Bank of Alexandria
"Egyptian Joint Stock Company"

Financial Statements
for 31 December 2021
&Auditors' Report

Grant Thornton – Mohamed Hilal
Public Accountant & Consultants

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Public Accountant & Consultants

Bank of Alexandria
"<u>Egyptian Joint Stock Company</u>"

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Translation of Auditor's Report Originally issued in Arabic.

Auditors' Report

To the Shareholders of
Bank of Alexandria (S.A.E)

Report on the financial statements

We have audited the accompanying financial statements of Bank of Alexandria (S.A.E) which comprise the statement of financial position as of 31 December 2021 and the statements of income, comprehensive income, cash flows and changes in owners' equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Report on Legal and Other Regulatory Requirements

No significant contravention was noted during the financial year ended 31 December 2021 to any of the Central Bank of Egypt and Banking Sector Law No. 194 for 2020.

The bank keeps proper records, which include all that is required by law and the statutes of the bank, and the accompanying financial statements are in agreement therewith.

The financial information contained in the report of Board of Directors prepared in conformity with Law No. 159 of 1981 and its Executive Regulations and their amendments, is in agreement with the Bank's accounting records within the limits that such information is recorded therein.

Auditors

Mohamed Tarek Youssef

Mohamed Tarek Youssef

Accountants and Auditors Register No. (4286)
Financial Regulatory Authority Register No. (163)
CBE Register No. (221)
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Cairo: February 20, 2022

Grant Thornton - Mohamed Hilal
Public Accountants
The Egyptian Member Firm of
Grant Thornton International

Bank of Alexandria
(Egyptian Joint Stock Company)
Statement of Financial position
As at 31 December 2021

	Note	31 December 2021 EGP 000	31 December 2020 EGP 000
Assets			
Cash and balances at Central Bank of Egypt	(16)	6 190 794	4 475 534
Due from banks	(17)	22 030 286	13 609 262
Loans and advances to customers	(18)	51 413 444	47 964 146
Financial assets classified at fair value through profit and loss	(19)	2 363	6 829
Financial investments			
Financial assets classified at fair value through other comprehensive income	(20)	32 256 580	33 097 877
Financial assets classified at fair value through profit and loss	(20)	60 590	55 949
Investments in associates	(21)	62 238	66 296
Intangible assets	(22)	168 871	147 577
Deferred tax assets	(30)	265 429	197 693
Other assets	(23)	1 766 575	1 966 312
Fixed assets	(24)	682 345	653 810
Total assets		**114 899 515**	**102 241 285**
Liabilities and shareholders' equity			
Liabilities			
Due to banks	(25)	467 647	498 980
Customers' deposits	(26)	95 720 040	85 010 796
Other loans	(27)	570 617	813 443
Other liabilities	(28)	1 992 848	2 204 231
Other provisions	(29)	420 479	401 980
Current income tax liabilities		682 716	576 624
Retirement benefits obligations	(31)	1 323 482	1 195 772
Total Liabilities		**101 177 829**	**90 701 826**
Shareholders' equity			
Share capital	(32)	800 000	800 000
Amounts under capital increase	(32)	4 200 000	-
Reserves	(33)	1 876 644	1 803 638
Retained earnings	(33)	6 845 042	8 935 821
Total Shareholders' equity		**13 721 686**	**11 539 459**
Total liabilities and Shareholders' equity		**114 899 515**	**102 241 285**

Auditors, Report"attached"

The accompanying notes from page (7) to page (82) are an integral part of these interim financial statements and are to be read therewith.

Dante Campioni
CEO and Managing Director

Michele Formenti
Chief Financial Officer

Bank of Alexandria
(Egyptian Joint Stock Company)
Statement of Income
For the year ended 31 December 2021

	Note	For the year end 31 December 2021 EGP 000	For the year end 31 December 2020 EGP 000
Interest and similar income	(6)	10 861 946	10 868 891
Interest and similar expense	(6)	(4 663 564)	(4 845 295)
Net interest income		**6 198 382**	**6 023 596**
Fee and commission income	(7)	1 210 135	946 990
Fee and commission expense	(7)	(439 325)	(296 259)
Net fee and commission income		**770 810**	**650 731**
Net income		**6 969 192**	**6 674 327**
Dividends' income	(8)	25 498	2 639
Net income from financial assets classified at fair value through profit and loss	(9)	1 321	(1 218)
Change in financial assets classified at fair value through profit and loss		13 403	4 747
Net trading income	(10)	110 870	84 155
Gain / (Losses) from financial investments	(20)	9 145	9 060
Bank's share in undistributed (Losses) profit of associated companies		(4 058)	(5 431)
Impairment (Charge) / Recovery on credit losses	(13)	(343 609)	(494 550)
Administrative expenses	(11)	(2 814 048)	(2 967 621)
Other operating (expenses) / revenues	(12)	20 481	(127 658)
Net profit before income tax		**3 988 195**	**3 178 450**
Income tax expense	(14)	(1 238 165)	(693 338)
Net profit for the year		**2 750 030**	**2 485 112**
Earnings per share (EGP/share) - Basic	(15)	6.22	5.53

The accompanying notes from page (7) to page (82) are an integral part of these interim financial statements and are to be read therewith.

Dante Campioni
CEO and Managing Director

Michele Formenti
Chief Financial Officer

AW

Bank of Alexandria
(Egyptian Joint Stock Company)
Statement of comprehensive income
For the year ended 31 December 2021

	For the year end 31 December 2021 EGP 000	For the year end 31 December 2020 EGP 000
Net profit for the year	**2 750 030**	**2 485 112**
Other Comprehensive Income that may be reclassified to the income statement		
Net change in fair value - Debt instruments	(111 091)	(30 941)
Expected credit loss of debt instrument measured at fair value thought other comprehensive income	(3)	(2 567)
	(111 094)	**(33 508)**
Other Comprehensive Income that will not be reclassified to the income statement		
Net change in fair value in financial instruments (shareholders' equity) by fair value through other comprehensive income	(183 350)	(2 726)
Net gains from disposal of Investments Fair Value Reserve classified at Fair value Through OCI	(629)	-
Comprehensive income for the year after tax	**(295 073)**	**(36 234)**
Total comprehensive income attributable to shareholders' for the year	**2 454 957**	**2 448 878**

The accompanying notes from page (7) to page (82) are an integral part of these interim financial statements and are to be read therewith.

Dante Campioni
CEO and Managing Director

Michele Formenti
Chief Financial Officer

AW

Bank of Alexandria
(Egyptian Joint Stock Company)
Statement of Cash flow
For the year ended 31 December 2021

	Note	For the year end 31 December 2021 EGP 000	For the year end 31 December 2021 EGP 000
Cash flows from operating activities			
Net profit before tax		3 988 195	3 178 450
Adjustments to reconcile net profit to cash flows from operating activities			
Depreciation and amortization	(22,24)	227 724	219 607
Impairment charge on credit losses	(13)	345 104	512 626
Other provisions charge / (recovered)	(29)	27 839	146 337
Impairment charge / (recovery) on credit losses (Treasury bills)		-	(2 454)
Impairment charge / (recovery) on credit losses (Treasury bonds)		-	(68)
Impairment charge / (recovery) on credit losses (Due to banks)		(1 494)	(15 554)
Net income from financial assets classified at fair value through profit and loss		(1 321)	1 218
Other provisions utilization (other than loans provision)	(29)	(13 274)	(13 035)
Foreign currencies revaluation differences of other provisions	(29)	1 360	827
Foreign currencies revaluation differences of other loans		(573)	(12 382)
Change in financial assets by fair value through profit and loss		13 403	4 747
Foreign currencies revaluation differences of financial investments		166	(14)
(Gain) treasury bonds and bills		(12 886)	
Foreign currencies revaluation differences of fair value reserves	(33.C)	-	10
(Gains) / Losses from selling fixed assets	(12)	(1)	(35)
Dividend income	(8)	(25 498)	(2 639)
Gains from selling financial investments		(9 145)	-
Gains of financial investments transferred from reserve		(629)	-
Issued discount amortization		(169)	(26)
Bank's share in undistributed profit of associates		4 058	5 431
Operating profits before changes in assets and liabilities used in operating activities		**4 542 859**	**4 023 046**
Net decrease/(increase) in assets and (decrease)/increase in liabilities			
Balances with CBE within the mandatory reserve requirements		(1 326 815)	1 448 314
Due from banks		(1 250 000)	3 674 954
Treasury bills and other governmental notes		1 014 088	(18 448 010)
Loans and advances to customers		(3 808 374)	(6 692 428)
Financial assets by fair value through profit and loss (since inception)		5 787	(1 215)
Financial assets classified at fair value through profit and loss		4 641	6 098
Other assets		150 683	(655 418)
Due to banks		(31 333)	42 053
Customers' deposits		10 709 244	(2 441 028)
Other liabilities		(211 383)	532 662
Retirement benefits obligations		127 710	131 223
Taxes Paid		(1 179 201)	(1 100 282)
Net cash flows provided / (used in) operating activities		**8 747 906**	**(19 480 031)**
Cash flows from investing activities			
Payments of purchase of fixed assets and branches constructions		(153 275)	(101 690)
Proceeds from selling fixed assets		19	35
Proceeds from selling financial investments		4 027 740	9 060
Payments to purchase of financial investments		(4 516 831)	(2 498 250)
Payments to purchase of intangible assets		(55 976)	(67 778)
Dividends Received		25 498	7 800
Net cash flows (used in) investing activities		**(672 825)**	**(2 650 823)**
Cash flows from financing activities			
Proceeds from other loans		1 667	87 352
Payments of other loans		(243 920)	(169 308)
Dividends paid		(273 359)	(2 504 681)
Net cash flows (used in) financing activities		**(515 612)**	**(2 586 637)**
Net change in cash and cash equivalents during the year		7 559 469	(24 717 491)
Cash and cash equivalents at the beginning of the year		15 266 912	39 984 403
Cash and cash equivalents at the end of the year		**22 826 381**	**15 266 912**
Cash and cash equivalents are represented in the following (note no. 35):			
Cash and balances with Central Bank of Egypt		6 190 794	4 475 534
Due from banks		22 030 286	13 609 262
Treasury bills and other governmental notes		24 649 518	25 663 606
Balances with CBE within the mandatory reserve percentage		(4 144 699)	(2 817 884)
Deposits with banks with maturity more than three months *		(1 250 000)	-
Treasury bills and other governmental notes (with maturity more than 3 months)*		(24 649 518)	(25 663 606)
Cash and cash equivalents		**22 826 381**	**15 266 912**

Non-Cash transactions
For the purpose of preparing the statement of cash flows the following non - cash transactions were eliminated:

EGP 68 321	From both payments to purchase intangible assets and the change in debit balances, which represent the amounts, transferred from assets under construction.
EGP 13 973	From both loans and advances to customers and the change in debit balances, which represent the amounts of assets reverted to the bank.
EGP 294 444	From both changes in fair value reserve and financial investments (investments valuation differences).

* From the date of acquisition.

The accompanying notes from page (7) to page (82) are an integral part of these interim financial statements and are to be read therewith.

Dante Campioni
CEO and Managing Director

Michele Formenti
Chief Financial Officer

Bank of Alexandria

(Egyptian Joint Stock Company)

Statement of changes in shareholders's equity

For the year ended 31 December 2021

	Share capital EGP 000	Capital Increase EGP 000	Reserves EGP 000	Retained earnings EGP 000	Total EGP 000
Balance as at 31 December 2020	800 000	-	1 840 072	8 955 190	11 595 262
Net profit for the period ended 30 December 2020	-	-	-	2 485 112	2 485 112
Changes resulting from impairment of treasury bills effect	-	-	(2 567)	-	(2 567)
Investments Fair Value Reserve classified at Fair value Through OCI	-	-	(33 667)	-	(33 667)
Dividends paid for the year 2020	-	-	-	(2 504 681)	(2 504 681)
Net change in General Banking Risks Reserve	-	-	(200)	200	-
Balance as at 30 December 2020	**800 000**	**-**	**1 803 638**	**8 935 821**	**11 539 459**
Balance as at 31 December 2021	**800 000**	**-**	**1 803 638**	**8 935 821**	**11 539 459**
Net profit for the period ended 30 December 2021	-	-	-	2 750 030	2 750 030
Transferred to Banking Risks Reserve - Credit	-	-	368 044	(368 044)	-
Amounts under capital increase	-	4 200 000	-	(4 200 000)	-
Investments Fair Value Reserve classified at Fair value Through OCI	-		(294 441)	-	(294 441)
Expected credit loss of debit instrumnts measured at Fair value through OCI (Treasury Bills/Bonds)		-	(3)		(3)
Transferred to Legal reserve	-	-	-	-	-
Transferred to Special capital reserve	-	-	35	(35)	-
Net gains / Losses from disposal of Investments Fair Value Reserve classified at Fair value Through OCI			(629)	629	-
Dividends paid for the year 2021	-	-	-	(273 359)	(273 359)
Net profit for the period ended 30 December 2021	**800 000**	**4 200 000**	**1 876 644**	**6 845 042**	**13 721 686**

The accompanying notes from page (7) to page (82) are an integral part of these interim financial statements and are to be read therewith.

Dante Campioni
CEO and Managing Director

Michele Formenti
Chief Financial Officer

Bank of Alexandria

(Egyptian Joint Stock Company)

Statement of Profit appropriation (Proposed)

For the year ended 31 December 2021

	For the year end 31 December 2021 EGP 000	For the year end 31 December 2020 EGP 000
Net profit for the year (from income statement)	2 750 030	2 485 112
Deduct/Add:		
Gain from sale of Fixed assets transferred from capital reserve according to law	(1)	(35)
Bank Risk Reserves	(368 044)	-
Appropriated profit for the year	**2 381 985**	**2 485 077**
Amounts under capital increase (***)	(4 200 000)	-
Retained earnings at year beginning-adjusted	8 662 427	6 450 709
Total	**6 844 412**	**8 935 786**
Appropriation		
Legal reserve (*)	-	-
Shareholders' Dividends	1 429 191	-
Banking system support and development fund (**)	23 820	24 851
Employees' profit share	238 198	248 508
Retained earnings (at year end)	5 153 203	8 662 427
Total	**6 844 412**	**8 935 786**

(*) In accordance with the Bank's Articles of Association, deduction should stop when it reach 50% of the issued share capital and paid-up (started from 2015).

(**) According to article 178 the central bank and bankig system law No.194 for year 2020,to deduct an amount not exceeding 1% of the distributable year net profits for the benefit of the Support and development fund.

(***) Being amounts under capital increase, as per the extraordinary general assembly approval on September 28, 2021 to increase the paid-up capital becomes five billion Egyptian pounds financed from the retained earnings, currently in the process of amending of the commercial register.

The accompanying notes from page (7) to page (82) are an integral part of these interim financial statements and are to be read therewith.

Dante Campioni	**Michele Formenti**
CEO and Managing Director	**Chief Financial Officer**

1. General information

Bank of Alexandria provides retail, corporate and investment banking services in Arab Republic of Egypt through its Head Office in Cairo (49, Kasr El Nil street) and through 179 branches and banking units and employs 4 300 staff members as of 31th of December 2021.

Bank of Alexandria (S.A.E) was established on 17 April 1957, as a State wholly owned commercial bank until 31 October 2006, SanPaolo I.M.I (Italian Bank) acquired 80% of its issued capital. On 1 January 2007, a merger was announced between SanPaolo I.M.I and Banca Intesa S.P.A., and the name of shareholder SanPaolo I.M.I has been amended to be Intesa SanPaolo S.P.A.

Bank of Alexandria currently performs its activities under the provisions of the Central Bank of Egypt, Banking Sector, and Monetary Law No. 88/2003 and on 15 September 2020, Law No. 194/2020 has been issued under the provision of the Central Bank of Egypt and Banking sector.

International Finance Corporation (IFC) On September 14, 2020, by selling 9.75% of the bank's shares, the share of Intesa Sanpaolo S.P.A became 80% (approximately) and IFC during the year 2021 sold one share to Mr. Ahmed Saeed Al-Falal representing 0.00000025% to maintain the legal form of the bank and the registration in the legal records is underway.

The Bank's Board of Directors' have approved the financial statements hereunder for issuance on 1st of February 2022.

2. Summary of accounting policies

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

2.A. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Egyptian Accounting Standards (EAS) issued in 2006 and their amendments and in accordance with the instructions of the Central Bank of Egypt (CBE), approved by its Board of Directors on 16 December 2008, and starting from January 2019 IFRS 9 "Classification of Financial Instruments" has been applied in accordance with the instructions of the Central Bank of Egypt (CBE) dated February, 26 2019, that are in compliant with the standards referred to. And was prepared under the historical cost convention, as modified by revaluation of financial assets, liabilities held for trading, financial assets and liabilities classified at inception at fair value through profit and loss, financial investments at fair value through Other Comprehensive Income (FVOCI) and all financial derivatives contracts. The financial statements of the Bank have been prepared in accordance with the provisions of the relevant local laws.

2.B. Associates companies

Associates companies are entities over which the bank exercises a direct or indirect significant influence without reaching the extent of control. Normally the bank holds ownership equities ranging between 20% and 50% of the voting rights.

Purchase method of accounting has been applied for the bank's acquisition of companies. The acquisition cost is measured by fair value or the equivalent value offered by the bank for acquired assets and/or issued shareholders' equity's instruments and/or obligations the bank incurred and/or obligations the bank accepted on behalf of the acquired company, to complete the acquisition process at the date of the exchange process, plus any costs that can be directly attributed to the acquisition process. Net assets including acquired defined potential obligations are measured at fair value at the acquisition date regardless of the minority's rights existence. The excess of the acquisition cost over the fair value of the bank's share in the net assets is considered goodwill. Moreover, if there is a decrease in the acquisition cost below the net fair value referred to, the difference shall be recorded directly in the income statement under account of "Other operating income (expenses)".

The associate's companies in the bank's financial statements are accounted by the equity method. In addition, dividend payouts are deducted in the carrying value of the investment when approved

2.C. Segment reporting

A business segment is a group of assets and operations related to providing products or services subject to risk and returns, different from those that are related to other business segments. A geographical segment is related to providing products and services within the same economic environment subject to risk and returns different from those that are related to other geographical segments that operate in a different economic environment.

2.D. Foreign currencies translation

2.D.1. Functional and presentation currency:

The bank's financial statements presented to the nearest thousand Egyptian pounds, which represents the bank's functional and presentation currency.

2.D.2. Transactions and balances in foreign currencies

The bank holds its accounting records in the Egyptian pound. Transactions in foreign currencies during the fiscal period are recorded using the prevailing exchange rates at the date of the transaction. Monetary assets and liabilities in foreign currency are re-evaluated at the end of the reporting period using the prevailing exchange rates at that date. The gains and losses resulting from settlement of such transactions, as well as the differences resulting from the re-evaluation, are recognized in the income statement among the following items:

- Net trading income or net income on the financial instruments classified at inception in fair value through the profit and loss of assets / liabilities held for trading or those classified at inception in fair value through profit and loss according to their type.
- Shareholders' equity for financial derivatives that are eligible for qualified hedge for cash flows or eligible for qualified hedge for net investment.
- Other operating income (expenses) for the remaining items.
- Changes in the fair value of the financial instruments with monetary nature in foreign currencies and classified as investments at fair value through Other Comprehensive Income FVOCI (debt instruments), are analyzed into evaluation differences resulting from changes in the amortized cost of the instruments, differences resulting from changes in the prevailing exchange rates or differences resulting from the changes in the instrument's fair value. The evaluation differences resulting from the changes in the amortized cost are recognized in the income statement within “Interest and similar income”. The differences relating to exchange rates changes are recognized in “Other operating income (expenses)”, whereas the change in the fair value (fair value reserve/financial investments at fair value through Other Comprehensive Income FVOCI) are recognized within shareholders' equity.

- The revaluation differences resulting from items other than those with monetary nature include the gains and losses resulting from the change of the fair value such as the equity instruments held in fair value through profit and loss. The revaluation differences resulting from equity instruments classified -as financial investments at fair value through Other Comprehensive Income (FVOCI) are recognized within the fair value reserve in the shareholders' equity.

2.E. Financial assets

The bank classifies financial assets among the following categories:

- Financial assets classified at fair value through profit and loss (FVTPL).
- Financial Assets at amortized cost (Loans and receivables).
- Financial Assets at fair value through Other Comprehensive Income (FVOCI).

The management determines the classification of its investments at initial recognition.

2.E.1. Financial assets classified at fair value through profit and loss:

This category includes:

- Financial assets held for trading.
- Assets classified at inception at fair value through profit and loss.

A financial instrument is classified as an instrument held for trading if it is primarily acquired for the purpose of the sale in the short term or if it represents a part of a portfolio of specific financial instruments that are managed together and there is evidence of recent actual transactions that resulted in short-term profit taking. Further, derivatives are classified as held for trading (Unless hedge accounting is applied).

Financial assets are classified at inception at the fair value through profit and loss in the following cases:

- When such classification reduces the measurement inconsistency that could arise from handling the related derivative as held for trading at the time of the valuation of the financial instrument in the place of the derivative at amortized cost for loans and facilities to banks and customers and issued debt instruments.
- When managing some investments, such as investments in equity instruments are managed, and valuated at fair value according to the investment strategy or risk management and reports are prepared for the top management on this basis, accordingly these investments are classified as at fair value through profit or loss.
- The financial instruments such as held debt instruments, which contain one or more embedded derivatives that strongly affect cash flows are classified through fair value through profit and loss.
- Profits and losses resulting from changes in the fair value of the financial derivatives that managed in conjunction with the assets and liabilities classified at inception at fair value through profit and loss are recorded in the income statement under “Net income from financial instruments classified at inception at fair value through profit and loss”.
- No reclassification for any financial derivative from the financial instruments group valuated at fair value through profit and loss is made during the period in which it is held or its validity period. In addition, any financial instrument from the group of the financial instruments valuated at fair value through profit and loss, is not reclassified if it has been classified by the bank at its initial recognition as an instrument valuated at fair value through profit and loss.

2.E.2 Loans and receivables

Loans and receivables represent non-derivative financial assets with fixed or determinable payment that are not quoted in an active market, with the exception of:

- Assets which the bank intends to sell immediately or in the short term. In which case, they are classified as assets held for trading or assets classified at inception at fair value through profit and loss.
- Assets classified by the bank at fair value through Other Comprehensive Income (FVOCI) at initial recognition.
- Assets for which the bank will not be able to substantially recover the value of its initial investment for reasons other than creditworthiness deterioration.

2.E.3 Assets at fair value through Other Comprehensive Income (FVOCI)

Investments classified at fair value through Other Comprehensive Income (FVOCI) are non-derivative financial assets held within the bank model whose objective is to hold cash flows, including principle and interest or may be sold in response to needs for liquidity or to decrease in instrument credit-worthiness or to changes in interest rates, exchange rates, or equity prices (Liquidity Management portfolio).

The following is applied to financial assets:

- Purchase and sale transactions of the financial assets classified at fair value through profit and loss (FVTPL), and financial investments classified at fair value through Other Comprehensive Income (FVOCI) shall be recognized in the ordinary way on the trade date on which the bank is committed to purchase or sell the asset.
- The financial assets which are not classified at inception at fair value through profit and loss, shall be recognized at fair value plus the transaction costs, whereas financial assets classified at inception at fair value through profit and loss are recognized only at fair value with the transaction' costs associated to those assets being reported in the income statement under "Net Trading Income" item.
- Financial assets shall be derecognized when the contractual right validity to receive cash flows from the financial asset expires or when the bank transfers most of risk and returns associated with the ownership to a third party. Financial liabilities are derecognized when they expire by either discharging, cancellation, or the expiration of the contractual period.
- Financial assets at fair value through Other Comprehensive Income (FVOCI) and financial assets classified at fair value through profit and loss (FVTPL) shall be subsequently measured at fair value. Loans and receivables are subsequently measured at amortized cost.
- Gains and losses resulting from changes in the fair value of assets classified at fair value through profit and loss shall be recognized in the income statement in the period in which they are made, while the gains and losses arising from changes in the fair value of the investments at fair value through Other Comprehensive Income (FVOCI) shall be directly recognized in shareholders' equity statement, until the asset is derecognized or impaired. In which case, the cumulative profit and losses previously recognized in shareholders' equity statement shall be recognized in the income statement.
- Income calculated at the amortized cost method and gains and losses on foreign currencies related to the assets with monetary nature classified at fair value through Other Comprehensive Income assets shall be recognized in the income statement. Dividends resulting from equity instruments classified at fair value through Other Comprehensive Income shall be recognized in the income statement when the right of the bank to receive payment is established.

- Fair value of the investments quoted in active markets shall be defined pursuant to the current Bid Prices. In case there is no active market for the financial assets, or the current Bid Prices are unavailable, the bank shall define the fair value by using one of the valuation methods. This includes either using arm's length transactions, discounted cash flow analysis, options pricing models or other valuation methods commonly used by market traders. In case the bank is unable to estimate the fair value of equity instruments classified at fair value through Other Comprehensive Income, their value shall be measured by cost after deducting any impairment in value.
- If the bank adjusts its estimates of payments or receivables, the book value of the financial asset (or the group of financial assets) shall be settled in a way that reflects the actual cash flows and the adjusted estimates, provided that the book value is recalculated by calculating the present value of estimated future cash flows by the actual return rate of the financial instrument. The result of the settlement shall be recognized as revenue or expenses in the profit and loss.
- In all cases it shall not be permissible to reclassify the financial (Debt Instruments) assets between different classifications (classified at amortized cost, classified at fair value through Other Comprehensive Income, and classified at fair value through profit and loss) except if the bank changes the business model(s), which procedures takes place infrequently and rarely, other than the first classification change when implementing the impact of IFRS 9 first time adoption for financial instruments.

2.F. Accounting Standards applied starting from January 01,2019:

The financial statements at December 31, 2018 have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors, except the effect of the instructions of the Central Bank of Egypt dated February 26, 2019 to prepare financial statements according to IFRS 9 "Financial Instruments": classification and measurements.
The bank reviews all its financial assets except for financial assets that are measured at fair value through profit or loss to assess the extent of impairment as described below:

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

Stage 2: Includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime expected credit loss are recognized, but interest is still calculated on the gross carrying amount of asset. Lifetime expected credit loss are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

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

2.F.1. Definition of default: The bank applies a single definition of default for classifying assets and determining the probability of default of its obligors for risk modeling purpose.

The definition of default is based on quantitative and qualitative criteria, A counterparty is classified as default at the latest when material payments of interest, principal or fees are overdue for more than 90 days.

2.F.2. Significant increase in credit risk:

IFRS 9 doesn't specify a definition for significant income in credit risk, and the bank assessment is for significant increase in credit risk is based on range of data that is determined to be predictive including quantitative and qualitative information, taking into consideration the self-assessment and its vision to the significant increase in credit risk.

An estimate of whether there is a significant increase in credit risk includes comparing the current default risk at financial reporting date, with the initial default risk at inception lending date, during that the bank took into account all quantitative and qualitative information including historical data and prospective outlook, which are available without effort and cost is not required, which depends on the ability of the bank to provide data objectively.

The Bank considers different economic scenarios in estimating the probability of default at the initial lending date and successively in each financial reporting date, each scenario outcome has different results, and the Bank adjust weighted factor for each of the different scenarios.

The Bank calculates the expected credit loss for the entire life of the instrument when there is a significant decrease in the creditworthiness that reflects the cash flow deficit resulting from all the events and factors affecting the creditworthiness weighted by the risk of default.

The bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant decrease in credit risk and to measure the loss allowance based on lifetime rather than 12-months ECL.

2.F.3. Write-Off:

Debt is written off when all or part of the debt is uncollectible or agreed to be exempt from it. Loans, credit facilities and debt instruments are considered to be impaired when the Bank has no reasonable expectation of collection of these financial assets (in whole or in part), this scenario occurs when the Bank determines that the borrower has no other assets or resources from the cash flows to repay the loan. The Bank may continue to take legal actions to collect all or part of the debt after the debt is executed, which may lead to the collection of certain amounts granted to the borrower.

Written-off loans reduce the principle amount granted, and when collection of debts has been written off, these amounts are recognized on collection.

2.F.4. Market Risk:

Market risk represents the expected loss resulting from the negative effects of market variables. Market variables represent several factors such as interest rate, currency risk, exchange rate, equity prices, credit risk margin and commodity prices. These variables may be not reliably measurable such as volatility and bonding factors with each other.

Market risk includes risks related to the source of the financial instrument and investment risk.

- **Financial instrument risk:** The possibility of loss arising from changes in fair value due to events related to the credit loss affecting the issuer and which the Bank is exposed to through investments and derivatives derived from the source of the financial instrument.
- **Investment risk:** Risks related to the volume of held financial investments.

Market Risk Management: The Bank's objective of managing market risk is to control and manage exposure to market variables in order to maximize returns while ensuring adequate solvency.

With regard to liquidity risk, the task of the concerned committees is to ensure effective market risk management across the Bank's various sectors. The main activities for managing these risks are as follows:

- Identification of the main types of risks and their causes.
- Neutral independent measurement and evaluation of these risks and their effects.
- Use evaluation results as a basis for managing return / risk ratios.
- Risk control and reporting

2.F.5. Changes in accounting policies and significant professional estimates and assumptions:

Main Changes in Bank Accounting policies

The following is a summary of the major changes in the Bank's accounting policies resulting from the adoption of IFRS 9. As the comparative financial statements have not been modified, the accounting policies for financial instruments for comparative periods are based on IAS 39 and the Bank's applicable regulations as disclosed in the audited financial statements as at and for the year ended 31 December 2018.

Classification of financial assets and financial liabilities

IFRS 9 includes three major asset classes:

- At amortized cost
- And at fair value through comprehensive income
- And at fair value through profit and loss.

The classification of financial assets in accordance with IFRS 9 is generally based on the business model in which the financial assets and contractual cash flow characteristics are managed. The Standard eliminates current classes in accordance with IAS 39, held to maturity and loans and receivables and available for sale investments.

Impairment of financial assets

IFRS 9 replaces the "recognized losses" model in IAS 39 with the "expected credit loss" future model. The new impairment model also applies to certain loan commitments and financial guarantees contracts but does not apply to equity investments. In accordance with IFRS 9, credit losses are recognized earlier in relation to IAS 39.

Classification of financial assets and liabilities (SPPI test)

Valuation of the business model under which assets are retained and an assessment of whether the contractual terms of the financial asset are only payments of principal and interest in a specific date on the principal of the receivable.

Impairment of financial instruments

Assess whether credit risk on financial assets has increased significantly since initial recognition and inclusion of future information in measuring expected credit losses.

2.G. Offsetting of financial instruments

Financial assets and liabilities are offset in case the bank has a legal right in force to undertake the offsetting of the recognized amounts and it intends to settle the amounts on a net basis or to receive the asset and settle the liability simultaneously.

The items of the agreements for purchasing treasury bills with commitment to resell and the agreements for selling treasury bills with commitment to repurchase shall be presented based on the net basis in the financial position within the item of treasury bills and other governmental notes.

2.H. Financial Derivatives

Derivatives shall be recognized at fair value at the date of the entering into its contract and subsequently be re-measured at fair value. The fair value is defined either from the quoted market prices in the active markets, recent market transactions, or valuation techniques such as discounted cash flow models and options pricing models, as appropriate. All derivatives shall be recognized within the assets if their fair value is positive or within the liabilities if their fair value is negative.

2.I. Interest income and expense

Interest income and expense of all interest-bearing financial instruments, except those classified as held-for-trading or which been classified at inception at fair value through profit and loss shall be recognized in the income statement under "Interest income on loans and similar income" item or "Interest expenses on deposits and similar charges" by using the effective interest rate method.

The effective interest rate is the method to calculate the amortized cost of a financial asset or liability and to distribute the interest income or expenses over the related instruments' lifetime. The actual rate of return is the rate used to discount the estimated future cash flows of expected payments or receivables during the expected lifetime of the financial instrument or shorter period of time when appropriate in order to reach accurately the book value of a financial asset or liability. When the effective rate of return is calculated, the bank estimates cash flows by considering all the contractual terms and conditions of the financial instrument's contract (for example accelerated repayment options) and not to consider the future credit losses. The method of calculation includes all fees paid or received by and between the contract's parties, which are considered part of the effective interest rate. The cost of transaction includes any premiums or discounts.

When loans or receivables are classified as non-performing or impaired ones as the case may be, the related interest income shall not be recognized nor recorded as off-balance sheet items out of financial statements. However, such interest income shall be recognized under the revenue item pursuant to the cash basis according to the following:

2.I.1. As for consumer loans, mortgage loans for personal housing and small loans for economic activities, when the interest income is collected and after arrears are fully recovered.

2.I.2. As for corporate loans, the cash basis shall be also applied, as the return rose according to loans' rescheduling contract terms until payment of 25% of the rescheduling installments and at a minimum of one year of regular payments. In case of the continuation of the customer to repay regularly then the calculated interest will be included in the balance of the loan which included in the income (return on the balance of regular rescheduling) without the marginal interest before the rescheduling, which is not included in the income except after the full repayment of the loan's balance in the balance sheet before rescheduling.

2.J. Fee and commission income

Due fees from servicing the loan or facility shall be recognized in the income when performing the service, while the fee and commission income related to non-performing or impaired loans or receivables shall not be recognized, as it shall be on off-balance sheet of the financial statements. Then it shall be recognized within the income pursuant to the cash basis when the interest income is recognized according to item (2.I.2). As for fees, which represent an integral part of the actual return of the financial assets in general, they shall be treated as an amendment to the effective rate of return.

Commitment fees on loans shall be postponed, if there is a probability that these loans will be withdrawn, taking into account that these fees that the bank receives are a compensation for the constant intervention to acquire the financial instrument. Then they shall be recognized by amending the effective rate of return on the loan. When the period of commitment expires without the loan being issued by the bank, these fees shall be recognized within the income at the expiry of the commitment's validity.

Fees on debt instruments measured at fair value shall be recognized within revenue at the initial recognition. Fees on the promotion of the syndicated loans shall be recognized within revenue when the promotion process is completed, and the bank does not retain any portion of the loan or if the bank retains a portion for itself earning of the actual rate return which is available to other participants as well.

Fees and commission resulting from negotiations or the participation in negotiations on a transaction in favor of a third party shall be recognized within the income statement- such as the arrangement of the acquisition of shares or other financial instruments, or the acquisition or selling of premises- when the specific transaction is completed. The administrative consultations fees and other services are normally recognized based on the distribution over time relative to the service performance period. However, the financial planning management fees and conservation services fees, which are provided for long periods of time, are recognized over the period during which the service is performed.

2.K. Dividend income

Dividend income shall be recognized when the right to receive such income is established.

2.L. Purchase and resale agreements and sale and repurchase agreements

The financial instruments sold under repurchase agreements within the assets of the balances of treasury bills and other governmental notes in the financial position. Whereas, the liability (purchase and resale agreements) is deducted from the treasury bills and other governmental notes in the financial position. The difference between the sell price and repurchase price is recognized as a return over the period of the agreement by applying the effective interest rate method.

2.M. Impairment of financial assets

2.M.1. Financial assets recorded at amortized cost

At reporting dates, the bank assesses whether there is objective evidence on the impairment of a financial asset or a group of financial assets. The financial asset or the group of financial assets shall be considered impaired and impairment losses shall be recognized when there is objective evidence on the impairment as a consequence of an event or more events that occurred after the initial recognition of the asset and such (Loss Event) affects the reliability of the estimated future cash flow of the financial asset or the group of financial assets which can be reliably estimated.

The indicators that the bank considers to determine the existence of objective evidence on impairment losses include the following:

- Significant financial difficulties that face the borrower / debtor.
- Breach of the terms of the loan facility, such as the stopping of repayments;
- Expectation of the declaration of the borrower's bankruptcy, the entering into the liquidation lawsuit or the restructuring of the granted finance;
- Deterioration of the competitive position of the borrower.
- Granting privileges or concessions by the bank to the borrower for legal or economic reasons related to the latter’s financial difficulties, which the bank may not accept granting the same in ordinary circumstances.
- The impairment of the collateral's value.
- The deterioration of the credit situation and positions.

Objective evidence of the impairment losses of a group of financial assets includes the existence of observable data indicating a decrease in the measurement in the future cash flows of the group since the initial recognition though it is not possible to determine the decline of each individual asset, such as the increase of default cases in regards with a bank product.

The bank estimates the period between the loss event and its identification for each specific portfolio. This period normally ranges between three and twelve months.

Further, the bank first assesses whether there is objective evidence of impairment exists for each individual financial asset if it represents significance. The assessment is made individually or collectively for the financial assets that are not significant on an individual basis. In this regard, the following shall be taken into account:

- If the bank identifies there is no objective evidence on the impairment of a financial asset assessed separately whether it has a significance of its own or not, then this asset shall be added to the group of financial assets with similar credit risk features for assessment together to estimate impairment pursuant to historic default ratios.

- If the bank identifies the existence of objective evidence of impairment of a financial asset assessed separately, then this asset shall not be included in the group of assets for which impairment losses are assessed on a collective basis.
- If the aforementioned assessment resulted in the non-existence of impairment losses, then the asset is included in the group.

The amount of impairment loss provision shall be measured by the difference between the asset's book value and the present value of expected future cash flows discounted by applying the original effective interest rate of the asset; future credit losses not incurred should not be included in the above. The book value of the asset shall be reduced by using the impairment losses provision's account and the impairment charge on credit losses, shall be recognized in the income statement.

If the loan or investment held to maturity date bears a variable interest rate, then the discount rate applied to measure any impairment losses, shall be the effective interest rate pursuant to the contract on determining the existence of objective evidence of the impairment of the asset. For practical purposes, the bank may measure the impairment loss value based on the instrument's fair value by applying the quoted market rates. As for collateralized financial assets, the present value of the future cash flows expected from the financial asset shall be credited. Besides, these flows that result from the implementation and selling of the collateral after deducting the expenses related thereto shall be credited.

For the purposes of the estimation of impairment on group basis, the financial assets are pooled in groups of similar characteristics in terms of credit risk, based on classification process conducted by the bank, taking into consideration the type of asset, the industry, the geographical location, the collateral type, the position of arrears, and the other related factors. These characteristics are related to the assessment of future cash flows of the groups of these assets, as they are deemed an indicator of the debtors' ability to repay the amounts due pursuant to the contractual conditions of the assets under consideration.

Upon estimating the impairment of a group of the financial assets based on historical default ratios, the future cash flows of the group shall be estimated based on the contractual cash flows of the banks' assets and the amount of historical losses of these assets with similar credit risk characteristics of these assets held by the bank. The amount of historical losses shall be adjusted based on the current disclosed data in a way that reflects the impact of the current conditions that did not occur in the period over which the amount of historical losses has been identified. Besides, this will cause that the effects of the conditions that existed in the historical periods but no longer exists be cancelled.

The bank seeks that the forecasts of changes in cash flows of a group of assets are reflected in line with these changes in relevant reliable data which occur from time to time; for example, changes in Macro-Economic factors like changes in unemployment rates, and changes in Micro-Economic factors like real estate prices, the position of repayments and any other factors indicating changes in the likelihood of loss in the group and its amount. The bank conducts a periodic review of the method and assumptions used to estimate future cash flows.

2.M.2. Financial investments at fair value through Other Comprehensive Income

On each reporting date, the bank estimates whether there is objective evidence on the impairment of a financial asset, or a group of financial assets classified within financial investments at fair value through Other Comprehensive Income.

In the case of the existence of investments in equity instruments classified as investments at fair value through Other Comprehensive Income, the significant or prolonged decline in the fair value of the instrument below its book value shall be taken into account upon the estimation of whether there is impairment in the asset or not.

2.N. Investments Property

Investments property represent lands and buildings the bank owns in order to obtain rental revenues or capital appreciation. Consequently, these investments do not include the real estate assets where the bank practices its business and activities or the assets reverted to the bank in settlement of debts. The same accounting method applied for fixed assets, shall be applied for investments property.

2.O. Intangible assets

2.O.1. Computer software

Expenditure on the development or maintenance of the computer software shall be recognized when being incurred in the income statement. Expenditures associated directly with specific software under the bank's control that are expected to generate economic benefits exceeding their cost for more than a year shall be recognized as intangible asset. The direct expenses include the cost of the staff involved in the software development, in addition to an adequate share of related overheads.

Expenditure that leads to the increase or expansion in the performance of computer software beyond their original specifications shall be recognized as a development cost and shall be added to the cost of original software.

The cost of the computer software shall be amortized over their expected useful life with a maximum of three years starting from the year 2010.

2.O.2. Other intangible assets

Other intangible assets represent intangible assets other than goodwill and computer software (for example but not limited to trademark, licenses, and benefits of rental contracts).

The recognition of other intangible assets, at their acquisition cost, shall be recognized and amortized on the straight-line method or based on the economic benefits expected from these assets over their estimated useful life. Concerning the assets which do not have a finite useful life, they shall not be subject to amortization; however, they shall be annually assessed for impairment and the value of impairment, (if any), shall be charged to the income statement.

2.P. Fixed assets

Lands and buildings are mainly represented in head office premises, branches, and offices. All fixed assets shall be disclosed at historical cost minus accumulated depreciation and impairment losses. The historical cost includes expenses directly attributable to the acquisition of the fixed assets' items.
Subsequent expenditures shall be recognized within the book value of the outstanding asset or as an independent asset, as appropriate, when the generation of future economic benefits to the bank from the concerned asset and the reliable determination of its cost become possible. Any maintenance and fixing expenses, during the period in which they are incurred, shall be carried to other operating expenses.

Land shall not be subject to depreciation, while depreciation of other fixed assets shall be calculated using the straight-line method to allocate the cost over the useful life of the asset in a way that the remaining carrying value would equal to its residual value as follows:

Buildings and constructions	20 years
Elevators	10 years
Leased real estate improvements	4 years or leasing period, whichever is less
Office furniture	10 years
Machinery	10 years
Means of transport	5 years
Computers and core systems	5 years
Fittings and fixtures	10 years

The residual value and useful life of the fixed assets shall be reviewed on each reporting date and shall be adjusted whenever required. Depreciated assets shall be reviewed for purposes of determining the extent of impairment when an event or a change in conditions suggesting that the book value may not be redeemable occurs. Consequently, the book value of the asset shall be reduced immediately to the asset's net realizable value in case of the increase of the book value over the net realizable value.

The net realizable value represents the net selling value of the asset or its utilization value whichever is greater. Gains and losses from the disposal of fixed assets shall be determined by comparing the net proceeds at book value. Gains (losses) shall be included within other operating income (expenses) in the income statement.

2.Q. Impairment of non-financial assets

Assets other than goodwill, which do not have a finite useful life, shall not be subject to amortization and shall be reviewed annually to determine whether there is any indication of impairment. Impairment of depreciable assets shall be assessed, whenever there are events or changes in conditions suggesting that the book value may not be redeemable.

The impairment loss shall be recognized, and the asset's value shall be reduced by the increase in the asset's book value over its net realizable value. The net realizable value represents the net selling value of the asset or its utilization value whichever is greater. For purposes of the estimation of impairment, the asset shall be linked to the smallest available cash-generating unit. On the date of the preparing the financial statements, the non-financial assets that have been impaired shall be reviewed to assess a reversal of the impairment to the income statement.

2.R. Finance Lease

Finance lease is accounted for pursuant to law no. 95 for the year 1995 on leasing; if the lease contract gives the lessee the right to purchase the asset on a fixed date for a fixed amount and the contract's period represents more than 75% of the asset's expected useful life at least or the present value of total rental payments represents is not less than 90% of the asset value. Other leasing contracts shall be considered operational leasing ones.

2.R.1. Lease

With regard to financial leasing contracts, the lease cost including the maintenance cost of leased assets shall be recognized within the expenses in the income statement for the period in which it has been incurred. If the bank decides to exercise the right of the purchase of leased assets, then the cost of the purchasing right shall be capitalized as fixed assets and amortized over the expected remaining useful life of the asset in the same way applied to similar assets.

Payments under the operational leasing minus any discounts granted by the lessor shall be recognized within expenses in the income statement by applying the straight-line method over the period of contract.

2.S. Cash and cash equivalents

For the purpose of presentation of the statement of cash flows, cash and cash equivalents shall include the balances with maturity not exceeding three months from the date of the acquisition, and cash and balances at the Central Bank of Egypt, other than those that are deemed within the compulsory reserve, due from banks, treasury bills and other governmental notes.

2.T. Other provisions

The restructuring costs and legal claims' provision shall be recognized when there is a legal or a present indicative obligation due to previous events, and it is also likely that the situation shall require the utilization of the bank's resources to settle the mentioned obligations with the provision of a reliable estimation of the obligation’s value being possible.

When there are similar obligations, the cash outflow that can be used in settlement shall be identified, taking into consideration this set of liabilities. The related provision shall be recognized even if there is a little possibility that an outflow with respect to any one item is included in the same class of obligations.

When a provision is wholly or partially no longer required, it shall be reversed through profit or loss under other operating income (expenses) line item.

2.U. Employees’ benefits

2.U.1. Retirement benefits obligations

The bank manages a variety of retirement benefit plans that are often funded through payments that are defined based on periodical actuarial calculations and are made to insurance companies and other specialized funds. The bank has defined benefits and defined contribution plans.

Defined benefit plans: these are retirement rules, which specify the amount of the retirement benefits that the employee will be granted by the end of the period of service. This benefit normally depends on one factor or more such as age, years of services and income.

The recognized liability in the financial position with regards to defined benefit plans is represented in the present value of the defined benefit liabilities at the reporting date, after deducting the fair value of the retirement plans' assets and debiting (crediting) unrealized actuarial reconciliations of profits (losses), as well as the cost of additional benefits related to prior service terms.

An independent actuary who applies the Projected Unit Credit Method calculates the liability of the defined benefit plans (future cash flows expected to be paid) annually. The present value of the identified plans liability is determined through deducting these expected future cash flows to be paid by using the rate of return of high quality corporate bonds or the rate of return of the government bonds in the same currency to be used in payment of the benefits and which have almost the same maturity period of the related obligations of the retirement benefits.

Gains (losses) resulting from changes and adjustments in actuarial estimates and assumptions shall be calculated, and such gains shall be deducted from (the losses shall be added to) the income statement, if they do not exceed 10% of the plan assets' value or 10% of the defined benefits' liability whichever is higher. In case gains (losses) rise above the mentioned percentage, then the increase shall be deducted (added) in the income statements over the average of the remaining years of service.

Past service costs shall be immediately recognized in the income statement within administrative expenses, unless the introduced changes on the retirements' plans are conditional on that employees must be in service for a specified period of time (vesting period). In which case, the past service costs shall be amortized by the straight-line method over the vesting period.

Defined contribution plans: These are pension schemes pursuant to which the bank pays fixed contributions to an independent entity while there is no legal or constrictive commitment on the bank to pay further contributions, if the entity has not established sufficient assets to pay all the employees' benefits related to their service whether in current or previous periods.

Regarding the defined contribution plans, the bank pays contributions according to the retirement's insurance regulations in the public and private sectors on either mandatory or voluntary contractual basis and the bank has no further obligations following the payment of contributions. These contributions shall be recognized within the employees' benefit expenses when maturing (vesting). Paid contributions paid in advance shall be recognized within assets to the extent where the advance payment reduces future payments or cash refund.

2.U.2. Liabilities of other post-service's benefits

The bank provides health care benefits to retirees, after the end of service term. Usually, such benefits are given provided that the employee remains in the employ of the bank's service until the retirement age and completes a minimum period of service. The expected costs of these benefits are accrued (vested) over the period of employment by adopting an accounting method similar to the method adopted in the defined benefit plans previously explained in the item 2. T.1

2.V. Income tax

The income tax on the year's profits or losses include the tax of the current year and the deferred tax and shall be recognized in the income statement, with the exception of the income tax on the items of shareholder's equity, which is directly recognized within shareholders' equity.

The income tax shall be recognized based on the net profit subject to tax through the application of the applicable tax rates at the date of preparing the financial position, in addition to the tax adjustments related to previous years.

Deferred tax arising from temporary timing differences between the book value of assets and liabilities calculated according to the accounting principles, as well as its values shall be recognized according to the tax principles. Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates enacted or substantively enacted by the end of the reporting year.

The deferred tax assets shall be recognized when profits to be subject to tax in the future are likely to be generated, through which this asset can be utilized. The deferred tax shall be decreased with the portion from which the expected taxable benefit will not be achieved over the coming years. In case of the increase of the expected taxable benefits, the deferred tax assets shall be increased within the limit of previous reduction in the value of deferred tax assets.

2.W. Borrowing

Loans obtained by the bank shall be recognized at inception at fair value minus the cost of the loan obtaining. Subsequently, the loans shall be measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective interest rate shall be recognized to the income statement.

The fair value of the portion that represents a liability regarding bonds convertible into shares shall be defined by applying the market equivalent rate of return of non- convertible bonds. This liability shall be recognized by the amortized cost method until conversion or maturity of bonds. The remaining proceeds shall be charged to the conversion option included within shareholders' equity in net value after deduction of the income tax effect.

The preferred shares that either carry mandatory coupons or are redeemed at a defined date or according to the shareholders' option, shall be included within the financial liabilities and be presented in the item of "Other loans”. The dividends of these preferred shares shall be recognized in the income statement under “Interest expense on deposits and similar charges” item based on the amortized cost method and by using the effective rate of return.

2.X. Share capital

2.X.1. Cost of capital

The issuance expenses, directly attributable to the issuance of new shares or shares against the acquisition of an entity, or the issuance of options shall be presented as a deduction from the shareholders’ equity in net proceeds after taxes.

2.X.2. Dividends

Dividends shall be recognized through deducting from shareholders' equity in the period where the General Assembly meeting of shareholder approves these dividends. These include the employees' share in profits and the remuneration of the board of directors prescribed by the article of association of the bank and the law.

2.Y. Custody activities

The bank practices custody services, which leads to owning or managing private assets of individuals, trust funds, or post service benefits funds. These resulting assets and profits shall be excluded from the financial statements, as they not considered among the bank's assets.

2.Z. Comparative figures

Comparative figures shall be reclassified whenever it is necessary to conform to the changes in the adopted presentation of the current year.

3. Financial risk management

The bank is exposed to a variety of financial risks, while it practices its business and activities, and the acceptance of risk is considered the basis of financial business. Some risk aspects or a combination of risk are analyzed, assessed, and managed. The bank targets to achieve adequate balance between the risk and return, and to minimize likely adverse impacts on its financial performance. The most important types of risk are credit risk, market risk, liquidity risk and other operating risks. Market risk includes the risk of foreign exchange rates, interest rates and the other pricing risks.

The bank has developed risk management policies to define, analyze and control risk, and set, control and comply with its limits through a variety of reliable methods and up to date information systems. The bank conducts regular reviews and amendments of the risk management policies in order to reflect changes in the markets, products, and services, as well as the best up to date applications.

Risk Management Division carries out risk management in the light of the policies approved by the Board of Directors. Risk division identifies, assesses, and hedges against the financial risk in close collaboration with the different operating units of the bank. The board of directors provides written principles for risk management as a whole, in addition to written policies, which cover defined risk areas such as credit risk, foreign exchange risk, interest- rate risk, and the use of derivatives and non-derivatives financial instruments. In addition, Risk division is responsible for the periodic review of risk management and control environment independently.

3.A. Credit risk

The bank is exposed to credit risk, which is the risk of default of one party on its obligations. Credit risk is considered as the most important risk the bank faces. Thus, the top management carefully manages risk exposure. Credit risk is mainly represented in lending business from which activities of loans and facilities arise, and in investment activities which cause that the bank’s assets include debt instruments. Credit risk is also found in the financial instruments off- balance sheet, such as loan commitments. The credit risk management team in the division, which reports to the board of directors, top management as well as heads of business units, conducts mainly all operations related to the management and control of the credit risk.

3.A.1. Measurement of credit risk

- Loans and facilities to banks and customers

To measure credit risk related to loans and facilities extended to banks and customers, the bank examines the following three components:

- Probability of default of the customer or a third party on their contractual obligations.
- The current position and the likely expected future development from which the bank can conclude the balance exposed to default (Exposure at default).
- Loss given default.

- The daily activities of the bank's business involve the measurement of credit risk which reflects the expected loss (The Expected Loss Model) required by the Basel Committee on Banking Supervision. The operating measures may contradict with the impairment charge according to IFRS 9, which depends on losses realized at the reporting date (realized losses model) and not on expected losses (Note A/3).

- The bank estimates the probability of default at the level of every customer by applying internal rating methods to rate the creditworthiness of the different categories of customers in details. These methods have been developed for internal rating and the statistical analyses are taken into account together with the personal reasoning of credit officials to reach the adequate rating. The bank's customers have been divided into Three categories of creditworthiness rating. The structure of creditworthiness adopted by the bank as illustrated in the following table reflects how probable default of each category is, which mainly means that credit positions move among mentioned categories pursuant to the change in the assessment of the extent of default probability. The assessment methods are reviewed and developed whenever required. Further, the bank periodically assesses the performance of the creditworthiness rating methods and how they are able to predict default cases.

Classification	The classification's Indication
1	Stage 1 (Performing loans)
2	Stage 2 (Watch list)
3	Stage 3 (Non-performing loans)

The position exposed to default depends on the amounts the bank expects to be outstanding amounts when the default takes place; for example, as for a loan, the position is the nominal value while for commitments, the bank enlists all already withdrawn amounts in addition to these amounts expected to be withdrawn until the date of default, if it happens.

Loss given default or loss severity each represents the bank's expectations of the loss to the extent when claiming repayment of debt if the default occurs. Expressed by the percentage of loss to the debt; this certainly differs in accordance with category of the debtor, the claim's seniority and availability guarantees or other credit mitigation.

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

Concerning debt instruments and bills, the bank uses the external foreign rating such as the rating of "Standard and Poors" or of similar agencies to manage credit risk. If such ratings are not available, then the bank applies similar methods to those applied to credit customers. Investment in securities, financial papers, and bonds shall be considered as a way to gain a better credit quality and maintain a readily available source to meet funding requirements at the same time.

3.A.2. Risk Mitigation Policies

The bank manages, mitigates, and controls credit risk concentration at the level of debtor, groups, industries, and countries.

The bank structures the levels of credit risk tolerance by placing limits for the risk tolerance in relation to each borrower or a class of borrowers, and at the level of economic activities and geographical sectors. Such risk shall be constantly monitored and controlled and shall be subject to reviews on an annual basis or more frequently if necessary. Limits of credit risk at the level of borrower/ the group / producer, the sector and the country shall be quarterly approved by the board of directors.

Lines of credit for any borrower including banks shall be divided into sub-lines which include in- and off- the balance sheet amounts and daily risk limit related to trading items such as forward foreign exchange contracts. Actual amounts shall be compared daily with the mentioned limits. Credit risk exposure is also managed by the regular analysis of the present and the potential borrowers' ability to fulfill their obligations and by amendment of the lending lines when appropriate.

Following are some methods to mitigate risk:

- **Collaterals**

The bank sets a range of policies and controls to mitigate credit risk. Among these implemented methods is to obtain a security against the extended funds. The bank sets guide rules for defined types of acceptable collaterals.

Main types of collaterals against loans and facilities include the following:

- Mortgage.
- Mortgage of business assets such as equipment and goods.
- Mortgage of financial instruments such as debt instruments and equity.

Longer-term finance and lending to corporate are often secured, while credit facilities granted to retail customers are generally unsecured. To reduce credit loss to its minimum level, the bank seeks to get additional collateral from the concerned parties as soon as indicators of impairment in a loan or facility appear.

Collateral held as a security against assets other than loans and facilities; determined by the nature of the instrument, and debt instruments and treasury bills are normally unsecured with the exception of asset-backed securities and the similar instruments backed by a securities portfolio.

- **Derivatives**

The bank maintains control procedures over the net open positions for derivatives i.e. the difference between purchase and sale contracts at the level of value and period. The amount exposed to credit risk is at any time defined at the fair value of the instrument that achieves benefit to the bank i.e. an asset that has a positive fair value and represents a small portion of the contractual (nominal) value adopted to express for the volume of outstanding instruments. This credit risk is managed as a part of the aggregate lending line granted to the customer together with the expected risk due to market changes.

Collateral or other security is not usually obtained against credit risk exposures in these instruments, except where the bank requires that collateral be taken as margin deposits from the counterparties.

Settlement risk arises in any situation where a payment is made through cash, securities or equities, or in return for the expectation of a corresponding receipt in cash, securities, or equities. Daily settlement limits are defined for each counterparty to cover the aggregate settlement risk arising from the Bank market transactions on any single day.

- **Master Netting Arrangements**

The bank mitigates the credit risk by entering into Master Netting Arrangements with counterparties that represent a signification volume of transaction. In general, these arrangements do not result in conducting offset between balance sheet assets and liabilities at financial position because these settlements are always conducted on a gross basis. However, the credit risk associated to the contracts that serve the bank’s interest is reduced through master netting arrangements, as in case of default, all amounts with the counterparty are settled by clearance.

The bank’s overall exposure to credit risk resulting derivative instruments subject to master netting arrangements can be substantially changed within a short period, as it is affected by each transaction subject to these arrangements.

- **Credit related commitments**

The primary purpose of credit related commitments is to ensure the availability of funds to the customer at demand. Guarantees and standby letters of credit also carry the same credit risk related to loans. Documentary and commercial letters of credit which are issued by the bank on behalf of its customer to grant a third party the right of withdrawal from the bank within the limit of certain amounts and under predefined conditions – are collateralized by the underlying shipments of goods and consequently carry a lesser degree of risk, compared to direct loans.

The commitments for granting credit represent the unutilized part of the authorized limit to grant loans, guarantees, or documentary letters of credit. The bank is exposed to a potential loss that represents the amount equal to the total of unutilized commitments as concerning credit risk arising from credit granting commitments. Nevertheless, the amount of loss that is likely to occur is below the unutilized commitments, as most credit granting commitments represents potential liabilities of customers who have defined credit specifications. The bank monitors the duration until maturity date of credit commitments, as long-term commitments have a high degree of credit risk, compared to short-term commitments.

3.A.3. Impairment policies and provisions

The internal systems of aforementioned assessments (note no. 3.A.1) focus to a great extent on the planning of the credit quality, from the starting point of the recognition of lending and investment activities. However, the impairment losses incurred at the reporting date are only recognized for purpose of the preparation of financial statements based on objective evidence, which refers to impairment pursuant to the disclosure below in light of the implementation of different methods.

The impairment loss provision included in the financial position at the end of the fiscal year is derived from the Three internal ratings; however, the majority of the provision results from the last two ratings. The following table shows the percentage for the items within the financial position relate to loans and facilities and the relevant impairment for each of the bank's internal ratings:

Bank's Assessment	**Dec. 31, 2021**		**Dec. 31, 2020**	
	Loans and advances %	**Impairment loss provision %**	**Loans and advances %**	**Impairment loss provision %**
1- Stage 1 (Performing loans)	85.28	43.62	85.24	44.02
2- Stage 2 (Watch list)	10.21	12.31	10.78	13.42
3- Stage 3 (Non-performing loans)	4.51	44.07	3.98	42.56
	100	**100**	**100**	**100**

The bank's policies require review of all financial assets, which exceed defined relative importance at least annually or more if necessary. The impairment charge is to be defined to accounts that have been assessed on an individual basis by assessing the realized loss at the

reporting date on each individual case and is to be applied individually to all accounts that have relative importance. The assessment usually includes the outstanding collateral with a reconfirmation of the possibility to realize the collateral as well as the expected collections from these identified accounts being made.
The impairment loss provision shall be made on the basis of a group of homogeneous assets by using the available historical experience, personal judgment, and statistical methods.

The following table shows the financial assets quality based on the credit-worthiness stages during the year:

(a) Due from Banks: **EGP**

31 December 2021	Stage 1	Stage 2	Stage 3	Total
1-Performing loans	-	-	-	-
2-Regular watching	21 085 146	962 239	-	22 047 385
3-Non-performing loans	-	-	-	-
	21 085 146	**962 239**	**-**	**22 047 385**
Allowances for impairment losses	(71)	(17 028)	-	(17 099)
Carrying amount	**21 085 075**	**945 211**	**-**	**22 030 286**

31 December 2020	Stage 1	Stage 2	Stage 3	Total
1-Performing loans	582 088	-	-	582 088
2-Regular watching	12 005 437	1 040 348	-	13 045 785
3-Non-performing loans	-	-	-	-
	12 587 525	**1 040 348**	**-**	**13 627 873**
Allowances for impairment losses	(201)	(18 410)	-	(18 611)
Carrying amount	**12 587 324**	**1 021 938**	-	**13 609 262**

(b) Debt Instruments at fair value through Other comprehensive income – Governmental bills: **EGP**

31 December 2021	Stage 1	Stage 2	Stage 3	Total
1-Performing loans	-	-	-	-
2-Regular watching	24 649 518	-	-	24 649 518
3-Non-performing loans	-	-	-	-
	24 649 518	**-**	**-**	**24 649 518**
Allowances for impairment losses	(3 004)	-	-	(3 004)
Carrying amount	**24 646 514**	**-**	**-**	**24 646 514**

31 December 2020	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1-Performing loans	-	-	-	-
2-Regular watching	25 666 613	-	-	25 666 613
3-Non-performing loans	-	-	-	-
	25 666 613	**-**	**-**	**25 666 613**
Allowances for impairment losses	(3 007)	-	-	(3 007)
Carrying amount	**25 663 606**	**-**	**-**	**25 663 606**

(c) Debt Instruments at fair value through Other comprehensive income – Governmental Bonds:

EGP

31 December 2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1-Performing loans	-	-	-	-
2-Regular watching	7 607 062	-	-	7 607 062
3-Non-performing loans	-	-	-	
	7 607 062	**-**	**-**	**7 607 062**
Allowances for impairment losses	(83)	**-**	**-**	(83)
Carrying amount	**7 606 979**	**-**	**-**	**7 606 979**

31 December 2020	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1-Performing loans	-	-	-	-
2-Regular watching	7 431 264	-	-	7 431 264
3-Non-performing loans	-	-	-	-
	7 431 624	**-**	**-**	**7 431 264**
Allowances for impairment losses	(84)	-	-	(84)
Carrying amount	**7 431 180**	**-**	**-**	**7 431 180**

(d) Loans and Advances to customers': **EGP**

31 December 2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1- Corporate Loans	15 489 224	1 835 553	1 023 899	**18 348 676**
2- Medium Enterprise	2 673 094	820 363	301 343	**3 794 800**
3- Small & Micro Enterprise	4 778 132	956 194	381 682	**6 116 008**
4- Retail Loans	23 281 691	1 924 010	735 063	**25 940 764**
Total Loans and advances to customers	**46 222 141**	**5 536 120**	**2 441 987**	**54 200 248**
Impairment loss provision	(580 474)	(755 361)	(1 235 556)	**(2 571 391)**
Unearned discount	(9 662)	-	-	**(9 662)**
Interest under settlement from customer loans	-	(31 677)	(171 666)	**(203 343)**
Suspended interest	-	-	(2 408)	**(2 408)**
Net balance as Dec. 31, 2021	**45 632 005**	**4 749 082**	**1 032 357**	**51 413 444**

31 December 2020	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1- Corporate Loans	13 132 448	3 407 713	982 476	**17 522 637**
2- Medium Enterprise	2 338 525	445 540	326 973	**3 111 038**
3- Small & Micro Enterprise	5 337 327	676 442	249 162	**6 262 931**
4- Retail Loans	22 353 327	926 213	454 093	**23 733 633**
Total Loans and advances to customers	**43 161 627**	**5 455 908**	**2 012 704**	**50 630 239**
Impairment loss provision	(679 895)	(665 295)	(1 077 370)	**(2 422 560)**
Unearned discount	(12 511)	-	-	**(12 511)**
Interest under settlement from customer loans	-	(52 534)	(175 982)	**(228 516)**
Suspended interest	-	-	(2 506)	**(2 506)**
Net balance as Dec. 31, 2020	**42 469 221**	**4 738 079**	**756 846**	**47 964 146**

Loans provision movement:

Corporate Loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for impairment losses at 31-12-2020 (Opening balance)	571 459	595 818	879 319	**2 046 596**
New financial assets purchased or issued	55 684	17 995	1 031	**74 710**
Financial assets have been matured or derecognized	(16 715)	(51 374)	-	**(68 089)**
Transfer to stage 1	-	(47 715)	(5 242)	**(52 957)**
Transfer to stage 2	(79 813)	-	(77 327)	**(157 140)**
Transfer to stage 3	-	-	-	**-**
Of failure and balance exposed to failure	(43 501)	168 927	223 136	**348 562**
Loans written-off during current year	-	(51 257)	(94 611)	**(145 868)**
collections of loans previously written-off	-	-	61 391	**61 391**
Foreign exchange translation differences	(1 072)	(667)	(302)	**(2 041)**
Balances as at end of 31-12-2021	**486 042**	**631 727**	**987 395**	**2 105 164**

Retail Loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for impairment losses at 31-12-2020 (Opening balance)	108 436	69 477	198 051	**375 964**
New financial assets purchased or issued	36 476	18 221	2 723	**57 420**
Financial assets have been matured or derecognized	(24 906)	(13 025)	-	**(37 931)**
Transfer to stage 1	-	(17 170)	(7 847)	**(25 017)**
Transfer to stage 2	(16 014)	-	(45 595)	**(61 609)**
Transfer to stage 3	(30 900)	(25 244)	-	**(56 144)**
Of failure and balance exposed to failure	21 338	91 376	210 584	**323 298**
Loans written-off during current year	-	-	(124 700)	**(124 700)**
collections of loans previously written-off	-	-	14 946	**14 946**
Foreign exchange translation differences	-	-	-	-
Balances as at end of 31-12-2021	**94 430**	**123 635**	**248 162**	**466 227**

Total Loans and advances

	Stage 1	Stage 2	Stage 3	Total
Allowance for impairment losses at 31-12-2020 (Opening balance)	679 895	665 295	1 077 370	**2 422 560**
New financial assets purchased or issued	92 160	36 216	3 754	**132 130**
Financial assets have been matured or derecognized	(41 621)	(64 400)	-	**(106 021)**
Transfer to stage 1	-	(64 885)	(13 089)	**(77 974)**
Transfer to stage 2	(95 827)	-	(122 922)	**(218 749)**
Transfer to stage 3	(30 900)	(25 244)	-	**(56 144)**
Of failure and balance exposed to failure	(22 163)	260 304	433 720	**671 861**
Loans written-off during current year	-	(51 257)	(219 311)	**(270 568)**
collections of loans previously written-off	-	-	76 337	**76 337**
Foreign exchange translation differences	(1 072)	(667)	(302)	**(2 041)**
Balances as at end of 31-12-2021	**580 472**	**755 362**	**1 235 557**	**2 571 391**

3.A.4. The General Model for Measurement of Banking Risk

In addition to the three-creditworthiness ratings shown in (note no. 3.A.1), the management also prepares ratings in the form of more detailed subgroups, which are in line with the requirements of the Central Bank of Egypt (CBE). Assets exposed to credit risk shall be rated in these subgroups pursuant to detailed rules and terms, which depend largely on customer related information, business and activities, financial position and regularity of payments thereof.

The bank calculates the provision required for the impairment of these assets exposed to credit risk, including credit related commitments based on defined rates set by the Central Bank of Egypt. In case the impairment loss provision required according to Central Bank of Egypt’s rules exceeds the provisions as required for the purposes of the preparation of the financial statements in accordance with the instructions of the Central Bank of Egypt (CBE) dated 26 February 2019, that excess shall be debited to retained earnings and carried to the general reserve for banking risk in the shareholders’ equity section. Such reserves shall be regularly adjusted, by any increase or decrease so that the reserve shall always be equal to the amount of increase between the two provisions. Such provision shall not be subject to distribution.

Following is an indication of corporate credit worthiness categories according to internal rating principles, compared to the rating principles of the Central

Bank of Egypt, and of the required provision percentages for the impairment of assets exposed to credit risk.

Central Bank of Egypt's rating	Rating's meaning	Provision's ratio required	Internal Rating	Meaning of Internal Rating
1	Low risk	Zero	1	Stage 1
2	Average risk	1%	1	Stage 1
3	Satisfactory risk	1%	1	Stage 1
4	Reasonable risk	2%	1	Stage 1
5	Acceptable risk	2%	1	Stage 1
6	Marginally acceptable risk	3%	2	Stage 2
7	Watch List	5%	2	Stage 2
8	Substandard	20%	3	Stage 3
9	Doubtful	50%	3	Stage 3
10	Bad debt	100%	3	Stage 3

3.A.5. The Maximum Limit for Credit Risk before Collateral

Credit Risk exposures in the statement of financial position:

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Treasury bills and other governmental notes	24 649 518	25 663 606
Loans and advances to customers		
Loans to individuals (Retail):		
Overdraft accounts	213 126	445 474
Credit cards	343 690	269 347
Personal loans	25 375 025	23 009 122
Mortgage	8 923	9 695
Corporate loans:		
Overdraft accounts	8 705 116	6 892 475
Direct loans	17 819 440	17 834 497
Syndicated loans	1 730 676	2 159 046
Other loans	4 252	10 583
Unearned Discount	(9 662)	(12 511)
Interest under settlement from customer loan	(203 343)	(228 516)
Suspended interest	(2 408)	(2 506)
Financial investments:		
Debt instruments	7 306 247	6 887 916
Other assets	801 071	1 032 178
Total	**86 741 671**	**83 970 406**

Off balance sheet items exposed to credit risk:		
Financial guarantees	3 127 677	3 923 354
Non-revocable credit-related commitments for loans and other liabilities	9 768 325	7 352 204
Letters of credit	2 802 577	1 876 200
Letters of guarantee (incentive)	7 712 140	7 275 238
Total	**23 410 719**	**20 426 996**

- The previous table represents the maximum limit of exposure as at 31 December 2021 and as at 31 December 2020, without taking into consideration any financial guarantees. As for the financial position items, the enlisted amounts depend on the net book value presented in the statement in financial position. As illustrated in the previous table 62.4% of the maximum limit exposed to credit risk at 31 December 2021 arises from loans and advances to banks and customers versus 60.09 % as at 31 December 2020 whereas investments in the debt instruments represent 8.4 % at 31 December 2021 versus 8.2 % as at 31 December 2020.

The management has confidence in its abilities to continue of controlling and maintaining the minimum limit of credit risk resulted from loans, facilities, and debt instruments portfolios based on the following:

- 0.03% of the loans and advances' portfolio is classified in the two higher categories of the internal assessment (low/average risks) as at 31 December 2021, versus 0.38% at 31 December 2020.
- 82.7% of the loans and advances' portfolio is free from any delays or impairment indicators at 31 December 2021 versus 80.9 % as at 31 December 2020.
- The mortgages covered by collaterals, represent an important group in the portfolio.
- Loans and facilities that have been assessed on an individual basis reach EGP 2 441 988 thousand as at 31 December 2021 versus EGP 2 012 705 thousand as at 31 December 2020. Formed from it an 50.6 % as a provision at 31 December 2021 versus 53.5 % as at 31 December 2020.
- The bank applied more conservative selecting process when granting loans and advances during the year.
- More than 99.8 % as at 31 December 2021 and as at 31 December 2020, of the investments in debt instruments and treasury bills represents debt instruments on the Egyptian government.

3.A.6. Loans and advances

The following is the position of loans and advances' balances as regarding creditworthiness:

	Dec. 31, 2021 EGP 000 Loans and advances to customers	Dec. 31, 2020 EGP 000 Loans and advances to customers
With no past dues or impairment	44 837 137	40 965 463
With past dues but not subject to impairment	6 921 124	7 652 072
Subject to impairment	2 441 987	2 012 704
Total	**54 200 248**	**50 630 239**
Less:		
Impairment loss provision	(2 571 391)	(2 422 560)
Unearned discount	(9 662)	(12 511)
Interest under settlement from customer loans	(203 343)	(228 516)
Suspended interest	(2 408)	(2 506)
Net	**51 413 444**	**47 964 146**

The total impairment charges on loans and advances facilities; reached EGP 2 571 391 thousand as of 31 December 2021, versus EGP 2 422 560 thousand as of 31 December 2020, including EGP 1 235 557 thousand as of 31 December 2021, versus EGP 1 077 377 thousand as of 31 December 2020, of which represents the impairment of individual loans and the remaining amounting to EGP 1 335 834 thousand versus EGP 1 345 183 thousand representing the impairment charges on a group basis of the credit portfolio (Note no. 18) include further information on the impairment losses provision of loans and facilities to banks and customers.

Loans and facilities with no past dues or impairment:

The creditworthiness of the loans and facilities portfolio with no past dues or impairment is assessed with reference to the internal assessment adopted by the bank.

EGP 000

December 31, 2021

Assessment	**Retail**				**Corporate**				**Net loans and facilities to customers**
	Debit Current accounts	**Credit Cards**	**Personal Loans**	**Mortgage**	**Debit Current accounts**	**Direct Loans**	**Syndicated Loans**	**Other Loans**	
1- Performing	-	-	-	-	4 515 983	8 663 944	651 718	67	13 831 712
2- Regular Watching	123 856	254 288	20 258 235	1 440	2 273 195	6 905 234	453 657	3 664	30 273 569
3- Watch List	-	-	-	-	-	9 680	-	42	9 722
Total	123 856	254 288	20 258 235	1 440	6 789 178	15 578 858	1 105 375	3 773	44 115 003

- The guaranteed loans were subjected to impairment as for the non-performing loans category after taking into consideration the collectability of these guarantees.

EGP 000

December 31, 2020
Assessment

	Retail				Corporate				
	Debit Current accounts	**Credit Cards**	**Personal Loans**	**Mortgage**	**Debit Current accounts**	**Direct Loans**	**Syndicated Loans**	**Other Loans**	**Net loans and facilities to customers**
1- Performing	-	-	-	-	3 286 657	9 788 681	354 983	61	**13 430 382**
2- Regular Watching	255 861	182 975	18 188 609	2 048	1 746 931	5 411 486	876 460	9 799	**26 674 169**
3- Watch List	-	-	-	-	12 884	58 589	-	3	**71 476**
Total	**255 861**	**182 975**	**18 188 609**	**2 048**	**5 046 472**	**15 258 756**	**1 231 443**	**9 863**	**40 176 027**

Loans and facilities with past dues but are not subject to impairment

These are loans and facilities with delays up to 90 days but are not subject to impairment unless there is other information to the contrary, a loan and facilities to customers with past dues but not subject to impairment and the fair value of their collaterals are represented in the following:

EGP 000

Dec. 31, 2021

	Retail				Corporate				
	Debit Current accounts	**Credit Cards**	**Personal Loans**	**Mortgage**	**Debit Current accounts**	**Direct Loans**	**Syndicated Loans**	**Other Loans**	**Net loans and facilities to customers**
Past dues up to 30 days	9 359	47 323	3 498 436	438	66 182	729 719	248 144	-	**4 599 601**
Past dues more than 30 days to 60 days	2 109	16 286	606 858	637	28 853	354 146	-	-	**1 008 889**
Past dues more than 60 days to 90 days	50	6 313	162 008	-	37 235	333 187	160 142	-	**698 935**
Total	**11 518**	**69 922**	**4 267 302**	**1 075**	**132 270**	**1 417 052**	**408 286**	-	**6 307 425**
The fair value of Collaterals	**11 422**	-	**2 749 233**	-	**5 546**	**2 738**	-	-	**2 768 939**

EGP 000

December 31, 2020

	Retail				Corporate				
	Debit Current accounts	**Credit Cards**	**Personal Loans**	**Mortgage**	**Debit Current accounts**	**Direct Loans**	**Syndicated Loans**	**Other Loans**	**Net loans and facilities to customers**
Past dues up to 30 days	21 867	40 203	3 195 771	336	8 446	832 135	221 837	-	**4 320 595**
Past dues more than 30 days to 60 days	16 124	14 232	902 174	1 510	96 276	858 943	358 052	-	**2 247 311**
Past dues more than 60 days to 90 days	12 511	9 163	256 877	1 371	38 833	144 642	65 016	-	**528 413**
Total	**50 502**	**63 598**	**4 354 822**	**3 217**	**143 555**	**1 835 720**	**644 905**	-	**7 096 319**
The fair value of collaterals	**50 004**	-	**2 877 106**	-	**6 559**	**12 051**	**413 625**	-	**3 359 345**

At the initial recognition of loans and facilities, the fair value of collaterals is evaluated based on the same financial assets' evaluation methods used, and in subsequent periods, the fair value is updated by the market prices or the similar assets' prices.

Loans and facilities subject to impairment on an individual basis

The balance of loans and facilities which are subject to impairment on an individual basis, before taking into account the cash flow from collaterals, amounted to EGP 2 441 988 thousand as at 31 December 2021 versus EGP 2 012 705 thousand as at 31 December 2020.

Herein below, is the analysis of the net value of loans and facilities subject to impairment on individual basis including the fair value of collaterals the bank has obtained against these loans:

EGP 000

December 31, 2021

	Retail				Corporate				
	Debit Current accounts	**Credit Cards**	**Personal Loans**	**Mortgage**	**Debit Current accounts**	**Direct Loans**	**Syndicated Loans**	**Other Loans**	**Total loans and facilities to customers**
Balance	75 749	14 767	638 374	6 173	1 578 747	127 866	-	312	**2 441 988**
Provision	(44 912)	(6 613)	(191 152)	(5 485)	(894 181)	(92 960)	-	(254)	**(1 235 557)**
Net	**30 837**	**8 154**	**447 222**	**688**	**684 566**	**34 906**	**-**	**58**	**1 206 431**
The fair value of collaterals	**11 979**	**-**	**345 238**	**-**	**490 741**	**18**	**-**	**-**	**847 976**

EGP 000

December 31, 2020

	Retail				Corporate				
	Debit Current accounts	**Credit Cards**	**Personal Loans**	**Mortgage**	**Debit Current accounts**	**Direct Loans**	**Syndicated Loans**	**Other Loans**	**Total loans and facilities to customers**
Balance	138 738	20 858	291 102	3 395	1 492 087	66 416	-	109	**2 012 705**
Provision	(75 131)	(11 055)	(110 500)	(1 365)	(813 234)	(65 978)	-	(107)	**(1 077 370)**
Net	**63 607**	**9 803**	**180 602**	**2 030**	**678 853**	**438**	-	**2**	**935 335**
The fair value of collaterals	**1 250**	**-**	**124 490**	**-**	**502 442**	**-**	**-**	**5**	**628 187**

Restructured Loans and Facilities:

The restructuring activities include extending of repayment's arrangements, implementation of obligatory management programs, amending and postponing repayment. The policies of restructuring application depend on indicators or standards that refer to the high prospects of continuance repayment based on the management's personal judgment. These policies are reviewed on regular basis. Restructuring is usually applied on long-term loans, especially customers financing loans. Loans which have been subject to renegotiations have reached EGP 426 203 thousand as at 31 December 2021 versus EGP 427 827 thousand as at 31 December 2020.

	Dec. 31, 2021 EGP 000	**Dec. 31, 2020 EGP 000**
Loans and facilities to customers		
Corporate		
- Debit current accounts	-	-
- Direct loans	426 203	427 827
Total Corporate Loans	426 203	427 827

3.A.7. Debt instruments, treasury bills and other governmental notes:

The following table represents an analysis of debt instruments, treasury bills and other governmental notes at the end of the fiscal year based on the assessment of Standard & Poor's rating or its equivalent:

		EGP 000	
	Treasury bills and other governmental notes	**Investments in Securities**	**Total**
AAA	-	-	-
Less than -A	24 649 518	7 245 657	31 895 175
Unclassified	-	60 590	60 590
Total	**24 649 518**	**7 306 247**	**31 955 765**

3.A.8. Acquisition of collaterals

During the present financial year, the bank has obtained assets by acquiring some collaterals reached EGP 13 958 Thousand, represents buildings, and these assets being sold once being appropriate, and these items are reported within other assets in the financial statements.

Asset Type	**EGP Book Value**
Buildings	13 958
Total	**13 958**

3.A.9. The concentration of financial assets' risks exposed to credit risk

- **Geographical segments**

The following table represents an analysis of the bank's most important boundaries of credit risk at book value, distributed in accordance with the geographical segment as at 31 December 2021.

Dec. 31, 2021			EGP 000	
	Cairo	**Alex, Delta and Sinai**	**Upper Egypt**	**Total**
Treasury bills and other governmental notes	24 649 518	-		**24 649 518**
Loans and facilities to customers:				
- Loans to individuals (Retail):				
Debit current accounts	85 156	82 132	45 838	**213 126**
Credit cards	343 690	-	-	**343 690**
Personal loans	7 626 868	11 542 497	6 205 660	**25 375 025**
Mortgage	8 160	418	345	**8 923**
- Loans to corporate				
Debit current accounts	6 362 735	1 778 108	564 273	**8 705 116**
Direct loans	11 006 166	5 012 903	1 800 371	**17 819 440**
Syndicated loans	1 724 884	5 792	-	**1 730 676**
Other loans	3 193	982	77	**4 252**
Unearned discount	(9 662)		-	**(9 662)**
Interest under settlement from customer	(183 603)	(19 740)	-	**(203 343)**
Suspended interest	(2 408)	-	-	**(2 408)**

	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Financial Investments				
Debt instruments	7 306 247	-	-	**7 306 247**
Other assets	674 718	90 797	35 556	**801 071**
Total as at 31 Dec. 2021	**59 595 662**	**18 493 889**	**8 652 120**	**86 741 671**
Total as at 31 Dec. 2020	**58 925 797**	**16 894 570**	**8 150 039**	**83 970 406**

- **Business Segment**

  The following represents an analysis of the most important boundaries of credit risk at book value, distributed according to the customers' business and activities.

EGP 000

Dec. 31, 2021	Financial Institutions	Industrial Institutions	Real estate Activity	Wholesale and retail trade	Governmental sector	Other activities	Individuals	Total
Treasury bills and other governmental notes	-	-	-	-	24 649 518	-	-	**24 649 518**
Loans & facilities to customers:	-	-	-	-	-	-	-	-
Loans to individuals (Retail)	-	-	-	-	-	-	-	-
Debit current account	-	-	-	-	-	-	213 126	**213 126**
Credit cards	-	-	-	-	-	-	343 690	**343 690**
Personal loans	-	-	-	-	-	-	25 375 025	**25 375 025**
Mortgage	-	-	-	-	-	-	8 923	**8 923**
Loans to Corporate								
Debit current account		1 328 936	2 205 310	1 462 354	1 891 036	1 817 480	-	**8 705 116**
Direct loans		4 791 627	267 256	1 914 074	6 016 305	4 830 178	-	**17 819 440**
Syndicated loans		458 541	69 049	-	183 845	1 019 241	-	**1 730 676**
Other loans	-	109	20	1 049	166	2 908	-	**4 252**
Unearned discount	-	(9 662)	–	-	-	-	-	**(9 662)**
Interest under settlement from customer loans	-	(17 968)	(139 691)	(6 479)	(18 606)	(20 598)	-	**(203 342)**
Suspended interest	-	(2 408)	-	-	-	-	-	**(2 408)**
Financial Investments								
Debt instruments	60 586	-	-	-	7 245 660	-	-	**7 306 246**
Other assets	7 986	-	-	-	377 356	281 269	134 460	**801 071**
Total as at 31 Dec. 2021	**68 572**	**6 549 175**	**2 401 944**	**3 370 998**	**40 345 280**	**7 930 478**	**26 075 224**	**86 741 671**
Total as at 31 Dec. 2020	**63 867**	**7 281 164**	**1 785 773**	**2 949 032**	**41 939 092**	**6 121 550**	**23 829 928**	**83 970 406**

3.B. Market Risk

3.B.1. Methods of Measuring Market Risk

As part of the market risk management the bank, enters into interest rate swaps in order to balance the risk associated with the debt instruments and long-term loans with fixed interest rate in case the fair value option is applied. The following are the most important measurement methods applied to control the market risk.

- **Value at Risk**

The bank applies "value at risk" method for trading and non-trading portfolios in order to estimate the market risk of outstanding positions and the maximum limit of expected loss based on a number of assumptions for the various changes of market conditions. The board of directors sets limits for "value at risk" which the bank can accept for trading and non-trading separately and monitored daily by the Market Risk department in the bank.

Value at risk is a statistical estimate of the potential movements of the present portfolio due to market's adverse moves. It is an expression of the maximum value the bank can lose using a defined confidence factor (99%) consequently there is a statistical probability of (1%) that the actual loss may be greater than the expected value at risk. The value at risk model assumes a defined retention period (ten days) before closing of the open positions. It also assumes that the market movement during the retention period will follow the same pattern of movement that occurred during the previous ten days. The bank should assess these historical changes in rates, prices, and indicators directly on current positions, a method known as historical simulation. Actual outputs should be monitored and controlled on a regular basis to measure the integrity of the assumptions and factors applied to calculate value at risk.

The use of this method does not prevent the losses over these limits and within the limits of large movements in the market. Since the value at risk is an essential part of the banks' system in control of the market risk. The Board of Directors set the value at risk limits annually for each of the trading and non-trading and split on units of activity. The actual values at risk; are compared with limits set by the Bank and reviewed daily by the bank's risk management. The average daily value at risk during the financial year ended 31 December 2021 amounted to EGP 36 097 thousand, versus EGP 45 311 thousand during the comparative year.

The quality of value at risk model is continuously monitored by reinforcing testing to reinforce the results of value at risk of the trading portfolio and the results of such tests are usually reported to senior management and board of directors.

- **Stress Testing**

Stress testing gives an indicator of the potential size of losses, which may arise from extremely adverse conditions. Stress testing is designed in a way that suites business and activity by applying typical analysis of defined scenarios. The market risk department undertakes Stress testing to include the stress testing of risk factors where a set of extreme movements is applied on each risk category. There is also stress testing applied on emerging markets, which are subject to extreme movements, and special stress testing that includes potential events, which may affect certain centers or regions such as what can happen in a region currency peg break. The senior management and board of director's monitor and review the results of stress testing.

3.B.2. Summary of value at risk

- **Total value at risk according to the risk type**

EGP 000

	12 Months till Dec. 31,2021			12 Months till Dec. 31,2020		
	Medium	**Higher**	**Lower**	**Medium**	**Higher**	**Lower**
Interest rate risk	36 097	38 319	31 908	45 311	54 580	38 810
Total value at risk	**36 097**	**38 319**	**31 908**	**45 311**	**54 580**	**38 810**

The bank did not estimate exchange rate risk and equity instruments risk as the data is not available.

- **Value at risk of the trading portfolio according to the risk type.**

EGP 000

	12 Months till Dec. 31,2021			12 Months till Dec. 31,2020		
	Medium	**Higher**	**Lower**	**Medium**	**Higher**	**Lower**
Interest rate risk	-	-	-	-	-	-
Total value at risk	-	-	-	-	-	-

- **Value at risk of the non-trading portfolio according to the type of risk.**

EGP 000

	12 Months till Dec. 31,2021			12 Months till Dec. 31,2020		
	Medium	**Higher**	**Lower**	**Medium**	**Higher**	**Lower**
Interest rate risk	36 097	38 319	31 908	45 311	54 580	38 810
Total value at risk	**36 097**	**38 319**	**31 908**	**45 311**	**54 580**	**38 810**

The bank did not estimate exchange rate risk and equity instruments risk as the data is not available.

The increase in the value at risk, especially interest rate risk, related to the increase in the sensitivity of interest rates in international financial markets.

The previous three results of value at risk calculated separately and independently from the concerned positions and historical movements of markets. Total values at risk for trading and non-trading do not form the bank's value at risk given the correlation between the types of risks and types of portfolios and the subsequent diverse impacts.

3.B.3. The risk of fluctuations in foreign exchange rates

The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows and the board of directors have set limits of foreign currencies in total value for each position at the end of the day and during the day, which are monitored on the spot. The following table summarizes the extent of the bank's exposure to fluctuations in foreign exchange rates risk at 31 December 2021. The following table includes the book value of financial instruments distributed into its component currencies:

The concentration of currency risk of financial instruments

Equivalent in EGP 000

	EGP	USD	Euro	GBP	Other Currencies	Total
As at Dec. 31, 2021						
Financial assets:						
Cash and balances with Central Bank of Egypt	5 978 553	164 888	30 942	1 563	14 848	**6 190 794**
Due from banks	17 518 683	3 563 446	720 601	133 776	93 780	**22 030 286**
Treasury bills and other governmental notes	24 480 549	168 969	-	-	-	**24 649 518**
Loans and facilities to customers	45 902 554	5 051 907	458 980	3		**51 413 444**
Financial assets classified at fair value through profit and loss	-	-	2 363	-	-	**2 363**
Financial Investments:						
- Financial Inv. classified at Fair Value through Other Comprehensive Income	7 601 844	4 679	539	-	-	**7 607 062**
- Financial Inv. classified at Fair Value through profit and loss	60 590	-	-	-	-	**60 590**
Total financial assets	**101 542 773**	**8 953 889**	**1 213 425**	**135 342**	**108 628**	**111 954 057**
Financial liabilities:						
Due to banks	82 783	377 782	6 536	288	258	**467 647**
Customers' deposits	86 235 920	8 122 731	1 151 275	132 476	77 638	**95 720 040**
Other loans	166 575	404 042	-	-	-	**570 617**
Total financial liabilities	**86 485 278**	**8 904 555**	**1 157 811**	**132 764**	**77 896**	**96 758 304**
Net of financial position	**15 057 495**	**49 334**	**55 614**	**2 578**	**30 732**	**15 195 753**
Credit related commitments	**6 139 756**	**3 790 548**	**3 407 560**	**268 768**	**35 762**	**13 642 394**
As at 31 December 2020						
Total financial assets	**87 934 969**	**9 688 517**	**1 338 079**	**156 194**	**88 747**	**99 206 506**
Total financial liabilities	**75 385 718**	**9 463 870**	**1 232 855**	**153 459**	**87 317**	**86 323 219**
Net of financial position	**12 549 251**	**224 647**	**105 224**	**2 735**	**1 430**	**12 883 287**
Credit related commitments	**5 651 255**	**2 634 853**	**4 490 728**	**257 146**	**40 810**	**13 074 792**

3.B.4. Interest rate risk

The bank is exposed to the impact of the fluctuations in the levels of interest rates prevailing in the market, include the cash flow risk of interest rate represented in the volatility of future cash flow of a financial instrument due to changes in the interest rate of the mentioned instrument. Whereas the interest rates fair value risk is the risk of fluctuations in the value of the financial instrument due to changes in interest rates in the market. The interest margin may rise due to these changes but still the profits may decrease if unexpected movements occur. The board of directors of the bank set limits for the level of difference in the re-pricing of interest rate that the bank can maintain and treasury department in the bank daily monitors this.

The following table summarizes the extent of the bank's exposure to the risk of fluctuations in interest rates that includes the book value of financial instruments distributed based on the price of re-pricing dates or maturity dates whichever is sooner.

As at Dec. 31, 2021	Up to 1 month	1 -3 months	More than 3 months – 1 year	1- 5 years	More than 5 years	Interest free	Total
Financial assets:							
Cash and balance with Central Bank of Egypt	-	-	-	-	-	6 190 794	**6 190 794**
Due from banks	11 832 184	8 878 584	1 250 000	-	-	69 518	**22 030 286**
Treasury bills and other governmental notes	5 738 662	7 795 625	11 115 231	-	-	-	**24 549 518**
Loans and facilities to customers	31 911 294	2 028 041	4 528 724	9 492 543	3 395 622	57 220	**51 413 444**
Financial assets classified at fair value through profit and loss	2 363	-	-	-	-	-	**2 363**
Financial Investments:							
- Financial Inv. classified at Fair Value through Other Comprehensive Income	-	-	-	7 570 865	36 197	-	**7 607 062**
- Financial Inv. classified at Fair Value through profit and loss	-	-	-	60 590	-	-	**60 590**
Other financial Inv.	-	-	-	-	-	957 075	**957 075**
Total financial assets	**49 484 503**	**18 702 250**	**16 893 955**	**17 123 998**	**3 431 819**	**7 274 607**	**112 911 132**
Financial liabilities							
Due to banks	25 453	-	-	-	-	442 194	**467 467**
Customers' deposits	33 227 164	13 067 193	3 165 023	33 024 983	9 893	13 225 784	**95 720 040**
Other loans	14 903	74 641	106 674	374 399	-	-	**570 617**
Other financial liabilities	-	-	-	-	-	323 270	**323 270**
Total financial liabilities	**33 267 520**	**13 141 834**	**3 271 697**	**33 399 382**	**9 893**	**13 991 248**	**97 081 574**
The interest gap re-pricing	**16 216 983**	**5 560 416**	**13 622 258**	**(16 275 384)**	**3 421 926**	**(6 716 641)**	**15 829 558**
As at 31 December 2020							
Total financial assets	**52 285 133**	**22 713 026**	**7 977 981**	**10 068 318**	**1 558 956**	**5 685 971**	**100 289 385**
Total financial liabilities	**34 716 432**	**21 882 409**	**2 841 881**	**15 453 249**	**50 606**	**11 657 802**	**86 602 379**
Interest gap re-pricing	**17 568 701**	**830 617**	**5 136 100**	**(5 384 931)**	**1 508 350**	**(5 971 831)**	**13 687 006**

3.C. Liquidity risk

The liquidity risk is the risk that the bank is unable to meet its commitments associated with its financial obligations at maturity date and replacing the funds that withdrawn; and that may result of failure in meeting obligations related to repayment of the depositor's funds or meeting the borrowing commitments.

- **Liquidity risk management**

  The processes of liquidity risk control carried by Assets and Liabilities management department in the bank include the following:

- The daily funding is managed by monitoring and controlling the future cash flows to ensure the ability to fulfill all obligations and requirements. This includes replenishment of funds as they mature or is borrowed by customers. The bank maintains an active presence in the global money markets to ensure achievement of this target.
- Maintaining a portfolio of highly marketable assets, which can easily be liquidated to meet any unexpected interruption in cash flows.
- Monitoring liquidity ratios compared to the internal requirements of the bank and the Central Bank of Egypt's requirements.
- Management of concentration and list of the debt maturities.

For the purpose of monitoring and reporting take the form of cash flow measurement and projections for the next day, week, and month respectively, which is main period for managing liquidity. The starting point for these projections represented in the analysis of the contractual maturities of financial liabilities and expected collection dates of financial assets.

Assets and Liabilities management department controls the unmatched medium-term assets, the level and type of the unutilized portion of loans' commitments, the extent of utilizing overdraft accounts advances and the impact of contingent liabilities such as letters of guarantees and letters of credit.

- **Financing approach**

Liquidity resources, reviewed by a separate team in the Assets and Liabilities management department of the bank to provide a wide variety of currencies, geographical regions, resources, products, and maturities.

- **Non-derivative cash flows**

The following table represents the cash flows payable by the method of non-derivative financial liabilities distributed based on remaining period from the contractual maturities on the financial position date. The amounts presented in the table represent the undiscounted contractual cash flows while the bank manages the liquidity risk based on "expected" instead of contractual undiscounted cash flows.

Dec. 31, 2021	**Up to 1 month**	**1-3 months**	**More than 3 months -1 year**	**1-5 years**	**More than 5 years**	**Total**
Financial liabilities (According to original amount + Interest)						
Due to banks	468 992	-	-	-	-	**468 992**
Customers' deposits	45 615 798	3 327 938	7 697 101	49 658 958	13 168	**106 312 963**
Other loans	219 050	27 433	67 570	287 474	-	**601 527**
Other financial liabilities	323 270	-	-	-	-	**323 270**
Total financial liabilities according to contractual maturity date	**46 627 110**	**3 355 371**	**7 764 671**	**49 946 432**	**13 168**	**107 706 752**
Total financial assets according to contractual maturity date	**35 651 513**	**22 984 927**	**26 792 940**	**32 597 235**	**9 655 159**	**127 681 774**

EGP 000

Dec. 31, 2020 Financial liabilities (According to original amount + Interest)	Up to 1 month	1-3 months	More than 3 months -1 year	1-5 years	More than 5 years	Total
Due to banks	471 989	42	–	–	–	**472 031**
Customers' deposits	41 870 856	4 985 359	10 056 832	36 631 371	30 250	**93 574 668**
Other loans	328 627	28 439	80 932	402 648	28 618	**869 264**
Other financial liabilities	279 160	–	–	–	–	**279 160**
Total financial liabilities according to contractual maturity date	**42 950 632**	**5 013 840**	**10 137 764**	**37 034 019**	**58 868**	**95 195 123**
Total financial assets according to contractual maturity date	**34 982 152**	**26 511 160**	**16 650 778**	**26 921 850**	**7 536 407**	**112 602 347**

The assets available to meet all liabilities and to hedge commitments related to loans include cash and balances with Central Bank, due from banks, treasury bills and other governmental bills and loans and facilities to banks and customers. In the normal course of business, a proportion of customer loans contractually repayable within one year extended through normal business of bank. The bank has the ability to meet unexpected net cash flows through selling financial securities as well as raising other funding resources.

- **Off-balance sheet items**

The following is according to Note no. (36.C.)

EGP 000

Dec. 31, 2021	Less than 1 year	1-5 years	Total
Commitments of loans and facilities for customers	9 768 325	-	9 768 325
Financial guarantees, accepted bills and other financial facilities	13 642 394	-	13 642 394
Commitments on operational leasing contracts	6 596	17 242	23 838
Capital commitments due to fixed assets' acquisition	129 582	-	129 582
Total	**23 546 897**	**17 242**	**23 564 139**

EGP 000

Dec. 31, 2020	Less than 1 year	1-5 years	Total
Commitments of loans and facilities for customers	7 352 204	-	**7 352 204**
Financial guarantees, accepted bills and other financial facilities	13 074 792	-	**13 074 792**
Commitments on operational leasing contracts	-	-	-
Capital commitments due to fixed assets' acquisition	117 630	-	**117 630**
Total	**20 544 626**	-	**20 544 626**

3.D. The fair value of financial assets and liabilities

3.D.1. Financial instruments measured at fair value by applying valuation methods

The change in estimated fair value by applying valuation methods has reached EGP 240.9 million in the fiscal year ended 31 December 2021 vs EGP 3.6 million in end of 31 December 2020.

Financial instruments not measured at fair value

The following table summarizes the present value and the fair value of financial assets and liabilities, not presented in the bank's statement of financial position at fair value:

EGP 000

	Dec. 31, 2021		Dec. 31, 2020	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial Assets:				
Due from banks	22 030 286	22 030 286	13 609 262	13 609 262
Loans and facilities to customers:				
Current balances	28 716 728	28 716 728	26 013 898	26 013 898
Financial liabilities:				
Due to banks	467 647	467 647	498 980	498 980
Customers' deposits:				
Current balances	21 838 743	21 838 743	23 966 745	23 966 745
Other loans	570 617	570 617	813 443	813 443

- **Due from banks**
  The fair value of the Due from banks is the book value where all Due from banks mature within a year.

- **Loans and facilities to banks**
  Loans and facilities to banks represented in loans other than deposits with banks. The expected fair value for loans and facilities represents the discounted value of future cash flows expected for collection. Cash flows discounted by adopting the current market rate to determine the fair value.

- **Loans and facilities to customers**
  Loans and facilities presented in net after discounting the impairment loss provision. Loans and facilities to customers; are divided to current and non-current balances and the book value of current balances is equal to the fair value but it is difficult to obtain the fair value of non-current balances.

- **Due to banks**
  The fair value of the due to banks is the book value where all due to banks mature within a year.

- **Customers' deposits**
  Customers' deposits are divided to current and non-current balances and the book value of current balances is equal to the fair value while could not obtain the present value of non-current balances.

3.E. Capital Management

For capital management purposes, the bank's capital includes total equity as reported in the financial position in addition to other elements that are managed as capital. The bank manages its capital to ensure the following objectives are achieved:

- Comply with the legal capital requirements in Arab Republic of Egypt and in countries where the bank's branches operate.
- Protect the bank's ability to continue as going concern and enabling it to continue in generating return to shareholders and other parties dealing with the bank.
- Maintain a strong capital base that supports the growth of business.
- Capital adequacy and capital utilizations according to the regulator requirements (the Central Bank of Egypt in Arab Republic of Egypt); are reviewed and monitored by the bank's management through models, which depend on the guidelines developed by the Basel Committee as implemented by the Banking Supervision. Required information is submitted to the Central Bank of Egypt on a quarterly basis.

Central Bank of Egypt requires each bank to do the following:

- Maintaining an amount of EGP 500 million as a minimum requirement for the issued and paid-up-capital.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank.

The overseas bank's branches outside Arab Republic of Egypt are subject to the supervision rules regulating banking business in the countries where they operate.

In accordance with the requirements of Basel II, the numerator of the capital adequacy ratio consists of the following two tiers:

Tier One:

A. Ongoing capital:

Consists of issued and paid-up share capital, legal, statutory and capital reserve and retained earnings (retained losses) and approved interim earnings excluding the following: -

- Treasury Shares
- Good Will
- Bank investments in financial companies (Banks and Companies) and insurance companies [more than 10% or more of the company's issued capital].
- Increase in all bank investments where each investment individually is less than 10% of the company's issued capital for the value of 10% of ongoing capital after regulatory amendments (capital base before excluding investments in financial companies and insurance companies).

The following elements are not considered: -

- Fair value reserve of financial investments through other comprehensive income (If negative).
- Foreign currency translation differences reserve (If negative).
- Where the above items are deducted from Basic capital if the balance is negative while it's not considered if it is positive.

B. Additional ongoing capital:

It consists of permanent non-cumulative preferred shares, interim quarterly profit (loss), minority rights and the difference between the nominal value and the current value of supplementary loans (deposits).

Interim profits are recognized only after approval of the auditor and the General Assembly approval of the distributions and the approval of CBE, banks are permitted to include the periodical net profits to the capital base after a limited review performed by the external auditors for the financial statements of the bank, interim losses are deducted without conditions.

Tier Two:

Consists of the following: -

- 45% of the increase in fair value above the book value of financial investments (FVOCI fair value reserve if positive, and investments in associates and subsidiaries).
- 45% of the special reserve.
- 45% of positive foreign currency translation differences reserve.
- Hybrid financial instruments.
- Supplementary loans (deposits).
- Impairment loss provision of loans and contingent liabilities (must not exceed 1.25% of the total credit risk of performing assets and contingent liabilities weighted by risk weights, thus, the impairment loss provision should be sufficient to meet the obligations for which the provision is allocated).

Exclusions of 50% of Tier I and 50% Tier II:

- Investments in non-financial companies (each individual) 15% or more of Basic ongoing capital of the bank before the regulatory amendments.
- Total value of bank investments in non-financial companies (each individual) less than 15% of base ongoing capital before regulatory amendments, these investments must exceed (collectively) 60% of ongoing base capital of the bank before the regulatory amendments.
- Securitization portfolio.
- The share (in general banking risks reserve) of assets reverted to the Bank in settlement of debts.

When calculating the total numerator of capital adequacy, it should be noted that supplementary loans (deposits) must not exceed 50% of Tier I after exclusions.

Assets and contingent liabilities are likely weighted by credit risk weights, market risk and operating risks.

The bank has committed all of the domestic capital requirements over the past two years, the following table summarizes the components of basic and additional capital ratios and capital adequacy according to Basel II requirements at the end of 31 December 2021, 31 December 2020:

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Capital		
Tier one (Ongoing basic capital)		
Share capital	800 000	800 000
Amounts under capital increase	4 200 000	-
General reserve	29 312	29 312
Legal reserve	400 000	400 000
Other reserves	707 346	707 311
General Risks' Reserve	35 135	35 135
Retained earnings	3 977 217	6 049 340
Total Accumulated Other Comprehensive income	333 719	628 789
Profit for the year	690 777	2 211 719
Total ongoing basic capital	**11 173 506**	**10 861 606**

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Tier two (Supplementary basic capital)		
Equivalent to general risks provisions	589 679	556 017
Total supplementary basic capital	**589 679**	**556 017**
Total capital	**11 763 185**	**11 417 623**
Risk weighted assets and contingent liabilities:		
Credit Risk	47 174 344	44 481 339
Market Risk	66 825	23 188
Operation Risk	10 488 685	10 076 648
Total risk weighted assets and contingent liabilities	**57 729 854**	**54 581 175**
Capital adequacy ratio (%)	**20.38 %**	**20.92 %**

3.E.1. Financial leverage ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on July 7, 2015 special supervisory instructions related to leverage ratio of maintaining a minimum level of leverage ratio of 3% to be reported on a quarterly basis as follows:

- As a guidance ratio starting from end of September 2015 till December 2017.
- As an obligatory ratio starting from the year 2018.

This ratio will be included in Basel requirement tier1 (minimum limit of capital adequacy ratio) in order to maintain the effectiveness of the Egyptian Banking system, as well as keep up with the best international regulatory practices.

Financial leverage ratio reflects the relationship between tier I for capital that are used in capital adequacy ratio (after Exclusions) and the bank's assets (on and off-balance sheet items) that are not risk weighted assets.

Ratio Components

The numerator components

The numerator consists of tier I for capital that are used in capital adequacy ratio (after Exclusions) in accordance with the requirements of the Central Bank of Egypt (CBE)

The denominator components

The denominator consists of all bank's assets (on and off-balance sheet items) according to the financial statements, called "Bank exposures" including the following totals:

1- On balance sheet exposure items after deducting Tier I Exclusions for capital base.
2- Derivatives contracts exposure.
3- Financing Financial securities operations exposures.
4- off-balance sheet exposures "weighted exchange transactions".

The Financial leverage ratio as of 31 December 2021 and 31 December 2020 is summarized in the following table:

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
First: Tier I capital after exclusions	11 173 506	10 861 606
Total on-balance sheet exposures items (1)	**115 033 175**	**100 120 171**
Total contingent liabilities	7 044 170	6 665 820
Total commitments	2 352 444	1 680 403
Total exposures off-balance sheet (2)	**9 396 614**	**8 346 223**
Total exposures on and off-balance sheet (1+2)	**124 429 789**	**108 466 394**
Financial leverage ratio	**%8.98**	**10.01 %**

4. The significant accounting estimates and assumptions

The bank applies estimates and assumptions, which affect the amounts of assets and liabilities disclosed in the next fiscal year. The estimates and assumptions are continuously assessed based on historical experience and other factors as well, including expectations of future events, which are considered reasonable in light of the available information and surrounding circumstances.

4.A. Impairment loss on loans and facilities (Expected Credit Losses)

The bank reviews the portfolio of loans and facilities to assess the impairment on a quarterly basis at least. The bank determines at its own discretion whether the impairment charges should be recorded in the income statement, in order to know if there is any reliable data referring to the existence of a measurable decline in the expected future cash flows of the loan portfolio, before identifying the decline of the level of each loan in the portfolio. Such evidence may include observable data referring to a negative change in the ability of a borrower's portfolio to repay the bank, or to local or economic circumstances related to default in the bank's assets.

Upon scheduling the future cash flows, the management use estimates based on prior loss experience for assets with same credit risk characteristics, in the presence of objective evidence, which refers to impairment similar to those included in the portfolio. The method and assumptions used in estimating both the amount and timing of future cash flows are reviewed on a regular basis to minimize any differences between estimated and actual losses based on experience. If the net present value of estimated cash flows differs by +/-5%, then the estimated impairment loss provision will increase or decrease by EGP 49 370 thousands of the formed provisions.

4.B. Fair value of derivatives

Fair values of derivative financial instruments not quoted in active markets are determined by using valuation methods. When these methods are used to determine the fair value, they are tested and reviewed periodically by qualified personnel who are independent of the body that prepared them. All such models have been approved before being used and after being tested to ensure that their results reflect actual data and prices that can be compared with the market to the extent that is deemed practical. Reliable data is only used in these models; however; areas such as credit risk related to the bank and counterparties, volatility or correlations require the management to use estimates. Changes in assumptions surrounding these factors may affect the fair value of the disclosed financial instruments.

4.C. Income tax

The bank records the liabilities of the expected results of tax examination according to the estimates of the probability of the emergence of additional tax. When there is a discrepancy between the final result of the Tax Authority and the amounts previously recorded, then these discrepancies will affect the income tax and deferred tax provision for the year, in which the discrepancy has been identified.

5. Segment analysis

5.A. Business segment analysis

Business segment includes operational processes, as well as assets used in providing banking services and management of their related risk and return that are different from those of other business segments. It includes related to segment analysis of these operations in accordance with type of banking business as mentioned in the following:

Large, medium and small enterprises (SMEs)

They include the activities of current accounts, deposits, overdraft accounts, loans, credit facilities and financial derivatives.

Investments

It includes the activities of companies' mergers, the purchase of investments; the financing of company restructuring and financial instruments.

Retail

They include the activities of current and savings accounts, deposits, credit cards, personal loans, and mortgage loans.

Other activities

They include other types of banking business activities such as treasury management.

Transactions between the segmental activities are made in accordance with the bank's ordinary course of business and include operational assets and liabilities as presented in the bank's statement of financial position.

Dec. 31, 2021	**Corporate**	**Medium and small enterprises**	**Investment**	**Retail**	**Other activities**	**Total**
Income and expenses according to segmental business activity						
Business activity income	1 902 532	1 558 685	49 315	9 497 765	(611 300)	**12 396 997**
Business activity expenses	(1 266 721)	(1 049 611)	(60 854)	(7 845 936)	3 183 372	**(7 039 750)**
Results of activity business	635 811	509 074	(11 539)	1 651 829	2 572 072	**5 357 247**
Unclassified expenses					(1 369 052)	**(1 369 052)**
Profit before income tax of the year	635 811	509 074	(11 539)	1 651 829	1 203 020	**3 988 195**
Income tax	(197 392)	(158 046)	3 582	(512 823)	(373 486)	**(1 238 165)**
Profit for the year	**438 419**	**351 028**	**(7 957)**	**1 139 006**	**829 534**	**2 750 030**
Assets and liabilities according To segmental business activity as at Dec. 31, 2021						
Business activity Assets	17 816 774	8 509 874	485 956	25 086 796	63 000 115	**114 899 515**
Business activity liabilities	8 516 669	7 592 102	-	79 157 268	19 633 476	**114 899 515**
Depreciations	-	-	-	-	(227 724)	**(227 724)**
Impairment for other provisions on income statement	-	-	-	-	(371 449)	**(371 449)**

Dec. 31, 2020	**Corporate**	**Medium and small enterprises**	**Investment**	**Retail**	**Other activities**	**Total**
Income and expenses according to segmental business activity						
Business activity income	1 803 671	1 337 740	19 482	9 698 590	(843 274)	**12 016 209**
Business activity expenses	(1 225 844)	(984 066)	(71 701)	(8 142 319)	2 872 187	**(7 551 743)**
Results of activity business	577 827	353 674	(52 219)	1 556 271	2 028 913	**4 464 466**
Unclassified expenses	-	-	-	-	(1 286 016)	**(1 286 016)**
Profit before income tax of the year	577 827	353 674	(52 219)	1 556 271	742 897	**3 178 450**
Income tax	(126 046)	(77 149)	11 391	(339 481)	(162 053)	**(693 338)**
Profit for the year	**451 781**	**276 525**	**(40 828)**	**1 216 790**	**580 844**	**2 485 112**
Assets and liabilities according to segment business activity as at Dec. 31, 2020						
Business activity Assets	17 046 545	7 687 865	727 736	23 229 737	53 549 402	**102 241 285**
Business activity liabilities	5 835 924	6 822 337	-	72 320 963	17 262 061	**102 241 285**
Other items of business segment						
Depreciations	–	–	–	–	(219 607)	**(219 607)**
Impairment for other provisions on income statement	–	–	–	–	(640 887)	**(640 887)**

5.B. Geographical Segment Analysis

EGP 000

Dec. 31, 2021 **Income and expenses according to geographical segment analysis**	**Cairo**	**Alex., Delta and Sinai**	**Upper Egypt**	**Total**
Geographical segment Income	8 858 824	2 325 698	1 212 475	**12 396 997**
Geographical segment expense	(4 694 593)	(2 452 175)	(1 262 034)	**(8 408 802)**
Profit before income tax of the year	4 164 231	(126 477)	(49 559)	**3 988 195**
Income tax	(1 292 817)	39 266	15 386	**(1 238 165)**
Profit for the year	**2 871 414**	**(87 211)**	**(34 173)**	**2 750 030**
Assets and liabilities according to geographical segment as at Dec. 31, 2021				
Geographical segment assets	88 251 758	18 144 449	8 503 308	114 899 515
Geographical segment liabilities	53 431 366	39 927 630	21 540 519	114 899 515
Other items of geographical segment items				
Depreciations	(227 724)	–	–	(227 724)
Impairment and other provisions on income statement	(371 449)	–	–	(371 449)

Dec. 31, 2020 **Income and expenses according to geographical segment analysis**	**Cairo**	**Alex., Delta and Sinai**	**Upper Egypt**	**Total**
Geographical segment Income	8 885 030	2 073 403	1 057 777	**12 016 210**
Geographical segment expense	(5 019 667)	(2 462 606)	(1 355 487)	**(8 837 760)**
Profit before income tax of the year	3 865 363	(389 203)	(297 710)	**3 178 450**
Income tax	(843 179)	84 899	64 942	**(693 338)**
Profit for the year	**3 022 184**	**(304 304)**	**(232 768)**	**2 485 112**
Assets and liabilities according to geographical segment as at Dec. 31, 2020				
Geographical segment assets	77 536 601	16 627 787	8 076 897	**102 241 285**
Geographical segment liabilities	46 044 161	36 091 939	20 105 185	**102 241 285**
Other items of geographical segment				
Depreciations	(219 607)	-	-	**(219 607)**
Impairment and other provisions on income statement	(640 887)	-	-	**(640 887)**

6. Net interest income

	For the year ended 31/12/2021 EGP 000	For the year ended 31/12/2020 EGP 000
Interest income on loans and similar income:		
Loans and advances to:		
- Customers	5 140 497	4 771 818
Total	**5 140 497**	**4 771 818**
- Treasury bills and bonds	4 271 708	4 114 578
- Current accounts and Term deposits	1 449 741	1 982 495
Total	**10 861 946**	**10 868 891**
Interest expense on deposits and similar expenses:		
Current accounts and deposits to:		
– Banks	(13 906)	(2 693)
– Customers	(4 627 260)	(4 806 795)
Total	**(4 641 166)**	**(4 809 488)**
Other loans	(22 398)	(35 807)
Total	**(4 663 564)**	**(4 845 295)**
Net Interest Income	**6 198 382**	**6 023 596**

7. Net fee and commission income

	For the year ended 31/12/2021	For the year ended 31/12/2020
Fees & commissions income:		
- Fees and commissions related to credit.	539 363	433 548
- Fees on the financing services (corporate).	2	175
- Trust and custody fee.	4 064	8 658
- Other fees.	666 706	504 609
Total	**1 210 135**	**946 990**
Fees and commissions expenses		
- Other paid fees.	(439 325)	(296 259)
Total	**(439 325)**	**(296 259)**
Net income from fee and commission	**770 810**	**650 731**

8. Dividends' income

	For the year ended 31/12/2021	For the year ended 31/12/2020
Dividends' income from:	**EGP 000**	**EGP 000**
- Financial assets through other comprehensive income	25 462	2 639
- Financial assets through profit and loss	36	-
Total	**25 498**	**2 639**

9. Net income from Financial assets classified at Fair Value through profit and loss

	For the year ended 31/12/2021 EGP 000	For the year ended 31/12/2020 EGP 000
Net income (losses) from:		
- Equity instruments	1 321	(1 218)
Total	**1 321**	**(1 218)**

10. Net trading income

	For the year ended 31/12/2021 EGP 000	For the year ended 31/12/2020 EGP 000
Foreign currency transactions:		
- Profits from Foreign exchange trading	113 584	90 394
- (Loss) from currency swap deals revaluation	(2 714)	(6 239)
Total	**110 870**	**84 155**

11. Administrative expenses

	For the year ended 31/12/2021 EGP 000	For the year ended 31/12/2020 EGP 000
Employees cost:		
- Salaries and Wages	(1 102 609)	(1 049 310)
- Social Insurance	(71 329)	(67 917)
Pension cost:		
- Defined-benefit plans (Note no.31)	(271 058)	(239 578)
- Other Retirement benefits	-	(324 800)
	(1 444 996)	**(1 681 605)**
Other administrative expenses	(1 369 052)	(1 286 016)
Total	**(2 814 048)**	**(2 967 621)**

12. Other operating revenues (expenses)

	For the year ended 31/12/2021 EGP 000		For the year ended 31/12/2020 EGP 000	
	Aggregate	Amount	Aggregate	Amount
Revaluation losses of monetary assets and liabilities balances in foreign currencies the following:				
- Revaluation Provision for loan Credit / (Debit)	2 042		10 724	
- Revaluation Provision for contingent liabilities	740		(281)	
- Revaluation Provision for Other provisions, government bonds-bills and banks (Debit) / Credit	640		203	
- Revaluation of assets and liabilities balances in foreign currencies with monetary nature other than held for trading or classified at inception at fair value through profit and loss (Debit) / Credit	100 176		72 278	
- Revaluation Gains of assets and liabilities balances in foreign currencies with monetary nature other than held for trading or classified at inception at fair value through profit and loss.		**103 598**		**82 518**
- Gains from the disposition of the assets reverted to the Bank		9 445		8 177
- Impairment of fixed assets owned by the bank – Buildings		-		(1 203)
- Gains from sale of property and equipment		1		35
- Rents		(117 903)		(84 844)
- Operating and finance lease		(2 388)		(1 420)
- Recovery / (Charges) of Impairment on other provisions (Note 29)		(27 839)		(146 337)
- Recovery / (Charges) of Impairment on other assets		(119)		(230)
- Others		55 686		15 646
Total		**20 481**		**(127 658)**

13. Impairment Recovery / (Charge) for Credit losses

	For the year ended 31/12/2021 EGP 000	For the year ended 31/12/2020 EGP 000
- Loans and advances to customers (Note no. 18)	(345 104)	(512 626)
- Recovery / (Charges) of Impairment of due from banks balances	1 495	15 554
- Recovery / (Charges) of Impairment on government treasury bills	-	2 454
- Recovery / (Charges) of Impairment on government treasury bonds	-	68
Total	**(343 609)**	**(494 550)**

14. Income tax expenses

	For the year ended 31/12/2021 EGP 000	For the year ended 31/12/2020 EGP 000
- Current taxes	(1 252 488)	(1 062 836)
- Deferred income taxes (Note no. 30)	14 323	369 498
Total	**(1 238 165)**	**(693 338)**

The following view reveals additional information about Deferred income taxes (Note no. 30), and different taxes on bank profits from the value that would result from the application of the applicable tax rates are as follows:

	For the year ended 31/12/2021 EGP 000	For the year ended 31/12/2020 EGP 000
Accounting profit before tax	**3 988 195**	**3 178 450**
Tax at rate 22.5%	897 344	715 151
Add / deduct:		
Un-deductible Expenses	335 217	317 686
Tax exemptions	(6 372)	(3 756)
Tax impact of provisions	21 600	33 034
Dividends payout	2 546	368
Other Taxes	2 153	351
Tax from income statement	**1 252 488**	**1 062 834**
Effective Tax Rate	**31.40%**	**33.44%**

Tax Position

Bank Tax Policy

The Bank calculates and pay tax due in accordance with the applicable laws, rules and executive regulations issued from Egyptian Tax Authority, and create/release provisions for all tax liabilities after conducting the required study considering the actual and forecast tax claims.

Following is the Bank's tax position:

A. Corporate Income Tax:

- Financial years till Y2016; Inspections had been finished and the bank received Form (9) without any tax liability.
- Financial Y2017; Inspection had been finished and received Form (19) and bank is following up with Large Tax Payers center to receive Form (9).

- Financial Y2018 and Y2019; Inspection requirements has been delivered to large tax payers center, currently following up the inspection process.
- Financial Y2020; Tax declaration presented to tax authority after tax due got paid in legal dates.
- Financial Y2021; Tax due has been calculated according to Law No.91 for year 2005 and its amendments and affect the financial statements.
- The bank also pays medical health contribution on the legal dates in accordance with the requirements of Law no.2 for year 2018 regarding the comprehensive social health insurance system, starting from the date of application of the law July 12, 2018.

B. WHT "With-holding tax"

- In light of tax authority instructions, withholding tax must be submitted digitally starting from third quarter 2019 for all taxes starting from 1st of October 2019.

C. Offshore tax on non-Resident

- The bank committed to apply and deduct taxes at rate of 20% to Tax Authority on rendered services to non-resident and issuing certificate from International Tax Treaties to each supplier to use in applying double tax convention agreement on the tax of residency.

D. Stamp Tax Duty

First: The status of Stamp Tax Duty before the period from the application of Law No. 143 of 2006.

In light of Tax law, No.79 for year 2016 regarding ending of tax disputes, Alexbank` s Legal department provided requests for ending disputes in legal dates regarding the outstanding disputes in the competent courts. The law has been renewed by law No. 14 for FY 2018 which is effective from the date of Feb 28, 2018, noting that the bank has not signed the protocol between Ministry of Finance and Federation of Egyptian banks.

Second: **The status of Stamp Duty Tax after the period from the application of Law No. 143 of 2006.**

As per the signed protocol between the Federation of the Egyptian Banks and the tax authority, executive instructions No.61 for the year 2015 were issued on 16 December 2015 regarding Stamp duty for banks as follows:

1- Calculate stamp duty for non-Performing clients on Bank portion only not on client's portion, in case the bank made a settlement with their non-performing clients at any later stage; the bank commits to pay tax due on the reimbursement from these debtors from the first quarter the debt arose or since the application of law no. 143 of 2006 abreast of each repayment according to settlement.
2- Calculate stamp duty regarding balances of payments that bank granted to their clients by the provision of article 10 and 41 of Investment law no.72 of 2017 on the bank portion with any exemption for client portion.

   Therefore, the following actions were taken:

   - FY from 1-8-2006 till 31-12-2018; Tax inspection has been finished.

- FY 2019: Tax inspection has been finished and waiting final inspection forms.
- FY 2020 & FY 2021; all stamp duty tax till end of the period has been paid in legal dates.

Third: **Fiscal stamp**

- Alexbank has calculated the fiscal stamp tax due automatically upon the creation current accounts, saving accounts, certificates deposits and time deposits issuance for clients instead of attaching stamp on the forms and stamp tax due get paid quarterly to large tax payers.

E. Real estate tax

- Regarding to the Real estate tax law no. 196 of 2008 that was amended with law no. 117 of 2014 as the following:
- In respect of Property tax on owned building, Alexbank paid real estate tax according to tax claims therefore the real estate tax of owned building has been year 31/12/2021 in accordance with Real estate tax law that comply with the housing and development bank`s estimates.
- The bank appealed in legal dates on the overestimated claims with Housing and Development bank estimates.
- In respect of the leased premises, which the lease agreement provides for the bank to burden real estate tax, all the claims received from these buildings have been year till 31/12/2021.
- The bank has been submitted real estate tax return for all premises (rented – owned) to real estate tax authority.

F. Value Added Tax

- In accordance with Law No. 67 of 2016 and agreed between the Federation of Egyptian bank and The Central Bank of Egypt, the banks aren’t subject to Value added tax as The Central Bank has the right to determine the taxable activities. The Banks pays value added tax for imported services from abroad (reverse charges) and pay tax due in legal dates till 31/12/2021.
- The bank received a letter from Large tax payers requires a detailed statement of the value of the transactions to which applies on article rule No. 32 special for reverse charges for year from Dec.2016 till Dec.2019, and the data were provided to large tax payers center to start the inspection process.

G. Payroll Tax

- Large tax payers center re-inspected payroll tax for Y2005 till Y2014 and the inspection result has been approved and receiving inspection forms, Alexbank received tax research department letter which indicating the bank`s right to benefit from applying law no.174 for 2018 regarding late penalties of Y2005 Till Y2012 and the letter has been submitted to Large Tax payers center.
- Period from Y2015 till Y2019: Alexbank has received inspection request from Large tax payers center, currently following up with inspection requirements.

15. Basic earnings per share

	For the year ended 31/12/2021 EGP 000	For the year ended 31/12/2020 EGP 000
Net profit for the year	2 750 030	2 485 112
Banking system support and development fund share	(23 820)	(24 851)
Staff profit share (in net profit of the year)	(238 198)	(248 508)
Shareholders' share in net profit of the year (1)	**2 488 012**	**2 211 753**
The weighted average of the ordinary issued shares (2) "shares in thousands"	**400 000**	**400 000**
Basic earnings per share (in EGP) (1:2)	**6.22**	**5.53**

16. Cash and balances with Central Bank of Egypt

	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
Cash	2 046 095	1 657 650
Balances at central bank within the mandatory reserve ratio*	4 144 699	2 817 884
	6 190 794	**4 475 534**
Non-interest-bearing balances	6 190 794	4 475 534

* Represented in the amounts deposited with the Central Bank of Egypt in the context of the rules of the calculation of 14% as a mandatory reserve, which is non-bearing interest.

17. Due from Banks

	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
Current accounts	354 303	130 141
Deposits	21 693 082	13 497 732
Less: Allowance for impairment loss provision	(17 099)	(18 611)
Total	**22 030 286**	**13 609 262**
Central banks other than the obligatory reserve ratio *	18 213 901	11 014 348
Local banks	1 031 117	246 617
Foreign banks	2 802 367	2 366 908
Less: Allowance for impairment loss provision	(17 099)	(18 611)
Total	**22 030 286**	**13 609 262**
Balances without interest	69 518	39 565
Balances with fixed return	4 710 768	3 595 697
Balances with variable return	17 250 000	9 974 000
Total	**22 030 286**	**13 609 262**
Current balances	21 068 047	12 568 914
Non-current balances	962 239	1 040 348
Total	**22 030 286**	**13 609 262**

* Including the amount of EGP 962 239 thousand, as the Bank shall maintain, as per the instructions of the Central Bank of Egypt, 10% of the customers' deposits in foreign currencies as a return-generating reserve with the CBE.

Analysis for impairment provision of due from banks balances:

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Beginning Balance for the year	18 611	34 462
(Release) impairment of provision during the year (Note no. 12)	(1 494)	(15 554)
Foreign currencies revaluation differences	(18)	(297)
Closing Balance	**17 099**	**18 611**

18. Loans and advances to customers

	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
Retail		
- Debit current accounts	213 126	445 474
- Credit cards	343 690	269 347
- Personal loans	25 375 025	23 009 122
- Mortgage loans	8 923	9 695
Total (1)	**25 940 764**	**23 733 638**
Corporate including small loans for economic activities		
- Debit current accounts	8 705 116	6 892 475
- Direct loans	17 819 440	17 834 497
- Syndicated loans	1 730 676	2 159 046
- Other loans	4 252	10 583
Total (2)	**28 259 484**	**26 896 601**
Total loans and facilities to customers (1+2)		
Less:	**54 200 248**	**50 630 239**
Impairment loss provision	(2 571 391)	(2 422 560)
Unearned discount	(9 662)	(12 511)
Interest under settlement from customer loans	(203 343)	(228 516)
Suspended interest	(2 408)	(2 506)
Net	**51 413 444**	**47 964 146**
Distributed to:		
- Current balances	28 716 728	26 013 898
- Non-current balances	22 696 716	21 950 248
	51 413 444	**47 964 146**

Impairment loss provision

An analysis of the movement in the impairment loss provision for loans and advances to customers according to types:

Dec.31,2021	Overdraft accounts EGP 000	Credit Cards EGP 000	Retail Personal Loans EGP 000	Mortgage loans EGP 000	Total EGP 000
Balance at the beginning of the year	**75 504**	**12 971**	**285 089**	**2 400**	**375 964**
Impairment charge during the year	81 864	9 443	105 799	3 320	**200 212**
Amounts written-off during the year	(110 452)	(13 549)	(699)	-	**(124 700)**
Amounts recovered during the year *	-	2 462	12 290	-	**14 752**
Differences in revaluation of foreign currencies	-	-	-	-	-
Balance at the year end	**46 916**	**11 327**	**402 265**	**5 720**	**466 228**

	Overdraft accounts EGP 000	Direct Loans EGP 000	Corporate Syndicated Loans EGP 000	Other Loans EGP 000	Total EGP 000
Balance at the beginning of the year	1 023 596	739 583	282 698	719	**2 046 596**
Impairment charge during the year	160 315	50 055	(65 183)	(296)	**144 891**
Amounts written-off during year	(145 868)	-	-	-	**(145 868)**
Amounts recovered during year *	61 585	-	-	-	**61 585**
Differences in revaluation of foreign currencies	(525)	(1 014)	(501)	(1)	**(2 041)**
Balance at the year end	**1 099 103**	**788 624**	**217 014**	**422**	**2 105 163**
Total provision					**2 571 391**

Dec.31,2020	Overdraft accounts EGP 000	Credit Cards EGP 000	Retail Personal Loans EGP 000	Mortgage loans EGP 000	Total EGP 000
Balance at the beginning of the year	**70 985**	**2 591**	**218 572**	**999**	**293 147**
Impairment charge during the year	91 966	11 208	54 711	1 401	**159 286**
Amounts written-off during the year	(87 437)	(1 675)	(552)	-	**(89 664)**
Amounts recovered during the year *	-	847	12 358	-	**13 205**
Differences in revaluation of foreign currencies	(10)	-	-	-	**(10)**
Balance at the year end	**75 504**	**12 971**	**285 089**	**2 400**	**375 964**

	Overdraft accounts EGP 000	Direct Loans EGP 000	Corporate Syndicated Loans EGP 000	Other Loans EGP 000	Total EGP 000
Balance at the beginning of the year	**1 073 828**	**512 289**	**320 359**	**188**	**1 906 664**
Impairment charge during the year	157 902	228 411	(33 505)	531	**353 339**
Amounts written-off during year	(234 614)	-	-	-	**(234 614)**
Amounts recovered during year *	31 921	-	-	-	**31 921**
Differences in revaluation of foreign currencies	(5 441)	(1 117)	(4 156)	-	**(10 714)**
Balance at the year end	**1 023 596**	**739 583**	**282 698**	**719**	**2 046 596**
Total provision					**2 422 560**

* From amounts that have been previously written off.

19. Financial assets classified at fair value through profit and loss

	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
Equity instruments at fair value:		
- Listed in the market	2 363	6 829
Total Equity instrument at fair value	**2 363**	**6 829**
Total Financial assets classified at fair value through profit and loss	**2 363**	**6 829**

The value represents 58 269 shares of ISP equity securities owned by the bank with the dividends to be credited to the bank account. The amount due to Italian employee's beneficiary of these shares under the Parent Company’s Remuneration System for Top Management is recorded under credit balance.

20. Financial investments

	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
Financial assets classified at Fair Value through Other Comprehensive Income		
a) Debt instruments at fair value:		
Listed in the market (governmental debt instruments)	7 245 657	6 832 052
Unlisted in the market (treasury bills and other governmental notes)	24 649 518	25 666 613
b) Equity instruments at fair value:		
Unlisted in the market	361 405	599 212
Total financial assets classified at Fair Value through Other Comprehensive Income (1)	**32 256 580**	**33 097 877**
Financial assets classified at Fair Value through profit and loss		
a) Debit instruments:		
Unlisted in the market	60 590	55 949
Financial assets classified at Fair Value through profit and loss (2)	**60 590**	**55 949**
Total of Financial investments (1+2)	**32 317 170**	**33 153 826**
Current balances	31 895 175	32 498 665
Non-current balances	421 995	655 161
	32 317 170	**33 153 826**
Debt instruments with fixed interest	31 895 175	32 498 660
Debt instruments with variable interest	60 590	55 953
	31 955 765	**32 554 613**

Treasury bills and other governmental notes

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Treasury bills due 91 days	-	-
Treasury bills due 182 days	-	9 148 700
Treasury bills due 273 days	12 597 850	-
Treasury bills due 364 days	12 943 191	16 892 807
Unearned interest	(891 523)	(374 894)
Total	**24 649 518**	**25 666 613**

	Financial Investments At FVOCI EGP 000	Financial Investments At FVTPL EGP 000	Total EGP 000
Balance as at January 1, 2021	**33 097 877**	**55 949**	**33 153 826**
Additions	64 661 047	**-**	**64 661 047**
Disposals (sale/redemption)	(65 178 792)	(908)	**(65 179 700)**
Differences of valuation of assets of monetary nature in foreign currencies	(166)	**-**	**(166)**
Gains from changes in fair value (Losses) from changes in fair value	(336 941)	-	**(336 941)**
Fair Value Through Profit and Loss – Our bank Mutual funds	-	5 549	**5 549**
Amortized cost	14 352	**-**	**14 352**
Disposal Financial instruments measured at FVOCI-	(810)	**-**	**(810)**
Amortization of issuance discount	(169)	**-**	**(169)**
Governmental bonds recovery impairment provisions	2	**-**	**2**
Balance as at Dec. 31, 2021	**32 256 580**	**60 590**	**32 317 170**
Balance as at Dec. 1, 2019	**23 001 037**	**49 851**	**23 050 888**
Additions	64 860 158	1 350	**64 861 508**
Disposals (sale/redemption)	(54 745 875)	-	**(54 745 875)**
Differences of valuation of assets of monetary nature in foreign currencies	(3 327)	-	**(3 327)**
(Losses) from changes in fair value (Note no.34.c)	(33 598)	-	**(33 598)**
Fair Value Through Profit and Loss – Our bank Mutual funds			
Amortized cost	-	4 748	**4 748**
Amortization of issuance discount	19 508	-	**19 508**
	(26)	-	**(26)**
Balance as at Dec. 31, 2020	**33 097 877**	**55 949**	**33 153 826**

20.A. Gains / (Losses) from financial investments

	For the year ended 31/12/2021 EGP 000	For the year ended 31/12/2020 EGP 000
Gains from financial investments		
Gain on sale of Financial assets classified at Fair Value through Profit and loss Income	130	-
Gain on sale of Financial investments – Governmental Bills	9 015	9 060
	9 145	**9 060**

21. Investments in associates

The Bank contributions in associates are as follows:

Dec. 31, 2021	Total shareholders' equity EGP 000	Bank's share percentage	Bank's share in shareholders' equity EGP 000
Misr International Towers Co.	190 904	27.86%	53 179
Misr Alexandria Mutual Fund Company for Financial Investments (*)	36 239	25.00%	9 059
	227 143		**62 238**

Dec. 31, 2020	Total shareholders' equity EGP 000	Bank's Share Percentage	Bank's share in shareholders' equity EGP 000
Misr International Towers Co.	205 528	27.86%	57 252
Misr Alexandria Mutual Fund Company for Financial Investments (*)	36 178	25.00%	9 044
	241 706		**66 296**

(*) The Extraordinary General Assembly for Misr Alexandria Mutual Fund for Financial Investment Company had agreed on December 14, 2020 to take the decision to liquidate the company on December 31, 2020 balances, and to indicate that the company is under liquidation in the commercial registry and to appoint a legal liquidator, provided that the term of liquidation shall be a maximum of one year. Authorizing the Board of Directors to take the necessary procedures to finalize the liquidation process with the Financial Regulatory Authority and other entities, The General Assembly also agreed in December 2021 to extend the liquidation for another six months until the liquidation procedures are completed.

The financial data of associates are as follows:

Dec. 31, 2021	Country of the Company's Head Office	Balance Sheet date	Company's Assets EGP 000	*Company's Liabilities (without shareholders' equity) EGP 000	Company's Revenues EGP 000	*Profits (losses) of the company EGP 000	Share Percentage %
Misr International Towers Co.	Egypt	*30/09/2021	372 084	181 180	8 157	(8 844)	27.86%
MisrAlex Fund Co. For Fin. Inv.	Egypt	*31/12/2020	45 107	8 868	6 211	(10 639)	25.00%
			417 191	**190 048**	**14 368**	**(19 483)**	

December 31, 2020	*Country of the Company's Head Office	Balance Sheet date	Company's Assets	**Company's Liabilities (without shareholders' equity)	Company's Revenues	* Profits (losses) of the company	Share Percentage
			EGP 000	EGP 000	EGP 000	EGP 000	%
Misr International Towers Co.	Egypt	30/9/2020	329 581	124 053	4 378	(14 126)	27.86%
MisrAlex Fund Co. For Fin. Inv.	Egypt	30/9/2020	46 069	9 891	5 053	(10 666)	25.00%
			375 650	**133 944**	**9 431**	**(24 792)**	

** It includes the effect of decision of dividend payout (The Board members' and the employees' share).

22. Intangible assets

Dec. 31, 2021	Computer software programs EGP 000	Benefits of rental contracts EGP 000	Total EGP 000
Cost at the beginning of the year	**646 105**	**655**	**646 760**
Additions	124 297	-	124 297
Disposals	-	(655)	(655)
Total cost	**770 402**	**-**	**770 402**
Amortization at the beginning of the year	(498 542)	(642)	(499 184)
Amortization for the year	(102 989)	(13)	(103 002)
Disposals' accumulated amortization	-	655	655
Accumulated amortization	**(601 531)**	**-**	**(601 531)**
Net book value at the end of the year	**168 871**	**-**	**168 871**

December 31, 2020	Computer Software Programs EGP 000	Benefits of rental contracts EGP 000	Total EGP 000
Cost at the beginning of the year	**543 401**	**655**	**544 056**
Additions	102 704	-	102 704
Total cost	**646 105**	**655**	**646 760**
Amortization at the beginning of the year	(391 440)	(615)	(392 055)
Amortization for the year	(107 102)	(26)	(107 128)
Accumulated amortization	**(498 542)**	**(641)**	**(499 183)**
Net book value at the year end	**147 563**	**14**	**147 577**

23. Other assets

	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
Accrued revenues	846 300	489 566
Prepaid expenses	167 082	100 724
Payments under purchase of fixed assets	187 946	134 631
Assets reverted to the Bank in settlement of debts (after deducting impairment)	31 340	17 622
Insurance and custodies	7 548	4 485
Others	647 689	1 345 908
Total	**1 887 905**	**2 092 936**
Less: Provisions for doubtful debts	(121 330)	(126 624)
Closing balance	**1 766 575**	**1 966 312**

24. Fixed assets

	Land and Buildings EGP 000	Improvements on leased assets EGP 000	Machinery and Equipment EGP 000	Others EGP 000	Total EGP 000
Balance as at 1/1/2020					
Cost	393 653	89 869	273 535	631 990	**1 389 047**
Accumulated depreciation	(161 660)	(62 059)	(109 300)	(422 262)	**(755 281)**
Net book value at 1/1/2020	**231 993**	**27 810**	**164 235**	**209 728**	**633 766**
Additions	39 007	7 665	41 099	45 955	**133 726**
Disposals	-	-	(115)	-	**(115)**
Impairment	(1 203)	-	-	-	**(1 203)**
Depreciation for the year	(17 788)	(9 276)	(25 364)	(60 051)	**(112 479)**
Disposals' accumulated depreciation	-	-	155	-	**155**
Net Book value as at 31/12/2020	**252 009**	**26 199**	**179 970**	**195 632**	**653 810**
Balance as at 1/1/2021					
Cost	431 457	97 534	314 519	677 945	**1 521 455**
Accumulated depreciation	(179 448)	(71 335)	(134 549)	(482 313)	**(867 645)**
Net book value at 1/1/2021	**252 009**	**26 199**	**179 970**	**195 632**	**653 810**
Additions	26 186	20 988	55 222	50 879	**153 275**
Disposals	(137)	(1 854)	-	(18)	**(2 009)**
Depreciation for the year	(18 389)	(12 529)	(29 733)	(64 071)	**(124 722)**
Disposals' accumulated depreciation	129	1 854	-	8	**1 991**
Net Book value as at 31/12/2021	**259 798**	**34 658**	**205 459**	**182 430**	**682 345**
Balance as at 31/12/2021					
Cost	457 506	116 668	369 741	728 806	**1 672 821**
Accumulated depreciation	(197 708)	(82 010)	(164 282)	(546 376)	**(990 376)**
Net book value	**259 798**	**34 658**	**205 459**	**182 430**	**682 345**

25. Due to banks

	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
Current accounts	467 647	419 856
Deposits	-	79 124
Total	**467 647**	**498 980**
Local banks	11 009	58 328
Foreign banks	456 638	440 652
Total	**467 647**	**498 980**
Balances without interest	442 194	393 501
Balances with fixed interest	25 453	105 479
Total	**467 647**	**498 980**
Balances with fixed interest	467 647	498 980
Closing balance	**467 647**	**498 980**

26. Customers' deposits

	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
Demand deposits	25 402 054	19 756 359
Term and notice deposits	5 340 789	6 175 252
Certificates of deposits and savings	47 486 632	40 554 141
Savings deposits	16 970 689	18 028 038
Other deposits	520 146	497 006
	95 720 040	**85 010 796**
Corporate deposits	16 238 876	12 329 116
Retail deposits	79 481 164	72 681 680
	95 720 040	**85 010 796**
Balances without interest	13 225 784	10 985 141
Balances with variable interest	67 925 324	61 816 140
Balances with fixed interest	14 568 932	12 209 515
	95 720 040	**85 010 796**
Current balances	21 838 743	23 966 745
Non-current balances	73 881 297	61 044 051
	95 720 040	**85 010 796**

Customers' accounts include deposits amounted to EGP 1 026 924 thousand as at 31 December 2021 versus EGP 1 300 781 thousand as at 31 December 2020 Which represent collateral of customer loans, letters of credit, and letters of guarantee. Deposits' fair value approximately equals the present value of such deposits.

27. Other loans

	Interest Rate %	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
Loan within the framework of The Agricultural Sector Development Program	3.5: 5.0	10 477	51 952
Long-term loans from CBE	3%	156 098	210 796
Sanad Loan Fund for MSME	Lipor 6 month+2.85%	85 732	114 417
Loan Green for Growth Fund Tranche one amounted to USD 15 million	Lipor 6 month+2.95 %	138 683	166 579
Loan Green for Growth Fund Tranche two amounted to USD 5 million	Lipor 6 month+2.95%	11 234	33 717
European Bank Loan For reconstruction and development Tranche amounted USD 15 million	Lipor 6 month+3.25%	168 393	235 982
Total long-term loans		**570 617**	**813 443**
Current balances		196 218	229 571
Non-current balances		374 399	583 872
		570 617	**813 443**

- The bank has fulfilled all of its loan obligations in terms of the principal, interest or any other terms and conditions during the current year and the comparative year.

28. Other liabilities

	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
Accrued interest	323 270	279 160
Prepaid revenues (*)	333 312	236 319
Accrued expenses	528 591	792 811
Creditors	184 042	233 163
Remittances of Egyptian workers in Iraq – due to customers	58 021	58 110
Other credit balances	565 612	604 668
	1 992 848	**2 204 231**

(*) Including an amount of EGP 982 thousand in December 2021, that represent the value of governmental grants related to Central Bank of Egypt initiatives.

29. Other provisions

	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
Balance at the beginning of the year	401 980	275 609
Differences in revaluation of foreign currencies	(1 360)	827
(Recovery) / Charge to income statement - (Note 12)	27 839	146 337
Used amounts during the year	(13 274)	(13 035)
Transfers to doubtful amounts provisions (other assets)	5 294	(7 758)
Balance at the end of the year	**420 479**	**401 980**

Other provisions include of an amount of EGP 140 996 thousand at 31 December 2021 to meet contingent liabilities and contractual commitments that amount to EGP 13 642 393 thousand, versus to EGP 132 138 thousand as at 31 December 2020 to meet contingent liabilities and contractual commitments that amount to EGP 13 074 792 thousand.

30. Deferred tax liabilities

- The deferred income tax has been calculated in full on the deferred tax differences according to the liabilities method by applying the actual tax rate of 22.5% for the current financial year.-

Following are the balances and the movement in deferred tax assets and liabilities:

30.A. Recognized deferred tax

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Fixed assets (depreciation)	-	-	(55 944)	(54 735)
Fair value differences	-	-	(65 090)	(118 504)
Other provisions	87 904	101 073	-	-
Medical plan and pilgrimage	298 559	269 859	-	-
Total deferred tax assets (liabilities)	**386 463**	370 932	**(121 034)**	**(173 239)**
Net balance of (DTL) DTA	**265 429**	**197 693**		

30.B. Movement of deferred tax

	Deferred tax assets		Deferred tax liabilities	
	Dec. 30, 2021 EGP 000	Dec. 31, 2020 EGP 000	Dec. 30, 2021 EGP 000	Dec. 31, 2020 EGP 000
Balance at the Beg. of the year	370 932	-	(173 239)	(172 596)
Additions through profit and loss	28 700	370 932	-	-
Additions through equity	-	-	53 413	792
Excluded through profit and loss	(13 169)	-	(1 208)	(1 435)
Excluded through equity	-	-	-	-
Total deferred tax assets (liabilities)	**386 463**	**370 932**	**(121 034)**	**(173 239)**
Net balance of (DTL) DTA	**265 429**	**197 693**		

31. Retirement benefits obligations

	Dec.31, 2021 EGP 000	Dec.31, 2020 EGP 000
Liabilities included in the financial position statement for:		
Post-retirement medical benefits	1 323 482	1 195 772
Total	**1 323 482**	**1 195 772**

Amounts recognized in the income statement:	For the year ended 31/12/2021 EGP 000	For the year ended 31/12/2020 EGP 000
Post-retirement medical benefits (Note no. 11)	271 058	239 578
Closing Balance	**271 058**	**239 578**

The balances in the financial position statement are presented as follows:

	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
The present value of funded obligations	1 773 441	1 569 499
Unrealized actuarial (losses) *	(449 959)	(373 727)
The liabilities in the financial position statement	**1 323 482**	**1 195 772**

The movement in liabilities during the year is represented in the following:

	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
The balance at the beginning of the year	1 195 772	1 064 549
Current service cost	10 551	10 612
Interest cost	236 432	200 481
Actuarial losses	24 075	28 485
Paid benefits	(143 348)	(108 355)
Balance at the end of the year	**1 323 482**	**1 195 772**

The recognized amounts in the income statement are presented as follows:

	For the year ended 31/12/2021 EGP 000	For the year ended 31/12/2020 EGP 000
Current service cost	10 551	10 612
Interest cost	236 432	200 481
Actuarial losses	24 075	28 485
Balance at the end of the year	**271 058**	**239 578**

The principal actuarial assumptions used are presented as follows:

	Dec. 31, 2021	Dec. 31, 2020
Discount rate	13.8%	13.8%
Previous service cost inflation rate	10%	10%
Future service assumption cost inflation rate	11%	11%
Mortality assumption	92 mortality cases every year	92 mortality cases every year
Employee turnover	15% pa at age 20 decreasing to 0.1% after age 50.0% after age 54	15% pa at age 20 decreasing to 0.1% after age 50.0% after age 54

* Whereas actuarial losses are higher than 10% of the defined benefits liability, then the amortized amount has been recognized in the income statement

32. Share capital

	No. of Shares (In millions)	Ordinary Shares	Total
		EGP 000	EGP 000
Balance at the beginning of the year	400	800 000	800 000
Balance at the end of the year	**400**	**800 000**	**800 000**

- The bank's authorized capital amounts to EGP 1 000 million.
- The issued and subscribed capital amounts to EGP 800 million, divided into 400 million shares with a par value of EGP 2 each and it has been fully subscribed and paid.
- On February 23rd, 2007, the Ministry of Investment (State owned assets management program) invited investment banks to submit their proposals for the public offering of 15% of the issued share capital and the remaining 5% to Alex Bank's employees and the subscription program is not implemented yet.
- International Finance Corporation (IFC) On September 14, 2020, by selling 9.75% of the bank's shares, the share of Intesa Sanpaolo S.P.A became 80% (approximately) and IFC during the year 2021 sold one share to Mr. Ahmed Saeed Al-Falal representing 0.00000025% to maintain the legal form of the bank and the registration in the legal records is underway.
- In the context of reconciling the situation to the Banking Law No. 194 issued in September 2020, and with reference to Article 64, where the minimum paid-up capital becomes five billion Egyptian pounds, approval was obtained from the Central Bank for the convening of an extraordinary general assembly on September 28, 2021, and awaiting approval for ratification of the decisions of the Extraordinary General Assembly minutes and the amendment of the commercial register and the Investment sheet, accordingly an amount of EGP 4,200,000 thousands was transferred under Increasing the capital while maintaining the same percentage of ownership and not changing the share price. It is considered financing from the issuance of free shares, provided that it is financed from the retained earnings.

Therefore, the bank's issued and subscribed capital is divided as follows:

Name	Shareholding %	No. of Shares (000)	Nominal value Shares
			EGP 000
Intesa Sanpaolo S.P. A	Approx. 80.00 %	320 000	640 000
Ministry of finance (Share of State)	20.00 %	80 000	160 000
	100 %	**400 000**	**800 000**

33. Reserves and retained earnings

	Dec.31,2021 EGP 000	Dec.31,2020 EGP 000
Legal reserve	400 000	400 000
General reserve	29 312	29 312
Special capital reserve	418 158	418 123
Other reserves	289 188	289 188
General Banking Risks Reserve – Credit	368 044	-
Specific reserve General Risk Reserve *	35 135	35 135
Fair value reserve for investments through O.C. I	336 807	631 880
Total reserves	**1 876 644**	**1 803 638**

* No amounts shall be distributed from the balance of the special capital reserve except after obtaining the approval of the Central Bank of Egypt (CBE).

The movement in reserves is as follows:

33.A. Legal reserve

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Balance at the beginning of the year	400 000	400 000
Balance at the end of the year	**400 000**	**400 000**

- According to the Bank's Articles of Association, 5% of the annual net profit shall be retained to make the legal reserve and retaining profit shall stop for the legal reserve balance when it reaches 50% of the share capital.

33.B. Special capital reserve

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Balance at the beginning of the year	418 123	418 123
Formed from the financial year 's profits 2019, 2020	35	-
Balance at the end of the year	**418 158**	**418 123**

33.C. Fair value reserve/ financial investments at fair value through other comprehensive income

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Balance at the beginning of the year	631 880	662 456
Impairment loss treasury bonds and bills beginning of the year		5 658
Impairment recovery loss treasury bonds and bills	-	(2 522)
Differences of valuation of treasury bonds and bills impairment in foreign currency	(3)	(45)
Net Gains / (Losses) from change in fair value	(334 969)	(34 469)
Net (Gains) transferred to Retained earnings due to disposals	(629)	-
Net change of fair value due to maturity	(12 886)	-
Fair value reserve revaluation differences	-	10
Deferred tax liability (Note no.30)	53 414	792
Balance at the end of the year	**336 807**	**631 880**

33.D. Retained earnings

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Balance at the beginning of the year	8 935 821	8 955 190
Amounts under capital increase	(4 200 000)	-
Transferred to general banking risk reserve	-	200
Net profits of the current year	2 750 030	2 485 112
Transferred to general banking risk reserve – Credit	(368 044)	-
Employees' share in financial year 2020/2019 profit	(248 508)	(333 957)
Banking development system fund	(24 851)	-
Transferred to Special capital reserve	(35)	-
Net (Gains) of financial instruments measured at FVOCI - disposals	629	-
Shareholders' dividends in financial year 2020/2019	-	(2 170 724)
Balance at the end of the year	**6 845 042**	**8 935 821**

34. Dividends

Dividend is not recorded until it is approved by the General Assembly of Shareholders. The Board of Directors in accordance with the Bank's Bylaws proposes to the Assembly scheduled to be held on 31th March 2022 the distribution to the shareholders of amount of EGP 1 429 191 thousand and the Board of Directors has to distribute an amount of EGP 238 198 thousand for employees as a share in profits (the actual distributions amounted of EGP 248 508 thousand for employees and for the previous year) not recognized in these presented financial statements resolution. And the dividend recorded for shareholders' and employees' share in profits and Board of Directors members' remuneration in equity distribution of retained earnings in the year ended 31 December 2021

35. Cash and cash equivalents

For the presentation of the cash flows statement, cash and cash equivalents include the following balances with maturities of no later than three months from the acquisition date.

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Cash and balances at Central Bank of Egypt (Note no.16)	2 046 095	1 657 650
Due from banks (Note no. 17)	20 780 286	13 609 262
	22 826 381	**15 266 912**

36. Contingent liabilities and commitments:

36.A. Legal Claims

There are a number of cases filed against the bank on 31 December 2021, and the balance of the claims' provision amounted to EGP 44 033 thousand.

36.B. Capital commitments

Fixed assets and fittings and fixtures of branches

The value of the commitments related to the purchase contracts of fixed assets and the fittings and fixtures of the branches that has not yet been made till the reporting date amounted to EGP 129 582 thousand on 31 December 2021, versus EGP 117 630 thousand on 31 December 2020. The Top Management has sufficient confidence in generating revenues and providing the finance required to cover these commitments.

36.C. Commitments related to loans, guarantees, and facilities

The bank's commitments related to loans, guarantees and facilities are represented in the following:

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Loan commitments	9 768 325	7 352 204
Accepted documentation	1 387 237	863 938
Letters of guarantee	10 839 817	11 198 592
Letters of credit “import”	1 199 401	592 060
Letters of credit “export”	215 939	420 202
Total	**23 410 719**	**20 426 996**

36.D. Commitments on operational leasing contracts

The total of minimum lease payments on irrevocable operational leasing contracts is as follows:

	Dec. 31, 2021 EGP 000
Not more than one year	6 596
more than one year	17 242
Total	**23 838**

37. Transactions with related parties

- The bank is a subsidiary of the Parent Bank (Intesa Sanpaolo Bank - Italy), in which it owns 80% of the ordinary shares, whereas the remaining percentage 20% is owned by Ministry of finance (Share of State) and another shareholder.
- The bank has entered into many transactions with the related parties within the context of its normal business. These transactions include loans, deposits, as well as foreign currency swaps.
- The transactions and the balances of the related parties at the end of the financial year are as follow:

37.A. Transactions with related Parties (Associate companies)

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Statement of financial position		
Loans and Advances	145 608	106 750
Customers' Deposits	5 293	5 700
Income statements		
Interest Expenses	58	169
Interest Revenues	11 866	9 068

37.B. Transactions with the Parent Bank (Intesa Sanpaolo Group)

	Dec. 31, 2021 EGP 000	Dec. 31, 2020 EGP 000
Statement of financial position		
Due from banks	8 041	-
Debit balances and other assets	12 088	11 843
Due to banks	678	90 144
Credit balances and other liabilities	41 468	35 810
Income statements		
Revenues	2 765	2 688
Expenses	73 930	73 421

37.C. Board of Directors and the Top Management Benefits

The monthly average amount of the 20 biggest employees' salaries for the current year is amounted to EGP 5.58 million as at 31 December 2021 versus EGP 5.82 million as at 31 December 2020.

38. Mutual funds

It is an activity authorized for the Bank by virtue of Capital Market Law No. 95/1992 and its Executive Regulations.

These funds, which are managed by EFG- Hermes Fund Management Company, are as follows:

38.A. Bank of Alexandria Mutual Fund (with periodical return and capital growth)

The certificates of the fund reached 3 million with an amount of EGP 300 million (after increasing the capital of the mutual fund on March 26th, 2006 with an amount of EGP 100 million). The bank has allocated 2% from the size of the fund which represent at least EGP 5 million to continue the activity.

The Bank investment in the fund amounted to 17.3 thousand certificates (including certificates of activity undertaking), and their redeemable value amounted to EGP 6.546 million as at 31 December 2021.

The redeemable value of the certificate as at 31 December 2021 amounted to EGP 377.66 and the outstanding certificates at that date reached 81.28 thousand certificates.

According to the fund's management contract and its prospectus, the Bank shall be paid fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total commissions amounted to EGP 123.7 thousand as at 31 December 2021, which were presented under the item of "Fee and commission income" in the income statement.

38.B. Bank of Alexandria's Monetary Mutual Fund (with daily-accumulated return in Egyptian Pound)

The certificates of the fund reached 20 million certificates with an amount of EGP 200 million. As the fund is an open fund, the Bank adjusts its allocated percentage on a daily basis. The bank has allocated 2% from the size of the fund which represent at least EGP 5 million to continue the activity.

The Bank investments in the fund amounted to a number of 987 thousand certificates (including certificates of activity undertaking), and their redeemable value amounted to EGP 45.603 million as at 31 December 2021.

The redeemable value of the certificate amounted to EGP 46.2218 as at 31 December 2021, and the outstanding certificates at that date reached 40 317 thousand certificates.

According to the fund's management contract and its prospectus, the Bank shall be paid fees and commissions for its supervision on the fund and other administrative services rendered thereby. Total commissions amounted to EGP 7 214 thousand as at 31 December 2021, which were presented under the item of "Fee and commission income" in the income statement.

38.C. Bank of Alexandria Fixed Income Fund (with quarterly return)

The certificates of the fund reached 10 million certificates with an amount of EGP 100 million. It is worth mentioning that the fund is an open fund with a quarterly return. The bank has allocated 2% from the size of the fund which represent at least EGP 5 million to continue the activity.

The Bank investment in the fund amounted to 250 thousand certificates (including certificates of activity undertaking), and their redeemable value amounted to EGP 8.441 million as at 31 December 2021.

The redeemable value of the certificate amounted to EGP 33.76413 as at 31 December 2021 and the outstanding certificates at that date reached 6881.34 thousand certificates.

According to the fund's management contract and its prospectus, the Bank shall be paid fees and commissions for its supervision on the fund and other administrative services rendered thereby.

Total commissions amounted to EGP 685.5 thousand as at 31 December 2021 which were presented under the item of "Fee and commission income" in the income statement.

39. Significant Events

The outbreak of the coronavirus "Novel COVID-19 pandemic" has spread across geographies globally, causing disruption to business and economic activities, which brought uncertainties in the local and global economic environment. Both domestic and global financial and monetary authorities have announced various support measures across the globe to address potential negative impacts.

Due to the uncertainty resulting from the outbreak and in anticipation of the expected economic slowdown. The bank is closely monitoring its portfolio of financial instruments to determine the impact of this outbreak on the various quantitative and qualitative factors to identify significant increases in credit risks (SICR) related to the sectors most affected by the crisis according to the best estimates, in light of the available information on previous events and current conditions, and based on the assumptions related to the expected economic performance.

Accordingly, the bank has started studying the potential impacts of the current economic volatility in determination of the reported amounts of the financial and non-financial assets of the bank at the end of December 2021 and the ECL calculated for the year ended 31 December 2021 were mainly increased as result of the COVID-19 impact and these are considered to represent management's best assessment based on observable information.

The Bank's approach is to maintain a prudent Liquidity position with a Liability driven strategy, as almost the entire funding base is customer based; which is a core component of the Risk Appetite. The Bank has a well-established Contingency Funding Plan (CFP), where Liquidity Risk is assessed in line with all Regulatory and Internal Liquidity Measurements, and Basel II requirements; including Liquidity Stress Testing; Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR).

40. Comparative figures

The comparative figures have been reclassified to conform to the changes in the approved presentation for the current year.

Dante Campioni	**Michele Formenti**
CEO and Managing Director	**Chief Financial Officer**

Board of Directors' Report on Bank Activities & Financial Statements for the Year ended 31st December 2021

Tuesday, 1st February 2022

INTESA SANPAOLO

Board of Director's Report 2021

Net Interest Income	Net Profit Before Income Tax	Net Profit	Earnings Per Share
↑ 2.89%	↑ 25.49%	↑ 10.66%	↑ 12.49%

Net Loans Portfolio	Customers' Deposits
↑ 7.19%	↑ 12.60%

ALEXBANK | بنك الإسكندرية

Financial Highlights of 2021

- Net loans portfolio up by 7.19% to EGP 51,413 Million.
- Customers' deposits up by 12.60% to EGP 95,720 Million.
- Net interest income up by 2.89% to EGP 6,198 Million.
- Net Profit before income tax up by 25.49% to reach EGP 3,988 Million.
- Net profit for the year up by 10.66% to record EGP 2,750 Million.
- Cost to income ratio reached 40.08% in 2021 vs. 44.40% in 2020.
- Capital Adequacy ratio decreased by 0.54% at level of 20.38% in 2021 vs. 20.92% in 2020.
- Earnings per share up by 12.49% to reach EGP 6.22 per share.

Contents

About the Bank

About the Bank

About ALEXBANK

Established in 1957, ALEXBANK is today one of Egypt's leading private sector banks, participated by the Intesa Sanpaolo Group since 2007.
ALEXBANK owns one of the largest private sector branch networks with a total of 179 branches and banking units located in every major Egyptian governorate employing over 4,300 individuals who proudly serve about 1.5 million customers, playing a vital role in Egypt's economic present and future. ALEXBANK actively serves the widest spectrum of segments by providing value added financial products, services and solutions to Retail, Small Business, Medium and Corporate Enterprises.
ALEXBANK is currently in the midst of a radical digital transformation aimed at providing our customers with the most unique of banking experiences , via our seamless multi-channel experience incorporating Internet & Mobile Banking, Cards, Electronic wallets, and the latest generation of point-of-sale & ATMs, all powered through the power of Big Data and empowered by key players in the Fintech ecosystem.

About the Bank

ALEXBANK Mission

Conscious of the value of our activity in Egypt, we promote a style of growth that is attentive to financial strength and capital solidity, sustainable results and the creation of a process based on the trust deriving from customer and shareholder satisfaction, a sense of belonging on the part of our employees and close monitoring of the needs of the community and the local area.

Our identity is built on strong and shared values:

INTEGRITY: ALEXBANK pursues its goals with honesty, fairness and responsibility in the full and true respect of the rules and professional ethics and in the spirit of signed agreements.

EXCELLENCE: ALEXBANK sets itself the target of continuous improvement, farsightedness, anticipating challenges, cultivating extensive creativity aimed at innovation; moreover, it recognizes and rewards merits.

TRANSPARENCY: ALEXBANK is committed to making transparency the basis of its actions, advertising and contracts to allow all its stakeholders to make independent and informed decisions.

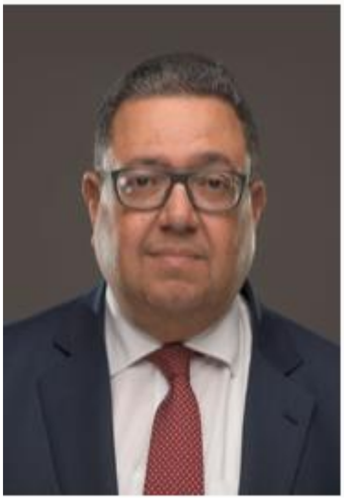
RESPECT FOR SPECIFIC QUALITIES: It is ALEXBANK's intention to combine large-scale operations with profound local roots and to be a bank with a broad vision, without losing sight of individuals.

EQUALITY: ALEXBANK committed to eliminating all forms of discrimination from its conduct and to respect differences in sex, age, race, religion, political and union persuasions, language or disability.

VALUES OF INDIVIDUAL: The value of each single person is a guide for ALEXBANK's routine, which adopts listening and dialogue as tools for continuously improving its relationships with all stakeholders.

RESPONSIBILITY IN THE USE OF RESOURCES: ALEXBANK aims to use all its resources attentively, promote behaviour based on the best use of resources and the avoidance of waste and ostentation

Non-Executive Chairman



Dr. Ziad Ahmed Bahaa El-Din

Non-Executive Chairman of the Board of Directors Representative of Intesa Sanpaolo

Dr. Bahaa El-Din has occupied a number of high-level political and economic appointments, most notably as Egypt's Deputy Prime Minister and Minister of International Cooperation, Executive Chairman of the Financial Regulatory Authority (FRA), Executive Chairman of the Egyptian General Authority for Investment and Free Zones (GAFI), the Legal Advisor to Egypt's former Minister of Economy and board member in the Central Bank of Egypt.

Dr. Bahaa El-Din, is currently the Managing Partner of Bahaa-Eldin Law Office (in Cooperation with BonelliErede) and the Managing Partner of Thebes Consultancy, and has more than 30 years of experience in the fields of legal consultancy, compliance and governance of financial institutions.

Dr. Bahaa El-Din currently holds the positions of non-executive Board Member at AXA - Egypt, MTI, Samcrete for Industrial Development, Arabian Cement Company, NBE-UK, Saray Capital - DIFC, and Hassan Allam Holding.

In the field of volunteer work, Dr. Bahaa El-Din is a member of the Board of Trustees of the Cairo Regional Centre for International Commercial Arbitration, a Member of the Board of Trustees of the American University in Cairo, and Chairman of the Ahmed Bahaa El-Din Cultural Foundation in Assiut.

Dr. Bahaa El-Din earned his PhD in Financial Law from the London School of Economics in 1997, and his Master's Degree in International Business Law from the University of London in 1989. He earned his undergraduate degrees in law from Cairo University in 1986 and in economics from the American University in Cairo in 1987.

Chief Executive Officer and Managing Director

Mr. Dante Campioni
Chief Executive Officer and Managing Director

Dante Campioni joined ALEXBANK in January, 2015 as Chief Executive Officer & Managing Director.

Campioni brings with him strong commercial expertise gained from his diversified experience through different business units in the Intesa Sanpaolo Group, which started in 1979. His extensive Italian and international business experience featured several assignments within the Group, both in and outside Italy. Amongst the other, for about 4 years, he held the position of General Manager at the Singapore Branch of Sanpaolo IMI, he was then the Head of Europe and Mediterranean Area at the London Hub of Sanpaolo IMI for about 6 years, then Head of Corporate Banking and International Development Division in 2006/2007 at Banca IMI Milan, the Group's investment banking arm, then the Head of Business of Mediocredito Italiano (ISP Group entity specialized in SMEs advisory and Financing) for more than 3 years.

Before his assignment in ALEXBANK, Campioni headed the Liguria and South West Piedmont region for about 3 years, one of largest Italian Areas within the ISP domestic network. Before Egypt, starting from Parma - his hometown. Campioni's global path included Amsterdam, Frankfurt, Singapore, and London, in addition to Milan, Turin, Rome, Florence and Genoa in Italy.

About the Bank
Board of Directors - Continued

Non-Executive Board Member

Mr. Alessandro D'Oria

Non-Executive Board Member Representative of Intesa Sanpaolo

Alessandro D'Oria began his extensive experience in the Intesa Sanpaolo Group in 1987, covering many positions. He started his career in the network, initially as branch manager in Puglia and subsequently area manager in several regions, in the south and north east of Italy.

In 2011, he assumed the role of the Head of Area Puglia within the Banca dei Territori Division until 2015, when he became Head of Direzione Regionale of Milan and province, being responsible for approximately 400 branches. Finally, in 2017 he joined the International Subsidiary Banks Division as Head of the Retail sub-department, in charge of mass and small business segments, pricing, cards and payments.

He launched, with the support of the Retail team in ISBD and in collaboration with the Subsidiaries, the ongoing business transformation project named "Adopting Group Distribution Model", aimed at fostering a proactive sales approach and building a stronger relationship with customers within the ISBD network. Last February, he was appointed Head of the Retail and Wealth Management Department, which includes Affluent and Private segments, Multichannel and CRM activities. Alessandro holds a bachelor degree in Economics and corporate organization.

Board of Directors - Continued

Non-Executive Board Member

Dr.Ehab Mohammed Hassan Abouaish

Non-Executive Board Member Representative of the Public Domain

Dr. Abouaish holds a BA degree on Business Administration, MSc on Financial Management of Financial Institutions and a PhD on Financial Services from Nottingham University Business School (UK) 2001. On 2005 he got the Fulbright visiting scholars and research grant in George Washington University (USA). He has a large number of published researches and studies on international journals and conferences. Before being appointed as Vice Minister of Finance for Public Treasury on June 2018, he served as Vice-Dean for Postgraduate Studies, Research and International Affairs, Faculty of Commerce, Cairo University from September (2014) - June (2016), and Dean of Faculty of Commerce, Cairo University June (2016) – June (2018).

Professionally he served as Chairman of the Board of Directors the Centre of Research and Commercial Studies, Cairo University. Chairman of the Risk Management Committee (ERM), Misr Insurance Company. Member of a number of Board of Directors of private companies. He acted as Managerial Consultant and participated on a large number of institutional reforms and development programs and consultations on different managerial fields for Egyptian and Arabian companies for more than 15 years.

About the Bank
Board of Directors - Continued

Non-Executive Board Member

Sherine Hamed El Sharkawy

Non-Executive Board Member Representative of the Public Domain

Mrs. Sherine El Sharkawy holds a BA degree on Economics, Sep. 1986 – Jun. 1990, The American University in Cairo (AUC), Egypt.

M Sc in Finance and Investment, Sep. 1997 – Jul. 1998, University of Exeter, United Kingdom.

Member of the Association of Graduates from British Universities in Egypt, Member of the German Arab Chamber of Industry and Commerce in Egypt & Member of the Egyptian Junior Businessmen Association in Egypt.

From June 1991 to August 1997, Manager, Credit Department, The Commercial International Bank (Previously the Chase National Bank), then Director& Head of Direct Investment, The Commercial International Bank in Cairo from August 1998 to June 2007, then Senior General Manager – Corporate Finance – Ahli United Bank (Egypt), March 2008 – Dec. 2009., she is currently Deputy Minister of Finance for Economic Affairs.

Global and Local Developments In 2021

Global Economy: Inflation Was The Main Headline

Rising Prices & Supply Chain Crisis

Recovering demand against lower than expected supply have led prices to soar in 2021, especially with the witnessed disruption in supply chains following the spread of Delta variant and reduced access to the COVID-19 vaccine in developing countries.

Monthly Indices, Nominal USD, 2010=100, Nov-21, Y/Y

Energy	Food & Drinks	Metals	Cost of Shipping
109.6%▲	30.9%, 20%▲	26.3%▲	8-9X▲

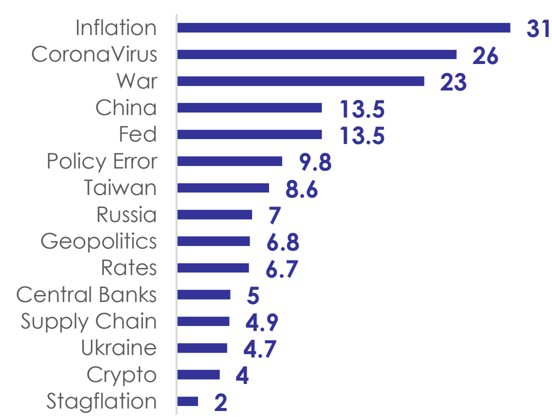
Source: World Bank

Outlook & Risks

Bloomberg has surveyed 700 market professionals, including portfolio managers and traders, to highlight their biggest worries in 2022. Respondents have mentioned the following risks:

◆**Corona Virus:** COVID-19 is looking more persistent and limited access for Vaccine for some countries has created a divergence in growth potentials. Rapid spread of Delta and the threat of new variants, especially Omicron, has increased uncertainty about how quickly the pandemic can be overcome.

Global Survey: Biggest Risks For Markets In 2021 (%)



Source: Bloomberg

◆**Inflation:** Pandemic outbreaks in critical links of global supply chains have resulted in longer-than-expected supply disruptions, further feeding inflation in many countries.

◆**Fed:** The Federal Reserve has admitted that inflation is not "transitory" and promised a higher pace of monetary tightening. This move poses risks for US equity markets in addition to Emerging Markets that have been benefitting from cheap funds to finance their wide fiscal deficits.

◆**Geopolitics:** The main examples given were rising tensions between China and Taiwan, and Russia and Ukraine, particularly the possibility of an invasion.

◆**China:** Respondents have mentioned "both geopolitical and domestic risks. Contagion linked to China's economic situation was frequently cited, with the potential for slower growth and an impact on the housing market."

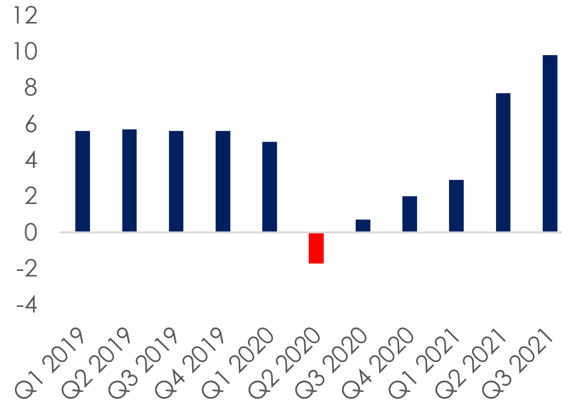
Global and Local Developments In 2021

Egypt's Economy Is Showing Resilience

Growth Exceeds Expectations

The performance of Egypt's economy has exceeded expectations, growing 7.7% and 9.8% Y/Y in 2Q and 3Q 2021 respectively. Tourism and non-oil industrial sectors have started showing signs of recovery, rising 432.7% and 16% Y/Y in 2Q21 respectively. Also, telecom. has maintained its high growth rates amid digital transformation efforts across all areas (+16% Y/Y).

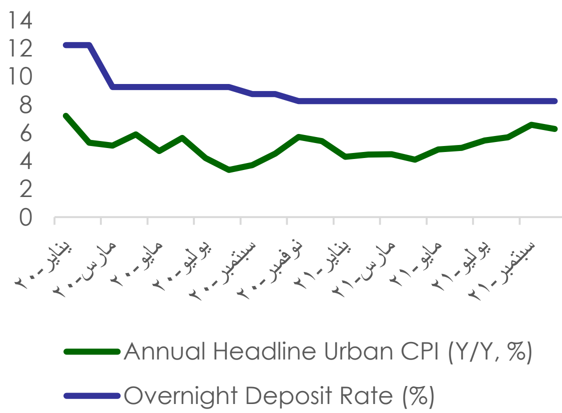
Real GDP (Y/Y, %)



Inflation Under Control

Average annual headline CPI is expected to gradually increase to 6.2% in 2022, still within the CBE target of 7% (+/-2%) by 4Q22, against 5.2% this year due to gradual recovery in demand and high prices of global commodities even after showing signs of easing in the past few months (especially energy prices and cost of shipping). Interest rates have been kept unchanged in 2021, in light of robust growth and concerns over imported inflation in addition to the need to maintain attractive real interest rates.

Inflation Vs Interest



Source: CBE & Ministry of Planning

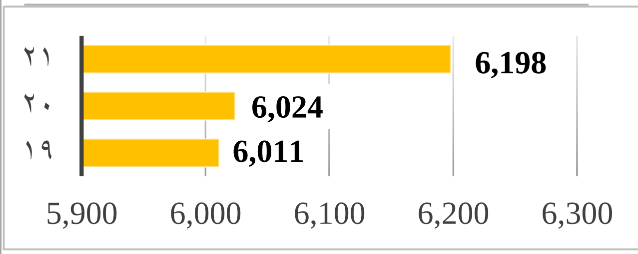
Stable External Position

The EGP has maintained its strong performance against major currencies in 2021 (remained stable at an average of 15.70 per USD, balancing between, on one side, high external needs (current account deficit and external debt service) and on the other, foreign inflows to the debt market and high level of foreign reserves (USD40.9 billion). Egypt was able to attract almost USD30 billion during 2021 through issuing USD6.8 billion Eurobonds, USD5.1 billion 1Y USD T-Bills and EUR1.3 billion 1Y EUR T-Bills in addition to financial assistance from the IMF (Last tranche of IMF Stand-By Agreement and new SDRs allocations) and foreign investments in EGP securities. Moreover, the country plans to issue USD3 billion Sukuk and Green Bonds and benefitting from joining the JP Morgan emerging-market government bond index by late January 2022. The U.S. investment bank said that Egypt is eligible to join the index with 14 EGP government bonds.

Financial Highlights

Net Interest Income

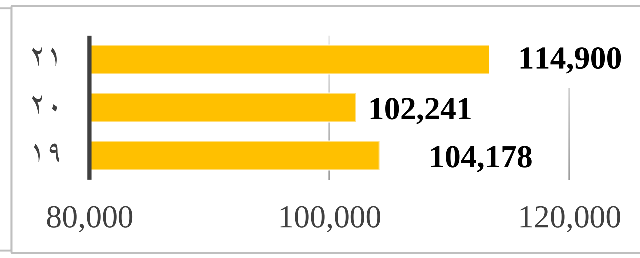
(EGP Mln)



Net interest income increased by EGP 174 million or 2.89% in 2021 vs. 2020.

Total Assets

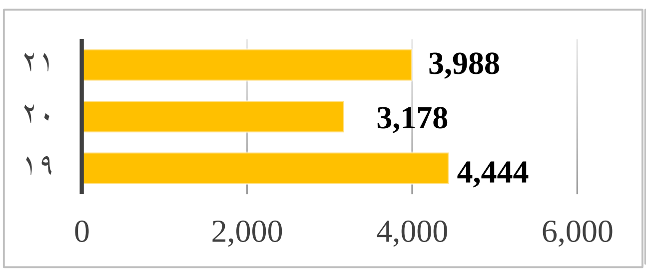
(EGP Mln)



Total Assets increased by EGP 12.66 billion or 12.38% in 2021 vs. 2020.

Net Profit before income tax

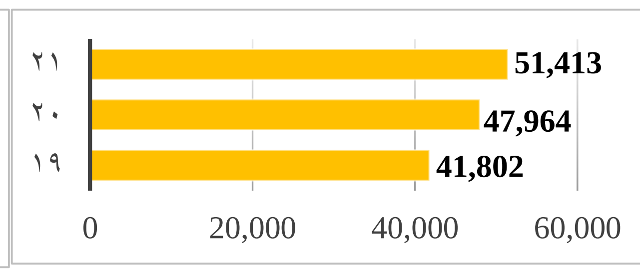
(EGP Mln)



Net Profit before income tax increased by EGP 810 million or 25.49% in 2021 vs. 2020.

Net Loans

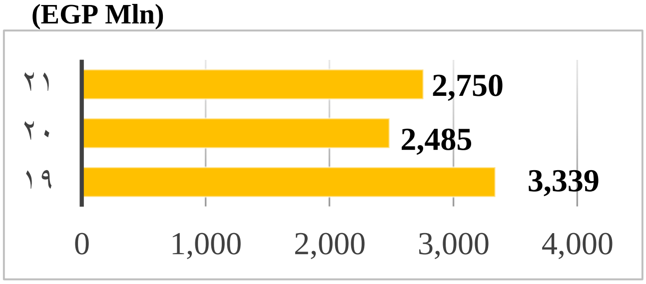
(EGP Mln)



Total net loans increased by EGP 3.44 billion or 7.19% in 2021 vs. 2020.

Net Profit

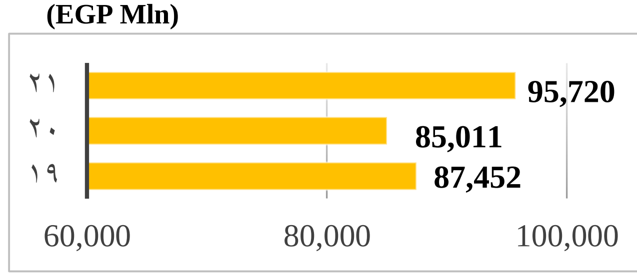
(EGP Mln)



Net Profit for the year increased by EGP 265 million or 10.66 % in 2021 vs. 2020.

Customers' Deposits

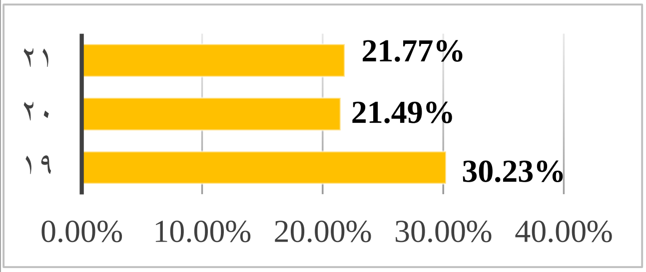
(EGP Mln)



Customers' deposits increased by EGP 10.71 billion or 12.60% in 2021 vs. 2020.

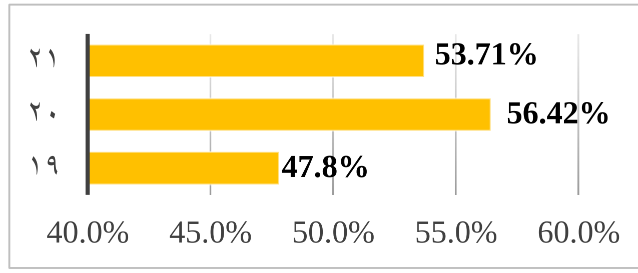
Financial Highlights - continued

Return on Average Equity (%)



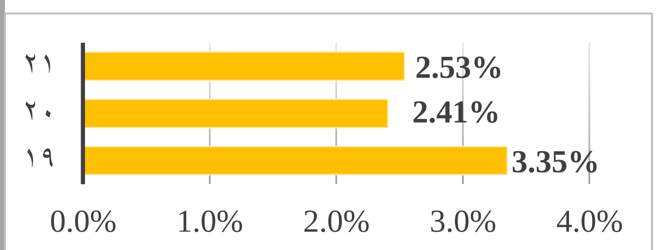
Return on Equity increased by 0.28 bps in 2021 vs. 2020.

Loans (Net) / Deposits (%)



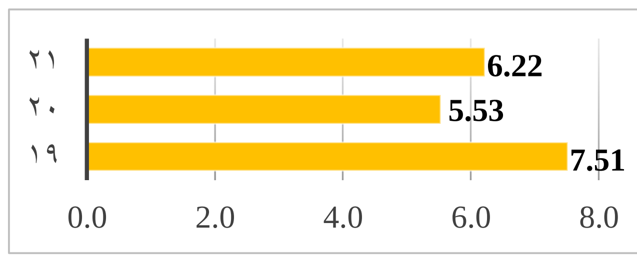
Net Loans to deposits ratio decreased by 2.71 bps in 2021 vs. 2020.

Return on Average Assets (%)



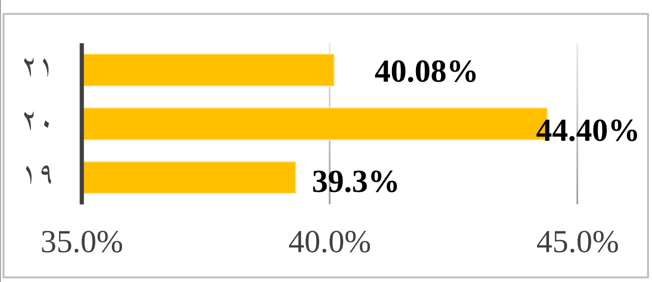
Return on assets increased by 0.12 bps in 2021 vs. 2020

Earnings per Share (EGP)



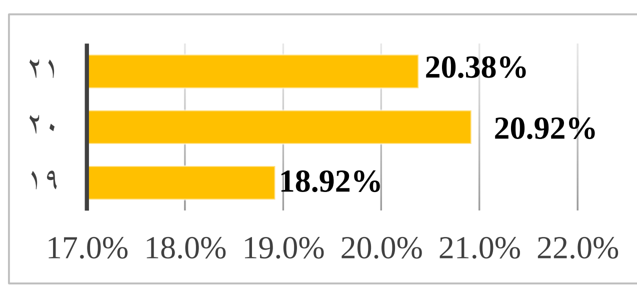
Earnings per share increased by EGP 0.69 in 2021 vs. 2020.

Cost / Income (%)



Cost to income decreased by 4.32 bps in 2021 vs. 2020.

Capital Adequacy (Basel II) (%)



Capital Adequacy ratio decreased by 0.54 bps in 2021 vs. 2020.

Comments on Operations

Alex bank reported a remarkable set of results in FY2021 taking in consideration the economic effect of Covid-19, with consolidated net income up 4.42% y-o-y to EGP 6.97 billion.

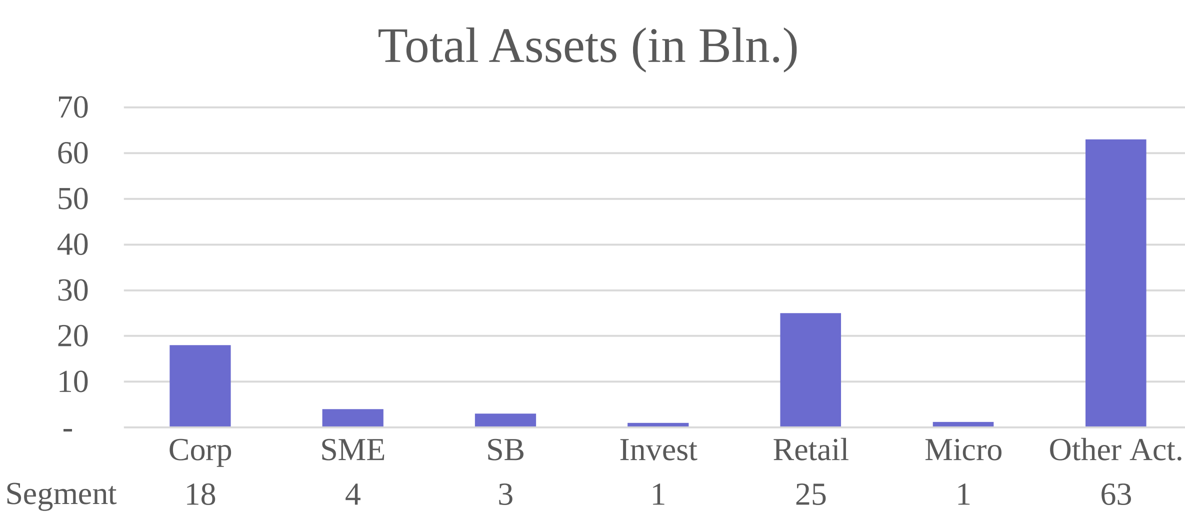
Net interest income reached EGP 6.2 billion, up 2.89% from 2020. While net fees and commission income grew 18.43% over the previous year to EGP 771 million.

Net profit recorded 2,750 million in FY2021 up 10.66% y-o-y

The Bank was able to maintain its operational efficiency in 2021, with the cost-to-income ratio standing at 40.08% compared to 44.4% in 2020.
Return on average equity (ROAE) recorded 21.77% from 21.49% in 2020.
Return on average assets (ROAA) recorded 2.53% for 2021, from 2.41% in 2020.

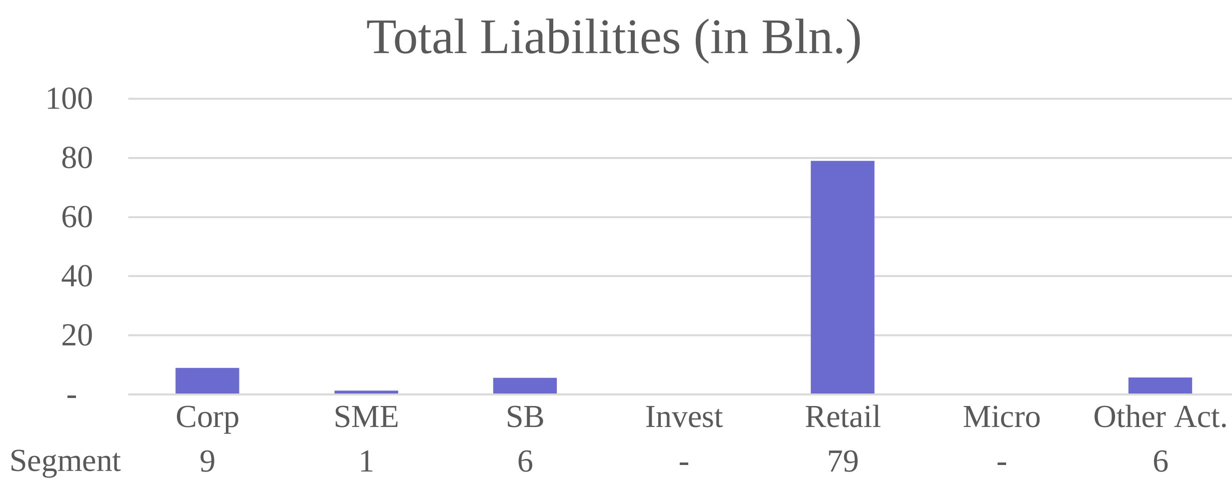
Alexbank taxation team succeed to finish Y2019 Stamp duty inspection with Nil Tax due, Alexbank Also update Fiscal stamp and development fees automation process to include LG's forms and submitted digitally within legal dates, Alexbank has registered in electronic invoicing system as per signed protocol between Federation of Egyptian banks – Central bank of Egypt and Ministry of Finance as invoice receiver only.

Total assets stood at EGP 114.9 billion FY2021, up by 12.38% from EGP 102.24 billion in 2020 segmented as follows.



Comments on Operations

Total Liabilities recorded EGP 101.17 billion FY2021, up by 11.56% from EGP 90.70 billion in 2020 segmented as follows.



Gross loan portfolio stood at EGP 54.20 billion at year-end, growing 7.05% from EGP 50.63 billion y-o-y.

While customer deposits recorded 95.72 billion, up by 12.60% from 85.01 billion in 2020.

Through the Bank’s conservative risk-management strategy, asset quality remained resilient in 2021 while booking provisions adequate to mitigate any potential risks. Provision expense for 2021 amounted to EGP 345 million, bringing the loan provision balance to EGP 2.57 billion.

NPLs represented 4.51% of the gross loan portfolio, cushioned by a solid 50.60% coverage ratio.

Total Tier capital was EGP 11.76 billion. and 20.38% of risk-weighted assets as of December-2021, Tier I capital was EGP 11.17 billion.

The Bank comfortably maintained a liquidity position above CBE requirements and Basel II guidelines, in both local currency and foreign currency. Local currency CBE liquidity ratio remained well above the regulator's 20% requirement, recording 39.52% as of December-2021, while Foreign currency CBE liquidity ratio reached 41.95%, above the threshold of 25%.

NSFR was 235.21% for local currency and 204.81% for foreign currency, and LCR was 2333.05% for local currency and 324.17% for foreign currency, comfortably above the 100% Basel II requirement.

23.78% from Net loans concentrated in SME lending aiming to reach the required 25% as per CBE instructions at end of 2022, which was published and updated old instructions (of 20% targeted) on Feb 2021.

In accordance with CBE continues effort to ease the effect of Covid-19 pandemic, Alexbank had applied CBE circulation (Circular No. 838 dated 14-12-2021), regarding the staging and provisioning methedology in the upcoming 18 months for Medium and Small Business clients.

Financial Position key Drivers
Balance Sheet

Assets

	31 December 2021 EGP 000	31 December 2020 EGP 000	Change VAR	Change %
<u>Assets</u>				
Cash and balances at Central Bank of Egypt	6 190 794	4 475 534	1 715 260	38.33%
Due from banks	22 030 286	13 609 262	8 421 024	61.88%
Loans and advances to customers	51 413 444	47 964 146	3 449 298	7.19%
Financial assets classified at fair value through profit and loss	2 363	6 829	(4 466)	-65.40%
<u>Financial investments</u>				
Financial assets classified at fair value through other comprehensive income	32 256 580	33 097 877	(841 297)	-2.54%
Financial assets classified at fair value through profit and loss	60 590	55 949	4 641	8.30%
Investments in associates	62 238	66 296	(4 058)	-6.12%
Intangible assets	168 871	147 577	21 294	14.43%
Deferred tax assets	265 429	197 693	67 736	34.26%
Other assets	1 766 575	1 966 312	(199 737)	-10.16%
Fixed assets	682 345	653 810	28 535	4.36%
Total assets	**114 899 515**	**102 241 285**	12 658 230	12.38%

- **Total Assets increased by 12.38% or EGP 12.7 billion, to reach EGP 114.90 billions, mainly due to the following:**

- **Cash and Balances with the CBE** recorded EGP 6,191 million (up by 38.33%) vs EGP 4,476 in FY 2020, mainly due to the increase in the mandatory reserve balance by EGP 1,327.

- **Due from banks** recorded EGP 22,030 million vs EGP 13,609 million in 2020 (up by 61.88%), due to the increase in Deposits with CBE by EGP 7,200 million.

- **Net Loans and advances** to customers reached EGP 51.41 Billion, adding EGP 3.4 billion. or 7.19% YTD. Major effect is mainly an increase in the retail loans of EGP +2,117 million or +9.1% concentrated in personal loans, and in corporate loans by EGP 1,332 million or +5.4% concentrated in overdraft .

- **Gross NPLs** has increased by 21.33% or EGP 429 million, representing 4.51% of the gross loan portfolio.

Financial Position key Drivers - continued

Balance Sheet

Assets - continued

- **Financial assets classified at fair value through comprehensive income** decreased by EGP 841 million (down by 2.54%) to record EGP 32,257 million from EGP 33,098 at end of FY 2020.

Decrease is due to the following :

  - **Governmental debt instruments** increased to reach EGP 7,246 million comparing to EGP 6,832 million at end of FY 2020 (up by 6.1%).
  - **Treasury Bills** on the other hand decreased in net book value reaching EGP 24,650 million comparing to EGP 25,667 million at end of FY 2020 (down by 4.0%) along with a decrease in **Equity instruments at fair value** to record EGP 361 million compared to EGP 599 million at end of FY 2020.

- **Net intangible Assets** increased by EGP 21 million due to new additions by EGP 124 million while amortization expenses increased to reach EGP 103 million.
- **Net fixed Assets** increased by EGP 29 million due to total deprecation expenses by EGP 124 million offset by new additions by amount EGP +153 million.
- **Other Assets** decreased by EGP 200 million, mainly due to the increase of accrued interest income from loans of EGP +132 million following to the increase in Loans and advances to customers portfolio of more than 7%, with an offset of the decrease of EGP -125 million being a decrease of the outstanding payable amounts to the Taxation authority (large taxpayer center), also a decrease of EGP -121 million of decreasing the outstanding transfers payable at end of year.

Financial Position key Drivers - continued

Balance Sheet

Liabilities

	31 December 2021 EGP 000	31 December 2020 EGP 000	Change VAR	Change %
Liabilities and shareholders' equity				
Liabilities				
Due to banks	467 647	498 980	(31 333)	-6.28%
Customers' deposits	95 720 040	85 010 796	10 709 244	12.60%
Other loans	570 617	813 443	(242 826)	-29.85%
Other liabilities	1 992 848	2 204 231	(211 383)	-9.59%
Other provisions	420 479	401 980	18 499	4.60%
Current income tax liabilities	682 716	576 624	106 092	18.40%
Retirement benefits obligations	1 323 482	1 195 772	127 710	10.68%
Total Liabilities	**101 177 829**	**90 701 826**	10 476 003	11.56%

- **Total Liabilities increased by 11.56% or EGP 10,476 million to record EGP 101.17 billion, mainly due to the following:**
  - **Due to banks** decreased by EGP 31 million (-6.28%) to reach EGP 468 million, decrease is mainly in due to banks Placements for EGP -79 million against an offset by an increase in due to banks current accounts by EGP +48 million.
  - **Customer Deposits** recorded EGP 95.72 billion with a major increase by 10,709 million (12.60%) YOY comparing to EGP 85.01 billion in FY 2020.
  - **Other Loans** recorder EGP 571 million down by EGP 243 million or 29.85% as principle payments to financial institutions.
  - **The post retirement medical benefits** increased by EGP 128 million (10.68%) than FY 2020.

Financial Position key Drivers - continued

Balance Sheet

Shareholders' equity

	31 December 2021 EGP 000	31 December 2020 EGP 000	Change VAR	Change %
Shareholders' equity				
Share capital	800 000	800 000	-	0.00%
Amounts under capital increase	4 200 000	-	4 200 000	100.00%
Reserves	1 876 644	1 803 638	73 006	4.05%
Retained earnings	6 845 042	8 935 821	(2 090 779)	-23.40%
Total Shareholders' equity	**13 721 686**	**11 539 459**	2 182 227	18.91%

- **Total Shareholders' Equity increased by EGP 2,182 million up by 18.91% due to the following:**
  - Decrease of retained earnings by EGP 2,091 million down by 23.40% to record EGP 6,845 million against EGP 8,936 million by end of 2020.
  - Amounts under capital increase

    In the context of reconciling the situation to the Banking Law No. 94 issued in September 2020, and with reference to Article 64, where the minimum paid-up capital becomes five billion Egyptian pounds, approval was obtained from the Central Bank for the convening of an extraordinary general assembly on September 28, 2021, and awaiting approval for ratification of the decisions of the Extraordinary General Assembly minutes and the amendment of the commercial register and the Investment sheet, accordingly an amount of 4,200,000 was transferred under Increasing the capital while maintaining the same percentage of ownership and not changing the share price. It is considered financing from the issuance of free shares, provided that it is financed from the retained earnings.

Financial Position key Drivers - continued

Income Statement

	For the year end 31 December 2021 EGP 000	For the year end 31 December 2020 EGP 000	Change VAR	%
Interest and similar income	10 861 946	10 868 891	(6,945)	-0.06%
Interest and similar expense	(4 663 564)	(4 845 295)	(181,731)	-3.75%
Net interest income	**6 198 382**	**6 023 596**	174,786	2.89%
Fee and commission income	1 210 135	946 990	263,145	27.79%
Fee and commission expense	(439 325)	(296 259)	143,066	48.29%
Net fee and commission income	**770 810**	**650 731**	120,079	18.43%
Net income	**6 969 192**	**6 674 327**	294,865	4.42%
Dividends' income	25 498	2 639	22,859	866.20%
Net income from financial assets classified at fair value through profit and loss	1 321	(1 218)	2,539	208.46%
Change in financial assets classified at fair value through profit and loss	13 403	4 747	8,656	182.35%
Net trading income	110 870	84 155	26,715	31.74%
Gain / (Losses) from financial investments	9 145	9 060	85	0.94%
Bank's share in undistributed (Losses) profit of associated companies	(4 058)	(5 431)	(1,373)	-25.28%
Impairment (Charge) / Recovery on credit losses	(343 609)	(494 550)	(150,941)	-30.52%
Administrative expenses	(2 814 048)	(2 967 621)	(153,573)	-5.17%
Other operating (expenses) / revenues	20 481	(127 658)	148,139	116.04%
Net profit before income tax	**3 988 195**	**3 178 450**	809,745	25.49%
Income tax expense	(1 238 165)	(693 338)	544,827	78.58%
Net profit for the year	**2 750 030**	**2 485 112**	264,918	10.66%
Earnings per share (EGP/share) - Basic	6.22	5.53	1	12.49%

- **Net profit recorded EGP 2,750 million versus EGP 2,485 million FY2020 (up by EGP 265 million, a 10.66 % from FY2020), supported with a significant increase in net profits before tax of 25.5% up by EGP 810 million).**

  - **Net Income**

    Net income reached EGP 6,969 Million. up by 4.42% vs. fourth-quarter 2020, caused mainly by increase in both net interest income and net fee and commission income compared to FY2020.

    1. **Net Interest Income**

    Net interest income reached EGP 6,198 Million. up 2.89% YoY.

    Derived mainly due to the decrease in interest expense specifically interest related to saving accounts hence projecting an increase in Net interest income.

Income Statement - continued

2. Net fee and commission income

Net fee and commission income reached EGP 771 Million. up by 18.43% YoY.

increase in fees and commission income by substantial EGP 263 Million, offset by an increase in fees and commission expense by EGP 143 Million, resulted with netting effect of EGP 120 Million increase compared to FY2020.

- **Dividends income**

  Increased by EGP 23 million to record EGP 25.5 Million versus EGP 2.6 million in FY 2020.

- **Impairment (Charge) / Recovery on credit losses**

  Decreased by EGP 151 million to record EGP 344 Million versus EGP 495 million in FY 2020.

- **Administrative expenses**

  Showed a decrease of EGP 154 million or 5.17% down to reach EGP 2,814 million from EGP 2,968 million in FY 2020

  Out of which

  - **Employee cost** reached EGP 1,434 million.
  - **Other administrative expenses** reached EGP 1,369 million.

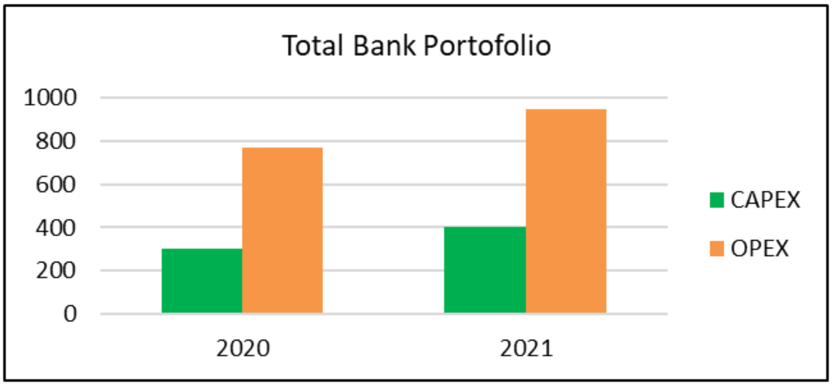
- **Income Tax expenses**

  Increased by EGP 545 million to reach EGP 1,238 million versus EGP 693 million in FY 2020

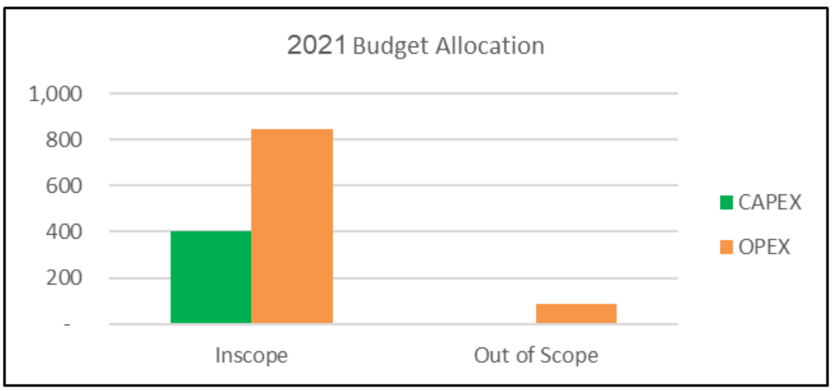
Financial Position key Drivers - continued

Procurement Highlights Report 2021

Budget Overview



- Variance between 2021 CAPEX budget & 2020 CAPEX budget amounted to EGP 100 MLN or 33%.
- Variance between 2021 OPEX budget & 2020 OPEX budget amounted to EGP 175 MLN or 23%.



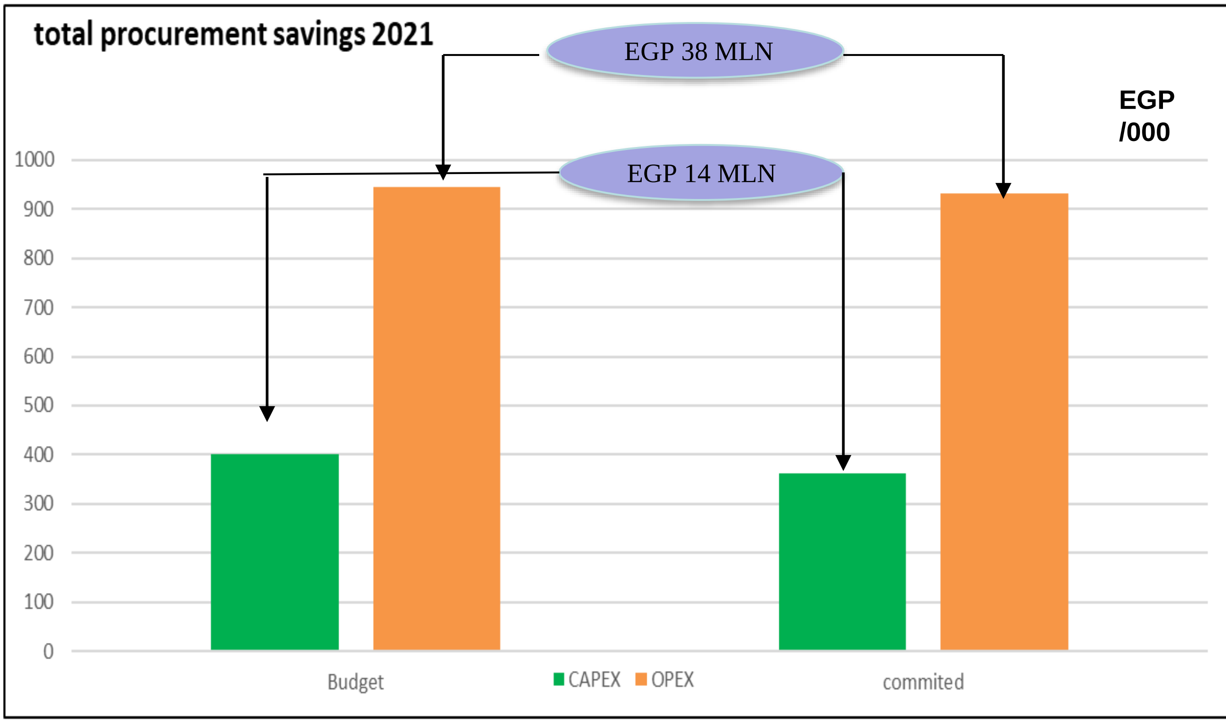
- Total 2021 CAPEX & OPEX budget is EGP 1.35 BLN, out of which EGP 1.245 BLN , 93% is under procurement scope.
- In scope activities were executed directly by Procurement Department based on the sourcing plan received from business owners.

Financial Position key Drivers - continued

Procurement Highlights Report 2021

Procurement savings 2021

Procurement Highlights Report 2021



- In 2021, Procurement has achieved **EGP 52 MLN** from total budget out of which **73% (EGP 38 MLN)** related to CAPEX transactions, and **27% (EGP 14 MLN)** related to OPEX transactions.

- Procurement team was able to fix prices through framework agreements in order to avoid the risk of fluctuation of prices in the Egyptian market.

Financial Position key Drivers - continued

Procurement Highlights Report 2021

Mega projects :

Horus Project

A brief of our success story in Horus project

- HOURS is one of transformative project to upgrade the existing core banking system (Finacle), enhance infrastructure and Digitalize our banking services via solutions from IBM, Cisco, MS, DELL, Oracle, Infosys & PWC
- The effective start of work of the Horus Project was initially planned in the early months of 2020. With the advent of COVID-19 emergency, the Group has been forced to reexamine the master plan in alignment with the postponement of the starting date in June 2020.
- Procurement partnered with around **16** global and local strategic vendors throughout **26** transaction with total amount **EGP200mln**.
- All the global commodities have been managed by both AB & ISP central procurement in terms of vendor selection, awarding and negotiation.

Financial Position key Drivers - continued
Procurement Highlights Report 2021

Mega projects :

Oracle Procurement

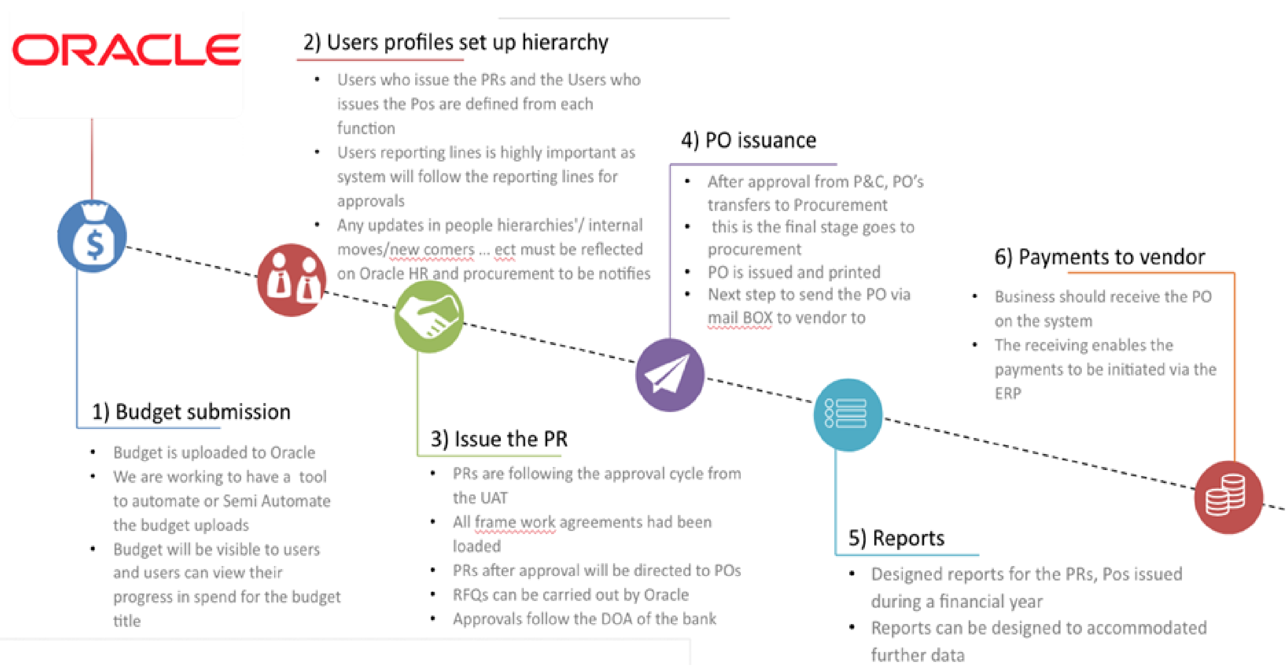
❑ This Year, Procurement has succeeded to digitalize its cycle throughout implementation of the below three modules :

- I-procurement (Related to Purchase Requisition)
- Sourcing(Identifying Sourcing strategies and carrying on the sourcing process)
- Purchasing (Purchase Orders, Blanket Agreements and price List)

Oracle procurement official go live was on Jan 1st 2021

❑ And, we have reached last year’s goals by :

- Automating the Requisitioning process.
- Applying the Sourcing plan according to the headquarter instruction
- Monitoring the entire Purchasing activities and Control expenses



Financial Position key Drivers - continued

Procurement Highlights Report 2021

Mega projects :

Queuing System

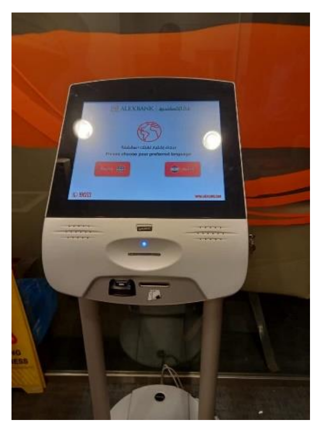
QMATIC

- In 2020 ,Queuing System devices were not working due to lack of maintenance and due to the division of responsibilities between companies (suppliers, maintenance and real estate) as well as internally in the bank between departments and sectors (real estate, branches and IT). Accordingly, a tender was launched and Meditec Company (Qmatic Brand) had been selected to supply and install Queuing systems in 2 phases:
  - Phase 1: 5 branches
  - Phase 2: 15 branches

- In 2021, a plan has been built for supplying queuing systems for 81 branches, Procurement negotiated with the company and its representatives outside Egypt, to reduce costs and obtain the best prices, in addition to getting some free items such as screens and infrastructure work for the branches at a price lower than the costs of real estate management, and the maintenance has been assigned to them. This project was financed by financial leasing company "EFG Hermes", which was awarded through a tender, and we succeeded to get the lowest interest of financial leasing

Success →

- **81 branches has been executed in 51 days**
- **Saved about 2 million in financing interest.**
- **All the project's works has been consolidated to be conducted by one company.**



Procurement Highlights Report 2021

Financial Position key Drivers - continued
Procurement Highlights Report 2021

Mega projects :

Medical Insurance

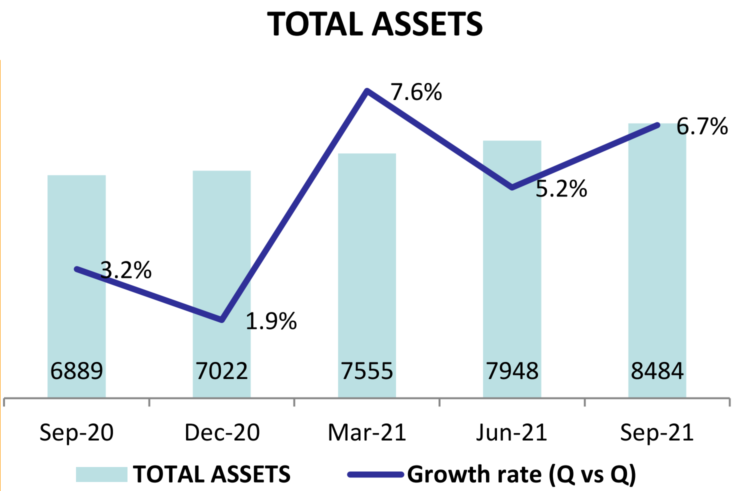
- In the 1st quarter of 2021 Alexbank conducted a tender for medical insurance to provide better service to its staff and avoid any unneeded costs while maintaining an excellent service to both employees and pensioners. And due to Alexbank's prior experience with GIG since November, 2017 which can be summarized as follows:
  - GIG lacked sufficient controls among pensioners management scheme.
  - Inability to consistently access GIG's system due to technical problems
  - Medical approvals TAT was always in delay
  - No analytical reports were ever delivered to Alexbank

- Alexbank decided to change the approach and move all in service staff currently under TPA scheme to medical insurance scheme. And this move will ensure maintaining their same benefits and enable the bank to better control the cost and to save our manpower used to be dedicated to this activities. and keep only the pensioners under the ,medical management schempe"TPA".
- Orient (Next Care) has been selected due to the following reasons:
  - Submitted the best financial offer covering all requirements.
  - Excellent experience handling other banks pensioners "such as CIB and ADIB"
  - Lowest management fees for pensioners
  - Access to Nextcare system for real time analysis and reports
  - Digital Card

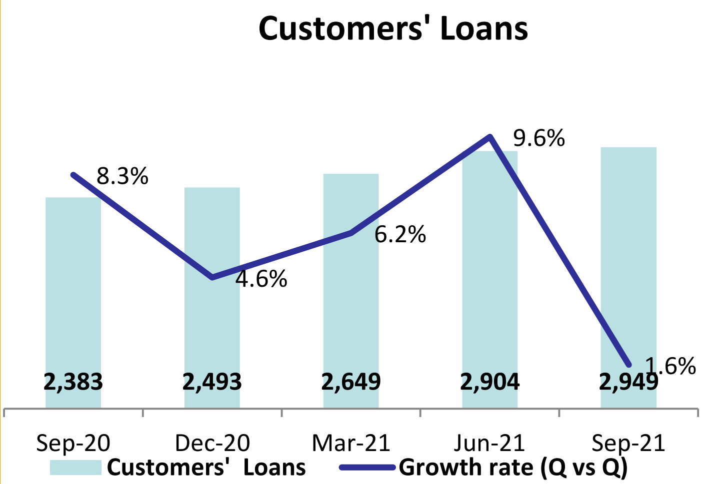
Success → **better handling pensioners management scheme and staff insurance scheme**

Financial Position key Drivers - continued
Market Share

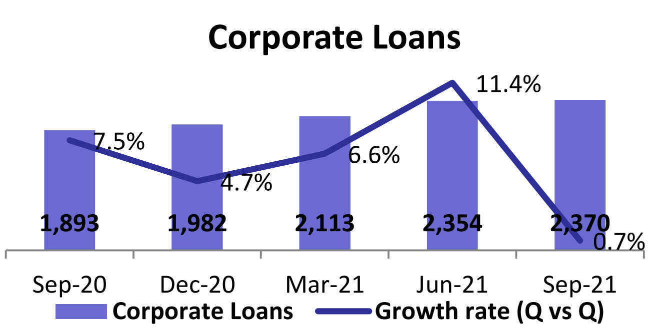
Market Share

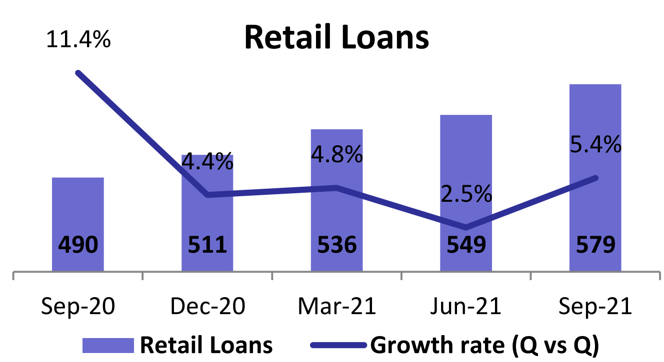


Total Assets market share increased in September-21 by 23.2% compared to September-20



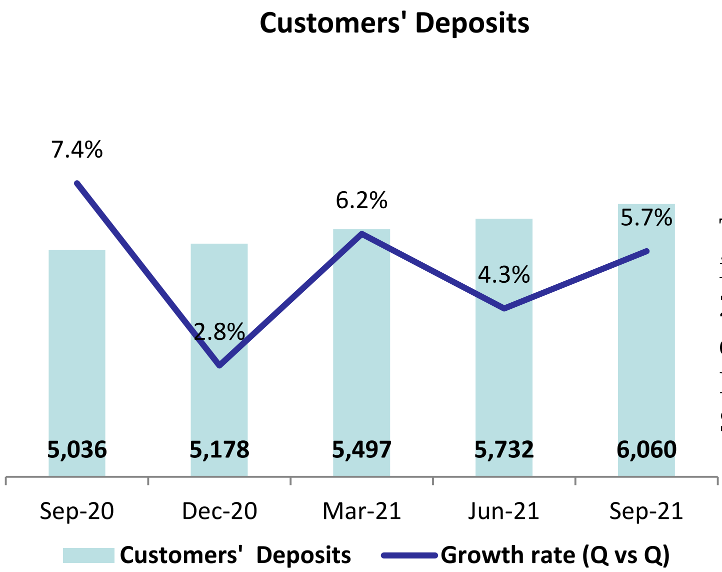
Total Loans market share increased by total of 23.8% in September-21, due to the Increase in corporate loans market share by 25.2% and in Retail loans by 18.2% between September-20 and September-21



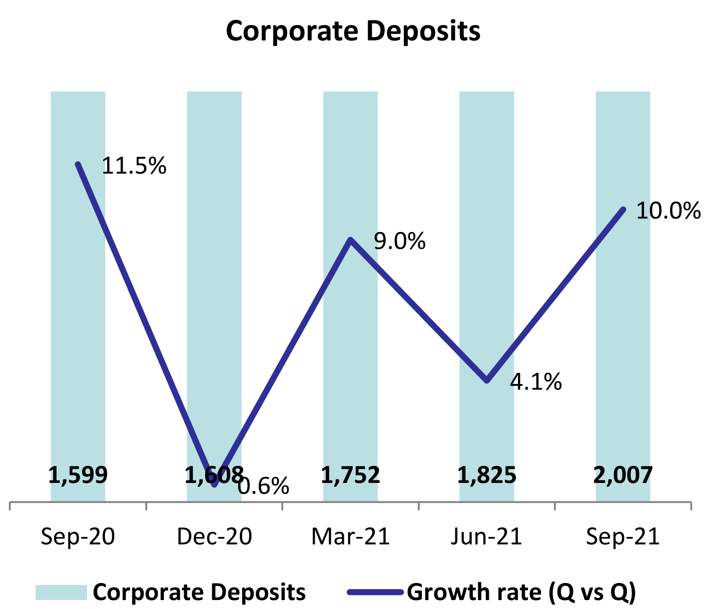


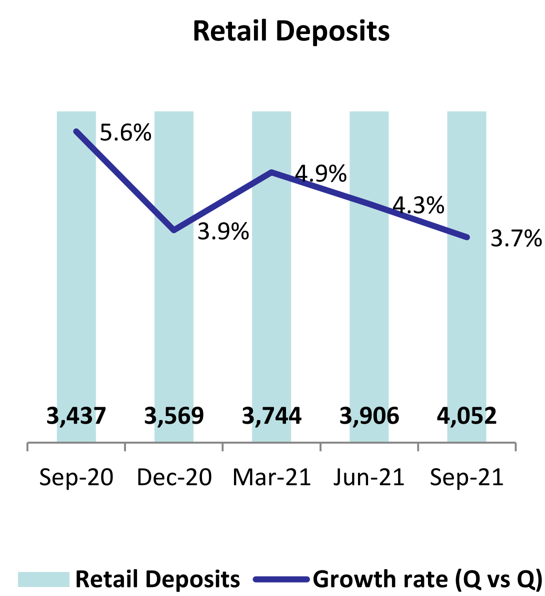
Financial Position key Drivers - continued

Market Share - continued



Total Customer Deposits market share increased by total of 20.3% in September-21, due to the Increase in corporate deposits market share by 25.5% and in Retail deposits by 17.9% between September-20 and September-21



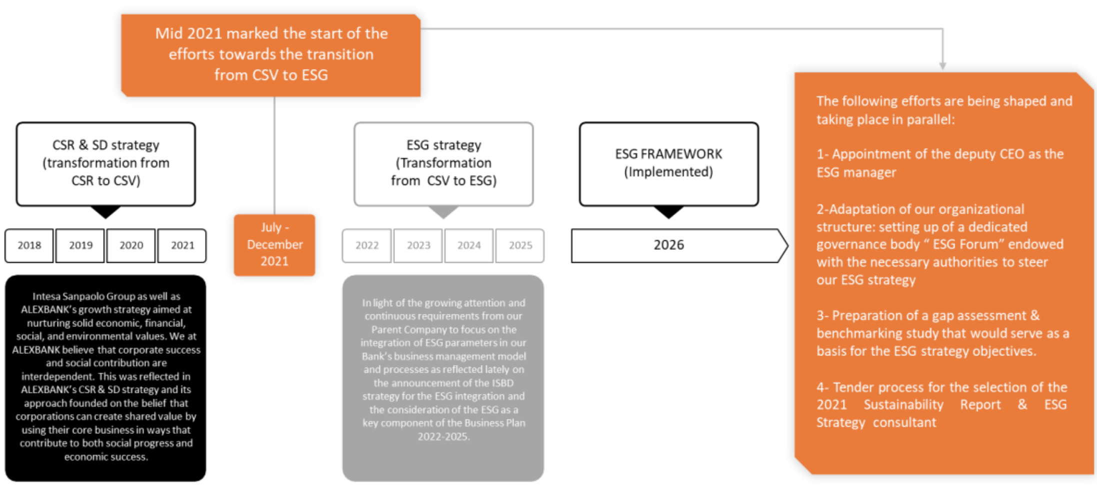


Corporate Social Responsibility & Sustainable Development

ALEXBANK’s Sustainability Transformational Journey

This year, with ALEXBANK’s four-year CSR & Sustainable Development Office Strategy (2018-2021) coming to an end, ALEXBANK is aspiring to strengthen its sustainability positioning through a more comprehensive and transformative approach from CSV (Corporate Shared Value) to ESG (Environmental, Social, and Governance) in a way that contributes to the Bank’s long term successful performance and fostering its ability to meet the responsibility and commitments towards all stakeholders. The new ESG Strategy (2022-2025) is being built on stakeholders’ capitalism approach and high corporate governance standards and accounts for the wide range of ESG impacts & indicators associated to the bank’s operations. Believing that the Bank has a duty to actively support the progress of the country it operates in and its population, the strategy represents the foundation of the Bank’s mission and values as one of the leading private sector banks in Egypt.

Aligned with Egypt Vision 2030, ALEXBANK’s Code of Ethics, UN Global Compact Principles, Equator Principles, Principles for Responsible Banking, universal Principles of Human Rights, and United Nation’s SDGs, ALEXBANK’s new ESG strategy aims to achieve ISP’s goals in being a responsible financial intermediary in the face of global challenges including mitigating climate change and reducing harmful environmental impact, empowering marginalized communities, informal sector inclusion, ensuring gender equity, and working towards more accountability through transparent reporting.



Corporate Social Responsibility

Corporate Social Responsibility & Sustainable Development

Sustainable Finance: A future of inclusion and literacy

ALEXBANK aims to provide innovative financial solutions to under-served populations, enabling individuals and families to manage their personal finances effectively. Financial inclusion is an enabler of the SDGs, where it is featured as a target in eight of the seventeen goals. Financial inclusion promotes Egypt's Vision 2030 through different aspects, including supporting Micro, Small and Medium Enterprises (MSMEs), attracting the informal sector, increasing job creation, achieving sustainable growth, and realizing a higher level of financial stability. Despite the positive economic and social impact associated with financial inclusion, there are many supply and demand barriers that hamper the promotion of financial inclusion

Hady Bady Financial Literacy Game Goes Digital- Hady Bady Mobile App

In light of the Central Bank of Egypt's digitalization efforts and advancement of sustainable financial inclusion our Financial Literacy game Hady Bady has now been availed through a digital platform that can simultaneously entertain and educate children aged 6 to 10 years old. The App is the first digital game of its kind powered and initiated by an Egyptian Bank and developed by homegrown talent. The first version of the App was released on the 31st of October 2021 in celebration of World Savings Day, under the auspices of the Central Bank of Egypt. The App is now available in iOS, Android, and Huawei, in both Arabic and English.

In 2021, we rolled out the Hady Bady App in schools, partner NGOs and centres for children with disabilities. In 2022, we will continue rolling out the App on ground at schools, community and youth centres, partner NGOs, orphanages, and centres for children with disabilities at all governorates in Egypt, prioritizing Hayah Karima governorates. Up until now, the Hady Bady app has a total of 716 downloads, across iOS, Android, and Huawei. For, the first year of the App, we are aiming for 20,000 downloads by World Savings Day 2022.

Hady Bady Financial Literacy Boardgame – Virtual Rollout

In alignment with the Central Bank of Egypt's (CBE) celebrations of Financial Inclusion events during April, we set out and concluded the first virtual rollout of our financial literacy boardgame, "Hady Bady" , reaching about 200 children aged between 5 and 16 years old and more than 20 volunteers and caretakers affiliated with three NGOs: Tayara Waraa, Wataneya NGO, SETI Centre Caritas facilitating the educational gaming sessions that took place on Zoom across 10 orphanages.

We kicked off the second phase of the virtual rollout in June, reaching over 200 kids aged between 5 to 18 years old for children with disabilities (Autism, ADHD, Down Syndrome), their parents/caretakers, and the children's siblings in partnership with SETI Centre – Caritas Egypt in tandem with our financial inclusion strategy for People with Disabilities (PwDs).

ALEXBANK rolled out its financial literacy boardgame "Hady Bady" for the third time during the CBE's World Savings Day celebration week. ALEXBANK held its second training session for facilitators and caretakers at Caritas for children with disabilities in order to ensure the sustainability of the game following the virtual rollout session. For this phase of the virtual rollout, ALEXBANK facilitated six sessions across 3 governorates (Cairo, Alexandria and Suhag) reaching around 100 children with disabilities and youth with disabilities within SETI Centre's vocational training program.

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Corporate Social Responsibility & Sustainable Development

Sustainable Finance: A future of inclusion and literacy

Collaboration with World Food Programme

ALEXBANK signed a Memorandum of Understanding (MoU) with the World Food Programme (WFP), the world's largest humanitarian organization and the food-assistance branch of the United Nations last December 2020.

The MoU marked the beginning of a partnership under the umbrella of WFP's Smallholders Support Program in Upper Egypt in which both entities aim at supporting smallholder farmers, by contributing to the sustainability of their economic activities via offering financial and non-financial services, enhancing their productive capacity and ensuring their equitable access to resources and opportunities, providing technical support and agricultural services to communities concentrated in 500 of the most marginalized villages in Upper Egypt, and ALEXBANK's experience in financial service provision to marginalized community members.

ALEXBANK is currently offering smallholder farmers existing agribusiness microfinance products, including individual non-Agri micro-loans and individual livestock microloans to absorb the farmers who need immediate support.

ALEXBANK's partnership with the WFP includes a capacity building component where WFP consultants will receive trainings, In order to financially integrate smallholder farmers, enhance their income-generating capacities and link them to formal financial institutions.

As part of Hayah Kareema initiative and under the supervision of Central Bank of Egypt and ALEXBANK has partnered with World Food Program (WFP) to support in providing microfinance loans in the Hayah Kareema targeted villages in Assuit and Qena. The activation included financial literacy and awareness sessions for men, women and youth. "Hady Bady" was also activated in some Hayah Kareema villages as a financial literacy activity for children.

The Digital Saving Group (VSLA)

ALEXBANK's strategic partnership with the National Council of Women consists in a national program targeting the financial inclusion of marginalized women. ALEXBANK is developing a solution together with Vodafone to digitalize savings groups. The pilot phase onboarded 200 women in Beni Suef and Asyut into savings groups and trained them on the new digital solution that offers them access to extra pools of cash to meet basic household needs or to invest in income-generating activities.

Following the success of the initial pilot phase, ALEXBANK embarked on a second phase of the National Digital Savings Groups pilot (that is led by the Central Bank of Egypt and the National Council) by targeting the onboarding of more than 3,000 women into 150 savings groups in Asyut, with the primary objective of enabling the digital financial inclusion of women in marginalized communities, led by experts from CARE Egypt, and Vodafone e-wallet and Vodafone Cash Services.

To date, 3,104 women received financial education trainings, 1,500 women received numerical literacy sessions, while 1,137 women received social empowerment trainings.

ALEXBANK has also made an additional contribution in form of a micro-insurance package for the women in the digital savings groups, covering a variety of illnesses for the duration of the project.

Corporate Social Responsibility & Sustainable Development

Corporate Social Responsibility

Sustainable Finance: A future of inclusion and literacy

Accessible Branches

2018 was declared the "Year of Persons with Disabilities". In that light and based on the Central Bank of Egypt's regulation which aims at facilitating access for people with disabilities to banking services and products in September 2021, ALEXBANK partnered with Helm Consulting in order to ensure the accessibility of ALEXBANK branches to People with Disabilities (PwD), with an overarching goal of creating an inclusive environment for both our employees and customers.

Overall, 24 of our branches have been made physically accessible, with plans to further expand throughout 2022. In addition, front-liners have received the Disability Equality Training (DET) given by Helm Consulting in 2020 and the Egyptian Banking Institute (EBI) in 2021 which included a sign language training; in order to further raise awareness and change attitudes towards the greater inclusion of people in mainstream operations, services and activities.

Ebdaa Men Masr Microloan Proposition

Ebda3 men Masr (EMM) is ALEXBANK's sustainability flagship initiative. Its literal translation is "creativity from Egypt". It refers to the innovation in the presentation of the Egyptian traditional heritage and crafts inherent in its projects. EMM is a creating shared value platform that empowers traditional handicrafts producers and young product designers and entrepreneurs. It offers them support in developing their businesses as well as better market access. To date, the project has impacted more than 4000 craftsmen, 90% of which are women and 60% youth, across 15 governorates in Egypt.

The EMM microloan was launched in 2019 and expected to create business value for ALEXBANK in the sense of serving the underbanked handicrafts population under EMM. The loan is accompanied with a business skills and financial literacy component that is designed to enhance their ability to grow their businesses successfully. This will allow the Bank to eventually achieve the objective of shared value: business for ALEXBANK and social value for the handicraft community.

Over the project's period through 2019 and 2021, 92 microloans have been disbursed 84 are active while 8 have been paid back in full and closed.

Central Bank of Egypt (CBE) Financial Inclusion Circular Events

In line with Egypt 2030 strategy and Intesa San Paolo's commitment to sustainability through the development of social and environmental lending products, ALEXBANK contributed to the CBE's circular celebration of Financial Inclusion events. The events target marginalized communities as mandated by the Central Bank of Egypt (CBE).

International Women's Day 8-31 March 2021

For International Women's Day, we highlighted different success stories from our catalogue of projects (EMM Microloan – VSLA DSG Project – WFP Smallholders Farmers Support Programme). The posts aimed to highlight our financial inclusion efforts as well as celebrating the women whose stories we chose to tell.

Sustainable Finance: A future of inclusion and literacy

Central Bank of Egypt (CBE) Financial Inclusion Circular Events

Arab Financial Inclusion Week

For Arab Financial Inclusion Week, ALEXBANK virtually rolled out its financial literacy boardgame, Hady Bady, in partnership with Tayara Wara'a in 9 orphanages reaching approximately 320 children aged 7-16. The virtual roll out has been prepared since March, when we started our plans with only Tayara Wara'a. Since then, we have reached out to Wataneya Society and "SETI Centre" (Caritas Egypt) who have joined the roll out alongside Tayara Wara'a. In order for us to materialize this activity, we have educated facilitators and orphanages volunteers about financial principles in order to enable them to do so effectively with the 100 children who have taken part in our virtual Hady Bady play session.

International Youth Day

For International Youth Day, we celebrated the winning project of the ALEXBANK Thematic ENACTUS Competition on "The Triple Bottom Line Sustainability". The celebration took place through ALEXBANK's social media platforms.

Farmer's Week

ALEXBANK celebrated Farmer's Week by visiting 16 villages in 5 governorates in Upper Egypt (Aswan, Luxor, Qena, Suhag, Assiut). The first component covered by the visits was financial literacy. Sessions were held for men, women and youth to highlight the importance of being banked. Children were also included through Hady Bady rollout, which is a financial literacy boardgame developed by ALEXBANK that and it teaches children how to save, spend and donate.

The visits also included offers from ALEXBANK for microloans as well as waiving administrative fees and minimum balance for account openings. Different giveaways were prepared for the beneficiaries, ranging from ALEXBANK branded t-shirts, hats and bags, to handmade pouches for women, as well as pottery banks for children for them to save money in.

Corporate Social Responsibility & Sustainable Development

Sustainable Finance: A future of inclusion and literacy

Central Bank of Egypt (CBE) Financial Inclusion Circular Events

World Saving Day & Financial Inclusion Week

• Hady Bady App was launched, under the auspices of the Central Bank of Egypt (CBE).

• ALEXBANK also started Phase 3 for For this phase of the virtual rollout, ALEXBANK facilitated six sessions across 3 governorates (Cairo, Alexandria and Suhag) reaching around 100 children with disabilities and youth with disabilities within SETI Centre's vocational training program.

• On October 25th–26th, ALEXBANK have visited Farshout and Abou Tisht in Qena in partnership with WFP and under the umbrella of the CBE and Hayah Karima Initiative.

• On October 27th, representatives from ALEXBANK have visited Beni Ghalib in Assiut in partnership with CARE Egypt and under the umbrella of the CBE.

PwD Financial Inclusion Week

• ALEXBANK activated Hady Bady App in partnership with CARITAS Egypt. The total number of children reached was 63 children with disabilities in 3 centres across Cairo.

• ALEXBANK have visited 5 villages in Assiut in partnership with the WFP and under the umbrella of the CBE. The total number of beneficiaries reached was 255.

Community Investment Projects

Ghalya: ALEXBANK Women's Empowerment Platform

Ghalya's initiative was launched with our strategic partner, the National Council of Women (NCW), in line with their national campaign "Taa' Marboota" early in 2020 as a platform to provide a space for female-led projects focusing on. addressing societal & economic common problems facing women in Egypt. The Platform is still ongoing in 2021 and continues to help and support women.

Ghalya's March Campaign in light of Women's Month

Ghalya's March campaign was entitled "Sekoun" – A Gift with Impact composed of an embroidered pouch and medical mask. It was done in partnership with the National Council for Women and Threads of Hope – a holistic center the hosts female refugees offering them vocational training, medical and mental support, and nutritious meals, to support and empower female refugees in Egypt and raise awareness on the cause. The project benefited 50 female refugees hosted by Threads of Hope Centre from Egypt, Palestine, Somalia, Ethiopia, Eritrea, and Syria, in addition to 20 craftswomen from Kheir w Baraka NGO who handcrafted the masks.

Community Investment Projects

Ghalya: ALEXBANK Women's Empowerment Platform

Reviving Crafts in Aswan in Partnership with Azza Fahmy Foundation

The partnership formed in 2021 between ALEXBANK and Azza Fahmy Foundation aims to economically empower young marginalized men and women in Aswan through training and employment in jewelry-making. It is centered around providing 180 trainees with the technical expertise to design and craft jewelry and provide them with the necessary skills for the job market. The project overall benefits 185 direct users and 720 indirect users.

"Herfety Forsety" (My Craft, My Chance) Project with Bashayer Helwan

In 2020 ALEXBANK partnered with one of the very famous and prestigious NGOs that empower female victims to violence economically and socially in the handicrafts sector. Bashayer Helwan aims to kick off "Herfety Forsety" project to empower more women in the creative economy and open access to marketing opportunities as well as awareness sessions on combating violence against women. This year, as the pandemic situation improved, the project was active in creating and implementing the activities such as constant sessions for awareness raising on violence against women, handicrafts trainings, developing the users' skills and marketing the products through different channels. The project overall supports 1,500 women from Helwan.

Ghalya Docuseries

EMM heritage docuseries were previously posted on EMM and ALEXBANK pages as they demonstrate the initiative's aim of preserving Egyptian heritage and support local artisans. NCW has requested to post the docuseries and especially the ones shedding light on the craftswomen in Upper Egypt, Cairo, and Giza using their social channels as a medium to increase exposure to these talented craftswomen.

Education

Tawasol's Community School Project

In efforts to renew ALEXBANK's support to Tawasol Association for Developing Istabl Antar, ALEXBANK partnered with Sawiris Foundation for Social Development, Star Care Egypt, and Sadko Group to cover the tuition fees, vocational training, and performing arts academy for students at Tawasol's Community School.

Educate Me Project – Champions Teachers Program and Empowering Pioneers

Under ALEXBANK's partnership with Educate Me Foundation to better the acquisition of active learning skills and the creation of change agents within the educational institutions. The partnership hosts two projects:

1. Empowering Pioneers which targets public school students through student camps each year. However, in 2020 and 2021, due to the outbreak of COVID-19, the project was alternated to an educational board game called "Tahady El Remal" which so far has reached the homes of more than 1,000 public school students.

2. Champions Teacher Program benefitted a total of 365 teachers through developing their teaching skills and mechanisms through a full-fledged program. In 2021, the first edition of the program was complete, and the foundation conducted a graduation ceremony for all the program's participants who completed it.

Corporate Social Responsibility & Sustainable Development

Community Investment Projects

Education

In House Nurseries (Kheir x Baraka)

In partnership with Sawiris Foundation for Social Development and under the Joint MoU of Improving the living Conditions of Marginalized children, ALEXBANK supports In-House Nurseries project implemented by Kheir w Baraka. It is a social empowerment project focusing on improving the educational and health level of 1500 children, ages from 2-6, by setting-up and improving the conditions of nurseries in the governorates of Sohag, Aswan, and Giza in order to prove the quality of educational and health services for children and their families.

Heritage Preservation

Digitizing Italian Journals

In partnership with Helwan University, Italian Cultural Institute, and the Italian Archaeological Centre in Cairo, and under the patronage of the Embassy of Italy in Egypt, this project is a research project led by Professor Wafaa Al Beih on digitalizing Italian Journals issued in Egypt from 1845.The project aims to digitalize the historical Italian journals (up to 130 years old) that were issued in Egypt in the Italian language in accordance with the latest international standards and making them available online for learners. At the same time, the project aims to shed more light on important issues related to this heritage, such as the rich intersections between the Egyptian culture and the Italian community in Egypt, and the changes that have occurred over time, in addition to the mutual influences on a linguistic level.

Fayoum Arts Centre

On Friday, 22nd of October, the "International Caricature Competition-'' CARICATUNIS'' was held at Fayoum Art Centre in Tunis village. This event aimed to showcase the output of a partnership between ALEXBANK and Fayoum Art Centre which promotes reviving the cultural and artistic heritage of Tunis Village as well as contribute to promoting the tourism of the village., four winners has received awards, two winners for the Naji Al-Ali portrait and two caricaturist winners for the "Good Tourism and Bad Tourism" theme. This competition included participants from all over the world as the winners were from Syria, Poland, Brazil, and Czech Republic.

Community Investment Projects

Heritage Preservation

Gifts with Impact

ALWAN - Annual Corporate Gift with Impact by EMM

Under ALEXBANK's flagship initiative for supporting handicrafts "Ebda3 men Masr," and in continuation of ALEXBANK's support to the Egyptian economy, especially post COVID-19, through empowering Egyptian local artisans, the CSR and SD Office is curating ALEXBANK's 2021 corporate giveaways from the heart of the Egyptian handicrafts sector with the aim of preserving Egyptian heritage and supporting local artisans. This year's giveaways Alwan translated into colors are driven by the dedication to revive and uphold the craft of glass-blowing, which is in high risk of vanishing in Egypt.

RAMADAN GIFTS – Neqoush Bag for Employees

In keeping up with the bank's tradition of providing our employees with Ramadan hancrafted bags filled with the classical nuts of Ramadan Multiple designs were handicrafted by two aspiring young talented Egyptian designers:

1. Egyptian inscriptions by the Khayameya artist, Karim Khalaf His workshop hosts and employs more than 100 craftsmen and women to implement the work, in addition to the training that he does on the craft in order to preserve the heritage of the craft.

2. Nahla Sulaiman Design Start up is a social enterprise project by women from Saray al-Qobba and Al-Waili sub-urbans in Cairo. more than 120 craftswomen work on the project.

Pink October Gifts for Female Employees

Under ALEXBANK's Employee Wellbeing Initiative, the CSR Office, in collaboration with Internal Communications, gifted all female employees a pink handcrafted pouch by El Fairouz NGO, in light of Pink October, breast cancer awareness month, along with free mammogram and sonar tests at Baheya Hospital.

Blue November Gifts for Male Employees

Under ALEXBANK's Employee Wellbeing Initiative, the CSR Office, in collaboration with Internal Communications, gifted all male employees a handcrafted cardholder by "Handmade Leather Crafts Lovers Enterprise", in light of Blue November, prostate cancer awareness month, along with free of charge tests to ensure their health and wellbeing.

Community Investment Projects

Well-Being and Social Empowerment

Improving the Living Conditions of Children in Street Situations :

Banati aims to establish a permanent residence through the development of “hotel management system” through modern tools and equipment to contribute to improving the housing environment for children in the permanent shelter and provide children over 12 years old with the necessary life skills and knowledge through the vocational guidance programs. The NGO supported the children’s education offering workshops and vocational training such as rehabilitative activities, photography, art and jewelry making and employment related training to improve their prospects with income-generation activities and trainings. The project aimed to benefit over 3,720 users.

Empowerment and Support of Street Children in Greater Cairo

• In partnership with Sawiris Foundation for Social Development, this project aims to provide 330 street children with the long-term accommodation in a proper care institution.

• Ana El Masry Foundation works with providing support to these children through enhancing their skills, psychological health and well- being.

• The NGO worked with children aged 7 – 14 years, it focused on their nutrition and mental health. To make sure they flourish in a proper environment, ALEXBANK’s contribution for this project covers the purchase of suitable infrastructure for care facilities and institutions.

Development of Orphanages for the Rehabilitation of Youth and After Care Services

In partnership with Sawiris Foundation and the implementing partner Wataneya Society, this project targets 440 young people (ages from 14 to 18 years) in shelter institutions. It aims to provide them with basic life skills, employment skills, and working on their mental health. In addition, Wataneya will work to support these youth in finding decent job opportunities through its network with the private sector. To ensure project sustainability, the results of the project were documented through a well-organized curriculum for the post-care phase of children and youth within institutional care.

Fifth Awladna International Forum for the Arts of the Gifted

ALEXBANK partnership with Awladna foundation contributes to building and developing the talents of children with disabilities in arts.

In light of the International Day for the celebration of People with Disabilities (December 3rd), ALEXBANK has participated as a strategic partner to the Fifth Awladna International Forum for the Arts of the Gifted which took place from November 16th until November 22nd at the Cairo Opera House. This event was under the patronage of His Excellency the President of Egypt- Abdel Fattah Al-Sisi and was under the auspices of the Ministry of Social Solidarity and the Ministry of Culture.

Corporate Social Responsibility & Sustainable Development

Community Investment Projects

Agriculture and Economic Development

Cotton for Life

This project is under the auspices of the Ministry of Education and in partnership with Filmar Nile Textile and governed by the Italian Filmar Group, and, which was renewed in 2021 with the aim to:

• Educate and train farmers and technical students at a newly developed school in Borg Al Arab

• up cycling leftovers to be transformed into fashionable wear through educating and training young Egyptian designers, especially women.

Teach beneficiaries the integration mechanisms in the textile value chain, enhance skills and employability of the youth.

• The project also focuses on facilitating financial inclusion of youth and farmers.

Health

Echocardiography Room at Magdy Yacoub Hospital

In efforts to create tangible impact in the health sector in Egypt, ALEXBANK partnered with Magdi Yacoub Foundation to support the creation of an "Echocardiography Room" in the New Aswan Heart Centre to benefit 12,000 patients. The New Aswan Heart Centre is a project of great significance to heart patients, especially underprivileged ones, as it provides new facilities, resources, and the highest standards of Care. The New Aswan Heart Centre will be able to accommodate 80,000 patients. The construction of the hospital is still in process.

Comboniane Sisters Assistance

The Comboniane Sisters in Aswan run an outpatient clinic where medical and nursing assistance is provided for large sections of the population who do not have the financial means to access medical assistance. On a daily basis, dozens of people come to the Comboniane Sisters' clinic, mainly from the rural and remote areas and there are frequent interventions on domestic burns. The donation aim is to provide the clinic with the most crucial equipment to support these communities and give them access to basic health care. The clinic requires hygienic sanitizations useful for carrying out the impactful work of the entity.

Tribute in honor and remembrance to those we lost during COVID

ALEXBANK recognizes the importance of honouring and remembering our colleagues who passed away because of COVID and provided donations to two of the leading charity hospitals in Egypt in the name of the employees. First, A plaque in the name of the employees is placed in the corridor of the ICU of Ahl Masr hospital, which is specialized in treating burn and trauma survivors. Second, cartridges in the names of the employees will be placed on the wall of the Shefaa Al Orman hospital, which is specialized in treating cancer patients in Upper Egypt. in which the employees worked as a memory of their memorable presence.

Corporate Social Responsibility & Sustainable Development

Community Investment Projects

Integrated Development

One Dream Project

One Dream's mission is to improve the living conditions of communities involved in waste recycling in Mansheyet Nasser and Tora's informal areas. Over Phase one (2018 – 2020) and Phase two (2020 – 2021), the project targets 35,000 individuals through health care, education and economic empowerment initiatives. The project focuses on three main pillars: education, health and capacity building projects. The education component targets children aged 3-16 encouraging better environment for learning. The health component focuses on children with sickle cell anemia, diabetes, and health awareness on COVID and other medical issues. The capacity building component provides training and employment for women and girls in recycling and crafts.

Creating Ambassadors

ALEXBANK partnered up with Rhythm Hospitality Training Agency under the auspices of the Ministry of Tourism and Antiquities to tangibly contribute to Egypt's Tourism sector by enhancing touristic services and equipping staff members within the Tourism industry with the appropriate skills to best serve tourists and best represent Egypt. The program aims to compliment healthcare practitioners' technical and medical expertise with soft skills that teach them how to deal with patients. The program targets practitioners across Kasr Al Ainy Cairo University (Faculty of Medicine), Abul Reesh Mounira Children's Hospitals, Demerdash Hospital, and Magdi Yacoub Heart Foundation. Trainees receive a certificate of completion signed by ALEXBANK, Rhythm Hospitality Training Agency, and certified by the Institute of Hospitality, the world's leading professional body for hospitality professionals.

Khatwa Khadra Environmental Game

In celebration of World Environment Day in June & to contribute to Intesa San Paolo Group's participation to the event, ALEXBANK launched its first Environmental awareness game "Khatwa Khadra" (translated to "Green Step"), exposing children aged 9 years and above to daily habits and practices which impact the environment. ALEXBANK has expanded its scale over the months of September & October to reach a total of 2,550 children spread across children of our community impact partners & public schools. With the help of our Implementing Partner, Skill Up, and in partnership with Tawasol, APE, Kheir W Baraka, Educate Me and Ana El Masry, we were able to include and teach underprivileged children of different circumstances the importance of being environmentally conscious and the harms of wasteful consumption.

Community Investment Projects

Events with Impact

ALEXBANK's Ebda3 Men Masr, The Strategic Partner to Diarna's 61st Exhibition

Carrying on our annual tradition, ALEXBANK remains a strategic partner to Diarna Exhibition for the third year in a row. , One of Egypt's biggest exhibitions, Diarna 2021, under the auspices of the Ministry of Social Solidarity, is the 61st Edition, with ALEXBANK along with strategic partners Sawiris Foundation for Social Development, WE Telecom Egypt, the Egyptian Red Crescent (ERC), and for the very first time Cairo Festival City Mall. This year is the very first year for Diarna Exhibition to be located in Cairo Festival City, Fifth Settlement, Cairo; facilitating larger land capacity for the exhibition and reaching a larger scale of highend consumers. Witnessing the launch of a new slogan "Egypt Speaks Craftsmanship" "" حرفي بتتكلم مصرDiarna exhibition connects shoppers with talented Egyptian handcrafters from across all walks of Egypt who work to preserve Egyptian heritage through their art and skills.

Ghalya's YES Yoga Day – Combatting Violence Against Women

Under the auspices of the Ministry of Social Solidarity and the National Council for Women and in partnership with SFSD, "Ghalya" hosted the second edition of "Yes Yoga Day: Combatting Violence Against Women" with this year's cause focusing on female refugees in Egypt entitled "Sekoon: Destining A New Beginning." The festival's organizing partner was The Trifactory, held on November 12th, 2021 at 9 Pyramids Lounge and was composed of the following:

- 2 Yoga Sessions
- Opening Remarks
- Panel entitled "Egypt's Position as the Key Player in the MENA Region for Peace and Hospitality of Female Refugees in Egypt"
- Handicrafts Bazaar and Live Shows
- Giveaways

The event overall hosted a total amount of 140 attendees, 23 artisans for the bazaar and live handicrafts shows (90% females), 15 women at the developmental activation, and 14,000 users of Tadamon NGO which the proceeds go to.

Developmental Activation:

Art of Nushu, a platform for art for impact, conducted an art therapy session at Tadamon's premises for the 15 female refugees where they were able to express themselves and reflect their happy memories of their homes through their art pieces. The art pieces were then exhibited at the event for sale through a display where the attendees were able to know more about the story of each female refugee. The art pieces' sales and the tickets' proceeds all go to the development of Tadamon NGO.

Community Investment Projects

Events with Impact

Giveaways at International Cooperation Forum by the Ministry of International Cooperation

In continuous efforts of ALEXBANK's flagships "Ebda3 men Masr" and "Ghalya" to help support the local artisanal community through exposing their handicrafts skills in efforts to preserve Egyptian heritage, Ebda3 men Masr and Ghalya contributed to the International Cooperation Forum by the Ministry of International Cooperation through providing the giveaways and hosting a live handicraft show.

"Ghalya" as the Handicrafts Strategic Partner to the 5th Edition of Aswan International Women Film Festival

Under the strategic partnership with the National Council of Women, "Ghalya" has taken the opportunity to be the first Strategic Handicrafts Partner to the 5th Edition of the Aswan International Women Film Festival through providing the event's giveaways, bazaar, and live handicrafts shows. "Ghalya" by ALEXBANK's was able to benefit a total of five workshops. The partnership was able to benefit 38 NGOs.

ALEXBANK and Sawiris Foundation for Social Development 's MoU Signing Ceremony

Under the auspices of the Ministry of Social Solidarity, ALEXBANK signed an MoU with Sawiris Foundation for Social Development for a total of EGP 60 Million. ALEXBANK will be committing EGP 30 Million over the period of 3 years (starting 2022 until 2025) to various project and events aimed at enhancing the livelihood of several vulnerable communities and individuals.

Heroes' Back to School Event

Under the auspices of the Ministry of Social Solidarity and in partnership with Sawiris Foundation for Social Development, on October 3rd 2021, ALEXBANK organized a carnival day for more than 410 marginalized children at Sheikh Zayed City's ZED Park- named 'Heroes' Back to School.' The event was held in cooperation with ORA Developers and Carrefour Egypt, under the supervision of Samusocial International Egypt. Participants enjoyed a full day with complete access to the park's games, entertainment shows, and a contemporary dance performance by one of the 6 NGOs involved in this joyful day.

Corporate Social Responsibility & Sustainable Development

Community Investment Projects

Events with Impact

EMM Bazaars

ALEXBANK took part in four prestigious events participating as the strategic partner; Aswan International Women Film Festival, Bagaweet MoU signing ceremony under the auspices of the Ministry of Social Solidarity in partnership with Drosos Foundation, Enactus national competition, and Sawiris Foundation for Social Development MoU signing ceremony under the auspices of the Ministry of Social Solidarity.

On the sidelines of these events, Ebda3 Men Masr (EMM) hosted handicrafts bazaars showcasing the arts and products of EMM artisans providing them with new markets exposure and direct sales opportunities to support their businesses. And on an engagement level, we invited craftsmen and women to tell their own stories through live crafts shows interacting with the events' guests, such as; calligraphy writing, drawing with sand, macramé arts, live crochet, decoupage arts, mat arts, kheyameya arts and hand beading. And all the bazaars were supported with Alexbank PoS machines to provide card payment option encouraging sales.

ALEXBANK x DROSOS MoU Signing

ALEXBANK and DROSOS Foundation signed an MoU to collaborate on three main projects over the period of two years. The first project is Bagaweet (meaning our language in Red Sea region) with the aim of providing a source of income to 150 women in the Red Sea Governorate at (Al-Quseir and Safaga) through trainings them on Print making, Sewing, crochet, Embroidery. This project aims to create an identity that reflects the culture and nature of the Red Sea region as well as creating and developing products inspired by that identity. The second project is a collaboration with Ebda3 men Masr (EMM) to allow the Bagaweet products to be available for online purchase on the e- Store on Jumia. The aim is to support the creative economies in Egypt through digital marketing for handicrafts and marketing activities and promotional material used to generate revenues for the artisans. The third project is the Atlas for Handicrafts which will serve the handicrafts sector through an interactive digital map showing all crafts, their location on Egypt's map, number of craftspeople/workshop and location. This will be done through an online platform that will be continuously updated to allow for a thorough view of the creative economy in Egypt.

Bagaweet Launch Event

Under the auspices of the Ministry of Social Solidarity, ALEXBANK in partnership with DROSOS Foundation, organized a ceremony in celebration of the success of the first phase of Bagaweet project in Al Quseir, Red Sea Governorate. ALEXBANK invited and secured all logistics for hosting 12 women from Al-Quseir to attend the winter collection launch event and witness the real impact of their great work on ground.

ENACTUS Entrepreneurship Competitions:

In 2021, ALEXBANK partnered with ENACTUS Egypt on the "ALEXBANK Thematic ENACTUS Competition on The Triple Bottom Line Sustainability". Building on our commitment to supporting Egyptian youth, partnering with ENACTUS Egypt is a sound opportunity to reach out to university students through a competition for "Triple Bottom Line Sustainability" that focuses on how financial, environmental and social considerations can be factored into a project before, during and after embarking on a project.

Corporate Social Responsibility & Sustainable Development

Community Investment Projects

Events with Impact

Egypt wins ENACTUS World Cup 2021

During this year's ENACTUS National Competition, October 6 University (O6U) was able to achieve the title of Enactus Egypt Cup Champion through their "Cellurose" project, this has enabled October 6th University to represent Egypt in the World Cup during the virtual ENACTUS World Cup in October 2021 which they went on to be named the champion of against more than 36 universities worldwide, making this the third time in a row for Egypt to win the ENACTUS World Cup.

World Environment Day

With this year's theme for WED being Generation Restoration ALEXBANK coordinated site visits for underprivileged children from our partners Tawasol Community School for school drop-outs and Banati Foundation for children with street situations to an upcycling factory, named "Kendaka" in Badr City. The Workshop educated children on responsible production & environmental consciousness, equipping them with information to lead the future responsibly, as per United Nation's Sustainable Development Goals.

Employee Engagement Activities

International Charity Day

ALEXBANK planned an employee engagement volunteering event in celebration of the International Charity Day on Sunday, 5th of September 2021. International Charity Day is the sublime event to bring back volunteering events to employees and their families. The event was hosted at a Homeless Shelter called "Maana Leinkaz Ensan" (Together to Save A Human). During that day, there were activities such as painting the outdoor facility at the shelter and engaging with the shelter's users through puzzles, games, and board games. In addition, there were snacks and meals given to the shelter's users.

ALEXBANK's Ramadan Initiative "Children Wishes Coming True"

During the month of Ramadan, ALEXBANK launched the third edition of Ramadan Children Wishes Coming True. As such, ALEXBANK designed a number of activities throughout the month of Ramadan to allow employees to contribute their time and donation to community-friendly causes. This year, we collaborated with our strategic partner Educate Me Foundation. Educate Me operates a community school and runs training and development programs for both public school teachers and students. We started by visiting Educate Me's community school and allowed the children the space to write down their wishes on a special wish card specially designed for this initiative. Accordingly, we sent the wishes to our employees to make these wishes come to life.

Corporate Social Responsibility & Sustainable Development

Social Performance & Transparency:

In order to promote a culture of transparency and be able to report accurately on our impact and progress made on targets, implementation of the principles, and the SDGs in general, we have developed multiple measures to establish an ongoing communication channel with our parent company Intesa Sanpaolo Group, as well as our partners and stakeholders.

Launch of ALEXBANK'S Fourth Annual Sustainability Report 2020

ALEXBANK has launched its fourth Sustainability Report, "Keeping Promises: A path towards shared prosperity and inclusivity", reflecting ALEXBANK's Environmental, Social, Governance (ESG) performance for the year 2020 and the Bank's efforts in building shared prosperity and inclusivity amid uncertainty. The report is based on a comprehensive materiality assessment and has been aligned with the GRI standards, UNGC principles, UN Sustainable Development Goals, and Egypt Vision 2030. Masader Environmental and Energy Services, an Egyptian consultancy agency that specializes in corporate sustainability services, has provided a limited assurance for the content of the report.

The report is only accessible digitally on ALEXBANK's official website aiming to optimizing our environmental impact, therefore we have made it accessible through a QR code embedded in this year's Sustainability Report token "Gala" which was gifted to more than 500 of ALEXBANK's stakeholders and partners. The 2020 Sustainability Report is made available in both English and Arabic on ALEXBANK's official page.

News & Topics Edition 5&6

we are proud to announce the 5th and 6th edition of the Sustainability News & Topics Which a true reflection of the diverse projects being introduced at ALEXBANK that range from introducing initiatives to empower Egypt's finest artisans or raising awareness on environmental issues through film and history. These 2 editions cover the 1st and 2nd half of 2021, more importantly, they highlight the expansion of our efforts to work towards a better future for all Egyptians. This bi-annual publication is one of many resources set in place to establish transparency and accountability at ALEXBANK for all our stakeholders. It remains one of our main communication tools and is crucial to ensuring our partners are made aware of the initiatives and breakthroughs the Bank is instigating more frequently.

Principles for Responsible Banking

Our first reporting on the implementation of the Principles for Responsible Banking occurred in 2021 in line with our membership commitments to the United Nations Environmental Programme Finance Initiative (UNEP FI) and covered the reporting period between Jan-Dec 2020.

The report, consisting of a table designed by UNEP FI, was featured in our sustainability Report covering the year 2020 as part of our constant commitment to transparency and accountability.

Corporate Social Responsibility & Sustainable Development

Memberships & Endorsements

ALEXBANK's memberships and endorsements define our commitment to promoting sustainability through multiple international frameworks and incorporating diversity in our approach.

Equator Principles

We have been adoptees of the Equator Principles since 2012 and implement the framework for managing the impacts on the environment and on local communities that may arise from financing large projects.

The United Nations Global Compact (UNGC)

ALEXBANK has been a signatory of the United Nations Global Compact initiative since 2014. The UNGC policies are multifaceted, addressing ten universal principles to promote environmental welfare, human rights and ethical practice. The Bank's membership ensures business operations are approached through a framework that is both ethical and sustainable.

ALEXBANK is committed to abide with its membership requirement by submitting its annual SUSREP on the COP dashboard as our sustainability report falls in line with the UNGC Principles and the SDGs.

Federation of Egyptian Banks (FEB)

Since 2013, ALEXBANK has been an active member of the FEB and its Social Development Steering Committee of the Social Development Committee, which has successfully encouraged Egyptian banks to contribute 2% of their net profit to the development of informal areas in Egypt. This initiative embraces several sub-projects within an integrated development approach that targets education, sustainable agriculture, youth employability, and the economic empowerment of women.

United Nations Environnent Programme – Finance Initiative (UNEP FI)

UNEP FI is a partnership between the United Nations Environment Programme and the global financial sector created in the wake of the 1992 Earth Summit. Following in the footsteps of our parent company Intesa Sanpaolo, who has been a member of the UNEP FI since 2006, ALEXBANK became one of the first banks in Egypt to join UNEP FI in 2019. In the same year, ALEXBANK has also become a Founding Signatory of the Principles for Responsible Banking (Alignment, Impact & Target Setting, Clients & Customers, Stakeholders, Governance & Culture, Transparency & Accountability). The Principles' aim is to align the financial sector activities with the UN SDGs and are in line with ALEXBANK's 4-year CSR & Sustainable Development Strategy (2018-2021) and Intesa Sanpaolo Group's Business Plan for the same period. We look forward to continuing building a company we are all proud to be a part of as we confront urgent environmental and social issues responsibly.

Training Activities in 2021

- **Numbers of Trainees** **3811 employees representing ٩٢ % of staff population**
- **Number of Training Hours** **113769 hours**
- **Average Training Hour/ Trainee** **٣٠ hours**

- **Some of the Major Training Programs in ٢٠٢١ :**

Managerial & Interpersonal Skills

Managerial Academy **(No. of Participants 29)**
We are launching phase one of the Managerial Academy Journey for a specific category of Head Office managers based on People Management recommendations and selection criteria. The key outcomes of the Journey are :
•Ground and anchor Leadership aspirations & effectiveness
•Present and apply different styles and behaviors of situational& transformational leadership
•Develop a new leadership style/profile/branding that can inspire each manager's career

Interpersonal skills Academy **(No. of Participants 163)**
This courses provide Head Office staff with essential skill set critical for excelling in their professional career path. The topics provided through the Academy are based on research of the key personal and interpersonal traits that influence and empower business interactions and relationships, the main courses are:
•Communication Skills
•Design Thinking,
•Business writing
. Presentation Skills
. Time & Stress Management

Control Programs

Detecting Forgery& Falsification **(No. of Participants 109)**
Branches Network Participants acquire the skills needed to detect forged currency and falsified documents, the training supported by real cases.

Specific training to prevent bribery/ AML **(No. of Participants ٢٥٩٢)**
These courses are designed to enable participants to prevent bribery / Money Laundering in their daily work with a special focus on the bank policies and procedures main topics were as follows:
•AML& Compliance
•Branches Compliance Officer
•Red Flags & Embargoes
- Customer Right Protection
- FATCA
- Western Union Compliance

Training Activities in 2021

➢ Technical Courses

ACA Alexbank Credit Academy **(No. of Participants 159)**

In cooperation with EBI "Egyptian Banking Institute" & NYIF "New York Institute of Finance" and Frankfurt School, we launched this year Alexbank Credit Academy, The main pillar for this Academy is the "Corporate Finance Credit Professional Certificate", this certificate is designed to enhance the credit capabilities of the participants, aims at creating a solid understanding of Financial Accounting, Credit Risk Analysis, Cash Flow Projections; Industry Analysis. participants will also understand the Corporate Finance & Valuation Methods and Will gain a comprehensive knowledge about Corporate Funding Alternatives and Financing Strategies, also other participants will gain knowledge about ALM, IFRS, Digital Journey for Banks

Commercial Academies

Those Academies are designed for Major Commercial Roles to strengthen their technical and interpersonal skills, as well as the Managerial skills; the aim is to enable them perform their roles in the most effective way and achieve the desired goals, below is the academies and participants:

Academy Name	Participants	No. of Participants
Branch Managers Academy	Branch Managers	(67)
Future Academy	Heads of CS and Operations	(166)
Magnifica Academy	Magnifica RM's	(67)
Small Business Academy	Small Business RM's	(77)
Microfinance Academy	Microfinance RM's	(93)
Customer Service Academy	Customer Service and Supervisors	(347)
Branch Operation Academy	Universal Tellers and Supervisors	(696)

➢ System and Awareness Courses

System Training **(No. of Participants 1904)**

In order to equip the participants with system updates to enable them Utilize the available tools in the most efficient way; the following system trainings took place:

- Finacle "Hours Project" for all Finacle users . BPM for Customer Service
- ECA for Small Business . Norkom for Branch Managers

General Induction **(No. of Participants 227)**

Virtual Induction, aiming at providing our new hires with all the needed information about the banks' different functions in order to perform their roles in the most effective way, they also receive system training related to the required applications along with their main responsibilities within their functions

Summer Internship Induction "LEAP" for University Students **(No. of Participants 400)**

As one of the most innovative Internship in the Egyptian Banks; Alexbank provided Virtual Internship opportunity to 400 university Students for one month, the program is designed in view of Egypt vision 2030 in cooperation with EBI and Ministry of Planning, aiming at raising their knowledge about banking sector, promoting a Financial inclusion culture and introducing Alexbank core values, how it operates, its products & services, and enhancing their communication and business skills. The interns provided graduation project under one of Egypt vision 2030 pillars.

Financial Statements

Statement of Financial Position

Bank of Alexandria
(Egyptian Joint Stock Company)
Statement of Financial position
As at 31 December 2021

	Note	31 December 2021 EGP 000	31 December 2020 EGP 000
Assets			
Cash and balances at Central Bank of Egypt	(16)	6 190 794	4 475 534
Due from banks	(17)	22 030 286	13 609 262
Loans and advances to customers	(18)	51 413 444	47 964 146
Financial assets classified at fair value through profit and loss	(19)	2 363	6 829
Financial investments			
Financial assets classified at fair value through other comprehensive income	(20)	32 256 580	33 097 877
Financial assets classified at fair value through profit and loss	(20)	60 590	55 949
Investments in associates	(21)	62 238	66 296
Intangible assets	(22)	168 871	147 577
Deferred tax assets	(30)	265 429	197 693
Other assets	(23)	1 766 575	1 966 312
Fixed assets	(24)	682 345	653 810
Total assets		**114 899 515**	**102 241 285**
Liabilities and shareholders' equity			
Liabilities			
Due to banks	(25)	467 647	498 980
Customers' deposits	(26)	95 720 040	85 010 796
Other loans	(27)	570 617	813 443
Other liabilities	(28)	1 992 848	2 204 231
Other provisions	(29)	420 479	401 980
Current income tax liabilities		682 716	576 624
Retirement benefits obligations	(31)	1 323 482	1 195 772
Total Liabilities		**101 177 829**	**90 701 826**
Shareholders' equity			
Share capital	(32)	800 000	800 000
Amounts under capital increase	(32)	4 200 000	-
Reserves	(33)	1 876 644	1 803 638
Retained earnings	(33)	6 845 042	8 935 821
Total Shareholders' equity		**13 721 686**	**11 539 459**
Total liabilities and Shareholders' equity		**114 899 515**	**102 241 285**

Financial Statements

Statement of Income

Bank of Alexandria
(Egyptian Joint Stock Company)
Statement of Income
For the year ended 31 December 2021

	Note	For the year end 31 December 2021 EGP 000	For the year end 31 December 2020 EGP 000
Interest and similar income	(6)	10 861 946	10 868 891
Interest and similar expense	(6)	(4 663 564)	(4 845 295)
Net interest income		**6 198 382**	**6 023 596**
Fee and commission income	(7)	1 210 135	946 990
Fee and commission expense	(7)	(439 325)	(296 259)
Net fee and commission income		**770 810**	**650 731**
Net income		**6 969 192**	**6 674 327**
Dividends' income	(8)	25 498	2 639
Net income from financial assets classified at fair value through profit and loss	(9)	1 321	(1 218)
Change in financial assets classified at fair value through profit and loss		13 403	4 747
Net trading income	(10)	110 870	84 155
Gain / (Losses) from financial investments	(20)	9 145	9 060
Bank's share in undistributed (Losses) profit of associated companies		(4 058)	(5 431)
Impairment (Charge) / Recovery on credit losses	(13)	(343 609)	(494 550)
Administrative expenses	(11)	(2 814 048)	(2 967 621)
Other operating (expenses) / revenues	(12)	20 481	(127 658)
Net profit before income tax		**3 988 195**	**3 178 450**
Income tax expense	(14)	(1 238 165)	(693 338)
Net profit for the year		**2 750 030**	**2 485 112**
Earnings per share (EGP/share) - Basic	(15)	6.22	5.53

Financial Statements

Statement of Other Comprehensive Income

Bank of Alexandria

(Egyptian Joint Stock Company)

Statement of comprehensive income

For the year ended 31 December 2021

	For the year end 31 December 2021 EGP 000	For the year end 31 December 2020 EGP 000
Net profit for the year	**2 750 030**	**2 485 112**
Other Comprehensive Income that may be reclassified to the income statement		
Net change in fair value - Debt instruments	(111 091)	(30 941)
Expected credit loss of debt instrument measured at fair value thought other comprehensive income	(3)	(2 567)
	(111 094)	**(33 508)**
Other Comprehensive Income that will not be reclassified to the income statement		
Net change in fair value in financial instruments (shareholders' equity) by fair value through other comprehensive income	(183 350)	(2 726)
Net gains / Losses from disposal of Investments Fair Value Reserve classified at Fair value Through OCI	(629)	-
Comprehensive income for the year after tax	**(295 073)**	**(36 234)**
Total comprehensive income attributable to shareholders' for the year	**2 454 957**	**2 448 878**

Financial Statements

Statement of Cash Flows

	Note	For the year end 31 December 2021 EGP 000	For the year end 31 December 2021 EGP 000
Cash flows from operating activities			
Net profit before tax		3 988 195	3 178 450
Adjustments to reconcile net profit to cash flows from operating activities			
Depreciation and amortization	(22,24)	227 724	219 607
Impairment charge on credit losses	(13)	345 104	512 626
Other provisions charge / (recovered)	(29)	27 839	146 337
Impairment charge / (recovery) on credit losses (Treasury bills)		-	(2 454)
Impairment charge / (recovery) on credit losses (Treasury bonds)		-	(68)
Impairment charge / (recovery) on credit losses (Due to banks)		(1 494)	(15 554)
Net income from financial assets classified at fair value through profit and loss		(1 321)	1 218
Other provisions utilization (other than loans provision)	(29)	(13 274)	(13 035)
Foreign currencies revaluation differences of other provisions	(29)	1 360	827
Foreign currencies revaluation differences of other loans		(573)	(12 382)
Change in financial assets by fair value through profit and loss		13 403	4 747
Foreign currencies revaluation differences of financial investments		166	(14)
(Gain) treasury bonds and bills		(12 886)	
Foreign currencies revaluation differences of fair value reserves	(33.C)	-	10
(Gains) / Losses from selling fixed assets	(12)	(1)	(35)
Dividend income	(8)	(25 498)	(2 639)
Gains from selling financial investments		(9 145)	-
Gains of financial investments transferred from reserve		(629)	-
Issued discount amortization		(169)	(26)
Bank's share in undistributed profit of associates		4 058	5 431
Operating profits before changes in assets and liabilities used in operating activities		**4 542 859**	**4 023 046**
Net decrease/(increase) in assets and (decrease)/increase in liabilities			
Balances with CBE within the mandatory reserve requirements		(1 326 815)	1 448 314
Due from banks		(1 250 000)	3 674 954
Treasury bills and other governmental notes		1 014 088	(18 448 010)
Loans and advances to customers		(3 808 374)	(6 692 428)
Financial assets by fair value through profit and loss (since inception)		5 787	(1 215)
Financial assets classified at fair value through profit and loss		4 641	6 098
Other assets		150 683	(655 418)
Due to banks		(31 333)	42 053
Customers' deposits		10 709 244	(2 441 028)
Other liabilities		(211 383)	532 662
Retirement benefits obligations		127 710	131 223
Taxes Paid		(1 179 201)	(1 100 282)
Net cash flows provided / (used in) operating activities		**8 747 906**	**(19 480 031)**

Financial Statements

Statement of Cash Flows – continued

Cash flows from investing activities		
Payments of purchase of fixed assets and branches constructions	(153 275)	(101 690)
Proceeds from selling fixed assets	19	35
Proceeds from selling financial investments	4 027 740	9 060
Payments to purchase of financial investments	(4 516 831)	(2 498 250)
Payments to purchase of intangible assets	(55 976)	(67 778)
Dividends Received	25 498	7 800
Net cash flows (used in) investing activities	**(672 825)**	**(2 650 823)**
Cash flows from financing activities		
Proceeds from other loans	1 667	87 352
Payments of other loans	(243 920)	(169 308)
Dividends paid	(273 359)	(2 504 681)
Net cash flows (used in) financing activities	**(515 612)**	**(2 586 637)**
Net change in cash and cash equivalents during the year	7 559 469	(24 717 491)
Cash and cash equivalents at the beginning of the year	15 266 912	39 984 403
Cash and cash equivalents at the end of the year	**22 826 381**	**15 266 912**
Cash and cash equivalents are represented in the following (note no. 35):		
Cash and balances with Central Bank of Egypt	6 190 794	4 475 534
Due from banks	22 030 286	13 609 262
Treasury bills and other governmental notes	24 649 518	25 663 606
Balances with CBE within the mandatory reserve percentage	(4 144 699)	(2 817 884)
Deposits with banks with maturity more than three months *	(1 250 000)	-
Treasury bills and other governmental notes (with maturity more than 3 months)*	(24 649 518)	(25 663 606)
Cash and cash equivalents	**22 826 381**	**15 266 912**

Non-Cash transactions

For the purpose of preparing the statement of cash flows the following non - cash transactions were eliminated:

EGP 68 321	From both payments to purchase intangible assets and the change in debit balances, which represent the amounts, transferred from assets under construction.
EGP 13 973	From both loans and advances to customers and the change in debit balances, which represent the amounts of assets reverted to the bank.
EGP 294 444	From both changes in fair value reserve and financial investments (investments valuation differences).

* From the date of acquisition.

Financial Statements

Statement of Changes in Shareholders' Equity

Bank of Alexandria

(Egyptian Joint Stock Company)

Statement of changes in shareholders's equity

For the year ended 31 December 2021

	Share capital EGP 000	Capital Increase EGP 000	Reserves EGP 000	Retained earnings EGP 000	Total EGP 000
Balance as at 31 December 2020	800 000	-	1 840 072	8 955 190	11 595 262
Net profit for the period ended 30 December 2020	-	-	-	2 485 112	2 485 112
Changes resulting from impairment of treasury bills effect	-	-	(2 567)	-	(2 567)
Investments Fair Value Reserve classified at Fair value Through OCI	-	-	(33 667)	-	(33 667)
Dividends paid for the year 2020	-	-	-	(2 504 681)	(2 504 681)
Net change in General Banking Risks Reserve	-	-	(200)	200	-
Balance as at 30 December 2020	**800 000**	**-**	**1 803 638**	**8 935 821**	**11 539 459**
Balance as at 31 December 2021	**800 000**	**-**	**1 803 638**	**8 935 821**	**11 539 459**
Net profit for the period ended 30 December 2021	-	-	-	2 750 030	2 750 030
Transferred to Banking Risks Reserve - Credit	-	-	368 044	(368 044)	-
Amounts under capital increase	-	4 200 000	-	(4 200 000)	-
Investments Fair Value Reserve classified at Fair value Through OCI	-	-	(294 441)	-	(294 441)
Expected credit loss of debit instrumrnts measured at Fair value through OCI (Treasury Bills)	-	-	(3)	-	(3)
Transferred to Legal reserve	-	-	-	-	-
Transferred to Special capital reserve	-	-	35	(35)	-
Net gains / Losses from disposal of Investments Fair Value Reserve classified at Fair value Through OCI	-	-	(629)	629	-
Dividends paid for the year 2021	-	-	-	(273 359)	(273 359)
Net profit for the period ended 30 December 2021	**800 000**	**4 200 000**	**1 876 644**	**6 845 042**	**13 721 686**

Financial Statements

Profit Appropriation Statement (Proposed)

Bank of Alexandria

(Egyptian Joint Stock Company)

Statement of Profit appropriation (Proposed)

For the year ended 31 December 2021

	For the year end 31 December 2021 EGP 000	For the year end 31 December 2020 EGP 000
Net profit for the year (from income statement)	2 750 030	2 485 112
Deduct/Add:		
Gain from sale of Fixed assets transferred from capital reserve according to law	(1)	(35)
Bank Risk Reserves	(368 044)	-
Appropriated profit for the year	**2 381 985**	**2 485 077**
Amounts under capital increase (***)	(4 200 000)	-
Retained earnings at year beginning-adjusted	8 662 427	6 450 709
Total	**6 844 412**	**8 935 786**
Appropriation		
Legal reserve (*)	-	-
Shareholders' Dividends	1 429 191	-
Banking system support and development fund (**)	23 820	24 851
Employees' profit share	238 198	248 508
Retained earnings (at year end)	5 153 203	8 662 427
Total	**6 844 412**	**8 935 786**

(*) In accordance with the Bank's Articles of Association, deduction should stop when it reach 50% of the issued share capital and paid-up (started from 2015).

(**) According to article 178 the central bank and bankig system law No.194 for year 2020,to deduct an amount not exceeding 1% of the distributable year net profits for the benefit of the Support and development fund.

(***) Being amounts under capital increase, as per the extraordinary general assembly approval on September 28, 2021 to increase the paid-up capital becomes five billion Egyptian pounds financed from the retained earnings, currently in the process of amending of the commercial register.

The accompanying notes from page (7) to page (82) are an integral part of these interim financial statements and are to be read therewith.