19)	(1)
Letters of guarantee	125 129	46 820	78 309	167
Total (A)	128 522	50 231	78 291	156
Commitments of loans to corporate	1 928	3 850	(1 922)	(50)
Money market papers for facilities to suppliers	18 760	12 602	6 158	49
Total (B)	20 688	16 452	4 236	26
Total (A +B)	149 210	66 683	82 527	124

The total contingent liabilities provision that represents an obligation on the part of the Bank as at December 31, 2021 amounted to US$ 4.8 million corresponding to US$ 3.6 million as at December 31, 2020. (The net revenues gained from fees and commissions of documentary credit & letters of guarantee as at December 31, 2021 amounted to US$ 1.9 million corresponding to US$ 1.7 million as at December 31, 2020).

Second: Income Statement:

The Bank achieved net profits this year that amounted to US$ 23.3 million as at December 31, 2021 corresponding to US$ 18.6 million as at December 31, 2020.

The following is a detailed statement of the items of revenues and expenses as at December 31, 2021 & 2020:

Per Thousand US$

Description	31-Dec-2021	31-Dec-2020	Change (-) / +	
			Value	%
Operating income	358 753	379 192	(20 439)	(5)
Operating expenses	(274 596)	(301 704)	27 108	(9)
Total operating income	**84 156**	**77 488**	**6 668**	**9**
Administrative & general expenses	(65 777)	(61 402)	(4 375)	7
Net profits before provisions	**18 380**	**16 086**	**2 294**	**14**
Charge / reverse of impairment in associates	4 794	3 524	1 270	36
Charge / reverse of impairment for credit losses	173	(976)	1 149	(118)
Net profit	**23 347**	**18 634**	**4 713**	**25**

1- Revenues:

The Bank achieved total operating income as at December 31, 2021 that amounted to US$ 359 million corresponding to US$ 379 million as at December 31, 2020 according to the following:

Per Thousand US$

Description	31-Dec-2021		31-Dec-2020		Change (-) / +	
	Value	%	Value	%	Value	%
Interest income & similar revenues	345 195	96.2	369 129	97.3	(23 934)	(6)
Net income from fees & commissions	5 195	1.4	4 808	1.3	387	8
Dividends	7 342	2.0	2 178	0.6	5 164	237
Net trading income	2 034	0.6	1 433	0.4	601	42
Financial investments profits (losses)	278	0.1	2 388	0.6	(2 110)	(88)
Other operating income (expenses)	(1 293)	(0.4)	(744)	(0.2)	(549)	74
Total	**358 753**	**100**	**379 192**	**100**	**(20 439)**	**(5)**

A- Interest Income from loans & Similar Revenue

The interest income from loans and similar revenues that represent 96.2 % of the total revenues as at December 31, 2021 compared to 97.3 % as at December 31, 2020.

The following is a detailed statement of the collected interests as at December 31, 2021/2020:

Per Thousand US$

Description	31-Dec-2021		31-Dec-2020		Change (-) / +	
	Value	%	Value	%	Value	%
From cash balances and deposits with banks (A)	1 742	1	8 309	2	(6 567)	(79)
From loans to customers & banks (B)	31 701	9	35 534	10	(3 833)	(11)
From investments portfolio (C)	311 753	90	325 286	88	(13 533)	(4)
Total	**345 195**	**100**	**369 129**	**100**	**(23 934)**	**(6)**

A- The decline this year is due to the decrease in the average rate of return on deposits with banks in foreign currencies and in Egyptian pound, in addition to the decrease in the average balances of deposits with banks in foreign currencies and in Egyptian pound.

B- The decrease this year is due to the decrease in the average balances of loans and advances in foreign currencies, in addition to the decrease in the average rate of return on loans and advances in foreign currencies and the decrease in the average rate of return on loans and advances in Egyptian pound.

C- The decrease this year is due to a decrease in the average rate of return on treasury bills and bonds in Egyptian pound.

B- Net Income from Fees & Commissions

The net income from fees & commissions amounted to US$ 5 195 thousand as at December 31, 2021 corresponding to US$ 4 808 thousand as at December 31, 2020 whose details are as follows:

Per Thousand US$

Description	31-Dec-2021	31-Dec-2020	Change (-) / +	
			Value	%
Fees & commissions revenues	5 319	4 944	375	8
Fees & commissions expenses	(123)	(136)	13	(9)
Total	**5 195**	**4 808**	**387**	**8**

C- Dividends Income

The dividends income amounted to US$ 7.3 million as at December 31, 2021 compared to US$ 2.2 million as at December 31, 2020.

The following is a detailed statement of the items of dividends:

Per Thousand US$

Description	31-Dec-2021		31-Dec-2020		Change (-) / +	
	Value	%	Value	%	Value	%
Subsidiaries & associates	6 964	95	2 088	96	4 876	234
Equity instruments at fair value through other comprehensive income	378	5	90	4	288	320
Total	**7 342**	**100**	**2 178**	**100**	**5 164**	**237**

D- Net Trading Income

The net trading income as at December 31, 2021 amounted to US$ 2 034 thousand compared to US$ 1 433 thousand on December 31, 2020 and the following table presents a detailed description of the net trading income:

Per Thousand US$

Description	31-Dec-2021	31-Dec-2020	Change (-) / +	
	Value	Value	Value	%
Profits from foreign exchange transactions	2 034	1 433	601	42
Total	**2 034**	**1 433**	**601**	**42**

E- Financial Investments Profits (Losses)

The financial investments profits amounted to US$ 0.3 million as at December 31, 2021 compared to US$ 2.4 million as at December 31, 2020 and the following table presents a detailed description of the financial investments profits (losses) as at December 31, 2021 / 2020:

Per Thousand US$

Description	31-Dec-2021		31-Dec-2020		Change (-) / +	
	Value	%	Value	%	Value	%
Gains from the sale of financial investments through other comprehensive income	278	100	1 432	60	(1 154)	(81)
Reverse / (Charge) of equity instruments through other comprehensive income	-	0	956	40	(956)	(100)
Total	**278**	**100**	**2 388**	**100**	**(2 110)**	**(88)**

F- Other Operating Income (Expenses)

The other operating income (expenses) amounted to US$ 1.3 million in negative as at December 31, 2021 compared to US$ 0.7 million in negative as at December 31, 2020 and the following table presents a detailed description of the other operating income (expenses):

Per Thousand US$

	31-Dec-2021	31-Dec-2020	Change (-) / +	
			Value	%
Gains (losses) from revaluation of assets & liabilities balances other than trading or the originally classified at fair value through profit & loss	(22)	(70)	48	(69)
Other income	742	638	104	16
Other provisions charge / reverse	(603)	26	(629)	(2 419)
Other expenses	(1 409)	(1 338)	(71)	5
Net other operating income (expenses)	**(1 292)**	**(744)**	**(548)**	**74**

2- Expenses:

A- Interests' Expenses:

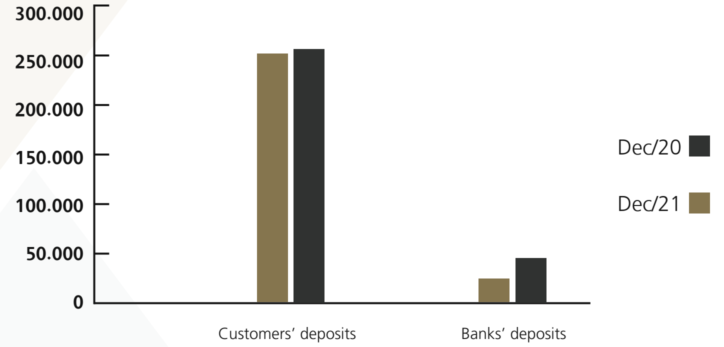
The interests' expenses as at December 31, 2021 amounted to US$ 274.6 million compared to US$ 301.7 million on December 31, 2020 and the following table presents a detailed description of the paid interests:

Per Thousand US$

Paid interests	31-Dec-2021		31-Dec-2020		Change (-) / +	
	Value	%	Value	%	Value	%
Customers' deposits (A)	251 424	92	258 254	86	(6 830)	(3)
Banks' deposits (B)	23 172	8	43 450	14	(20 278)	(47)
Total	**274 596**	**100**	**301 704**	**100**	**(27 108)**	**(9)**

A- The decline this year is due to the decrease in the average balances of customers' deposits in foreign currencies, in addition to the decrease in the average rate of return on customers' deposits in foreign currencies, the matter that led to a decrease in the returns paid in foreign currencies on various kinds of customers' deposits.

B- The decrease this year is due to the decrease in the average balances of deposits due from banks in the Egyptian pound and in foreign currencies in addition to the decrease in the average rate of return on deposits from banks in the Egyptian pound and in foreign currencies, and thus, the outcome of which, led to a decrease in returns paid to banks in Egyptian pound and in foreign currencies.



B- Administrative and General Expenses:

The administrative and general expenses as at December 31, 2021 reached the amount of US$ 65.8 million corresponding to US$ 61.4 million as at December 31, 2020 with an increase of US$ 4.4 million at an increase rate of 7 % as follows:

Per Thousand US$

Description	31-Dec-2021		31-Dec-2020		Change (-) / +	
	Value	%	Value	%	Value	%
Salaries, wages and their equivalents	50 568	77	46 972	76	3 596	8
Other administrative expenses	15 208	23	14 430	24	778	5
Total	65 776	100	61 402	100	4 374	7

C- Credit Loss Impairment Charge

The credit loss impairment charge during the year 2021 with an amount of US$ 0.2 million was reversed against charging the general income statement with credit losses impairment charge by the amount of US$ 0.9 million during the year 2020, and the table hereunder presents their description as follows:

Per Thousand US$

Description	31-Dec-2021	31-Dec-2020	Change (-) / +	
	Value	Value	Value	%
Loans to customers	(827)	910	(1 737)	(191)
Loans and facilities to Banks	349	(368)	717	195
Deposits due from banks	44	(47)	91	194
Treasury bills	(8)	(236)	228	97
Debt instruments at amortized cost	615	(1 235)	1 850	150
Total	173	(976)	1 149	118

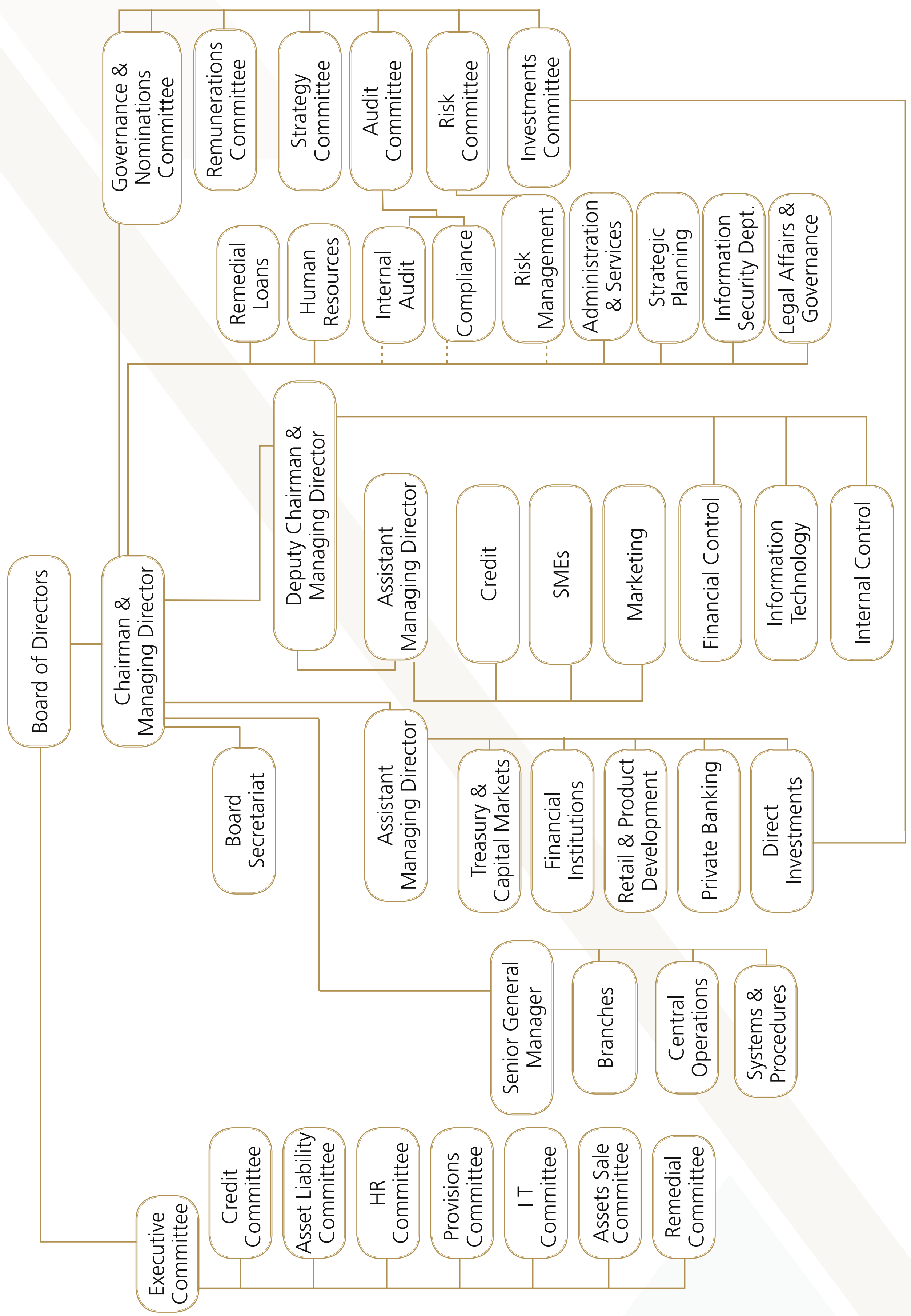
Subsequent Events

The slowdown in many advanced economies of the major countries in the past period has led to a combination of high global prices for basic commodities, disruption of supply chains and high shipping costs, in addition to the fluctuations of financial markets in emerging markets countries, which led to inflationary pressures that affected the economies of many countries, including the economy of the Arab Republic of Egypt, as the war between Russia and Ukraine has led to a decrease in foreign exchange flows from tourism to Egypt as well as from foreign direct investment, which resulted in an increase in prices in general.

This increase in global prices put additional pressure on the local currency (the Egyptian pound), which necessitated raising the interest rate on the Egyptian pound and leaving the exchange rate according to market mechanisms during the month of March 2022, and this resulted in a decrease in the value of the Egyptian pound against the US dollar during that period by a percentage that exceeded (18%).

Third
Governance

Organizational Structure



Board Committees

The Risk Committee:

Mr. Mohamed Kamal El-Din Barakat	Deputy-Chairman of the Board of Directors & Managing Director
Mr. Mohamed Abdelhamid Abomousa	Member of the Board of Directors - Committee Head
Mr. Ali Salem El Hebry	Member of the Board of Directors
Mr. Essam Elddin Salem Allag	Member of the Board of Directors

Investment Committee:

Mr. Hisham Ramez Abdel Hafez	Chairman of the Board of Directors & Managing Director - Committee Head
Mr. Mohamed Kamal El-Din Barakat	Deputy-Chairman of the Board of Directors & Managing Director
Dr. Mostafa Kamal Madboly	Member of the Board of Directors
Mr. Rami Aboulnaga	Member of the Board of Directors
Mr. Abdullah Ali Al-Kuwari	Member of the Board of Directors

Audit Committee:

Mrs. Mai Sherif Aboulnaga	Member of the Board of Directors - Committee Head
Mr. Rami Aboulnaga	Member of the Board of Directors
Mr. Khaled Mohamed Al Khajeh	Member of the Board of Directors

The Remunerations Committee:

Mr. Ali Salem El Hebry	Member of the Board of Directors - Committee Head
Mr. Rami Ahmed Aboulnaga	Member of the Board of Directors
Mr. Mohamed Abdelhamid Abomousa	Member of the Board of Directors

Board Committees

Governance and Nominations Committee:

Mr. Ali Salem El Hebry	Member of the Board of Directors - Committee Head
Mrs. Mai Sherif Aboulnaga	Member of the Board of Directors
Mr. Khaled Mohamed Al Khajeh	Member of the Board of Directors

Strategy Committee:

Mr. Mohamed Kamal El-Din Barakat	Deputy-Chairman of the Board of Directors & Managing Director
Mr. Ali Salem El Hebry	Member of the Board of Directors
Mr. Mohamed Abdelhamid Abomousa	Member of the Board of Directors
Mrs. Mai Sherif Aboulnaga	Member of the Board of Directors
Mr. Matar Mubarak Almazrouei	Member of the Board of Directors

Introduction

Proceeding from the belief of the Board of Directors of the Arab International Bank, that adopting a good governance policy constitutes a strong support for the implementation of its strategy and represents a necessary and vital issue to carry out the Bank's daily work. Accordingly, the Board of Directors has been constantly keen to coordinate with the Senior Management to ensure that the Bank continues to fulfill its commitment of implementing a rational governance, and to put shareholders, customers, investors, employees, the community and all other stakeholders in the forefront. The set of values that define the way, the Arab International Bank conducts its business and deals with other stakeholders remains the foundation of our culture. This culture continues to support and secure effective oversight of decision-making, and focuses on the strategy that leads to enhancing the confidence of all stakeholders and creating sustainable long-term growth. Our Board of Directors adopts the principle of "Tone from The Top", where the Board of Directors defines and raises awareness of the strategic direction of the Bank, which leads to the reinforcement of our values. Our culture promotes integrity and transparency in everything we do which enhances how we run our business and the behavior of our Senior Management and all our employees. While continuing to adopt the best international practices in governance, our main concern on governance during 2021 was to ensure full alignment with the governance instructions issued by the Central Bank ofEgypt.

Governance Framework in Arab International Bank

The Arab International Bank is governed by a framework that consists of a Board of Directors and Committees originated therefrom. The focus in 2021 was towards continuing to support the development of the Committees affiliated to the Board of Directors in terms of their formation and terms of reference. The terms of reference of the Board of Directors' Committees were updated and revised to be in line with the laws and instructions of the Central Bank of Egypt. The focus was also on ensuring that all Committees obtain the correct information at the right level and at the right time to enable the members of the Committees to make informed decisions.

The Board of Directors' Secretaries and the Secretaries of its Committees are selected from the staff of the Senior Management of the Bank who are attributed by experience and fully aware of the topics discussed within each Committee, and this has helped to improve the management and quality of meetings,especially with regard to preparing for meetings,taking the minutes, and keeping there cords.

The governance framework sets out the responsibilities of the Board of Directors, Board Committees, the Executive Committee and its supporting Internal Committees in addition to the internal control functions in the Bank that are based on the governance policy approved by the Board of Directors on 16/2/2020.

The most important part of the governance framework of the Arab International Bank is the meeting of the Ordinary General Assembly, as it gives the opportunity for shareholders to communicate with the Board of Directors and ask questions. In this context, the Bank held one meeting in 2021.

The Board of Directors applies governance policies starting from establishing a culture of governance and approving a Code of Ethics for the employees and Senior Management of the Bank and ending with taking the necessary steps to disseminate the objectives and behavior to be followed in the Bank and are at the same time, in parallel with preserving the interests of the shareholders and depositors. The Board of Directors also approved policies that express the standards and values that must be followed by all the employees of the Bank, Senior Management and members of the Board in addition to including the Bank's strategic direction, defining the general objectives of the executive management, following up the implementation of such general objectives and ensuring the effectiveness of the internal control and risk management systems in a manner that ensures the preservation of the Bank's reputation.

Regulatory Environment

The Arab International Bank has an effective internal control system that requires segregation of duties assigned to the internal control officers, in a manner that leads to work independently and provides them with direct communication channels with the Board of Directors and Senior Management.

Internal control is governed by set of policies and procedures in accordance with the best international practices in this regard. The reports and operating results of the departments related to the internal control system of the Bank, are used to support the Board of Directors in verifying the effectiveness of those systems and the soundness of the operations carried out by the Bank, in addition to its financialperformance.

When laying down the organizational structure of the Bank, the departments concerned with the internal control system must make sure that the competencies and authorities are defined and the segregation of responsibilities and duties for all the employees of the Bank are inplace.

Internal Audit Department

The Arab International Bank has developed the Internal Audit Charter in accordance with the internal control regulations issued by the Central Bank of Egypt in 2014 and asper the Attribute Standard 1000"Purpose, Authority and Responsibility" issued by the Institute of Internal Auditors (IIA), which is in conformity with the internal audit assignment and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing and Code of Ethics), while the Internal Audit Charter is periodically reviewed and presented to the Senior Management, Internal Audit Committee and the Board of Directors for approval as often as necessary and every three years atmaximum.

The Bank's Internal Audit Department ensures the adequacy and effectiveness of the internal control procedures in order to ensure the safety of operational processes and risk management in the Bank. The Head of Internal Audit reports to the Board of Directors and Senior Management through the Audit Committee of the Bank when there are any observations or suggestions aim to improve the efficiency of the Bank's internal control systems, along with the necessity to disclose the functions, competencies and responsibilities of the Bank's Internal Audit Department, provided that they are documented in writing.

Risk Management

TheBoard of Directors of theBank applies comprehensive governance controls to implement its policies towards the management of risks that the Bank may be exposed to through the practice of its various activities and lays down an effective vision to manage the banking risks within a framework of an atmosphere attributed by high standards of integrity.

The policies and risk management systems were established in order to assure that the nature of risks theBank is exposed to, doesnot conflict with its strategic vision, while taking into consideration that the evaluation of the Bank's activities is based on balancing between the income and the risks related to achieving it,hence,the priority of utilizing theresources and investments of the Bank is determined according to the impact of the risks relevant thereto.

In addition, the work systems of the Bank are constantly implemented and updated according to the regulatory instructions to keep up with the most recent developments of the risk management systems and whenever the work system of the Risk Management Department requires to do so.

The general framework of risk management is based on awareness of all the employees of the importance of implementing all their responsibilities efficiently and reporting any breaches or barriers that hinder the implementation of the Bank's policies.

The said framework is based on an organized approach that is comprised of four phases as follows:

1. Risk Identification.
2. Risk Measurement.
3. Risk MonitoringLimitation.
4. Risk Control andReporting.

The financial risks that the Bank may be exposed to are as follows:

1. Creditrisks
2. Operationalrisks
3. Marketrisks
4. Credit concentrationrisk
5. Governancerisk
6. Reputationrisk
7. Strategy risk
8. Businessrisk

Compliance Department

It is a department of a multidimensional function and in charge of verifying that the departments and branches of the Bank comply with all laws, legislations, procedures and instructions issued by local regulatory authorities as well as the recommendations issued by international authorities in the field of banking. The Compliance Department is professionally and technically affiliated to the Audit Committee while being administratively affiliated to the Chairman of the Board of Directors.

Whereas, the banking compliance has been recently attributed by wide attention on the part of the international community as it has turned out to be a tool to protect against the risks of violating laws either on the level of the applicable internal laws or the external ones and the regulatory control measures as well. As a result, the Board of Directors of Arab International Bank updated and adopted a Compliance Policy dated 15/12/2019 and gave its approval of the organizational structure for the Compliance Department on 6/3/2016 and has been working on updating it to include new job titles in conformity with years of experience of the employees affiliated to the Compliance Department, and the structure includes the following units:

- Anti-Money Laundry and TerrorismFinancing
- CustomersRisk
- ExternalRelations
- RegulatoryRelations

TheBank also established Customers Rights Protection Unit and adopted its policy on15/12/2019.

Governance Department

Governance Department is responsible for ensuring the implementation of the governance instructions issued by the Central Bank of Egypt and those issued by the Bank competent authority in addition to making sure that the application of international best practices in terms of governance are in place, in addition to making sure of the existence of regulations,rules,proceduresand policies according to which, the Bank is managed with a rational policy in accordance with a specific structure that maintains all rights and distributes responsibilities among the participating parties,the Board of Directors and the shareholders.

External Auditor

The Arab International Bank is keen to have an independent auditor who is not affiliated to, or influenced by the Bank, the members of its Board of Directors, and not ashare holder or an experienced member of its board while taking into consideration that he must be appointed by virtue of a resolution made by the General Assembly and his annual fees are determined thereby, in addition to making sure that the auditor has no contract to perform any additional works for the Bank unless the approval of the Audit Committee is given in this regard and provided that this work is not one of the works that is subject to review, assessment or expressing his opinion when auditing the accounts of the Bank.

The Bank's Board of Directors also plays a prominent role in emphasizing the importance of direct communication between the external auditors and the Bank's Audit Committee in addition to the importance of sending reports directly to it.

Pursuant to Article 49 of the Bank's Articles of Association,the auditor has the right, at any time,to examine all the Bank's books, records,and documents and to request the necessary data, explanations and clarifications in order to perform his assignment.The auditor also has the right to verify the existence of the Bank's assets and liabilities, and the Board of Directors should facilitate and enable him to carry out the aforementioned tasks, and in case the auditor is not able to perform his assignment accordingly, the auditor must prove this matter in a report submitted to the Board of Directors and present it to the General Assembly on its first meeting,if the Board of Directors did not facilitate and enable him to carry out the aforementioned.

Fourth

Financial Statements

A: Separate Financial Statements

KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

Auditors' Report

To The Shareholders of Arab International Bank

Report on the Separate Financial Statements

We have audited the accompanying separate Financial statements of Arab International Bank (the "Bank"), which comprise the separate statement of financial position as at 31 December 2021 and the related separate statements of income, changes in equity', and cash flows for the year then ended, and a summary of significant accounting policies xplanatory notes.

Management's Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Arab International Bank as at 31 December 2021. and its separate financial performance and separate cash flows for the year then ended, in accordance with the rules, pertaining to the preparation and presentation of the banks' financial statements and measurement and recognition bases approved by the Board of Directors of Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in the light of the prevailing Egyptian laws and regulations related to the preparation of these separate financial statements.

Report on Legal and Other Regulatory Requirements

During the financial year ended December 31, 2021 no – substantial - contraventions for the Central Bank, banking sector law No. 194 of 2020 that have significant effect on these financial statements were noted.

The Bank maintains proper financial records, which include all that is required by the law and the Bank's statutes, and the accompanying separate financial statements are in agreement therewith.

The financial information included in the Board of Directors' report is in agreement with the Bank's accounting records, within the limits that such information recorded therein.

Auditors

KPMG Hazem Hassan
Public Accountants and Consultants
10

BDO Khaled & Co.
BDO
Public Accountants & Advisors

Abdel Hadi Ibrahim
Financial Regulatory Authority No. 395
Central Bank of Egypt Register No. 577
KPMG Hazem Hassan
KPMG Hazem Hassan
Public Accountants & Consultants

Mahmoud Mohamed El Garahy
Central Bank of Egypt Register No. 586
Accountants and Auditors Register No. 22363
BDO Khaled & Co.
Public Accountants & Advisers

Cairo, 12 May 2022

Separate Balance Sheet

For The Financial Year Ended December 31, 2021

(All amounts are presented in thousand USD)

	Note No.	31-12-2021	31-12-2020
Assets			
Cash and due from Central Bank	(16)	322 064	331 211
Due from banks	(17)	866 991	1 080 619
Treasury bills	(18),(21)	2 792 713	2 696 623
Loans and facilities to banks	(19)	29 476	49 127
Loans and facilities to customers	(20)	527 604	545 902
Financial investments			
- At fair value through other comprehensive income	(21)	26 502	26 530
- At amortized cost	(21)	272 724	208 322
Investments in associates & subsidiaries	(22)	367 727	364 981
Intangible assets	(23)	717	1 200
Other assets	(24)	87 252	71 961
Fixed assets	(25)	62 358	64 039
Total assets		**5 356 128**	**5 440 515**
Liabilities & Equity Liabilities			
Due to Banks	(26)	232 647	515 825
Customers' deposits	(27)	4 212 211	4 030 604
Other liabilities	(28)	57 982	45 127
Other provisions	(29)	6 282	5 780
Total liabilities		**4 509 122**	**4 597 336**
Equity			
Paid-up & issued capital	(30-A)	600 000	600 000
Reserves	(30-B)	213 219	219 077
Net profit for the year & retained earnings	(30-C)	33 787	24 102
Total equity		**847 006**	**843 179**
Total liabilities and equity		**5 356 128**	**5 440 515**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith
- Audit report attached

Gamal Zaghloul
CFO

Mohamed Barakat
Deputy Chairman &
Managing Director

Hisham Ramez
Chairman &
Managing Director

Separate Statement Of Income

For the Financial Year Ended December 31, 2021

(All amounts are presented in thousand USD)

	Note No.	31-12-2021	31-12-2020
Interest from loans and similar income	(6)	345 196	369 129
Interest on deposits and similar expenses	(6)	(274 596)	(301 704)
Net Interest Income		**70 600**	**67 425**
Fees and commissions income	(7)	5 318	4 944
Fees and commissions expenses	(7)	(123)	(136)
Net Income from Fees and commissions		**5 195**	**4 808**
Net Income from revenues, Fees and Commissions		**75 795**	**72 233**
Dividends income	(8)	7 342	2 178
Net trading income	(9)	2 034	1 433
Profits (losses) from financial investments	(10)	278	2 388
Credit impairment / charged	(13)	173	(976)
Impairment charged/ reverse of investments in associates	(22)	4 794	3 524
Administrative expenses	(11)	(65 777)	(61 402)
Other operating revenues (expenses)	(12)	(1 292)	(744)
Net Profit For The Year		**23 347**	**18 634**
Earning per share (US$/Share)	**(14)**	**350.20**	**227.83**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith

Gamal Zaghloul
CFO

Mohamed Barakat
Deputy Chairman &
Managing Director

Hisham Ramez
Chairman &
Managing Director

Separate Statement Of Other Comprehesive Income

For The Financial Year Ended December 31, 2021

(All amounts are presented in thousand USD)

	31-12-2021	31-12-2020
Net profit for the year	**23 347**	**18 634**
Items that will not be reclassified in the Profit or Loss:		
Net change in fair value of investments in equity instruments measured at fair value through other comprehensive income	62	(2 678)
Items that will be reclassified in the Profit or Loss:		
Net change in fair value of investments measured at Fair value through other comprehensive income (treasury bills)	(7 783)	(1 109)
Total items of other comprehensive income for the year	**(7 721)**	**(3 787)**
Total other comprehensive income for the year	**15 626**	**14 847**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith

Separate Statement Of Changes In Shareholder's Equity

For The Financial Year Ended December 31, 2021

(All amounts are presented in thousand USD)

	Paid in Capital	Legal reserve	General reserve	Fair value reserve for investments through other com-prehensive income	Retained earnings	Total
31 December, 2020						
Balance as at 1 January 2020	**600 000**	**126 642**	**73 582**	**16 497**	**21 737**	**838 458**
Transferred to legal reserve	-	6 143	-	-	(6 143)	
Dividends distributions for 2019	-	-	-	-	(10 733)	(10 733)
Adjustments of mutual funds.	-	-	-	-	607	607
Net change in other com-prehensive income items	-	-	-	(3 787)	-	(3 787)
Net profit of the year	-	-	-		18 634	18 634
Balance as at December, 2020 31	**600 000**	**132 785**	**73 582**	**12 710**	**24 102**	**843 179**
31 December, 2021						
Balance as at January 2021 1	**600 000**	**132 785**	**73 582**	**12 710**	**24 102**	**843 179**
Transferred to legal reserve	-	1 863	-	-	(1 863)	-
Dividends distributions for 2020	-	-	-	-	(11 799)	(11 799)
Net change in other com-prehensive income items	-	-	-	(7 721)	-	(7 721)
Net profit of the year	-	-	-	-	23 347	23 347
Balance as at 31 December, 2021	**600 000**	**134 648**	**73 582**	**4 989**	**33 787**	**847 006**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith

Separate Statement Of Cash Flows

For The Financial Year Ended December 31, 2021

(All amounts are presented in thousand USD)

	Note No.	31-12-2021	31-12-2020
Cash flows from operating activities			
Net Profit for the year		23 347	18 634
Adjustments to reconcile net profit to net cash flows provided from operating activities			
Fixed assets depreciation	(25)	3 296	3 333
Intangible assets amortization	(23)	1 301	1 139
Impairment charges for expected credit losses	(13)	(173)	976
Charges / reverse of other provisions	(12)	603	(26)
Foreign currencies translation differences / other provisions	(29)	1	23
Amortization of fair value reserve of financial investments held to maturity			
Foreign currencies translation differences at amortized cost in other currencies	(21)	(93)	(1 209)
Proceeds from debts previously written-off		-	(59)
Charges / reverse of impairment of assets whose ownership reverted to the Bank		(17)	75
Reverse of impairment in associates		(4 794)	(3 524)
Amortization of issuance premium / discount	(21)	(67)	3 748
Financial investments at amortized cost			
Impairment of financial investments at fair value through other comprehensive income		-	(956)
Profits / losses of financial investments at fair value through other comprehensive income	(10)	(278)	(1 432)
Dividends	(8)	(7 342)	(2 178)
Operating profits before changes in assets & liabilities provided from operating activities		**15 784**	**18 544**
Net change in assets & liabilities			
Due from Banks		7 662	104 176
Treasury bills more than three months		1 070 594	(340 507)
Loans and facilities to customers and banks		37 471	13 739
Other assets		(15 290)	(4 871)
Due to Banks		(283 178)	(171 608)
Customers' deposits		181 595	243 959
Other liabilities		12 867	3 775
Net cash flows provided from (used in) operating activities (1)		**1 027 505**	**(132 793)**
Cash flows from investing Activities			
Payments for fixed assets purchasing	(25)	(1 615)	(2 077)
Proceeds from financial investments at fair value through other comprehensive income	(21)	85	2 761
Payments / proceeds from Financial investments at amortized cost	(21)	(63 627)	25 307
Payments for intangible assets purchasing	(23)	(818)	(142)
Collected amounts from liquidation of subsidiaries		2 048	-
Gained profits from dividends appropriations	(8)	7 342	2 178
Net cash flows (used in) provided from investing activities (2)		**(56 585)**	**28 027**
Cash flows from Financing Activities			
Dividends paid-Employees		(11 799)	(10 733)
Net cash flows (used in) Financing activities (3)		**(11 799)**	**(10 733)**
Net decrease/increase cash & cash equivalents during the year (1)+(2)+(3)		**959 121**	**(115 499)**
Cash & cash equivalents at the beginning of the year		1 106 456	1 221 955
Cash & cash equivalents at the end of the year		**2 065 577**	**1 106 456**
Cash & cash equivalents are represented as:			
Cash and due from the Central Bank	(16)	322 429	331 211
Due from Banks	(17)	866 626	1 080 619
Treasury bills	(18)	2 792 713	2 696 623
Due from the Central Bank other than the required reserve ratio		(297 712)	(305 374)
Treasury bills with maturity more than three months		(1 618 479)	(2 696 623)
Cash & cash equivalents at the end of the year	**(31)**	**2 065 577**	**1 106 456**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith

Separate Statement Of Proposed Dividends

For The Financial Year Ended December 31, 2021

(All amounts are presented in thousand USD)

	Note No.	31-12-2021	31-12-2020
Net profit for the year (as per income statement)		**23 347**	**18 634**
Less: general banking risk reserve		209	-
Net distributable profits for the year		**23 138**	**18 634**
Add : Retained earnings profit / losses	(30-C)	10 440	5 468
Total		**33 578**	**24 102**
To be distributed as follows :			
Legal Reserve (10%)		2 335	1 863
Shareholders› dividends (primary share doesn›t exceed 5% of the nominal value of the share)		-	-
Board of Directors remunerations		361	345
Employee›s profit share		12 249	11 268
The Banking System Support and Development Fund *		231	186
Retained earnings at the end of the year		18 402	10 440
Total		**33 578**	**24 102**

*According to Article No. 178 of the Central Bank of Egypt and the Banking System Law No. 194 of 2020 with respect to a deduction of an amount equivalent to a percentage not exceeding 1% of the annual net distributable profits for the benefit of the Banking System Support and Development Fund.

Notes to The Separate Financial Statements

For The Year Ended December 31, 2021

(All amounts in notes are presented in thousand US$ unless otherwise is stated).

1- Background

Arab International Bank was established in 1974 by virtue of an International Treaty. The head office of ("The Bank") is located at 35 Abdel Khalek Tharwat Street, Cairo, Egypt and the Bank carries out its business activities through its network of branches in the Arab Republic of Egypt that is composed of 20 branches. By virtue of the Treaty, the Bank enjoys certain privileges and immunities in the territories of the Member States (shareholders). The following are examples of the most prominent privileges and immunities based on the Establishment Treaty and the resolution taken by the Bank General Assembly meeting that was held on 22 March 2012 and become effective as of 14 April 2015:

- The laws regulating the exercise of control over the public institutions, public interest entities, public sector companies and the joint stock companies of the Members States in which the Arab International Bank or its branches carry out business activities are not applicable to the Bank or its branches.
- Immunity from all forms of nationalization, seizure or sequestration of the shares of shareholders or their deposits with the Bank.
- The Bank's documents, records and files are inviolable and immune from judicial, administrative or accounting control and inspection rules and laws.
- Confidentiality of customers' accounts with the Bank are not subject to judicial or administrative attachment orders prior to final judgment issuance.
- Exemption from charges, stamps or taxes of any kind on its funds, profits, dividends and all its various activities and transactions.
- Exemption from taxation and any obligations for the payment, withholding or collection of any tax, stamp or duty, which may be imposed on its customers.
- In this respect the Bank practices its activities in a manner that is not in conflict with the aforementioned and the rest of the articles included in Establishment Treaty and in this context:
  - The Bank is subjected to the oversight of the Central Bank of Egypt according to the provisions of the applicable law of the Central Bank of Egypt and the law of Banking and Monetary System of the hosting state, in addition, the Bank branches in the other Member States are subjected to the oversight of their own Central Banks in accordance with the provisions of laws governing their Banks and credit facilities.
  - All the transactions of the Bank are carried out in all currencies determined by the Board of Directors

The necessary actions have been taken to activate these amendments starting from 1, April, 2015.

The number of persons employed by the Bank as of December 31, 2021 was 1150 employees and workers, compared with 1137 as of December 31, 2020.

These financial statements for the financial year ended at 31 December 2021 were approved by the Board of Directors as at 12 May 2022.

2- Summary of Significant Accounting Policies Applied

The following are the significant accounting policies adopted in the preparation of these separate financial statements, these policies have been consistently applied to all the years presented, unless otherwise stated.

A- Basis of separate financial statements preparation

- These separate financial statements are prepared in accordance with the instructions issued by the Central Bank of Egypt and approved by its Board of Directors on 16 December 2008, in addition to the instructions of preparation and presentation of the financial statements of banks issued on 26 February 2019 by the Central Bank of Egypt in accordance with the requirements of IFRS (9) "Financial Instruments"

- The consolidated financial statements of the Bank and its subsidiaries are prepared in accordance with the instructions issued by the Central Bank of Egypt and approved by its Board of Directors on 16 December 2008 and the amendments thereof issued on 26 February 2019. The subsidiary companies are entirely included in the consolidated financial statements by using the full consolidation method 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 consolidated financial statements can be obtained from the Bank management. In addition, the investments in subsidiary and associate companies are presented in the separate financial statements of the Bank and their accounting treatment is made at cost less impairment losses.

- The separate 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 statement, cash flows and change in shareholders' equity.

B- Accounting for investments in subsidiaries and associates

Investments in subsidiaries and associates are presented in the attached separate financial statements based on the cost which represents the bank's direct share in ownership and not on the basis of the operating income and net assets of the investee companies .

The consolidated financial statements provide more comprehensive understanding of the consolidated financial position, operating income and consolidated cash flows of the bank and its subsidiaries (the group), in addition to the banks share in the net asset of its associate companies.

(B/1) Investments in subsidiaries

Subsidiaries are entities (Including Special Purposes Entities / SPEs) in which the bank exercises direct or indirect control over its financial and operating policies and usually has an ownership share of more than half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the bank has the control over its investees.

(B/2) Investments in associates

Associates are companies in which bank has a direct or indirect influence, but does not reach the extent of control or joint control, as the Bank owns ownership stakes ranging from 20% to 50% of the voting rights of associate companies.

Accounting for acquisition of subsidiary companies by the Bank is carried out according to the purchase method. The recognition of acquisition of companies by the Bank is measured at fair value or the value of assets given by the Bank in return for the purchase of companies and / or issued equity instruments and / or any other costs incurred by the Bank and / or any liabilities accepted by the Bank on behalf of the acquired company on the date of the asset exchange in addition to any costs directly attributed to the acquisition process. In business combination where the control transition over the entity is achieved in stages, and business combination is achieved through more than one transaction, then every transaction of such transactions is separately dealt with on the basis of the acquisition consideration and fair value information at the date of each transaction until the date when such control is achieved. The net assets including the acquired determinable contingent liabilities are measured at fair value on the date of acquisition regardless of the existence of any minority interest. If the increase in acquisition cost is above the fair value of the Bank's share in net assets, such acquisition cost shall be considered as goodwill and if the acquisition cost is less than the fair value of aforementioned net assets, then the difference is directly recorded in the income statement under the item of other operating revenues (expenses). Accounting for the subsidiaries and associates is recorded in the separate financial statements according to the cost method. According to this method, investments are recorded at acquisition cost including any goodwill less any impairment loss in value. The dividends are recorded in the income statement upon the approval of such profits appropriations and the recognition of the Bank's right to collect its share in such dividends.

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 a segment which provides products or services within an economic environment that is subject to risks and returns different from those of segments operating in other economic environments.

D- Functional currency, presentation, transactions and balances in foreign currencies

The financial statements of the Bank are presented in US Dollar while transactions are recorded in the books during the year according to the currency in which the transactions were carried out. For the purposes of presenting the financial statements of the Bank in US Dollar, all assets and liabilities of monetary nature and recorded at the end of the reporting period in various currencies (other than the Egyptian Pound) are translated into US Dollar based on the prevailing exchange rates on that date- as for the balances in the Egyptian Pound, they are translated into US Dollar based on the official exchange rates declared by the Central Bank of Egypt.

Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following items:

- Net trading income from assets and liabilities classified as held for trading.
- Other operating revenues (expenses) as for the remaining items.
- Items of other comprehensive income in equity as for investments in equity instruments and fair value through other comprehensive income (FVOCI).

Changes in the fair value of financial instruments of monetary nature that are denominated in foreign currencies and classified as debt instruments at fair value through other comprehensive income (FVOCI) are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in the amortized cost are recognized and reported in the income statement under the item of "Interest on loans and similar income" whereas Differences resulting from changes in foreign exchange rates are recognized and reported in "Other operating revenues (expenses)". The remaining differences resulting from changes in fair value are recognized in other comprehensive income items of equity under the item of "fair value of financial investments reserve at fair value through other comprehensive income (FVOCI)".

Valuation differences arising from the measurement of non-monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total valuation differences of fair value changes arising from the measurement of equity instruments classified as fair value through profit or loss are recognized in the income statement, while total valuation differences of fair value changes arising from the measurement of equity instruments at fair value through other comprehensive income (FVOCI) are recognized among the items of other comprehensive income in equity under the item of "fair value of financial investments reserve at fair value through other comprehensive income (FVOCI)".

E- Financial assets

The Bank classifies its financial assets within the following groups: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (FVOCI) and financial assets at fair value through profit or loss. In general, the classification is based on the business model according to which the financial assets and their contractual cash flows are managed.

(E/1) Financial assets at amortized cost:

The financial asset is retained in the business model of financial assets held for collecting contractual cash flows.

The purpose of the business model is holding the financial asset to collect contractual cash flows represented in the principal amount of investment and returns.

Sale is an exceptional contingent event with respect to the purpose of this business model according to the conditions stipulated in the Standard and represented in:

- Existence of deterioration in the creditworthiness of the issuer of the financial instrument.
- Lowest sales in terms of turnover and value.
- The Bank makes clear and reliable documentation of the justifications for each sale transaction and the extent of its compliance with the requirements of the Standard.

(E/2) Financial assets at fair value through other comprehensive income (FVOCI):

Business model of financial assets held to collect contractual cash flows and sales.

Both the collection of contractual cash flows and sales are complementary to the objective of the business model.

High sales in terms of turnover and value when compared to the business model retained for the collection of contractual cash flows.

(E/3) Financial assets at fair value through profit or loss:

The financial asset is retained among other business models that include trading, management of financial assets at fair value, maximizing cash flows by selling.
The objective of the business model is not to retain the financial asset for the collection of contractual cash flows or retain cash flows for the collection of contractual cash flows and sales.
Collecting contractual cash flows is a contingent event for the business model objective.

The characteristics of the business model are represented in the following:

- Structuring a group of activities designed to extract defined outputs.
- A business model that represents a complete framework of defined activity (inputs – activities – outputs).
- The single business model may include sub-business models.

F- Off setting financial instruments:

Financial assets and liabilities can be offset when, there is a currently enforceable legal right to off-set the recognized amounts and there is an intention to settle on a net basis, or to receive the asset and settle the liability simultaneously.

Treasury bills, repos and reverse repos agreements are netted, and presented on the balance sheet under the item treasury bills and other government notes.

Purchase - Reverse Repo Agreements and Sale Repo Agreements

Financial instruments sold under Repo Purchase Agreements are not excluded from the statement of financial position, and the cash proceeds are recorded under the liabilities caption in the financial position statement .

G- Interest income and expense

- Interest income and expense related to the financial instruments are recognized under the item of loans interest income and similar income or deposits interest expense and similar charges using the effective interest method for all the financial instruments charged with interest.
- The effective interest method is a method of calculating the amortized cost of a financial asset or liability and allocating the interest income or interest expense over the expected life of the related financial instrument. The effective interest rate is the rate that discounts estimated future cash flows or receipts over the expected life of the financial instrument or a shorter period when appropriate, to accurately reach the net carrying amount of the financial asset or liability upon initial recognition.
  When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, early payment options) but does not consider future credit losses. The calculation method includes all fees paid or received between parties of the contract that is considered part of the effective interest rate and the transaction costs shall include any other premiums or discounts. Loans interest income is recorded based on the accrual basis, except for interest income revenues of non-performing loans, which ceases to be recognized as an income when interest recovery or the principle is in doubt. The Bank ceases recognition of interest income of the non-performing or impaired loans or debts (Stage 3) in the income statement and they are carried, off balance sheet in marginalized records and are recognized under revenues according to cash basis as per the following:

  - When collected and after recovery of all arrears for consumer loans, mortgage loans for personal housing, and small loans for economic activities.

  - As for the loans granted to institutions, the cash basis of accounting is to be applied also where the interest income that is subsequently calculated according to the terms of the loan scheduling contract, they are recognized when 25% of the loan installments are paid with a regular performing period of at least one year. In case the customer keeps paying the installments on regular performing basis, the calculated interest income of the outstanding loans balance shall be recorded in revenues (interest income from regular scheduling balance) without the suspense interest before scheduling that is not recorded in revenues unless the entire loan balance is paid in full in the balance sheet prior to scheduling.

H- Fees and commissions income:

Fees and commissions related to loan or facility – measured at amortized cost - are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts (Stage 3) are suspended and carried off balance sheet in statistical records and are recognized under income according to the cash basis when interest income is recognized. As for fees and commissions, which represent a complementary part of the financial asset effective rate they are recognized as adjustment to the effective interest rate.

Commitment fees of loans are deferred when there is probability that these loans will be used by the customer, as commitment fees represent compensation for the continuing interference to acquire the financial instrument. Subsequently, they are recognized as adjustments to the effective interest rate of the loan. If the commitment period passes without issuing the loan by the Bank, commitment fees are recognized as income at the end of the commitment period.

Fees and commissions related to debt instruments measured at fair value are recognized as income at initial recognition. Fees and commission related to marketing of syndicated loan are recognized as income when the marketing is completed, and the loan is fully used or the Bank did not keep any share of the syndicated loan, or kept a share of effective interest rate that is available for the other participants.

Fees and commissions arising from negotiation or participating in a negotiation in favor of a third party as in share acquisition arrangements, purchase of other financial instruments or purchase or sale of entities are recognized in the income statement when the defined transaction is completed. Fees and commissions related to management advisory and other services are recognized as income, usually on a relative time-appropriation basis over the financial period of rendering the service. The fees of financial planning and safe custody services provided over a long period of time are recognized over the period in which the service is provided.

I- Dividend income

Dividends from the Bank's investments in equity instruments and their equivalents are recognized in the income statement when the Bank's right to receive these dividends is established.

J- Impairment of financial assets

The Bank reviews all its financial assets except for the financial assets measured at fair value through profit or loss to estimate the extent of impairment existence in value as indicated below.

The financial assets are classified on the date of the financial statements within three stages as follows:

- The first stage: includes the financial assets where there has been no significant increase in credit risk loss since initial recognition date where the expected credit risk is calculated for 12 months.
- The second stage: includes the financial assets where there has been significant increase in credit risk loss since initial recognition or the date of recognizing their functions where the expected credit risk is calculated over the lifetime of the asset.
- The third stage: the financial assets where there has been impairment in their value which requires calculating their expected credit risk over the lifetime of the asset based on the difference between the book value of the instrument and the present value of the expected future cash flows.

The credit loss and the impairment loss in value related to the financial instruments are measured as follows:

- The low risk financial instrument is classified at initial recognition in the first stage and the credit risk shall be continuously monitored by the credit risk department of the Bank.

- If there is significant increase in credit risk since initial recognition, the financial instrument is to be transferred to the second stage as it shall not be considered as impaired financial instrument yet in this stage.

- In case of indicators of impairment in the value of the financial instrument, it shall be transferred to the third stage.

- The financial assets established or acquired by the Bank and include a higher rate of credit risk than the rates of the Bank for low risk financial assets at initial recognition, shall be directly classified in the second stage. Accordingly, their credit loss shall be measured based on the expected credit risk over the lifetime of the asset.

(j/1) Significant increase in credit risk (SICR)

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

(J/2) Quantitative criteria

Quantitative criteria are applied when the probability of default (PD) increases over the remaining lifetime of the instrument starting from the date of the balance sheet, compared to the residual Lifetime PD expected at initial recognition according to the structure of credit risk levels accepted by the Bank.

(J/3) Qualitative criteria:

For banking retail loans, small and micro finance enterprise

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

- The borrower requests to change short-term payment to long -term payment as a result of negative effects related to the cash flows of the borrower.
- Extending the grace period of payment upon a request provided by the borrower.
- Previous reiterated arrears within the last [12] months.
- Adverse future economic changes which affects the borrower's future cash flows.

Loans granted to institutions and medium enterprises

If the borrower is on the watchlist and/or the instrument meets one or more of the following events:

- Significant increase of interest of the financial asset as a result of increase in credit risk.
- Significant adverse changes in business activity, financial and/or economic conditions in which the borrower operates.
- Request of debt rescheduling as a result of difficulties encountering the borrower.
- Significant adverse change in actual or expected operating results or cash flows of the borrower.
- Adverse future economic changes which affect the borrower's future cash flows.
- Early signs of cash flow/liquidity problems such as delay in servicing of creditors/ trade loan.
- Cancellation of one of the direct facilities on the part of the Bank due to an increase in credit risk of the borrower.

Payment default

Loans and facilities granted to institutions, Small, Medium and Micro Enterprise (SMME) and retail banking are recorded under the second stage if the non-payment is more than (60) days at most and less than (90) days, (180) days for loans and facilities granted to Small, Medium and Micro Enterprise (SMME) according to the circular letter issued by the Central Bank of Egypt on December 14, 2021 regarding the temporary amendment of the treatment of non-performing loans granted to Small, Medium and Micro Enterprise (SMME) that is based on the instructions of International Financial Reporting Standard No. (9), while taking into consideration that the said period (60 days) will decrease at a rate of (10) days annually to be (30) days after (3) years from the date of implementation (2019).

Upgrade and Transfer Between the Three Categories – (Stage 1, 2 and 3)

Upgrade and Transfer from the Second Stage to the First Stage:

The financial asset shall not be transferred from the second stage to the first stage unless all elements of quantitative and qualitative criteria of the first stage have been met and the entire arrears of the financial asset and interests are paid in addition to the lapse of three months of regular payment and satisfying the conditions of the first stage.

Upgrade and Transfer from the Third Stage to the Second Stage:

The financial asset shall not be transferred from the third stage to the second stage unless all following conditions are met:

- All quantitative and qualitative elements of the second stage are met.
- Paying 25% of the financial asset due balances including due suspense/ marginalized interests.
- Regular payment for a period of at least 12 months.

K - Investment Property

Investment property is represented in lands and buildings owned by the Bank for obtaining rental income or capital increase and subsequently it does not include the real estate assets in which the Bank practices its business activity or the assets ownership reverted to the Bank in settlement of debts. The initial recognition of the investment property is carried out at cost and includes the transaction cost. The accounting of the investment property is implemented in the same manner applied to the accounting of the fixed assets.

L- Intangible assets (computers software)

The expenses related to the development or maintenance of computers are recognized as an expense charged to income statement when incurred and it is recognized as an intangible asset with respect to the expenses directly related to specific software under the control of the Bank when it is expected to generate economic benefits thereof that exceeds its cost for more than one year.

The direct expenses include the cost of employees working in the software development team in addition to a reasonable share of the general expenses relevant thereto.

The expenses that lead to the increase or expansion in the performance of the computers software when compared with the original specifications thereof is recognized as development cost and it is added to the original software cost.

The computers software cost recognized as an asset is amortized over the years expected to benefit from them provided that they shall not exceed three years.

M - Fixed assets

Fixed Assets mainly represent land and buildings related to the premises of the head office, Bank branches and offices. All fixed assets are reported at historical cost less depreciation and impairment losses. The historical cost includes all costs directly related to the acquisition of the fixed assets items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Bank and the cost of the asset can be reliably measured. Maintenance and repair expenses are charged to other operating expenses during the financial period in which they are incurred. The Bank does not consider the residual value of its fixed assets to be of relative importance or having a significant impact on the depreciable value, and therefore the depreciation value of those fixed assets is calculated without deducting the residual value of the asset.

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

Buildings*	30:50 years
Furniture	10 years
Computers	5 years
Fixtures and fittings	5 years
Tools & equipment	10 years
Means of transport	5 years

*Depreciation is calculated for buildings and constructions over a period of 50 years, with the exception of the Abdul Khaleq Tharwat Building, whose depreciation is calculated over a period of 30 years.

The residual value and useful lives of fixed assets are reviewed at the end of each financial year and adjusted whenever necessary.

Assets that are subject to depreciation 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 reduced immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The redeemable value is represented in the net selling value of the asset or the use value of the asset whichever higher. Gains or losses on disposals are determined by comparing net proceeds with asset carrying amount. These gains and losses are included in other operating income (expenses) in the income statement.

N- Other assets

- This item includes the other assets that are not classified as defined assets in the balance sheet where accrued revenues, prepaid expenses, advance payments under the account of fixed assets purchase, deferred balance of the first day losses that is not amortized yet, current assets and noncurrent assets that their ownership reverted to the Bank in settlement of debts (after deduction of the impairment loss provision), deposits and impress, gold bullions, commemorative coins, debit suspense accounts and balances that are not classified under any defined asset, are examples of which.

- Most of the elements of other assets are measured at cost. If there is an objective evidence for impairment loss in the value of the said assets, then the loss is separately measured for each asset based on the difference between its carrying amount and its net selling value or the present value of the estimated expected future cash flows discounted at the current market rate of similar financial assets, which ever higher.

The book value of the asset is directly reduced, and the loss is recognized in the income statement under the item of other operating revenues (expenses). If the impairment loss is reduced in any subsequent period and such reduction can be objectively related to an event that occurred after the recognition of the impairment loss, then the impairment loss previously recognized is reversed to the income statement provided that such cancellation does not establish an asset book value, on the date of reversing the impairment loss, that exceeds the value of the asset which may be reached if the recognition of such impairment loss has not been recognized.

With reference to the asset's ownership reverted to the bank in settlement of debts, the following has to be taken into consideration:

In accordance with the provisions of Article No. (87) of the Central Bank Law and the law of Banking and Monetary System issued by virtue of law No. 194 of the year 2020, it is prohibited for banks to deal in movables or real estate whether by purchasing, selling or exchange, except for the real estate allocated for running the business of the Bank, used for entertainment purposes of the employees of the Bank, movables or real estate reverted to the bank in settlement of debts due from third parties when the recognition thereof started from the date of conveyance of ownership (the date of debt reduction) and such real state is included in assets reverted to the bank in settlement of debts, provided that the Bank shall dispose thereof according to the following:

- Within one year from the date of conveyance of ownership with respect to movables.
- Within five years from the date of conveyance of ownership with respect to real estate.
- The Board of Directors of the Central Bank of Egypt may approve the extension of the period whenever the circumstances deem necessary, in addition, the Board of Directors of the Central Bank of Egypt has the right to exempt some banks from such restriction based on the banks' nature of activity.

- The assets reverted to the bank in settlement of debts are recorded at the value in which the said assets reverted to the Bank and represented in the value of debts which the Bank's management decided to assign in return for such assets. If there is an objective evidence for impairment loss in the value of the said assets in the subsequent date of conveyance of ownership, then the loss is separately measured for each asset based on the difference between its carrying amount and its net selling value or the present value of the estimated expected future cash flows discounted at the current market rate of similar financial assets, whichever higher. The book value of the asset is reduced through the impairment account and the loss value is recognized in the income statement under the item of other operating revenues (expenses).
- If the impairment loss is reduced in any subsequent period and such reduction can be objectively related to an event that occurred after the recognition of the impairment loss, then the impairment loss previously recognized is reversed to the income statement provided that such cancellation does not establish an asset book value, on the date of reversing the impairment loss, that exceeds the value of the asset which may be reached if the recognition of such impairment loss has not been recognized.
- In the light of the nature of the movables or real estate which their ownership reverted to the Bank pursuant to the provisions of the aforementioned article, the movables or real estate are classified in accordance with the plan of the Bank, the nature of expected benefits thereof among the fixed assets, investment property, shares, bonds or other assets available for sale, as the case may be. Accordingly, the bases relevant to the measurement of fixed assets, investment property, shares or bonds are applied to the assets reverted to the Bank in settlement of debts and classified under any item of these items. As for the other assets, that are not included in any of these classifications and considered as other assets available for sale, they are measured at cost or fair value defined by the accredited experts of the Bank - less the selling costs – whichever is lower. The differences resulting from the valuation of these assets are recognized in the income statement under the item of other operating revenues (expenses) provided that such assets are to be disposed of within the period prescribed by virtue of law.
- If the said assets are not disposed of, within the period prescribed by virtue of law in accordance with the provisions of Article No. (87) of Law No. 194 of 2020, the banking risk reserve is to be supported by the equivalent of 10% of the value of the said assets on annual basis. The net revenues and expenses of assets reverted to the Bank in settlement of debts during the period of their acquisition by the Bank are recorded in the income statement under the item of other operating revenues (expenses).

O- The impairment of non-financial assets

The financial assets that have no specific useful life are not depreciated – except for the goodwill – and their impairment is examined on annual basis. The impairment of assets that has been depreciated are to be considered, whenever there are events or changes in the circumstances indicating that the book value may not be redeemable.

The impairment loss is to be recognized and the asset value shall be reduced with the amount by which the book value of the asset has been increased above the redeemable value. The redeemable value is represented in the net selling value of the asset or the use value of the asset, based on whichever higher. For the purpose of assessing the impairment, and when it is not possible to assess the redeemable value of a separate asset, the asset is to be attached to the smallest possible cash-generating unit that includes the asset. The non-financial assets that have impairment are to be reviewed to examine whether there is a reverse of impairment to the income statement or not, on the date of preparing every financial statement.

P- Lease Contracts

All lease contracts concluded with the Bank are operating lease contracts.

(P/1) Lessee

The payments settled under the account of operating lease less any discounts obtained from the lessor under the item of expenses are recognized in the income statement based on the straight-line method over the term of contract.

(P/2) Lessor

The assets leased out on operating lease basis that are included in the fixed assets in the balance sheet and depreciated over the expected useful life of the asset using the same manner applied to the similar assets. The rent income is recorded less any discounts granted to the lessee based on the straight-line method over the term of contract.

Q- 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. Cash and cash equivalents include balances due from the Central Banks other than the mandatory reserve, balances with banks, treasury bills and other government notes.

R- 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 not that an outflow of the Bank resources will be required to settle these obligations and their amount can be reliably estimated.

Where there is a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determined 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 this group is minimal.

Provisions no longer required totally or partially are reversed in other operating income (expenses).

Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from balance sheet date using the appropriate rate in accordance with the terms of settlement which reflects the time value of money. If the settlement term is less than one year, the estimated value of the obligation is to be calculated unless it has a significant effect, then it shall be calculated using the present value.

S- Employees' Benefits:

- **Employees Share in Profits:**

The Bank pays a percentage of cash profits expected to be distributed as the employees share in profits and recognizes that share as part of the dividends appropriation in equity and as liabilities when approved by the shareholders general assembly of the Bank and no liabilities shall be recorded in the undistributed employees share in profits.

- **Employees' Pension Fund & End of Service Compensations**

The Bank adopted special benefits plan until 17/4/2008. The Bank's contributory defined pension plan covers the permanent employees' pensions and other end of service benefits. The Bank's contribution to this fund is computed at a certain percentage of the employees' annual salaries, in addition to amounts required to the fund as decided by the Actuary to continue providing its services and maintain the minimum return on its invested funds. As for the employees appointed in the Bank after 17/4/2008, the Bank adopted special benefit plan with respect to the end of service compensation only without pensions and the Bank participates in such compensations by a percentage of the employees' wages who are working under the umbrella of this benefit plan on annual basis.

T- Dividends

Dividends are recognized and deducted from equity in the period when approval thereof is declared by the Shareholders General Assembly. Those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the articles of association of the Bank.

U- Comparative figures

The comparative figures shall be re-classified, whenever necessary, to be in conformity with the changes in the presentation used in the current year.

V- Trust/Fiduciary Activities

The Bank practices fiduciary activities that entail the acquisition or management of assets on behalf of individuals, trusts, post-employment benefit funds and other institutions. These assets and the profits resulting from them are not recognized in the Bank's Separate Financial Statements as they are neither assets nor profits belonging to the Bank.

3- Financial Risk Management

The Bank, as a result of the activities it exercises, is exposed to various financial risks; since acceptance of risks is a basis in the financial activities. Some risks or group of risks are analyzed, assessed and managed together. The Bank objective is to balance between the risk and return and to reduce the possible negative 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 set to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated information systems. The Bank regularly reviews the risk management policies and systems and amends them to reflect the changes in markets, products and services and the best updated applications.

Risks are managed by the Risk Management Department in the light of the policies approved by the Board of Directors. Risk Management Department identify, assess, and cover financial risks in close cooperation with other operating units in the Bank. Within framework of the principles of governance and the sound Banking practices related to Banking risks management, the board of directors provides an integrated supervisory structure of higher committees originated therefrom. The Risk Management Department is in charge of the regular review of risk management and the control environment in an independent manner.

A- Credit risk

The Bank is exposed to credit risk, which is the risk resulting from failure of one party to meet its obligations. Credit risk is considered the most significant risk for the Bank; therefore, the management is conservative and prudent in managing this risk exposure. Credit risks results mainly from lending activities that result in loans and facilities and from investment activities which results in having such debt instruments included in the Bank's assets. Credit risk is also included in off balance sheet financial instruments, such as loan commitments. Managing and monitoring process of credit risk is represented in credit risk management team of the Risk Management Department that provide reports presented to the Board of Directors, Top Management and Heads of operating units on regular basis.

(A/1) Credit risk measurement

- Loans and facilities to banks and customers.
- To measure credit risk on the loans and facilities to Banks and customers, the Bank considers the following three components:
- Probability of default by the client or third parties to fulfill its contractual obligations.
- The current position and its probable future development from which the Bank conclude the balance exposed to risk. (Exposure at default)
- Loss given default

The daily management of the Bank's activities involves measures of credit risk based on the Expected Loss Model required by the Basel Committee on Banking Supervision. Those operational measures could be inconsistent with the impairment loss burden according to EAS 26, which adopts the realized losses model and not the expected losses (Note A / 3) on the date of the financial statements.

- The Bank assesses the default risk for each customer using internal evaluation methods to determine the rating for the different customers' categories. These methods were internally improved taking into consideration statistical analysis and the professional judgment of the credit officers to reach the appropriate rating. The customers are classified into four ratings. Rating scale (shown in the following table) reflects the possibility of defaults for each rating category, in which the credit positions may transfer from one rating to another depending on the change in the degree of possible risk. The customers' rating and the rating process are reviewed and improved when necessary.

The Bank periodically evaluates the performance of the credit rating methods and their ability in expecting the customers' defaults.

Bank's internal ratings scale

Rating description	Rating
Performing loans	1
Regular watching	2
Watch list	3
Non-performing loans	4

The Position exposed to default depends on the outstanding balances expected at the time when a default occurs, for example, for the loans , the position is the nominal value while for commitments, the Bank includes all actual withdrawals in addition to any other expected withdrawals till the date of the late payment if any.

The expected loss or specific loss represent the Bank's expectation of loss as of the date when the settlement is due, which is loan loss percentage that certainly differs according to the type of debtor, priority of claim, the availability of guarantees and any other means of credit cover.

- **Debt instruments, treasury bills and other bills**

For debt instruments and bills, the Bank is using the external classifications such as Standard & Poor's or equivalent institutions to manage credit risk, in case such ratings are not available, methods similar to those applied to credit customers are used. Investments in securities and treasury bills are regarded as a way to get better credit quality and at the same time provides a source available to meet finance requirements.

(A/2) Limiting and avoiding risks policies

The Bank manages limits and controls credit risk concentrations on the levels of borrowers, groups, industries and countries.

The Bank manages the credit risk it undertakes by placing limits on the amount of risk accepted in relation to every single borrower, or groups of borrowers, and on the levels of economic activities and geographic segments. Such risks are monitored on regular basis and subjected to annual or more frequent reviews, whenever necessary. The Board of Directors reviews on quarterly basis the levels of credit risk on the levels of the borrower, group of borrowers, product and industry segments and country credit concentration.

The lines of credit are divided for any borrower including Banks, into sub limits based on amounts in and off-balance sheet, the daily limit risk on trading items such as forward foreign exchange contracts where the actual amounts are compared with the limit every day.

Exposure to credit risk is also managed through regular analysis of the existing and potential borrowers' ability to meet their obligations and through changing the lending limits where appropriate.

The following are other controls used by the Bank to limit the credit risk.

Collaterals

The Bank use different methods to limit its credit risk. One of these methods is accepting collaterals against loans and facilities granted by the Bank. The Bank implements guidelines for collaterals to be accepted. The major types of collateral against loans and facilities are:

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

The long-term finance and loans to corporate entities are generally guaranteed while individual credit facilities are unsecured. In addition, to minimize the credit loss, the Bank will seek additional collaterals from all the concerned parties as soon as impairment indicators are noticed for a loan or facility.

The Bank determines the type of collaterals held by the Bank as security for financial assets other than loans and facilities according to the nature of the instrument, generally, debt securities and treasury bills are unsecured, except for Asset-Backed Securities and similar instruments secured by a financial instrument portfolio.

Credit-related commitments

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 the 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. Credit related commitments represent the unused portion of credit limit of loans, guarantees or letters of credit. With respect to credit risk related to credit commitments, the Bank is exposed to probable loss of amount equal to the total unused limit. However, the probable amount of loss is less than the unused limit commitments, as most commitments represent commitments to customers maintaining certain credit standards. The Bank monitors the maturity term of the credit commitments because long-term commitments are usually of high credit risk than short-term commitments.

(A/3) Impairment and provisioning policies (Measurement of expected credit loss)

The policies of the Bank requires determining three stages to classify the financial assets measured at amortized cost, loan commitments, financial guarantees and debt instruments at fair value through other comprehensive income based on the changes of credit quality since the initial recognition and measurement of impairment loss (expected credit loss) in value related to these instruments as follows:

The financial asset that is not impaired at initial recognition is classified in the first stage and the credit risk shall be continuously monitored by the Credit Risk Department of the Bank.

In case there is a significant increase in credit risk since initial recognition, the financial asset is to be transferred to the second stage and it shall not be considered as impaired financial asset in this stage (the expected credit loss over lifetime under lack of impairment in credit value).

In case of indicators of impairment in the value of the financial asset, it shall be transferred to the third stage. The indicators used by the Bank to determine whether there are objective evidences indicating the following:

- Significant increase of interest of the financial asset as a result of increase in credit risk.
- Significant adverse changes in business activity, financial and/or economic conditions in which the borrower operates.
- Request of debt rescheduling as a result of difficulties encountering the borrower.
- Significant adverse change in actual or expected operating results or cash flows of the borrower .
- Adverse future economic changes which affects the borrower's future cash flows.
- Early signs of cash flow/liquidity problems such as delay in servicing of creditors/ trade loan.
- Cancellation of one of the direct facilities on the part of the Bank due to an increase in credit risk of the borrower.

The impairment loss provision appeared in the balance sheet at the end of the year is derived from the four internal rating grades. However, most of the impairment provision comes from the last two ratings of classification. The table below shows the relative distribution percentage of in-balance sheet items relating to loans, facilities and the related impairment for each category of the internal rating of the Bank:

Ratings of The Bank	31 December 2021		31 December 2020	
	Loans &Facilities	Impairment provision	Loans &Facilities	Impairment provision
	%	%	%	%
Performing loans	7.49	0.02	2,17	0,02
Regular watching	33.98	15.66	28,70	10,54
Watch list	24.46	15.83	34,50	24,53
Non-performing loans	34.07	68.49	34,63	64,91
Total	**100**	**100**	**100**	**100**

The internal evaluation instruments help the management to determine whether there are objective evidences of impairment according to the Egyptian Accounting Standard No. 47 and based on the following indicators specified by the Bank:

- Severe financial insolvency encountered by the borrower or the debtor.
- Violation of loan agreement such as default of payment.
- Expecting the Bankruptcy of the borrower, entering into liquidation case or restructuring the finance granted to him.
- Deterioration in the competitive status of the borrower.
- Granting concessions or privileges to the borrower due to economic, legal or financial insolvency encountered by the borrower which may not be given by the Bank in normal circumstances.
- Impairment of guarantee value.
- Deterioration of the creditworthiness.

The policies adopted by the Bank require reviewing all the financial assets exceeding specific relative significance at least once a year or more when the circumstances necessitate to do so.

The impairment charge shall be determined on the accounts that are evaluated on case by case basis through the evaluation of the loss realized on the date of the balance sheet. Such policies are expected to be implemented on all accounts attributed by relative significance on case by case basis. The evaluation usually includes the outstanding guarantee that embraces the reassurance of the implementation on the guarantee and expected collections from the said accounts. The impairment losses provision is formed based on a group of assets of similar kind using the historical empirical experience available, personal judgment and statistical methods.

(A/4) Banking general risk measurement model

In addition to the four categories of the Bank's internal credit rating indicated in Note (3- A/1), management classifies loans and advances based on more detailed subgroups in accordance with the CBE requirements. Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending heavily on information related to the customer, his activities, financial position and commitment to the payment schedules.

The Bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case of having required increment in impairment losses provision according to the rules of the Central Bank of Egypt that exceeds the amount required by using the expected credit loss, the General Banking Risk Reserve shall be set aside in equity and deducted from the retained earnings with an amount equivalent to such increment. The said reserve shall be amended on regular basis as an increase or decrease in a manner that is always equivalent to the amount of increase when comparing the two provisions. The said reserve shall not be distributable.

The following are the categories of credit ratings for the institutions in accordance with the four internal rating grades compared to the bases of the CBE assessment and provisions percentage required for the impairment of assets exposed to credit risk:

CBE Ratings	Rating indications	Provision percentage required %	Internal Ratings	Internal Ratings Granting
1	Low risk	Zero	1	Performing loans
2	Moderate risk	1	1	Performing loans
3	Satisfactory risk	1	1	Performing loans
4	Appropriate risk	2	1	Performing loans
5	Acceptable risk	2	1	Performing loans
6	Marginally Acceptable risk	3	2	Regular watching
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

(A/5) Maximum limits for credit risk before collaterals

Balance sheet items exposed to credit risks	31/12/2021	31/12/2020
Treasury bills and government notes	3 065 437	2 904 945
Due from Banks	866 991	1 080 619
Loans to Banks	29 476	49 127
Loans and facilities to customers:		
Retail loans:		
Debit current accounts	40	81
Credit cards	1 705	1 627
Personal loans	38 671	40 490
Corporate loans:		
Debit current accounts	5 216	4 459
Syndicated loans	151 220	161 294
Direct loans	330 752	337 951
Other assets	10 169	6 717
Total	**4 499 677**	**4 587 310**
Off-balance sheet items exposed to credit risk		
Letters of credit	3 393	3 411
Letters of guarantee	125 129	46 820
Companies loans commitments	1 928	3 850
Money Market papers for facilities to suppliers	18 760	12 602
Total	**149 210**	**66 683**

- The above table represents the Bank maximum exposure to credit risk on December 31, 2021 – December 31, 2020 before taking into consideration any held collaterals. For assets recognized in the balance sheet, the exposures set out above are based on total carrying amounts as reported in the balance sheet.

  As shown above 12.38 % of the total maximum exposure is derived from loans and facilities to Banks and customers as at December 31, 2021, compared to 12.97% as at December 31, 2020.

  Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both its loans and facilities portfolio and debt instruments based on the following:

- On December 31, 2021, 43.63% of the loans and facilities portfolio to Banks and customers are concentrated in the top two grades of the internal credit risk rating system compared to 38.22% on December 31, 2020.
- On December 31, 2021, 54.83 of loans and facilities portfolio to Banks and customers are neither past due nor impaired compared to 56.74% on December 31, 2020.
- Loans and facilities assessed individually amounted to US$ 328 035 thousand on December 31, 2021 compared to US$ 330 280 thousand on December 31, 2020.
- The Bank has implemented more prudent processes when granting loans and facilities during the financial year ended on December 31, 2021.
- On December 31, 2021 and on December 31, 2020, 100% of the investments in debt instruments and treasury bills represent debt instruments on the part of the Egyptian Government.

The following tables indicates information about the financial asset's quality during the financial period:

		31/12/2021		
Due from banks	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	413 973	108 535	-	522 508
Regular watching	7 734	337 283	-	345 017
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	421 707	445 818	-	867 525
Less impairment loss provision	(7)	(527)	-	(534)
Book value	**421 700**	**445 291**	**-**	**866 991**

		31/12/2020		
Due from banks	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	629 188	66 460	-	695 648
Regular watching	3 057	381 733	-	384 790
Watch list	-	-	-	-
Non-performing loans	773	-	-	773
	633 018	448 193	-	1 081 211
Less impairment loss provision	(13)	(579)	-	(592)
Book value	**633 005**	**447 614**	**-**	**1 080 619**

		31/12/2021		
Treasury bills	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	484 672	-	-	484 672
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	484 672			484 672
Less impairment loss provision	(1 891)	-	-	(1 891)
Book value	**482 781**	**-**	**-**	**482 781**

		31/12/2020		
Treasury bills	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit rating				
Performing loans	1 089 908	-	-	1 089 908
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	1 089 908	-	-	1 089 908
Less impairment loss provision	(1 927)	-	-	(1 927)
Book value	**1 087 981**	**-**	**-**	**1 087 981**

Loans and credit facilities to individuals	First stage 12 months	31/12/2021 Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	40 420	-	-	40 420
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	135	135
	40 420	-	135	40 555
Less impairment loss provision	(4)	-	(135)	(139)
Book value	**40 416**	**-**	**-**	**40 416**

Loans and credit facilities to individuals	First stage 12 months	31/12/2020 Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	42 160	41	-	42 201
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	339	339
	42 160	41	339	42 540
Less impairment loss provision	(3)	-	(339)	(342)
Book value	**42 157**	**41**	**-**	**42 198**

Loans & credit facilities to corporate	First stage 12 months	31/12/2021 Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	17 970	-	-	17 970
Regular watching	82 162	182 745	-	264 907
Watch list	-	128 344	62 397	190 741
Non-performing loans	-	-	265 503	265 503
	100 132	311 089	327 900	739 121
Less impairment loss provision	(2 143)	(61 178)	(188 612)	(251 933)
Book value	**97 989**	**249 911**	**139 288**	**487 188**

Loans & credit facilities to corporate	First stage 12 months	31/12/2020 Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	16 747	-	-	16 747
Regular watching	82 864	138 986	-	221 850
Watch list	-	204 486	62 199	266 685
Non-performing loans	-	-	267 742	267 742
	99 611	343 472	329 941	773 024
Less impairment loss provision	(2 632)	(75 522)	(191 166)	(269 320)
Book value	**96 979**	**267 950**	**138 775**	**503 704**

Debt instruments at amortized cost	First stage 12 months	31/12/2021 Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	274 100	-	-	274 100
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	274 100			274 100
Less impairment loss provision	(1 376)	-	-	(1 376)
Book value	**272 724**	**-**	**-**	**272 724**

Debt instruments at amortized cost	First stage 12 months	31/12/2020 Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	210 313	-	-	210 313
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	210 313	-	-	210 313
Less impairment loss provision	(1 991)	-	-	(1 991)
Book value	**208 322**	**-**	**-**	**208 322**

The following tables indicates changes in expected credit loss (ECL) between the beginning and end of the period due to these results:

		31/12/2021		
Due from Banks	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit loss provision as at 1 January 2021	13	579	-	592
Net impairment charge	(6)	(38)	-	(44)
Written off during the year	-	-	-	-
Foreign exchange differences	-	(14)	-	(14)
Balance at the end of the year	**7**	**527**	**-**	**534**

		31/12/2020		
Due from Banks	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit loss provision as at 1 January 2020	522	-	-	522
Net impairment charge	(509)	556	-	47
Written off during the year	-	-	-	-
Foreign exchange differences	-	23	-	23
Balance at the end of the year	**13**	**579**	**-**	**592**

		31/12/2021		
Treasury bills	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit loss provision as at 1 January 2021	1 927	-	-	1 927
Net impairment charge	8	-	-	8
Written off during the year	-	-	-	-
Foreign exchange differences	(44)	-	-	(44)
Balance at the end of the year	**1 891**	**-**	**-**	**1 891**

		31/12/2020		
Treasury bills	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit loss provision as at 1 January 2020	1 672	-	-	1 672
Net impairment charge	236	-	-	236
Written off during the year	-	-	-	-
Foreign exchange differences	19	-	-	19
Balance at the end of the year	**1 927**	**-**	**-**	**1 927**

		31/12/2021		
Loans and credit facilities to Banks	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit loss provision as at 1 January 2021	873	-	-	873
Net impairment charge	(349)	-	-	(349)
Written off during the year	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**524**	**-**	**-**	**524**

		31/12/2020		
Loans and credit facilities to Banks	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit loss provision as at 1 January 2020	505	-	-	505
Net impairment charge	368	-	-	368
Written off during the year	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**873**	**-**	**-**	**873**

		31/12/2021		
Loans and credit facilities to individuals	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit loss provision as at 1 January 2021	3	-	339	342
Net impairment charge during the year	-	-	(203)	(203)
Written off during the year	-	-	-	-
Proceeds from loans previously written off	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**3**	**-**	**136**	**139**

		31/12/2020		
Loans and credit facilities to individuals	**First stage 12 months**	**Second stage Over lifetime**	**Third stage Over lifetime**	**Total**
Credit loss provision as at 1 January 2020	1	-	22	23
Net impairment charge during the year	2	-	317	319
Written off during the year	-	-	-	-
Proceeds from loans previously written off	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**3**	**-**	**339**	**342**

Loans & credit facilities to corporate	First stage 12 months	31/12/2021 Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2021	2 632	75 522	191 166	269 320
Net impairment charge	(488)	3 842	(2 324)	1 030
Proceeds from loans previously written off	-		-	-
Written off during the year	-	(18 192)	-	(18 192)
Foreign exchange differences	(1)	6	(230)	(225)
Balance at the end of the year	**2 143**	**61 178**	**188 612**	**251 933**

Loans & credit facilities to corporate	First stage 12 months	31/12/2020 Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2020	3 955	78 416	187 958	270 329
Net impairment charge	(1 337)	(3 163)	3 271	(1 229)
Proceeds from loans previously written off	-	58	-	58
Written off during the year	-	-	(483)	(483)
Foreign exchange differences	14	211	420	645
Balance at the end of the year	**2 632**	**75 522**	**191 166**	**269 320**

Debt instruments at amortized cost	First stage 12 months	31/12/2021 Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2021	1 991	-	-	1 991
Net impairment charge	(615)	-	-	(615)
Written off during the year	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**1 376**	**-**	**-**	**1 376**

Debt instruments at amortized cost	First stage 12 months	31/12/2020 Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2020	756	-	-	756
Net impairment charge	1 235	-	-	1 235
Written off during the year	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**1 991**	**-**	**-**	**1 991**

(A/6) Loans and facilities

The Bank implemented the instructions of the Central Bank of Egypt issued on March 22, 2020 regarding the postponement of customers' credit dues without additional delay interests or fines applicable due to the postponement of payment, as a part of the precautionary measures taken by the Central Bank to confront the effects of Novel Coronavirus Disease (COVID-19).

It is to be taken into account that, in case the customer, does not wish to benefit from the postponement of settlement of the credit dues or incur any additional cost resulting therefrom, his request will be complied with, in accordance with the above-mentioned instructions of the Central Bank of Egypt.

The following table indicates the distribution of Loans and facilities balances based on credit rating:

	31 December 2021		31 December 2020	
	Loans & facilities to customers	Loans & facilities to Banks	Loans & facilities to customers	Loans & facilities to Banks
Neither past due nor impaired	413 973	30 000	441 085	50 000
Past due but not impaired	37 668	-	44 199	-
Impaired	328 035	-	330 280	-
Total	**779 676**	**30 000**	**815 564**	**50 000**
Less: Impairment loss provision	(252 072)	(524)	(269 662)	(873)
Net	**527 604**	**29 476**	**545 902**	**49 127**

Total impairment provision for loans and facilities reached US$ 252 072 thousand at the end of the current financial period compared to US$ 269 662 thousand at the end of the comparative year that included US$ 188 748 thousand that represents loans impairment provision of loans individually valued (the third stage)compared to US$ 191 505 thousand at the end of the comparative year. The rest of the loans portfolio which amounted to US$ 63 324 thousand represent the loans impairment provision formed for the first and second stage of the credit portfolio compared to US$ 78 157 thousand at the end of the comparative year.

Loans and facilities neither past due nor impaired:

The credit quality for the loans and facilities portfolio (neither past due nor impaired) valued upon the internal valuation used by the Bank.

Loans and facilities to customers

31/12/2021	Individuals Debt current accounts	Credit cards	Personal loans	Total
1. Performing loans	40	1 704	38 675	40 419
2. Regular watching	-	-	-	-
3. Watch list	-	-	-	-
Total	**40**	**1 704**	**38 675**	**40 419**

31/12/2021	Corporate			
	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
1. Performing loans	1	16 791	-	16 792
2. Regular watching	4 511	148 091	75 817	228 419
3. Watch list	325	53 376	74 643	128 344
Total	**4 837**	**218 258**	**150 460**	**373 555**

The Non-performing loans category secured by cash guarantees were no considered as impaired after taking into consideration that such guarantees can be collected.

Loans and facilities to customers

31/12/2020	Individuals			
	Debit current accounts	Credit cards	Personal loans	Total
1. Performing loans	81	1 534	40 493	42 108
2. Regular watching	-	-	-	-
3. Watch list	-	-	-	-
Total	**81**	**1 534**	**40 493**	**42 108**

31/12/2020	Corporate			
	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
1. Performing loans	-	12 653	4 094	16 747
2. Regular watching	3 277	127 125	47 342	177 744
3. Watch list	112	95 527	108 847	204 486
Total	**3 389**	**235 305**	**160 283**	**398 977**

The Non-performing loans category secured by cash guarantees were not considered as impaired after taking into consideration that such guarantees can be collected.

Past due loans and facilities but not impaired

They are loans and facilities having past due but not considered impaired, unless there is information to the contrary. The loans and facilities to customers having past due and not subject to impairment are represented in the following:

31/12/2021	Individuals			
	Debit current accounts	Credit cards	Personal loans	Total
Past due up to 30 days	-	1	-	1
Past due more than 30 to 60 days	-	-	-	-
Past due more than 60 to 90 days	-	-	-	-
Total	**-**	**1**	**-**	**1**

31/12/2021	Corporate			
	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
Past due up to 30 days	1	6 811	-	6 812
Past due more than 30 to 60 days	-	30 854	-	30 854
Past due more than 60 to 90 days	-	-	-	-
Total	**1**	**37 665**	**-**	**37 666**

Past due loans and facilities represent the amounts that entirely or partially fall due and were not paid on the dates contractually agreed upon and they include past due amounts for periods exceeds one day.

Accordingly, the amounts presented in the Note represent the total balance of the loan or facility and not only the past due portion while the rest of the loans balances and other facilities granted to the customer are not included as long as the customer has not been entirely or partially in default.

On the date of initial recognition for the loans & facilities, the presented collaterals fair value is estimated if any - as per the valuation methods usually used in valuation of similar assets provided that they shall not be recognized in the financial statement of the Bank as they do not represent assets of the Bank on that date. In subsequent periods, the fair value of such collaterals will be adjusted as per the price or the market prices of the similar assets.

Loans and facilities individually subject to impairment

Loans and facilities to customers

The balance of Loans and facilities individually subject to impairment (the third stage) at the end of the current financial period before taking into consideration cash flows from guarantees amounted to US$ 328 035 thousand compared to US$ 330 280 thousand at the end of the comparative year. The following tables include a breakdown of the total loans and facilities individually subject to impairment and the fair value of collaterals taken into consideration when provisions are calculated.

31/12/2021	Individuals			
	Debit current accounts	Credit cards	Personal loans	Total
Loans individually subject to impairment	71	-	64	135
Fair value of collaterals	-	-	-	-

31/12/2021	Corporate			
	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
Loans individually subject to impairment	3 743	277 613	46 544	327 900
Fair value of collaterals	-	38 716	5 076	43 792

31/12/2020	Individuals			
	Debit current accounts	Credit cards	Personal loans	Total
Loans individually subject to impairment	63	-	276	339
Fair value of collaterals	-	-	-	-

31/12/2020	Corporate			
	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
Loans individually subject to impairment	4 358	279 086	46 497	329 941
Fair value of collaterals	-	33 757	5 715	39 472

Restructured loans and facilities

Restructuring activities include extending periods of payment arrangements, implementing compulsory management programs, amending and deferring settlement of payments. The policies of implementing the restructuring depend on indicators or criteria which indicate that there is a high probability of continued payment, based on the personal judgment of the management. These policies are subject to continuous review. Restructuring of long-term loans is commonly applied, especially to customers' financing loans. The renegotiated loans amounted to US$ 68 373 thousand, compared to US$ 64 964 thousand at the end of the comparative year.

	31 December 2021	31 December 2020
Loans & Facilities to Customers		
Institutions		
– Debit current accounts	3 658	2 000
– Direct loans	64 715	62 964
Total	**68 373**	**64 964**

(A/7) Debt instruments, treasury bills and other government notes

The table below shows an analysis of debt instruments, treasury bills and other government notes (before deducting any impairment allowances) according to the rating agency of Standard & Poor's or its equivalent at the end of the financial year.

	Rating	31 December 2021	31 December 2020
Egyptian treasury bills			
– At fair value through other comprehensive income	B	2 309 932	1 608 642
– At amortized cost	B	484 672	1 089 908
Egyptian treasury bonds			
– At amortized cost	B	274 100	210 313
Total		**3 068 704**	**2 908 863**

(A/8) Acquisition of Collaterals

- The Bank has not acquired assets based on the acquisition of collaterals during the current financial year.

- The assets acquired by the Bank are classified under the item of other assets in the balance sheet and these assets are to be sold whenever applicable.

(A/9) Concentration of financial assets risks exposed to credit risk

Geographical sectors

The following table represents an analysis of the most significant credit risk limits of the Bank at book value and their distribution according to the geographical sectors at the end of the current financial year. When we prepared this table, we distributed the risks over the geographical sectors based on the areas related to the customers of the Bank.

	Greater Cairo	Alexandria	Port Said	Sharm EL Sheikh	Total
Treasury bills & other government notes	3 068 704	-	-	-	3 068 704
Loans & facilities to Banks	30 000	-	-	-	30 000
Loans and facilities to customers:					
Loans to individuals:					
– Debit current accounts	111	-	-	-	111
– Credit cards	1 568	98	12	27	1 705
– Personal loans	32 534	4 925	263	1 016	38 738
Loans to Corporate:					
– Debit current accounts	8 581	-	-	-	8 581
– Direct loans	520 460	13 075	-	-	533 535
– Syndicated loans	197 005	-	-	-	197 005
Total as at 31 December 2021	**3 858 963**	**18 098**	**275**	**1 043**	**3 878 379**
Total as at 31 December 2020	**3 761 425**	**12 137**	**363**	**502**	**3 774 427**

Activity Sectors

The following table represents an analysis of the most significant credit risk limits of the Bank at book value distributed according to the business activity practiced by the customers of the Bank.

	Financial Institutions	Industrial Institutions	Commercial	Mining &Petroleum Services	Real Estate Activities	Government Sector	Other Activities	Total
Treasury bills & other government notes	-	-	-	-	-	3 068 704	-	3 068 704
Loans & facilities to Banks	30 000	-	-	-	-	-	-	30 000
Loans and facilities to customers:								
Loans to individuals:								
Debit current accounts	-	-	-	-	-	-	111	111
– Credit cards	-	-	-	-	-	-	1 705	1 705
– Personal loans	-	-	-	-	-	-	38 738	38 738
Loans to Corporate:								
– Debit current accounts	-	3 540	628	1 169	-	-	3 244	8 581
– Direct loans	104 402	111 046	29 040	62 028	1 598	-	225 421	533 535
– Syndicated loans	22 667	-	-	91 167	4 434	-	78 737	197 005
Total as of 31 December 2021	**157 069**	**114 586**	**29 668**	**154 364**	**6 032**	**3 068 704**	**347 956**	**3 878 379**
Total as of 31 December 2020	**178 258**	**111 239**	**20 225**	**170 211**	**4 301**	**2 952 753**	**337 440**	**3 774 427**

B- Market risk

The Bank exposed to market risk which is the risk that the fair value or future cash flow fluctuation resulted from changes in market prices. Market risk arises 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 market risk management resulting from trading and non-trading portfolios is concentrated in the risk department of the Bank and they are followed up by two separate teams. Interim reports on market risk are presented to the Board of Directors, Assets and Liabilities Committee (ALCO) and the heads of business activity units on regular basis.

Trading portfolios include transactions where the Bank deals directly with clients or with the market; non-trading portfolios primarily arise from managing assets and liabilities interest rate relating to retail transactions and corporate. 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 risk 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 the debt instruments and fixed-rate long-term loans if the fair value option has been applied. The major measurement techniques used to measure and control market risk are outlined below.

- Value at Risk (VaR)

The Bank applies a 'value at risk' methodology (VaR) for trading and non-trading portfolios to estimate the market risk of positions held and the maximum expected losses based on a number of assumptions for various changes in market conditions. The Board of Directors sets limits for the value of risk that may be accepted by the Bank for trading and non- trading portfolios on separate basis and they are daily monitored by the Market Risk Management Department in the Bank. Value at Risk (VaR) is a statistic expectation of the current portfolio potential losses resulting from the adverse movements of the market and the maximum loss that may be incurred by the Bank based on using a specific confidence coefficient (98%). Subsequently, there is a statistical probability at a ratio of (2%) that the effective loss is higher than the expected Value at Risk (VaR). VaR model assumes a defined holding period of (ten days) before closing the open positions. It also assumes that the market movements during the defined holding period of (ten days) shall follow the same market movements model which occurred during the previous ten days. The Bank estimates the previous movements based on the data of the last five years. The Bank also applies such historic changes of ratios, prices and indicators in a direct manner on the current positions. This method is known as historic simulation. The effective outputs are regularly monitored to measure the soundness of assumptions and coefficients used to measure Value at Risk (VaR). However, applying such method does not overcome the loss of such limits in case of having greater movements in the market.

- Stress Testing

Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios.

The stress testing carried out by the Risk Management Department of the Bank include, risk factor stress testing where sharp movements are applied to each risk category and test of emerging market stress, as emerging market portfolios are subject to sharp movements; and subject to special stress test including possible stress events to specific positions or regions - for example the stress outcome to a region due to applying a free foreign currency exchange rate. The results of the stress testing are reviewed by the Top Management and the Board of Directors

Summary of value exposed to risk

Total value exposed to risk according to each risk category:

	31/12/2021			31/12/2020		
	Average	Higher	Lesser	Average	Higher	Lesser
Foreign Exchange Risk	84	1 201	2	134	659	7
Interest Rate Risk	Nonexistent	Nonexistent	Nonexistent	Nonexistent	Nonexistent	Nonexistent
Equity Risk	Nonexistent	Nonexistent	Nonexistent	Nonexistent	Nonexistent	Nonexistent

Total value exposed to risk according to each risk category (Non-trading):

	31/12/2021			31/12/2020		
	Average	Higher	Lesser	Average	Higher	Lesser
Foreign Exchange Risk	84	1 201	2	134	659	7
Interest Rate Risk	Nonexistent	Nonexistent	Nonexistent	Nonexistent	Nonexistent	Nonexistent
Equity Risk	Nonexistent	Nonexistent	Nonexistent	Nonexistent	Nonexistent	Nonexistent

(B/2) Foreign exchange volatility 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 aggregate limits for foreign exchange for each position at the end of the day, and during the day which is controlled on timely basis. The following table summarizes the Bank exposure to foreign exchange volatility risk at the end of the financial year.
The table also includes the carrying amounts of the financial instruments in their currencies as follows:

31 December 2021	USD	Euro	GBP	L.E	Other	Total
Financial assets						
Cash and balances with the Central Bank	9 814	5 819	1 591	304 750	90	322 064
Due from Banks	774 727	33 920	55 733	188	2 423	866 991
Treasury bills	375 536	77 169	-	2 340 008	-	2 792 713
Loans and facilities to customers	413 402	2 688	53	111 461	-	527 604
Loans and facilities to banks	29 476	-	-	-	-	29 476
Financial investments:						
– Available for sale at fair value through other comprehensive income	26 502	-	-	-	-	26 502
– At amortized cost	156 075	-	-	116 649	-	272 724
Investments in subsidiaries and associates	137 675	-	-	230 052	-	367 727
Other assets	17 778	192	45	69 237	-	87 252
Total financial assets	**1 940 985**	**119 788**	**57 422**	**3 172 345**	**2 513**	**5 293 053**
Financial liabilities						
Due to Banks	37 800	2 080	879	191 784	104	232 647
Customers deposits & certificates of deposits	1 315 183	117 505	56 135	2 721 085	2 303	4 212 211
Other liabilities	30 140	595	8	27 239	-	57 982
Total financial liabilities	**1 383 123**	**120 180**	**57 022**	**2 940 108**	**2 407**	**4 502 840**
Net financial position	**557 862**	**(392)**	**400**	**232 237**	**106**	**790 213**

31 December 2020	USD	Euro	GBP	L.E	Other	Total
Financial assets						
Cash and balances with the Central Bank	12 986	5 885	1 378	310 734	228	331 211
Due from Banks	943 984	65 888	65 876	151	4 720	1 080 619
Treasury bills	375 474	83 480	-	2 237 669	-	2 696 623
Loans and facilities to customers	453 848	11 679	34	80 341	-	545 902
Loans and facilities to banks	49 127	-	-	-	-	49 127
Financial investments:						
– Available for sale at fair value through other comprehensive income	26 530	-	-	-	-	26 530
– At amortized cost	154 880	-	-	53 442	-	208 322
Investments in subsidiaries and associates	139 723	-	-	225 258	-	364 981
Other assets	18 465	61	22	53 412	1	71 961
Total financial assets	**2 175 017**	**166 993**	**67 310**	**2 961 007**	**4 949**	**5 375 276**
Financial liabilities						
Due to Banks	107 257	30 518	5 646	371 682	722	515 825
Customers deposits & certificates of deposits	1 490 313	135 463	61 595	2 339 150	4 083	4 030 604
Other liabilities	27 332	321	32	17 437	5	45 127
Total financial liabilities	**1 624 902**	**166 302**	**67 273**	**2 728 269**	**4 810**	**4 591 556**
Net financial position	**550 115**	**691**	**37**	**232 738**	**139**	**783 720**

(B/3) Interest rate risk

The Bank is exposed to the effect of fluctuations in the prevailing levels of market interest rates. The interest rate risk is the cash flow interest rate risk that is represented in the fluctuation of the future cash flows of a financial instrument due to the changes in market interest rates of the instrument. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but the profit may decrease if unexpected movements arise. The Board of Directors of the Bank sets limits on the level of mismatch of interest rate re-pricing that may be undertaken by the Bank, the matter that is monitored on daily basis by the Bank's Risk Management Department.

The table below summarizes the Bank's exposure to interest rate risk fluctuation. It includes the financial instruments at carrying amounts categorized based on re-pricing or maturity dates, whichever earlier.

31 December 2021	Up to 1 month	More than1 month to 3 Months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Non-interest bearing	Total
Financial Asset							
Cash and balances with the Central Bank	-	-	-	-	-	322 064	322 064
Due from Banks	530 711	321 983	-	-	-	14 297	866 991
Treasury bills & government notes	674 499	540 840	1 573 187	4 187	-	-	2 792 713
Loans and facilities to customers	105 381	112 022	62 628	1 773	245 800	-	527 604
Loans and facilities to banks	-	-	-	29 476	-	-	29 476
Financial investments:							-
- Financial investments at fair value through other comprehensive income	-	-	-	-	-	26 502	26 502
- At amortized cost	-	-	39 874	156 056	76 794	-	272 724
Investments in subsidiaries and associates	-	-	-	-	-	367 727	367 727
Other assets	-	-	-	-	-	87 252	87 252
Total financial assets	**1 310 591**	**974 845**	**1 675 689**	**191 492**	**322 594**	**817 842**	**5 293 053**
Financial liabilities							
Due to Banks	226 414	-	-	-	-	6 233	232 647
Customers› deposits & certificates of deposits	2 549 227	590 444	454 993	539 698	46	77 803	4 212 211
Other financial liabilities	-	-	-	-	-	57 982	57 982
Total financial liabilities	**2 775 641**	**590 444**	**454 993**	**539 698**	**46**	**142 018**	**4 502 840**
Interest re-pricing gap	**(1 465 050)**	**384 401**	**1 220 696**	**(348 206)**	**322 548**	**675 824**	**790 213**

31 December 2020	Up to 1 month	More than1 month to 3 Months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Non-interest bearing	Total
Total financial assets	**1 020 895**	**1 439 615**	**1 661 711**	**271 072**	**175 594**	**806 388**	**5 375 275**
Total financial liabilities	**2 808 117**	**540 443**	**366 194**	**714 305**	**-**	**162 500**	**4 591 559**
Interest re-pricing gap	**(1 787 222)**	**899 172**	**1 295 517**	**(443 233)**	**175 594**	**643 888**	**783 716**

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 result in failure in fulfilling the Bank obligation to repay to the depositors and fulfilling lending commitments.

Liquidity risk management

The Bank's liquidity management control process is carried out by the Department of Risk Management that includes the following:

- Daily funding is managed by monitoring future cash flows to ensure that all requirements can be met when due, this includes availability of liquidity as they fall due or when lent to customers. To ensure that the Bank achieves this objective, the Bank maintains an active presence in global money markets.
- The Bank maintains a portfolio of highly marketable assets that can be easily liquidated in the event of an unforeseen interruption of cash flows.
- Monitoring liquidity ratios in relation with internal requirements of the Bank and the requirements of the Central Bank of Egypt.
- Managing loans concentration and making a statement of their dues.

For control and report preparation purposes, the cash flows of the day, week and next month are measured and expected as they represent the main period for liquidity management and the starting point to calculate these expectations to analyze the contractual dues of the financial liabilities and the expected dates of the financial assets' collections.

The Department of Assets and Liabilities Management monitors the mismatch between medium term assets, the level and nature of unused loans commitments, debit current accounts utilizations, and the effect of contingent liabilities such as letters of guarantee and letters of credit.

Funding approach

Sources of liquidity are regularly reviewed by a separate team from the Department of Risk Management of the Bank to maintain a wide diversification by currency, geography, sources, products and terms.

Non-derivative cash flows

The following table represents the cash flows paid by the Bank based on the non-derivative financial liabilities method that are distributed over the remaining period of the contractual dues on the date of the balance sheet. The amounts included in the table represent undiscounted contractual cash flows while the Bank manages the liquidity risk based on the expected undiscounted cash flows not the contractual ones.

31 December 2021	Up to 1 month	More than1 month to 3 Months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Non-interest bearing	Total
Financial liabilities							
Due to banks	226 414	-	-	-	-	6 233	**232 647**
Customers deposits & Certificates of deposits	2 549 227	590 444	454 993	539 698	46	77 803	**4 212 211**
Other financial liabilities	-	-	-	-	-	57 982	**57 982**
Total financial liabilities based on the contractual maturity date	**2 775 641**	**590 444**	**454 993**	**539 698**	**46**	**142 018**	**4 502 840**
Total financial assets based on the contractual maturity date	**1 310 591**	**974 845**	**1 675 689**	**191 492**	**322 594**	**817 842**	**5 293 053**
31 December 2020	**Up to 1 month**	**More than1 month to 3 Months**	**More than 3 months to 1 year**	**More than 1 year to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Total financial liabilities based on the contractual maturity date	**2 925 490**	**540 443**	**411 318**	**714 305**	**-**	**-**	**4 591 556**
Total financial assets based on the contractual maturity date	**1 363 812**	**1 439 615**	**1 733 672**	**271 385**	**566 792**	**-**	**5 375 276**

Assets available to meet all liabilities and cover loan commitments include cash, balances with the Central Bank of Egypt, balances due from banks, treasury bills and other government notes in addition to loans and facilities to banks and customers. Maturity term of a percentage of loans granted to customers that fall due within one year is extended through the normal course of business of the Bank.

Moreover, some debt instruments, treasury bills and other government notes are pledged to cover liabilities. The Bank has the ability to meet unexpected net cash flows through the sale of financial securities, and finding other financing sources.

D- Operating risk:

The definition of operating risk comprises "the risk of a change in value caused by the fact that actual direct losses and / or indirect losses incurred due to inadequacy or failure of internal processes, systems, human factor or external events including legal risk or any operating events that impact negatively on the reputation of the Bank, the continuity of the business as a going concern and / or the market value of the Bank."

The Framework of the Operating Risk Department

The operating risk department is considered as a significant part that supports the various activities of the Bank with respect to its role in identifying and assessing the relevant risks and the required controls to prevent and mitigate the operating losses in addition to participating in enhancing the competency and efficiency of utilizing the various resources of the Bank.

The policy of the operating risk department aims at laying out a general framework to consolidate its efficiency and providing support to the governance system through enlightenment and spreading the risk culture among all employees, providing complete awareness of the targets of the operating risk department, how to classify risks, the difference between the operating risk and the other kinds of risks, the duties and responsibilities of management and supervision, the methods and approaches used inside the Bank for determination, measurement, reporting and follow up to limit and mitigate the operating risks.

The Operating Risk Department is concentrating its attention on the spreading of risk culture and the awareness of the importance of identifying, reviewing, examining policies, procedures and work systems, making researches to enhance systems and their security methods, the efficiency of oversight controls to prevent and mitigate the operating risks. Meanwhile, the Operating Risk Department is taking the lead in cooperation with all the departments of the Bank to identify indications that give early warning concerning the events that may expose the Bank to any sort of possible risks.

The operating risk department started working on establishing operating events database along with their classification that is in conformity with the standards laid out by "Basel II" Accords and the classification of operating risks stated therein. The data collection process relies on the internal operating events reports in addition to all relevant external events. The said data is used in analyzing and monitoring the root causes of the operating risks, the frequency of events, evaluating the corrective measures and the controls adopted by the Bank to prevent and mitigate the operating risks.

E- Fair value of financial assets and liabilities

Financial instruments not measured at fair value

The table below summarizes the current value and fair value for those financial assets and liabilities not presented on the Bank's balance sheet at their fair value:

	31 December 2021		31 December 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Due from banks	866 991	866 991	1 080 619	1 080 619
Loans and facilities to Banks	29 476	29 301	49 127	49 127
Loans and facilities to customers	527 604	Nonexistent	545 902	Nonexistent
Financial investments:				
At fair value through other comprehensive income (unquoted)	26 219	Nonexistent	26 216	Nonexistent
At amortized cost	272 724	Nonexistent	208 322	Nonexistent
Financial liabilities:				
Due to banks	232 647	232 647	515 825	515 825
Customers deposits	4 212 211	Nonexistent	4 030 604	Nonexistent

Loans and facilities to customers:

Loans and facilities to customers are presented as net amount after deducting the provision of impairment losses.

Debt instruments at amortized cost:

The fair value of the debt instruments "Egyptian treasury bonds" is determined at amortized cost as per Bloomberg prices declared at the end of the financial period.

Customers' deposits and due to other banks:

Represent the estimated fair value of demand deposits that includes the deposits of non-bearing interest for the amount paid on demand.

It was not practically possible to measure the fair value of the remaining items of the financial assets at the end of the financial year.

F- Capital management

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

- Compliance with the legal requirements of capital in The Arab Republic of Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the Bank.
- Maintaining a strong capital base to enhance growth of activity. Capital adequacy and its uses are reviewed on a monthly basis according to the regulatory authority's requirements (CBE) by the Bank's management through models based on the instructions of Basel committee for banking control, these data are submitted to CBE on quarterly basis.

CBE requires the following from the Bank:

- Maintaining L.E 500 million as a minimum requirement for the issued and paid up capital.
- Maintaining a ratio between risk-weighted elements of capital and elements of assets, and contingent liabilities that are credit risk, market risk and operating risk weighted including a percentage of 12.50% as a conservation buffer.

The numerator in capital adequacy comprises the following two tiers:

Tier 1:

It is the core capital comprising of paid up capital (after deducting the carrying amount of the treasury stocks) if any, retained earnings and reserves resulting from profit appropriations less any goodwill previously recognized, and any carried forward losses.

Tier 2:

It is the supplementary capital (Tier 2 Capital) that is comprised of the equivalent of the general risk provision which is formed based on the Obligor Risk Rating and Provisioning Rules issued by the Central Bank of Egypt in a manner that does not exceed 1.25% of the total risk-weighted assets and contingent liabilities, subordinated loans / deposits of more than five-year-maturity period (while amortizing 20% of their value in each year of the last five years of their maturity period) in addition to 45% of the increase resulting from the difference between the fair value and the carrying value of both financial investments available for sale and investments held to maturity date in addition to investments in subsidiaries and associates.

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

Assets are risk-weighted differently classified according to the nature of each asset of the debtor to reflect the credit risk associated with it and taking the cash collaterals into consideration. In addition, the same treatment is used for off-balance amounts after adjustments to reflect the contingent nature and the potential loss of those amounts. The Bank has been in compliance with the local capital requirements.

The following table summarizes the components of the core and supplementary capital in addition to the capital adequacy percentages as at 31 December 2021.

	31/12/2021	31/12/2020
Core capital (Tier One)		
Paid up capital	600 000	600 000
Reserves	230 765	227 784
Retained earnings	99 831	76 077
General risk reserve	-	-
Total balance of items of the accumulated other comprehensive income after regulatory amendments	(94 589)	(87 147)
Quarterly interim profits	31 220	31 231
Minority interest / Non-controlling interest	183 573	183 734
Difference between nominal value and current value of subordinated loans (deposit)	854	854
Total Core capital	**1 051 654**	**1 032 533**
Less:		
Investments In Financial Institutions:		
Amount exceeding 10% of the issued capital of the company for each separate investment (shares)	(91 499)	(79 740)
Amount exceeding 10% of the fund assets for each separate investment (mutual funds)	(1 242)	(2 110)
Intangible assets	(3 628)	(2 894)
Disregarded elements:		
Reserve balance of fair value for investments available for sale (if negative)	-	-
Reserve for foreign currencies translation differences (if negative)	-	-
Total Tier 1 Capital	**955 285**	**947 789**
Tier 2 Capital (core capital)		
Significant elements of required allowances for debt instruments, loans, credit facilities and contingent liabilities included in stage 1	22 914	24 831
45% of the specific reserve	31	31
45 % of the increase in fair value over the book value of financial investments in associates	153	-
Total Tier 2 Capital	**23 098**	**24 862**
Total capital base (1)	**978 383**	**972 651**
Risk-weighted assets & contingent liabilities		
Credit risk for items in & off-balance sheet	4 206 638	3 960 093
Market risk – foreign exchange rates	269 143	250 746
Operating risk	343 711	339 166
Total Risk-weighted assets & contingent liabilities (2)	**4 819 492**	**4 550 005**
Capital adequacy ratio (1) / (2)	**20.30%**	**21.38%**

*Capital Adequacy Ratio was prepared for the balances of the consolidated financial statements of the Bank in compliance with the instructions of the Central Bank of Egypt issued on 24 December 2012.

The following table summarizes the financial leverage ratio

	31/12/2021	31/12/2020
Tier 1 Capital after disposals (1)	**955 285**	**947 788**
Cash and Due from Central Bank	1 217 037	920 475
Balances due from Banks	1 493 893	1 477 077
Loans and credit facilities to banks	-	10 331
Treasury bills & other government notes	3 320 185	3 349 063
Financial assets at fair value through other comprehensive income	501 135	544 414
Financial assets at amortized cost	643 021	848 786
Investments in subsidiaries & associates	240 752	211 319
Loans & credit facilities granted to customers	2 610 195	2 238 482
Fixed assets (after deducting impairment loss provision and accumulated depreciation)	90 789	93 844
Other assets	172 446	148 940
The amount of exposure deducted (after disposing the first tier of the capital base)	(419 168)	(406 499)
Total banks' exposure of items in the balance sheet after deducting the disposals of the first tier	**9 870 285**	**9 436 232**
Letters of credit – imports	12 696	10 887
Letters of credit – exports	16 612	6 089
Letters of guarantee	130 399	81 325
Letters of guarantee upon other Banks' request or by their warranty	10 235	11 910
Accepted bills	44 298	28 991
Rediscounted bills	-	-
Total contingent liabilities	**214 240**	**139 202**
Total commitments	**68 286**	**28 708**
Total off- balance sheet exposure	**282 526**	**167 910**
Total in & off- balance sheet exposure (2)	**10 152 811**	**9 604 142**
Financial leverage ratio (1/2)	**9.41%**	**9.87%**

4- Significant accounting estimates and assumptions

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities that shall be disclosed during the next financial year. Estimates and assumptions are continually evaluated based on historical experience and other factors including the expectations of future events that are believed to be reasonable in the light of available circumstances & information.

The implementation of the financial policies disclosed in Note No. (3) requires that management uses judgements, estimates and assumptions with respect to the carrying value of some assets and liabilities that other sources cannot provide. The said estimates and accompanied assumptions are based on historical experience in addition to other relevant factors. However, the actual results may differ from such estimates.

The assumptions and estimates are reviewed on regular basis and recognition of change in accounting estimates shall take place either in the period in which the change is occurring, in case its effect is confined to such period only, or in the period in which the change is occurring and the future periods, if the change in accounting estimates affects both of current period and the subsequent periods.

The following is a summary of the most prominent assumptions related the future and the sources of unconfirmed information at the end of the financial period that are attributed by high risk leading to a significant amendment introduced to the fair value of assets and liabilities during the following financial period.

(4/1) Impairment losses for loans and facilities (expected credit loss)

The Bank reviews the portfolio of loans and facilities on quarterly basis at least. The Bank uses personal judgment in determining whether it is necessary to recognize impairment charge in the income statement, to identify if there are reliable evidences indicating a decline that can be measured in the expected future cash flows from loan portfolio before identifying any decline on the level of each separate loan in the portfolio. These evidences include data indicating negative changes in borrowers' portfolio ability to repay the Bank, or local or economic circumstances related to default in the assets of the Bank. On rescheduling future cash flows, the management uses the previous experience with respect to assets loss of similar credit risk to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio in question. The method and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on the management experience.

(4/2) Financial derivatives fair value

The fair value of financial derivatives that are not quoted in active markets are determined by using valuation techniques. When these valuation techniques are used (such as pricing models), they shall be examined and periodically reviewed by qualified personnel who are independent from the entity which prepared them.

All models are certified after trial and before they are used to ensure that the results reflect reliable data and prices which can be compared with those of the market. The said models use the data taken from the market only, whenever it is possible to be practically obtained.

However, some factors such as credit risk related to the Bank, counterparty, volatilities and correlations require that the management uses its personal judgement. Changes in assumptions of these factors may affect the disclosed fair value of the financial instruments.

(4/3) Debt instruments at amortized cost

The Bank classifies non-derivative financial assets with fixed determinable payments or fixed maturity as debt instruments at amortized cost included in "the business model of financial assets held to collect contractual cash flows".

In case the Bank ceases to classify debt instruments as debt instruments at amortized cost included in the portfolio, the carrying value of this type of investments will be increased at the end of the current financial period with the amount of US$ 9 499 thousand to reach its fair value in return for recognition thereof in the fair value reserve of other comprehensive income statement.

5- Segment Analysis

A- Segment analysis of business activities as at 31 December 2021

Revenues and expenses according to economic activity	Large corporate	Medium enterprises	Investment	Retail Banking	Other activities	Total
Revenue of business segment activity	7 650	21 283	318 183	9 736	8 991	365 843
Expenses of business segment activity	(29 066)	(1 411)	-	(243 930)	-	(274 407)
Segment operating income	**(21 416)**	**19 872**	**318 183**	**(234 194)**	**8 991**	**91 436**
Unclassified expenses						(68 089)
Profit for the year						**23 347**
Assets and liabilities of the segment activity						
Segment activity assets	1 144 949	345 422	3 620 366	40 841	-	5 151 578
Unclassified assets						204 550
Total assets						**5 356 128**
Segment activity liabilities	2 662 219	32 072	-	1 750 547	-	4 444 838
Unclassified liabilities						911 290
Total liabilities						**5 356 128**

Comparative year as at 31 December 2020

Revenues and expenses according to economic activity	Large corporate	Medium enterprises	Investment	Retail Banking	Other activities	Total
Revenue of business segment activity	19 897	20 230	331 702	8 272	6 756	386 857
Expenses of business segment activity	(52 927)	(2 149)	-	(247 828)	(453)	(303 357)
Segment operating income	**33 030**	**18 081**	**331 702**	**(239 556)**	**6 303**	**83 500**
Unclassified expenses						(64 866)
Profit for the year						**18 634**

Comparative year as at 31 December 2020

Assets and liabilities of the segment activity						
Segment activity assets	1 460 130	322 551	3 583 719	42 671	-	5 409 071
Unclassified assets						31 444
Total assets						**5 440 515**
Segment activity liabilities	2 801 731	39 137	-	1 707 679	-	4 548 547
Unclassified liabilities						891 968
Total liabilities						**5 440 515**

B- Geographical Segments Analysis

31 December 2021

Revenues &expenses according to the geographical segments	Greater Cairo	Alexandria	Port said	Sharm EL Sheikh	Total
- Geographical segments revenues	363 508	1 447	187	111	**365 253**
- Geographical segments expenses	(330 063)	(8 743)	(2 171)	(929)	**(341 906)**
Segment operating income	**33 445**	**(7 296)**	**(1 984)**	**(818)**	**23 347**
Profit (loss) for the year	**33 445**	**(7 296)**	**(1 984)**	**(818)**	**23 347**
Assets & liabilities according to the geographical segments					
- Geographical segments assets	5 347 244	6 566	1 046	1 272	5 356 128
Total assets	**5 347 244**	**6 566**	**1 046**	**1 272**	**5 356 128**
Geographical segments liabilities	5 133 527	156 779	36 398	29 424	5 356 128
Total liabilities	**5 133 527**	**156 779**	**36 398**	**29 424**	**5 356 128**

31 December 2020

Revenues &expenses according to the geographical segments	Greater Cairo	Alexandria	Port said	Sharm EL Sheikh	Total
- Geographical segments revenues	382 977	909	154	54	**384 094**
- Geographical segments expenses	(353 482)	(9 218)	(2 030)	(730)	**(365 460)**
Segment operating income	**29 495**	**(8 309)**	**(1 876)**	**(676)**	**18 634**
Profit (loss) for the year	**29 495**	**(8 309)**	**(1 876)**	**(676)**	**18 634**

31 December 2020

Assets & liabilities according to the geographical segments					
- Geographical segments assets	5 421 012	16 277	1 382	1 844	5 440 515
Total assets	**5 421 012**	**16 277**	**1 382**	**1 844**	**5 440 515**
Geographical segments liabilities	5 235 053	165 855	36 466	3 141	5 440 515
Total liabilities	**5 235 053**	**165 855**	**36 466**	**3 141**	**5 440 515**

6- Net interest income

	31/12/2021	31/12/2020
Interest from loans and similar revenues from loans and facilities:		
- Banks	2 195	3 183
- Customers	29 506	32 351
	31 701	**35 534**
Bonds & treasury bills	311 753	325 286
Deposits with Banks	1 742	8 309
Total	**345 196**	**369 129**
Costs of Deposits and similar costs:		
Deposits and current accounts:		
- Banks	(23 172)	(43 450)
- Customers	(251 424)	(258 254)
Total	**(274 596)**	**(301 704)**
Net	**70 600**	**67 425**

7- Net income from fees and commission

	31/12/2021	31/12/2020
Fees and commission income:		
Fees and commissions related to credit	3 238	2 774
Institutions' finance services fees	925	1 052
Other fees	1 155	1 118
Total	**5 318**	**4 944**
Fees and commission expenses:		
Other fees paid	(123)	(136)
Net	**5 195**	**4 808**

8- Dividends income

	31/12/2021	31/12/2020
Equity instruments at fair value through other comprehensive income	378	90
Subsidiaries & associates	6 964	2 088
Total	**7 342**	**2 178**

9- Net trading income

	31/12/2021	31/12/2020
Forex gain	2 034	1 433
Total	**2 034**	**1 433**

10- Financial investments profits / losses

	31/12/2021	31/12/2020
Financial investments profits /losses through other comprehensive income	278	1 432
Reverse / charge of impairment losses in equity instruments through other comprehensive income	-	956
Total	**278**	**2 388**

11- Administrative expenses

	31/12/2021	31/12/2020
Staff costs		
Wages & salaries and their equivalents	46 701	43 029
The Bank contribution in employees fund	3 867	3 943
	50 568	**46 972**
Fixed assets depreciation	3 297	3 333
Software amortization	1 301	1 139
Other administrative expenses	10 611	9 958
Total	**65 777**	**61 402**

The average monthly salary of the twenty largest bonuses and salaries earned in the bank amounted to US$ 506 685 for the year ended December 31, 2021 compared to US$ 500 075 on December 31, 2020

12- Other operating income (expenses)

	31/12/2021	31/12/2020
Gain (loss) revaluation of assets & liabilities balances other than trading or the originally classified at fair value through profit & loss	(22)	(70)
Other income	742	638
Other provisions charge / reverse	(603)	26
Other expenses	(1 409)	(1 338)
Total	**(1 292)**	**(744)**

13- Credit impairment charge / reverse

	31/12/2021	31/12/2020
Loans and facilities to customers	(827)	910
Loans and facilities to banks	349	(368)
Balances with banks	44	(47)
Treasury bills	(8)	(236)
Debt instruments at amortized cost	615	(1 235)
Total	**173**	**(976)**

14- Earnings per share

	31/12/2021	31/12/2020
Net profit for the year	23 347	18 634
Less:		
Board of Directors remunerations	361	345
Employees share in profit	12 249	11 268
The Banking System Support and Development Fund	231	186
Net profit before distribution to the shareholders of the Bank	**10 506**	**6 835**
Issued common shares	30 000	30 000
Earnings per share (US$ /share)	**350,20**	**227,83**

15- Classification and measurement of financial assets & liabilities

The following table indicates total financial assets & liabilities (before deducting any impairment provisions) according to the classification of the business model:

31 December 2021	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Total carrying value
Cash and balances with CBE	322 064	-	-	322 064
Balances with banks	866 991	-	-	866 991
Treasury bills	484 672	2 309 932	-	2 794 604
Loans and facilities to customers	779 676	-	-	779 676
Loans to banks	30 000	-	-	30 000
Financial investments at fair value through other comprehensive income	-	-	26 502	26 502
Financial investments at amortized cost	274 100	-	-	274 100
Financial investments at fair value through profit or loss	-	-	-	-
Other Financial assets	10 169	-	-	10 169
Total financial assets	**2 767 672**	**2 309 932**	**26 502**	**5 104 106**
Balances due to banks	232 647	-	-	232 647
Customers' deposits	4 212 211	-	-	4 212 211
Other financial liabilities	26 023	-	-	26 023
Total financial liabilities	**4 470 881**	**-**	**-**	**4 470 881**

31 December 2021	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Total carrying value
Cash and balances with CBE	331 211	-	-	331 211
Balances with banks	1 081 211	-	-	1 081 211
Treasury bills	1 089 908	1 608 642	-	2 698 550
Loans and facilities to customers	815 564	-	-	815 564
Loans to banks	50 000	-	-	50 000
Financial investments at fair value through other comprehensive income	-	-	26 530	26 530
Financial investments at amortized cost	210 313	-	-	210 313
Financial investments at fair value through profit or loss	-	-	-	-
Other Financial assets	6 717	-	-	6 717
Total financial assets	**3 584 924**	**1 608 642**	**26 530**	**5 220 096**
Balances due to banks	515 825	-	-	515 825
Customers' deposits	4 030 604	-	-	4 030 604
Other financial liabilities	15 953	-	-	15 953
Total financial liabilities	**4 562 382**	**-**	**-**	**4 562 382**

16- Cash and Due from Central Bank

	31/12/2021	31/12/2020
Cash	24 352	25 837
Due from the Central Bank of Egypt (within the required reserve ratio in L.E)	297 712	305 374
Balance	**322 064**	**331 211**
Non-interest-bearing balances	322 064	331 211
Balance	**322 064**	**331 211**

17- Due from Banks

	31/12/2021	31/12/2020
Current accounts	56 795	45 778
Deposits	810 730	1 035 433
Total	**867 525**	**1 081 211**
Less: impairment loss provision	(534)	(592)
Balance	**866 991**	**1 080 619**
Due from the Central Bank of Egypt (other than the required reserve ratio in L.E)	155 454	172 757
Local Banks	219 628	192 962
Foreign Banks	492 443	715 492
Total	**867 525**	**1 081 211**
Less: impairment loss provision	(534)	(592)
Balance	**866 991**	**1 080 619**
Non- interest-bearing balances	14 661	11 705
Fixed interest balances	852 864	1 069 506
Total	**867 525**	**1 081 211**
Less: impairment loss provision	(534)	(592)
Balance	**866 991**	**1 080 619**
Current balances	867 525	1 081 211
Non-current balances	-	-
Total	**867 525**	**1 081 211**
Less: impairment loss provision	(534)	(592)
Balance	**866 991**	**1 080 619**

18- Treasury bills & other government notes

	31/12/2021	31/12/2020
A- At amortized cost		
270 days maturity	-	451 306
364 days maturity	489 936	655 282
Balance	**489 936**	**1 106 588**
Less: unearned interest	(5 264)	(16 680)
Total	**484 672**	**1 089 908**
Less: impairment loss provision	(1 891)	(1 927)
Net (1)	**482 781**	**1 087 981**
B - At fair value through other comprehensive income		
90 days maturity	1 188 779	-
270 days maturity	425 084	1 017 029
364 days maturity	738 068	705 950
Balance	**2 351 931**	**1 722 979**
Less: unearned interest	(42 213)	(122 335)
Total	**2 309 718**	**1 600 644**
Reserve for change in Fair value	214	7 998
Net (2)	**2 309 932**	**1 608 642**
Net (1+2)	**2 792 713**	**2 696 623**

19- Loans and facilities to banks

	31/12/2021	31/12/2020
Subordinated loans	30 000	50 000
Less: impairment loss provision	(524)	(873)
Total	**29 476**	**49 127**
Non-current balances	29 476	49 127
Total	**29 476**	**49 127**

Loan of Société Arabe Internationale de Banque (SAIB)

- On 24 October 2016, the Board of Directors of the Bank, approved a subordinated loan that amounted to US$ 50 million to support the tier 2 of the capital base, of Société Arabe Internationale de Banque (SAIB) (one of AIB subsidiaries) upon calculating the percentage rate of capital adequacy to maintain the percentage required by the Central Bank of Egypt.
- The term of this loan is five years, starting from 2 November 2016, to 1 November 2021. The total amount of the loan will be paid in full in one payment at the end of the loan term on November 2021. Société Arabe Internationale de Banque (SAIB) may settle the loan on equal annual installments in a manner that does not exceed 20% of the loan amount.

- The annual interest rate of the loan 4 % (four percent) above LIBOR rate is calculated over six months and the interest is paid every six months.
- On 26 December 2019, an addendum to the subordinated loan contract mentioned above was signed and accordingly the term of the loan contract was extended as of 1 November 2019, for a period of five years which end on 1 November 2024 provided that the said loan must be paid in full at the end of the loan term. The annual interest rate of the loan 4 % (four percent) above LIBOR rate is calculated over six months while having the rest of the conditions stipulated in the subordinated loan referred thereto as it is without introducing any amendments.

20- Loans and facilities to customers

	31 December 2021			31 December 2020		
	Total	**Impairment loss provision**	**Net**	**Total**	**Impairment loss provision**	**Net**
Individuals						
Debit current accounts	111	(71)	40	144	(63)	81
Credit cards	1 705	-	1 705	1 627	-	1 627
Personal loans	38 739	(68)	38 671	40 769	(279)	40 490
Total (1)	**40 555**	**(139)**	**40 416**	**42 540**	**(342)**	**42 198**
Corporate including small loans for economic activities						
Debit current accounts	8 581	(3 365)	5 216	7 749	(3 290)	4 459
Direct loans	533 535	(202 783)	330 752	558 495	(220 544)	337 951
Syndicated loans and facilities	197 005	(45 785)	151 220	206 780	(45 486)	161 294
Total (2)	**739 121**	**(251 933)**	**487 188**	**773 024**	**(269 320)**	**503 704**
Total (1+2)	**779 676**	**(252 072)**	**527 604**	**815 564**	**(269 662)**	**545 902**

Provision for impairment losses

31 December 2021

	Individuals			
	Debit current accounts	**Credit cards**	**Personal loans**	**Total**
Balance as at 1 January 2021	63	-	279	342
Net impairment charge / reverse for the year	8	-	(211)	(203)
Amounts written off during the year	-	-	-	-
Proceeds from loans previously written off	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**71**	**-**	**68**	**139**

	Corporate			
	Debit current accounts	**Direct loans**	**Syndicated loans and facilities**	**Total**
Balance as at 1 January 2021	3 290	220 544	45 486	269 320
Net impairment charge for the year	75	652	303	1 030
Proceeds from loans previously written off	-	(18 192)	-	(18 192)
Amounts written off during the year	-	(221)	(4)	(225)
Foreign exchange differences	-			
Balance at the end of the year	**3 365**	**202 783**	**45 785**	**251 933**

31 December 2020

	Individuals			
	Debit current accounts	**Credit cards**	**Personal loans**	**Total**
Balance as at 1 January 2020	4	-	19	23
Net impairment charge for the year	59	-	260	319
Amounts written off during the year	-	-	-	-
Proceeds from loans previously written off	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**63**	**-**	**279**	**342**

	Corporate			
	Debit current accounts	**Direct loans**	**Syndicated loans and facilities**	**Total**
Balance as at 1 January 2020	1 734	214 733	53 862	270 329
Net impairment charge for the year	1 556	5 592	(8 377)	(1 229)
Proceeds from loans previously written off	-	58	-	58
Amounts written off during the year	(13)	(470)	-	(483)
Foreign exchange differences	13	631	1	645
Balance at the end of the year	**3 290**	**220 544**	**45 486**	**269 320**

21- Financial investments

At fair value through other comprehensive income:	31/12/2021	31/12/2020
A - Debt instruments - at fair value :		
Treasury Bills	2 309 932	1 608 642
B - Equity instruments at fair value through other comprehensive income:		
Quoted	283	314
Unquoted	26 219	26 216
Total equity instruments at fair value through other comprehensive income At fair value through profit or loss	**26 502**	**26 530**
Total financial investments at fair value through other comprehensive income (1) At amortized cost:	**2 336 434**	**1 635 172**
Debt instruments:		
- Quoted	274 100	210 313
Less: impairment loss provision	(1 376)	(1 991)
	272 724	**208 322**
Treasury Bills:		
- Treasury Bills	484 672	1 089 908
Less: impairment loss provision	(1 891)	(1 927)
	482 781	**1 087 981**
Total debt instruments at amortized cost (2)	**755 505**	**1 296 303**
Total financial investments (1+2)	**3 091 939**	**2 931 475**
Current balances	2 020 466	1 357 919
Noncurrent balances	1 071 473	1 573 556
Total financial investments	**3 091 939**	**2 931 475**
Fixed interest debt instruments	272 724	208 322
Total debt instruments	**272 724**	**208 322**

* It includes equity instruments at fair value through other comprehensive income that are not listed on a stock exchange and their token value is one dollar in return for 1291 shares with a nominal value of 1 291 Egyptian pounds, representing 51.64% of Dimfiber Company's shares, where a part of the client's indebtedness was transferred to the Bank as a participation in the Company's capital in accordance with the settlement that was made with the creditor Banks on 22/6/2006. Since the Company's legal term had lapsed according to the commercial register on 21/3/2015, no general assembly has been held to determine the term of the Company and the Company has not issued any financial statements since 2008, hence, it has not been taken into account when preparing the Bank's consolidated financial statements.

31-12-2021

	At fair value through other comprehensive income	At amortized cost
The following is a summary of financial investments movement during the financial year:		
Balance at the beginning of the current year	**26 530**	**208 322**
Additions	-	63 627
Amortization of Premium / issue discount	-	67
Disposals (sale / reimbursement)	(85)	-
Impairment in investment value	-	-
Assets of monetary nature valuation differences in foreign currency	-	93
Changes in fair value reserve	57	-
Transferred to retained earnings	-	-
Charge of impairment of financial investments at amortized cost	-	615
Balance at the end of the year	**26 502**	**272 724**

31-12-2020

	At fair value through other comprehensive income	At amortized cost
The following is a summary of financial investments movement during the comparative year:		
Balance at the beginning of the current year	**30 247**	**237 126**
Additions	-	108 604
Amortization of Premium / issue discount	-	(3 748)
Disposals (sale / reimbursement)	(1 040)	(133 634)
Impairment in investment value	-	-
Assets of monetary nature valuation differences in foreign currency	-	1 209
Changes in fair value reserve	(2 070)	-
Transferred to retained earnings	(607)	-
Charge of impairment of financial investments at amortized cost	-	(1 235)
Balance at the end of the comparative year	**26 530**	**208 322**

22-Investments in subsidiaries & associates

Investments in subsidiaries & associates are represented in the following companies and institutions:

31 December 2021

First: Subsidiaries:

Name of Company	Total Assets	Total Liabilities (without equity)	Revenues of the company	Net Profits (losses) of the company	Hosting country of the company	Balance as at 1/1/2021	Balance as at 31/12/2021	Share %
Societe Arab International de Banque (SAIB)(A)	4 534 165	4 183 676	445 641	19 933	A.R.E	79 815	82 694	50.438%
Compagnie Arab De Financement International « CAFI »(B) under liquidation	6 458	2	23	(436)	Luxembourg	5 108	181	89.04%
Total subsidiaries						**84 923**	**82 875**	

Second: Associates:

Name of Company	Total Assets	Total Liabilities (without equity)	Revenues of the company	Net Profits (losses) of the company	Hosting country of the company	Balance as at 1/1/2021	Balance as at 31/12/2021	Share %
Suez Canal Co. For Technology (C)	157 525	4 763	35 203	33 847	A.R.E	75 720	75 720	24.08%
International Company for Tourist Investments (ICIT)	100 042	15 105	7 102	83	A.R.E	6 800	6 800	20.00%
World Trade Centre (WTC) (D)	141 372	14 203	2 982	(1 030)	A.R.E	48 000	48 000	50.00%
Suez Canal Bank (SCB) (E)	3 654 155	3 374 190	311 824	38 473	A.R.E	149 538	154 332	41.50%
Total associates						**280 058**	**284 852**	
Total subsidiaries & associates						**364 981**	**367 727**	

A. The Board of Directors of the Central Bank of Egypt (CBE), in its session held on May 19, 2020, agreed to increase the percentage of participation of the Arab International Bank (AIB) in Société Arabe Internationale de Banque (SAIB) to be 50.438% instead of 46,075% by transferring its indirect participation in Société Arabe Internationale de Banque (SAIB) represented in its participation in the capital of the Compagnie Arab De Financement International « CAFI » by approximately 89%, which in turn participates as a direct participation by approximately 4.9% in Société Arabe Internationale de Banque (SAIB).

B. On 16/11/2020, the Extraordinary General Assembly of the Compagnie Arab De Financement International « CAFI » decided to take the financial statements issued on 30/9/2020 as a basis for liquidation in addition a legal liquidator was appointed to carry out the liquidation works and the last financial statements available of the Company was issued on 30/9/2020.

C. The book value of the Bank's participation in Suez Canal Company for Technology was reduced during the years 2016 and 2017 with a total amount of US$ 41.21 million. The said reduction is represented in the impairment due to the fact of having legal risk entailed in the ownership of 6th October University that represents one of the most important investments of the Company. Since during that time, risk of losing the investment of the Company in the University existed ,a matter that made it necessary to form a provision with the aforementioned amount.

As a result of the success achieved by the Board of Directors of the Suez Canal Company for Technology in regaining the main investment of the Company represented in 6th October University and the approval of the Ordinary General Assembly of the Company during the Extraordinary Meeting held on 10/1/2019 of the agreement contract in respect of terminating the dispute related to the University's ownership that was signed on 6/12/2018 , accordingly the Company shall have all the powers and authorities of the owner with respect to the University thus the previously mentioned impairment value amounting to US$ 41.21 million was reversed during year 2019 due to the fact that it became no longer required.

At the beginning of 2020, the Company was re-valuated by an external body, and the re-valuation resulted in the fact that the market value of the Company exceeded its book value, and therefore the difference between the book value and the cost amounting to $75 720 million was reversed during that year, in a manner that the book value of the Company became equal to the cost of acquisition. During year 2020, the remaining impairment formed in 2008 and 2009, that resulted from the decrease in the market value of the share capital participation at that time, was reversed by an amount of US $3.5 million , as the recent revaluation at the end of 2020 resulted in an increase in the market value than the book value and thus the said impairment was reversed within the limit of the acquisition cost as a maximum .

The balances were recorded as per the latest financial statements available of the Company on November 30, 2021 and approved by the Auditor on January 11, 2022.

D. The Bank's participation in the capital of the World Trade Center (WTC) Company amounted to 50% and the Bank does not have control over the Company, hence, the investment in the World Trade Centre (WTC) is deemed as an investment in associates.

During year 2019 an impairment provision amounting to US$ 12 million was formed, and the amount of the provision was equivalent to more than 40% of the issued capital of the World Trade Center Company (WTC). The preliminary financial statements were prepared on 9 September 2021

E. During year 2005, the book value of the Bank's participation in Suez Canal Bank was reduced by an amount of US 4.8 million, representing an impairment in the fair value of such participation on that date. At the beginning of 2021, the bank was re-valuated by an independent external body and the revaluation resulted in an increase in the fair value than the book value, accordingly, the above-mentioned impairment by which the participation value was previously reduced, was reversed. Hence, the book value of the participation became equal to the acquisition cost.

22- Investments in subsidiaries & associates (continued)

Investments in subsidiaries & associates are represented in the following companies and institutions:

31 December 2020

First: Subsidiaries:

Name of Company	Total Assets	Total Liabilities (without equity)	Revenues of the company	Net Profits (losses) of the company	Hosting country of the company	Balance as at 1/1/2021	Balance as at 31/12/2021	Share %
Societe Arab International de Banque (SAIB)	4 345 861	3 995 049	431 482	20 441	A.R.E	79 815	79 815	50.438 %
Compagnie Arab De Financement International « CAFI »	6 458	2	23	(436)	Luxembourg	5 108	5 108	89.04 %
Total subsidiaries						**84 923**	**84 923**	

Second: Associates:

Name of Company	Total Assets	Total Liabilities (without equity)	Revenues of the company	Net Profits (losses) of the company	Hosting country of the company	Balance as at 1/1/2021	Balance as at 31/12/2021	Share %
Suez Canal Co. For Technology	102 026	6 125	21 070	19 192	A.R.E	72 195	75 720	24.08 %
International Company for Tourist Investments (ICIT)	95 338	10 484	3 054	(3 937)	A.R.E	6 800	6 800	20.00 %
World Trade Centre (WTC)	142 988	12 913	3 564	(2 357)	A.R.E	48 000	48 000	50.00 %
Suez Canal Bank (CSB)	3 451 882	3 206 740	312 211	38 242	A.R.E	149 538	149 538	41.50 %
Total associates						**276 533**	**280 058**	
Total subsidiaries &associates						**361 456**	**364 981**	

23- Intangible Asset

	31/12/2021	31/12/2020
Computer software		
Net book value at the beginning of the year	1 200	2 197
Additions	818	142
Amortization during the year	(1 301)	(1 139)
Net book value at the end of the year	**717**	**1 200**
Cost	5 910	5 199
Accumulated amortization	(5 193)	(3 999)
Net book value at the end of the year	**717**	**1 200**

24- Other Assets

	31/12/2021	31/12/2020
Accrued revenue	10 169	6 717
Accrued dividends	7 781	677
Prepaid expenses	697	1 559
Prepaid amounts to employees under the account of dividens	9 548	8 808
Advance payments to purchase fixed assets	49 686	28 043
Assets reverted to the Bank in return for customers debts (after deducting the impairment)	2 092	2 074
Other	19 078	35 986
Total	**99 051**	**83 864**
Less: impairment loss provision	(11 799)	(11 903)
Net	**87 252**	**71 961**

25- Fixed assets

	Land	Buildings & Improvements	Furniture Fittings & Office Equipment	Vehicles	Computers	Total
Balance as at 1 January 2020						
Cost	36 228	30 842	6 423	1 613	7 646	82 752
Accumulated depreciation	-	(6 559)	(4 006)	(1 496)	(5 396)	(17 457)
Net Book Value as at 1 January 2020	**36 228**	**24 283**	**2 417**	**117**	**2 250**	**65 295**
Additions	-	1 705	155	-	217	2 077
Depreciation during the year	-	(2 090)	(373)	(78)	(792)	(3 333)
Net Book Value as at 31 December 2020	**36 228**	**23 898**	**2 199**	**39**	**1 675**	**64 039**
Net Book Value as at 31 December 2019	**36 228**	**24 283**	**2 417**	**117**	**2 250**	**65 295**

	Land	Buildings & Improvements	Furniture Fittings & Office Equipment	Vehicles	Computers	Total
Balance as at 1 January 2021						
Cost	36 228	32 547	6 578	1 613	7 863	84 829
Accumulated depreciation	-	(8 649)	(4 379)	(1 574)	(6 188)	(20 790)
Net Book Value as at 1 January 2021	**36 228**	**23 898**	**2 199**	**39**	**1 675**	**64 039**
Additions	-	80	179	1 064	292	1 615
Disposals	-	-	-	-	-	-
Depreciation during the year	-	(1 906)	(427)	(196)	(767)	(3 296)
Net Book Value as at 31 December 2021	**36 228**	**22 072**	**1 951**	**907**	**1 200**	**62 358**
Net Book Value as at 31 December 2020	**36 228**	**23 898**	**2 199**	**39**	**1 675**	**64 039**
Balance as at 31 December 2021						
Cost	36 228	32 627	6 757	2 677	8 156	86 445
Accumulated depreciation	-	(10 555)	(4 806)	(1 770)	(6 956)	(24 087)
Net Book Value as at 31 December 2021	**36 228**	**22 072**	**1 951**	**907**	**1 200**	**62 358**

26- Due to Banks

	31/12/2021	31/12/2020
Current accounts	10 863	85 555
Deposits	220 880	428 850
Treasury Bills Sale – Repo agreements	904	1 420
Balance	**232 647**	**515 825**
Local banks	225 253	496 187
Foreign banks	7 394	19 638
Balance	**232 647**	**515 825**
Non - interest bearing balances	6 233	41 218
Interest-bearing balances	226 414	474 607
Balance	**232 647**	**515 825**
Current balance	232 647	514 405
Non – current balance	-	1 420
Balance	**232 647**	**515 825**

27- Customers deposits

	31/12/2021	31/12/2020
Demand deposits (current accounts)	193 159	240 142
Time and call deposits	2 651 110	2 644 569
Certificates of deposits	745 942	570 898
Saving deposits	587 093	516 719
Other deposits	34 907	58 276
Balance	**4 212 211**	**4 030 604**
Financial institutions deposits	2 463 481	2 324 780
Individual deposits	1 748 730	1 705 824
Balance	**4 212 211**	**4 030 604**
Non-interest-bearing balances	53 539	76 155
Fixed interest-bearing balances	4 131 075	3 896 269
Variable interest-bearing balances	27 597	58 180
Balance	**4 212 211**	**4 030 604**
Current balances	3 415 185	3 119 253
Non-current balances	797 026	911 351
Balance	**4 212 211**	**4 030 604**

28- Other liabilities

	31/12/2021	31/12/2020
Accrued interest	26 023	15 953
Unearned revenues	256	254
Pension fund	3 314	2 653
Employees' alternative benefit plan	16 990	13 474
Sundry credit balances	11 399	12 793
Balance	**57 982**	**45 127**

29- Other Provisions

31 December 2021

	Balance at the beginning of the year	Foreign exchange differences	Formed during the year	Used during the year	Year ending balance
Potential claims provision	980	-	(334)	-	646
Contingent liabilities provision	3 612	-	1 176	-	4 788
Commitments and facilities provision	1 188	1	(341)	-	848
Total	**5 780**	**1**	**501**	**-**	**6 282**

31 December 2020

	Balance at the beginning of the year	Foreign exchange differences	Formed during the year	Used during the year	Year ending balance
Potential claims provision	975	-	5	-	980
Contingent liabilities provision	2 896	13	703	-	3 612
Commitments and facilities provision	64	10	1 114	-	1 188
Total	**3 935**	**23**	**1 822**	**-**	**5 780**

30- Owners' Equity

A- Paid in Capital

The fully paid issued and paid in capital as at December 31, 2021 amounted to US$ 600 Million distributed over 30 000 common shares with the value of US$ 20 000 each.

The subscribed share capital is as follows:

	No. Of shares	%	Nominal value	Paid
Arab Republic of Egypt	11 628	38.76	232 560	232 560
Libya	11 628	38.76	232 560	232 560
Abu Dhabi Investment Authority	3 751	12.503	75 020	75 020
State of Qatar	1 495	4.984	29 900	29 900
Sultanate of Oman - Oman Investment Authority	747	2.49	14 940	14 940
International Capital Trading Co.	751	2.503	15 020	15 020
Total	**30 000**	**100**	**600 000**	**600 000**

B- Reserves

	31/12/2021	31/12/2020
Legal Reserve (Analytical Note No. B-1)	134 648	132 785
General Reserve	73 582	73 582
Fair value reserve of financial investments (Note No. B-2)	4 989	12 710
Total of reserves at the end of the year	**213 219**	**219 077**

(B/1) Legal Reserve

	31/12/2021	31/12/2020
Balance at the beginning of the year	132 785	126 642
Transferred from net profit of the year	1 863	6 143
Balance at the end of the year	134 648	132 785

In compliance with the articles of associations of the Bank, the amount of 10 % of the net profit of the year is to be retained to support the legal reserve until its balance reaches the equivalent of 100 % of the paid in capital. Whenever the reserve is less than 100 %, the retention of the amount of 10 % of the net profit of the year used to support the legal reserve must be reinstated. The Ordinary General Assembly Meeting of the Bank held on 29/6/2021, approved the appropriation of 10 % for the legal reserve with an amount of US$ 1 863 thousand.

(B/2) Fair value reserve of investments

	31/12/2021	31/12/2020
Balance at the beginning of the year	12 710	16 497
Net change in fair value of financial investments	(7 721)	(3 787)
Balance at the end of the year	**4 989**	**12 710**

C- Retained earnings

	31/12/2021	31/12/2020
Balance at the beginning of the year	24 102	21 737
Net profit of the year	23 347	18 634
Employees' share in profit	(11 268)	(10 388)
Board of Directors remunerations	(345)	(345)
Transferred to legal reserve	(1 863)	(6 143)
Adjustments of mutual funds	-	607
The Banking system support and development Fund	(186)	-
Balance at the end of the year	**33 787**	**24 102**

31- Cash and cash equivalent

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

	31/12/2021	31/12/2020
- Cash at hand	24 717	25 837
- Balances with Banks	866 626	1 080 619
- Treasury Bills	1 174 234	-
Balance at the end of the year	**2 065 577**	**1 106 456**

32- Commitments and contingent liabilities

A- Legal claims

There are lawsuits filed against the Bank as at 31 December 2021 and there is a loss thereof is expected to be realized with the amount of US$ 646 thousand, hence, a provision was formed with full amount.

B- Commitments for loans, guarantees and faclities

	31/12/2021	31/12/2020
Letters of guarantee	125 129	46 820
Letters of Credit – import	3 393	3 398
Letters of Credit – export	-	13
Commitments for corporate loans	1 928	3 850
Money market papers for facilities to suppliers	18 760	12 602
Total	**149 210**	**66 683**

33- Transactions with related parties

Related parties' transactions and balances on the balance sheet date are as follows:

A- Loans & facilities to related parties

	Subsidiaries & Associates	
	31/12/2021	31/12/2020
Loans and facilities to customers & banks		
Outstanding loans at the beginning of the year	54 991	64 991
Loans issued during the financial year	-	-
Loans paid during the financial year	(20 000)	(10 000)
Outstanding loans at the end of the year	**34 991**	**54 991**

B- Deposits from related parties

	Subsidiaries & Associates	
	31/12/2021	31/12/2020
Deposits at the beginning of the year	124 710	134 681
Deposits issued during the financial year	109	2 413
Deposits refunded during the financial year	(2 852)	(12 384)
Deposits at the end of the year	**121 967**	**124 710**

C- Other

	31/12/2021	31/12/2020
Balances due from Banks	1 011	776
Balances due to Banks	30 387	55 484

34- Employees' Pension fund

The Bank has a funded defined benefit contributory pension plan covering all full-time employees until 17 April 2008. The benefits provided by the plan are determined by the Board of Directors. The value of the vested benefit liability according to the plan and the adequacy of the reserve fund are annually determined by an Actuary.

On 8 December 2013, the Board of Directors of the Bank, approved the Voluntarily Early Retirement Plan based on the new conditions and benefits instead of the adopted regulations of the end of service compensation, social insurance and pension plan program through the complete withdrawal from the Bank and the Employees' Pension Fund (without pension) provided that the proposed benefits shall be granted pursuant to the insurance wage as at 31 December 2013.

Accordingly, the Bank shall finance the Employees' Pension Fund by a subordinated loan within the limit of US$ 55 million that represents the difference between the total employees' benefits amounts after being granted the additional benefits of the Voluntarily Early Retirement Plan according to the regulations thereof, and the actuarial pension reserve allocated for such age categories. The settlement of the subordinated loan occupies the second priority after the fulfillment of the Fund's obligations that are established upon the actuarial calculations while taking into consideration that the balance of the subordinated loan is included in the assets of the Fund that are allocated for the fulfillment of its obligations. The subordinated loan balance shall be reduced on monthly basis with an amount equivalent to the surplus resulting from the Voluntarily Early Retirement Plan.

The share of the year of the surplus resulting from the implementation of the Voluntarily Early Retirement Plan for the year 2017 was calculated and amounted to US$ 4 991 thousand, hence, the subordinated loan granted to the Employees' Fund was reduced by the same amount of the surplus share for the year 2017. Based on the Actuary's Report issued in 2017, the Bank postponed the payment of the last portion of the subordinated loan paid in 2017 (reverse of amounts previously paid during the year 2017) and reimbursed the amount to the pension reserve fund as of December 31, 2017 provided that the said portion of the subordinated loan shall be settled during the coming years when the pension reserve fund is capable of fulfilling the said obligation according to the directives of the Actuary Expert referred to above.

The balance of the employees' pension reserve fund on December 31, 2021 amounted to US$ 100 492 thousand corresponding to US$ 101 020 thousand as at December 31, 2020. The Actuary's Report stated that there is a deficit amounting to US$ 336 thousand in the employees' pension reserve fund on December 31, 2021, represented in the cost of the portion added to the insurance wage of the allowances resulted from the promotion decisions of employees that occurred in 2020 after the completion of the realized actual investment return difference that amounted to US$ 2 978 thousand in order to reach the minimum limit that should be achieved at a rate of 7 % of the total employees' pension reserve fund along with the postponement of settlement of the last portion of the subordinated loan, that amounted to US$ 4 991 thousand.

Based on the opinion of the Actuary, that Employees' Pension Fund has been supported this year, by US$ 2 978 thousand which represents the investment return difference (7%) that is guaranteed by the Bank and the realized investment return (2021) referred to in the Actuary's Report in addition to the amount of US$ 336 thousand that is represented in the cost of the portion added to the insurance wage of the allowances resulted from the promotion decisions of employees that occurred in 2020 and deducted from the income statement, along with the postponement of settlement of the last portion of the subordinated loan, that amounted to US$ 4 991 thousand, provided that, the said portion will be settled during the following years when the employees' pension reserve fund is quite adequate to cover such settlement according to the directives of the Actuary Expert referred to above.

35- Comparative figures

The comparative figures are reclassified whenever necessary to comply with changes in the presentation of the separate financial statements for the current year.

36- Significant events subsequent to the end of the financial year and do not require adjustments in the financial statements

- On September 15, 2020, the Central Bank and the Banking System Law No. 194 of 2020 was issued and canceled the Central Bank, the Banking System and Monetary Law promulgated by Law No. 88 of 2003. The law applies to bodies, the most important of which are the Central Bank of Egypt and the Egyptian Banking System. Those who are addressed by the provisions of the law are obliged to comply with its provisions, within a period not exceeding one year from the date of its enforcement. The Board of Directors of the Central Bank may extend this period for another period or periods not exceeding two years, provided that the Central Bank issues regulations and decisions to the effect of implementing the provisions of the law.

The said law, also stipulated that the financial statements of the Bank should be prepared every three months in accordance with the Egyptian Accounting Standards, and a summary of the Auditor's Report on these financial statements must be attached thereto in accordance with the Egyptian Auditing Standards and the Report of the Board of Directors of the Bank.

The slowdown in many advanced economies of the major countries in the past period has led to a combination of high global prices for basic commodities, disruption of supply chains and high shipping costs, in addition to the fluctuations of financial markets in emerging markets countries, which led to inflationary pressures that affected the economies of many countries, including the economy of the Arab Republic of Egypt, as the war between Russia and Ukraine led to a decrease in foreign exchange flows from tourism as well as from foreign direct investment, which resulted in an increase in prices in general.

This increase in global prices formed additional pressure on the local currency (the Egyptian pound), the matter which necessitated increasing the interest rate on the Egyptian pound leaving the exchange rate to market mechanisms during the month of March 2022, a matter that resulted in a decrease in the value of the Egyptian pound against the US dollar during this period by a percentage exceeding (18%).

Fourth

Financial Statements

B: Consolidated Financial Statements

KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

Auditors' Report

To The Shareholders of Arab International Bank

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Financial statements of Arab International Bank (the "Bank"), which comprise the consolidated statement of financial position as at 31 December 2021 and the related consolidated statements of income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management' Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the rules, pertaining to the preparation and presentation of the bank's financial statements and measurement and recognition bases approved by the Board of Directors of Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in the light of the prevailing Egyptian laws. Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management's responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Arab International Bank as at 31 December 2021, and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with the rules, pertaining to the preparation and presentation of the banks' financial statements and measurement and recognition bases approved by the Board of Directors of Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in the light of the prevailing Egyptian laws and regulations related to the preparation of these consolidated financial statements.

Auditors

KPMG Hazem Hassan
Public Accountants and Consultants
10

BDO Khaled & Co.
BDO
Public Accountants & Advisors

Abdel Hadi Ibrahim	Mahmoud Mohamed El Garahy
Financial Regulatory Authority No. 395	Central Bank of Egypt Register No. 586
Central Bank of Egypt Register No. 577	Accountants and Auditors Register No. 22363
KPMG Hazem Hassan	M. Garahy
KPMG Hazem Hassan	BDO Khaled & Co.
Public Accountants & Consultants	Public Accountants & Advisers

Cairo, 12 May 2022

Consolidated Balance Sheet

as at December 31, 2021

(All amounts are presented in thousand USD)

	Note No.	31-12-2021	31-12-2020
Assets			
Cash and due from Central Bank	(15)	643 815	635 141
Due from banks	(16)	1 493 076	1 476 145
Treasury bills & other government notes	(17)	3 318 294	3 347 136
Loans and facilities to banks	(18)	-	10 331
Loans and facilities to customers	(19)	2 593 407	2 219 631
Financial investments			
- At fair value through other comprehensive income	(20)	501 135	544 414
- Amortized cost	(20)	641 582	846 785
Investments in associates	(21)	240 752	211 319
Intangible assets	(22)	3 628	2 894
Other assets	(23)	168 818	146 046
Fixed assets	(24)	90 789	93 844
Total assets		**9 695 296**	**9 533 686**
Liabilities & Equity			
Liabilities			
Due to Banks	(25)	278 890	504 732
Customers› deposits	(26)	8 172 298	7 821 723
Other loans	(27)	54 251	51 590
Other liabilities	(28)	119 033	101 869
Other provisions	(29)	7 666	9 549
Total liabilities		**8 632 138**	**8 489 463**
Equity			
Paid-up capital	(30-A)	600 000	600 000
Reserves	(30-B)	244 956	256 976
Foreign exchange translation differences		(108 544)	(116 103)
Difference between current value and nominal value of the subordinated deposit		854	854
Retained earnings	(30-C)	142 319	118 762
Total AIB shareholders› equity		**879 585**	**860 489**
Minority interest / Non-controlling interest		183 573	183 734
Total equity		**1 063 158**	**1 044 223**
Total liabilities and equity		**9 695 296**	**9 533 686**

* The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith
- Audit report attached

Gamal Zaghloul
CFO

Mohamed Barakat
Deputy Chairman &
Managing Director

Hisham Ramez
Chairman &
Managing Director

Consolidated Income Statement

For the Financial Year Ended 31,December 2021

(All amounts are presented in thousand USD)

	Note No.	31-12-2021	31-12-2020
Interest from loans and similar income	(6)	741 912	766 066
Interest on deposits and similar expenses	(6)	(539 108)	(573 167)
Net Interest Income		**202 804**	**192 899**
Fees and commissions income	(7)	35 871	27 771
Fees and commissions expenses	(7)	(11 461)	(6 196)
Net Income from Fees and commissions		**24 410**	**21 575**
Net income from interest, fees and comissions		**227 214**	**214 474**
Dividends income	(8)	835	954
Net trading income	(9)	8 372	8 042
Profits (Losses) from financial investments	(20)	7 240	4 371
Impairment charge for credit losses	(13)	(20 220)	(8 869)
Administrative expenses	(10)	(164 767)	(150 951)
Other operating (expenses) revenues	(11)	(1 337)	(1 301)
Gains from investments in associates		23 995	18 922
Profits before tax		**81 332**	**85 642**
Income tax	(12)	(28 964)	(32 873)
Profit For The Year		**52 368**	**52 769**
Minority interest / Non-controlling interest - Profits (losses)		9 880	10 084
AIB shareholders' share		42 488	42 685
Profit For The Year		**52 368**	**52 769**

* The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith

Gamal Zaghloul
CFO

Mohamed Barakat
Deputy Chairman &
Managing Director

Hisham Ramez
Chairman &
Managing Director

Consolidated statement of Comprehensive Income For The Financial Year Ended December 31, 2021

(All amounts are presented in thousand USD)

	31-12-2021	31-12-2020
Net profit for the year	52 368	52 769
Items that will not be reclassified in the Profit or Loss		
Net change in fair value of financial investments in equity instruments at fair value through other comprehensive income	5 629	1 631
Items transferred to retained earnings – exclusion of "fair value of equity instruments reserve at fair value through other comprehensive income"	754	-
Bank's share in comprehensive income from associates	(3)	-
Income tax	980	-
Items that will be reclassified in the Profit or Loss		
Net change in fair value of financial investments in debt instruments at fair value through other comprehensive income	(21 906)	-
Transferred to income statement (net)	(544)	-
Income tax	248	-
Expected credit loss for debt instruments at fair value through other comprehensive income	(159)	291
Total other comprehensive income items for the year	**(15 001)**	**1 922**
Total comprehensive income for the year	**37 367**	**54 691**

* The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith

Consolidated Statement Of Cash Flows

For The Financial Year Ended December 31, 2021

(All amounts are presented in thousand USD)

	Note No.	31-12-2021	31-12-2020
Cash flows from operating activities			
Net Profit for the year before taxes		81 332	85 642
Adjustments to reconcile net profit to net cash provided from operating activities			
Depreciation & amortization	(10)	11 454	12 257
Impairment charges for expected credit losses	(13)	20 220	8 869
Other provisions charge / reverse	(11)	(1 062)	(423)
Other provisions revaluation differences in other currencies		1	23
Revaluation differences of financial investments at amortized cost		(93)	-
Profits / losses of financial investments through other comprehensive income	(20)	(7 240)	(4 371)
Impairment charge/ reverse (assets reverted to the bank)		(17)	75
Profits from fixed assets sale		-	(191)
Amortization of premium and issue discount of bonds	(20)	(1 198)	1 712
Proceeds from debts previously written off		-	(58)
Amounts used from other provisions	(29)	(732)	(1 373)
Dividends appropriations	(8)	(835)	(954)
Profits / losses of investments in associates		(23 995)	(18 922)
Translation differences (non-monetary transactions)		(1 165)	(21 413)
Tax settlement of capital gains from treasury bills		616	-
Operating profits before changes in assets & liabilities (used in) provided from operating activities		**77 286**	**60 873**
Net change in assets & liabilities			
Due from Banks		9 334	253 951
Treasury bills		1 195 097	(503 394)
Loans and facilities to Banks and customers		(364 227)	(186 325)
Other assets		(19 766)	(679)
Due to Banks		(245 843)	(209 908)
Customers› deposits		348 301	146 020
Other liabilities		20 776	316
Income tax paid		(32 812)	(32 794)
Net cash flows (used in) provided from operating activities (1)		**988 146**	**(471 940)**
Cash flows from Investing Activities			
Payments for fixed assets purchasing and branches preparation		(8 289)	(7 717)
Proceeds / Payments from financial investments through other comprehensive income		85	2 761
Proceeds / Payments from financial investments at amortized cost		(63 627)	25 307
Payments for intangible assets purchasing	(22)	(2 939)	-
Proceeds from fixed assets sale		-	191
Proceeds from financial investments		2 048	-
Proceeds from financial investments sale other than financial assets at fair value through profit or loss		499 776	323 954
Purchase of financial investments other than financial assets at fair value through profit or loss		(200 892)	(69 392)
Collected dividends		7 787	954
Net cash flows provided from investing activities (2)		**233 949**	**276 058**
Cash flows from Financing Activities			
Collected from other loans		9 454	1 243
Payments received from other loans		(26 852)	(22 446)
Dividends paid		(16 676)	(14 622)
Net cash flows (used in) provided from financing activities (3)		**(34 074)**	**(35 825)**
Net Increase (decrease) in cash & cash equivalents during the year (1)+(2)+(3)		**1 188 021**	**(231 707)**
Cash & cash equivalents at the beginning of the year		1 493 912	1 725 619
Cash & cash equivalents at the end of the year		**2 681 933**	**1 493 912**
Cash & cash equivalents are represented in:			
Cash and due from the Central Bank	(15)	644 179	635 141
Due from Banks	(16)	1 522 420	1 526 243
Treasury bills	(17)	3 318 293	3 347 135
Due from the Central Bank (within the required reserve ratio)		(603 528)	(594 717)
Due from Banks with maturities more than three months		(55 451)	(73 773)
Treasury bills with maturity more than three months		(2 143 980)	(3 346 117)
Cash & cash equivalents at the end of the year	**(31)**	**2 681 933**	**1 493 912**

* The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith

Consolidated Statement Of Changes In Shareholder's Equity

For The Financial Year Ended December 31, 2021

(All amounts are presented in thousand USD)

	Paid in Capital	Legal reserve	General risk reserve	Capital reserve	Special reserve	Fair value reserve of investments at fair value through OCI	General banking risk reserve	Foreign exchange translation differences	Reserve of the difference between current value and nominal value of subordinated deposit	Retained earnings	Minority interest	Total
Balance as of 1 January, 2020	**600 000**	**130 970**	**87 578**	**644**	**69**	**27 034**	**96**	**(123 078)**	**854**	**95 029**	**170 117**	**989 313**
Transferred to capital reserve	-	-	-	2 027	-	-	-	-	-	(2 027)	-	-
Transferred to legal reserve	-	6 565	-	-	-	-	-	-	-	(6 565)	-	-
Net change in fair value of investments at fair value through other comprehensive income	-	-	-	-	-	1 922	-	-	-	-	5 448	7 370
Gains from selling equity instruments at fair value through other comprehensive income (FVOCI).	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to general banking risk reserve	-	-	-	-	-	-	71	-	-	(71)	-	-
Adjustments of profits for the year 2019 – difference between estimated and actual profits	-	-	-	-	-	-	-	-	-	1786	-	1 786
Adjustments of mutual funds	-	-	-	-	-	-	-	-	-	607	-	607
Foreign exchange translation differences	-	-	-	-	-	-	-	6 975	-	-	-	6 975
Items transferred to retained earnings - gains from selling equity instruments at fair value through other comprehensive income (FVOCI)	-	-	-	-	-	-	-	-	-	13	13	26
Dividends distributions for the year 2019	-	-	-	-	-	-	-	-	-	(12 695)	(1 928)	(14 623)
Net profit of the year	-	-	-	-	-	-	-	-	-	42 685	10 084	52 769
Balance at 31 December 2020	**600 000**	**137 535**	**87 578**	**2 671**	**69**	**28 956**	**167**	**(116 103)**	**854**	**118 762**	**183 734**	**1 044 223**
Balance as of 1 January, 2021	**600 000**	**137 535**	**87 578**	**2 671**	**69**	**28 956**	**167**	**(116 103)**	**854**	**118 762**	**183 734**	**1 044 223**
Transferred to capital reserve	-	-		97	-	-	-	-	-	(97)	-	-
Transferred to legal reserve	-	2 884	-	-	-	-	-	-	-	(2 884)	-	-
Net change in fair value of investments at fair value through other comprehensive income	-	-	-	-	-	(15 001)	-	-	-	-	(6 882)	(21 883)
Transferred to general banking risk reserve	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments of mutual funds	-	-	-	-	-	-	-	-	-	-	-	-
Items transferred to retained earnings - exclusion of "fair value of equity instruments reserve at fair value through other comprehensive income"	-	-	-	-	-	-	-	-	-	(754)	(741)	(1 495)
Foreign exchange translation differences	-	-	-	-	-	-	-	7 559	-	-	-	7 559
Dividends distributions for the year 2020	-	-	-	-	-	-	-	-	-	(15 196)	(2 418)	(17 614)
Net profit of the year	-	-	-	-	-	-	-	-	-	42 488	9 880	52 368
Balance at 31 December 2021	**600 000**	**140 419**	**87 578**	**2 768**	**69**	**13 955**	**167**	**(108 544)**	**854**	**142 319**	**183 573**	**1 063 158**

* The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

(All amounts in notes are presented in thousand US$ unless otherwise is stated).

1- Background

Arab International Bank was established in 1974 by virtue of an International Treaty.

The registered head office of the Bank is located at 35 Abdel Khalek Tharwat Street, Cairo, Egypt and the Bank carries out its business activities through its network of branches in the Arab Republic of Egypt that is composed of 20 branches. By virtue of the Treaty, the Bank enjoys certain privileges and immunities in the territories of the Member States (shareholders). The following are examples of the most prominent privileges and immunities based on the Establishment Treaty and the resolution taken by the Bank General Assembly meeting that was held on 22 March 2012 and became effective as of 14 April 2015:

- Exemption from laws regulating public institutions, public interest entities, public sector companies or joint stock companies in the Members States in which the Arab International Bank or its branches carry out business activities.
- Immunity from all forms of nationalization, seizure or sequestration of the shares of shareholders or their deposits with the Bank.
- The Bank's documents, records and files are inviolable and immune from judicial, administrative or accounting control and inspection rules and laws.
- Confidentiality of customers' accounts with the Bank are not subject to judicial or administrative attachment orders prior to final judgment issuance.
- Exemption from charges, stamps or taxes of any kind on its funds, profits, dividends and all its various activities and transactions.
- Exemption from taxation and any obligations for the payment, withholding or collection of any tax, stamp or duty, which may be imposed on its customers.
- In this respect the Bank practices its activities in a manner that is not in conflict with the aforementioned and the rest of the articles included in Establishment Treaty and in this context:
  - The Bank is subjected to the oversight of the Central Bank of Egypt according to the provisions of the applicable law of the Central Bank of Egypt and the law of Banking and Monetary System of the hosting state, in addition, the Bank branches in the other Member States are subjected to the oversight of their own Central Banks in accordance with the provisions of laws governing their Banks and credit facilities.
  - All the transactions of the Bank are carried out in all currencies determined by the Board of Directors.

The necessary actions have been taken to activate these amendments starting from April 1, 2015.

The financial statements for the financial year ended December 31, 2021 were approved by the Board of Directors as at May 12, 2022.

2- Summary of Significant Accounting Policies Applied

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

A- Basis of Consolidated financial statements preparation

These consolidated financial statements are prepared in accordance with the instructions issued by the Central Bank of Egypt and approved by its Board of Directors on 16 December 2008, in addition to the instructions of preparation and presentation of the financial statements of banks in accordance with the requirements of IFRS 9 "financial instruments" issued by the Central Bank of Egypt on 26 February 2019. These consolidated financial statements are prepared in compliance with the provisions of the relevant local laws.

B- Basis of consolidation

(B/1) Investments in subsidiaries

Subsidiaries are entities (Including Special Purposes Entities / SPEs) which the bank exercises direct or indirect control over its financial and operating policies and usually have an ownership share of more than half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the bank has the control over its investees.

Upon consolidation, transaction, balances and unrealized profits resulting from Intra-group transactions shall be excluded and the unrealized losses shall be excluded unless there is an evidence of impairment in the value of the transferred asset. The accounting policies of subsidiaries are changed whenever necessary to ensure the implementation of unified accounting policies within the companies of the group.

Accounting for acquisition of subsidiary companies by the Bank is carried out according to the purchase method. The recognition of acquisition cost incurred by the Bank is measured at fair value or the value of assets given by the Bank in return for the purchase of companies and / or issued equity instruments and / or any other liabilities incurred by the Bank and / or any liabilities accepted by the Bank on behalf of the acquired company on the date of the asset exchange in addition to any costs directly attributed to the acquisition process. The net assets including the acquired determinable contingent liabilities are measured at fair value on the date of acquisition regardless of the existence of any minority interest / noncontrolling interest. If the increase in acquisition cost is above the fair value of the Bank's share in net assets, it shall be considered as goodwill.

If the acquisition cost is less than the fair value of aforementioned net assets, the difference is directly recorded in the income statement under the item of other operating revenues (expenses).

Due to the fact that the Bank is exercising control over its subsidiaries, the full consolidation method is the adopted basis of preparing the consolidated financial statements of the special purposes related to the Bank. The group financial statements are represented in the financial statements as follows:

The Bank owns 89.043% of the share capital of Compagnie Arab De Financement International « CAFI » and the Bank's direct participation in Societe Arabe International de Banque (SAIB) is 46.075% and the indirect participation through Compagnie Arab De Financement International « CAFI » is 4.36% of the share capital of (SAIB). Accordingly, the Bank's total direct and indirect participation amounted to 50.435%.

The Board of Directors of the Central Bank of Egypt approved in its session held on May 19, 2020, to increase the percentage of participation of the Arab International Bank in Societe Arabe International de Banque (SAIB) to become 50.438% instead of 46.075% by transferring its indirect participation in Societe Arabe International de Banque (SAIB) that is represented in its participation in the share capital of Compagnie Arab De Financement International « CAFI » of approximately 89 %, that leads to participating in around 4.9% in Societe Arabe International de Banque (SAIB) and as a result, the Bank's participation in Societe Arabe International de Banque (SAIB) turned out to be a direct participation therein.

Thus, the control is achieved through the Bank's ability to control the financial and operating policies of the investee companies in order to obtain benefits from their activities.

The bases of consolidation include the following:

- Excluding all the balances and transaction exchanged between the Bank and the company in addition to the unrealized profits resulting therefrom.
- The rights of the noncontrolling interest are represented in the other shareholders' equity who have no control in subsidiaries.

Transactions with Minority Interest / Noncontrolling Interest:

- The Group considers the transactions with minority interest / noncontrolling interest as transactions with third parties outside the Group. The profits or losses resulting from sale to minority interest/ noncontrolling interest are recognized in the income statement. The purchase transactions of minority interest / noncontrolling interest result in a goodwill that represents the difference between the amount paid in return for the acquired shares and the book value of the subsidiary's net assets.
- If the share of the minority interest / noncontrolling interest in carried forward losses of a subsidiary is more than its equity in that subsidiary, such increase of share in carried forward losses shall be charged to the equity of the parent company except for the losses where the minority interest / noncontrolling interest has an obligation to incur on the condition of establishing additional investments to cover the losses. In case the subsidiary realizes profits in the future, such profits shall be added to the equity of the parent company to the extent of covering the losses previously incurred by majority interest on behalf of minority interest / noncontrolling interest.

(B/2) Investments in associates

Associates are companies in which the Bank has, directly or indirectly, significant influence, but it does not reach the extent of control, and usually the Bank owns from 20% to 50% of the voting rights. Accounting for the associates is recorded first in the consolidated financial statements according to the cost method and then according to the equity method when subsequent to the date of initial recognition. Accordingly, investments of the Bank in associates are recorded at acquisition cost including any goodwill less any impairment loss in value that was determined at acquisition.

The share of the Bank in associates' profits and losses resulting after acquisition is recorded in the income statement. The share of the Bank in the movement occurring in associates' equity prior to acquisition is recognized in equity. The book value of the associate is adjusted in accordance with the accumulated movement subsequent to acquisition. If the Bank's share in associate's losses is equivalent to or more than its participation in the associate, including any unsecured debit balances, the Bank shall not record any other losses unless the Bank has a commitment to do so or incurred payments on behalf of the associate.

The unrealized profits from transactions with associates are excluded within the limits of the Bank's share in associates. The unrealized losses are excluded provided that the transaction provides an evidence of impairment in value of the exchanged asset. The accounting policies of subsidiaries are changed whenever necessary to ensure that the Bank is implementing a unified accounting policies.

The profits and losses resulting from a change in the ownership structure of associates are recognized in the income statement.

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 a segment which provides products or services within an economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

D- Functional currency, presentation, transactions and balances in foreign currencies

The financial statements of the Bank are presented in US Dollar pursuant to the stipulations of the law of establishing the Bank and its articles of association, while transactions are recorded in the books during the year according to the currency in which the transactions were carried out. For the purposes of presenting the financial statements of the Bank in US Dollar, all assets and liabilities of monetary nature and recorded at the end of the reporting period in various currencies (other than the Egyptian Pound) are translated into US Dollar based on the prevailing exchange rates on that date. As for the balances in the Egyptian Pound, they are translated into US Dollar based on the official exchange rates declared by the Central Bank of Egypt.

Foreign exchange gains and losses resulting from settlement and translation of such transactions and their differences are recognized in the income statement and reported under the following items:

- Net trading income from assets and liabilities classified as held for trading.
- Other operating revenues (expenses) from the remaining items.
- Items of other comprehensive income in equity for investments in equity instruments at fair value throughother comprehensive income.

Changes in the fair value of financial instruments of monetary nature that are denominated in foreign currencies and classified as debt instruments at fair value through other comprehensive income (FVOCI) are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in the amortized cost are recognized and reported in the income statement under the item of "Interest on loans and similar income" whereas differences resulting from changes in foreign exchange rates are recognized and reported in "Other operating revenues (expenses)". The remaining differences resulting from changes in fair value are recognized in other comprehensive income items of equity under the item of "fair value of financial investments reserve at fair value through other comprehensive income (FVOCI)".

Valuation differences arising from the measurement of non-monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total valuation differences of fair value changes arising from the measurement of equity instruments classified as fair value through profit or loss are recognized in the income statement, while total valuation differences of fair value changes arising from the measurement of equity instruments at fair value through other comprehensive income (FVOCI) are recognized among the items of other comprehensive income in equity under the item of "fair value of financial investments reserve at fair value through other comprehensive income (FVOCI)".

E- Financial assets

The Bank classifies its financial assets within the following groups: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (FVOCI) and financial assets at fair value through profit or loss. In general, the classification is based on the business model according to which the financial assets and their contractual cash flows are managed.

(E/1) Financial assets at amortized cost:

The financial asset is retained in the business model of financial assets held for collecting contractual cash flows.

The purpose of the business model is holding the financial asset to collect contractual cash flows represented in the principal amount of investment and returns.

Sale is an exceptional contingent event with respect to the purpose of this business model according to the conditions stipulated in the Standard and represented in:

- Existence of deterioration in the creditworthiness of the issuer of the financial instrument.
- Lowest sales in terms of turnover and value.
- The Bank makes clear and reliable documentation of the justifications for each sale transaction and the extent of its compliance with the requirements of the Standard.

(E/2) Financial assets at fair value through other comprehensive income (FVOCI):

Business model of financial assets held to collect contractual cash flows and sales.

Both the collection of contractual cash flows and sales are complementary to the objective of the business model.

High sales in terms of turnover and value when compared to the business model retained for the collection of contractual cash flows.

(E/3) Financial assets at fair value through profit or loss:

The financial asset is retained among other business models that include trading, management of financial assets at fair value, maximizing cash flows by selling.

The objective of the business model is not to retain the financial asset for the collection of contractual cash flows or retain cash flows for the collection of contractual cash flows and sales.

Collecting contractual cash flows is a contingent event for the business model objective.

The characteristics of the business model are represented in the following:

- Structuring a group of activities designed to extract defined outputs.
- A business model that represents a complete framework of defined activity (inputs – activities – outputs).
- The single business model may include sub-business models.

F- Off setting financial instruments:

Financial assets and liabilities can be offset when, there is a currently enforceable legal right to off-set the recognized amounts and there is an intention to settle on a net basis, or to receive the asset and settle the liability simultaneously.

Treasury bills, repos and reverse repos agreements are netted, and presented on the balance sheet under the item of treasury bills and other government notes.

Purchase Reverse Repo Agreements and Sale Repo Agreements

Financial instruments sold under Repo Purchase Agreements are not excluded from the statement of financial position, and the cash proceeds are recorded under the liabilities caption in the financial position statement.

G- Interest income and expense

Interest income and expense related to the financial instruments are recognized under the item of "loans interest income and similar income" or "deposits interest expense and similar charges" using the effective interest method for all the financial instruments charged with interest.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the related instrument. The effective interest rate is the rate that discounts estimated future cash flows payments or receipts over the expected life of the financial instrument or, a shorter period If appropriate, to accurately identify the carrying amount of a financial asset or a financial liability upon initial recognition. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, early payment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties of the contract that is considered part of the effective interest rate and the transaction costs shall include any other premiums or discounts.

Loans interest income is recognized on an accrual basis except for interest income revenues of non-performing loans, which ceases to be recognized as an income when interest recovery or the principle is in doubt. The bank ceases to recognize the income from the interest of non-performing loans, non-performing debts or impaired debts (the third stage) in the income statement and it is recorded in marginalized records, off the balance sheet, provided that it is recognized within the revenues according to the cash basis, as follows:

- When collected and after recovery of all arrears for consumer loans, mortgage loans for personal housing, and small loans for economic activities.
- For loans granted to institutions, the cash basis also applies, as the calculated interests are subsequently grossed up, according to the terms of the loan scheduling contract, until 25% of the loan scheduling installments are paid, with a minimum period of regular payments for one year. In the event that the customer continues to be regular, the calculated returns on the loan balance begins to be included in the revenues (the return on the balance of the regular scheduling) without the marginalized interest before scheduling, which is not included in the revenues until after paying the full loan balance that appears in the balance sheet before scheduling.

H- Fees and commissions income:

Fees and commissions related to loan or facility are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts (Stage 3) – are measured at amortized cost and they are suspended and carried off balance sheet in statistical records and recognized under income according to the cash basis, when interest income is recognized in accordance with note (2-G) above. As for fees and commissions, which represent a complementary part of the financial asset effective rate are recognized as adjustment to the effective interest rate.

Commitment fees of loans are deferred as revenue when there is probability that these loans will be used by the customer, as commitment fees obtained by the Bank, represent compensation for the continuing interference to acquire the financial instrument. Subsequently, they are recognized as adjustments to the effective interest rate of the loan. If the commitment period passed without issuing the loan by the Bank, the commitment fees are recognized as income at the end of the commitment period.

Fees and commissions related to debt instruments measured at fair value are recognized as income at initial recognition. Fees and commission related to marketing of syndicated loan are recognized as income when the marketing is completed, and the loan is fully used, or the Bank did not keep any share of the syndicated loan or kept a share of effective interest rate that is available for the other participants.

Fees and commissions arising from negotiation or participating in a negotiation in the favor of a third party as in share acquisition arrangements, purchase of securities or purchase or sale of entities are recognized as income when the transaction is completed. Fees and commissions related to management advisory and other services are recognized as income based on the contract terms, usually on a relative time-appropriation basis over the financial period. The fees of financial planning and safe custody services provided over a long period of time are recognized over the year in which the service is provided.

I- Dividend income

Dividends from the Bank investments in equity instruments and their equivalents are recognized in the income statement when the Bank's right to receive these dividends is established.

J- Impairment of financial assets

The Group reviews all its financial assets except for the financial assets measured at fair value through profit or loss to estimate the extent of impairment existence in value as indicated below.

The financial assets are classified on the date of the financial statements within three stages as follows:

- The first stage: includes the financial assets where there has been no significant increase in credit risk loss since initial recognition date where the expected credit risk is calculated for 12 months.
- The second stage: includes the financial assets where there has been significant increase in credit risk loss since initial recognition or the date of recognizing their functions where the expected credit risk is calculated over the lifetime of the asset.
- The third stage: the financial assets where there has been impairment in their value that requires calculating their expected credit risk over the lifetime of the asset based on the difference between the book value of the instrument and the present value of the expected future cash flows.

The credit loss and the impairment loss in value related to the financial instruments are measured as follows:

- The low risk financial instrument is classified at initial recognition in the first stage and the credit risk shall be continuously monitored by the credit risk department of the Bank.
- If there is a significant increase in credit risk since initial recognition, the financial instrument is to be transferred to the second stage as it shall not be considered as impaired financial instrument yet, in this stage.
- In case of indicators of impairment in the value of the financial instrument, it shall be transferred to the third stage.
- The financial assets established or acquired by the Bank and include a higher rate of credit risk than the rates of the Bank for low risk financial assets at initial recognition, shall be directly classified in the second stage. Accordingly, their credit loss shall be measured based on the expected credit risk over the lifetime of the asset.

Significant increase in credit risk (SICR):

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative factors related to default have been met.

Quantitative criteria:

Quantitative criteria are applied when the probability of default (PD) increases over the remaining lifetime of the instrument starting from the date of the balance sheet, compared to the residual Lifetime PD expected at initial recognition according to the structure of credit risk levels accepted by the Bank.

Qualitative criteria:

For banking retail loans, small and micro finance enterprise

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

- The borrower requests to change short-term payment to long-term payment as a result of negative effects related to the cash flows of the borrower.
- Extending the grace period of payment upon a request provided by the borrower.
- Previous reiterated arrears within the last [12] months.
- Adverse future economic changes which affects the borrower's future cash flows.

Loans granted to institutions and medium enterprises

If the borrower is on the watchlist and/or the instrument meets one or more of the following events:

- Significant increase of interest of the financial asset as a result of increase in credit risk
- Significant adverse changes in business activity, financial and/or economic conditions in which the borrower operates
- Request of debt rescheduling as a result of difficulties encountering the borrower.
- Significant adverse change in actual or expected operating results or cash flows of the borrower
- Adverse future economic changes which affects the borrower's future cash flows.
- Early signs of cash flow/liquidity problems such as delay in servicing of creditors/ trade loans
- Cancellation of one of the direct facilities on the part of the Bank due to an increase in credit risk of the borrower

Payment default

Loans and facilities granted to institutions, Small, Medium and Micro Enterprise (SMME) and retail banking are recorded under the second stage if the non-payment is more than (60) days at most and less than (90) days, (180 days for loans and facilities granted to Small, Medium and Micro Enterprise (SMME) according to the circular letter issued by the Central Bank of Egypt on December 14, 2021 regarding the temporary amendment of the treatment of non-performing loans granted to Small, Medium and Micro Enterprise (SMME) that is based on the instructions of International Financial Reporting Standard No. (9), while taking into consideration that the said period (60 days) will decrease at a rate of (10) days annually to be (30) days after (3) years from the date of implementation (2019).

Upgrade and transfer from the second stage to the first stage:

The financial asset shall not be transferred from the second stage to the first stage unless all elements of quantitative and qualitative criteria of the first stage have been met and the entire arrears of the financial asset and interests are paid in addition to the lapse of three months of regular payment and satisfying the conditions of the first stage.

Upgrade and transfer from the third stage to the second stage:

The financial asset shall not be transferred from the third stage to the second stage unless all following conditions are met:

- All quantitative and qualitative elements of the second stage are met.
- Paying 25% of the financial asset due balances including due suspense interests.
- Regular payment for a period of at least 12 months.

K- Investment Property

Investment property is represented in lands and buildings owned by the Bank for obtaining rental income or capital increase and subsequently it does not include the real estate assets in which the Group practices its business activity or the assets ownership reverted to the bank in settlement of debts. The initial recognition of the investment property is carried out at cost and includes the transaction cost. The accounting of the investment property is implemented in the same manner applied to the accounting of the fixed assets.

L- Intangible assets (Computers software)

The expenses related to the development or maintenance of computers are recognized as an expense charged to income statement when incurred and it is recognized as an intangible asset with respect to the expenses directly related to specific software under the control of the Group when it is expected to generate economic benefits thereof that exceeds its cost for more than one year.

The direct expenses include the cost of employees working in the software development team in addition to a reasonable share of the general expenses relevant thereto.

The expenses that lead to the increase or expansion in the performance of computers software when compared with the original specifications thereof is recognized as development cost and it is added to the original software cost.

The computers software cost recognized as an asset is amortized over the years expected to benefit from them provided that they shall not exceed three years.

M- Fixed assets

They represent land and buildings related to head office, branches and offices. All fixed assets are reported at historical cost less depreciation and impairment losses. The historical cost includes all costs directly related to the acquisition of fixed assets items.

Subsequent costs are included in the fixed asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset, will flow to the Bank and the cost of the asset can be reliably measured. Maintenance and repair expenses are charged to other operating expenses during the financial period in which they are incurred. The Bank does not consider the residual value of its fixed assets to be of relative importance or having a significant impact on the depreciable value, and therefore the depreciation value of those fixed assets is calculated without deducting the residual value of the asset.

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

Buildings	from 20 to 50 years
Furniture	from 5 to 10 years
Computers	5 years
Fixtures and fittings	from 5 to 10 years
Tools & equipment	from 5 to 10 years
Means of transport	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets that are subject to depreciation are reviewed to determine the impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is reduced immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The redeemable value is represented in the net selling value of the asset or the use value of the asset whichever higher. Gains and losses on disposals are determined by comparing net proceeds with asset carrying amount. These gains and losses are included in other operating income (expenses) in the income statement.

N- Other assets

This item includes the other assets that are not classified as defined assets in the balance sheet where accrued revenues, prepaid expenses, advance payments under the account of fixed assets purchase, deferred balance of the first day losses that is not amortized yet, current assets and noncurrent assets that their ownership reverted to the bank in settlement of debts (after deduction of impairment loss provision), deposits and imprests, gold bullions, commemorative coins, debit suspense accounts and balances that are not classified under any defined asset, are examples of which.

Most of the elements of other assets are measured at cost. If there is an objective evidence for impairment loss in the value of the said assets, then the loss is separately measured for each asset based on the difference between its carrying amount and its net selling value or the present value of the estimated expected future cash flows discounted at the current market rate of similar financial assets, which ever higher.

The book value of the asset is directly reduced, and the loss is recognized in the income statement under the item of "Other operating revenues (expenses)". If the impairment loss is reduced in any subsequent period and such reduction can be objectively related to an event that occurred after the recognition of the impairment loss, then the impairment loss previously recognized is reversed to the income statement provided that such cancellation does not establish an asset book value, on the date of reversing the impairment loss, that exceeds the value of the asset which may be reached if the recognition of such impairment loss has not been recognized.

With reference to the asset's ownership reverted to the bank in settlement of debts, the following has to be taken into consideration:

In accordance with the provisions of Article No. (87) of the Central Bank Law and the law of Banking and Monetary System of the hosting state No. (194) for the year 2020, it is prohibited for banks to deal in movables or real estate whether by purchasing, selling or exchange, except for the real estate allocated for running the business of the Group, used for entertainment purposes of the employees of the Bank, movables or real estate reverted to the Group in settlement of debts due from third parties when the recognition thereof started from the date of conveyance of ownership (the date of debt reduction) and such real state is included in assets reverted to the Group in settlement of debts, provided that the Group shall dispose thereof according to the following:

- Within one year from the date of conveyance of ownership with respect to movables.
- Within five years from the date of conveyance of ownership with respect to real estate.
- The Board of Directors of the Central Bank of Egypt may approve the extension of the period whenever the circumstances deem necessary, in addition, the Board of Directors of the Central Bank of Egypt has the right to exempt some banks from such restriction based on the banks' nature of activity.
- The assets reverted to the Bank in settlement of debts are recorded at the value in which the said assets reverted to the Bank and represented in the value of debts which the Group's Management decided to assign in return for such assets. If there is an objective evidence for impairment loss in the value of the said assets in the subsequent date of conveyance of ownership, then the loss is separately measured for each asset based on the difference between its carrying amount and its net selling value or the present value of the estimated expected future cash flows discounted at the current market rate of similar financial assets, whichever higher. The book value of the asset is reduced through the impairment account and the loss value is recognized in the income statement under the item of "other operating revenues (expenses)". If the impairment loss is reduced in any subsequent period and such reduction can be objectively related to an event that occurred after the recognition of the impairment loss, then the impairment loss previously recognized is reversed to the income statement provided that such cancellation does not establish an asset book value, on the date of reversing the impairment loss, that exceeds the value of the asset which may be reached if the recognition of such impairment loss has not been recognized.
- In the light of the nature of the movables or real estate which their ownership reverted to the bank pursuant to the provisions of the aforementioned article, the movables or real estate are classified in accordance with the plan of the Bank, the nature of expected benefits thereof among the fixed assets, investment property, shares, bonds or other assets available for sale, as the case may be. Accordingly, the bases relevant to the measurement of fixed assets, investment property, shares or bonds are applied to the assets reverted to the bank in settlement of debts and classified under any item of these items.
- As for the other assets, that are not included in any of these classifications and considered as other assets available for sale, they are measured at cost or fair value defined by the accredited experts of the Bank- less the selling costs –whichever is lower. The differences resulting from the valuation of these assets are recognized in the income statement under the item of other operating revenues (expenses) provided that such assets are to be disposed of within the period prescribed by virtue of law.

  If the said assets are not disposed of, within the period prescribed by virtue of law in accordance with the provisions of Article No. (87) of Law No. 194 of 2020, the banking risk reserve is to be supported by the equivalent of 10% of the value of the said assets on annual basis. The net revenues and expenses of assets reverted to the bank in settlement of debts during the period of their acquisition by the Bank are recorded in the income statement under the item of "Other operating revenues (expenses)".

O- The impairment of non-financial assets

The financial assets that have no specific useful life are not depreciated – except for the goodwill – and their impairment is examined on annual basis. The impairment of assets that had been depreciated are to be considered whenever there are events or changes in the circumstances indicating that the book value may not be redeemable.

The impairment loss is to be recognized and the asset value shall be reduced with the amount by which the book value of the asset has been increased above the redeemable value. The redeemable value is represented in the net selling value of the asset or the use value of the asset, whichever higher. For the purpose of assessing the impairment, and in the event that it is not possible to estimate the redeemable value of a single asset, the asset is to be attached to the smallest possible cash-generating unit that includes the asset. The nonfinancial assets that have impairment are to be reviewed to examine whether there is a reverse of impairment to the income statement or not, on the date of preparing every financial statement.

P- Lease Contracts

All lease contracts concluded with the Group are operating lease contracts.

(P/1) Lessee

The payments settled under the account of operating lease less any discounts obtained from the lessor under the item of expenses are recognized in the income statement based on the straight-line method over the term of contract.

(P/2) Lessor

The assets leased out on operating lease basis that are included in the fixed assets in the balance sheet and depreciated over the expected useful life of the asset using the same manner applied to the similar assets. The rent income is recorded less any discounts granted to the lessee based on the straight-line method over the term of contract.

Q- 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, cash and balances due from the Central Banks other than the mandatory reserve, balances with banks, treasury bills and other government notes.

R- 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 not, that an outflow of resources of the Group will be required to settle the obligation and the amount has been reliably estimated.

Where there is a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determined 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 this group is minimal.

Provisions no longer required totally or partially 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 balance sheet date using an appropriate rate in accordance with the terms of settlement which reflects the time value of money. If the settlement term is less than one year, the estimated value of the obligation is to be calculated unless it has a significant effect, then it shall be calculated using the present value.

S- Employees' Benefits:

Employees Share in Profits:

The Bank pays a percentage of cash profits expected to be distributed as the employees share in profits and recognizes that share as part of the dividends appropriation in equity and as liabilities when approved by the shareholders general assembly of the Bank and no liabilities shall be recorded in the undistributed employees share in profits.

Employees' Pension Fund & End of Service Compensations

The Bank adopted special benefits plan until 17/4/2008. The Bank's contributory defined pension plan covers the permanent employees' pensions and other end of service benefits. The Bank's contribution to this fund is computed at a certain percentage of the employees' annual salaries, in addition to amounts required to the fund as decided by the Actuary to continue providing its services and maintain the minimum return on its invested funds. As for the employees appointed in the Bank after 17/4/2008, the Bank adopted special benefit plan with respect to the end of service compensation only without pensions and the Bank participates in such compensations by a percentage of the employees' wages who are working under the umbrella of this benefit plan on annual basis.

T- Dividends

Dividends are recognized and deducted from equity in the period when approval thereof is declared by the Shareholders General Assembly. Those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the articles of association.

U- Trust/Fiduciary Activities

The Bank practices fiduciary activities that entail the acquisition or management of assets on behalf of individuals, trusts, post-employment benefit funds and other institutions. These assets and the profits resulting from them are not recognized in the Bank's Separate Financial Statements as they are neither assets nor profits belonging to the Bank.

3- Financial Risk Management

The Bank, as a result of the activities it exercises, is exposed to various financial risks; acceptance of risks is a basis in the financial activities. Some risks or group of risks are analyzed, evaluated and managed together. The Bank objective is to balance between the risk and return and to reduce the possible negative 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 set to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated information systems. The Bank regularly reviews the risk management policies and systems and amends them to reflect the changes in markets, products and services and the best updated applications.

Risks are managed by the Risk Management Department in the light of the policies approved by the Board of Directors. Risk Management Department identify, assess, and cover financial risks in close cooperation with other operating units in the Bank. Within the framework of the principles of governance and the sound banking practices related to banking risks management, the Board of Directors provides an integrated supervisory structure of higher committees originated therefrom. The Risk Management Department is in charge of the regular review of risk management and the control environment in an independent manner.

A- Credit risk

The Bank is exposed to credit risk, which is the risk resulting from failure of one party to meet its contractual obligations. Credit risk is considered the most significant risk for the Bank; therefore, the management is conservative and prudent in managing this risk exposure. Credit risks results mainly from lending activities that result in loans and facilities and from investment activities which consequently results in having such debt instruments included in the Bank's assets. Credit risk is also included in off balance sheet financial instruments, such as loan commitments. Managing and monitoring process of credit risk is represented in credit risk department reports presented to the Board of Directors, Top Management and Heads of operating units on regular basis.

(A/1) Credit risk measurement

Loans and facilities to Banks and customers

To measure credit risk on the loans and facilities to Banks and customers, the Bank considers the following three components:

- Probability of default by the client or third parties to fulfill its contractual obligations.
- The current position and its future development from which the Bank concludes the balance exposed to risk. (Exposure at default).
- Loss given default risk.

The daily management of the Group's activities involves measures of credit risk based on the Expected Loss Model required by the Basel Committee on Banking Supervision. Those operational measures could be inconsistent with the impairment loss burden according to EAS 26, which adopts the realized losses model and not the expected losses (Note 3 - A/3) on the date of the financial statements.

The Bank evaluates the default risk for each customer using internal evaluation methods to determine the credit rating for the different customers' categories. These methods were internally improved and developed taking into consideration statistical analysis and the professional judgment of the credit officers to reach the appropriate rating. The customers of the Bank are classified into four credit ratings. Rating scale (shown in the following table) reflects the possibility of defaults for each rating category, in which the credit positions may transfer from one rating to another depending on the change in the degree of possible risk. The customers' rating and the rating process are reviewed and improved whenever necessary.

The Bank periodically evaluates the performance of the credit rating methods and their ability in expecting the customers' defaults.

Bank's internal ratings scale

Rating description	Rating
Performing loans	1
Regular watching	2
Watch list	3
Non-performing loans	4

The Position exposed to default depends on the outstanding balances expected at the time when a default occurs, for example, for the loans, where the position is the book value while for commitments, the Bank includes all actual withdrawals in addition to any other expected withdrawals till the date of the late payment if any.

The expected losses or specific losses represent the Bank's expectation of loss as of the date when the settlement is due, which is loan loss percentage that differs according to the type of debtor, claim priority, the availability of guarantees or any other means of credit cover.

Debt instruments, treasury bills and other bills

For debt instruments and bills, the Bank is using the external classifications such as Standard & Poor's or equivalent to manage credit risk, in case such ratings are not available, methods similar to those applied to credit customers are used. Investments in securities and treasury bills are regarded as a way to get better credit quality and at the same time provides a source available to meet finance requirements.

(A/2) Limiting and avoiding risks policies

The Bank manages limits and controls credit risk concentrations on the levels of borrowers, groups, industries and countries.

The Bank manages the credit risk it undertakes by placing limits on the amount of risk accepted in relation to every single borrower, or groups of borrowers, and on the levels of economic activities and geographic segments. Such risks are monitored on regular basis and subjected to annual or more frequent reviews, whenever necessary. The Board of Directors reviews on quarterly basis the levels of credit risk on the levels of the borrower, group of borrowers, product, segment and country.

The lines of credit are divided for any borrower including Banks, into sub limits based on amounts in and off-balance sheet, the daily limit risk on trading items such as forward foreign exchange contracts where the actual amounts are compared with the limit every day.

Exposure to credit risk is also managed through regular analysis of the existing and potential borrowers' ability to meet their obligations and through changing the lending limits whenever appropriate.

The following are other controls to limit the credit risk.

Collaterals

The Bank uses different methods to limit its credit risk. One of these methods is accepting collaterals against loans and facilities granted by the Bank. The Bank implements guidelines for certain categories of collaterals to be accepted. The major types of collateral against loans and facilities are:

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

The long-term finance and loans to corporate entities are generally guaranteed while individual credit facilities are unsecured. In order to minimize the credit loss to the least, the Bank will seek additional collaterals from all the concerned parties as soon as impairment indicators are noticed for a loan or facility.

The Bank determines the type of collaterals held as a security for financial assets other than loans and facilities according to the nature of the instrument. In general, the debt securities and treasury bills are unsecured, except for Asset-Backed Securities and similar instruments secured by a financial instrument portfolio.

Credit-related commitments

The primary purpose of these commitments is to ensure that funds are available to customer when required. Guarantees and Standby Letters of Credit contracts are of the same credit risks as loans. Documentary and Commercial Letters of Credit – which are issued by the Bank on behalf of the customer by which authorizing a third party to withdraw amounts within a certain limit from the Bank in accordance to specific terms and conditions and guaranteed by the goods under shipment are of lower risk than a direct loan. Credit related commitments represent the unused portion of credit limit of loans, guarantees or letters of credit.

The Bank is exposed to probable loss of amount equal to the total unused limit with respect to credit risk resulting from commitments related to granting the credit. However, the probable amount of loss is less than the unused limit commitments, as most commitments represent commitments to customers maintaining certain credit standards. The Bank monitors the maturity term of the credit commitments because long-term commitments are usually of high credit risk than short-term commitments.

(A/3) Impairment and provisioning policies (Measurement of Expected Credit Losses)

The policies of the Bank require determining three stages to classify the financial assets measured at amortized cost, loan commitments, financial guarantees and debt instruments at fair value through other comprehensive income based on the changes of credit quality since the initial recognition and measurement of impairment loss (expected credit loss) in value related to these instruments as follows:

The financial asset that is not impaired at initial recognition is to be classified in the first stage and the credit risk shall be continuously monitored by the Credit Risk Department of the Bank.

In case there is a significant increase in credit risk since initial recognition, the financial asset is to be transferred to the second stage and it shall not be considered as impaired financial asset in this stage (the expected credit loss over lifetime under lack of impairment in credit value).

In case there are indicators of impairment in the value of the financial asset, it shall be transferred to the third stage.

The indicators that shall be used by the Bank to determine whether there are objective evidences shall be based on indicating the following:

- Significant increase of interest of the financial asset as a result of increase in credit risk.
- Significant adverse changes in business activity, financial and/or economic conditions in which the borrower operates.
- Request of debt rescheduling as a result of difficulties encountering the borrower.
- Significant adverse change in actual or expected operating results or cash flows of the borrower.
- Adverse future economic changes which affects the borrower's future cash flows.
- Early signs of cash flow/liquidity problems such as delay in providing services for the creditors/ trade loans.
- Cancellation of one of the direct facilities on the part of the Bank due to an increase in credit risk of the borrower.

The impairment loss provision appeared in the balance sheet at the end of the year is derived from the four internal rating grades. However, most of the impairment provision comes from the last two ratings of classification. The table below shows the relative distribution percentage of in-balance sheet items relating to loans, facilities and the related impairment for each category of the internal rating of the Bank:

Ratings of The Bank	31/12/2021	31/12/2020
	Loans & facilities to customers and banks	Loans & facilities to customers and banks
	%	%
Performing loans	51.83	48.61
Regular watching	27.49	26.67
Watch list	6.35	8.73
Non-performing loans	14.33	15.99
Total	**100**	**100**

The internal evaluation instruments help the management to determine whether there are objective evidences of impairment according to the Egyptian Accounting Standard No. (47) and based on the following indicators as specified by the Bank:

- Severe financial insolvency encountered by the borrower or the debtor.
- Violation of loan agreement such as default of payment.
- Expecting the Bankruptcy of the borrower, entering into liquidation case or restructuring the finance granted to him.
- Deterioration in the competitive status of the borrower.
- Granting concessions or privileges to the borrower due to economic, legal or financial insolvency encountered by the borrower which may not be given by the Bank in normal circumstances.
- Impairment of guarantee value.
- Deterioration of the creditworthiness.

The policies adopted by the Bank require reviewing all the financial assets exceeding specific relative significance at least once a year or more when the circumstances necessitate to do so. The impairment charge shall be determined on the accounts that are evaluated on case by case basis through the evaluation of the loss realized on the date of the balance sheet. Such policies are expected to be implemented on all accounts attributed by relative significance on case by case basis. The evaluation usually includes the outstanding guarantee that embraces the reassurance of the implementation on the guarantee and expected collections from the said accounts. The impairment losses provision is formed based on a group of assets of similar kind using the historical empirical experience available, professional judgment and statistical methods.

(A/4) Banking general risk measurement model

In addition to the four categories of the Bank's internal credit rating indicated in note (3 - A/1), management classifies loans and advances based on more detailed subgroups in accordance with the CBE requirements. Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending heavily on information related to the customer, his activities, financial position and commitment to the payment schedules.

The Bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit based on the rates determined by CBE. In case of having required increment in impairment losses provision according to the rules of the Central Bank of Egypt that exceeds the amount required for the purposes of preparing the financial statements in accordance with the Egyptian Accounting Standards, the General Banking Risk Reserve shall be set aside in the equity and deducted from the retained earnings with an amount equivalent to such increment. The said reserve shall be adjusted on regular basis as an increase or decrease in a manner that is always equivalent to the amount of increase when comparing the two provisions. The said reserve shall not be distributable.

The following are the categories of credit ratings for the institutions in accordance with the four internal rating grades compared to the bases of the CBE assessment and provisions percentage required for the impairment of assets exposed to credit risk:

CBE Ratings	Rating Indications	Provision Percentage Required %	Internal Ratings	Internal Ratings Granting
1	Low risk	Zero	1	Performing loans
2	Moderate risk	1	1	Performing loans
3	Satisfactory risk	1	1	Performing loans
4	Appropriate risk	2	1	Performing loans
5	Acceptable risk	2	1	Performing loans
6	Marginally Acceptable risk	3	2	Regular watching
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

(A/5) Maximum limits for credit risk before collaterals:

	31/12/2021	31/12/2020
Balance sheet items exposed to credit risks		
Due from Banks	1 493 076	1 476 145
Treasury bills and other government notes	3 591 018	3 555 457
Loans & facilities to banks (net)	-	10 331
Loans & facilities to customers (net)	2 593 407	2 219 631
Financial investments: (net)		
- Debt instruments	811 612	1 127 106
Other assets	53 419	61 395
Total	**8 542 532**	**8 450 065**
Off-balance sheet items exposed to credit risk		
Letters of credit	146 539	84 882
Letters of guarantee	286 079	190 939
Loans commitments & irrevocable other liabilities related to credit	1 928	8 868
Money market papers for facilities to suppliers	18 760	12 602
Total	**453 306**	**297 291**

- The above table represents the maximum exposure to credit risk on December 31, 2021 – December 31, 2020, before taking into account any held collateral. As for the items of the balance sheet, the amounts of exposures set out above are based on net carrying amounts as reported in the balance sheet. As shown above 30.36 % of the total maximum exposure is derived from loans and facilities to Banks and customers as at December 31, 2021, compared to 26.39 % as at December 31, 2020 while investments in debt instruments represent 9.5 % as at December 31, 2021, compared to 13.34 % as at December 31, 2020.

- Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both its loans and facilities portfolio and debt instruments based on the following:
- On December 31, 2021, 77.05 % of the loans and facilities portfolio to banks & customers are concentrated in the top two grades of the internal credit risk rating system compared to 72.99 % on December 31, 2020.
- On December 31, 2021, 86.09 % of loans and facilities portfolio to banks & customers are considered to be neither past due nor impaired compared to 84.58 % on December 31, 2020.
- Loans and facilities assessed individually are valued at US$ 411 826 thousand on December 31, 2021 compared to US$ 398 899 thousand on December 31, 2020.
- The Bank has implemented more prudent processes when granting loans and facilities during the financial year ended on December 31, 2021.
- On December 31, 2021 and on December 31, 2020, more than 99.5 % of the investments in debt instruments and treasury bills represent debt instruments of the Egyptian Government.

The following table indicates information about the financial asset's quality during the financial period:

		31/12/2021		
Due from banks	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	1 009 957	138 813	-	**1 148 770**
Regular watching	7 734	337 283	-	**345 017**
Watch list	-	-	-	**-**
	1 017 691	**476 096**	**-**	**1 493 787**
Less: impairment loss provision	(106)	(605)	-	**(711)**
Book value	**1 017 585**	**475 491**	**-**	**1 493 076**

		31/12/2020		
Due from banks	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	1 024 117	67 285	-	**1 091 402**
Regular watching	3 057	381 733	-	**384 790**
Watch list	773	-	-	**773**
	1 027 947	**449 018**	**-**	**1 476 965**
Less: impairment loss provision	(112)	(708)	-	**(820)**
Book value	**1 027 835**	**448 310**	**-**	**1 476 145**

Treasury bills at amortized cost	31/12/2021 First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	484 672	-	-	**484 672**
	484 672	**-**	**-**	**484 672**
Less: impairment loss provision	(1 891)	-	-	**(1 891)**
Book value	**482 781**	**-**	**-**	**482 781**

Treasury bills at amortized cost	31/12/2020 First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	1 091 596	-	-	**1 091 596**
	1 091 596	**-**	**-**	**1 091 596**
Less: impairment loss provision	(1 927)	-	-	**(1 927)**
Book value	**1 089 669**	**-**	**-**	**1 089 669**

Loans and credit facilities to individuals	31/12/2021 First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	231 832	1 355	546	**233 733**
Regular watching	367 788	9 155	11 592	**388 535**
Watch list	1 451	5 762	14 307	**21 520**
	601 071	**16 272**	**26 445**	**643 788**
Less: impairment loss provision	(8 005)	(1 861)	(11 769)	**(21 635)**
Less: suspense interest	-	-	(143)	**(143)**
Less: Undue interest	(27 679)	(389)	(416)	**(28 484)**
Book value	**565 387**	**14 022**	**14 117**	**593 526**

Loans and credit facilities to individuals	31/12/2020 First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	82 578	317	362	**83 257**
Regular watching	342 722	1 207	2 013	**345 942**
Watch list	4 039	724	3 190	**7 953**
	429 339	**2 248**	**5 565**	**437 152**
Less: impairment loss provision	(5 201)	(302)	(2 692)	**(8 195)**
Less: suspense interest	-	-	(134)	**(134)**
Less: Undue interest	(16 727)	(190)	(425)	**(17 342)**
Book value	**407 411**	**1 756**	**2 314**	**411 481**

Loans & credit facilities to corporate	31/12/2021 First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	1 230 060	46 189	536	**1 276 785**
Regular watching	232 998	233 868	-	**466 866**
Watch list	-	175 436	69 943	**245 379**
Non-performing loans	-	-	327 909	**327 909**
	1 463 058	**455 493**	**398 388**	**2 316 939**
Less impairment loss provision	(8 783)	(69 879)	(235 150)	**(313 812)**
Less: unearned discount of discounted commercial papers	(674)	-	-	**(674)**
Less: suspense interest	-	-	(2 077)	**(2 077)**
Less: Undue interest	(494)	-	(1)	**(495)**
Book value	**1 453 107**	**385 614**	**161 160**	**1 999 881**

Loans & credit facilities to corporate	31/12/2020 First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	1 124 974	9 591	4 283	**1 138 848**
Regular watching	197 631	191 325	707	**389 663**
Watch list	-	217 356	64 344	**281 700**
Non-performing loans	-	-	328 747	**328 747**
	1 322 605	**418 272**	**398 081**	**2 138 958**
Less impairment loss provision	(13 650)	(77 565)	(236 630)	**(327 845)**
Less: unearned discount of discounted commercial papers	(304)	-	-	**(304)**
Less: suspense interest	-	-	(2 093)	**(2 093)**
Less: Undue interest	(542)	-	(24)	**(566)**
Book value	**1 308 109**	**340 707**	**159 334**	**1 808 150**

Debt instruments at amortized cost	31/12/2021 First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	643 021	-	-	**643 021**
	643 021	**-**	**-**	**643 021**
Less impairment loss provision	(1 439)	-	-	**(1 439)**
Book value	**641 582**	**-**	**-**	**641 582**

Debt instruments at amortized cost	31/12/2020 First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	848 786	-	-	**848 786**
	848 786	**-**	**-**	**848 786**
Less impairment loss provision	(2 001)	-	-	**(2 001)**
Book value	**846 785**	**-**	**-**	**846 785**

(A/6) Loans and facilities

Loans and facilities status based on credit rating are summarized as follows:

	December 31, 2021		December 31, 2020	
	Loans & facilities		Loans & facilities	
	to customers	to banks	to customers	to banks
Neither past due nor impaired *	2 462 028	-	2 096 474	10 785
Past due but not impaired	86 873	-	80 737	-
Past due but impaired	409 606	-	396 672	-
Total	**2 958 507**	**-**	**2 573 883**	**10 785**
Less: impairment loss provision **	(335 447)	-	(336 040)	(43)
Prepaid interest	(28 979)	-	(17 908)	-
Unearned discount of discounted commercial papers	(674)	-	(304)	(411)
Net	**2 593 407**	**-**	**2 219 631**	**10 331**

*Loans and facilities neither past due nor impaired

The credit quality for the loans and facilities portfolio (neither past due nor impaired) valued upon the internal valuation used by the Bank.

** Impairment loss burden for loans and facilities to customers reached US$ 335 447 thousand on December 31, 2021 compared to US$ 336 040 thousand on December 31, 2020. Note No. (19) includes additional information with respect to the impairment loss provision for loans and facilities to customers.

Loans and facilities status based on internal credit rating are summarized as at 31 December 2021 as follows:

Neither past due nor impaired

31/12/2021	Individuals: Debit current accounts	Individuals: Credit cards	Individuals: Personal loans	Individuals: Real estate loans	Corporate: Debit current accounts	Corporate: Direct loans	Corporate: Syndicated loans	Corporate: Other loans	Total loans and facilities to individuals & corporate
1- Performing loans	42 540	5 318	108 092	67 260	486 147	285 302	494 800	-	1 489 459
2- Regular watching	88 175	6 581	271 564	-	68 458	247 096	108 114	-	789 988
3- Watch list	-	-	-	-	9 372	61 226	111 983	-	182 581
Total	**130 715**	**11 899**	**379 656**	**67 260**	**563 977**	**593 624**	**714 897**	**-**	**2 462 028**

31/12/2020	Individuals				Corporate				Total loans and facilities to individuals & corporate
	Debit current accounts	Credit cards	Personal loans	Real estate loans	Debit current accounts	Direct loans	Syndicated loans	Other loans	
1- Performing loans	81	1 534	40 493	38 027	347 234	189 293	596 477	5	1 213 144
2- Regular watching	105 752	6 077	209 138	3 668	19 732	191 436	129 691	-	665 494
3- Watch list	-	-	-	-	12 981	95 527	109 328	-	217 836
Total	**105 833**	**7 611**	**249 631**	**41 695**	**379 947**	**476 256**	**835 496**	**5**	**2 096 474**

The non-performing secured loans are not considered subject to impairment as their collaterals are collectable.

- Past due loans and facilities and not impaired

They are loans and facilities having past due up to 90 days and not considered impaired, unless there is information to the contrary.

Upon the initial recognition of the loans & facilities, the collaterals fair value is valued as per the valuation benchmark usually used in valuation of similar assets. In the subsequent periods, the fair value will be adjusted as per the market value or the prices of the similar assets.

Loans and facilities individually subject to impairment

Loans and facilities to customers

The balance of loans and facilities individually subject to impairment before taking into consideration cash flows from guarantees, amounted to US$ 411 826 thousand on December. 31, 2021 compared to US$ 398 899 thousand as of December. 31, 2020.

The breakdown of the total loans and facilities individually subject to impairment including the fair value of collaterals obtained by the Bank in return for such loans are as follows:

31/12/2021	Individuals	Corporate	Total
Individual loans subject to impairment	21 519	390 307	**411 826**
Fair value of collaterals	3 657	53 093	**56 750**

31/12/2020	Individuals	Corporate	Total
Individual loans subject to impairment	7 953	390 946	**398 899**
Fair value of collaterals	174	48 607	**48 781**

There are not any restructured significant loans.

- Past due loans and facilities and not impaired

They are loans and facilities having past due and not considered impaired, unless there is information to the contrary. Past due loans and facilities and not impaired are represented in the following:

31/12/2021	Individuals				
	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
Past due up to 30 days	-	**2 240**	**25 118**	**4 512**	**31 870**
Past due more than 30 to 60 days	-	-	-	**802**	**802**
Past due more than 60 to 90 days	-	-	-	**64**	**64**
Total	-	**2 240**	**25 118**	**5 378**	**32 736**

31/12/2021	Corporate				
	Debit current accounts	Direct loans	Other loans	Syndicated loans	Total
Past due up to 30 days	2 217	10 312	-	654	**13 183**
Past due more than 30 to 60 days	620	30 854	-	523	**31 997**
Past due more than 60 to 90 days	98	4 754	3 566	539	**8 957**
Total	**2 935**	**45 920**	**3 566**	**1 716**	**54 137**

31/12/2020	Individuals				
	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
Past due up to 30 days	-	1 029	16 509	2 690	**20 228**
Past due more than 30 to 60 days	-	1	2 576	319	**2 896**
Past due more than 60 to 90 days	-	-	1 047	260	**1 307**
Total	-	**1 030**	**20 132**	**3 269**	**24 431**

31/12/2020	Corporate			
	Debit current accounts	Direct loans	Other loans	Total
Past due up to 30 days	900	545	1 446	**2 891**
Past due more than 30 to 60 days	670	34 861	36	**35 567**
Past due more than 60 to 90 days	4 630	10 636	2 582	**17 848**
Total	**6 200**	**46 042**	**4 064**	**56 306**

Past due loans and facilities represent the amounts that entirely or partially fall due and were not paid on the dates contractually agreed upon and they include past due amounts for periods exceeds one day.

Accordingly, the amounts presented in the Note represent the total balance of the loan or facility and not only the past due portion while the rest of the loans balances and other facilities granted to the customer are not included as long as the customer has not been entirely or partially in default.

On the date of initial recognition for the loans & facilities, the presented collaterals fair value is estimated – if any - as per the valuation methods usually used in valuation of similar assets provided that they shall not be recognized in the financial statements of the Bank as they do not represent assets of the Bank on that date. In subsequent periods, the fair value of such collaterals will be adjusted as per the price or the market prices of similar assets.

(A/7) Debt instruments, treasury bills and other government notes

The table below shows an analysis of debt instruments, treasury bills and other government notes according to the rating agencies based on the rating of Standard & Poor's or its equivalent at the end of the financial year:

31/12/2021	Treasury bills & other government notes	Investments in securities	Total
From (AA-) to (AA+)	-	5 042	**5 042**
From (A -) to (A+)	-	-	**-**
Less than (A-)	3 320 185	1 080 669	**4 400 854**
	3 320 185	**1 085 711**	**4 405 896**

31/12/2020	Treasury bills & other government notes	Investments in securities	Total
From (AA-) to (AA+)	-	8 685	**8 685**
From (A -) to (A+)	-	31	**31**
Less than (A-)	3 555 149	1 118 390	**4 673 539**
	3 555 149	**1 127 106**	**4 682 255**

(A/8) Acquisition of Collaterals

- The Group has not acquired assets based on the acquisition of collaterals during the current financial year.
- The assets acquired are classified under the item of other assets in the balance sheet and these assets are to be sold whenever applicable.

(A/9) Concentration of financial assets risks exposed to credit risk

Geographical sectors

The following table represents an analysis of the most significant credit risk limits of the Group at book value and their distribution according to the geographical sectors at the end of the current financial year. When we prepared this table, we distributed the risks over the geographical sectors based on the areas related to the customers of the Group.

	Greater Cairo	Alexandria, Delta and Sinai	Upper Egypt	Other	Total
Treasury bills & other government notes	3 610 207	-	-	-	**3 610 207**
Loans & facilities to Banks	-	-	-	-	
Loans and facilities to customers:	2 591 631	322 061	30 371	16 664	**2 960 727**
Financial investments:					
- Debt instruments	665 312	-	-	146 362	**811 674**
Total as at 31 December 2021	**6 867 150**	**322 061**	**30 371**	**163 026**	**7 382 608**
Total as at 31 December 2020	**6 988 790**	**259 775**	**18 319**	**26 904**	**7 293 788**

Business Sectors

The following table represents an analysis of the most significant credit risk limits of the Bank at book value distributed according to the business activity practiced by the customers of the Bank.

	Financial Institutions	Industrial Institutions	Commercial	Real Estate Activities	Government Sector	Other Activities	Total
Treasury bills & other government notes	-	-	-	-	3 610 207	-	**3 610 207**
Loans & facilities to banks	-	-	-	-	-	-	**-**
Loans and facilities to customers:							
Loans to individuals:							
- Debit current accounts	-	-	-	-	-	130 787	**130 787**
- Credit cards	-	-	-	-	-	14 977	**14 977**
- Personal loans	-	-	-	-	-	424 564	**424 564**
-Real estate loans	-	-	-	-	-	73 458	**73 458**
Loans to Corporate:							
- Debit current accounts	52 911	248 012	114 726	15 953	-	159 764	**591 366**
- Direct loans	176 978	146 920	79 406	15 978	-	499 388	**918 670**
- Syndicated loans	22 667	65 222	444	4 434	-	700 203	**792 970**
- Other loans	-	5 032	6 243	1	-	2 659	**13 935**
Financial investments:							
Debt instruments	5 042	-	-	-	806 632	-	**811 674**
Total as of 31 December 2021	**257 598**	**465 186**	**200 819**	**36 366**	**4 416 839**	**2 005 800**	**7 382 608**
Total as of 31 December 2020	**222 578**	**436 894**	**156 105**	**18 259**	**4 742 068**	**1 717 884**	**7 293 788**

B - Market risk

The Bank exposed to market risks which is the risk of the fair value or future cash flow fluctuations resulted from changes in market prices. Market risks arise from open market positions 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 instruments prices. The Bank divides its exposure to market risk into trading and non-trading portfolios.

The market risk management resulting from trading and non-trading portfolios is concentrated in the Risk Department of the bank and they are followed up by two separate teams. Interim reports on market risk are presented to the Board of Directors, Assets & Liabilities Committee (ALCO) and the heads of business activity units on regular basis.

Trading portfolios include transactions where the Bank deals directly with clients or with the market; while the non-trading portfolios primarily arise from managing assets and liabilities interest rate relating to retail transactions and corporate.

(B/1) Market risk measurement techniques

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

Value at Risk (VaR)

The Bank applies a 'value at risk' methodology (VaR) for trading and non-trading portfolios to estimate the market risk of the outstanding positions and the maximum expected loss based on a number of assumptions for various changes in market conditions. The Board of Directors sets limits for the value of risk that may be accepted by the Bank for trading and non- trading portfolios on separate basis and they are daily monitored by the Market Risk Management Department in the Bank. Value at Risk (VaR) is a statistic expectation of the current portfolio potential losses resulting from the adverse movements of the market and the maximum loss that may be incurred by the Bank based on using a specific confidence coefficient (98%). Subsequently, there is a statistical probability at a ratio of (2%) that the effective loss is higher than the expected Value at Risk (VaR). VaR model assumes a defined holding period of (ten days) before closing the open positions. It also assumes that the market movements during the defined holding period of (ten days) shall follow the same market movements model which occurred during the previous ten days. The Bank estimates the previous movements based on the data of the last five years. The Bank also applies such historic changes of ratios, prices and indicators in a direct manner on the current positions - this method is known as historic simulation. The effective outputs are regularly monitored to measure the soundness of assumptions and coefficients used to measure Value at Risk (VaR). However, applying such method does not overcome the loss of such limits in case of having greater movements in the market.

Stress Testing

Stress testing provides an indicator of the expected loss that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios.

The stress testing carried out by the Risk Management Department of the Bank includes risk factor stress testing where sharp movements are applied to each risk category and test of emerging market stress, as emerging market are subject to sharp movements; and subject to special stress test including possible stress events affecting specific positions or regions - for example the stress outcome to a region applying a free currency rate. The results of the stress testing are reviewed by the Top Management and the Board of Directors.

Value at Risk (VaR) Summary

Total value at risk by risk type:

	The financial year ended 31 December 2021			The financial year ended 31 December 2020		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	112	1 300	3	148	694	7
Interest rate risk	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent
Equity Risk	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent

Trading portfolio Value at Risk by risk type:

	The financial year ended 31 December 2021			The financial year ended 31 December 2020		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	28	99	1	14	35	-
Interest rate risk	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent
Equity Risk	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent

Non trading portfolio Value at Risk by risk type:

	The financial year ended 31 December 2021			The financial year ended 31 December 2020		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	84	1 201	2	134	659	7
Interest rate risk	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent
Equity Risk	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent	Non-existent

(B/2) Foreign exchange volatility 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 aggregate limits for foreign exchange for each position at the end of the day, and during the day which is controlled on timely basis.

31 December 2021	USD	Euro	GBP	L.E	Other	Total
Financial assets						
Cash and balances with the Central Bank	12 117	6 541	1 801	623 082	274	**643 815**
Due from Banks	979 814	34 588	59 125	415 669	3 880	**1 493 076**
Treasury bills	689 481	151 883	-	2 476 930	-	**3 318 294**
Loans and facilities to customers	867 505	2 802	53	1 723 047	-	**2 593 407**
Loans and facilities to banks	-	-	-	-	-	**-**
Financial investments:						
– At fair value through other comprehensive income	195 872	-	-	305 263	-	**501 135**
– At amortized cost	164 883	-	-	476 699	-	**641 582**
Investments in associates	89 407	-	-	151 345	-	**240 852**
Other assets (Unearned revenue)	7 636	20	10	45 753	-	**53 419**
Total financial assets	**3 006 715**	**195 834**	**60 989**	**6 217 788**	**4 154**	**9 485 480**
Financial liabilities						
Due to Banks	46 414	18 708	879	212 785	104	**278 890**
Customers deposits & certificates of deposits	2 103 308	177 564	59 707	5 827 884	3 835	**8 172 298**
Other loans	35 000	-	-	19 251	-	**54 251**
Other liabilities (Unearned interests)	7 241	24	9	42 702	-	**49 976**
Total financial liabilities	**2 191 963**	**196 296**	**60 595**	**6 102 622**	**3 939**	**8 555 415**
Net financial position	**814 752**	**(462)**	**394**	**115 166**	**215**	**930 065**

31 December 2020	USD	Euro	GBP	L.E	Other	Total
Total financial assets	**3 238 219**	**250 262**	**72 559**	**5 869 611**	**6 297**	**9 436 948**
Total financial liabilities	**2 426 632**	**249 946**	**72 529**	**5 724 715**	**6 092**	**8 479 914**
Net financial position	**811 587**	**316**	**30**	**144 896**	**205**	**957 034**

(B/3) Interest rate risk

The Bank is exposed to the effect of fluctuations in the prevailing levels of market interest rates. The interest rate risk is the cash flow interest rate risk that is represented in the fluctuation of the future cash flows of a financial instrument due to the changes in market interest rates of the instrument. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but the profit may decrease if unexpected movements arise. The Board of Directors of the Bank sets limits on the level of mismatch of interest rate re-pricing that may be undertaken by the Bank, the matter that is monitored on daily basis by the Bank's Risk Management Department.

The table below summarizes the Bank's exposure to interest rate risk fluctuation. It includes the book value of the financial instruments that is categorized based on re-pricing dates or maturity dates, whichever earlier.

31 December 2021	Up to 1 month	More than 1 month to 3 Months	More than 3 months to 12 Months	More than 1 year to 5 years	Over 5 years	Non-interest bearing	Total
Financial Asset							
Cash and balances with the Central Bank	-	-	-	-	-	643 815	**643 815**
Due from Banks	939 328	484 177	55 451	-	-	14 120	**1 493 076**
Treasury bills & government notes	674 578	702 266	1 937 263	4 187	-	-	**3 318 294**
Loans and facilities to customers	366 092	242 313	358 606	788 628	837 768	-	**2 593 407**
Loans and facilities to banks	-	-	-	-	-	-	**-**
Financial investments:							
- At fair value through other comprehensive income	-	29 105	32 836	280 668	100 145	58 381	**501 135**
- At amortized cost	12 729	157 195	167 346	227 518	76 794	-	**641 582**
Investments in subsidiaries & associates	-	-	-	-	-	240 752	**240 752**
Other financial assets (Unearned revenue)	-	-	-	-	-	53 419	**53 419**
Total financial assets	**1 992 727**	**1 615 056**	**2 551 502**	**1 301 001**	**1 014 707**	**1 010 487**	**9 485 480**
Financial liabilities							
Due to Banks	242 657	30 000	-	-	-	6 233	**278 890**
Customers› deposits & certificates of deposits	4 457 433	1 247 025	953 626	1 146 981	5 475	361 758	**8 172 298**
Other loans	9 000	983	5 874	23 160	15 234	-	**54 251**
Other liabilities (Unearned interests)	-	-	-	-	-	49 976	**49 976**
Total financial liabilities	**4 709 090**	**1 278 008**	**959 500**	**1 170 141**	**20 709**	**417 967**	**8 555 415**
Interest re-pricing gap	**(2 716 363)**	**337 048**	**1 592 002**	**130 860**	**993 998**	**592 520**	**930 065**

31 December 2020	Up to 1 month	More than 1 month to 3 Months	More than 3 months to 12 Months	More than 1 year to 5 years	Over 5 years	Non-interest bearing	Total
Total financial assets	**2 165 005**	**2 049 640**	**2 675 662**	**1 308 009**	**831 376**	**407 256**	**9 436 948**
Total financial liabilities	**4 680 624**	**1 267 408**	**752 698**	**1 377 788**	**28 201**	**373 195**	**8 479 914**
Interest re-pricing gap	**(2 515 619)**	**782 232**	**1 922 964**	**(69 779)**	**803 175**	**34 061**	**957 034**

C - Liquidity risk

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

Liquidity risk management

The liquidity risk management control process carried out by the Department of Risk Management of the Bank includes:

- 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 fall due or when lent to customers. To ensure that the Bank achieves this 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 the requirements of the Central Bank of Egypt.
- Managing loans concentration and dues.

The main period for liquidity management is the next day, week and month. The Bank calculates the expected cash flow for those periods for monitoring and reporting purposes. The starting point to calculate these expectations, is analyzing the contractual dues of the financial liabilities and expected dates of the financial assets collections.

The Department of Assets and Liabilities Management monitors the mismatch between medium term assets, the level and nature of unused loans commitments, debit current accounts utilizations extent, and the effect of contingent liabilities such as letters of guarantee and letters of credit.

Funding approach

Sources of liquidity are regularly reviewed by a separate team from the Department of Risk Management of the Bank to maintain a wide diversification of currencies, geographical sectors, sources, products and terms.

D - Operating risk:

The definition of operating risk comprises "the risk of a change in value caused by the fact that actual direct losses and / or indirect losses incurred due to inadequacy or failure of internal processes, systems, human factor or external events including legal risk or any operating events that impact negatively on the reputation of the Bank, the continuity of the business as a going concern and / or the market value of the Bank."

The Framework of the Operating Risk Department

The Operating Risk Department is considered as a significant part that supports the various activities of the Bank with respect to its role in identifying and assessing the relevant risks and the required controls to prevent and mitigate the operating losses in addition to participating in enhancing the competency and efficiency of utilizing the various resources of the Bank.

The policy of the Operating Risk Department aims at laying out a general framework to consolidate its efficiency and providing support to the governance system through enlightenment and spreading the risk culture among all employees, providing complete awareness of the targets of the Operating Risk Department, how to classify risks, the difference between the operating risk and the other kinds of risks, the duties and responsibilities of management and supervision, the methods and approaches used inside the Bank in determination, measurement, reporting and follow up to limit and mitigate the operating risks.

The Operating Risk Department is concentrating its attention on the spreading of risk culture and the awareness of the importance of identifying, reviewing, examining policies, procedures and work systems, making researches to enhance systems and their security methods, the efficiency of the oversight controls to prevent and mitigate the operating risks.

Meanwhile, the Operating Risk Department is taking the lead in cooperation with all the departments of the Bank to identify indications that give early warning concerning the events that may expose the Bank to any sort of possible risks.

The Operating Risk Department has started working on establishing operating events database along with their classification that is in conformity with the standards laid out by "Basel II" Accords and the classification of operating risks stated therein. The data collection process relies on the internal operating events reports in addition to all relevant external events. The said data are used in analyzing and monitoring the root causes of the operating risks, the frequency of events, evaluating the corrective measures and the controls adopted by the Bank to prevent and mitigate the operating risks.

E - Fair value of financial assets and liabilities

The table below summarizes the current value and fair value for those financial assets and liabilities not presented on the Bank's balance sheet at their fair value:

	31 December 2021		31 December 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Due from banks	1 493 076	1 493 076	1 476 145	1 476 145
Loans and facilities to Banks	-	-	10 331	10 331
Loans and facilities to customers:	2 593 407	Not identified	2 219 673	Not identified
Financial investments:				
- At fair value through other comprehensive income (unquoted)	35 056	Not identified	46 502	Not identified
- At amortized cost	641 582	Not identified	846 785	Not identified
Financial liabilities				
Due to banks	278 890	278 890	504 732	504 732
Customers' deposits	8 172 298	Not identified	7 821 723	Not identified

Loans and facilities to customers:

Loans and facilities to customers are presented as net amount after deducting the provision of impairment loss.

Debt instruments at amortized cost:

The fair value of the debt instruments "Egyptian treasury bonds" as per Bloomberg prices declared at the end of the financial period.

Customers' deposits and due to other banks:

Represent the estimated fair value of demand deposits that includes the deposits of non-bearing interest for the amount paid on demand.

F - Capital management

- The Bank's objectives behind managing the capital include elements other than equity shown in the balance sheet and they are represented in the following:
- Compliance with the legal requirements of capital in The Arab Republic of Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the Bank.
- Maintaining a strong capital base to enhance growth.

- Capital adequacy and capital uses are reviewed on a monthly basis according to the regulatory authority's requirements (CBE) by the Bank's management through models based on Basel Committee for Banking Control instructions and these data are submitted to CBE on quarterly basis.

CBE requires the following from the Bank:

- Maintaining L.E 500 million as a minimum requirement for the issued and paid up capital.

- Maintaining a ratio between risk-weighted elements of capital and elements of assets, and contingent liabilities that are credit risk, market risk and operating risk weighted including a percentage of 12.50% as a conservation buffer.

The numerator in capital adequacy comprises the following two tiers:

Tier 1:

It is the primary capital comprising of paid up capital (after deducting the carrying amount of the treasury stocks) if any, retained earnings and reserves resulting from profit appropriations less any goodwill previously recognized, and any carried forward losses.

Tier 2:

It is the supplementary capital (Tier 2 Capital) that is comprised of the equivalent of the general risk provision which is formed based on the Obligor Risk Rating and Provisioning Rules issued by the Central Bank of Egypt in a manner that does not exceed 1.25% of the total risk-weighted assets and contingent liabilities, subordinated loans / deposits of more than five-year-maturity period (while amortizing 20% of their value in each year of the last five years of their maturity period) in addition to 45% of the increase resulting from the difference between the fair value and the carrying value of both financial investments available for sale and held to maturity date as well as investments in subsidiaries and associates.

When calculating the total numerator of the capital adequacy ratio, it should be taken into consideration that the supplementary capital does not exceed in any way the primary capital and that subordinated loans (deposits) do not exceed half of the primary capital.

Assets are risk-weighted differently classified according to the nature of each asset of the debtor to reflect the credit risk associated with it and taking the cash collaterals into consideration. In addition, the same treatment is used for off-balance amounts after adjustments to reflect the contingent nature and the potential loss of those amounts. The Bank has been in compliance with the local capital requirements. The following table summarizes the components of the primary and supplementary capital in addition to the capital adequacy percentages as at 31 December 2021.

	31/12/2021	31/12/2020
Tier 1 Capital (primary capital)		
Paid up capital	600 000	600 000
Reserves	230 765	227 784
Retained earnings	99 831	76 077
General risk reserve	-	-
Total balance of items of the accumulated other comprehensive income after regulatory amendments	(94 589)	(87 147)
Quarterly interim profits	31 220	31 231
Minority interest / Non-controlling interest	183 573	183 734
Difference between nominal value and current value of subordinated loans (deposit)	854	854
Total Primary Capital	**1 051 654**	**1 032 533**
Less:		
Investments in financial institutions:		
Amount exceeding 10% of the issued capital of the company for each separate investment (shares)	(91 499)	(79 740)
Amount exceeding 10% of the fund assets for each separate investment (mutual funds)	(1 242)	(2 110)
Intangible assets	(3 628)	(2 894)
Disregarded elements:		
Reserve balance of fair value for investments available for sale (if negative)	-	-
Reserve for foreign currencies translation differences (if negative)	-	-
Total Tier 1 Capital	**955 285**	**947 789**
Tier 2 Capital (primary capital)		
Significant elements of required allowances for debt instruments, loans, credit facilities and contingent liabilities included in stage 1	22 914	24 831
45% of the specific reserve	31	31
45% of the increase in the fair value over the book value of financial investments in associate companies.	153	-
Total Tier 2 Capital	**23 098**	**24 862**
Total Capital Base (1)	**978 383**	**972 651**
Risk-weighted assets & contingent liabilities		
Credit risk of included in and off-balance sheet items	4 206 638	3 960 093
Market risk - exchange rates	269 143	250 746
Operating risk	343 711	339 166
Total risk-weighted assets & contingent liabilities (2)	**4 819 492**	**4 550 005**
Capital adequacy ratio (1) / (2)	**20.30 %**	**21.38 %**

Capital Adequacy Ratio was prepared for the balances of the consolidated financial statements of the Bank in compliance with the instructions of the Central Bank of Egypt issued on 24 December 2012.

The following table summarizes the financial leverage ratio:

	31/12/2021	31/12/2020
Tier 1 Capital after disposals (1)	**955 285**	**947 788**
Cash and Due from Central Bank	1 217 037	920 475
Balances due from Banks	1 493 893	1 477 077
Loans and credit facilities to banks	-	10 331
Treasury bills & other government notes	3 320 185	3 349 063
Financial assets at fair value through other comprehensive income	501 135	544 414
Financial assets at amortized cost	643 021	848 786
Investments in subsidiaries & associates	240 752	211 319
Loans & credit facilities granted to customers	2 610 195	2 238 482
Fixed assets (after deducting impairment loss provision and accumulated depreciation)	90 789	93 844
Other assets	172 446	148 940
The amount of exposure deducted (after disposing the first tier of the capital base)	(419 168)	(406 499)
Total banks' exposure of items in the balance sheet after deducting the disposals of the first tier	**9 870 285**	**9 436 232**
Letters of credit – imports	12 696	10 887
Letters of credit – exports	16 612	6 089
Letters of guarantee	130 399	81 325
Letters of guarantee upon other Banks' request or by their warranty	10 235	11 910
Accepted bills	44 298	28 991
Rediscounted bills	-	-
Total contingent liabilities	**214 240**	**139 202**
Total commitments	**68 286**	**28 708**
Total off- balance sheet exposure	**282 526**	**167 910**
Total balance sheet & off- balance sheet exposure (2)	**10 152 811**	**9 604 142**
Financial leverage ratio (1/2)	**9.41 %**	**9.87 %**

4- Significant accounting estimates and assumptions

The implementation of the financial policies disclosed in Note No. (3) requires that management uses judgements, estimates and assumptions with respect to the carrying value of some assets and liabilities that other sources cannot provide. The said estimates and accompanied assumptions are based on historical experience in addition to other relevant factors. However, the actual results may differ from such estimates.

The assumptions and estimates are reviewed on regular basis and recognition of change in accounting estimates shall take place either in the period in which the change is occurring, in case its effect is confined to such period only, or in the period in which the change is occurring and the future periods, if the change in accounting estimates affects both of current period and the subsequent periods.

The following is a summary of the most prominent assumptions related the future and the sources of unconfirmed information at the end of the financial period that are attributed by high risk leading to a significant amendment introduced to the fair value of assets and liabilities during the following financial period.

(4/1) Impairment losses for loans and facilities (expected credit loss)

The Bank reviews the portfolio of loans and facilities on quarterly basis at least. The Bank uses personal judgment in determining whether it is necessary to recognize impairment charge in the income statement, to identify if there are reliable evidences indicating a decline that can be measured in the expected future cash flows from loan portfolio before identifying any decline on the level of each separate loan in the portfolio. These evidences include data indicating negative changes in borrowers' portfolio ability to repay the Bank, or local or economic circumstances related to default in the assets of the Bank. On rescheduling future cash flows, the management uses the previous experience with respect to assets loss of similar credit risk to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio in question. The method and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on the management experience.

(4/2) Financial derivatives fair value

The fair value of financial derivatives that are not quoted in active markets are determined by using valuation techniques. When these valuation techniques are used (such as pricing models), they shall be examined and periodically reviewed by qualified personnel who are independent from the entity which prepared them. All models are certified after trial and before they are used to ensure that the results reflect reliable data and prices which can be compared with those of the market. The said models use the data taken from the market only, whenever it is possible to be practically obtained. However, some factors such as credit risk related to the Bank, counterparty, volatilities and correlations require that the management uses its personal judgement. Changes in assumptions of these factors may affect the disclosed fair value of the financial instruments.

(4/3) Debt instruments at amortized cost

The Bank classifies non-derivative financial assets with fixed determinable payments or fixed maturity as debt instruments at amortized cost included in "the business model of financial assets held to collect contractual cash flows".

In case the Bank ceases to classify debt instruments as debt instruments at amortized cost included in the portfolio, the carrying value of this type of investments, will be consequently increased at the end of the current financial period with the amount of US$ 11 217 thousand to reach its fair value in return for recognition thereof in the fair value reserve of other comprehensive income statement.

5- Segment Analysis

A - Segment analysis of business activities

31 December 2021

	Large corporate	Medium enterprises	Investment	Retail Banking	Other activities	Total
Revenues and expenses according to economic activity						
Revenue of business segment activity	173 470	46 159	501 693	85 571	29 607	836 500
Expenses of business segment activity	(175 447)	(4 728)	(14 261)	(363 726)	(128 917)	(687 079)
Segment operating income	**(1 977)**	**41 431**	**487 432**	**(278 155)**	**(99 310)**	**149 421**
Unclassified expenses						(68 089)
Profit for the year before taxes						**81 332**
Taxes						(28 964)
Profit for the year						**52 368**
Assets and liabilities of the segment activity						
Segment activity assets	3 342 574	604 844	4 862 532	581 965	98 900	9 490 815
Unclassified assets						204 550
Total assets						**9 695 365**
Segment activity liabilities	5 187 299	151 082	-	3 210 639	18 833	8 567 853
Unclassified liabilities						911 290
Total liabilities						**9 479 143**

31 December 2020

	Large corporate	Medium enterprises	Investment	Retail Banking	Other activities	Total
Revenues and expenses according to economic activity						
Revenue of business segment activity	118 410	114 133	541 479	40 677	47 798	862 497
Expenses of business segment activity	(151 622)	(52 272)	(12 116)	(375 218)	(120 708)	(711 936)
Segment operating income	**(33 212)**	**61 861**	**529 363**	**(334 541)**	**(72 910)**	**150 561**
Unclassified expenses						(64 866)
Profit for the year before taxes						**85 695**
Taxes						(32 926)
Profit for the year						**52 769**
Assets and liabilities of the segment activity						
Segment activity assets	3 306 058	1 121 372	4 548 095	421 914	-	9 397 439
Unclassified assets						136 247
Total assets						**9 533 686**
Segment activity liabilities	4 273 402	990 733	-	3 117 226	-	8 381 361
Unclassified liabilities						951 281
Total liabilities						**9 332 642**

B - Geographical Segments analysis

31 December 2021

	Greater Cairo	Alexandri, Delta & Sinai	Upper Egypt	Other	Total
Revenues &expenses according to the geographical segments					
- Geographical segments revenues	791 604	30 335	2 964	4 040	828 943
- Geographical segments expenses	(682 165)	(50 372)	(3 126)	(11 948)	(747 611)
Segment operating income	**109 439**	**(20 037)**	**(162)**	**(7 908)**	**81 332**
Profit for the year before taxes					**81 332**
Taxes					(28 964)
Profit for the year					**52 368**
Assets & liabilities according to the geographical segments					
- Geographical segments assets	9 359 928	248 668	25 886	60 883	9 695 365
Total assets	**9 359 928**	**248 668**	**25 886**	**60 883**	**9 695 365**
Geographical segments liabilities	8 622 901	632 721	74 961	148 560	9 479 143
Total liabilities	**8 622 901**	**632 721**	**74 961**	**148 560**	**9 479 143**

31 December 2020

	Greater Cairo	Alexandri, Delta & Sinai	Upper Egypt	Other	Total
Revenues &expenses according to the geographical segments					
- Geographical segments revenues	831 494	23 979	2 041	2 219	859 733
- Geographical segments expenses	(706 147)	(52 263)	(2 923)	(12 705)	(774 038)
Segment operating income	**125 347**	**(28 284)**	**(882)**	**(10 486)**	**85 695**
Profit for the year before taxes					**85 695**
Taxes					(32 926)
Profit for the year					**52 769**
Assets & liabilities according to the geographical segments					
- Geographical segments assets	9 236 595	226 115	17 241	53 735	9 533 686
Total assets	**9 236 595**	**226 115**	**17 241**	**53 735**	**9 533 686**
Geographical segments liabilities	8 861 424	371 474	16 465	83 279	9 332 642
Total liabilities	**8 861 424**	**371 474**	**16 465**	**83 279**	**9 332 642**

6- Net interest income

Interest from loans and similar revenues:

	31/12/2021	31/12/2020
Loans and facilities:		
- To banks	739	2 304
- To customers	221 057	198 517
	221 796	**200 821**
Bonds & treasury bills	481 350	518 215
Deposits with Banks	38 766	47 030
Total	**741 912**	**766 066**

Cost of Deposits and similar costs from:

	31/12/2021	31/12/2020
Deposits and current accounts:		
- To banks	(23 417)	(42 314)
- To customers	(512 221)	(526 070)
- Other loans	(3 470)	(4 783)
Total	**(539 108)**	**(573 167)**
Net	**202 804**	**192 899**

7- Net fees and commissions income

Fees and commissions income:

	31/12/2021	31/12/2020
Fees and commissions related to credit	26 339	21 149
Institution's finance services fees	925	1 052
Custody and bookkeeping activities fees	1 433	265
Other fees	7 174	5 305
Total	**35 871**	**27 771**
Fees and commission expenses:		
Other fees paid	(11 461)	(6 196)
Net	**24 410**	**21 575**

8- Dividends income

	31/12/2021	31/12/2020
Equity instruments at fair value through other comprehensive income	**835**	953
Mutual fund certificates at fair value through other comprehensive income	**-**	1
Total	**835**	**954**

9- Net trading income

	31/12/2021	31/12/2020
Forex gain	7 350	7 169
Debt instruments at fair value through profit or loss	1 022	873
Total	**8 372**	**8 042**

10- Administrative expenses

	31/12/2021	31/12/2020
Staff costs		
Wages & salaries and their equivalents	105 200	96 539
The Bank contribution in employees fund	3 867	3 943
Social insurance	1 775	1 444
	110 842	**101 926**
Amortization & depreciation	11 454	12 257
Other administrative expenses	42 471	36 768
Total	**164 767**	**150 951**

11- Other operating income (expenses)

	31/12/2021	31/12/2020
(Losses) profits of revaluation of assets & liabilities other than for trading or originally classified at fair value through profit or loss	(22)	(70)
Finance lease*	(525)	(465)
Operating lease	(1 219)	(644)
Other provisions reverse (charges)	1 062	423
Gains from fixed assets sale	-	191
Other expenses / income	(633)	(736)
Total	**(1 337)**	**(1 301)**

* Finance lease expenses are represented in cars installments by virtue of finance lease contracts concluded with the International Company for Leasing S.A.E – Incolease.

12- Income tax

	31/12/2021	31/12/2020
Current tax *	(29 210)	(33 286)
Deferred tax	246	413
Balance	**(28 964)**	**(32 873)**

* The current tax is represented in the amount of due tax imposed on the income of treasury bonds and dividends appropriation of contributions for the financial period then ended of SAIB Bank, in addition to other taxes of CAFI Company.

13- Credit losses impairment charge

	31/12/2021	31/12/2020
Loans & facilities to customers	(20 861)	(8 586)
Loans & facilities to banks	43	159
Due from banks	44	(8)
Treasury bills	(8)	759
Debt instruments at amortized cost	562	(1 193)
Total	**(20 220)**	**(8 869)**

14- Classification and measurement of financial assets & liabilities

The following table indicates total financial assets & liabilities (before deducting any impairment provisions) according to the classification of the business model:

31 December 2021	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total carrying value
Cash and balances with CBE	643 815	-	-	-	643 815
Balances with banks	1 493 787	-	-	-	1 493 787
Treasury bills	489 936	2 893 434	-	-	3 383 370
Loans and facilities to customers	2 960 727	-	-	-	2 960 727
Loans to banks	-	-	-	-	-
Financial investments at fair value through other comprehensive income	-	-	501 135	-	501 135
Financial investments at amortized cost	643 021	-	-	-	643 021
Other Financial assets	53 419	-	-	-	53 419
Total financial assets	**6 284 705**	**2 893 434**	**501 135**	**-**	**9 679 274**
Balances due to banks	278 890	-	-	-	278 890
Customers' deposits	8 172 298	-	-	-	8 172 298
Other financial liabilities	49 976	-	-	-	49 976
Total financial liabilities	**8 501 164**	**-**	**-**	**-**	**8 501 164**

31 December 2020	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total carrying value
Cash and balances with CBE	635 141	-	-	-	635 141
Balances with banks	1 476 965	-	-	-	1 476 965
Treasury bills	1 108 294	2 392 187	-	-	3 500 481
Loans and facilities to customers	2 576 110	-	-	-	2 576 110
Loans to banks	10 785	-	-	-	10 785
Financial investments at fair value through other comprehensive income	-	-	544 414	-	544 414
Financial investments at amortized cost	848 785	-	-	-	848 785
Other Financial assets	61 395	-	-	-	61 395
Total financial assets	**6 717 475**	**2 392 187**	**544 414**	**-**	**9 654 076**
Balances due to banks	504 732	-	-	-	504 732
Customers' deposits	7 821 723	-	-	-	7 821 723
Other financial liabilities	39 049	-	-	-	39 049
Total financial liabilities	**8 365 504**	**-**	**-**	**-**	**8 365 504**

15- Cash and Due from Central Bank

	31/12/2021	31/12/2020
Cash	40 287	40 424
Due from Central Bank (within the mandatory reserve percentage in L.E)	603 528	594 717
Balance	**643 815**	**635 141**
Non-interest-bearing balances	**643 815**	**635 141**

16- Due from Banks

	31/12/2021	31/12/2020
Current accounts	61 469	49 893
Deposits	1 432 318	1 427 072
Total	**1 493 787**	**1 476 965**
Less: impairment loss provision	(711)	(820)
Balance	**1 493 076**	**1 476 145**
Due from central Bank (other than the mandatory reserve percentage in L.E)	573 222	285 334
Local Banks	382 820	451 246
Foreign Banks	537 745	740 385
Total	**1 493 787**	**1 476 965**
Less: impairment loss provision	(711)	(820)
Balance	**1 493 076**	**1 476 145**
Non- interest-bearing balances *	17 519	13 400
Variable interest balances	335 598	29 116
Fixed interest balances	1 140 670	1 434 449
Total	**1 493 787**	**1 476 965**
Less: impairment loss provision	(711)	(820)
Balance	**1 493 076**	**1 476 145**
Current balances	1 493 787	1 476 965
Non-current balances	-	-
Total	**1 493 787**	**1 476 965**
Less: impairment loss provision	(711)	(820)
Balance	**1 493 076**	**1 476 145**

Analysis of due from banks impairment loss provision

	31/12/2021	31/12/2020
Balance at the beginning of the year	820	788
Net impairment charge	(95)	9
Foreign exchange differences	(14)	23
Balance at the end of the year	**711**	**820**

Analysis of the provision of impairment loss for due to banks categorized into stages

	31/12/2021	31/12/2020
Stage 1 ECL over 12 months	106	112
Stage 2 ECL over lifetime	605	708
Total	**711**	**820**

17- Treasury bills & other government notes

	31/12/2021	31/12/2020
A – Treasury bills at amortized cost		
270 days maturity	-	451 306
364 days maturity	489 936	656 988
Balance	**489 936**	**1 108 294**
Less: unearned interest	(5 264)	(16 698)
Total	**484 672**	**1 091 596**
Less: impairment loss provision	(1 891)	(1 927)
Net (1)	**482 781**	**1 089 669**
B – Treasury bills at fair value through other comprehensive income		
91 days maturity	1 188 859	1 044
182 days maturity	-	33 486
270 days maturity	425 084	1 017 029
273 days maturity	17 963	69 921
364 days maturity	1 261 528	1 270 707
Total	**2 893 434**	**2 392 187**
Less: unearned interest	(58 724)	(143 027)
Reserve of change in fair value	803	8 307
Net (2)	**2 835 513**	**2 257 467**
Net (1+2)	**3 318 294**	**3 347 136**

Analysis of the provision of impairment loss for treasury bills at amortized cost

	31/12/2021	31/12/2020
Balance at the beginning of the year	1 927	2 669
Net impairment charge	8	(759)
Foreign exchange differences	(44)	17
Balance at the end of the year	**1 891**	**1 927**

Analysis of the provision of impairment loss for Treasury Bills at amortized cost categorized into stages

	31/12/2021	31/12/2020
Stage 1 ECL over 12 months	1 891	1 927
Total	**1 891**	**1 927**

18- Loans and facilities to banks

	31/12/2021	31/12/2020
Discounted commercial papers	-	10 785
Less:		
Unearned discount of discounted commercial papers	-	(411)
Impairment loss provision	-	(43)
Total	**-**	**10 331**

19- Loans and facilities to customers

Individuals	31/12/2021	31/12/2020
Personal loans	424 566	276 304
Debit current accounts	130 787	105 961
Credit cards	14 978	9 011
Real estate loans	73 457	45 876
Total (1)	**643 788**	**437 152**
Corporate loans including small loans granted to economic activities:		
Direct loans	918 670	803 443
Syndicated loans	792 970	913 335
Debit current accounts	591 367	407 162
Other loans	13 932	15 018
Total (2)	**2 316 939**	**2 138 958**
Total loans and facilities to customers (1+2)	**2 960 727**	**2 576 110**
Less: Impairment loss provisions	(335 447)	(336 040)
Less: Unearned discount of discounted commercial papers	(674)	(304)
Less: Suspense interest	(2 220)	(2 227)
Less: Prepaid interest	(28 979)	(17 908)
Net	**2 593 407**	**2 219 631**

Provision for impairment losses

The Provision for impairment losses movement analysis for loans and facilities to customers is as follows:

	31/12/2021	31/12/2020
Balance at the beginning of the year	336 040	326 496
Impairment charge during the year	20 861	8 587
Foreign exchange differences	(191)	1 477
Debts written off	(21 301)	(623)
Proceeds from loans previously written off	-	58
Amounts reimbursed during the year	38	45
Balance at the end of the year	**335 447**	**336 040**

Analysis of the provision of impairment loss for loans and facilities to customers categorized into stages

31/12/2021	Stage 1 ECL over 12 months	Stage 2 ECL over lifetime	Stage 3 ECL over lifetime	Total
Individuals	8 005	1 861	11 769	21 635
Corporate	8 783	69 879	235 150	313 812
Total	**16 788**	**71 740**	**246 919**	**335 447**

31/12/2020	Stage 1 ECL over 12 months	Stage 2 ECL over lifetime	Stage 3 ECL over lifetime	Total
Individuals	5 201	302	2 692	8 195
Corporate	13 650	77 565	236 630	327 845
Total	**18 851**	**77 867**	**239 322**	**336 040**

20- Financial investments

	31/12/2021	31/12/2020
1 - Financial investments at fair value through other comprehensive income		
A - Debt instruments - at fair value		
- Debt instruments – quoted in the market	442 753	488 643
B - Equity instruments at fair value through other comprehensive income		
- Quoted	283	7 017
- Unquoted	55 585	45 659
- Mutual funds	2 514	3 095
Total financial investments at fair value through other comprehensive income (1)	**501 135**	**544 414**
2 - Financial investments at amortized cost		
A - Debt instruments:		
- Quoted	643 021	848 786
Less: Impairment loss provision	(1 439)	(2 001)
Total financial investments at amortized cost (2)	**641 582**	**846 785**
Total financial investments (1+2)	**1 142 717**	**1 391 199**
- Current balances	797 517	787 074
- Noncurrent balances	345 200	604 125
Total financial investments	**1 142 717**	**1 391 199**
Fixed interest debt instruments	1 084 336	1 335 428
Variable interest debt instruments	-	-
	1 084 336	**1 335 428**

Analysis of financial investments impairment loss provision at amortized cost:

	31/12/2021	31/12/2020
Balance at the beginning of the year	2 001	808
Net impairment charge	(562)	1 193
Balance at the end of the year	**1 439**	**2 001**

Analysis of the provision of impairment loss for financial investments at amortized cost categorized into stages

	31/12/2021	31/12/2020
Stage 1 ECL over 12 months	1 439	2 001
Total	**1 439**	**2 001**

Gains (Losses) of financial investments:

	31/12/2021	31/12/2020
Profits from the sale of financial investments at fair value through other comprehensive income - treasury bonds	5 686	1 923
Profits from the sale of financial investments at amortized cost	555	-
Reverse / (Charge) of equity instruments through other comprehensive income	-	956
Impairment losses charge (reverse) of financial assets at fair value through comprehensive income	316	(577)
Profits from the sale of financial investments at fair value through other comprehensive income - Treasury bills	683	2 069
Balance	**7 240**	**4 371**

31 December 2021	Financial investments at fair value through other comprehensive income	Financial investments at amortized cost	Total
Balance as at 1 January 2021	**544 414**	**846 785**	**1 391 199**
Additions	200 892	72 251	**273 143**
Disposals	(223 344)	(279 340)	**(502 684)**
Amortized issue premium / issuance discount for the year	809	389	**1 198**
Translation differences for assets of monetary nature in foreign currency	354	935	**1 289**
Change in fair value reserve of financial investments in debt instruments at fair value through comprehensive income	(25 614)	-	**(25 614)**
Change in fair value reserve of financial investments in equity instruments at fair value through comprehensive income	10 326	-	**10 326**
Transferred to investments in associate companies	(6 702)	-	**(6 702)**
Impairment (charge) of financial investments at amortized cost	-	562	**562**
Balance as at 31 December 2021	**501 135**	**641 582**	**1 142 717**

31 December 2020	Financial investments at fair value through other comprehensive income	Financial investments at amortized cost	Total
Balance as at 1 January 2020 / as previously issued	**525 482**	**1 106 565**	**1 632 047**
Adjustments – Equity instruments at fair value through other comprehensive income (FVOCI)	10 852	-	**10 852**
Balance as at 1 January 2020 after amendment	**536 334**	**1 106 565**	**1 642 899**
Additions	69 392	108 604	**177 996**
Disposals	(75 928)	(380 751)	**(456 679)**
Amortized issue premium / issuance discount for the year	768	(2 480)	**(1 712)**
Translation differences for assets of monetary nature in foreign currency	6 421	16 040	**22 461**
Change in fair value	8 034	-	**8 034**
Transferred to retained earnings	(607)	-	**(607)**
Impairment (charge) of financial investments at amortized cost	-	(1 193)	**(1 193)**
Balance as at 31 December 2020	**544 414**	**846 785**	**1 391 199**

21- Investments in associates

The investment in associates are represented in the following companies and institutions:

31 December 2021

Name of Company	Assets	Liabilities (without equity)	Revenues	Net Profits (losses)	Country of company's premises	Balance as at 1/1/2020	Balance as at 31/12/2021	Share %
Suez Canal Co. For Technology(C)	157 525	4 763	35 203	33 847	A.R.E	28 728	36 696	% 24.08
International Company for Tourist Investments (ICTI)	92 867	7 345	5 288	769	A.R.E	16 972	16 985	% 20
World Trade Centre (WTC) (A)	141 372	14 203	2 982	(1 030)	A.R.E	65 039	63 586	% 50
Suez Canal Bank (SCB)	3 654 155	3 374 190	311 824	38 473	A.R.E	100 551	114 648	% 41.50
International Company for leasing - Incolease (D)	218 177	173 551	24 574	5 230	A.R.E	-	8 831	% 20.19
Cairo National Company for Brokerage and Securities	60	41	32	(37)	A.R.E	29	6	% 32
Cairo Factoring Company (B)	483	3 885	112	(499)	A.R.E	-	-	% 40
Total of associates						**211 319**	**240 752**	

31 December 2020

Name of Company	Assets	Liabilities (without equity)	Revenues	Net Profits (losses)	Country of company's premises	Balance as at 1/1/2020	Balance as at 31/12/2021	Share %
Suez Canal Co. For Technology	102 026	6 125	21 070	19 192	A.R. E	21 119	28 728	% 24.08
International Company for Tourist Investments (ICTI)	96 059	10 332	1 717	(3 064)	A.R. E	17 434	16 972	% 20
World Trade Centre (WTC)	144 151	12 518	2 748	(799)	A.R. E	66 342	65 039	% 50
Suez Canal Bank (SCB)	3 187 806	2 959 931	240 611	22 628	A.R. E	82 310	100 551	% 41.50
Cairo National Company for Brokerage and Securities	498	410	68	(43)	A.R. E	54	29	% 32
Cairo Factoring Company	490	3 682	15	(293)	A.R. E	-	-	% 40
Total of associates						**187 259**	**211 319**	

A. The percentage of the Bank's participation in the capital of the World Trade Center Company (WTC) is 50 %. The Bank has no control over the Company and therefore the investment in the World Trade Center (WTC) was considered as investments in associate companies. A provision for impairment that amounted to US$ 12 million was formed, and the amount of the provision was equivalent to more than 40% of the issued capital of the World Trade Center Company (WTC) and it was included in the separate financial statements issued on 31/3/2020. The balances were recorded based on the last financial statements of the World Trade Center on 30/9/2021 and no significant events occurred after this date until 31/12/2021.

B. As a result of implementing the equity method, the carrying value of the participation of Société Arabe Internationale de Banque (SAIB) in the capital of Cairo Factoring Company that amounted to 40% at a cost of EGP 4 million, reflected the losses of the Company which exceeded the total equity of the Company as of 31 December 2018 and the continuity of such losses till the last approved balance sheet statement of the Company as at 31 December 2020.

C. The balances were recorded as per the latest financial statements available of the Company as at 30 November 2021 and approved by the Auditor on 11 January 2022.

D. The International Company for Leasing S.A.E – "Incolease" was classified among the investments in its associate companies of the Société Arabe Internationale de Banque (SAIB) as of January 1, 2021 in compliance with the provisions of the Central Bank of Egypt and the Banking System No. 194 of 2020.

22- Intangible Assets

	31/12/2021	31/12/2020
Net book value at the beginning of the year	2 894	4 419
Additions	2 939	416
Amortization for the year	(2 205)	(2 151)
Adjustments	-	210
Net book value at the end of the year	**3 628**	**2 894**

23- Other Assets

	31/12/2021	31/12/2020
Accrued revenues	53 419	61 395
Accrued dividends	7 781	677
Prepaid expenses	7 028	7 136
Prepaid amounts to employees under the account of dividends	9 548	8 808
Advance payments to purchase fixed assets	60 725	36 986
Assets reverted to the Bank in return for customers debts (after deducting the impairment)	19 120	2 406
Deposits and imprests	402	473
Other (after deducting of impairment)	10 795	28 165
Total	**168 818**	**146 046**

24- Fixed Assets

	Land	Buildings & Improvements	Furniture Fittings & Office Equipment	Vehicles	Computers	Total
Balance as at 1 January 2020						
Cost	36 637	63 758	31 861	1 972	27 111	**161 339**
Accumulated depreciation	-	(17 638)	(22 884)	(1 853)	(19 897)	**(62 272)**
Net Book Value as at 1 January 2020	**36 637**	**46 120**	**8 977**	**119**	**7 214**	**99 067**
Additions	-	2 046	2 597	5	445	**5 093**
Adjustments – cost of assets transferred to intangible assets	-	-	-	-	(236)	**(236)**
Depreciation cost as at 31 December 2020	-	(3 682)	(3 694)	(80)	(2 650)	**(10 106)**
Adjustments – Accumulated depreciation for assets transferred to intangible assets	-	-	-	-	26	**26**
Net Book Value as at 31 December 2021	**36 637**	**44 484**	**7 880**	**44**	**4 799**	**93 844**
Balance as at 1 January 2021						
Cost	36 637	65 805	34 456	1 978	27 321	**166 197**
Accumulated depreciation	-	(21 321)	(26 576)	(1 934)	(22 522)	**(72 353)**
Net Book Value as at 1 January 2021	**36 637**	**44 484**	**7 880**	**44**	**4 799**	**93 844**
Additions	-	1 110	2 547	1 065	1 472	**6 194**
Depreciation during the year	-	(3 511)	(3 187)	(198)	(2 353)	**(9 249)**
Net Book Value as at 31 December 2021	**36 637**	**42 083**	**7 240**	**911**	**3 918**	**90 789**
Cost	36 637	66 913	37 004	3 043	28 794	**172 391**
Accumulated depreciation	-	(24 830)	(29 764)	(2 132)	(24 876)	**(81 602)**
Net Book Value as at 31 December 2021	**36 637**	**42 083**	**7 240**	**911**	**3 918**	**90 789**

25- Due to Banks

	31/12/2021	31/12/2020
Current Accounts	20 229	91 638
Deposits	257 757	411 674
Treasury Bills Sale – Repo agreements	904	1 420
Balance	**278 890**	**504 732**
Local Banks	252 134	449 688
Foreign Banks	26 756	55 044
Balance	**278 890**	**504 732**
Non - interest bearing balances	15 595	47 297
Fixed interest bearing balances	263 295	457 435
Balance	**278 890**	**504 732**
Current balance	278 890	503 312
Non – current balance	-	1 420
Total	**278 890**	**504 732**

26- Customers deposits

	31/12/2021	31/12/2020
Demand deposits (current accounts)	719 831	752 058
Time and call deposits	4 678 954	4 565 103
Certificates of deposits	1 722 823	1 569 983
Saving deposits	817 753	676 974
Other deposits	232 937	257 605
Balance	**8 172 298**	**7 821 723**
Financial Institutions deposits	4 979 455	4 706 424
Individuals' deposits	3 192 843	3 115 299
Balance	**8 172 298**	**7 821 723**
Non-interest-bearing balances	337 493	392 608
Fixed interest-bearing balances	5 255 565	6 280 235
Variable interest-bearing balances	2 579 240	1 148 880
Balance	**8 172 298**	**7 821 723**
Current balances	6 762 462	6 213 793
Non-current balances	1 409 836	1 607 930
Balance	**8 172 298**	**7 821 723**

27- Other loans

	31/12/2021	31/12/2020
Social Fund for Development loan - development of small enterprises (new & existing)	891	1 528
Agricultural development loan – (the leading bank / CIB)	129	638
(CBE) Mortgage finance initiative to low income individuals	13 109	13 961
Arab Fund for Economic and Social Development loan	26 000	28 000
Performing MEs financing initiative to fund new machinery, equipment and production lines for industrial and agricultural purposes (CBE)	5 122	7 463
Loan of BANCA UBAE – Italy	9 000	-
Total other loans	**54 251**	**51 590**

28- Other liabilities

	31/12/2021	31/12/2020
Accrued interest	49 976	39 049
Unearned revenues	3 114	2 800
Employees' fund	3 314	2 653
Alternative employees benefit plan	16 990	13 474
E-payment System	11 938	8 709
Accrued expenses	4 715	4 015
Dividends payable	23	25
Other credit balances	28 963	31 144
Balance	**119 033**	**101 869**

29- Other Provisions

	31/12/2021						31/12/2020				
	Beginning of the year balance	Exchange differences	Formed during the year	Used during the year	Proceeds from previous uses	Year ending balance	Beginning of the year adjusted balance	Exchange differences	Formed during the year	Used during the year	Year ending balance
Potential claims provision	979	-	(235)	(13)	7	**738**	3 308	1	(2 245)	(85)	**979**
Contingent liabilities provision	4 306	-	1 100	-	-	**5 406**	3 979	36	291	-	**4 306**
Commitments and facilities provision	4 264	7	(2 030)	(719)	-	**1 522**	2 145	28	3 379	(1 288)	**4 264**
Total	**9 549**	**7**	**(1 165)**	**(732)**	**7**	**7 666**	**9 432**	**65**	**1 425**	**(1 373)**	**9 549**

30- Owners' Equity

A - Paid in Capital

The fully paid, issued and paid in capital of the Bank is US$ 600 million as at 31 December 2021 distributed over 30,000 common shares whose value is US$ 20 000 each.

The issued and subscribed share capital is as follows:

	No. Of shares	%	Nominal value	Paid
Arab Republic of Egypt	11 628	38.76	232 560	232 560
Libya	11 628	38.76	232 560	232 560
Abu Dhabi Investment Authority	3 751	12.503	75 020	75 020
State of Qatar	1 495	4.984	29 900	29 900
Sultanate of Oman - Oman Investment Authority	747	2.49	14 940	14 940
International Capital Trading Co.	751	2.503	15 020	15 020
Total	**30 000**	**100**	**600 000**	**600 000**

B - Reserves

	31/12/2021	31/12/2020
Legal Reserve (Analytical Note No. B-1)	140 419	137 535
General Reserve	87 578	87 578
Capital reserve	2 768	2 671
Special reserve	69	69
Fair value reserve - financial investments – at fair value through other comprehensive income (Analytical Note No. B-2)	13 955	28 956
General banking reserve (Analytical Note No. B-3)	167	167
Total of reserves at the end of the year	**244 956**	**256 976**

(B/1) Legal Reserve

	31/12/2021	31/12/2020
Balance at the beginning of the year	**137 535**	**130 970**
Transferred from the profit of the year	2 884	6 565
Balance at the end of the year	**140 419**	**137 535**

(B/2) Fair value reserve of financial investments at fair value through other comprehensive income

	31/12/2021	31/12/2020
Balance at the beginning of the year	28 956	27 034
Net change in fair value of investments at fair value through other comprehensive income	(15 001)	1 922
Balance at the end of the year	**13 955**	**28 956**

(B/3) General banking risk reserve

	31/12/2021	31/12/2020
Balance at the beginning of the year	167	96
Transferred to general banking reserve	-	71
Balance at the end of the year	**167**	**167**

C - Retained earnings

	31/12/2021	31/12/2020
Balance at the beginning of the year	118 762	95 029
Net profit of the year	42 488	42 685
Dividends appropriations	(15 196)	(12 695)
Transferred to legal reserve	(2 884)	(6 565)
Transferred to capital reserve	(97)	(2 027)
Transferred to banking risk reserve	-	(71)
Adjustments of retained earnings	-	2 393
Profits from the sale of equity instruments at fair value through other comprehensive income	(754)	13
Balance at the end of the year	**142 319**	**118 762**

31- Cash and cash equivalents

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

	31/12/2021	31/12/2020
Cash at hand & due balances from the Central Bank of Egypt	40 651	40 424
Balances with Banks	1 466 969	1 452 470
Treasury bills	1 174 313	1 018
End of year balance	**2 681 933**	**1 493 912**

32- Contingent Liabilities & Commitments

Commitments for loans, Guarantees and facilities

	31/12/2021	31/12/2020
Letters of guarantee	286 079	190 939
Letters of Credit – import	63 480	54 437
Letters of Credit – export	83 059	30 445
Money market papers for facilities to suppliers	18 760	12 602
Commitments for corporate loans	494 832	168 599
Accepted and endorsed bills of exchange	25 538	16 389
Total	**971 748**	**473 411**

33- Related parties' transactions

Transactions with related parties have been conducted by the Group, at arm's length in accordance with the norms and the normal course of banking rules in practice. Related parties' transactions and balances on the balance sheet date are as follows:

	Associates	
	31/12/2021	31/12/2020
Loans & facilities to customers and banks	34 720	16 024
Customers' deposits	285 088	262 468
Due from banks	1 580	1 729
Due to banks	4	5 488
Other balances	422	169

34- Investment Funds - financial investments at fair value through other comprehensive income

SAIB Fund 1 - accumulated income fund:

- SAIB Fund 1 is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and it is managed by Prime Investments Asset Management Company (S.A.E.)
- The Bank has established Fund 1 by virtue of the license issued by the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) No. (133) dated 28 February 1996 at a nominal value of L.E 500 per certificate. On 13 March 2007, the Capital Market Authority approved splitting the value of the certificate at a percentage of 1:5 and thus the nominal value of the certificate became L.E 100 instead of L.E 500, accordingly, article No. (6) of the prospectus of Fund 1 was amended as at 29 March 2007.
- On February 3, 2021, the assembly of certificates holders of the investment fund of the Société Arabe Internationale de Banque - (SAIB Fund 1) decided not to extend the term of the (SAIB Fund 1) for another 25 years.
- On March 2, 2021, the Board of Directors of the Financial Regulatory Authority agreed not to extend the term of the investment fund of the Société Arabe Internationale de Banque (SAIB Fund 1 - accumulated income fund) upon the desire of the assembly of certificates holders.
- On March 18, 2021, the Board of Directors of the Société Arabe Internationale de Banque (in its capacity as the founding entity of the fund) decided in its session held to agree not to extend the term of the fund (SAIB Fund 1 - accumulated income fund) as well as appointing a legal liquidator to carry out the liquidation work.
- On September 15, 2021, the Bank of the Société Arabe Internationale de Banque - SAIB notified the Financial Regulatory Authority that all procedures required to end the liquidation process of the First Investment Fund (SAIB Fund 1) had been completed in accordance with the instructions issued by the Financial Regulatory Authority in this regard.

SAIB Fund 2 - accumulated income fund with recurring revenue and bonus certificates:

- SAIB Fund 2 is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and it is managed by Prime Investments Asset Management Company (S.A.E.)
- The Bank has established Fund 2 by virtue of the license issued by the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) No. (178) dated 4 September 1997 at a nominal value of L.E 100 per certificate. On 6 March 2018, the Financial Regulatory Authority approved splitting the value of the certificate at a percentage of 1:5 and thus the nominal value of the certificate became L.E 20 instead of L.E 100
- The number of investment certificates of this fund reached 173 265 certificates and their nominal value amounted to US$ 220 485. The Bank allocated 101 175 certificates with a nominal value of US$ 128 748 to carry out the activity of the fund.
- The redemption value per certificate on the financial position date amounted to L.E 135.85 that represents the equivalent of US$ 8.64

SAIB Fund 3 - El Rabah Fund - fund with recurring revenue:

- The fund is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and it is managed by EFG Hermes Asset Management instead of Prime Investments Asset Management Company (S.A.E.) due to the termination of the management contract as at 4 November 2013.
- The Bank has established Fund 3 by virtue of the license issued by the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) No. (248) dated 31 December 1998 at a nominal value of L.E 100 per certificate.
- The name of the fund was changed into El Rabah Fund based on the approval of the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) dated 22 April 2007.
- The number of investment certificates of this fund reached 198 506 certificates and their nominal value amounted to US$ 1 263 026. The Bank allocated 50 000 certificates with a nominal value of US$ 318 133 to carry out the activity of the fund.
- The redemption value per certificate on the financial position date amounted to L.E 219.36 that represents the equivalent of US$ 13.96

SAIB Fund 4 - Sanabil Islamic Fund - accumulated income fund with recurring revenue:

- The fund is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and as of 21 December 2011, the fund turned out to be managed by HC Securities & Investment instead of Prime Investments Asset Management Company (S.A.E.), due to the termination of the management contract as at 20 December 2011.
- The fund management mission has been assigned to CI Asset Management in place of HC Securities and Investment Company as of 1 January 2020.
- The Bank has established Sanabil Islamic Fund based on the provisions of the Islamic law (sharia) in cooperation with Abu Dhabi Islamic Bank (ADIB) –Egypt (formerly The National Bank for Development –NBD) by virtue of the license issued by the Capital Market Authority No. (377) dated 20 December 2006 at a nominal value of L.E 100 per certificate.
- The number of investment certificates of this fund reached 143 504 certificates and their nominal value amounted to US$ 913 067. The Bank allocated 25 000 certificates with a nominal value of US$ 159 066 to carry out the activity of the fund.
- The redemption value per certificate on the financial position date amounted to L.E 142.28 that represents the equivalent of US$ 9.05

SAIB Fund 5 - Youmy Fund - accumulated daily income fund:

- The fund is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and it is managed by Beltone Asset Management Company for investment funds management.
- The Bank has established the daily cash fund (Youmy Fund) by virtue of the license issued by the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) No. (691) dated 4 June 2014 at a nominal value of L.E 10 per certificate.
- The number of investment certificates of this fund reached 21 866 007 certificates and their nominal value amounted to US$ 13 912 594. The Bank allocated 500 000 certificates with a nominal value of US$ 318 133 to carry out the activity of the fund.
- The redemption value per certificate on the financial position date amounted to L.E 22.46 that represents the equivalent of US$ 1.43

35- Employees' Pension fund

- The Bank has a funded defined benefit contributory pension plan covering all full-time employees until 17 April 2008. The benefits provided by the plan are determined by the Board of Directors. The value of the vested benefit liability according to the plan and the adequacy of the reserve are annually determined by an Actuary.
- On 8 December 2013, the Board of Directors of the Bank, approved the Voluntarily Early Retirement Plan based on the new conditions and benefits instead of the adopted regulations of the end of service compensation, social insurance and pension plan program through the complete withdrawal from the Bank and the Employees' Pension Fund (without pension) provided that the proposed benefits shall be granted pursuant to the insurance wage as at 31 December 2013.
- In addition, the Bank shall finance the Employees' Pension Fund by a subordinated loan within the limit of US$ 55 million that represents the difference between the total employees' benefits amounts after being granted the additional benefits of the Voluntarily Early Retirement according to the regulations and the actuarial pension reserve allocated for such age categories. The settlement of the subordinated loan occupies the second priority after the fulfillment of the Fund's obligations that are established upon the actuarial calculations while taking into consideration that the balance of the subordinated loan is included in the assets of the Fund that are allocated for the fulfillment of its obligations. The subordinated loan balance shall be reduced on monthly basis with an amount equivalent to the surplus resulting from the Voluntarily Early Retirement Plan.
- The share of the year of the surplus resulting from the implementation of the Voluntarily Early Retirement Plan as at the year 2017 was calculated and amounted to US$ 4 991 thousand, hence, the subordinated loan granted to the Employees' Pension Fund was reduced by the same amount of the surplus share for the year 2017. Based on the Actuary's Report issued in 2017, the Bank postponed the payment of the last portion of the subordinated loan paid in 2017 (reverse of amounts previously paid during the year 2017) and reimbursed the amount to the pension reserve fund as of December 31, 2017 provided that the said portion of the subordinated loan shall be settled during the coming years when the pension reserve fund is capable of fulfilling the said obligation as recommended by the actuary.
- The balance of the employees' pension reserve fund on December 31, 2021 amounted to US$ 100 492 thousand corresponding to US$ 101 020 thousand as at December 31, 2020. The Actuary's Report stated that there is a deficit amounting to US$ 336 thousand in the employees' pension reserve fund on December 31, 2021, represented in the cost of the portion added to the insurance wage of the allowances resulted from the promotion decisions of employees that occurred in 2020 after the completion of the realized actual investment return difference that amounted to US$ 2 978 thousand in order to reach the minimum limit that should be achieved at a rate of 7 % of the total employees' pension reserve fund along with the postponement of settlement of the last portion of the subordinated loan, that amounted to US$ 4 991 thousand.
- Based on the opinion of the Actuary, that Employees' Pension Fund has been supported this year, by US$ 2 978 thousand which represents the investment return difference (7%) that is guaranteed by the Bank and the realized investment return (2021) referred to in the Actuary's Report in addition to the amount of US$ 336 thousand that is represented in the cost of the portion added to the insurance wage of the allowances resulted from the promotion decisions of employees that occurred in 2020 and deducted from the income statement, along with the postponement of settlement of the last portion of the subordinated loan, that amounted to US$ 4 991 thousand, provided that, the said portion will be settled during the following years when the employees' pension reserve fund is quite adequate to cover such settlement according to the directives of the Actuary Expert referred to above.

36- Comparative figures

The comparative figures are to be reclassified whenever necessary to be in agreement with the changes in the presentation of the separate financial statements for the current period.

37- Significant events subsequent to the end of the financial year and do not require adjustments in the financial statements

- On September 15, 2020, the Central Bank and the Banking System Law No. 194 of 2020, which canceled the Central Bank, the Banking System and Monetary Law issued by virtue of Law No. 88 of 2003.
- The law applies to bodies, the most important of which are the Central Bank of Egypt and the Egyptian banking system. Those who are addressed by the provisions of the law are obliged to comply with its provisions, within a period not exceeding one year from the date of its enforcement. The Board of Directors of the Central Bank may extend this period for another period or periods not exceeding two years, provided that the Central Bank issues the regulations and decisions relevant to implementing the provisions of the law.
- The said law, also stipulated that the financial statements of the Bank should be prepared every three months in accordance with the Egyptian Accounting Standards, and a summary of the Auditor's Report on these financial statements must be attached thereto in accordance with the Egyptian Auditing Standards and the Report of the Board of Directors of the Bank.
- The slowdown in many advanced economies of the major countries in the past period has led to a combination of high global prices for basic commodities, disruption of supply chains and high shipping costs, in addition to the fluctuations of financial markets in emerging markets countries, which led to inflationary pressures that affected the economies of many countries, including the economy of the Arab Republic of Egypt, as the war between Russia and Ukraine has led to a decrease in foreign exchange flows from tourism to Egypt as well as from foreign direct investment, which resulted in an increase in prices in general.
- This increase in global prices formed additional pressure on the local currency (the Egyptian pound), the matter which necessitated increasing the interest rate on the Egyptian pound leaving the exchange rate to market mechanisms during the month of March 2022, a matter that resulted in a decrease in the value of the Egyptian pound against the US dollar during this period by a percentage exceeding (18%).

Fifth

Interconnection with the Bank

Addresses of the Bank Branches

Head Office:
35 Abd El-Khalek Tharwat Street, Cairo, Arab Republic of Egypt.
Swift Code: ARIBEGCX 001
Email: cairobranch@aib.com.eg

Cairo Governorate:

Cairo Main branch:
35 Abd El-Khalek Tharwat Street, Cairo, Arab Republic of Egypt.
Fax: 23938179 - 23938743
Telephone:23970248 – 23970286 - 23970241
Swift Code: ARIBEGCX 007
Email: cairobranch@aib.com.eg

Zamalek Branch:
55 Mohammed Mazhar Street, Zamalek, Cairo, Arab Republic of Egypt.
Fax: 27369615
Telephone: 27369616 – 27369617
Swift Code: ARIBEGCX 017
Email: zamalekbranch@aib.com.eg

Heliopolis Branch:
95 A El Merghany Street, Heliopolis, Cairo, Arab Republic of Egypt
Fax: 22900261 - 24173524 - 22902491
Telephone: 22902069 – 22907592
Swift Code: ARIBEGCX 005
Email: heliopolesbranch@aib.com.eg

Nasr City Branch:
77 B Nasr Road, Nasr City, Cairo, Arab Republic of Egypt.
Fax: 24034904
Telephone: 22605914 – 22606359
Swift Code: ARIBEGCX 004
Email: nasrcitybranch@aib.com.eg

Maadi Branch:
2 Amr Street off El Nasr Street, El Maadi, Cairo, Arab Republic of Egypt.
Fax: 25178353
Telephone: 25178355 – 25178356
Swift Code: ARIBEGCX 011
Email: maadibranch@aib.com.eg

Abo Dawood Branch:
21 Abu Dawood Elzahry Street, Nasr City, Cairo, Arab Republic of Egypt.
Fax: 22715890
Telephone: 22715900 – 22715880
Swift Code: ARIBEGCX 019
Email: aboudawoodelzahery@aib.com.eg

Ammar Ibn Yasser Branch:
2 Mostafa Mokhtar Street, off Ammar Ibn Yasser Street, Heliopolis, Cairo, Arab Republic of Egypt.
Fax: 26227429
Telephone: 26227432- 26227433 - 26227431
Swift Code: ARIBEGCX 014
Email: ammarbranch@aib.com.eg

Downtown Mall Branch:
Downtown Mall, 5th settlement, S4 building, Cairo, Arab Republic of Egypt.
Fax: 23146396
Telephone: 23146398 - 23146399
Swift Code: ARIBEGCX 020
Email: downtownbranch@aib.com.eg

Stella Branch:
Stella Compound, first settlement, 9 Mohamed Naguib Axis, next to The Waterway, Cairo, Arab Republic of Egypt.
Fax: 25308129
Telephone: 25308127 - 25308128
Swift Code: ARIBEGCX 013
Email: stellabranch@aib.com.eg

Giza Governorate:

El Tahrir Branch:
5 Weissa Wasef Street, El Riyadh Tower, Giza, Arab Republic of Egypt.
Fax: 35695541 - 35695542
Telephone: 35695525
Swift Code: ARIBEGCX 003
Email: tahrirbranch@aib.com.eg

Mohandessin Branch:
60 Gueziret El Arab Street, Giza, Arab Republic of Egypt.
Fax: 33039651
Telephone: 33029652 - 33037247
Swift Code: ARIBEGCX 008
Email: mohandessinbranch@aib.com.eg

Addresses of the Bank Branches

El-Sheikh Zayed Branch:
Americana Plaza Mall, First Floor, El-Sheikh Zayed, Giza, Arab Republic of Egypt.
Fax: 38517124
Telephone: 38517127 – 38517126
Swift Code: ARIBEGCX 010
Email: zayedbranch@aib.com.eg

6 Oct University Branch:
6 October City, Central Axis, Part 1/1 Mall Building, Second Floor, Giza, Arab Republic of Egypt.
Fax: 38350554
Telephone: 38362148
Swift Code: ARIBEGCX 009
Email: 6octuniversitybranch@aib.com.eg

Sodic Branch:
SODIC Compound, The Strip Mall (8H), Sheikh Zayed, Giza, Arab Republic of Egypt.
Fax: 38863715
Telephone: 38863704
Swift Code: ARIBEGCX 021
Email: sodicbranch@aib.com.eg

Alexandria Governorate:

Alexandria Branch:
2 El-Horeya Rd, Al Mesallah Sharq, Qesm Al Attarin, Alexandria, Arab Republic of Egypt.
Fax: (03) 4873230 - 4870328
Telephone: (03) 4843006 - 4869681 - 4876014
Swift Code: ARIBEGCX 002
Email: alexandriabranch@aib.com.eg

Kafr Abdo Branch:
26 Ismailia Street, Kafr Abdo, Alexandria, Arab Republic of Egypt.
Fax: (03) 5464676
Telephone: (03) 5463898 - 5465991
Swift Code: ARIBEGCX 015
Email: Kafrabdobranch@aib.com.eg

Smouha Branch:
9 Fawzy Moaz Street, Continental Tower, Smouha, Alexandria, Arab Republic of Egypt.
Fax: (03) 4272846
Telephone: (03) 4273087 - 4272917
Swift Code: ARIBEGCX 016
Email: smouhabranch@aib.com.eg

Port Said Governorate:

Port Said Branch:
23 July & Salah El Din Street, Port Said, Arab Republic of Egypt.
Fax: (066) 3225908
Telephone: (066) 3202139 – 3227623
Swift Code: ARIBEGCX 006
Email: portsaidbranch@aib.com.eg

South Sinai Governorate:

Sharm El-Sheikh Branch:
Rixos Hotel and Resort Gate, Sharm El-Sheikh, Arab Republic of Egypt.
Fax: (069) 3710827
Telephone: (069) 93710828
Swift Code: ARIBEGCX 012
Email: sharmbranch@aib.com.eg

Dakahlia Governorate:

Mansoura Branch:
205 Al Goumhoureya Street, Nile View Tower, Al Mansoura, Arab Republic of Egypt.
Fax: (050) 2325271
Telephone: (050) 2306703 - 2310630
Swift Code: ARIBEGCX 018
Email: mansourabranch@aib.com.eg

Hotline
19604

www.aib.com.eg arabinternationalbank74 Arab International Bank Arab International Bank