# Suez Canal Bank S.A.E
# Financial Statements
# For the year ended 31 December 2021
# And Auditor Report

**KPMG Hazem Hassan**
**Public Accountants & Consultants**

**BDO Khaled & Co**
**Public Accountants & Advisers**

| Index | Page |
|---|---|

*Translation of financial statements originally issued in Arabic*

# Auditors' Report

**To the Shareholders of**
**Suez Canal Bank (S.A.E)**

## Report on the financial statements

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

## Management's Responsibility for the Financial Statements

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

## Auditors' Responsibility

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

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

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

### *Opinion*

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

### Report on Legal and Other Regulatory Requirements

There were no contravention noted during the financial year ended on December 31, 2021 of Central Bank and banking sector law No. 194 of 2020 and has a significant impact on the financial statements. Taking into consideration procedures and plan that have been provicded by the bank's management during the grace period to comply with the provisions of the law.

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

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

**Auditors**

**Ahmed Abdel Aziz Helmy**
FRA No. 379

KPMG Hazem Hassan
Public Accountants and Consultants
13

**KPMG Hazem Hassan**

**Mohanad T. Khaled**
Chartered Accountant
R.A.A. 22444
FRA No. 375

BDO Khaled & Co.
BDO
Public Accountants & Advisors

**BDO Khaled & Co.**

Cairo, 20 February 2022

| | | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **Assets** | Note | EGP. 000 | EGP. 000 |
| Cash and due from Central Bank of Egypt (CBE) | (15) | **4 921 918** | 1 412 178 |
| Due from banks | (16) | **6 933 872** | 10 713 865 |
| Treasury bills | (17) | **4 059 652** | 6 535 095 |
| Loans and credit facilities to customers | (18) | **23 063 721** | 17 768 221 |
| **Financial investment** | | | |
| -Fair value through other comprehensive income | (19) | **9 480 024** | 10 224 341 |
| - Amortized cost | (19) | **5 275 016** | 4 137 062 |
| - Fair value through profit or loss | (19) | **302 136** | 358 477 |
| Investments in associates | (20) | **164 619** | 128 783 |
| Intangible assets | (21) | **57 039** | 30 960 |
| Other assets | (22) | **2 306 251** | 2 280 835 |
| Property and equipment | (23) | **867 011** | 797 678 |
| **Total assets** | | **57 431 259** | 54 387 495 |
| **Liabilities and Equity** | | | |
| **Liabilities** | | | |
| Due to banks | (24) | **1 138 719** | 4 416 319 |
| Customer deposits | (25) | **50 586 852** | 44 343 742 |
| Other loans | (26) | **424 351** | 777 550 |
| Other liabilities | (27) | **767 575** | 848 151 |
| Other provisions | (28) | **15 754** | 15 639 |
| Deferred tax liabilities | (29) | **97 884** | 118 218 |
| **Total liabilities** | | **53 031 135** | 50 519 619 |
| **Equity** | | | |
| Paid-in capital | (30) | **2 200 000** | 2 000 000 |
| Retained amount for capital increase | (30) | **704 326** | 200 000 |
| Reserves | (31) | **281 426** | 258 774 |
| Difference between PV and face value for subordinate deposits | (32) | **19 283** | 25 027 |
| Retained earnings | (33) | **1 195 089** | 1 384 075 |
| **Total equity** | | **4 400 124** | 3 867 876 |
| **Total liabilities and equity** | | **57 431 259** | 54 387 495 |

The attached notes from page (10) to page (44) are an integral part of these financial statements and to be read therewith.
(Auditors' report attached)

**Tamer Abdelwahed**
**Chief Financial Officer**

**Hussein Ahmed Refaie**
**Chairman and Managing Director**

| | Note | From 1 January 2021 To 31 December 2021 EGP. 000 | From 1 January 2020 To 31 December 2020 EGP. 000 |
|---|---|---|---|
| Interest from loans and similar income | (6) | 4 282 972 | 4 287 986 |
| Cost of deposits and similar expenses | (6) | (2 758 622) | (2 734 964) |
| **Net interest income** | | **1 524 350** | **1 553 022** |
| Fees and commissions income | (7) | 219 398 | 194 212 |
| **Net interest, fees and commissions income** | | **1 743 748** | **1 747 234** |
| Dividends income | (8) | 10 759 | 11 769 |
| Net trading income | (9) | 136 514 | 132 774 |
| Gain on financial investments | (19) | 112 545 | 189 338 |
| Gain from investments in associates | (20) | 58 959 | 24 820 |
| Impairment credit losses | (13) | ( 31 164) | ( 190 943) |
| Administrative expenses | (10) | (1 061 336) | ( 954 368) |
| Other operating revenue | (11) | 79 697 | 70 840 |
| **Profit before income tax** | | **1 049 722** | **1 031 464** |
| Income tax (expense) | (12) | ( 445 047) | ( 429 800) |
| **Net profit** | | **604 675** | **601 664** |
| Earnings per share (EGP/share) | (14) | 2.48 | 2.48 |

The attached notes from page (10) to page (44) are an integral part of these financial statements and to be read therewith.

| | Note | From 1 January 2021 To 31 December 2021 EGP. 000 | From 1 January 2020 To 31 December 2020 EGP. 000 |
|---|---|---|---|
| **Net profit for the year** | | **604 675** | **601 664** |
| Items that will not be reclassified to income statement | | | |
| Change in fair value of investments classified at fair value through comprehe | (19) | 14 670 | 180 772 |
| Bank share in comperehinsive income of associates | (20) | ( 122) | 122 |
| Income tax | (29) | 37 129 | ( 164 134) |
| | | 51 677 | 16 760 |
| Items that might be reclassified to income statement | | | |
| Net changes in fair value | (19) | ( 51 003) | 80 990 |
| Net transfer to income statement | | ( 20 605) | ( 73 755) |
| Change in fair value of investments classified as available for sale (EAS 26) | (29) | | |
| - Net change in fair value | (13) | | |
| Income tax | (29) | 9 418 | ( 17 713) |
| | | ( 62 190) | ( 10 478) |
| **Total other comprehensive income** | | **( 10 513)** | **6 282** |
| **Total comprehensive income** | | **594 162** | **607 946** |

The attached notes from page (10) to page (44) are an integral part of these financial statements and to be read therewith.

| To 31 December 2020 | Paid-in capital | Retained amount for capital increase | Reserves | | | | | | | Difference between PV and nominal value for supportive deposits | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Legal reserve | General reserve | Special reserve | Capital reserve | Fair value reserve | General risk reserve | General banking risk reserve | | | |
| | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 |
| Balance at the beginning of the year | 2 000 000 | - | 36 842 | 24 117 | 45 158 | 39 124 | ( 46 967) | 38 851 | 33 896 | 29 883 | 1 107 279 | 3 308 183 |
| Transfer to reserves according to AGM | - | - | 25 992 | - | - | 22 366 | - | - | 21 322 | - | ( 69 680) | - |
| Transfer from general banking risk reserve to R/E | - | - | - | - | - | - | - | - | ( 14 950) | - | 14 950 | - |
| Transfer from R/E to capital increase according to AGM | - | 200 000 | - | - | - | - | - | - | - | - | ( 200 000) | - |
| Dividend for the year 2019 | - | - | - | - | - | - | - | - | - | - | ( 48 253) | ( 48 253) |
| Net change in OCI items | - | - | - | - | - | - | 6 282 | - | - | - | - | 6 282 |
| Transfer from FV reserve to retained earnings net of tax | - | - | - | - | - | - | 26 741 | - | - | - | ( 26 741) | - |
| Amortization of subordinate deposit difference | - | - | - | - | - | - | - | - | - | ( 4 856) | 4 856 | - |
| Net profit | - | - | - | - | - | - | - | - | - | - | 601 664 | 601 664 |
| | **2 000 000** | **200 000** | **62 834** | **24 117** | **45 158** | **61 490** | **( 13 944)** | **38 851** | **40 268** | **25 027** | **1 384 075** | **3 867 876** |

| To 31 December 2021 | Paid-in capital | Retained amount for capital increase | Reserves | | | | | | | Difference between PV and nominal value for supportive deposits | Retained earnings | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Legal reserve | General reserve | Special reserve | Capital reserve | Fair value reserve | General risk reserve | General banking risk reserve | | | |
| | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 | EGP. 000 |
| Balance at the beginning of the year | 2 000 000 | 200 000 | 62 834 | 24 117 | 45 158 | 61 490 | ( 13 944) | 38 851 | 40 268 | 25 027 | 1 384 075 | 3 867 876 |
| Transfer to reserves according to AGM | - | - | 29 691 | - | - | 7 840 | - | - | 15 231 | - | ( 52 762) | - |
| Transfer from general banking risk reserve to R/E | - | - | - | - | - | - | - | - | ( 19 597) | - | 19 597 | - |
| Transfer from R/E to capital increase according to AGM | - | 704 326 | - | - | - | - | - | - | - | - | ( 704 326) | - |
| Transfer from capital increase to paid-in capital | 200 000 | ( 200 000) | - | - | - | - | - | - | - | - | - | - |
| Dividend for the year 2020 | - | - | - | - | - | - | - | - | - | - | ( 56 197) | ( 56 197) |
| Transfer to banking sector support and development fund | - | - | - | - | - | - | - | - | - | - | ( 5 717) | ( 5 717) |
| Net change in OCI items | - | - | - | - | - | - | ( 10 513) | - | - | - | - | ( 10 513) |
| Amortization of subordinate deposit difference | - | - | - | - | - | - | - | - | - | ( 5 744) | 5 744 | - |
| Net profit | - | - | - | - | - | - | - | - | - | - | 604 675 | 604 675 |
| | **2 200 000** | **704 326** | **92 525** | **24 117** | **45 158** | **69 330** | **( 24 457)** | **38 851** | **35 902** | **19 283** | **1 195 089** | **4 400 124** |

The attached notes from page (10) to page (44) are an integral part of these financial statements and to be read therewith.

| | Note | To 31 December 2021 | To 31 December 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | **EGP.000** | **EGP.000** |
| Profit before tax | | 1 049 722 | 1 031 464 |
| **Adjustments to reconcile net profit to net cash flows from operating activities** | | | |
| Depreciation of property, plant and equipment | (23) | 66 546 | 53 842 |
| Amortization of intangible assets | (21) | 15 843 | 8 310 |
| Impairment credit losses | (13) | 31 164 | 190 943 |
| Revaluation of investment at FVTPL | (9) | ( 65 551) | ( 46 235) |
| Gain from investments in associates | (20) | ( 58 959) | ( 24 820) |
| No longer required impairment for associates | (19) | ( 10 598) | ( 4 771) |
| (Release) charged other provision | (28) | 2 714 | ( 36 717) |
| Gain on sale of property, plant and equipment | (11) | 14 002 | ( 7 840) |
| Gain from selling financial investment other than financial investment at FVTPL | (19) | ( 101 947) | ( 158 832) |
| Translation differences of other provisions in foreign currencies | (28) | ( 102) | ( 34 790) |
| Translation differences of financial investment other than financial investment at FVTPL | (19) | 1 286 | ( 8 744) |
| Translation differences of impairment losses in foreign currencies | | ( 1 405) | 100 |
| Gain on sale of investments in associate | (19) | - | ( 25 735) |
| Dividend income from financial investment securities | (8) | ( 10 759) | ( 11 769) |
| Amortization of financial investment premium/discount other than FVTPL | (19) | 55 186 | 47 697 |
| Amortization of the difference between the PV and face value of subordinated deposit | (32) | 5 744 | 4 856 |
| **Operating profits before changes in operating assets and liabilities** | | **992 887** | **976 959** |
| **Net (increase) decrease in assets and increase (decrease) in liabilities** | | | |
| Due from Central Bank of Egypt within the mandatory reserve | (15) | (3 510 785) | 689 143 |
| Due from banks with maturity more than three months | (16) | - | 2 050 000 |
| Treasury bills and other governmental notes | (17) | 3 420 950 | 1 141 998 |
| Loans and credit facilities to customers | (18) | (5 427 854) | (2 863 690) |
| Financial assets at FVTPL | (19) | 121 892 | - |
| Other assets | (22) | ( 16 150) | ( 261 174) |
| Due to banks | (24) | (3 277 600) | 1 285 290 |
| Customers' deposits | (25) | 6 243 110 | 161 897 |
| Other liabilities | (27) | ( 27 576) | ( 68 615) |
| Income taxes paid | | ( 471 994) | ( 401 445) |
| Other provisions used | (29) | ( 2 497) | ( 651) |
| **Net cash flowsused in operating activities** | | **(1 955 616)** | **2 709 712** |

| | Note | To 31 December 2021 EGP.000 | To 31 December 2020 EGP.000 |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Payments for purchase property, plant and equipment | (23) | ( 59 805) | ( 81 362) |
| Payments for purchase intangible assets | (21) | ( 41 922) | ( 8 136) |
| Proceeds from sale of property and equipment | (23) | 225 | 11 818 |
| Proceeds from selling of financial investments other than financial investment at FVTPL | (19) | 12 455 564 | 12 350 808 |
| Payments for purchase financial investments other than financial investment at FVTPL | (19) | (12 837 567) | (16 393 717) |
| Dividends received from investment in associate | (20) | - | 2 649 |
| Proceeds from sale of investments in associates | (20) | - | 40 598 |
| Dividends income from financial investment | (8) | 10 759 | 11 769 |
| **Net cash flows (used in) investing activities** | | **( 472 746)** | **(4 065 572)** |
| **Cash flows from financing activities** | | | |
| Payment for other loans | (26) | ( 358 943) | ( 56 281) |
| Proceeds from other loans | (26) | 0 | 341 422 |
| Dividends | (33) | ( 56 197) | ( 48 253) |
| **Net cash flows provided by financing activities** | | **( 415 140)** | **236 888** |
| Net changes in cash and cash equivalent | | (2 843 503) | (1 118 972) |
| Cash and cash equivalent at the beginning of the period | | 10 971 135 | 12 090 107 |
| **Cash and cash equivalent at the end of the period** | (34) | **8 127 632** | **10 971 135** |
| **Cash and cash equivalent are represented in** | | | |
| Cash and due from Central Banks | (15) | 4 922 684 | 1 413 128 |
| Due from banks | (16) | 6 933 892 | 10 714 311 |
| Treasury bills and other governmental notes | (17) | 4 058 317 | 6 541 122 |
| Due from Central Bank within the mandatory reserve | (15) | (4 710 049) | (1 199 264) |
| Treasury bills and other governmental notes with maturity more than three months | (17) | (3 077 212) | (6 498 162) |
| **Cash and cash equivalent at the end of the period** | (34) | **8 127 632** | **10 971 135** |

**For the purpose of statement of cash flow preparation the following non cash changes were excluded:**

* Amout of EGP 68 801 thousands represents transfers from other assets (assets under construction) to property, plant and equipment .

* Amout of EGP 5 744 thousands represents net change in difference between the present value and face value of subordinate deposit.

The attached notes from page (10) to page (44) are an integral part of these financial statements and to be read therewith.

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | **EGP.000** | EGP.000 |
| Net profit for the year ( according to income statement ) | 604 675 | 601 664 |
| Capital reserve | 14 002 | ( 7 840) |
| General banking risk reserve | ( 19 785) | ( 15 231) |
| Transfers to retained earnings during the year | 25 341 | ( 6 935) |
| **Distributable net profits for the year** | **624 233** | **571 658** |
| Beginning balance of retained earnings | 565 073 | 789 346 |
| **Total** | **1 189 306** | **1 361 004** |
| **To be distributed as follows:** | | |
| Legal reserve | 30 934 | 29 691 |
| Shareholders' first tier dividends 5% of paid-up capital (Stock dividends)* | 145 216 | 110 000 |
| Staff profit share | 44 808 | 43 197 |
| Remuneration of Board members | 13 500 | 13 000 |
| Banking sector support and development fund** | 6 242 | 5 717 |
| Shareholders' second tier dividends(Stock dividends) | 383 533 | 594 326 |
| Retained earnings at the end of the year | 565 073 | 565 073 |
| **Total** | **1 189 306** | **1 361 004** |

* The proposed distributions are bonus shares: 0.18205577 share / one share.

** According to article 178 of CBE law no. 194 for 2020 to deduct an amount of no more than 1% of net profit available for distribution for banking sector support and development fund

The attached notes from page (9) to page (41) are an integral part of these financial statements .

## 1- Activity

Suez Canal Bank (SAE) established as a commercial bank in pursuance of the ministerial decree no. 55 of 1978, issued in the official Gazette on 4 March 1978 and in accordance with provisions of investment law no. 43 of 1974 and its amendments, which was superseded by law no. (8) Of investment guarantees and incentives the head office located In Elteraa St.,No. 127, Ismailia - commercial register no 9709. General management located in 7 & 9 Abd El Kader Hamza St., Garden City, Cairo and the bank is listed in the Egyptian stock exchange.

Suez Canal Bank (S.A.E) provides retail, corporate and investment banking services in Arab Republic of Egypt through 49 branches and served by 1411 staff member at the date of the financial statements.

These financial statements have been approved for publishing by the board of director in February 17, 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 applied for all presented years unless otherwise stated

### A- Basis of preparation of financial statements

The financial statements are prepared in accordance with Central Bank of Egypt instructions approved by its Board of Directors on 16 December 2008. and according to IFRS 9 "Financial Instruments-measurement and classification" in accordance with the instructions of the Central Bank of Egypt (CBE) dated on 26 February 2019.
Reference is made to what was not mentioned in the instructions of the Central Bank of Egypt to the Egyptian Accounting Standards.

These financial statements have been prepared according to relevant local laws and regulations.

### B- Subsidiaries and Associates

#### B-1 Subsidiary firms

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

#### B-2 Associate firms

Associates are all companies over which the bank has owned directly or indirectly a major influence, but it doesn’t control them ,or joint control themgenerally the bank owns between 20% and 50% of the potential voting rights.

The purchase method is used to account for the acquisition of subsidiaries by the bank, The cost of an acquisition is measured as the fair value of the assets, and/or asset given and/or equity instruments issued and liabilities on the bank or liabilities for acquisition company loans assumed at the date of exchange, plus costs directly attributable to the acquisition. Net assets including contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the minority interest. The excess of acquisition cost over the bank’s share fair value in the net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets, the difference is recognized directly in the income statement under the item "Other operating income/ expenses”.

Accounting for associate in the financial statements is recorded by using equity method, Dividends are recorded when declared and deducted from assets proven value.

### C -Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a segment by which, provide products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

### D - Foreign currency translation

#### D-1 Functional and presentation currency

The financial statements are presented by Thousand Egyptian Pound, which is the bank’s functional and presentation currency.

#### D-2 Foreign currencies transactions and balances

The bank maintains its accounting records in Egyptian pound. Foreign currency transactions are translated into Egyptian pound using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the end of each year at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement of such transactions and valuation differences are recognized in the income statement under the following items:

- Net trading income assets /liabilities for trading or net income.
- Other operating income (expenses) for the other items.
- Investments in equity instrument recognized at fair value through other comprehensive income.
- Changes in the fair value of monetary financial instruments in foreign currencies classified as investments available for sale (debt instruments) are classified as valuation differences resulting from changes in amortized cost of the instrument and differences resulted from changes in applicable exchange rates and differences resulted from changes in the instrument fair value. Valuation differences relating to changes in amortized cost are recognized in income statement under ''Interest and similar income'' while differences relating to changes in exchange rates are recognized under item "other operating income (expenses)". Differences resulting from changes in fair value are recognized under "fair value for financial statement through other comprensive income " in the equity caption.

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

**E-Financial assets**

Financial assets classified as amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

The classification depends on the business model of the financial assets that are managed with its contractual cash flow and is determined by management at the time of initial recognition.

**Financial assets classified as amortized cost**

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

- A deterioration in the credit capacity of the source of financial
- Less sales in terms of periodicity and value.
- Clear and certified documentation of the justification for each sale and its compliance with the requirements of the standard.

**Financial assets classified as fair value through other comprehensive income**

The financial asset is retained in the business model of financial assets held to collect contractual cash flows and sales.held to collect contractual cash flows and sales are integrated to achieve the objective of the model.

Sales are high in terms of turnover and value as compared to the business model retained for the collection of contractual cash flows.

**Financial assets classified as fair value through profit or loss**

The financial asset is held in other business models including trading, management of financial assets at fair value, maximization of cash flows through sale.

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

**F – Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

**G - Interest income and interest expense**

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

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

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

When collected and after recovery of all arrears for retail loans, personal loans, small and medium business loans., real estate loans for personal housing and small loans for businesses.

For loans granted to corporate, interest income is recognized on cash basis after the bank collects 25 % of the scheduling installments and after the installments continued to be regular for at least one year. In case the client is continuing in performing the payment, the calculated interest is added to the loan's balance without the marginal interest not included in the income until after paying the loan's balance in the balance sheet before the reschedule.

**H - Fees and commission income**

Fees and commissions related to loan and facilities are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts are suspended and are carried off balance sheet and are recognized under income according to the cash basis when interest income is recognized in accordance with note (H) above. Fees and commissions which represent part of the financial asset effective rate is recognized as adjustment to the effective interest rate.

Commitment fees are recognized as revenue when there is probability that this loan will be used by the customer, as commitment fees represent compensation for the continuing interference to own the financial asset. Subsequently it's recognized as adjustments to the effective interest rate of the loan. If the commitment period passed without issuing the loan, commitment fees is recognized as income at the end of the commitment period.

Fees and commission related to debt instruments measured by fair value is recognized as income at initial recognition. Fees and commission related to marketing of syndicated loans is recognized as income when the marketing is completed and the loan is fully used or the bank kept its share of the loan using the effective interest rate as used by the other participants.

Fees and commission arising from negotiation, or participating in a negotiation to the favor of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized as income when the transaction is completed. Commission and fees related to management advisory and other services are recognized as income based on the contract terms, usually on a time-appropriation basis. Asset management fees are recognized over the year in which the service is provided.

**I- Dividends income**

Dividends are recognized in the profit and loss when the bank’s right to receive those dividends is established.

**J- Sale and repurchase agreements (repos)**

Financial instrument sold under repurchase agreements are not derecognised from the statement of financial position. The proceed are shown in the liability side in the statement of financial position.

**K- Impairment of financial assets**

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.

Financial assets are classified at three stages at each reporting date:

Stage 1 : Financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for 12 months.

Stage 2 : Financial assets that have experienced a significant increase in credit risk since the initial recognition or the date on which the investments are made, and the expected credit loss is calculated over the life of the asset.

Stage 3 :Impairment of financial assets whose expected credit loss is to be recognized over the life of the asset on the basis of the difference between the carrying amount of the instrument and the present value of expected future cash flows.

Credit losses and impairment losses on the value of financial instruments are measured as follows:

- The low risk financial instrument is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk
- If it is determined that there has been a significant increase in credit risk since the initial recognition, the financial instrument is transferred to the second stage where it is not yet considered impaired at this stage.

If there are indicators of impairment of the financial instrument, it is transferred to the third stage.

The financial assets created or acquired by the Bank and include a high credit risk ratio for the Bank's low risk financial assets are recognized on the initial recognition of the second stage directly and therefore the expected credit losses are measured on the basis of expected credit losses over the life of the asset.

**Significant increase in credit risk**

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

**Quantitative factors**

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

**Retail loans,micro and small businesses**

- If the borrower encounters one or more of the following events:
- The borrower submits a request to convert short-term to long-term payments due to negative effects on the borrower's cash flows.
- Extension of the deadline for repayment at the borrower's request
- Frequent Past dues over the previous 12 months.
- Future adverse economic changes affecting the borrower's future cash flows.

**Corporate loans and medium businesses**

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

- A significant increase in the rate of return on the financial asset as a result of increased credit risk.
- Significant negative changes in the activity and physical or economic conditions in which the borrower operates.
- Scheduling request as a result of difficulties facing the borrower.
- Significant negative changes in actual or expected operating results or cash flows.
- Future economic changes affecting the borrower's future cash flows.
- Early indicators of cash flow / liquidity problems such as delays in servicing creditors / business loans.
- Cancellation of a direct facility by the bank due to the high credit risk of the borrower.

**Nonpayments**

The loans and facilities of institutions, medium, small, micro and retail banking are included in stage two if the period of non-payment is more than (60) days and less than 90 days, (180 days for SMEsaccording to CBE circular dated 14, December 2021.

Note that this period (60 days) will be reduced by (10) days per year to become (30) days during (3) years from the date of application (year 2019).

**Transfer between the three stages (1,2,3)**

**Transfer from second stage to first stage:**

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

**Transfer from third stage to second stage:**

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

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

**L- Computer software**

Expenses related to development or maintenance of computer software are recognized as expenses on Income Statement at the time of incurring them. They are recognized as intangible assets in the expenses correlated directly to specific software that are under the control of the Bank from which the generation of economic benefits is expected whose cost exceeds more than one year. Direct expenses include the cost of employees on the software team in addition to appropriate share in related general expenses.

It is recognized as development cost in expenses if it leads to increasing or expanding the performance of the computer software above its original specifications, and is added to cost of the original software.

The amortization cost of computer software recognized as assets is for along the year from which it is expected to make use of in the manner not exceeding five years core system for the bank .

**M- Property, plant and equipment**

The bank represent land and buildings related to head office, branches and offices, and all property, plant and equipment are reported at historical cost minus depreciation and impairment losses. The historical cost includes the charges directly related to acquisition of property, plant and equipment items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. Maintenance and repair expenses are charged to other operating expenses during the financial period in which they are incurred. Land is not depreciated, depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| Buildings and Properties | 30-50 years |
| Integrated automated systems | 5 years |
| Vehicles | 5 years |
| Machinery and equipment | 3-10 years |
| Fixtures and fittings | 8-10 years |
| Furniture | 5-20 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The recoverable amount is the higher of the asset's fair value less costs to sell or value in use.

Gains and losses on disposals are determined by comparing proceeds with asset carrying amount. These gains and (losses) are included in other operating income (expenses) in the income statement.

**N- Impairment of non-financial assets**

Assets having no fixed useful life except for goodwill shall not be amortized, and their impairment shall be tested at least annually. The impairment of amortized assets is studied to determine if there are events or changes in the circumstances indicating that the book value may not be recoverable.

The impairment loss is recognized by the excess amount of book value over the realizable value. The recoverable value represents net realizable value of the asset or the usage amount whichever is higher. For the purpose of estimating the impairment, the asset is grouped with the smallest cash generating unit. At each balance sheet date, non-financial assets with impairment has to be reviewed to determine if there is impairment reversal made to the income statement at the date of preparing the financial statements .

**O - Leasing**

**O -1 As a lessee**

Lease payments made under operating leases, net of any discounts received from the lessor, are recognized as an expense in the profit or loss on a straight-line basis over the lease term.

**O -2 As a lessor**

Assets leased out under operating lease contracts are reported as part of the property, plant and equipment in the statement of financial position and are depreciated over the expected useful lives of the assets, on the same basis as other property assets. Lease rental income is recognized in profit or loss, net of any discounts granted to the lessee, using the straight line method over the contract term

**P-Cash and cash equivalents**

For the purposes of the cash flows statement, cash and cash equivalents include balances due within three months from date of acquisition, cash and balances due from the Central Bank of Egypt other than the mandatory reserve, and current accounts at banks, treasury bills, and other governmental notes.

**Q- Other provisions**

Provisions for restructuring costs and legal claims are recognized when the bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determine taking into consideration the group of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.the provision no longer required is recorded with other operating revenues (expenses) .

**R- Staff Benefits**

Employees benefits as follows:
-Wages and Salaries , paid annual leave, and rewards (if accrued within 12 month)
-Non monetary benefits ( transportations allowance, medical care and insurance) for current employees
The Bank recognizes the defined benefit as an expenses in the income statement.

**S- Income tax**

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

The income tax is recognized on the basis of the net profit subject to tax through the application of enacted tax rates at the date of preparing the balance sheet in addition to the tax adjustments related to previous years.

Deferred taxes are recognized from temporary timing differences between the book value of assets and liabilities according to accounting bases and their values according to tax bases. Deferred tax assets and liabilities are measured at the tax rates that expected to apply in the period in which the ability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax assets are recognized when there is likelihood to achieve taxable profits in the future through which this asset can be utilized. The value of deferred tax assets is reduced by the portion which will not realize the expected taxable benefit in the coming years, in case of the increase in expected taxable benefits the deferred tax assets should be increased within the limit of previous reduction.

**T- Borrowing**

Loans obtained by the bank initially recognized at fair value net of transactions cost incurred in connection with obtaining the loan. Subsequently the loans are measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective interest rate is to be recognized to the income statement.

**U- Capital**

**U-1 Cost of capital**

Issuance cost directly related to issuing new shares or issuing shares related to acquisition or share options is charged to shareholders' equity of total proceeds net of tax.

**U-2 Dividends**

Dividends are charged when declared by the General Assembly of shareholders. Those dividends include employees’ share in the profits and the Board of Directors’ bonus as prescribed by the articles of association and law.

**V- Comparative figures**

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

**3- Financial Risk Management:**

The bank, as a result of the activities it exercises, is exposed to various financial risks. Since the basis of financial activity is to accept risks; some risks or group of risks are analyzed, evaluated and managed together. The bank intends to strike a balance between the risk and return and to reduce the probable adverse effects on the bank’s financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency exchange rates, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated systems. The bank regularly reviews the risk management policies and systems and amend them to they reflect the changes in market, products and services and the best updated applications.Those risks are managed by risk department in the light of policies approved by Board of Directors.

The risk department determines, evaluates and covers the financial risks, in collaboration with the bank’s various operating units, and the Board of Directors provides written policies for management of risks as a whole, in addition to written policies covering specific risk areas, like credit risk, foreign exchange rate risk, interest rate risk, and using the financial derivative and non–derivative instruments. Moreover, the risk department is independently responsible for periodical review of risk management and control environment.

**A- Credit risk**

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

**Credit risk measurement**

**Loans and credit facilities to customers**

In measuring credit risk of loans and facilities to customers and to banks at a counterparty level, the bank reflects three components:
The ‘probability of default’ by the client or counterparty on its contractual obligations.
Current exposures to the counterparty and its likely future development, from which the bank derive the ‘exposure at default .

· The likely recovery ratio on the defaulted obligations (the 'loss given default').

These credit risk measurements, which reflect expected loss (the 'expected loss model') and are required by the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee), are embedded in the bank's daily operational management.

The operational measurements can be contrasted with impairment allowances required under IAS 26, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses .

The bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Clients of the bank are segmented into four rating classes. The bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The bank regularly validates the performance of the rating and their predictive power with regard to default events.

**Bank's internal ratings scale**

| Bank's rating | Description of the grade |
|---|---|
| 1 | Performing loans |
| 2 | Normal watching |
| 3 | Watch list |
| 4 | Non-performing loans |

The amount of default represent the outstanding balances at the time when a late settlement occurred for example the loans expected amount of default represent its book value. For commitments, the default amount represents all actual withdrawals in addition to any withdrawals occurred till the date of the late payment if any

Loss given default or loss severity represents the bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of debtor, type and seniority of claim and availability of collateral or other credit mitigation.

**Debt instruments, treasury bills and other governmental notes**

For debt securities and other bills, external rating such as standard and poor's rating or their equivalents are used by bank treasury for managing of the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

**A-1 Limiting and preventing risks policies**

The bank manages limits and controls concentrations of credit risk wherever they are identified in particular, to individual counterparties and banks, and to industries and countries.

The bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by borrower /group, product, industry sector and by country are approved quarterly by the Board of Directors.

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

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

The following are other controls used by the bank to limit the credit risk:

**Collaterals**

The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and facilities are:

• Mortgages over residential properties.

• Pledge on business assets like machinery and merchandise .

• Pledge in financial instruments like debt instrument and equity.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and facilities is determined by the nature of the instrument. Debt securities, treasury and other governmental notes are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

**Credit-related commitments**

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the bank on behalf of a customer authorizing a third party to draw drafts on the bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

**A-2 Impairment and provisioning policies**

The internal rating systems described in note (A-1) focus more on credit-quality from the beginning of validation activities. only impairment provisions recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below. Due to the different methods applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the expected amount determined by the expected loss used for Central Bank of Egypt's regulations (note A-5). the impairment provision appeared in the balance sheet at the end of the period is derived from the four internal rating grades. However, the majority of the impairment provision comes from the last two ratings. The table below shows the percentage of in-balance sheet items relating to loans and facilities and the related impairment provision for each rating:

**A-3 Bank's rating**

The bank's internal rating assists management to determine whether objective evidence of impairment exists under Egyptian Accounting Standard no. 26, based on the following criteria set out by the bank:

- Significant financial difficulties facing the borrower or debtor
- Violation of the terms of the loan agreement such as non -payment
- Expect the borrows bankruptcy or enter into a liquidation or restructuring lawsuit
- The borrower's competitive position has deteriorated.
- For economic or legal reasons relating to the borrower's financial difficulties, the bank granted concessions or concessions that the bank may not agree to grant under normal circumstances.
- The value of the guarantee is diminished.
- The deterioration of the credit situation.

The Bank's policies require the review of all financial assets that exceed specific relative importance at least annually or more when circumstances require it, and the burden of impairment on accounts assessed on an individual basis is determined by assessing the loss achieved in the history of financial statements on a case-by-case basis. Apply them to all accounts of relative importance individually, and the evaluation usually includes the existing guarantee, including a reaffirmation of the possibility of execution on the guarantee and the expected collections from those accounts.

The impairment loss allowance is configured on the basis of a homogeneous set of assets using available historical experience, personal judgment and statistical methods.

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | **Loans & credit facilities** | **Provision for impairment loss** | **Loans & credit facilities** | **Provision for impairment loss** |
| 1-Performing loans | 74.33% | 4.06% | 77.40% | 4.43% |
| 2-Regular watching | 9.29% | 0.96% | 7.40% | 1.62% |
| 3-Watch List | 8.19% | 26.29% | 4.18% | 13.30% |
| 4-Non performing loans | 8.19% | 68.69% | 11.02% | 80.65% |
| | **100%** | **100%** | **100%** | **100%** |

| A-4 Quality of financial assets | Stage 1 12 months EGP . 000 | Stage 2 Life time EGP . 000 | Stage 3 Life time EGP . 000 | Total EGP . 000 |
|---|---|---|---|---|
| Cash and due from Central Bank of Egypt | 4 922 685 | - | - | 4 922 685 |
| Expected credit loss provision | ( 767) | - | - | ( 767) |
| | **4 921 918** | - | - | **4 921 918** |
| Due from banks | 6 933 892 | - | - | 6 933 892 |
| Expected credit loss provision | ( 20) | - | - | ( 20) |
| | **6 933 872** | - | - | **6 933 872** |
| Treasury bills and other government notes | 4 059 652 | - | - | 4 059 652 |
| Expected credit loss provision | - | - | - | - |
| | **4 059 652** | - | - | **4 059 652** |
| Debt instruments at amortized cost | 5 276 449 | - | - | 5 276 449 |
| Expected credit loss provision | ( 1 433) | - | - | ( 1 433) |
| | **5 275 016** | - | - | **5 275 016** |
| Investment at fair value through comprehensive income | **9 480 024** | **-** | **-** | **9 480 024** |
| **Loans and credit facilities** | | | | |
| Financial institutions | 17 168 260 | 3 193 299 | 2 017 864 | 22 379 423 |
| Medium enterprises | 1 252 228 | 91 274 | 49 239 | 1 392 741 |
| Small and micro enterprises | 83 749 | 17 810 | 19 073 | 120 632 |
| Retail | 1 724 911 | 51 537 | 12 990 | 1 789 438 |
| | **20 229 148** | **3 353 920** | **2 099 166** | **25 682 234** |
| Expect credit loss provision | ( 82 533) | ( 550 264) | (1 577 793) | (2 210 590) |
| Interest in suspense | - | ( 73 637) | ( 333 773) | ( 407 410) |
| Interest under settlement | ( 513) | - | - | ( 513) |
| | **20 146 102** | **2 730 019** | **187 600** | **23 063 721** |

**A-5 The General model for measuring banking risks**

In addition to the four categories of credit rating indicated in note (A-1), the management makes more detailed groups in accordance with the Central Bank of Egypt requirements.assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, it's activity, financial position and payment schedules.

The bank calculates the provisions required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by Central Bank of Egypt. In case, the provision required for impairment losses as per Central Bank of Egypt regulations exceeds the provision required for financial statements preparation purposes according to the Egyptian Accounting Standards, this increase shall be debited from the retained earnings to and credited to the "general banking risk reserve" under the equity caption .this reserve is regularly adjusted with this increase and decrease, to equal the amount of increase in the two provisions. This reserve is not distributable.

Note (31-c) shows the "general banking risk reserve" movement during the financial year.

**Below is a statement of credit rating for firms as per internal valuation basis compared to Central Bank of Egypt valuation basis and the percentages of provisions required for impairment of assets exposed to credit risk.**

| CBE rating | Description | Required Provision % | Internal Rating | Internal Description |
|---|---|---|---|---|
| 1 | Low risk | 0 | 1 | Good debts |
| 2 | Moderate risks | 1 | 1 | Good debts |
| 3 | Satisfactory risks | 1 | 1 | Good debts |
| 4 | Appropriate risks | 2 | 1 | Good debts |
| 5 | Acceptable risks | 2 | 1 | Good debts |
| 6 | Marginally acceptable risks | 3 | 2 | Normal watch-list |
| 7 | Watch-list | 5 | 3 | Special watch-list |
| 8 | Substandard debts | 20 | 4 | Non-performing loans |
| 9 | Doubtful debts | 50 | 4 | Non-performing loans |
| 10 | Bad debts | 100 | 4 | Non-performing loans |

**A/6 Maximum limits for credit risk before collaterals**

| **Items exposed to credit risk** | **31 December 2021 EGP.000** | **31 December 2020 EGP.000** |
|---|---|---|
| Due from Central Bank of Egypt (Net) | 4 709 283 | 1 198 314 |
| Due from banks (Net) | 6 933 872 | 10 713 865 |
| Treasury bills and other governmental notes (Net) | 4 059 652 | 6 535 095 |
| Loans and facilities to customers | | |
| **A-Individuals loans:** | | |
| Overdraft | 164 969 | 340 194 |
| Credit cards | 29 842 | 25 778 |
| Personal loans | 1 594 627 | 842 816 |
| **B-Corporate loans including SMEs** | | |
| Overdraft | 11 721 050 | 8 516 353 |
| Direct loans | 3 929 702 | 4 084 983 |
| Syndicated loans | 8 242 044 | 6 506 920 |
| Provision for impairment loss | (2 210 590) | (2 174 394) |
| Interest in suspense | ( 407 410) | ( 370 864) |
| Interest under settlement | ( 513) | ( 3 565) |
| Debt instruments (Net) | | |
| At fair value through comprehensive income | 8 792 156 | 9 617 250 |
| At amortized cost | 5 275 016 | 4 137 062 |
| Other financial assets | 590 914 | 584 756 |
| | **53 424 614** | **50 554 563** |

| **Off balance sheet items exposed to credit risk:** | **31 December 2021 EGP.000** | **31 December 2020 EGP.000** |
|---|---|---|
| Letters of guarantee and financial guarantees | 7 825 962 | 6 499 438 |
| Letters of credits | 3 166 288 | 3 211 575 |
| **Total** | **10 992 250** | **9 711 013** |

The previous table represents the maximum limit of exposure without taking into consideration any financial guarantees. As for the balance sheet items, the listed amounts depend on the net book value presented in the balance sheet.

As illustrated in the previous table7.60 % of the maximum limit exposed to credit risk arises from treasury bills against 12.93% in previous year. 12.98 % due from banks against 21.19% in previous year. 43.17 % from loans and facility to customers against 35.15 % in previous year. 26.33 % investment of debt instruments against 27.21 % in previous year .

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 on the basis of the following:

86.74% of the loans and facilities portfolio is classified in the highest two categories of the internal assessment (against 84.81 % in previous year).

88.82% of the loans and facilities portfolio is neither past due nor impaired (against 88.99 % in previous year).

Loans and facilities individually impaired reach EGP 2 099 million (against EGP 2 237 million in previous year).

More than 78.37 % (against 86.14 % in previous year), of the investment in debt instruments represent treasury bills and bonds on the Egyptian Government .

**A/7 Loans and facilities**

Loans and facilities are summarized according to the credit worthiness as follows:

| **Loans and facilities** | **31 December 2021 EGP.000** | **31 December 2020 EGP.000** |
|---|---|---|
| Neither past due nor impaired | 22 812 087 | 18 079 790 |
| Past due not subject to impairment | 770 981 | 649 |
| Individually impaired | 2 099 166 | 2 236 605 |
| **Total** | **25 682 234** | **20 317 044** |
| Less | | |
| Provision for impairment loss | (2 210 590) | (2 174 394) |
| Interest in suspense | ( 407 410) | ( 370 864) |
| Interest under settlement | ( 513) | ( 3 565) |
| | **23 063 721** | **17 768 221** |

The total provision for impairment losses for loans and facilities at the end of the current fiscal period amounted to 2 210 590 thousand Egyptian pounds, compared to 2 174 394 thousand Egyptian pounds at the end of the comparison year. Of these, 1 577 793 thousand Egyptian pounds represents the provision for impairment losses for individual loans (stage 3) compared to1 754 817 thousand Egyptian pounds at the end of the comparison year, and the rest represents the provision for impairment losses component (stage 1 and 2) in the credit portfolio of 632 797 thousand Egyptian pounds.compared to 419 577 thousand Egyptian pounds at the end of the comparison year.

Disclosure no.(18) includes further information on the impairment losses provision of loans and facilities to customers.

**Loans and facilities to customers :**

**Loans and facilities neither past due nor impaired**

The credit quality of the loans and advances portfolio with no past dues nor impairment is assessed with reference to the internal assessment adopted by the bank .

| 31 December 2021 | Retail | | | Corporate | | | EGP.000 |
|---|---|---|---|---|---|---|---|
| Assessment | Overdraft | Credit Cards | Personal loans | Overdraft | Direct loans | Syndicated loans | Total |
| Performing | 115 438 | 28 808 | 1 582 239 | 7 871 812 | 2 744 599 | 6 096 484 | 18 439 380 |
| Regular watch-list | - | - | - | 1 121 127 | 161 799 | 1 758 876 | 3 041 801 |
| Special watch-list | 43 974 | 186 | 5 102 | 358 500 | 841 334 | 81 809 | 1 330 905 |
| | **159 412** | **28 994** | **1 587 341** | **9 351 439** | **3 747 732** | **7 937 169** | **22 812 086** |

Non-performing loans secured against collaterals in the form of cash and cash equivalent are not considered subject to impairment taking into consideration the collectibility of these collaterals.

| 31 December 2020 | Retail | | | Corporate | | | Total |
|---|---|---|---|---|---|---|---|
| Assessment | Overdraft | Credit Cards | Personal loans | Overdraft | Direct Loans | Syndicated Loans | EGP.000 |
| Performing | 255 191 | 25 426 | 840 495 | 6 237 064 | 3 130 431 | 5 237 382 | 15 725 989 |
| Regular watch-list | - | - | - | 225 711 | 8 529 | 1 269 306 | 1 503 546 |
| Special watch-list | 74 194 | - | - | - | 776 061 | - | 850 255 |
| | **329 385** | **25 426** | **840 495** | **6 462 775** | **3 915 021** | **6 506 688** | **18 079 790** |

**Past due not subject to impairment**

| 31 December 2021 | Retail | | | Corporate | | | EGP.000 |
|---|---|---|---|---|---|---|---|
| Assessment | Overdraft | Credit Cards | Personal loans | Overdraft | Direct loans | Syndicated loans | Total |
| Up to 30 days | - | - | - | 381 535 | 19 026 | 207 349 | 607 910 |
| More than 30 to 60 days | - | 701 | - | 48 187 | 8 092 | 5 449 | 62 429 |
| More than 60 to 90 days | - | - | - | 8 509 | 56 | 92 077 | 100 642 |
| | **-** | **701** | **-** | **438 231** | **27 174** | **304 875** | **770 981** |

| 31 December 2020 | Retail | | | Corporate | | | Total |
|---|---|---|---|---|---|---|---|
| Assessment | Overdraft | Credit Cards | Personal loans | Overdraft | Direct loans | Syndicated loans | EGP.000 |
| Up to 30 days | - | - | - | 12 | - | 34 | 46 |
| More than 30 to 60 days | - | 352 | - | 53 | - | 198 | 603 |
| | **-** | **352** | **-** | **65** | **-** | **232** | **649** |

**Loans and facilities individually impaired**

**Loans and facilities to customers**

The balance of loans & facilities which are subject to impairment on an individual basis, before taking into account the cash flow from collaterals, amounted to EGP 2 099 166 thousand ( EGP 2 236 605 thousand in previous year) .

Below is the analysis of the total value of loans and facilities subject to impairment on individual basis including fair value of collaterals obtained against these loans

| 31 December 2021 | Retail | | | Corporate | | Total |
|---|---|---|---|---|---|---|
| | Overdraft | Credit Cards | Personal Loans | Overdraft | Direct Loans | EGP.000 |
| Impaired loans | 5 557 | 147 | 7 286 | 1 931 380 | 154 796 | 2 099 166 |
| **The fair value of collaterals** | **-** | **-** | **-** | **45 374** | **3 637** | **49 011** |

| 31 December 2020 | Retail | | | Corporate | | Total |
|---|---|---|---|---|---|---|
| | Overdraft | Credit Cards | Personal Loans | Overdraft | Direct Loans | EGP.000 |
| Impaired loans | 10 809 | - | 2 322 | 2 053 518 | 169 956 | 2 236 605 |
| **The fair value of collaterals** | **-** | **-** | **-** | **53 388** | **4 419** | **57 806** |

**A-8 Debt instruments, treasury bills and other governmental**

The following table represents an analysis of debt instruments, treasury bills and other governmental notes (before deduction of any loss impairment) according to evaluation agencies at the end of the financial

| | Note | Evaluation | 31 December 2021 EGP 000 | 31 December 2020 EGP 000 |
|---|---|---|---|---|
| Treasury Bills | (17) | B | 4 059 652 | 6 541 122 |
| Treasury Bond at FVTOCI | (19) | B | 4 508 684 | 6 804 207 |
| Treasury Bond at amortized cost | (19) | B | 5 276 449 | 4 137 844 |
| **Total** | | | **13 844 785** | **17 483 173** |

**A-9 Acquisition of collateral**

During the current fiscal year, the bank has acquired certain guarantees as follows :

| Nature of asset | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Land and Building | 78 067 | 302 000 |

Assets acquired are classified under other assets in the balance sheet and sold whenever practicable

**A/10 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, Risks distributed on geographical segments in accordance with areas related to the bank

| | Cairo | Alex,Delta and Sinai | Upper Egypt | Other countries | EGP 000 Total |
|---|---|---|---|---|---|
| Due from Central Bank of Egypt | 4 710 049 | - | - | - | **4 710 049** |
| Treasury bills and other governmental notes | 4 058 316 | - | - | - | **4 058 316** |
| Due from banks | 5 717 143 | - | - | 1 216 749 | **6 933 892** |
| Loans and facilities to customers : | | | | | |
| **Individuals Loans** | | | | | |
| Overdraft | 113 741 | 42 448 | 8 780 | - | **164 969** |
| Credit cards | 23 041 | 6 033 | 768 | - | **29 842** |
| Personal loans | 934 784 | 536 851 | 122 992 | - | **1 594 627** |
| **Corporate Loans** | | | | | |
| Overdraft | 10 142 001 | 1 569 354 | 9 695 | - | **11 721 050** |
| Direct loans | 3 121 393 | 802 797 | 5 512 | - | **3 929 702** |
| Syndicated loans | 8 239 975 | 2 069 | - | - | **8 242 044** |
| **Financial investments** | | | | | |
| Debt instruments | 14 068 605 | - | - | - | **14 068 605** |
| Other assets | 579 280 | 10 256 | 1 378 | - | **590 914** |
| **Total at 31 December 2021** | **51 708 328** | **2 969 808** | **149 125** | **1 216 749** | **56 044 010** |
| **Total at 31 December 2020** | **48 201 356** | **2 636 447** | **92 443** | **2 180 564** | **53 110 810** |

**-Activities Segments**

The following table represents an analysis of the bank main credit exposure at book value, distributed according to the customers' business and activities.

| | Retail | Financial | Governmental | Manufactures | Real Estate | Service Sector | Commercial | Tourism | Others | Total EGP 000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Due from Central Bank of Egypt | - | - | 4 921 918 | - | - | - | - | - | - | 4 921 918 |
| Treasury bills and other governmental notes | - | - | 4 059 652 | - | - | - | - | - | - | 4 059 652 |
| Due from banks | - | 4 183 872 | 2 750 000 | - | - | - | - | - | - | 6 933 872 |
| **Loans and facilities to customers** | | | | | | | | | | |
| **Individuals Loans** | | | | | | | | | | |
| Overdraft | 164 969 | - | - | - | - | - | - | - | - | 164 969 |
| Credit cards | 29 842 | - | - | - | - | - | - | - | - | 29 842 |
| Personal loans | 1 594 627 | - | - | - | - | - | - | - | - | 1 594 627 |
| **Corporate Loans** | | | | | | | | | | |
| Over draft | - | 3 116 006 | - | 4 035 109 | 768 768 | 764 130 | 1 704 589 | 1 312 280 | 20 168 | 11 721 050 |
| Direct loans | - | 1 031 837 | - | 219 178 | 321 131 | 157 075 | 154 420 | 1 913 758 | 132 303 | 3 929 702 |
| Syndicated loans | - | 165 497 | - | 1 226 109 | 171 342 | 5 240 108 | - | 1 438 988 | - | 8 242 044 |
| **Financial investments :** | | | | | | | | | | |
| Debt instruments | - | - | 9 785 134 | - | - | 4 283 471 | - | - | - | 14 068 605 |
| Other assets | - | 63 275 | 436 177 | - | - | - | - | - | 91 462 | 590 914 |
| **Total at 31 December 2021** | **1 789 438** | **8 560 487** | **21 952 881** | **5 480 396** | **1 261 241** | **10 444 784** | **1 859 009** | **4 665 026** | **243 933** | **56 257 195** |
| **Total at 31 December 2020** | **1 208 788** | **10 705 057** | **21 804 024** | **4 496 535** | **1 017 809** | **4 964 678** | **2 292 807** | **6 633 577** | **194 757** | **53 318 032** |

**B- Market risk**

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

Bank risk division is responsible for managing the market risks arising from trading and non-trading activities of which monitored by two separate teams. Regular reports are submitted to the Board of Directors and each business unit head periodically.

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

**B-1 Market risk measurement techniques**

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

**Value at Risk**

The bank applies a 'value at risk' methodology (VAR) for trading and non-trading portfolios to estimate the market risk of positions held and the maximum expected losses based on a number of assumptions for various changes in market conditions. The Board of Directors sets limits for the value of risk that may be accepted by the bank for trading and non- trading portfolios separately and monitored on daily basis by the bank's management.

VAR is a statistical estimation of the expected losses on the current portfolio from adverse market movements in which it represents the 'maximum' amount the bank expect to lose using confidence level (98%). Therefore there is statistical probability of (2%) that actual losses could be greater than the VAR estimation. The VAR module assumes that the holding period is ten days before closing the opening position. It also assumes that market movements during the holding period will be the same as ten days before. The bank's assessment of past movements is based on data for the past five years. The bank applies these historical changes in rates prices indicators directly to its current positions - this approach called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.

The use of this approach does not prevent losses from exceeding these limits if there are significant market movements.

As VAR considered a primary part of the bank's market risk control technique, VAR limits are established by the Board of Directors annually for all trading and non-trading transactions and allocated to business units. Actual values exposed to market risk are compared to the limits established by the bank and reviewed by the bank risk division on daily basis.
The quality of the VAR model is continuously monitored through examining the VAR results for trading portfolio and results are reported to the top management and Board of Directors.

**Stress testing**

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, the bank computes on daily basis trading stress VAR, combined with trading normal VAR, to capture the abnormal movements in the financial markets and to give more comprehensive picture of risk .the results of the stress tests are reviewed by executive management and Board of Directors.

**Value Exposed to risk for trading portofolio according to type of risk:**

**EGP.000**

| Description | 12 month till end of December 2021 | | | 12 month till end of December 2020 | | |
|---|---|---|---|---|---|---|
| | Average | Highest | Lowest | Average | Highest | Lowest |
| Foreign exchange risk | 789 | 2 515 | 15 | 408 | 2 544 | 5 |
| Equity instrument risk | 9 664 | 11 331 | 7 753 | 8 970 | 11 494 | 6 514 |
| Matual funds | 2 536 | 2 760 | 2 373 | 2 698 | 2 990 | 2 514 |

The increase in value exposure to risk is related to the increase in rate of return in global market.
The above results for the value exposed to risk are calculated separately from said positions and historical cost for markets. The total value exposed to risk for trading and non-trading is not represent the value exposed to risk for the bank. This because the relation among kinds of portfolios and risks and different effect applied.

**B-2 Foreign exchange rates fluctuations risk**

The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows. The board of directors has set limits of foreign currencies in total value for each position at the end of the day and also intraday which are controlled on the spot. The following table summarizes the extent of the bank's exposure to fluctuations in exchange rates risk at the end of the fiscal period. The said table includes the book value of financial instruments broken down into its component currencies:

**The concentration of currency risk of financial instruments**

| **31 December 2021** | | | | | | **EGP.000** |
|---|---|---|---|---|---|---|
| **Financial assets** | **EGP** | **USD** | **EURO** | **GBP** | **Other Currencies** | **Total** |
| Cash and due from Central Bank of Egypt | 3 641 198 | 1 273 038 | 4 077 | 635 | 2 969 | 4 921 918 |
| Due from banks | 2 751 939 | 3 913 788 | 212 429 | 35 215 | 20 501 | 6 933 872 |
| Treasury bills and governmental notes | 2 421 372 | 755 418 | 882 862 | - | - | 4 059 652 |
| Loans and facilities to customers | 16 747 094 | 6 077 655 | 238 960 | 7 | 5 | 23 063 721 |
| **Financial Investments** | - | - | - | - | - | - |
| At fair value through comprehensive income (FVTOCI) | 8 936 873 | 543 151 | - | - | - | 9 480 024 |
| At amortized cost | 5 064 703 | 210 313 | - | - | - | 5 275 016 |
| At fair value through profit or loss (FVTPL) | 255 420 | 46 716 | - | - | - | 302 136 |
| Other financial assets | 828 785 | 12 853 | 555 | - | - | 842 194 |
| **Total financial assets** | **40 647 384** | **12 832 932** | **1 338 883** | **35 857** | **23 476** | **54 878 533** |
| **Financial liabilities** | | | | | | |
| Due to banks | 54 059 | 1 017 307 | 63 539 | 3 809 | 5 | 1 138 719 |
| Customers' deposits | 37 583 482 | 11 694 617 | 1 255 856 | 31 905 | 20 992 | 50 586 852 |
| Other loans | 424 351 | - | - | - | - | 424 351 |
| Other financial liabilities | 851 420 | 29 255 | 528 | 5 | 4 | 881 212 |
| **Total financial liabilities** | **38 913 312** | **12 741 179** | **1 319 923** | **35 719** | **21 001** | **53 031 135** |
| **Currency** | **1 734 073** | **91 753** | **18 960** | **138** | **2 475** | **1 847 398** |
| Other non- financial assets | 2 552 084 | 642 | - | - | - | 2 552 726 |
| Other non- financial liabilities and equity | 4 170 036 | 197 460 | 27 300 | 837 | 4 492 | 4 400 125 |
| **Net financial position** | **116 121** | **( 105 065)** | **( 8 340)** | **( 699)** | **( 2 015)** | **-** |

| **31 December 2020** | **EGP** | **USD** | **Euro** | **GBP** | **Other Currencies** | **Total** |
|---|---|---|---|---|---|---|
| **Total financial assets** | 39 128 196 | 11 662 042 | 1 095 850 | 57 578 | 11 436 | 51 955 102 |
| **Total financial liabilities** | 38 386 652 | 11 536 988 | 1 082 352 | 56 909 | 5 241 | 51 068 142 |
| Other non- financial assets | 2 383 622 | ( 10) | - | - | - | 2 383 612 |
| Other non- financial liabilities and equity | 3 270 582 | ( 10) | - | - | - | 3 270 572 |
| **Net financial position** | **( 145 416)** | **125 054** | **13 498** | **669** | **6 195** | **-** |

**B-3 Interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate reprising that may be undertaken which is monitored daily by bank risk

The table below summarizes the bank's exposure to interest rate risks. It includes the bank's financial instruments at carrying amounts categorized by the earlier of re-pricing or maturity dates:

| 31 December 2021 | Up to 1 month | More than 1 month up to 3 months | More than 3 months up to 1 year | More than 1 year up to 5 year | More than 5 years | Free Interest | EGP.000 Total |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Cash and due from Central Bank of Egypt | - | 1 238 647 | - | - | - | 3 684 382 | **4 923 029** |
| Due from banks | 6 923 179 | 15 762 | - | - | - | - | **6 938 941** |
| Treasury bills and other Governmental notes | 169 842 | 1 223 854 | 2 847 811 | - | - | - | **4 241 507** |
| Loans and facilities to customers | 14 907 331 | 5 711 993 | 2 208 264 | 1 189 338 | 596 083 | - | **24 613 009** |
| **Financial Investments** | | | | | | | |
| At fair value through comprehensive income | 400 578 | 2 515 230 | 1 649 392 | 6 507 606 | 748 343 | 679 893 | **12 501 042** |
| At amortized cost | 79 871 | 108 822 | 971 118 | 5 899 564 | 366 123 | - | **7 425 498** |
| At fair value through profit or loss | - | - | - | - | - | 302 136 | **302 136** |
| Other financial assets | - | - | - | - | - | 124 420 | **124 420** |
| **Total financial assets** | **22 480 801** | **10 814 308** | **7 676 585** | **13 596 508** | **1 710 549** | **4 790 831** | **61 069 582** |
| **Financial liabilities** | | | | | | | |
| Due to banks | 1 088 743 | - | - | - | - | - | **1 088 743** |
| Customers' deposits | 24 477 281 | 6 842 243 | 8 456 132 | 12 436 614 | - | - | **52 212 270** |
| Other loans | 2 062 | 17 280 | 51 448 | 535 903 | - | - | **606 693** |
| Other financial liabilities | - | - | 13 904 | 39 142 | - | - | **53 046** |
| **Total financial liabilities** | **25 568 086** | **6 859 522** | **8 521 484** | **13 011 659** | **-** | **-** | **53 960 752** |
| **The interest re-pricing gap** | **(3 087 286)** | **3 954 786** | **( 844 899)** | **584 849** | **1 710 549** | **4 790 831** | **7 108 830** |
| | | | | | | | |
| **31 December 2020** | | | | | | | |
| **Total financial assets** | 20 964 731 | 8 414 051 | 10 773 173 | 12 960 383 | 3 099 456 | 1 529 843 | **57 741 637** |
| **Total financial liabilities** | 21 277 965 | 7 730 116 | 7 900 512 | 10 543 669 | - | 3 979 909 | **51 432 168** |
| **Re-pricing gab** | **( 313 233)** | **683 935** | **2 872 661** | **2 416 714** | **3 099 456** | **(2 450 066)** | **6 309 467** |

**C- Liquidity risk**

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

**Liquidity risk management process**

The bank's liquidity management process carried out by the bank risk division includes:

- Daily funding managed by monitoring future cash flows to ensure that all obligations can be met when due. This includes availability of liquidity as they due or to be borrowed to customers. the bank maintains an active presence in global money markets to ensure that the bank met its objective.
- The bank maintains a portfolio of highly marketable and diverse assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.
- Monitoring liquidity ratios compared to the internal requirements and Central Bank of Egypt requirements.
- Managing loans concentration and maturities.
- The main period for liquidity management is the next day, week and month. The bank calculates the expected cash flow for those periods for monitoring and reporting purposes. The starting point to calculate these expectations is analyzing the financial liabilities contractual dues and expected collections dates for the financial assets .

Assets and liabilities department monitors the mismatch between medium term assets, the level and nature of unused loans limits, overdraft utilizations, and the effect of contingent liabilities such as letters of guarantees and letters of credit.

**Funding approach**

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

**D- Fair value of financial assets and liabilities**

**D-1 Financial instruments measured at fair value**

The carrying amount of financial assets held for trading represents by fair value according to announced prices as at financial statements date. Changes in fair value of those assets are recognized in income statement included in net income from trading. Also the carrying amount of quoted financial assets that classified as FVOCI represents by fair value according to announced prices as at financial statements date . Changes in fair value of those assets are recognized in the statement of comprehensive income. Regarding unquoted financial assets or in case of no active market the valuation technique used (Discounted Cash Flow, Multiples Method). Changes in fair value of those assets are recognized in the statement of other comprehensive income.

**D-2 financial instruments not measured at fair value**

**Due from banks**

All Due from Banks are current balances with maturity of less than one year

**Loans and facilities to customers**

Loans and facilities to customers is presented less provisions for Impairment losses

**Investment by amortised cost**

Including governmental debt instrument listed in market therefore fair value can be determined according to market price.

**Due to banks**

All Due to Banks are current balances with maturity of less than one year

**Customer deposits**

Represent deposits with unspecified maturityies which include non-interest bearing deposits

**E -Capital management**

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

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

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

**Central Bank of Egypt requires the following from the bank:**

- Maintaining a minimum amount of 5 billion pounds for the issued and paid up capital. The paid-up capital to the bank at the end of the current fiscal period amounted to 2.2 billion Egyptian pounds. In the light of compliance to this requirement and according to reconciliation plan the increase of EGP 704 326 thousand of paid capital has been proved in commercial registry dated 03 February 2022. the paid capital became EGP 2 904 326 thousand .

- Maintaining a minimum capital adequacy ratio of 10%, calculated on the basis of the ratio between the sum of the capital elements and the sum of the elements of the assets and contingent liabilities weighted by the risk weights - the prudential pillar, and the minimum capital adequacy criterion is 12.5% .

**The numerator in capital adequacy comprises the following 2 tiers:**

- **Tier 1**: basic capital which comprises paid-up capital (net of treasury stock), plus: retained earnings and reserves resulting from profit appropriations (other than general reserve for banking risks & special reserve), less: any goodwill previously recognized and any carried forward losses, plus: the carrying amount of other comprehensive income.
- **Tier 2**: subordinated capital which comprises with equivalent amount of the loans provision for debt instrument / Loans and credit facilities at stage 1 which does not exceed 1.25% from the total risk-weighted average of assets and contingent liabilities, plus: the carrying amount of subordinated loans/deposits maturing over more than 5 years (provided that such carrying amount shall be reduced by 20 % of its value in each of the last five years of their maturity),in calculating number of the capital adequacy ratio, total value of tier 2 should not exceed total value of tier 1. also,total value of subordinated loan (deposits) should not exceed 50% of tier 1 .

Assets are risk weighted at a range of 0 to 200%. Risk classification of these assets is based on the type of the debtor as to reflect the associated credit risk and after consideration of cash collaterals. The same treatment is applied for the off-balance sheet items which shall be adjusted to reflect the contingent nature of and potential loss on these amounts.

Capital adequacy Standard had been prepared based on Basel II requirements, and Central Bank of Egypt Board of Directors had approved in its meeting held on December 18, 2012, in accordance with the instructions of the Central Bank of Egypt for the capital adequacy ratio (Basel II)

The tables below summarizes the compositions of Tier 1, Tier 2 and the capital adequacy ratio based on Basel II:

| Capital Adequacy Ratio | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 * |
|---|---|---|
| **Tier one (basic and additional capital)** | | |
| Share Capital earnings | 2 904 326 | 2 904 326 |
| Reserves | 185 972 | 185 973 |
| General risk reserve | 38 851 | 38 851 |
| Retained earnings | 584 670 | 565 074 |
| Net profit from period | 604 675 | - |
| Subordinate deposit difference | - | 2 377 |
| Total exclusions from basic and supplementary capital | ( 89 401) | ( 51 576) |
| **Total Tier one after exclusions** | **4 229 093** | **3 645 024** |
| **Tier two (Supplementary capital)** | | |
| 45% Balance of special reserve | 20 321 | 20 321 |
| supportive deposits | 255 001 | 337 623 |
| Total provision for impairment losses on contingent liabilities | 87 265 | 72 596 |
| **Deductions from tier two** | **362 587** | **430 540** |
| **Total capital** | **4 591 680** | **4 075 565** |
| **Risk weighted assets and contingent liabilities** | | |
| Credit risk | 31 245 298 | 27 612 691 |
| Market risk | 542 276 | 621 324 |
| Operational risk | 2 784 094 | 2 495 006 |
| **Total risk weighted assets and contingent liabilities** | **34 571 668** | **30 729 021** |
| **Capital adequacy ratio** | **13.28%** | **13.26%** |

* After AGM approval.

## Leverage financial ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on 7 July 2015 on special supervisory instructions related to leverage ratio which maintaining aminimum level of leverage ratio of 3% to be reported in quarterly basis to be obligatory ratio started from year 2018.

This ratio will be included in Basel requirement Tier1 in order to maintain Egyptian Banking system strong and safe, as long to keep up with best international regulatory treatments.

Leverage financial ratio reflect relationship between Tier 1 for capital that is used in capital adequacy ratio (after exclusions) and other assets (on balance sheet and off-balance sheet) that are not risk weighted assets.

Ratio Elements
I- The numerator elements
The numerator consists of Tier 1 for capital that is used in capital adequacy ratio (after exclusions) in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE).

II- The denominator elements
The denominator consists of all bank assets (on balance sheet and off-balance sheet) according to financial statements called "Bank exposures" which include total the following:
On balance sheet exposure items after deducting some of Tier I Exclusions for capital base.

Derivatives contracts exposures.

Financing Financial papers operations exposures.

Off-balance sheet items (weighted by credit conversion factor).

| Leverage financial ratio | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| **Trer 1 Capital after exclusions** | **4 229 093** | **3 645 024** |
| Total exposures on balance sheet | 57 348 008 | 52 056 444 |
| Total exposures off- balance sheet | 5 709 734 | 5 222 140 |
| **Total exposures on balance sheet and off- balance sheet** | **63 057 742** | **57 278 584** |
| Leverage financial ratio | **6.71%** | **6.36%** |

**4-Significant accounting estimates and assumptions**

In the application of the bank's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future years if the revision affects both current and future years.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**A) Impairment of Loans and credit facilities (Expected Credit Loss)**

The Bank reviews its Loans and credit facilities portfolio, at least, on a quarterly basis. Management uses its discretionary judgment in determining whether it is necessary to recognize impairment loss in the income statement. This requires it to identify any reliable evidence indicating measurable decline in the expected future cash flows from loan portfolio before identifying any decline for each individual loan.this evidence includes data indicating negative change in the ability of a portfolio of borrowers to repay the bank, or local and economic circumstances related to default. On scheduling future cash flows, the management use estimates based on previous experience related to impairment of assets having similar credit risks. Such experience refers to impairment similar to that of the portfolio in question. The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on management given experience.

**B) Debit instruments with amortized cost**

Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity. This classification requires high degree of judgment; in return the bank tests the intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity except for certain circumstances like selling an insignificant amount of held-to-maturity investments near to maturity date, then all held to maturity investment portfolio should be reclassified as available for sale which will be measured at fair value instead of amortized cost. In addition the bank should suspend classifying investments as held to maturity caption.

**C) Income Tax**

The Bank is subject to income taxes in several tax departments which require the use of a significant estimate to determine the total provision of the income taxes. There are some accounts and operations that are difficult to comprehensively determine the final tax on them. the Bank records obligations derived from the expected results of tax inspection based on estimates of the emergence probability of additional taxes. When there is a variance between the final taxes' result and the amounts previously recorded, these variances will affect the income tax and the deferred tax provision for the year in which the variance is identified

## 5 - Geographical segment analysis

**Income and expenses to geographical segment**

| For the period ended 31 December 2021 | Great Cairo | Alex. ,Delta & Sinai | Upper Egypt | EGP.000 Total |
|---|---|---|---|---|
| Geographical segment income | 1 764 696 | 348 498 | 29 028 | 2 142 222 |
| Geographical segment expense | ( 968 511) | ( 103 975) | ( 20 014) | (1 092 500) |
| **Net profit before tax** | **796 185** | **244 523** | **9 014** | **1 049 722** |
| Income tax | ( 388 001) | ( 55 018) | ( 2 028) | ( 445 047) |
| **Net profit** | **408 184** | **189 505** | **6 986** | **604 675** |

| For the period ended 31 December 2020 | Great Cairo | Alex. ,Delta & Sinai | Upper Egypt | Total |
|---|---|---|---|---|
| Geographical segment income | 1 901 813 | 253 199 | 21 763 | 2 176 775 |
| Geographical segment expense | (1 031 632) | ( 96 814) | ( 16 865) | (1 145 311) |
| **Net profit before tax** | **870 181** | **156 385** | **4 898** | **1 031 464** |
| **Income tax** | ( 393 511) | ( 35 187) | ( 1 102) | ( 429 800) |
| **Net profit** | **476 670** | **121 198** | **3 796** | **601 664** |

**Assets and liabilities to geographical segment**

| 31 December 2021 | Great Cairo | Alex. ,Delta & Sinai | Upper Egypt | Total |
|---|---|---|---|---|
| Geographical segment assets | 54 050 616 | 3 163 445 | 217 198 | 57 431 259 |
| **Total of assets** | **54 050 616** | **3 163 445** | **217 198** | **57 431 259** |
| Geographical segment liabilities | 42 814 912 | 9 061 839 | 1 154 384 | 53 031 135 |
| **Total of liabilities** | **42 814 912** | **9 061 839** | **1 154 384** | **53 031 135** |

**Assets and liabilities to geographical segment**

| 31 December 2020 | Great Cairo | Alex. ,Delta & Sinai | Upper Egypt | Total |
|---|---|---|---|---|
| Geographical segment assets | 51 320 252 | 2 837 438 | 162 163 | 54 319 853 |
| **Total of assets** | **51 320 252** | **2 837 438** | **162 163** | **54 319 853** |
| Geographical segment liabilities | 41 900 938 | 8 000 889 | 550 150 | 50 451 977 |
| **Total of liabilities** | **41 900 938** | **8 000 889** | **550 150** | **50 451 977** |

| | From 1 January 2021 To 31 December 2021 | From 1 January 2020 To 31 December 2020 |
|---|---|---|
| **6 - Net Interest Income** | | |
| **Interest from loans and similar income** | **EGP.000** | **EGP.000** |
| Loans and facilities to Customers | 1 816 508 | 1 573 357 |
| Treasury bills | 407 644 | 939 526 |
| Bonds: | | |
| Governmental bonds | 1 577 534 | 1 423 509 |
| Other bonds | 353 124 | 66 813 |
| Deposits and current accounts with banks | 128 162 | 284 781 |
| | **4 282 972** | **4 287 986** |
| **Cost of deposits and similar expenses** | | |
| Current accounts and deposits : | | |
| Customers | (2 563 332) | (2 565 091) |
| Banks | ( 119 933) | ( 92 519) |
| Other | ( 75 357) | ( 77 354) |
| | **(2 758 622)** | **(2 734 964)** |
| | **1 524 350** | **1 553 022** |

| **7 - Net Fees and Commissions Income** | From 1 January 2021 To 31 December 2021 EGP.000 | From 1 January 2020 To 31 December 2020 EGP.000 |
|---|---|---|
| Credit fees and commissions | 38 258 | 25 673 |
| Trade finance fees and commissions | 173 459 | 154 468 |
| Custody fees | 2 591 | 2 247 |
| Other fees | 5 090 | 11 824 |
| | **219 398** | **194 212** |

| **8 – Dividends Income** | From 1 January 2021 To 31 December 2021 EGP.000 | From 1 January 2020 To 31 December 2020 EGP.000 |
|---|---|---|
| Equity instrument at FVTPL | 200 | 2 656 |
| Equity instrument at FVTOCI | 10 559 | 9 113 |
| | **10 759** | **11 769** |

| **9 - Net Trading Income** | From 1 January 2021 To 31 December 2021 EGP.000 | From 1 January 2020 To 31 December 2020 EGP.000 |
|---|---|---|
| Gains from dealing in foreign currencies | 70 963 | 86 539 |
| Translation differences of financial investment at FVTPL | 65 551 | 46 235 |
| | **136 514** | **132 774** |

| 10 - Administrative Expenses | From 1 January 2021 To 31 December 2021 | From 1 January 2020 To 31 December 2020 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Wages and salaries | 494 545 | 445 196 |
| Social Insurance | 163 231 | 149 058 |
| Other administrative expenses | 403 560 | 360 114 |
| | **1 061 336** | **954 368** |

| 11- Other operating income (expense) | From 1 January 2021 To 31 December 2021 | From 1 January 2020 To 31 December 2020 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Gain on sale of property, plant and equipment | ( 14 002) | 7 840 |
| Other income / (expenses) | 96 413 | 26 283 |
| Release (charge) of other provisions | ( 2 714) | 36 717 |
| | **79 697** | **70 840** |

| 12 - Income tax expense | From 1 January 2021 To 31 December 2021 | From 1 January 2020 To 31 December 2020 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Current taxes | ( 410 320) | ( 424 701) |
| Deferred taxes (note 29) | ( 34 727) | ( 5 099) |
| | **( 445 047)** | **( 429 800)** |

Note (29) includs additional information about differed income tax

| Adjustments to calculate the effective tax rate | From 1 January 2021 To 31 December 2021 | From 1 January 2020 To 31 December 2020 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Profit before income tax | 1 049 722 | 1 031 464 |
| Tax rate | 22.50% | 22.50% |
| **Income tax calculated based on accounting profit** | **236 188** | 232 079 |
| **Add /(deduct)** | | |
| Non-deductible expenses | 112 527 | 68 489 |
| Tax exemptions | ( 115 237) | ( 66 652) |
| Provisions impact | ( 15 163) | ( 5 616) |
| Tax pool | 164 926 | 186 989 |
| Tax on profit from selling Treasury bonds | 2 298 | - |
| Others | 59 509 | 14 511 |
| **Income tax expenses** | **445 047** | **429 800** |
| **Effective tax rate** | **42.40%** | **41.67%** |

| 13 - Charge of impairment credit losses | From 1 January 2021 To 31 December 2021 EGP.000 | From 1 January 2020 To 31 December 2020 EGP.000 |
|---|---|---|
| Loans and advances to customers | ( 36 917) | ( 188 713) |
| Due from Central Bank of Egypt | 182 | 496 |
| Due from banks | 425 | 55 |
| Treasury bills | 5 798 | ( 3 874) |
| Debt instruments at amortized cost | ( 652) | 1 093 |
| | **( 31 164)** | **( 190 942)** |

| 14 - Earnings per share | From 1 January 2021 To 31 December 2021 EGP.000 | From 1 January 2020 To 31 December 2020 EGP.000 |
|---|---|---|
| Net profit | 604 675 | 601 664 |
| Staff profit share | ( 44 808) | ( 43 197) |
| Board members' bonus* | ( 13 500) | ( 13 000) |
| Profit available | 546 367 | 545 467 |
| Weighted average for outstanding shares (thousand) | 220 000 | 220 000 |
| Earnings per share (EGP/share) ** | **2.48** | **2.48** |

*According to proposed dividends distribution and subject to the approval AGM.

**No. of shares adjusted in comparative year according to the accounting standard.

| 15- Cash and Due from Central Bank of Egypt | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Cash | 212 635 | 213 864 |
| Due from CBE mandatory reserve | 4 710 049 | 1 199 264 |
| Less: Allowance for impairment losses | ( 767) | ( 950) |
| | **4 921 918** | 1 412 178 |
| Non-interest bearing balances | 3 684 382 | 432 311 |
| Fixed interest bearing balances | 1 238 303 | 980 817 |
| Less: Allowance for impairment losses | ( 767) | ( 950) |
| | **4 921 918** | 1 412 178 |

**Movement of allowance for impairment losses for due from Central Bank of Egypt**

| | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Opening balance | 950 | 1 806 |
| Charge (release) of impairment credit loss | ( 182) | ( 496) |
| Transfers | - | ( 351) |
| Foreign exchanges revaluation differences | ( 1) | ( 9) |
| | **767** | 950 |

| 16 - Due from banks | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Current accounts | 95 848 | 430 423 |
| Deposits | 6 838 044 | 10 283 888 |
| Less: Allowance for impairment losses | ( 20) | ( 446) |
| | **6 933 872** | 10 713 865 |
| Due from CBE other than those under the mandatory reserve | 2 750 000 | 2 450 000 |
| Local banks | 2 967 144 | 6 083 747 |
| Foreign banks | 1 216 749 | 2 180 564 |
| Less: Allowance for impairment losses | ( 20) | ( 446) |
| | **6 933 873** | 10 713 865 |
| Non-interest bearing balances | 95 848 | 430 423 |
| Fixed balances at floating interest bearing | 6 838 044 | 10 283 888 |
| Less: Allowance for impairment losses | ( 20) | ( 446) |
| | **6 933 872** | 10 713 865 |
| Current balances | **6 933 872** | 10 713 865 |

| Movement of allowance for impairment losses for due from banks | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Opening balance | 446 | 653 |
| Charge (release) of impairment loss | ( 425) | ( 55) |
| Transfers | - | ( 144) |
| Foreign exchanges revaluation differences | ( 1) | ( 8) |
| | **20** | **446** |

| 17 - Treasury bills and other governmental notes | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | EGP.000 | EGP.000 |
| **Treasury bills** | | |
| Maturity 91 days | 1 000 150 | 44 275 |
| Maturity 182 days | 18 725 | 19 900 |
| Maturity 273 days | 532 375 | 1 004 750 |
| More the 364 day maturity | 2 690 257 | 5 810 786 |
| **Total** | **4 241 507** | **6 879 711** |
| **Less :** | - | - |
| Unearned interest less than 91 days | ( 19 045) | ( 1 315) |
| Unearned interest more than 91 days | ( 164 145) | ( 337 274) |
| Allowance for impairment losses | - | ( 6 027) |
| | **4 058 317** | **6 535 095** |
| **Revaluation** | 1 336 | - |
| **Total** | **4 059 652** | **6 535 095** |

| Movement of allowance for impairment losses for treasury bills and other governmental notes | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Opening balance | 6 027 | 3 694 |
| Charge (release) of impairment loss | ( 5 798) | 3 874 |
| Transfers | - | ( 1 748) |
| Foreign exchanges revaluation differences | ( 229) | 207 |
| | **-** | **6 027** |

| 18 - Loans and facilities to customers | 31 December 2021 | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| | Total | Provision | Net | Total | Provision | Net |
| | EGP.000 | EGP.000 | EGP.000 | EGP.000 | EGP.000 | EGP.000 |
| **Retail** | | | | | | |
| Overdraft | 164 969 | ( 17 614) | 147 355 | 340 194 | ( 36 528) | 303 666 |
| Credit cards | 29 842 | ( 7 088) | 22 754 | 25 778 | ( 7 257) | 18 521 |
| Personal loans | 1 594 627 | ( 64 995) | 1 529 632 | 842 816 | ( 32 430) | 810 386 |
| **Total (1)** | **1 789 438** | **( 89 697)** | **1 699 741** | **1 208 788** | **( 76 215)** | **1 132 573** |
| **Corporate including SMEs** | - | - | - | - | - | - |
| Overdraft | 11 721 050 | (1 800 768) | 9 920 282 | 8 516 353 | (1 869 158) | 6 647 195 |
| Direct loans | 3 929 702 | ( 228 275) | 3 701 427 | 4 084 983 | ( 207 480) | 3 877 503 |
| Syndicated loans | 8 242 044 | ( 91 849) | 8 150 195 | 6 506 920 | ( 21 541) | 6 485 379 |
| **Total (2)** | **23 892 796** | **(2 120 892)** | **21 771 904** | **19 108 256** | **(2 098 179)** | **17 010 077** |
| **Total loans and facilities to customers (1+2)** | **25 682 234** | **(2 210 589)** | **23 471 645** | **20 317 044** | **(2 174 394)** | **18 142 650** |
| **Less:** | | | - | | | - |
| Interest in suspense | | | ( 407 410) | | | ( 370 864) |
| Interest under settlement | | | ( 513) | | | ( 3 565) |
| | | | **23 063 722** | | | **17 768 221** |
| | | | | | | - |
| Current balances | | | 14 379 662 | | | 6 289 123 |
| Non-current balances | | | 8 684 060 | | | 11 479 098 |
| | | | **23 063 722** | | | **17 768 221** |

**Allowance of impairment losses**

Analysis of the movement of the impairment loss provision for loans and facilities to customers :

| 31 December 2021 | Retail Overdraft EGP.000 | Retail Credit Cards EGP.000 | Retail Personal Loans EGP.000 | Total EGP.000 |
|---|---|---|---|---|
| Opening balance | 36 528 | 7 257 | 32 430 | 76 215 |
| Impairment Charge | ( 18 914) | ( 169) | 32 588 | 13 505 |
| Used | - | - | ( 23) | ( 23) |
| | **17 614** | **7 088** | **64 995** | **89 697** |

| | Corporate Overdraft EGP.000 | Corporate Direct Loans EGP.000 | Corporate Syndicated Loans EGP.000 | Total EGP.000 |
|---|---|---|---|---|
| Opening balance | 1 869 158 | 207 480 | 21 541 | 2 098 179 |
| Impairment Charge | ( 67 836) | 20 925 | 70 323 | 23 412 |
| Used | ( 72 825) | - | - | ( 72 825) |
| Proceeds from previously written off debts | 73 300 | - | - | 73 300 |
| Foreign exchange translation differences | ( 1 028) | ( 130) | ( 15) | ( 1 173) |
| | **1 800 769** | **228 275** | **91 849** | **2 120 893** |
| | | | | **2 210 590** |

| 31 December 2020 | Retail Overdraft EGP.000 | Retail Credit Cards EGP.000 | Retail Personal Loans EGP.000 | Total EGP.000 |
|---|---|---|---|---|
| Opening balance | 38 174 | 4 407 | 8 670 | 51 251 |
| Impairment Charge | ( 11 189) | 1 887 | 30 507 | 21 205 |
| Used | 9 543 | 963 | ( 6 747) | 3 759 |
| | **36 528** | **7 257** | **32 430** | **76 215** |

| | Corporate Overdraft EGP.000 | Corporate Direct Loans EGP.000 | Corporate Syndicated Loans EGP.000 | EGP.000 | Total EGP.000 |
|---|---|---|---|---|---|
| Opening balance | 25 266 | 105 965 | 15 377 | 2 481 015 | **2 627 623** |
| Charge (release) of impairment loss | 606 691 | ( 300 036) | 9 325 | ( 148 472) | **167 508** |
| Used | ( 642 652) | ( 25 262) | ( 321) | ( 8 190) | **( 676 425)** |
| Proceeds from previously written off debts | 5 510 | - | - | 357 | **5 867** |
| Transfers | 1 875 211 | 433 187 | ( 2 800) | (2 297 032) | **8 566** |
| Foreign exchange translation differences | ( 868) | ( 6 374) | ( 40) | ( 27 678) | **( 34 960)** |
| | **1 869 158** | **207 480** | **21 541** | **-** | **2 098 179** |
| | | | | | **2 174 394** |

**19 –Financial investments**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **At FVTOCI** | **EGP.000** | **EGP.000** |
| **a) Debt instruments at FVTOCI** | | |
| Listed in the market* | 8 792 156 | 9 617 250 |
| | **8 792 156** | **9 617 250** |
| **b) Equity instruments at FVTOCI** | - | - |
| Listed in the market* | 3 123 | 3 123 |
| Unlisted in the market** | 638 885 | 573 148 |
| | **642 008** | **576 271** |
| **c) Mutual funds** | - | - |
| Unlisted in the market ** | 45 860 | 30 820 |
| | **45 860** | **30 820** |
| **Total financial investments at FVTOCI (1)** | **9 480 024** | **10 224 341** |
| **At Amortized Cost** | | |
| **a) Debt instruments** | | |
| Listed in the market | 5 276 449 | 4 137 844 |
| Less: Allowance for impairment losses | ( 1 433) | ( 782) |
| **Total financial investments at Amortized Cost (2)** | **5 275 016** | **4 137 062** |
| **At FVTPL** | | |
| **a) Equity instruments at FVTPL** | | |
| Listed in the market | 185 903 | 254 680 |
| | **185 903** | **254 680** |
| **b) Mutual funds** | | |
| Non-listed in the market | 116 233 | 103 797 |
| | **116 233** | **103 797** |
| **Total financial investments at FVTPL (3)** | **302 136** | **358 477** |
| **Total Financial investments (1+2+3)** | **15 057 176** | **14 719 880** |
| Current balances | 8 981 183 | 9 875 053 |
| Not-current balances | 6 075 993 | 4 844 827 |
| **Total Financial investments** | **15 057 176** | **14 719 880** |
| Fixed interest debt instruments | 11 007 638 | 13 091 340 |
| Floating interest debt instruments | 3 059 534 | 663 754 |

*Including governmental debt instrument of EGP 4 508 684 ( EGP 6 804 207 in previous year) and securitized bonds and sukuk of EGP 4 289 472 ( EGP 2 798 538 in previous year).

**Includes seed capital in mutual funds established by the bank (note38)

| **Summary of the financial investment movement** | **At FTVOCI** | **At Amortized Cost** | **Total** |
|---|---|---|---|
| **31 December 2021** | **EGP.000** | **EGP.000** | **EGP.000** |
| **Opening balance** | **10 224 341** | **4 137 062** | **14 361 403** |
| Addition | **11 161 301** | **1 709 866** | **12 871 166** |
| Disposal maturity (redemption) | **(11 829 383)** | **( 553 354)** | **(12 382 737)** |
| Foreign exchange translation differences | **( 1 100)** | **( 186)** | **( 1 286)** |
| Net change in fair value reserve | **( 37 668)** | **-** | **( 37 668)** |
| Discount (premium) amortization | **( 37 466)** | **( 17 720)** | **( 55 186)** |
| Release /(charge) Allowance for impairment losses | **-** | **( 652)** | **( 652)** |
| | **9 480 024** | **5 275 016** | **14 755 040** |
| **31 December 2020** | | | |
| **Opening balance** | **5 048 727** | **4 980 742** | **10 029 469** |
| Addition | **16 115 218** | **278 499** | **16 393 717** |
| Disposal maturity (redemption) | **(11 184 693)** | **(1 101 512)** | **(12 286 205)** |
| Foreign exchange translation differences | **12 665** | **( 3 921)** | **8 744** |
| Net change in fair value reserve | **261 762** | **-** | **261 762** |
| Discount (premium) amortization | **( 29 338)** | **( 18 359)** | **( 47 697)** |
| Release /(charge) Allowance for impairment losses | **-** | **1 613** | **1 613** |
| | **10 224 341** | **4 137 062** | **14 361 403** |

| **Gain on Financial Investments** | **From 1 January 2021 To 31 December 2021 EGP.000** | **From 1 January 2020 To 31 December 2020 EGP.000** |
|---|---|---|
| Gain on sale of associate | **-** | 25 735 |
| Gain on sale of debt instrument and treasury bills | **101 947** | 158 832 |
| Release (charge) of impairment losses of associate | **10 598** | 4 771 |
| | **112 545** | **189 338** |

**Movement of allowance for impairment losses for Investments at Amortized Cost**

| | **31 December 2021 EGP.000** | **31 December 2020 EGP.000** |
|---|---|---|
| Opening balance | 782 | 2 396 |
| Charge (release) of impairment loss | 652 | ( 1 093) |
| Transfers | - | ( 501) |
| Foreign exchanges revaluation differences | ( 1) | ( 20) |
| | **1 433** | **782** |

## 20-Financial investments in associates

**EGP.000**

| | % | 31 December 2020 | Share of profit in associates in income statement | Comprehensive Income | Disposal | 31 December 2021 |
|---|---|---|---|---|---|---|
| Suez Canal for commercial and agricultural development | 8.13% | 9 690 | - | - | ( 9 690) | - |
| Al Maadi for touristic investments and entertainment | 29.69% | 10 020 | ( 92) | - | - | 9 928 |
| Credit guarantee company | 9.09% | 48 862 | 55 072 | - | - | 103 934 |
| Orientals for industrial projects | 11.83% | 8 762 | 1 796 | - | - | 10 558 |
| Elshorouk for markets and shops | 66.78% | 62 047 | 2 183 | ( 122) | ( 23 909) | 40 199 |
| | | **139 381** | **58 959** | **( 122)** | **( 33 599)** | **164 619** |
| Allowance for impairment losses | | **( 10 598)** | | | | **-** |
| | | **128 783** | | | | **164 619** |

| 21 – Intangible assets | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Opening balance | 65 530 | 57 394 |
| Additions | 41 922 | 8 136 |
| **Total cost** | **107 452** | **65 530** |
| Accumulated amortization | ( 34 570) | ( 26 260) |
| Amortization expenses | ( 15 843) | ( 8 310) |
| **Accumulated amortization** | **( 50 413)** | **( 34 570)** |
| | **57 039** | **30 960** |

| 22 – Other assets | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Accrued revenues | 590 914 | 584 756 |
| Prepaid expenses | 37 728 | 32 681 |
| Advance payment for acquisition of property, plant and equipment | 911 394 | 757 673 |
| Asset reverted to the bank in settlement of debts | 679 554 | 750 059 |
| Insurance and custody | 3 942 | 7 486 |
| Others | 82 719 | 148 180 |
| | **2 306 251** | **2 280 835** |

**23 – Property, plant and equipment**

| | Lands | Buildings and construction | Integrated automated systems | Vehicles | Machinery & Equipment | Fixtures & fitting | Furniture | Total |
|---|---|---|---|---|---|---|---|---|
| | EGP.000 | EGP.000 | EGP.000 | EGP.000 | EGP.000 | EGP.000 | EGP.000 | EGP.000 |
| Cost | 88 934 | 467 902 | 108 021 | 19 765 | 100 597 | 149 139 | 47 416 | 981 774 |
| Accumulated depreciation | - | ( 83 497) | ( 61 017) | ( 12 335) | ( 31 185) | ( 71 018) | ( 15 393) | ( 274 445) |
| **Net book value as at 1 January 2020** | **88 934** | **384 405** | **47 004** | **7 430** | **69 412** | **78 121** | **32 023** | **707 329** |
| Additions | - | 76 670 | 7 666 | 2 210 | 23 249 | 31 109 | 7 265 | 148 169 |
| Disposals | - | ( 5 198) | - | ( 1 233) | - | ( 34) | - | ( 6 465) |
| Depreciation | - | ( 12 799) | ( 13 971) | ( 2 740) | ( 12 618) | ( 7 863) | ( 3 851) | ( 53 842) |
| Accumulated depreciation of disposals | - | 1 220 | - | 1 233 | - | 34 | - | 2 487 |
| **Net book value as at 31 December 2020** | **88 934** | **444 298** | **40 699** | **6 900** | **80 043** | **101 367** | **35 437** | **797 678** |
| Cost | 88 934 | 539 374 | 115 687 | 20 742 | 123 846 | 180 214 | 54 681 | 1 123 478 |
| Accumulated depreciation | - | ( 95 076) | ( 74 988) | ( 13 842) | ( 43 803) | ( 78 847) | ( 19 244) | ( 325 800) |
| **Net book value as at 31 December 2020** | **88 934** | **444 298** | **40 699** | **6 900** | **80 043** | **101 367** | **35 437** | **797 678** |
| Additions | - | 46 159 | 55 507 | - | 15 222 | 17 543 | 1 448 | 135 879 |
| Disposals | - | - | - | ( 365) | - | - | - | ( 365) |
| Depreciation | - | ( 15 750) | ( 18 229) | ( 2 877) | ( 14 861) | ( 10 294) | ( 4 536) | ( 66 546) |
| Accumulated depreciation of disposals | - | - | - | 365 | - | - | - | 365 |
| **Net book value as at 31 December 2021** | **88 934** | **474 707** | **77 977** | **4 023** | **80 404** | **108 616** | **32 349** | **867 011** |
| Cost | 88 934 | 585 533 | 171 194 | 20 377 | 139 068 | 197 757 | 56 129 | 1 258 991 |
| Accumulated depreciation | - | ( 110 826) | ( 93 217) | ( 16 354) | ( 58 664) | ( 89 141) | ( 23 780) | ( 391 980) |
| **Net book value as at 31 December 2021** | **88 934** | **474 707** | **77 977** | **4 023** | **80 404** | **108 616** | **32 349** | **867 011** |

*Property, plant and equipment balance at the financial position  includes an amount of  EGP 81 million represent assets not registered yet as the legal department is in-process to register these assets.

| 24 –Due to banks | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Current accounts | 406 078 | 123 287 |
| Deposits | 682 136 | 4 225 390 |
| Treasury bills sold with re-purchase agreement | 50 505 | 67 642 |
| | **1 138 719** | **4 416 319** |
| Central banks | 140 085 | 79 315 |
| Local banks | 368 216 | 4 026 445 |
| Foreign banks | 630 418 | 310 559 |
| | **1 138 719** | **4 416 319** |
| Non interest rate accounts | 270 514 | 98 685 |
| Fixed interest rate accounts | 868 205 | 4 317 634 |
| | **1 138 719** | **4 416 319** |
| Current balances | **1 138 719** | **4 416 319** |

| 25- Customer's deposits | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | EGP.000 | EGP.000 |
| Demand deposits | 16 558 780 | 14 237 299 |
| Time deposits and call accounts | 22 694 916 | 20 368 464 |
| Term saving certificates | 8 465 778 | 7 063 972 |
| Savings deposits | 1 973 516 | 1 946 820 |
| Other deposits | 893 862 | 727 187 |
| | **50 586 852** | **44 343 742** |
| Corporate deposits | 39 379 866 | 33 305 589 |
| Retail deposits | 11 206 986 | 11 038 153 |
| | **50 586 852** | **44 343 742** |
| Non interest rate accounts | 4 416 413 | 3 881 224 |
| Fixed interest rate accounts | 44 685 901 | 37 548 531 |
| Floating interest rate accounts | 1 484 538 | 2 913 987 |
| | **50 586 852** | **44 343 742** |
| Current balances | 41 971 257 | 38 455 995 |
| Non-current balances | 8 615 595 | 5 887 747 |
| | **50 586 852** | **44 343 742** |

| 26 - Other Loans<br>Description | Maturity date | 31 December 2021<br>EGP.000 | 31 December 2020<br>EGP.000 |
|---|---|---|---|
| CIB Loan | Mar 2021 | - | 2 000 |
| Arab trade financing program | Multi dates | - | 34 521 |
| Project development authority loans | Feb 2024 | 18 635 | 26 415 |
| Two subordinate deposits ** | May 2024 | 308 720 | 303 727 |
| Subordinate deposits *** | Dec 2024 | 96 996 | 96 245 |
| Mashreq bank- Dubai | Dec 2021 | - | 157 321 |
| Banque de caire | Aug 2021 | - | 157 321 |
| | | **424 351** | **777 550** |
| Current balances | | 5 100 | 351 163 |
| Non-current balances | | 419 251 | 426 387 |
| | | **424 351** | **777 550** |

*A loan contract had been signed with the Projects development Authority to obtain a stake in loans to develop small projects. The loan bears interest paid to Projects development Authority in order to provide low cost finance for the bank's client according to agreed upon contract.

** In accordance with the bank`s general assembly meeting approval dated 31 January 2019, a subordinated deposit contract were signed on February 2019 with Arab Contractors Employees Insurance Fund amounted to EGP 325 Million to support tier two of the bank Capital Base in the calculation of Capital Adequacy Ratio in accordance with basel guidelines and to maintain CBE enacted ratio.

The duration of the subordinated deposit is 63 months starts from February 2019 and to be paid at the end of the period in full, and interest to be paid every three months. The accounting policies were applied according to CBE instructions regarding presentation and valuation including

*** In accordance with the bank`s general assembly meeting approval dated 31 January 2019, a subordinated deposit contract were signed on September 2019 with Arab Contractors Employees pension Fund amounted to EGP 100 Million to support tier two of the bank capital base in the calculation of Capital Adequacy Ratio in accordance with basel guidelines and to maintain CBE enacted ratio.

The duration of the subordinated deposit is 63 months starts from September 2019 and to be paid at the end of the period in full, and interest to be paid every three months. The accounting policies were applied according to CBE instructions regarding presentation and valuation including present value calculation.

| 27 - Other liabilities | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Accrued interest | 205 483 | 221 436 |
| Unearned revenues | 17 868 | 17 887 |
| Accrued expenses | 54 192 | 51 851 |
| Creditors | 13 033 | 10 857 |
| Other payables | 476 999 | 546 120 |
| | **767 575** | **848 151** |

| 28 - Other Provisions | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Opening balance | 15 639 | 62 488 |
| Net foreign currencies exchange differences | ( 102) | 100 |
| Charge (release) povision | 2 714 | ( 36 717) |
| Transfers | - | ( 9 581) |
| Used | ( 2 497) | ( 651) |
| | **15 754** | **15 639** |

**29 - Deferred tax assets and liabilities**

Deferred tax has been calculated on temporary tax differences using the balance sheet method and using the expected tax rate on a time that the Bank will recognize benefit from assets / incurre liabilities for current financial period .

| Balance of deferred tax assets and liabilities are as follows: | 31 December 2021 EGP.000 | | 31 December 2020 EGP.000 | |
|---|---|---|---|---|
| | Asset | Liability | Asset | Liability |
| Depreciation of property, plant and equipment | - | ( 46 425) | - | ( 36 608) |
| Other provisions (other than loan provision) | 4 044 | - | 7 749 | - |
| Debt instruments at FVTOCI | - | ( 3 310) | - | ( 21 242) |
| Equity instruments at FVTOCI | - | ( 30 989) | - | ( 68 117) |
| Other | - | ( 21 205) | - | - |
| **Total deferred tax asset (liability)** | **4 044** | **( 101 928)** | **7 749** | **( 125 967)** |
| **Net tax deferred tax asset (liability)** | **-** | **( 97 884)** | **-** | **( 118 218)** |

| Movement of deferred tax assets and liabilities are as follows: | 31 December 2021 EGP.000 | | 31 December 2020 EGP.000 | |
|---|---|---|---|---|
| | Asset | Liability | Asset | Liability |
| Opening balance | 7 749 | ( 125 967) | 39 314 | ( 49 378) |
| Depreciation of property, plant and equipment | - | ( 9 817) | - | ( 11 235) |
| Other provisions (other than loan provision) | ( 3 705) | - | 6 135 | - |
| Debt instruments at FVTOCI | - | 9 418 | - | ( 17 713) |
| Disposal of debt instruments at FVTOCI | - | 8 515 | - | 20 477 |
| Equity instruments at FVTOCI | - | 37 128 | ( 37 700) | ( 126 434) |
| Disposal of equity instruments at FVTOCI | - | - | - | 58 316 |
| Other | - | ( 21 205) | - | - |
| | **4 044** | **( 101 928)** | **7 749** | **( 125 967)** |

**30- Capital**

**(A) Authorized Capital**

Authorized capital amounted to EGP 5 billion. on 4 April, 2019, Extra ordinary assembly meeting approved an increase in authorized capital by EGP 3 billion to be EGP 5 billion and record has been marked at commercial registry

**(B) Issued and paid - up capital**

Issued and paid – up capital amounted to EGP 2.2 billion distributed on 220 million shares in cash with nominal value of EGP. 10 each

**(C) Retained amount for capital increase**

Amount of EGP 704 326 thousand have retained for capital increase. On 31 March 2021 the bank's General Assembly has approved the capital increase by EGP 704 326 thousand through distributions of 1.28 bonus share for each 4 shares. at par value of EGP 10 per share. The amount of capital increase has marked in commercial registry dated 03 February 2022 . Paid capital became EGP 2 904 326 thousand .

| 31. Reserves | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Legal reserve | 92 525 | 62 834 |
| General reserve * | 24 117 | 24 117 |
| Special reverse | 45 158 | 45 158 |
| Capital reserve | 69 330 | 61 490 |
| Fair value reserve (a) | ( 24 457) | ( 13 944) |
| General risk reserves | 38 851 | 38 851 |
| General bank risk reserve **( b) | 35 902 | 40 268 |
| | **281 426** | **258 774** |

*The value of residual amount from issuing expenses of capital increase from EGP. 1 billion to EGP. 2 billion.

**In accordance with the instructions of the CBE, the general banking risk reserve is supported annually by 10%of the value of the assets owned by the Bank in return for debt if these assets are not disposed of within the period specified in the law.

| 31/a- Fair Value reserve | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Opening balance | ( 13 944) | ( 46 967) |
| Net change in fair value transferred to R/E after tax deduction | - | 26 741 |
| Net change in FVOCI | ( 10 513) | 6 282 |
| | **( 24 457)** | **( 13 944)** |

| 31/b- General banking risk reserve | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Opening balance | 40 268 | 33 896 |
| Transferred from retained earnings | 15 231 | 21 322 |
| Transferred to retained earnings | ( 19 597) | ( 14 950) |
| | **35 902** | **40 268** |

| 32.Difference between the present value and face value for subordinate deposits | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Opening balance | 25 027 | 29 883 |
| Amortization of difference of subordinate deposit | ( 5 744) | ( 4 856) |
| | **19 283** | **25 027** |

| 33. Retained earnings | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Opening balance | 1 384 075 | 1 107 279 |
| Transferred to legal reserve | ( 29 691) | ( 25 992) |
| Transferred to capital reserve | ( 7 840) | ( 22 366) |
| Transferred to general banking risk reserve | ( 15 231) | ( 21 322) |
| Transferred to retained amount for capital increase | ( 704 326) | ( 200 000) |
| Transferred from general banking reserve | 19 597 | 14 950 |
| Amortization of difference of subordinate deposit | 5 744 | 4 856 |
| Staff profit share | ( 43 197) | ( 37 253) |
| Banking system support and development fund | ( 5 717) | - |
| Board Members' bonus | ( 13 000) | ( 11 000) |
| Net change in fair value transferred to R/E after tax deduction | - | ( 26 741) |
| Net profit | 604 675 | 601 664 |
| | **1 195 089** | **1 384 075** |

**34-Cash and cash equivalents**

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

| | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Cash and due from CBE (note 15) | 212 635 | 213 864 |
| Due from banks (note 16) | 6 933 892 | 10 714 311 |
| Treasury bills and other governmental notes (note 17) | 981 105 | 42 960 |
| | **8 127 632** | **10 971 135** |

**35- Contingent and commitments liabilities**
**(A)-Legal claims :**

There is a number of existing cases against the bank without provision as the bank doesn't expect to incur losses as at financial statement date from it. A provision for legal cases that are expected to incur losses has been chrged and balanced EGP 8 537 thousand as at financial statement date (In 31 Dec. 2020 : amounted to EGP 3 092 thousand)

**B-Capital commitments:**

**B/1 - Property, plant and equipment and branches of equipment**

The Bank is committed to contracts for property, plant and equipments purchase and branches preparations "building, furniture, amounting to EGP 493 220 as current period (EGP 449 997 thousand prior year ). Management is sufficiently confident that net profit shall be realized and finance shall be made available to cover these commitments.

**B/2 - Financial Investments**

The capital commitments for the financial investments reached on the date of financial position as follows:

| | Amount of commitment | Amount Paid | Remaining |
|---|---|---|---|
| Financial investments in associate | 12 000 | 3 000 | 9 000 |
| Financial investments through OCI | 49 741 | 24 871 | 24 871 |

| C-Contingent liabilities: | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Letters and financial of guarantees | 5 513 438 | 4 366 704 |
| Letter of credits import, export and facilities to suppliers | 1 938 259 | 1 303 413 |
| Other Contingent Liabilities | 103 828 | 1 404 296 |
| | **7 555 525** | **7 074 413** |

| D- Credit facilities commitments | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Not more than one year | 405 590 | 519 546 |
| More than one year | 1 188 061 | 837 346 |
| | **1 593 651** | **1 356 892** |

| E- Commitments operating lease contracts | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Not more than one year | 15 189 | 15 949 |
| More than one year and less than 5 years | 45 684 | 56 167 |
| More than 5 years | 2 816 | 6 064 |
| | **63 689** | 78 180 |

**36- Related party transactions**

The bank deals with its related parties on the same basis as with others in compliance with accepted banking rules and regulations. The nature of these transactions and its balances are represented on the balance sheet date as follows:

| **A) Loans and credit facilities to related parties:** | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Loans and facilities to customers** | EGP.000 | EGP.000 |
| Balance at beginning of the year | 10 827 | 11 599 |
| Collected loans | ( 999) | ( 772) |
| | **9 828** | **10 827** |

| B) Deposits from related parties: | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Balance at beginning of the year | 48 518 | 81 428 |
| Deposits received | 7 592 | 13 884 |
| Deposits redeemed | ( 15 942) | ( 46 743) |
| Net foreign exchange difference | ( 3) | ( 51) |
| | **40 165** | **48 518** |

| C) Other | 31 December 2021 EGP.000 | 31 December 2020 EGP.000 |
|---|---|---|
| Due from banks | 2 999 | 49 584 |
| Investment in associates | 164 619 | 128 783 |
| Due to banks | 9 | 9 |
| Other loans | 405 716 | 399 972 |
| Other payables | 372 | 372 |

According to CBE instructions dated 23 August 2011 . the Average monthly salary and rewards of top twenty salary and rewards together during fiscal year ended 31 December 2021 is EGP 3 489 341.

**37 -Tax position**

**A. Corporate income tax:**

- For the years from 1978 till 2004, inspection completed and the bank has paid amounts due .
- For the year from 2005 to 2019 inspection completed and the bank paid all taxes due except for retained tax losses for year 2010 which will be settled as part of the agreement between tax authority and Egyptian Bank federation, thus no taxes due regarding this period.
- For the year 2020 the bank had submitted the annual tax return in due date and there is no taxes due .

**B . Salaries tax:**

- For the years from 1978 till 2019,inspection completed the employees salary tax was completed and settlement for the period from the beginning of activity commencing and till 2019 has been paid, according to this situation no taxes due on the bank until the end of 2019.
- For the year 2020 the salary tax is deducted and paid regularly to the Tax Authority in accordance to law 91 for 2005

**C . Stamp duty tax:**

- For the periods beginning from the activity commencing date and till 31 July 2006 , the inspection completed for all branches in accordance with law no. 111 of the year 1980 and the bank have paid all the amounts due .
- For the period from 1 August 2006 to 31 December 2020, the bank has been completed inspection , and the bank has paid all the amounts due.
- From the years 2021, the bank paid stamp duty tax (Bank and customers shares ) based on highest utilization of debit balance for each quarter period in accordance to Law .

## 38-Mutual Funds

| | Suez Canal Bank First Fund "With Cumulative Periodical Return" and Distribution | Suez Canal Bank Second Fund "Agial - With Cumulative Periodical Return" | Suez Canal Bank Monetary Fund for Liquidity " With Cumulative Daily Return" |
|---|---|---|---|
| Registration number and est. date | No. 143 , in 24 March 1996 | No. 355, in 30 June 2008 | No. 790 in 10 August 2020 |
| Under the license of the capital market law and its executive regulations | | Financial markets law no. 95 of 1992 and its executive regulations | |
| Fund manager | HC for managing funds. | Beltone for managing funds. | CI Assets Management. |
| Currency | EGP | EGP | EGP |
| **A-Fund shares upon issuance:** | | | |
| Number of investment certificates (ICs) | 200 000 | 10 000 000 | 25 000 000 |
| Nominal value of IC | 500 | 10 | 10 |
| Total nominal value of ICs | 100 000 000 | 100 000 000 | 250 000 000 |
| The nominal value of the bank's ICs in the fund | 35 900 000 | 7 096 710 | 5 000 000 |
| **B-At financial position date :** | | | |
| Market price per IC | 516.08 | 15.71 | 11.42 |
| Total market value of ICs | 40 419 386 | 17 123 504 | 285 492 750 |
| No.of outstanding ICs | 78 320 | 1 090 124 | 25 000 000 |
| Total Bank's ICs classified as investment at FVTOCI | 10 000 | 500 000 | 500 000 |
| Total Bank's ICs classified as investment at FVTPL | 61 800 | 209 671 | - |
| | **71 800** | **709 671** | **500 000** |
| Total Fair value of bank's ICs classified as investment at FVTOCI | 5 160 800 | 7 853 925 | 5709855 |
| Total Fair value of bank's ICs classified as investment at FVTPL | 31 893 744 | 3 293 481 | - |
| | **37 054 544** | **11 147 406** | **5 709 855** |
| Fees and Commission for supervising fund and other services through PL | 265 211 | 92 197 | 913 307 |
| Dividends received from Bank's ICs in fund | - | - | - |

## 39 -Significant Events

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities.COVID-19 has brought about uncertainties in the global economic environment. SCB is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

Based on the uncertainties caused by COVID-19 and in anticipation of the expected economic slowdown, SCB is closely monitoring the loan portfolio considering the relevant impact of COVID-19 on the qualitative and quantitative factors where determining the significant increase in Credit Risk is specifically for the exposures of the mostly affected sectors.

Accordingly, Suez Canal Bank has taken internal protective action by building up proper provisions as a mitigation plan for the COVID-19 impact on the loan portfolio as of end of December 2021. Further build up of provisions might be taken, precautionary, till the end of the grace period, till actual performance of the portfolio start revealing itself.

## 40- Translation

These financial statements are a translation into English from original Arabic statements. The original Arabic statements are the official financial statements.