



ANNUAL REPORT 2021

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

 **ALEXBANK** | **بنك الإسكندرية**

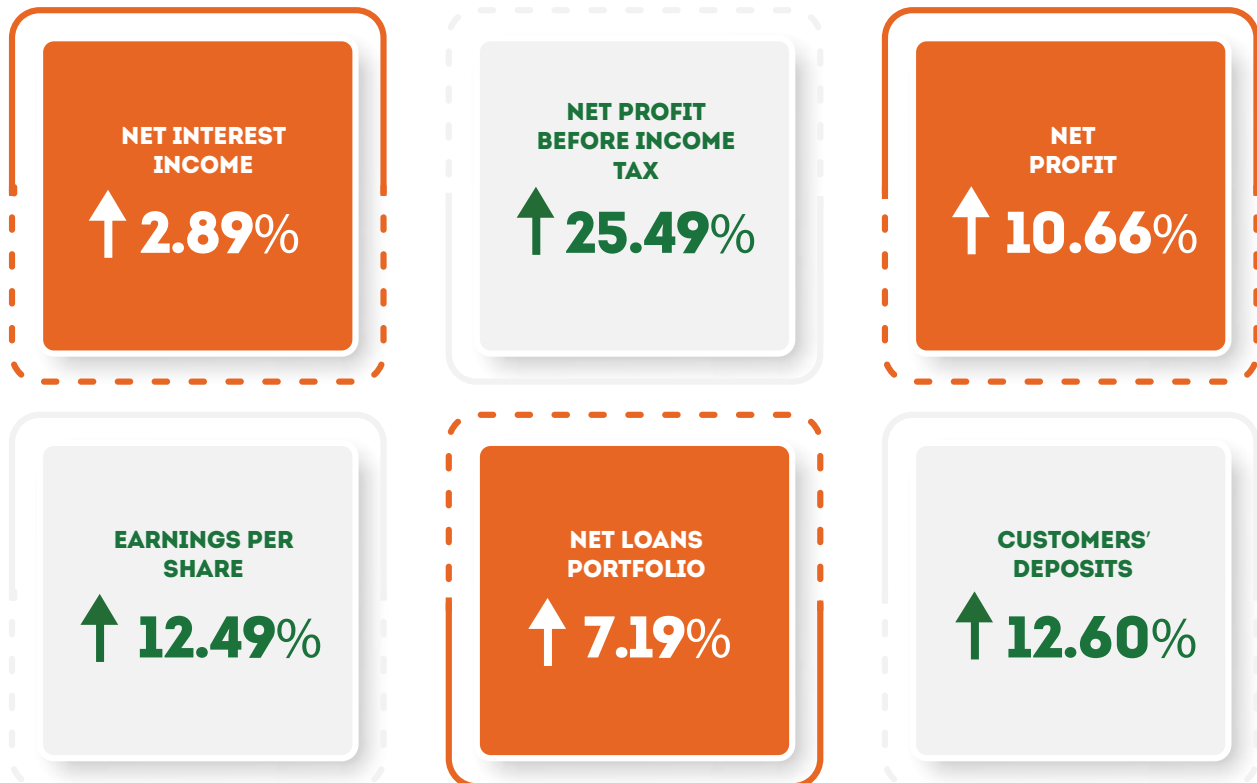
FOR ALL THAT COUNTS.

Bank of  **INTESA**  **SANPAOLO**

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    **19033**

BOARD OF DIRECTORS' REPORT 2021



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.

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ABOUT ALEXBANK

ABOUT THE BANK

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.



ALEXBANK'S 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 for itself a target of continuous improvement, farsightedness, anticipating challenges, cultivating extensive creativity aimed at innovation; moreover, it recognizes and rewards merit.
- **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 is 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.
- **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.

BOARD OF DIRECTORS



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.

MR. DANTE CAMPIONI

Managing Director and Chief Executive Officer



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

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.



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.

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.



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

These notes were reported before the Ukrainian Crisis and only indicate the performance of both local and global economies during 2021.

GLOBAL ECONOMY: INFLATION WAS THE MAIN HEADLINE

RISING PRICES & SUPPLY CHAIN CRISIS

Recovering demand against lower than expected supply has 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.



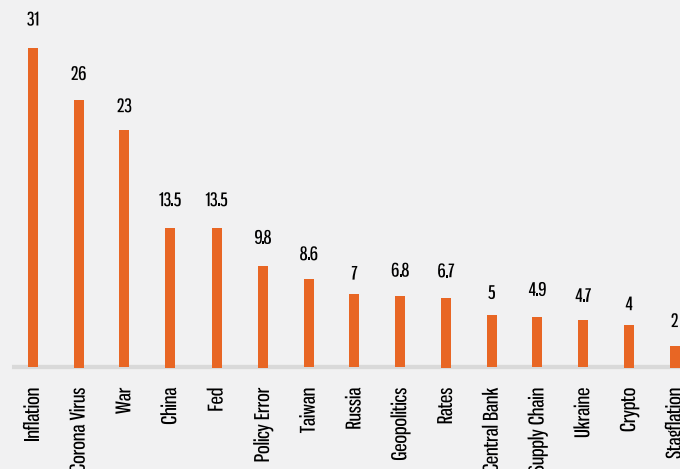
Source: World Bank

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 to the Vaccine for some countries has created a divergence in growth potentials. Rapid spread of Delta and the threat of new variants, especially Omicron, have increased uncertainty about how quickly the pandemic can be overcome.
- **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 Survey: Biggest Risks for Markets in 2021 (%)



Source: Bloomberg



EGYPT'S ECONOMY IS SHOWING RESILIENCE

● Growth Exceeds Expectations

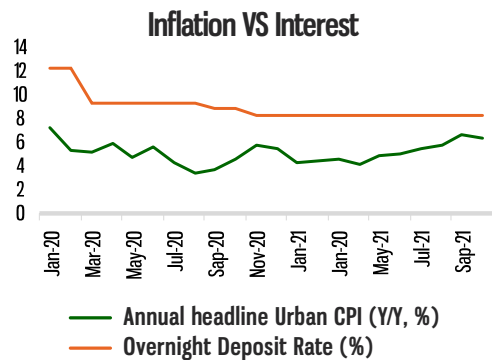
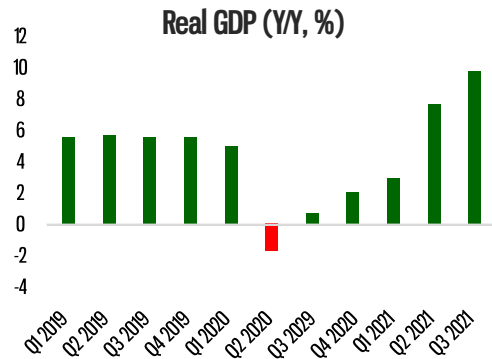
The performance of Egypt's economy has exceeded expectations, growing 7.7% and 9.8% Y/Y in Q2 and Q3 2021 respectively. Tourism and non-oil industrial sectors have started showing signs of recovery, rising 432.7% and 16% Y/Y in 2Q21 respectively. Also, telecom has maintained its high growth rates amid digital transformation efforts across all areas (+16% Y/Y).

● Inflation

Average annual headline CPI was almost stable in 2021, recording an average of 5.2% against 5.1% in 2020. 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.

● 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 (USD 40.9 billion billion). Egypt was able to attract almost USD 30 billion during 2021 through issuing USD 6.8 billion Eurobonds, USD 5.1 billion 1Y USD T-Bills and EUR 1.3 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 USD 3 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 types of government bonds.



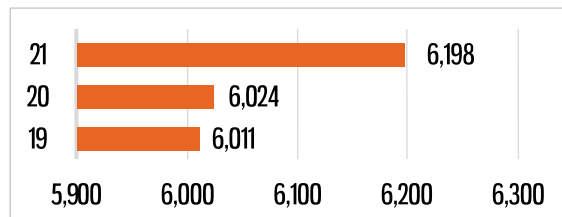
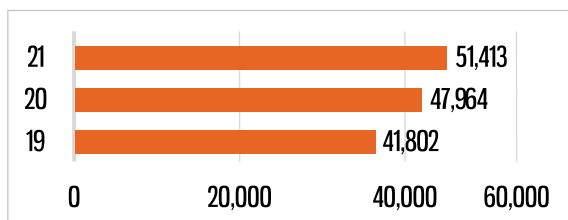
Source: CBE & Ministry of Planning



FINANCIAL HIGHLIGHTS

NET INTEREST INCOME (EGP MLN)

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

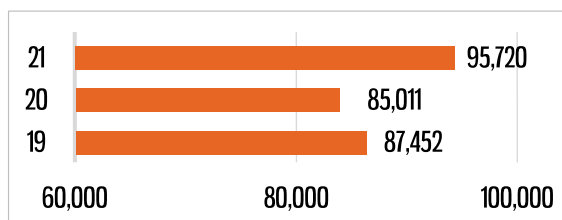
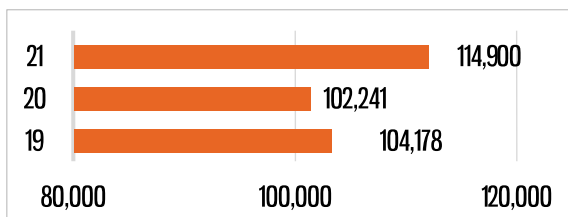


NET LOANS (EGP MLN)

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

CUSTOMERS' DEPOSITS (EGP MLN)

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

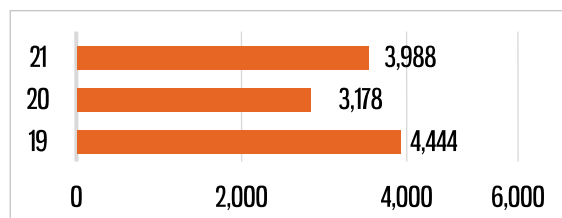
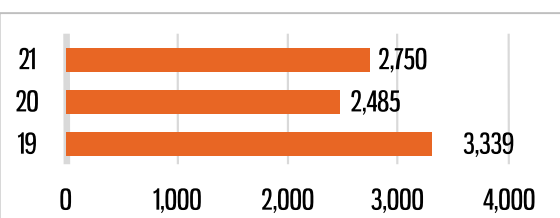


TOTAL ASSETS (EGP MLN)

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.



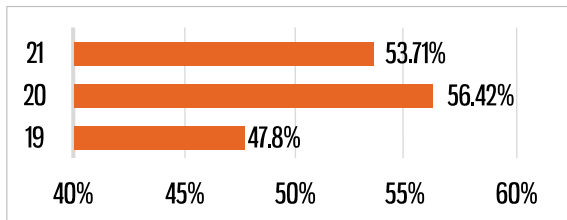
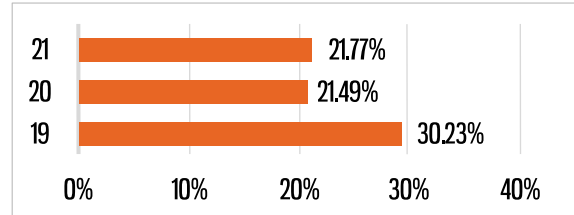
NET PROFIT (EGP MLN)

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

FINANCIAL HIGHLIGHTS

RETURN ON AVERAGE EQUITY (%)

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

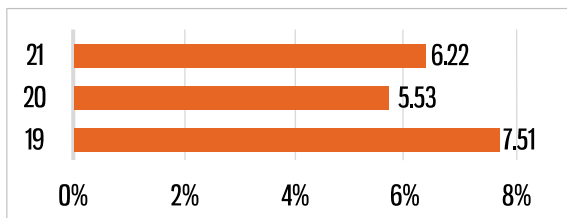
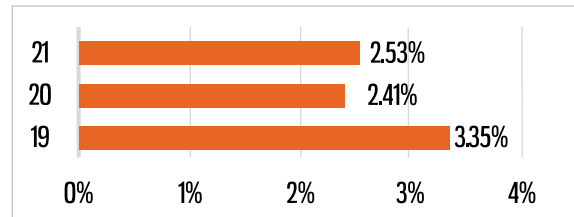


LOANS (NET)/DEPOSITS (%)

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

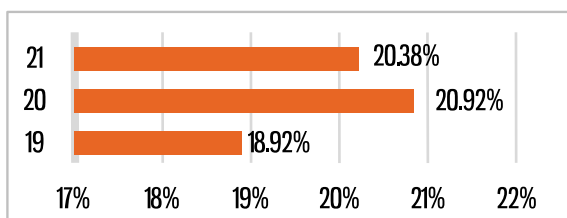
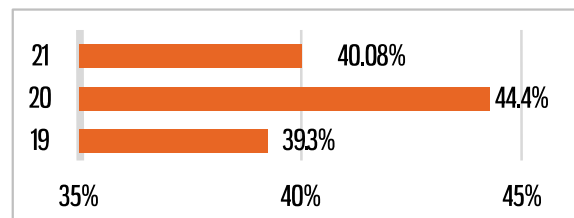


EARNINGS PER SHARE (EGP)

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

ALEXBANK reported a remarkable set of results in FY 2021 taking into consideration the economic effect of Covid-19, with consolidated net income up 4.42% y-o-y to EGP 6.97 billion.

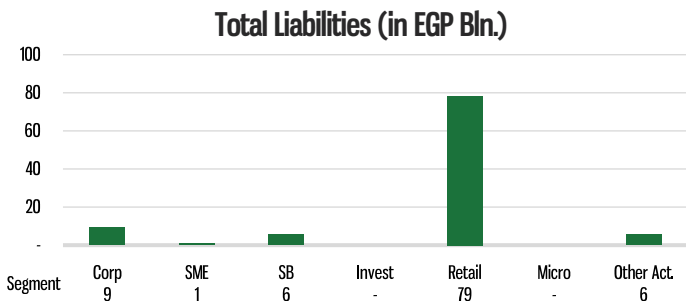
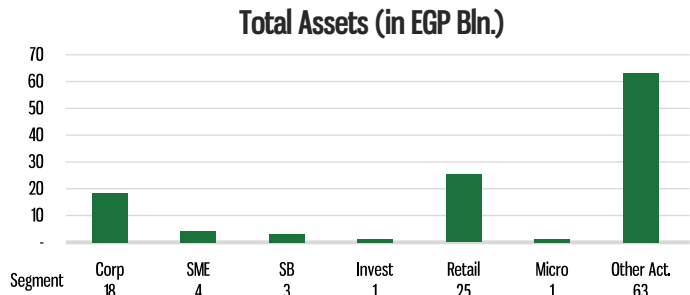
Net interest income reached EGP 6.2 billion, up 2.89% from 2020 while net fees and commission income grew 18.43% over the previous year to EGP 771 million.

Net profit recorded 2,750 million in FY 2021 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 succeeded to finish Y 2019 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 FY 2021, up by 12.38% from EGP 102.24 billion in 2020 segmented as follows.



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.

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.

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

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's continuous 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 methodology in the upcoming 18 months for Medium and Small Business clients.



FINANCIAL POSITION KEY DRIVERS

BALANCE SHEET

ASSETS

			Change	
	31 DEC 2021	31 DEC 2020	VAR	(%)
	EGP 000	EGP 000		
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)	-65.4 %
Financial investments				
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	8.3 %
Investment 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 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 depreciation 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.

LIABILITIES

Change

	31 DEC 2021	31 DEC 2020	VAR	(%)
	EGP 000	EGP 000		
Liabilities and shareholders' equality liabilities				
Due from banks	467,647	498,980	(31,333)	-6.28 %
Customers' deposits	95,720,040	85,010,796	10,709,244	12.6 %
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	4.6 %
Current income tax liabilities	682,716	576,624	106,092	18.4 %
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 or (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 or 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 or 10.68% than FY 2020.

SHAREHOLDERS' EQUITY

Change

	31 DEC 2021	31 DEC 2020	VAR	(%)
	EGP 000	EGP 000		
Shareholders' Equity				
Share capital	800,000	800,000	...	0.00 %
Amounts under capital increase	4,200,000	...	4,200,000	100 %
Reserves	1,876,644	1,803,638	73,006	4.05 %
Retained earnings	6,845,042	8,935,821	(2,090,779)	-23.4 %
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.

INCOME STATEMENT

			Change	
	FOR THE YEAR END 31 DEC 2021	FOR THE YEAR END 31 DEC 2020	VAR	(%)
	EGP 000	EGP 000		
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	866.2%
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 %
Gains/(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 FY 2020 (up by EGP 265 million, a 10.66 % from FY 2020), 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 FY 2020.

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.

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 FY 2020.

- **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:

1. **Employee cost reached EGP 1,434 million.**
2. **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.

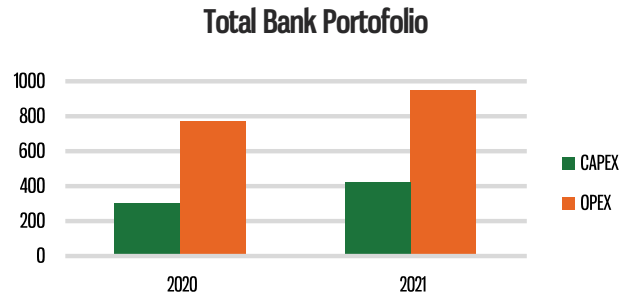


PROCUREMENT HIGHLIGHTS REPORT 2021

BUDGET OVERVIEW

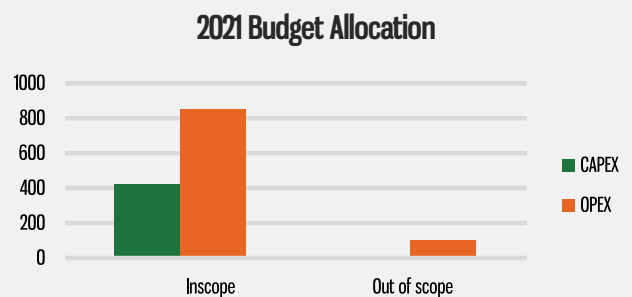
Total Bank Portfolio

- 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%.

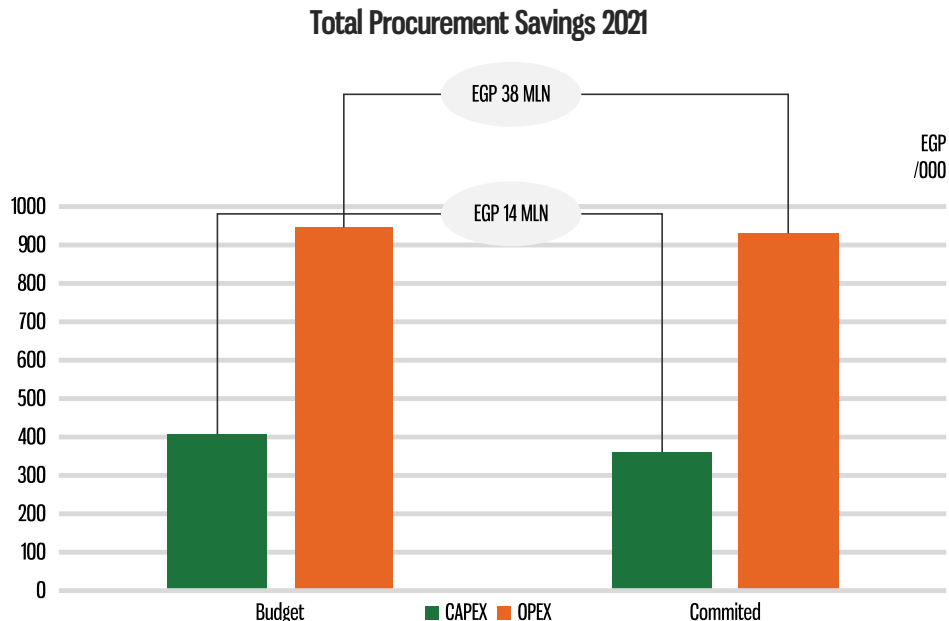


2021 Budget Allocation

- 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.



PROCUREMENT SAVINGS 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.

MEGA PROJECTS

HORUS PROJECT



A brief of our success story in the HORUS project

- HORUS is one of a 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 to launch 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 transactions with a total amount of EGP 200 mln.
- All the global commodities have been managed by both AB & ISP central procurement in terms of vendor selection, awarding and negotiation.

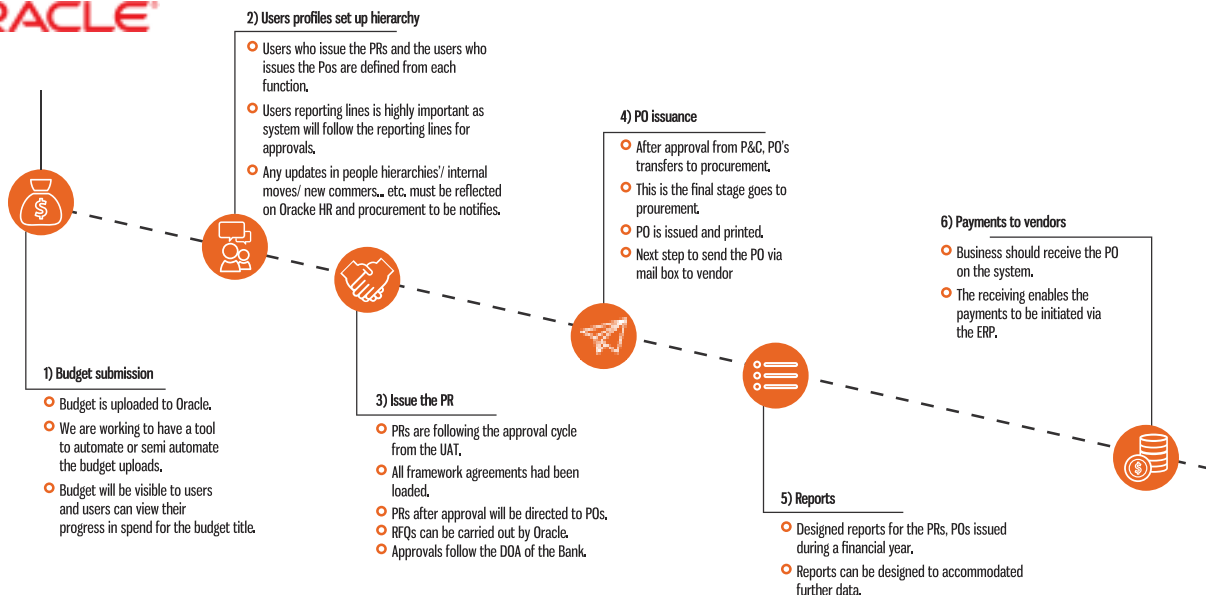
ORACLE PROCUREMENT



- 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's instructions.
 - Monitoring the entire Purchasing activities and Control expenses.



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



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 unnecessary costs while maintaining excellent service for both employees and pensioners 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 were always delayed by TAT.
 - 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 the same benefits and enable the bank to better control the cost and to save the manpower dedicated to these activities and keep the pensioners only under the medical management scheme "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.

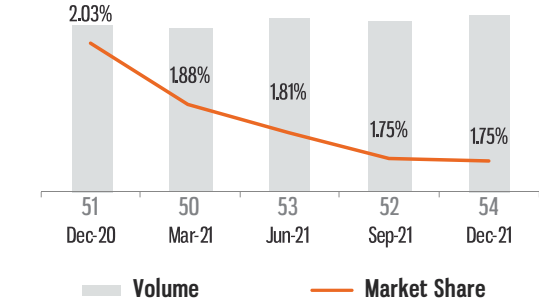
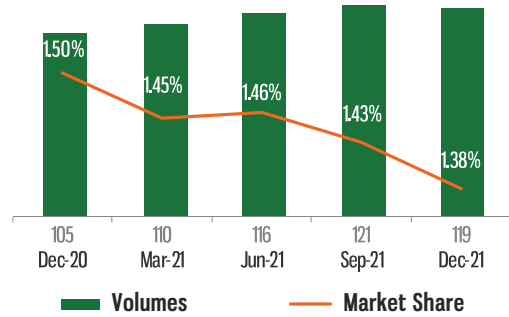
Success: ● Better handling of pensioners management scheme and staff insurance scheme.



MARKET SHARE

Total Assets (Gross)

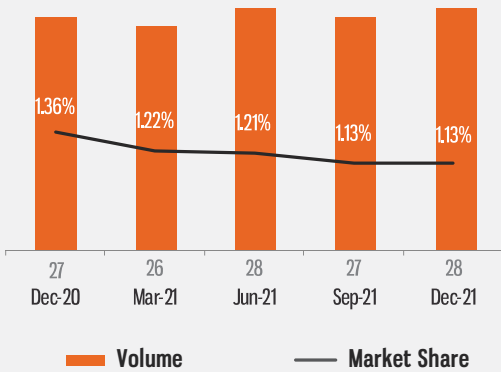
Total assets market share as at Dec.21 is 1.38% (-13 Bps Y-o-Y).



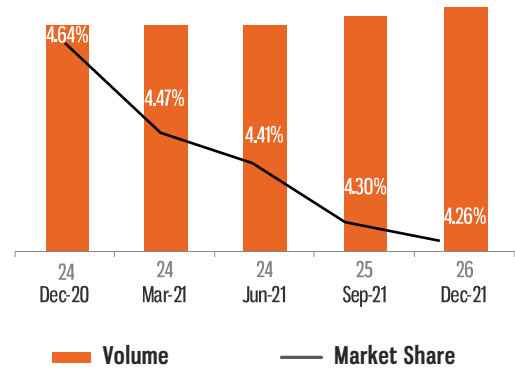
Total Loans (Gross)

Total Loans market share as at Dec-21 is 1.75% (-28 Bps Y-o-Y).

Corporate Loans

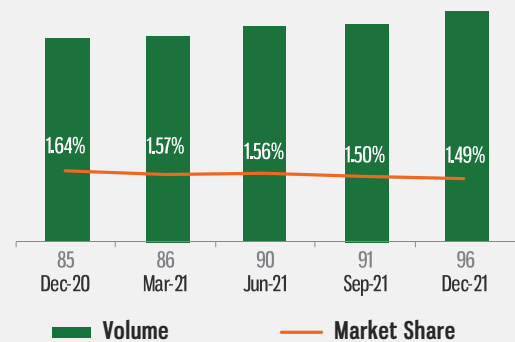


Retail Loans

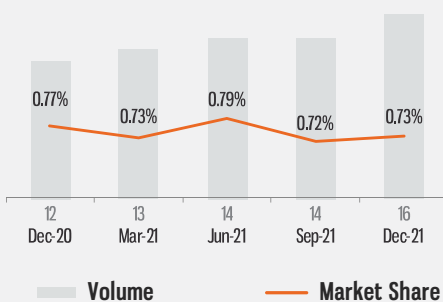


Total Deposits

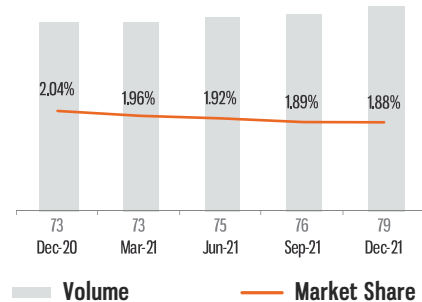
Total Customer Deposits market share as at Dec-21 is 1.49% (-15 Bps Y-o-Y).



Corporate Deposits



Retail Deposits

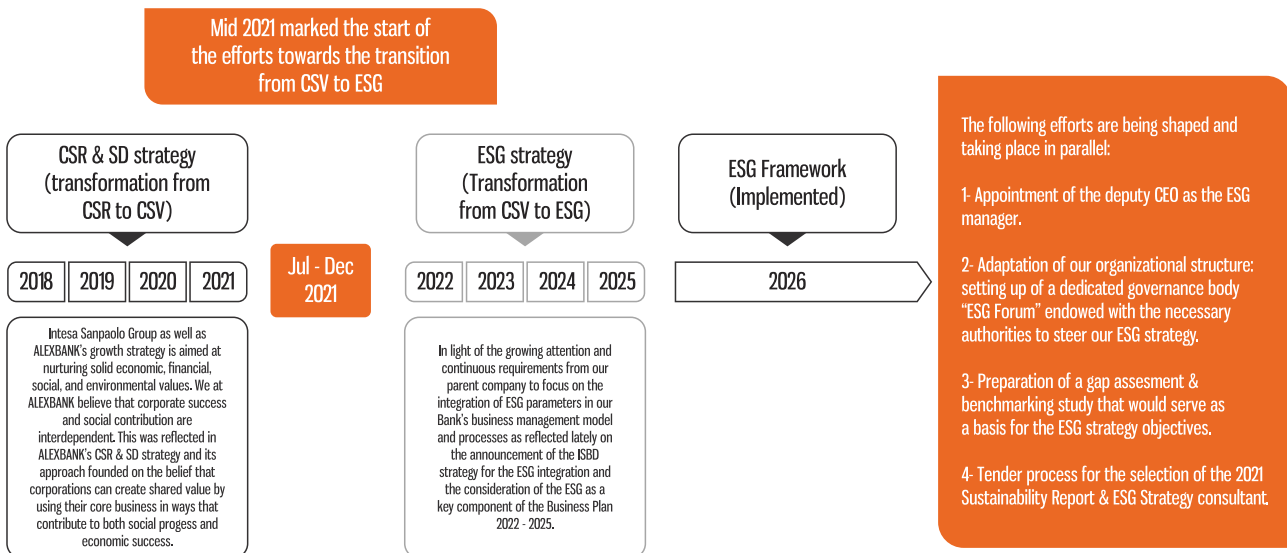


CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

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.



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 Baby 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 on iOS, Android, and Huawei, in both Arabic and English.



In 2021, we rolled out the Hady Baby 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 centers, partner NGOs, orphanages, and centers for children with disabilities throughout all governorates in Egypt, prioritizing Hayah Karima governorates. Up until now, the Hady Baby 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 Baby," 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 Baby" 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.

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 the Central Bank of Egypt, 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 for Women consists of 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 Assiut 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 for Women) by targeting the onboarding of more than 3,000 women into 150 savings groups in Assiut, 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 the 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.

ACCESSIBLE BRANCHES

2018 was declared the “Year of Persons with Disabilities.” In that light and based on the Central Bank of Egypt’s regulations 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 physical-ly 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.

EBDA3 MEN MASR MICROLOAN PROPOSITION



“Ebd3 Men Masr” is ALEXBANK’s flagship initiative; empowering the creative industry of Egyptian craftsmen and women, ensuring the continued creation of economic opportunities for marginalized societies. While promoting Egyptian culture and heritage, preserving the arts and traditions of Egyptian handicrafts. It offers traditional handicrafts artisans 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.



CENTRAL BANK OF EGYPT (CBE) FINANCIAL INCLUSION CIRCULAR EVENTS

In line with Egypt 2030 strategy and Intesa Sanpaolo 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.

● 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 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 balances for opening an account. 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.





- **World Savings 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 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 governorate in partnership with World Food Programme (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 for 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 common societal & economic 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 that hosts female refugees offering them vocational training, medical and mental support, and nutritious meals, to support and empower them 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.

- **Reviving Crafts in Aswan in Partnership with Azza Fahmy Foundation**

The partnership formed in 2021 between ALEX-BANK 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 of 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 raising awareness on violence against women, handicrafts training, 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 supporting 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:

- Empowering Pioneers 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.
- 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.

- **In-house Nurseries (Kheir w 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, aged from 2-6 years old, by setting up and improving the conditions of nurseries in the governorates of Sohag, Aswan, and Giza in order to improve the quality of educational and health services for children and their families.

HERITAGE PRESERVATION

● Digitalizing 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 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.

● 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 curated ALEXBANK’s 2021 corporate giveaways from the heart of the Egyptian handicrafts sector with the aim of preserving Egyptian heritage and supporting local artisans. The 2021 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 handcrafted bags filled with the classical nuts of Ramadan, multiple designs were handcrafted 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 its 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, with more than 120 craftswomen working 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 Ultra-sound 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.



WELL-BEING AND SOCIAL EMPOWERMENT

● Improving the Living Conditions of Children in Street Situations

Banati Foundation 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 peram 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-generating activities and trainings. The project aimed to benefit over 2,190 girls.

● 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, focusing 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.

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.
- Upcycling 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.
- 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 Center to benefit 12,000 patients. The New Aswan Heart Center 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 Center will be able to accommodate 80,000 patients. The construction of the hospital is still in progress.

- **Tribute in honor and remembrance to those we lost during COVID-19**

ALEXBANK recognizes the importance of honouring and remembering our colleagues who passed away because of COVID-19 and provided donations to two of the leading charity hospitals in Egypt in the name of these employees. Firstly, 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, plaques in the names of the employees will be placed on the walls of Shefaa Al Orman hospital, which is specialized in treating cancer patients in Upper Egypt.

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 targeted 4,250 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 16, encouraging a better environment for learning. The health component focuses on children with sickle cell anemia, diabetes, and health awareness on COVID-19 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 over 2 pillars.

1. 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.
2. The second pillar targets the medical field, in which 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 and October to reach a total of 2,550 children spread across children of our community impact partners and 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.



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" "مصر بتتكلم حرفي" Diarna exhibition connects shoppers with talented Egyptian handicraft artisans 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 Sawiris Foundation for Social Development, "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.

- **Giveaways at International Cooperation Forum by the Ministry of International Co-operation**

Through 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's Film Festival through providing the event's giveaways, bazaar, and live handicrafts shows. "Ghalya" by ALEXBANK 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**

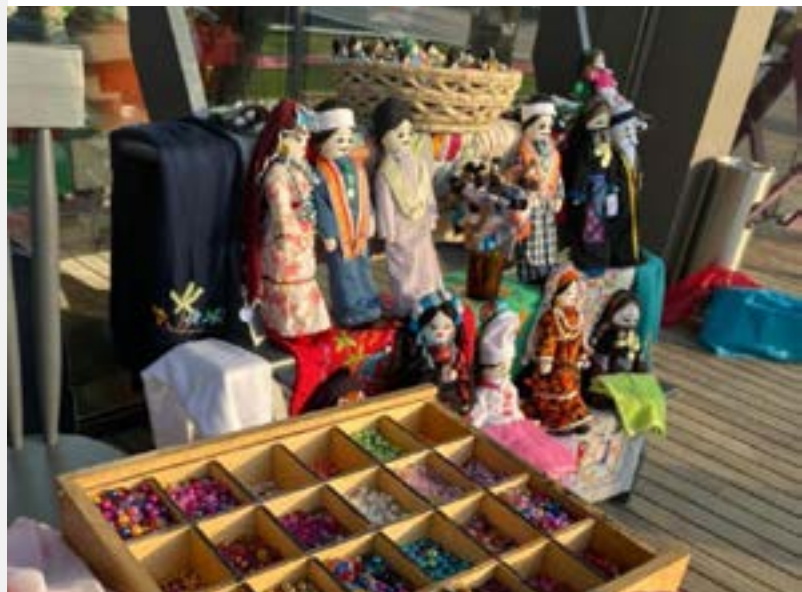
Under the auspices of the Ministry of Social Solidarity and in partnership with Sawiris Foundation for Social Development, on October 3rd 2021, ALEXBANK organized a carnival day for more than 410 marginalized children at Sheikh Zayed City's ZED Park, named 'Heroes' Back to School.' The event was held 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.

- **EMM Bazaars**

ALEXBANK took part in four prestigious events participating as the strategic partner; Aswan International Women's Film Festival, Bagaweeet 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 market exposure and direct sales opportunities to support their businesses. 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. All the bazaars were supported with ALEXBANK POS machines to provide card payment options 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 the 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 training them on print making, sewing, crochet and 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 El Quseir, Red Sea Governorate. ALEXBANK invited and secured all logistics for hosting 12 women from El 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 in before, during and after embarking on a project.

- **Egypt wins ENACTUS World Cup 2021**

During this year's ENACTUS National Competition, October 6th University (O6U) was able to achieve the title of Enactus Egypt Cup Champion through their "Cellurose" project. This enabled October 6th University to represent Egypt in the World Cup during the virtual ENACTUS World Cup in October 2021 where they went on to be named the champion, competing 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 and 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 for employees and their families. The event was hosted at a Homeless Shelter called "Maana Le Inkaz 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's 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.

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 optimize 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.



[https://www.alexbank.com/document/documents/ALEX/Retail/Sustainability/EN_AB_REPORT_GRI-stamp_25-aug-\(compressed\).pdf?t=12345667](https://www.alexbank.com/document/documents/ALEX/Retail/Sustainability/EN_AB_REPORT_GRI-stamp_25-aug-(compressed).pdf?t=12345667)

● Sustainability News & Topics 5th and 6th Editions

We are proud to announce the 5th and 6th edition of the Sustainability News & Topics which are 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. 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.

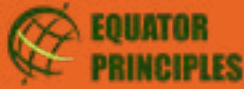
● Principles for Responsible Banking

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.

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**

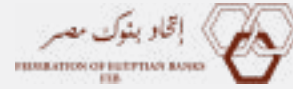
We have been adoptees of the Equator Principles since 2012 and implement the framework for managing the impacts on the environment and on local communities that may arise from financing large projects.



- **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. 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 Environment 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 continue building a company we are all proud to be a part of as we confront urgent environmental and social issues responsibly.



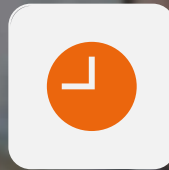
TRAINING ACTIVITIES IN 2021



NUMBER OF
TRAINEES

3811

employees representing 92% of
staff population



NUMBER OF
TRAINING HOURS

113769

hours



AVERAGE TRAINING
HOUR/TRAINEE

30

hours

SOME OF THE MAJOR TRAINING PROGRAMS IN 2021

● 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:

- 1- Ground and anchor Leadership aspirations & effectiveness.
- 2- Present and apply different styles and behaviors of situational & transformational leadership.
- 3- 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 the 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:

- 1- Communication Skills.
- 2- Design Thinking.
- 3- Business Writing.
- 4- Presentation Skills.
- 5- 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: 2592)**
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.

- **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, this year we launched, 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, aimed 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 comprehensive knowledge about Corporate Funding Alternatives and Financing Strategies. Also, other participants will gain knowledge about ALM, IFRS, Digital Journey for Banks.

Commercial Academies

These 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 to perform their roles in the most effective way and achieve the desired goals. Below are 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 to utilize the available tools in the most efficient way; the following system trainings took place:

- 1- Finacle “Hours Project” for all Finacle users.
- 2- ECA for Small Business.
- 3- BPM for Customer Service.
- 4- 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 line with Egypt vision 2030 in cooperation with EBI and Ministry of Planning, aimed at raising their knowledge about the banking sector, promoting a financial inclusion culture and introducing ALEXBANK’s core values, how it operates, its products & services, and enhancing their communication and business skills. The interns provided a graduation project in line with one of Egypt vision 2030 pillars.



FINANCIAL STATEMENTS

FINANCIAL POSITION

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

STATEMENT OF INCOME

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

STATEMENT OF OTHER COMPREHENSIVE INCOME

	FOR THE YEAR END 31 DEC 2021	FOR THE YEAR END 31 DEC 2020
	EGP 000	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 debit instrument measured at fair value through 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)
Recycled net change in fair value in financial instruments (shareholders' equity) after reclassification to associate entity	(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

STATEMENT OF CASH FLOWS

	FOR THE YEAR END 31 DEC 2021	FOR THE YEAR END 31 DEC 2020
Cash flows from operating activities	EGP 000	EGP 000
Net profit before tax	3,988,195	3,178,450
Adjustments to reconcile net profit to cash flows from operating activities		
Depreciation and amortization	227,724	219,607
Impairment charge on credit loss	345,104	512,626
Other provisions charge / (recovered)	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 provisions)	(13,274)	(13,035)
Foreign currencies revaluation differences of other provisions	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	...	10
(Gains) / Losses from selling fixed assets	(1)	(35)
Dividend income	(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 associated companies	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)

STATEMENT OF CASH FLOWS CONT'D

	FOR THE YEAR END 31 DEC 2021	FOR THE YEAR END 31 DEC 2020
Cash flows from investing activities	EGP 000	EGP 000
Payments to purchase fixed assets and branches constructions	(153,275)	(101,690)
Proceeds from selling fixed assets	19	35
Proceeds from selling fixed investments	4,027,740	9,060
Payments to purchase financial investments	(4,516,831)	(2,498,250)
Payments to purchase 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		
Cash and balances with CBE	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 balance, 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).

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	SHARE CAPITAL	CAPITAL INCREASE	RESERVES	RETAINED EARNINGS	TOTAL
	EGP 000	EGP 000	EGP 000	EGP 000	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 31 December 2020	...	...	...	2,485,112	2,485,112
Changes resulting from impairment of treasury bills effect	...	...	(2,567)	...	(2,567)
Investment 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	0
Balance as at 31 December 2020	800,000	...	1,803,638	8,935,821	11,539,459
Net profit for the period ended 31 December 2021	800,000	...	1,803,638	8,935,821	11,539,459
Net profit for the period ended 31 December 2021	...	...	...	2,750,030	2,750,030
Transferred to banking risk reserve - Credit	...	...	368,044	(368,044)	...
Amounts under capital increase	...	4,200,000	...	(4,200,000)	...
Investment fair value reserve classified at fair value through OCI	...	...	(294,441)	...	(294,441)
Expected credit loss of debit instruments 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 investment 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

STATEMENT OF PROFIT APPROPRIATION (PROPOSED)

	FOR THE YEAR END 31 DEC 2021	FOR THE YEAR END 31 DEC 2020
	EGP 000	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 - Credit	-368,044	...
Appropriated profit for the year	2,381,985	2,485,077
Amount 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 reaches 50% of the issued share capital and paid-up (started from 2015).

(**) According to article 178 the central bank and banking 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

ALEXBANK 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 31st 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. This 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 ment 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 h-

-eld 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 valued 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 valued 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 valued 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 valued 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 on 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 an assessment for significant increase 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 instrume-

-nt 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 ot-

-her.

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.
- **Instrument 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 acc-

-ounting 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.
- At fair value through comprehensive income.
- 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:

- 2.1.1. 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.
- 2.1.1. 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 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 (2.1.2). 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 th-

-e 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 cause 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 sign-

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 suggests 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 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.R1. 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 under employment 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 converted 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 are 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 analysis 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 security against the extended funds. The bank sets guidelines for def-

-ined 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 usual-

-ly 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 significant 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 co-

-mercial 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 pre-defined 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	31 DEC 2021		31 DEC 2020	
	LOANS AND ADVANCES	IMPAIRMENT LOSS PROVISION	LOANS AND ADVANCES	IMPAIRMENT LOSS PROVISION
	%	%	%	%
Stage 1 (Performing loans)	85.28	43.62	85.24	44.02
Stage 2 (Watch list)	10.21	12.31	10.78	13.42
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:

31 DEC 2021	STAGE 1	STAGE 2	STAGE 3	TOTAL (EGP)
Performing loans	...	...	...	...
Watch list	21,085,146	962,239	...	22,047,385
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 DEC 2020	STAGE 1	STAGE 2	STAGE 3	TOTAL (EGP)
Performing loans	582,088	...	...	582,088
Watch list	12,005,437	1,040,348	...	13,045,785
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:

31 DEC 2021	STAGE 1	STAGE 2	STAGE 3	TOTAL (EGP)
Performing loans	...	...	...	...
Watch list	24,649,518	...	...	24,649,518
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 DEC 2020	STAGE 1	STAGE 2	STAGE 3	TOTAL (EGP)
Performing loans	...	...	...	...
Watch list	25,666,613	...	...	25,666,613
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:

31 DEC 2021	STAGE 1	STAGE 2	STAGE 3	TOTAL (EGP)
Performing loans	...	...	...	...
Watch list	7,607,062	...	...	7,607,062
Non-performing loans	...	...	...	...
	7,607,062	...	...	7,607,062
ALLOWANCES FOR IMPAIRMENT LOSSES	(83)	...	...	(83)
CARRYING AMOUNT	7,606,979	...	...	7,606,979

31 DEC 2020	STAGE 1	STAGE 2	STAGE 3	TOTAL (EGP)
Performing loans	...	...	...	...
Watch list	7,431,264	...	...	7,431,264
Non-performing loans	...	...	...	...
	7,431,264	...	...	7,431,264
ALLOWANCES FOR IMPAIRMENT LOSSES	(84)	...	...	(84)
CARRYING AMOUNT	7,431,180	...	...	7,431,180

(d) Loans and Advances to customers:

31 DEC 2021	STAGE 1	STAGE 2	STAGE 3	TOTAL (EGP)
Corporate Loans	15,489,224	1,835,553	1,023,899	18,348,676
Medium Enterprise	2,673,094	820,363	301,343	3,794,800
Small & Micro Enterprise	4,778,132	956,194	381,682	6,116,008
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 DEC 2020	STAGE 1	STAGE 2	STAGE 3	TOTAL (EGP)
Corporate Loans	13,132,448	3,407,713	982,476	17,522,637
Medium Enterprise	2,338,525	445,540	326,973	3,111,038
Small & Micro Enterprise	5,337,327	676,442	249,162	6,262,931
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 (EGP)
Allowance for impairment losses at 31-12-2020 (Opening balance)	571,459	595,818	879,319	2,064,596
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 DEC. 31, 2021	486,042	631,727	987,395	2,105,164

RETAIL LOANS	STAGE 1	STAGE 2	STAGE 3	TOTAL (EGP)
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 DEC. 31, 2021	94,430	123,635	248,162	466,227

Loans provision movement:

TOTAL LOANS AND ADVANCES	STAGE 1	STAGE 2	STAGE 3	TOTAL (EGP)
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 DEC. 31, 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.

CBES 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:

	31 DEC 2021	31 DEC 2020
	EGP 000	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 of 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 on 31 December 2021 arises from loans and advances to banks and customers versus 60.09 % as of 31 December 2020 whereas investments in the debt instruments represent 8.4 % at 31 December 2021 versus 8.2 % as of 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:

	31 DEC 2021 EGP 000	31 DEC 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 391 571 2 thousand as of 31 December 2021, versus EGP 2 422 560 thousand as of 31 December 2020, including EGP 557 235 1 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 834 335 1 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.

December 31, 2021

EGP 000

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	
Performing	...	...	...	...	4,515,983	8,663,944	651,718	67	13,831,712
Regular Watching	123,856	254,288	20,258,235	1,440	2,273,195	6,905,234	453,657	3,664	30,273,569
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.

December 31, 2020

EGP 000

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	
Performing	...	...	...	...	3,286,657	9,788,681	354,983	61	13,430,382
Regular Watching	255,861	182,975	18,188,609	2,048	1,746,931	5,411,486	876,460	9,799	26,674,169
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:

December 31, 2021

EGP 000

	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	
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

December 31, 2020

EGP 000

	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	
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 of 31 December 2021 versus EGP 2 012 705 thousand as of 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:

December 31, 2021

EGP 000

	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	
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

December 31, 2020

EGP 000

	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	
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 re-negotiations have reached EGP 203 426 thousand as at 31 December 2021 versus EGP 427 827 thousand as at 31 December 2020.

	31 DEC 2021	31 DEC 2020
	EGP 000	EGP 000
Loans and facilities to customers corporate		
Debit current accounts	...	...
Direct loans	426,203	427,827
TOTAL	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 EGP13,958 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.

	EGP 000			
	CAIRO	ALEX, DELTA & 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 loans	(183,603)	(19,740)	...	(203,343)
Suspended interest	(2,408)	...	...	(2,408)
Financial Investments				
Debt instruments	7,306,247	...	...	7,306,247
Other assets	674,718	90,797	35,556	801,071
TOTAL AS AT DEC. 31, 2021	59,595,662	18,493,889	8,652,120	86,741,671
TOTAL AS AT DEC. 31, 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.

December 31, 2021

EGP 000

	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 on 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, including 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 balances 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	...	...	...	24,649,518
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

Dec. 31, 2020	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	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.)

	Dec. 31, 2021			Dec. 31, 2020		
	LESS THAN 1 YEAR	1-5 YEARS	TOTAL	LESS THAN 1 YEAR	1-5 YEARS	TOTAL
Commitments of loans and facilities for customers	9,768,325	...	9,768,325	7,352,204	...	7,352,204
Financial guarantees, accepted bills and other financial facilities	13,642,394	...	13,642,394	13,074,792	...	13,074,792
Commitments on operational leasing contracts	6,596	17,242	23,838	...	...	...
Capital commitments due to fixed assets' acquisition	129,582	...	129,582	117,630	...	117,630
Total	23,546,897	17,242	23,564,139	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 at the 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:

	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, while 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.
- 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:

	31 DEC 2021	31 DEC 2020
	EGP 000	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

	31 DEC 2021	31 DEC 2020
	EGP 000	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- Off-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:

	31 DEC 2021	31 DEC 2020
	EGP 000	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 370 49 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	465,956	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 segmental 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
Depreciations	...	...	...	...	(219,607)	(219,607)
Impairment for other provisions on income statement	...	...	...	...	(640,887)	(640,887)

5.B. Geographical Segment Analysis

Dec. 31, 2021 Income and expenses according to geographical segment analysis	EGP 000			
	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	EGP 000			
	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 items				
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 DEC. 2021	FOR THE YEAR ENDED 31 DEC. 2020
	EGP 000	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 DEC. 2021	FOR THE YEAR ENDED 31 DEC. 2020
	EGP 000	EGP 000
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 FEES AND COMMISSIONS EXPENSES	1,210,135	946,990
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 DEC. 2021	FOR THE YEAR ENDED 31 DEC. 2020
	EGP 000	EGP 000
Dividends' income from:		
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 DEC. 2021	FOR THE YEAR ENDED 31 DEC. 2020
	EGP 000	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 DEC. 2021	FOR THE YEAR ENDED 31 DEC. 2020
	EGP 000	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 DEC. 2021	FOR THE YEAR ENDED 31 DEC. 2020
	EGP 000	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)

Revaluation losses of monetary assets and liabilities balances in foreign currencies the following:

	FOR THE YEAR ENDED 31 DEC. 2021		FOR THE YEAR ENDED 31 DEC. 2020	
	Aggregate	Amount	Aggregate	Amount
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 DEC. 2021	FOR THE YEAR ENDED 31 DEC. 2020
	EGP 000	EGP 000
Impairment Recovery / (Charge) for Credit losses	(345,104)	(512,626)
Recovery / (Charges) of Impairment of due from banks balances	1,495	15,554
Recovery / (Charges) of Impairment of due from banks balances	...	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 DEC. 2021	FOR THE YEAR ENDED 31 DEC. 2020
	EGP 000	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 DEC. 2021	FOR THE YEAR ENDED 31 DEC. 2020
	EGP 000	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 regards to 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 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 DEC. 2021	FOR THE YEAR ENDED 31 DEC. 2020
	EGP 000	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	DEC. 31, 2020
	EGP 000	EGP 000
Cash	2,046,095	1,657,650
Balances at central bank within the mandatory reserve ratio*	4,144,699	2,817,884
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	DEC. 31, 2020
	EGP 000	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

	DEC. 31, 2021	DEC. 31, 2020
	EGP 000	EGP 000
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	DEC. 31, 2020
	EGP 000	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

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	EGP 000				
	OVERDRAFT ACCOUNTS	CREDIT CARDS	RETAIL PERSONAL LOANS	MORTGAGE LOANS	TOTAL
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
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 the year	(145,868)	...	...	...	(145,868)
Amounts recovered during the 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

18. Loans and advances to customers

	DEC. 31, 2021	DEC. 31, 2020
	EGP 000	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 (1)	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

Dec. 31, 2020

EGP 000

	OVERDRAFT ACCOUNTS	CREDIT CARDS	RETAIL PERSONAL LOANS	MORTGAGE LOANS	TOTAL
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
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 the year	(234,614)	...	...	...	(234,614)
Amounts recovered during the 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
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

Financial assets classified at Fair Value through Other Comprehensive Income

	DEC. 31,2021 EGP 000	DEC. 31,2020 EGP 000
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

	DEC. 31,2021 EGP 000	DEC. 31,2020 EGP 000
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	32,498,660
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



ALEXBANK

	FINANCIAL INVESTMENTS AT FVOCI	FINANCIAL INVESTMENTS AT FVTPL	TOTAL
	EGP 000	EGP 000	EGP 000
Balance as at January 1, 2021	33,097,877	55,949	33,133,826
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. 31, 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	...	4,748	4,748
Amortized cost	19,508	...	19,508
Amortization of issuance discount	(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 DEC. 2021	FOR THE YEAR ENDED 31 DEC. 2020
	EGP 000	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	BANK'S SHARE PERCENTAGE	BANK'S SHARE IN SHAREHOLDERS' EQUITY
	EGP 000		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	BANK'S SHARE PERCENTAGE	BANK'S SHARE IN SHAREHOLDERS' EQUITY
	EGP 000		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:

December 31, 2021

	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	*30/09/2021	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

December 31, 2021

	COMPUTER SOFTWARE PROGRAMS	BENEFITS OF RENTAL CONTRACTS	TOTAL
	EGP 000	EGP 000	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	BENEFITS OF RENTAL CONTRACTS	TOTAL
	EGP 000	EGP 000	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 END OF THE YEAR	147,563	14	147,577

23. Other assets

	DEC. 31,2021	DEC. 31,2020
	EGP 000	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	IMPROVEMENTS ON LEASED ASSETS	MACHINERY AND EQUIPMENT	OTHERS	TOTAL
	EGP 000	EGP 000	EGP 000	EGP 000	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	DEC. 31,2020
	EGP 000	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	DEC. 31,2020
	EGP 000	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	79,164,481	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. Investments in associates

	INTEREST RATE	DEC. 31,2021	DEC. 31,2020
	%	EGP 000	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	DEC. 31,2020
	EGP 000	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

	31 DEC	31 DEC
	2020	2019
	EGP 000	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

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

30.A. Recognized deferred tax

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC	31 DEC	31 DEC	31 DEC
	2021	2020	2021	2020
	EGP 000	EGP 000	EGP 000	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	
	31 DEC	31 DEC	31 DEC	31 DEC
	2021	2020	2021	2020
	EGP 000	EGP 000	EGP 000	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	DEC. 31, 2020
Balance as at 1/1/2021	EGP 000	EGP 000
Post-retirement medical benefits	1,323,482	1,195,772
TOTAL	1,323,482	1,195,772

	FOR THE YEAR ENDED DEC. 31, 2021	FOR THE YEAR ENDED DEC. 31, 2020
Amounts recognized in the income statement:	EGP 000	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	DEC. 31, 2020
	EGP 000	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	DEC. 31, 2020
	EGP 000	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 DEC. 31, 2021	FOR THE YEAR ENDED DEC. 31, 2020
	EGP 000	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	DEC. 31,2021	DEC. 31,2020
	IN MILLIONS	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. 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 amendm-

-ent 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.

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

Name	SHAREHOLDING	NO. OF SHARES	NOMINAL VALUE SHARES
	%	000	EGP 000
Intesa Sanpaolo S.P.A	80.00 %	320,000	640,000
Ministry of finance (Share of State)	20.00 %	80,000	160,000
	100 %	400,000	800,000

Where owns a non-control interest of 1 share.

33. Reserves and retained earnings

	DEC. 31, 2021	DEC. 31, 2020
	EGP 000	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	DEC. 31, 2020
	EGP 000	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. Legal reserve

	DEC. 31, 2021	DEC. 31, 2020
	EGP 000	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	DEC. 31, 2020
	EGP 000	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	DEC. 31, 2020
	EGP 000	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 EGP687 024 2 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	DEC. 31, 2020
	EGP 000	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 582 129 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	DEC. 31, 2020
	EGP 000	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	DEC. 31, 2020
	EGP 000	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	90,068

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

	DEC. 31, 2021	DEC. 31, 2020
	EGP 000	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 214 7 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.

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