IFRS Consolidated Financial Statements

For the year ended

31 December 2021

AUDIT • TAX • ADVISORY

6th Floor
2 London Wall Place
London
EC2Y 5AU

T (020) 7429 4100
F (020) 7248 8939
W macintyrehudson.co.uk

Independent Auditor Report to the Members of Commercial International Bank (Egypt) S.A.E

For the purpose of this report, the terms "we" and "our" denote MHA MacIntyre Hudson in relation to our legal, professional and regulatory responsibilities and reporting obligations to the members of Commercial International Bank (Egypt) S.A.E.

For the purposes of the key audit matters set out in this report and how our audit addressed the key audit matters, the terms "we" and "our" refer to MHA MacIntyre Hudson. The "Parent Company" or the "Bank" is defined as Commercial International Bank (Egypt) S.A.E. and the Group is defined as the Bank and its subsidiary companies.

Opinion

We have audited the consolidated financial statements of the Group which comprise:

- the consolidated income statement.
- the consolidated statement of comprehensive income.
- the consolidated balance sheet.
- the consolidated statement of changes in equity.
- the consolidated statement of cash flows.
- the related notes 1 to 42, including the accounting policies.

The financial reporting framework that has been applied in the preparation of the Group's consolidated financial statements is International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).

In our opinion the consolidated financial statements of the Group:

- give a true and fair view of the state of the Group as at 31 December 2021 and of its profit for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the consolidated financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Using our knowledge of the strategic objectives of the Group and Parent Company the general economic environment to identify inherent risks in the business model and how such risks might affect the financial resources or ability to continue operations over the going concern period.
- Understanding and evaluating the current and forecast financial position, regulatory capital adequacy and liquidity, including internal stress tests performed on these.
- Evaluation of the strategic plans of the Group and Parent Company, and the supporting financial forecasts.
- Reading and evaluating the adequacy of the disclosures made in the consolidated financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the consolidated financial statements are authorised for issue

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Matter

The financial statements on which our opinion is issued are the consolidated financial statements of the Bank, which have been prepared for the purpose of the Bank meeting its continuing obligations under the Listing Rules of the London Stock Exchange. These consolidated financial statements are therefore not the statutory financial statements of the Bank as required by law in the jurisdiction where the Bank is registered and regulated. The statutory financial statements of the Bank were issued on 21 February 2022 under another accounting framework and were subject to audit by a separate auditor. Our audit opinion does not extend to those statutory financial statements.

We were appointed by the Directors on 23 December 2021 to audit the consolidated IFRS financial statements of the Group for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is accordingly one year.

Overview of our audit approach

Key Audit Matter	The key audit matters we identified in the current year was: Recurring: 1. Expected credit loss provisions on loans and advances to customers. New: 2. Classification and measurement of financial assets. 3. Opening balances as at 1 January 2021.
Materiality	Overall materiality for the consolidated financial statements was EGP 889.53 million, which was determined based on profit before tax.
First year transition	This is the first year we have been appointed as auditors to the Group. We undertook the following transitional procedures: • Held meetings with senior management to gain an understanding of the Group's and Parent Company's operations and strategic objectives. • Due to local regulatory limitations imposed on the predecessor auditors, we were unable to complete a review of their audit working papers in respect of their audit for the year ended 31 December 2020. We considered this to be a key audit matter. See key audit matter number 3 below.
Group audit scope	We identified significant components based on their significance to the Group balance sheet and operations. There were no material components noted based on our thresholds, as such the components not covered by our audit scope were subject to analytical procedures to confirm our conclusion that there were no significant risks of material misstatement in the aggregated financial information.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those matters which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team and, as required for public interest entities, our results from those procedures. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Expected credit loss provisions on loans and advances to customers

Key audit matter description	As of 31 December 2021, the Bank's gross loans and advances to customers amounted to EGP 163,938 million (2020: EGP 136,358 million) against which an impairment charge for loans and advances of EGP 17,917 million (2020: EGP 16,435 million) maintained. We considered the determination of the expect credit loss ("ECL") on these loans as a key audit matter. The determination of the ECL involves significant management judgement. The key areas of judgement include:

	• Staging – Qualitative and quantitative criteria applied to effectively identify significant increase in credit risk and determination of a default. • Assumptions in relation to the profitability of default (PD), Loss given default (LGD) and Exposure at default (EAD) models for computing ECL. Appropriateness of the data used in relation to these models for computing ECL. • Management overlays to take into account macroeconomic factors that have an impact in the calculation of the ECL. Management accounting policy in respect of ECL is set out in note 2.3, which states the critical accounting judgement, estimates and assumptions relating to the impairment of loans and advances and impairment assessment methodology used by the Group. Note 9 contains the disclosure of impairment against loans and advances to customers. Note 33.1.3 for details of credit quality analysis and key assumptions and factors considered in determination of ECL.
How the scope of our audit responded to the key audit matter	We performed the following procedures: *Validation of design and testing of controls around the ECL model.* • Tested the design and operating effectiveness of the Gorup's processes in relation to credit underwriting, monitoring, collections, and provisioning. • Tested the process in place to allocate loans to the respective risk categories (staging) and the application of the significant increase in credit risk (SICR) criteria. • Reviewed and tested the design of the ECL model for compliance with IFRS 9 requirements, including ITGCS and ITACs relevant to the model. • Reviewed the appropriateness of the Group's impairment policy against the requirements of IFRS 9. We have also assessed the appropriateness of the Significant Increase in the Credit Risk (SICR) criteria determined by management in relation to retail and corporate exposures taking into account the impact of COVID-19. *Test of details* • For sample of exposures, we have reviewed the appropriateness of the staging of the exposure including the determination of the PD, EAD and LGD considered by management in the calculation of ECL. • Evaluated data quality by agreeing data points used in ECL calculation to relevant source systems.

	• For sample of exposures, we have assessed the appropriateness of the timing of annual loan reviews for corporate portfolio as this process drives the staging and determination of default. *Expected Credit Loss Model* • We have engaged with and instructed independent modelling and credit risk specialists to test the assumptions, inputs and formulae used in relation to models used for computing ECL provision. This work included evaluation of economic scenarios considered by management and comparing these to other scenarios from a variety of external sources. • We have performed a benchmarking analysis of the ECL provisions against other banks operating in the market. • We have performed a sensitivity analysis in relation to key management assumptions and judgements to assess the impact of these on the ECL provisions as at year-end. • We confirmed that the output of the model, specifically any ECL charge or reversal was correctly reflected in the general ledger and ultimately the consolidated financial statements. • We have also assessed the appropriateness of the disclosures in the consolidated financial statements for the year-ended 31 December 2021.
Key Observations and communication to the Audit Committee	We found the approach taken in respect of loan loss provisions to be consistent with the requirements of IFRS 9 and that the assumptions and judgements made by management in the application of the bank's ECL model were reasonable and supportable.

2. Classification and measurement of financial assets

Key audit matter description	As of 31 December 2021, the Bank's held financial assets classified at fair value through other comprehensive income and at amortised cost amounted to EGP 197,239 million (2020: EGP 156,157 million) and EGP 20,547 million (2020: 25,285 million) respectively. This includes reported level unlisted financial assets at fair value through other comprehensive income of EGP 45,631 million (2020: EGP 40,524 million). We considered the following to be key areas of judgement: 1. Classification of financial assets in view of the intended use of such financial assets and the business model of the Bank. 2. Valuation of unlisted financial assets, where significant judgement is required to determine the valuation. Refer to the significant accounting policies notes 2.3 to the consolidated financial statements which contains the disclosure of critical accounting judgement and assumptions relating to the classification of financial assets of the Group and note 33.4.2 for details of the fair values of financial assets at year-end.
How the scope of our audit responded to the key audit matter	We performed the substantive procedures described below: *Classification* • We have obtained understating of the process of how the Group determines classification of financial assets as per the requirements of IFRS 9. • For sample of exposures, we have tested to ensure that the classification of financial assets was consistent with the requirements of IFRS 9. This included a review of management's established business model for the use of such assets as well as validating the cash flow characteristics of those instruments to determine whether they were indeed solely payments of principal and interest. *Measurement* • For a sample of assets, we validated managements measurement of the instrument by: o Confirming the effective interest rate and recomputing amounts to be measured at amortised cost. o Assessing the fair value methodology and where appropriate recomputing the fair value in line with that methodology using observable or unobservable inputs as appropriate. Where external prices are used to determine fair value assessing whether those prices appropriately reflected the prices for identical assets on an active market.

	- We have compared management's fair value methodologies to existing market practice to determine the appropriateness and adequacy of these methodologies. - We have reviewed and ensured the appropriateness of the disclosures in the consolidated financial statements for the year-ended 31 December 2021.
Key Observations and communication to the Audit Committee	We found that the approach taken by management on classification and measurement of financial investments to be reasonable.

3. Opening balances as at 1 January 2021

Key audit matter description	Due to local regulatory limitations imposed on the predecessor auditors, we were unable to complete a review of their audit working papers in respect of their audit for the year ended 31 December 2020. We therefore performed specific audit procedures on the opening balances in accordance with the requirements of International Auditing Standard (UK) 510 Initial Audit Engagements – Opening Balances. We considered this to be key audit matter.
How the scope of our audit responded to the key audit matter	We performed the following procedures: - Obtained from management the closing trial balance, consolidation workings and related working papers, used to prepare the consolidated financial statements for the year ended 31 December 2020. We reconciled these to the audited IFRS consolidated financial statements of the Group as at 31 December 2020. - Reviewed key judgements and estimates, mainly focusing on the judgments made in respect of the determination of the expected credit loss and classification and valuation of financial instruments. - Agreed on a sample basis balances as at 31 December 2020, to supporting documents which included third party documents where considered to be necessary. - Made enquiries of management, those charged with governance and obtaining explanations which we deem to be necessary for completion of our procedures. - Reviewed evidence in respect of the limited review performed by Central Bank of Egypt ("CBE"), including actions taken by the Bank to address the findings of the CBE. The matter was raised as a key audit matter in the predecessor auditors' report issued on 28 April 2021.
Key Observations and communication to the Audit Committee	The results of these procedures were used to inform our audit planning and risk assessment for our audit for the year ended 31 December 2021.

	In performing the procedures on opening balances, our objective was limited to those matters that would relate to our audit of the consolidated financial statements for the year ended 31 December 2021 and should not be viewed as connected to the audit work completed by the predecessor auditors on the consolidated financial statements for the year ended 31 December 2020. We did not identify any matters that impacted our audit work for the year ended 31 December 2021.

Our application of materiality

Our definition of materiality considers the value of error or omission on the consolidated financial statements that, individually or in aggregate, would change or influence the economic decision of a reasonably knowledgeable user of those consolidated financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the consolidated financial statements as a whole. Materiality is used in planning the scope of our work, executing that work and evaluating the results.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall Materiality	EGP 889.53 million
• Basis of determining overall materiality	We determined materiality based on 5% of profit before tax of the Bank. Our key criterion in determining materiality remains our perception of the needs of Bank’s stakeholders. We consider which earnings, activity or capital-based measure aligns best with their expectations. In so doing, we apply a ‘reasonable investor perspective’, which reflects our understanding of the common financial information needs of the members of the Bank. We continue to believe that these needs are best met by basing materiality on a profit before tax basis.
Performance materiality	EGP 533.72 million
• Basis of determining overall performance materiality	We determined performance materiality based on 60% of overall materiality. Performance materiality is the application of materiality at the individual account or balance level, set at an amount to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the consolidated financial statements as a whole. In determining performance materiality, we considered the several factors including the following: • That the current period is the first financial period of our appointment as auditors of the Bank. • Our understanding of the control environment of the Bank.
Error reporting threshold	We agreed to report any corrected or uncorrected adjustments exceeding EGP 44.48 million to the Audit Committee as well as differences below this threshold that in our view warranted reporting on qualitative grounds.

The scope of our audit

Our audit was scoped by obtaining an understanding of the Group, the Parent Company and its environment, including the Group's and Parent Company's system of internal control, and assessing the risks of material misstatement in the consolidated financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias on significant accounting judgments and accounting estimates by the Directors that may have represented a risk of material misstatement.

Responsibilities of the Directors
The Directors of the Group and Parent Company are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the Group and the Parent Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements. The key laws and regulations we considered in this context included the listing rules of London Stock Exchange and Egypt tax legislation.

- Reviewing key correspondence with regulatory authorities.

- Enquiry of management to identify any instances of non-compliance with laws and regulations.

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

- Enquiry of management around actual and potential litigation and claims.

- Enquiry of management to identify any instances of known or suspected instances of fraud.

- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

- Reviewing minutes of meetings of those charged with governance.

- Reviewing internal audit reports of the Group and the Parent Company,

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias; and

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular with respect to provisions for impairment of loans and amounts advanced to customers.

A further description of our responsibilities for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities . This description forms part of our auditor's report.

Other requirements

We did not provide any non-audit services which are prohibited by the FRC's Ethical Standard to the Company, and we remain independent of the company in conducting our audit.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with our engagement letter dated 21 December 2021. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson

MHA MacIntyre Hudson
Chartered Accountants and Statutory Auditor
6th Floor
2 London Wall Place
London
EC2Y 5AU
Date: 29 April 2022

Consolidated Income Statement for the Year Ended December 31, 2021

	Notes	Dec. 31, 2021 EGP Thousands	Dec. 31, 2020 EGP Thousands
Interest and similar income		**45,078,169**	42,196,235
Interest and similar expense		**(20,204,272)**	(17,107,598)
Net interest income	3	**24,873,897**	25,088,637
Fee and commission income		**4,045,573**	3,059,264
Fee and commission expense		**(1,655,096)**	(983,450)
Net fee and commission income	4	**2,390,477**	2,075,814
Dividend income	5	**59,725**	50,175
Net trading income	6	**774,992**	483,006
Profits (Losses) on financial investments	20	**594,863**	1,001,958
Administrative expenses	7	**(7,787,584)**	(6,877,303)
Other operating expenses	8	**(1,673,546)**	(2,500,823)
Impairment charges for credit losses	9	**(1,679,747)**	(5,018,781)
Profits from subsidiaries acquisition		**-**	8,086
Bank's share in the profits of associates	12	**14,996**	22,426
Profit before income tax from continuing operations		**17,568,073**	14,333,195
Income taxes	10	**(5,565,599)**	(4,999,985)
Net profit for the year		**12,002,474**	9,333,210
Attributable to:			
Equity holders of the parent		**12,006,925**	9,335,044
Non-controlling interest		**(4,451)**	(1,834)
Net Profit for the year		**12,002,474**	9,333,210
Earning per share	11		
Basic attributable to equity holders of the parent		**6.09**	4.74
Diluted attributable to equity holders of the parent		**6.05**	4.70

The accompying notes from 1 to 42 form an integral part of these consolidated financial statements.

Hussein Abaza
CEO & Managing director
28-Apr-22

Sherif Samy
Chairman
28-Apr-22

Consolidated Statement of Comprehensive Income for the Year Ended December 31, 2021

	Dec. 31, 2021 EGP Thousands	Dec. 31, 2020 EGP Thousands
Profit for the year	**12,002,474**	9,333,210
Other comprehensive income items that will not be reclassified to the Profit or Loss:		
Change in fair value of equity instruments measured at fair value through other comprehensive income after tax impact related to OCI	**(149,323)**	(13,966)
Other comprehensive income items that is or may be reclassified to the profit or loss:		
Change in fair value of debt instruments measured at fair value through other comprehensive income after tax impact related to OCI	**(2,181,779)**	827,630
Change in fair value from selling FVOCI financial instruments	**(702,776)**	(1,018,469)
Transferred from reserve on disposal of financial assets at fair value through OCI	**(177,488)**	(76,717)
Cumulative foreign currencies translation differences	**(4,218)**	(3,684)
Effect of deferred tax on Investment FVOCI	**(95,905)**	(215,428)
Effect of ECL in fair value of debt instruments measured at fair value through OCI	**(93,566)**	205,182
Total other comprehensive income for the year	**8,597,419**	9,037,758
As follows:		
Bank's shareholders	**8,601,870**	9,039,592
Non-controlling interest	**(4,451)**	(1,834)
Total other comprehensive income for the year	**8,597,419**	9,037,758

Consolidated Statement of Financial Position as at December 31, 2021

	Notes	Dec. 31, 2021 EGP Thousands	Dec. 31, 2020 EGP Thousands
Assets			
Cash and balances at the central bank	13	**43,492,248**	33,768,549
Due from banks	14	**80,141,769**	87,426,301
Loans and advances to banks, net	15	**312,216**	776,980
Loans and advances to customers, net	16	**145,575,243**	119,570,005
Financial Assets at fair value through profit or loss	19	**443,859**	552,288
Derivative financial instruments	17	**225,376**	248,759
Financial Assets at fair value through OCI	19	**197,238,721**	156,157,553
Financial Assets at amortized cost	19	**20,547,465**	25,285,225
Right of use assets	23	**1,084,585**	814,587
Investments in associates	21	**205,315**	139,871
Other assets	22	**11,207,128**	9,175,525
Intangible assets	38	**51,831**	51,831
Goodwill	38	**206,287**	206,287
Deferred tax assets	10.2	**456,002**	437,772
Property and equipment	23	**2,461,116**	2,311,147
Total assets		**503,649,161**	436,922,680
Liabilities and equity			
Liabilities			
Due to banks	24	**866,056**	8,817,535
Due to customers	25	**407,241,538**	341,169,450
Lease liabilities	23	**1,087,820**	905,861
Derivative financial instruments	17	**265,470**	331,073
Issued debt instruments	18	**1,557,263**	-
Other liabilities	27	**13,710,791**	15,070,029
Current Tax liability		**2,234,985**	859,582
Other loans	26	**5,140,782**	7,746,946
Provisions	28	**3,541,462**	3,224,180
Total liabilities		**435,646,167**	378,124,656
Equity			
Issued and paid in capital	29	**19,702,418**	14,776,813
Reserves	30	**33,552,794**	32,939,079
Reserve for employee stock ownership plan (ESOP)	30	**1,674,392**	1,064,648
Retained earnings	30	**12,618,855**	9,534,429
Total equity attributable to equity holders of the parent		**67,548,459**	58,314,969
Non-controlling interest	39	**454,535**	483,055
Total equity		**68,002,994**	58,798,024
Total liabilities and equity		**503,649,161**	436,922,680

The accompying notes from 1 to 42 form an integral part of these consolidated financial statements.

Hussein Abaza
CEO & Managing director
28-Apr-22

Sherif Samy
Chairman
28-Apr-22

Consolidated Statement of Changes in Shareholders' Equity

Dec. 31, 2020	Issued and paid in capital	Reserve for employee stock ownership plan (ESOP)	Retained earnings	Reserves	Total	Non-controlling interest	Total equity
Beginning balance at 1st of jan 2020	14,690,821	963,152	11,690,446	23,180,850	50,525,269	-	50,525,269
Total comprehensive income	-	-	9,335,044	-	9,335,044	(1,834)	9,333,210
Capital increase	85,992	-	-	-	85,992	-	85,992
Reserve for employee stock ownership plan (ESOP)	-	552,438	-	-	552,438	-	552,438
Dividend	-	-	(2,013,318)	-	(2,013,318)	-	(2,013,318)
Transferred to reserves	-	(450,942)	(9,477,743)	9,758,229	(170,456)	(890)	(171,346)
Non-controlling interest	-	-	-	-	-	485,779	485,779
Balance at 31 December 2020	**14,776,813**	**1,064,648**	**9,534,429**	**32,939,079**	**58,314,969**	**483,055**	**58,798,024**
Beginning balance at 1st of Jan 2021	**14,776,813**	**1,064,648**	**9,534,429**	**32,939,079**	**58,314,969**	**483,055**	**58,798,024**
Total comprehensive income	**-**	**-**	**12,006,925**	**-**	**12,006,925**	**(4,451)**	**12,002,474**
Capital increase	**4,925,605**	**-**	**-**	**(4,925,605)**	**-**	**-**	**-**
Transferred to reserves	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reserve for employee stock ownership plan (ESOP)	**-**	**609,744**	**-**	**-**	**609,744**	**-**	**609,744**
Dividend	**-**	**-**	**(156,389)**	**-**	**(156,389)**	**(24,069)**	**(180,458)**
Transferred to reserves	**-**	**-**	**(8,766,110)**	**5,539,320**	**(3,226,790)**	**-**	**(3,226,790)**
Balance at 31 December 2021	**19,702,418**	**1,674,392**	**12,618,855**	**33,552,794**	**67,548,459**	**454,535**	**68,002,994**

Consolidated Statement of Cash Flow for the Year Ended December 31, 2021

	Notes	Dec. 31, 2021 EGP Thousands	Dec. 31, 2020 EGP Thousands
Cash flow from operating activities			
Profit before income tax from continued operations		**17,568,073**	14,333,195
Adjustments to reconcile net profit to net cash provided by operating activities			
Fixed assets depreciation		**885,060**	924,667
Impairment charge for credit losses (Loans and advances to customers)		**1,756,505**	4,806,518
Other provisions charges		**380,459**	1,235,659
Impairment charge for other assets		**31,975**	69,217
Impairment charge for credit losses (due from banks)		**16,808**	7,081
Exchange revaluation differences for financial assets at fair value through OCI and at amortized cost		**17,261**	249,642
Impairment (Reversal of impairment) charge for credit losses (financial investments)		**(93,566)**	205,182
Utilization of other provisions		**(45,483)**	(2,382)
Other provisions no longer used		**(2,451)**	(13,273)
Impairment of intangible assets		**206,287**	-
Exchange differences of other provisions		**(15,243)**	(7,193)
Impairment (Reversal of impairment) charges of investments in associates and subsidiaries		**107,913**	16,511
Profits from selling property, plant and equipment		**(2,947)**	(1,094)
Losses from selling financial investments		**(702,776)**	(1,018,469)
Shares based payments		**609,744**	552,438
Bank's share in the profits of associates		**(14,996)**	(22,426)
Operating profits before changes in working capital		**20,702,623**	21,335,273
Net decrease (increase) in working capital			
Due from banks		**(17,183,300)**	(10,899,927)
Financial assets at fair value through profit or loss		**118,972**	58,822
Derivative financial instruments		**(42,220)**	16,109
Loans and advances to banks and customers		**(27,280,547)**	(5,020,609)
Other assets		**(2,135,921)**	568,988
Due to banks		**(7,951,479)**	(2,993,072)
Due to customers		**66,072,088**	36,720,995
Income tax obligations paid		**(3,444,749)**	(3,779,782)
Other liabilities		**(1,359,238)**	2,146,103
Net cash generated from operating activities		**27,496,229**	38,152,900
Cash flow from investing activities			
Proceeds from Investments in associates.		**-**	750
Payment for purchases of associates		**(158,360)**	-
Payment for purchases of property, equipment and branches constructions		**(981,186)**	(1,091,829)
Proceeds from selling property and equipment		**2,947**	1,094
Proceeds from redemption of financial assets at amortized cost		**4,741,459**	82,309,481
Payment for purchases of financial assets at amortized cost		**(3,844)**	(233,765)
Payment for purchases of financial assets at fair value through OCI		**(250,679,698)**	(117,787,925)
Proceeds from selling financial assets at fair value through OCI		**206,611,955**	54,137,187
Proceeds from selling property and equipment		**-**	194,722
Net cash used in (generated from) investing activities		**(40,466,727)**	17,529,715

Consolidated Statement of Cash Flow for the Year Ended December 31, 2021 (Cont.)

	Note	Dec. 31, 2021 EGP Thousands	Dec. 31, 2020 EGP Thousands
Cash flow from financing activities			
Decreased (increase) in long term loans		**(2,606,164)**	4,474,200
Dividend paid		**(156,389)**	(2,013,318)
Issued debt instruments		**-**	85,992
Cash payments for lease (principle and interest)		**(242,292)**	(242,173)
Net cash generated from (used in) financing activities		**(3,004,845)**	2,304,701
Net (decrease) increase in cash and cash equivalent during the year		**(15,975,343)**	57,987,316
Beginning balance of cash and cash equivalent		**66,350,285**	8,362,969
Cash and cash equivalent at the end of the year		**50,374,942**	66,350,285
Cash and cash equivalent comprise:			
Cash and balances at the central bank	*13*	**43,492,248**	33,768,549
Due from banks with maturities of 3 months or less	*14*	**44,983,081**	60,271,448
Treasury bills with maturities of three months or less	*19*	**549**	54,988
Obligatory reserve balance with CBE	*13*	**(38,100,936)**	(27,744,700)
Total cash and cash equivalent	*31*	**50,374,942**	66,350,285

Notes to the Consolidated Financial Statements for the year Ended December 31, 2021

1. Corporate Information

Commercial International Bank (Egypt) S.A.E. provides Retail, Corporate and Investment banking services in various parts of Egypt through the operation of 188 branches, 27 units, and 7308 employees as at the date of the statement of financial position.

Commercial international Bank (Egypt) S.A.E. was formed as a commercial bank under the investment law no. 43 of 1974. The address of its registered head office is as follows: Nile tower, 21/23 Charles de Gaulle Street-Giza, Cairo, Egypt. The Bank is listed on the Egyptian stock exchange and has GDRs (Global Depositary Receipt) in London Stock Exchange.

The bank owns investments in subsidiaries “C-Ventures”, “May Fair” and “Damietta Shipping” in which the bank’s shares are 99.99% (999,980 share), 51% (2,081,633 share) and 49.95% (499,499 share) respectively.

2. Accounting Policies

2.1. Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

In addition, the financial statements have been prepared on a historical cost basis, except for financial investments at FVOCI, derivative financial instruments, financial assets and liabilities classified as trading or held at fair value through profit or loss, all of which have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The consolidated financial statements are presented in Egyptian pound (EGP).

Presentation of Financial Statements

The Bank presents its Statement of Financial Position in order of liquidity.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the bank and its subsidiaries as at 31 December 2021. Control is achieved when the bank is exposed, or has rights, to variable returns from its involvement with subsidiaries and has the ability to affect those returns through its power over the subsidiaries companies. The Bank controls its subsidiaries in the cases of the following:

Power
-Has power over its subsidiaries when the bank has existing rights that give it the current ability to direct the relevant activities, ie the activities that significantly affect the subsidiaries' returns.

-Power arises from rights. Sometimes assessing power is straightforward, such as when power over subsidiaries is obtained directly and solely from the voting rights granted by equity instruments such as shares, and can be assessed by considering the voting rights from those shareholdings.

-The current ability to direct the relevant activities has power even if its rights to direct have yet to be exercised.

-Have power over subsidiaries even if other entities have existing rights that give them the current ability to participate in the direction of the relevant activities.

Returns
-The bank is exposed, or has rights, to variable returns from its involvement with the subsidiaries when the bank's returns from its involvement have the potential to vary as a result of the subsidiaries' performance. The bank's returns can be only positive, only negative or both positive and negative.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Statement of Comprehensive Income from the date the Bank gains control until the date the Bank ceases to control the subsidiary. Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Bank's accounting policies. All intra-bank assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Bank are eliminated in full upon consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
If the Bank loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Bank had directly disposed of the related assets or liabilities.

Loss of Control

When the Bank loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Investment in Associates

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Significant influence is the power to participate in the decision-making of financial and operating policies of the investee, but is not in control or joint control over those polices.

Investments in associates are accounted for using the equity method of accounting. This method requires, the initial recognition of the investment at cost, and any increases or decreases are reflected in the carrying amount to recognize the investors share of the profit or loss of the investee after the date of acquisition.

The Bank determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Bank calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit/ (loss) of an associate' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the bank and its associate are recognized in the bank's financial statements only to the extent of unrelated investor's interests in the associates. Cumulative foreign currencies translation differences are recognized at statement of other comprehensive income. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.2. Significant Accounting Judgements, Estimates and Assumptions

The bank makes estimates and assumptions that affect the amounts recognized, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The bank regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The bank used supportable forward-looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model. The most significant forward-looking assumptions, for both corporate and retail, that correlate with ECL level and their assigned weights were CBE key interest rate, GDP growth rate, Foreign currency index and Inflation rate. In addition to these assumptions, unemployment rate has been used for the retail sector.

Credit exposure on revolving credit facilities. For certain loan facilities, the bank's exposure to credit losses may extend beyond the maximum contractual period of the facility. This exception applies to certain revolving credit facilities, which include both a loan and an undrawn commitment component and where the bank's contractual ability to demand repayment and cancel the undrawn component in practice does not limit its exposure to credit losses.

For such facilities, the bank measures ECLs over the period that the bank is exposed to credit risk and ECLs are not mitigated by credit risk management actions. Application of this exception requires judgement. Management applied its judgement in identifying the facilities, both retail and commercial, to which this exception applies. The bank applied this exception to facilities with the following characteristics: (a) there is no fixed term or repayment structure, (b) the contractual ability to cancel the contract is not in practice enforced as a result of day-to-day management of the credit exposure and the contract may only be cancelled when the bank becomes aware of an increase in credit risk at the level of an individual facility, and (c) the exposures are managed on a collective basis. Further, the bank applied judgement in determining a period for measuring the ECL, including the starting point and the expected end point of the exposures.

The bank considered historical information and experience about: (a) the period over which the bank is exposed to credit risk on similar facilities, including when the last significant modification of the facility occurred and that therefore determines the starting point for assessing SICR, (b) the length of time for related defaults to occur on similar financial instruments following a SICR and (c) the credit risk management actions (eg the reduction or removal of undrawn limits), prepayment rates and other factors that drive expected maturity. In applying these factors, the bank segments the portfolios of revolving facilities into sub-groups and applies the factors that are most relevant based on historical data and experience as well as forward-looking information.

Significant increase in credit risk ("SICR"). In order to determine whether there has been a significant increase in credit risk, the bank compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period using, for Corporate and Business Banking: transition in risk ratings, delinquency status, industry and restructured status and for retail: watch list, individual profile, restructured status, and delinquency status. The bank considers all reasonable and supportable forward-looking information available without undue cost and effort, which includes a range of factors, including behavioral aspects of particular customer portfolios. The bank identifies behavioral indicators of increases in credit risk prior to delinquency and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level.

Business model assessment. The business model drives classification of financial assets. Management applied judgement in determining the level of aggregation and portfolios of financial instruments when performing the business model assessment. When assessing sales transactions, the bank considers their historical frequency, timing and value, reasons for the sales and expectations about future sales activity. Sales transactions aimed at minimizing potential losses due to credit deterioration are considered consistent with the "hold to collect" business model. Other sales before maturity, not related to credit risk management activities, are also consistent with the "hold to collect" business model, provided that they are infrequent or insignificant in value, both individually and in aggregate. The bank assesses significance of sales transactions by comparing the value of the sales to the value of the portfolio subject to the business model assessment over the average life of the portfolio. In addition, sales of financial asset expected only in stress case scenario, or in response to an isolated event that is beyond the bank's control, is not recurring and could not have been anticipated by the bank, are regarded as incidental to the business model objective and do not impact the classification of the respective financial assets.

The "hold to collect and sell" business model means that assets are held to collect the cash flows, but selling is also integral to achieving the business model's objective, such as, managing liquidity needs, achieving a particular yield, or matching the duration of the financial assets to the duration of the liabilities that fund those assets.

The residual category includes those portfolios of financial assets, which are managed with the objective of realizing cash flows primarily through sale, such as where a pattern of trading exists. Collecting contractual cash flow is often incidental for this business model.

Assessment whether cash flows are solely payments of principal and interest ("SPPI"). Determining whether a financial asset's cash flows are solely payments of principal and interest required judgement.

The time value of money element may be modified, for example, if a contractual interest rate is periodically reset but the frequency of that reset does not match the tenor of the debt instrument's underlying base interest rate. The effect of the modified time value of money was assessed by comparing relevant instrument's cash flows against a benchmark debt instrument with SPPI cash flows, in each period and cumulatively over the life of the instrument. The assessment was done for all reasonably possible scenarios, including reasonably possible financial stress situation that can occur in financial markets.

Judgements

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2021 is set out below in relation to the impairment of financial instruments and in the following notes:

•• Note 33 – Determination of fair value of financial instruments with significant unobservable inputs;

••Note 10.2 – Recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used; and

•• Note 28 – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

•• Note 32 -Share-based payments.

•• Note 16 -ECL**.**

Going Concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern.

Therefore, the financial statements continue to be prepared on the going concern basis.

IMPACT OF COVID-19

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. The fiscal and monetary authorities, both domestic and international, have announced various fiscal and stimulus measures across the globe to counter possible adverse implications.

Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

* In the principal market for the asset or liability

Or

* In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 33.4.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

・Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

・Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

・Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Bank's Risk Committee determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial investment at FVOCI, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External vaulters are involved for valuation of significant assets, such as properties and financial investment at FVOCI, and significant liabilities, such as contingent consideration. Involvement of external vaulters is decided upon annually by the Risk Committee after discussions and approvals by the Company's Audit committee are obtained. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. vaulters are normally rotated every three years. The Risk committee decides, after discussions with the Bank's external vaulters, which valuation techniques and inputs to use for each case.

At each reporting date, "The Direct Investment Exposure Unit '' operating under "Investment Committee '' analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the bank's accounting policies. For this analysis, the Risk Committee verifies the major inputs applied in the latest valuation by agreeing the information in the computation of the valuation to contracts and other relevant documents. The Risk Committee, in conjunction with the Bank's external vaulters, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy Note 33.4.

Impairment of Loans and Advances

The Bank reviews its individually significant loans and advances at each statement-of-financial-position date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Loans and advances that have been assessed individually (and found not to be impaired) are assessed together with all individually insignificant loans and advances in groups of assets with similar risk characteristics. This is to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilization, loan-to-collateral ratios, etc.), and judgments on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups). The impairment loss on loans and advances is disclosed in more detail in Note 16.

In the case of equity investments classified as financial investment at FVOCI, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss – is removed from OCI and recognized in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in OCI.

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as financial investment at FVOCI, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

Deferred Tax Assets

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely.

2.3. Summary of Significant Accounting Policies

(1) Foreign currency translation

The consolidated financial statements are denominated and presented in Egyptian pound (EGP), which is also the functional currency of the Bank. Transactions in foreign currencies are translated into Egyptian pound at exchange rates prevailing at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into Egyptian pound at the exchange rates prevailing at the reporting date.
Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non–monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

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

- Net trading income from FVTPL assets and liabilities.
- Items of other comprehensive income with equity in relation to investments in equity instruments at fair value through comprehensive income.
- Other operating revenues (expenses) from the remaining assets and liabilities.

Changes in the fair value of financial instruments of a monetary nature in foreign currencies that are classified as financial investments at fair value through comprehensive income (debt instruments) are analyzed between valuation differences that resulted from changes in the cost consumed for the instrument and differences that resulted from changing the exchange rates in effect and differences caused by changing the fair value For the instrument, the evaluation differences related to changes in the cost consumed are recognized in the income of loans and similar revenues and in the differences related to changing the exchange rates in other operating income (expenses) item, and are recognized in the items of comprehensive income.

Valuation differences arising from the measurement of items of a non-monetary nature at fair value through profit and losses resulting from changes in the exchange rates used to translate those items include, and then are recognized in the income statement by the total valuation differences resulting from the measurement of equity instruments classified at fair value through Profits and losses, while the total valuation differences resulting from the measurement of equity instruments at fair value through comprehensive income are recognized within other comprehensive income items in equity, fair value reserve item for financial investments at fair value through comprehensive income.

(2) Sale and Repurchase Agreements

Securities sold with a commitment to repurchase at a specified future date (repos), continue to be recognized in the statement of consolidated financial position and are measured in accordance with related accounting policies for FVOCI, FVPL and other investments at amortized cost. The counterparty liability for amounts received under these agreements is included in due to banks and other financial institutions or customer deposits, as appropriate. The difference between the sale and the repurchase price is treated as special interest expense and is recognized over the life of the repo agreement on an effective yield basis.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos), are not recognized in the statement of consolidated financial position, as the bank does not obtain control over the assets. Amounts paid under these agreements are included in cash and balances with Central Banks, due from banks and other financial institutions or loans and advances, as appropriate. The difference between the purchase and the resale price is treated as special commission income and is recognized over the life of the reverse repo agreement on an effective yield basis.

(3) Impairment of Non–Financial Assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

Impairment losses relating to goodwill are not reversed in future periods.

(4) Hedge Accounting

The Bank makes use of derivative instruments to manage exposures to interest rate, foreign currency and credit risks, including exposures arising from highly probable forecast transactions and firm commitments. In order to manage particular risks, the Bank applies hedge accounting for transactions which meet specified criteria.

At inception of the hedge relationship, the Bank formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis and demonstrate that it was effective (retrospective effectiveness) for the designated period in order to qualify for hedge accounting. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset by the hedging instrument in a range of 80% to 125% and were expected to achieve such offset in future periods. Hedge ineffectiveness is recognized in the income statement in 'Net trading income'. For situations where the hedged item is a forecast transaction, the Bank also assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the income statement.

(5) Fair Value Hedges

Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognized immediately in the income statement. These gains and losses are reported in 'net trading income', except where derivatives are managed in conjunction with financial instruments designated at fair value, in which case gains and losses are reported in 'net income from financial instruments designated at fair value'.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognized in the income statement in Net trading income. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the statement of financial position and is also recognized in the income statement in Net trading income. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. For hedged items recorded at amortized cost, the difference between the carrying value of the hedged item on termination and the face value is amortized over the remaining term of the original hedge using the recalculated EIR method. If the hedged item is derecognized, the unamortized fair value adjustment is recognized immediately in the income statement.

(6) Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the bank has legal right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the trading activities.

(7) Financial Instruments

Classification of Financial Assets and Liabilities:

Date of Recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial ~assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

Day 1Profit or Loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognizes the difference between the transaction price and fair value in net trading income. In those cases, where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized.

(a) Classification and Measurement

From a classification and measurement perspective, all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Defining a Business Model

Business Model is the overarching principle that determines the management philosophy and method by which the Bank manages its group of financial assets to achieve a particular objective. A business model document shall set the broader objectives of the Bank and serve as the guiding principle in developing portfolios of debt instruments.

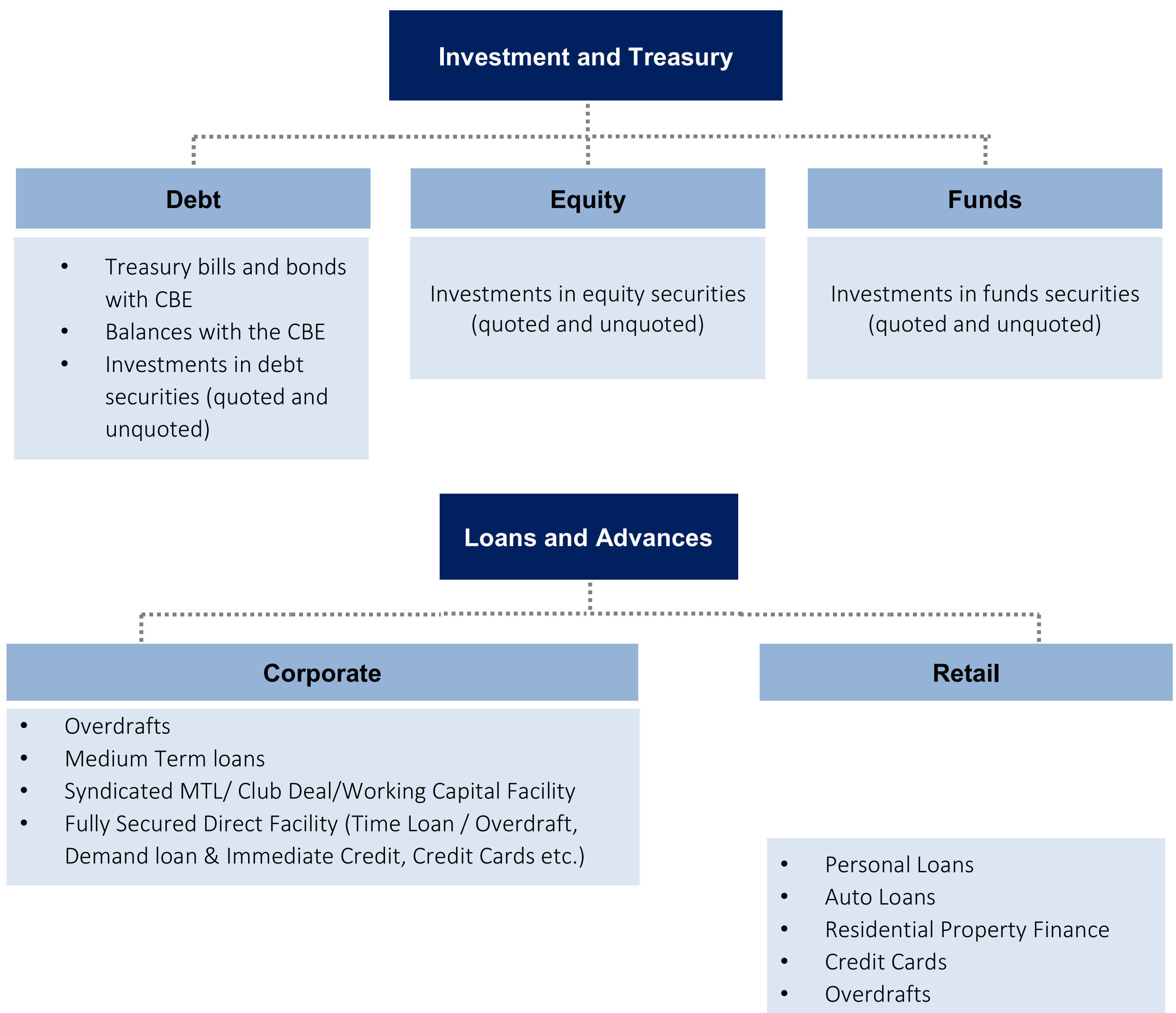
The Bank applies the following approved business models in the management of its debt instrument to achieve its goals and objectives.

Business models	Primary objective
Hold to Collect	Hold to collect contractual cash flows
Hold to Collect and Sell	Hold to collect and sell financial assets
Others	Hold for trading and/or manage on a fair value basis

Level of Portfolio Aggregation

Management shall define the level of portfolio aggregation at which the business model applies to aid in the management, monitoring, and operation of the model. The aggregation reflects the objective of the portfolio rather than the intent of each instrument.

The following diagram depicts the bank business segment and the financial asset portfolio being managed by each segment:



Management and Monitoring of Business Models

The business groups, in consultation with Finance, shall:

- Perform business model reassessment regularly to ensure that the portfolios are managed consistently with the business model; and
- Monitor and document deviations from the business model

If deviations to business model were noted, the business group shall document the nature, justification and impact of deviation.

Contractual Cash Flow Characteristics

The Bank should assess the contractual cash flow characteristics of its financial assets, which are debt instruments held within the following business model:

- Hold to Collect
- Hold to Collect and Sell

To do so, the Bank has to determine whether the asset's contractual cash flows are consistent with the basic lending arrangement by performing a Contractual Cash Flow Characteristics of Financial Assets or more commonly known as Solely Payment of Principal and Interest (SPPI) testing.

In a basic lending arrangement, the contractual cash flows of debt investments and credit products are composed of principal value, and interest payment (i.e., rate of return). These two components are discussed further below:

Principal Value

Principal is the fair value of the financial asset at initial recognition. However, that principal amount may change over the useful life of the financial asset when there are principal repayments.

Rate of Return

Rate of return consists of consideration for the time value of money, credit risk associated with the principal amount outstanding during a particular period of time and other basic lending risks and costs, as well as a profit margin. The Bank derives the rate of return considering its cost of fund, provision for expected and unexpected losses, administrative costs, and reasonable return of investment.

Levels of SPPI Assessment

Generally, SPPI test is performed at an instrument level. Details of the assessment vary between debt securities and loan products as discussed further below:

Loan Facilities

Standard Loan Contracts

Standard loan contracts are based on master agreements where contracts for facilities include pre-defined contractual agreements. Lending terms may vary from obligor to obligor depending on the lending risk (e.g. interest rate, frequency, tenor, etc.)

Facilities under a standard loan contract is expected to have consistent cash flow features and characteristics. Therefore, assessment is performed on the master agreement to determine whether IFRS 9 criteria on cash flow characteristics are met. Rest of individual contracts within the product portfolio is presumed to be covered by the SPPI testing of single master agreement.

Bank has controls in place to consistently comply with the Bank's credit documentation requirements. Any deviation shall be reviewed and cleared by the Bank's legal unit.

New Credit Product – Standard Loan Contracts

Proposal for new credit products shall include full details of the offering such as credit criteria, pricing, legal terms and expected risk adjusted returns. In consultation with Finance, proposing business unit shall perform SPPI test on new credit product as per the requirement of IFRS 9. Clearance on SPPI testing is needed to be able to classify new credit products in accordance with IFRS 9 classification and measurement. Results of the SPPI testing will be communicated to Finance department prior to launch to ensure that the transactions under this product are properly accounted in the books.

Non-Standard Loan Contracts

Non-standard loan contracts are not based on master agreement where credit terms vary from one obligor to another. The contractual cash flow characteristics are expected to be different from each other, thus, SPPI testing is performed at instrument level.

The business unit managing a non-standard loan contracts shall perform the SPPI testing, in consultation with Finance. Results of the SPPI testing will be forwarded to Finance for the assessment of accounting treatment in the books.

Restructuring and Modification of Financial Assets

Some loan facilities are subject to restructuring or modification of credit terms. In such cases, modified or restructured terms of a credit facility shall be assessed for contractual cash flow characteristics and features.

The business unit managing the restructured or modified products shall perform the SPPI test with consultation with Finance department, as needed. Results of the SPPI testing will be forwarded to Finance for the assessment of accounting impact in the financial statements.

Bonds and Other Debt Instruments

As part of the Bank's activity to maximize return on its assets, Investment and Treasury department will endeavour to find profitable investments within the acceptable risk limit.

The investment proposal should include the result of SPPI testing along with the business model objective for which the Bank would intend to manage the investment in following cases:

- Prior to approval to purchase
- Upon restructuring
- Modification of an investment

The business unit managing the investment shall perform the SPPI testing. Results shall be forwarded to Finance department for the assessment of accounting impact on the financial statements.

Equity Instruments and Derivatives

Equity instruments are generally measured at FVTPL as per IFRS 9. However, the Bank may acquire equity instruments, which is not held for trading. IFRS 9, upon initial recognition, provides an irrevocable election to designate equity securities (instrument level) to present subsequent changes in fair value in other comprehensive income (OCI). Amounts presented in OCI are not subsequently transferred to profit and loss even on De-recognition, although the cumulative amounts may be transferred within equity, as appropriate. Dividend on equity instruments is recognized in profit and loss, unless it represents recovery of the cost of investment consequently, there is no requirement to review equity instruments for impairment.

Reclassification of Financial Assets

Under IFRS 9, financial assets are not reclassified subsequent to their initial recognition, except in certain rare circumstances when the Bank changes its business model for managing financial assets, it should reclassify all affected financial assets within the portfolio in accordance with the new business model. However, it is expected to be infrequent as it occurs if the Bank begins or ceases activity of a significant operation and it is demonstrable to external parties.

The following are not considered changes in the business model:

- A change in intention related to particular financial assets
- A temporary disappearance of a particular market for financial assets
- A transfer of financial assets between parts of the entity with different business models

The Bank does not allow, in all cases, reclassification in equity instruments after the initial recognition.

The reclassification should be applied prospectively from the reclassification date, which is defined as, 'the first day of the first reporting period following the change in business model that results in an entity reclassifying financial assets'. Any previously recognised gains, losses or interest should not be restated.

Classification of Financial Liabilities

Financial liabilities are to be subsequently measured at:

- Amortised cost, measured using the effective interest method; OR
- Fair value through profit or loss (FVTPL)

The principal changes in the Group's accounting policies are as follows:

Impairment of Financial Assets:

• The Bank applies a three-stage approach to measure expected credit losses in respect of financial assets carried at amortized cost and debt instruments classified at fair value through other comprehensive income. Assets are transferred through the following three stages on the basis of changes in the quality of credit ratings since the initial recognition of these assets:

Stage 1: 12 months Expected Credit Loss (ECL)

For exposures where there has been no significant increase in credit risk since initial recognition, the portion of expected long-term credit losses associated with the probability of default over the next 12 months is recognized.

Stage 2: Life Time Expected Credit Loss (ECL) – Non-impaired credit exposures where there has been a significant increase in credit risk since initial recognition, but not credit default, expected credit losses are recognized over the life of the asset.

Stage 3: Expected Credit Losses Financial assets are credit risk when one or more events have occurred that have a detrimental effect on the estimated future cash flows of those financial assets. Due to the use of the same standards in IAS 39, the Bank's methodology for specific provisions remains unchanged.

(b) Impairment

The Bank has established a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

• To calculate ECL, the Bank estimates the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between: the contractual cash flows that are due to the Bank under the contract, and

• The cash flows that the Bank expects to receive, discounted at the effective interest rate of the loan.

The Bank groups its loans into Stage 1, Stage 2 and Stage 3, based on the applied impairment methodology, as described below:

• Stage 1 – Performing loans: when loans are first recognized, the Bank recognizes an allowance based on 12-month expected credit losses.

• Stage 2 – Underperforming loans: when a loan shows a significant increase in credit risk, the Bank records an allowance for the lifetime expected credit loss.

• Stage 3 – Impaired loans: The Bank recognizes the lifetime expected credit losses for these loans. In addition, in Stage 3 the Bank accrues interest income on the amortized cost of the loan net of allowances.

The Bank will record impairment for FVOCI debt securities, depending on whether they are classified as Stage 1, 2, or 3, as explained above. However, the expected credit losses will not reduce the carrying amount of these financial assets in the statement of financial position, which will remain at fair value.

Instead, an amount equal to the allowance that would arise if the asset were measured at amortized cost will be recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss.

Additional details related to ECL calculation Under IFRS 9:

- ### Default Definition for CIB

Days Past Due: Exposures that have one or more instalment past due for more than 90 days both for Consumer and Business Banking assets. This will be consistent with the rebuttable criteria set out by IFRS 9 and existing practice of the Bank.

Rating: Customers rated 8 to 10 (applicable to both corporate and business banking as a whole)

Event driven defaults: this will be based on the customer specific factors such as breach of covenants which are deemed material, declaration of bankruptcy by the customer, death of borrower and other customer specific factors. This will be applied on a case-by-case basis, subject to IFRS 9 Committee approval.

Regulatory default: If in future, the local regulator prescribes the criteria of default for IFRS 9 purposes, the Bank will choose the criteria which is stricter of the criteria under this policy or regulatory purpose for defining default.

The definition should be applied to all financial instruments under the scope of IFRS 9 impairment with the exception of ‘Rating’ criteria which is only applicable for corporate and business banking facilities as the Bank does not currently maintain any rating or credit scoring for Consumer facilities.

- ### Modification of Assets

<u>Consumer Banking</u>

Stage 1 – Restructure: (within the policy) based on customer request (no credit reasons present)

Stage 2 – Restructure: In case of credit risk reasons and not in default will be classified into Stage 2. (The Impairment % of such accounts to follow the current bank's policy)

Stage 2 or Stage 3 – Reschedule: Already in delinquency (customer in debt repayment) Stage 2 or Stage 3 depending upon the policy (100% Impairment is taken and kept for six months – post six months the release of the Impairment depends on the customer good performance)

Corporate & Business Banking

Stage 1 – Restructure: Business Banking is complying with the modification rules in the policy, regarding collateralized asset under Restructure (within the policy) based on customer request (no credit reasons present)

Stage 2 – Restructure: In case of credit risk reasons and not in default will be classified into Stage 2. (The Impairment % of such accounts to follow the current bank's policy).

Stage 2 or Stage 3 – Reschedule: Reschedule already in delinquency (customer in debt repayment) Stage 2 or Stage 3 depending upon the policy (100% Impairment is taken and kept for six months – post six months the release of the Impairment depends on the customer good performance).

- **Individual vs Collective Assessment**

Corporate and Business Banking

For corporate exposures, CIB will assess SICR on an individual assessment at a facility/instrument level.

While for business banking (all segments):

- Business Banking (all segments) exposures will assess SICR on an individual assessment at a Customer level.
- Business Banking assessment will be on each facility level but if any facility assessed as SICR or default all other facilities granted to one counterparty will be assessed as SICR or default (contagion)

Consumer Exposures

- The Bank will determine SICR at both instrument level and collective basis. SICR can be assessed at a collective/portfolio level if common risk characteristics are shared. Any instruments that are assessed collectively must possess shared credit risk characteristics. This is to prevent significant increases in credit risk being obscured by aggregating instruments that have different risks. CIB's Consumer exposures are grouped into different segments by
- Products (i.e. auto loan, personal loan etc.) and their employment status (self-employed, salaried etc.) for cards we have further segmented by Limit buckets (Less than 10k and greater than 10K). CIB may try alternate segmentations if deemed to be significant.

Significant Increase in Credit Risk (SICR):

Corporate and Business Banking:

CIB will use the following indicators to identify any significant increase in credit risks. The occurrence of any one of the indicators should be considered as an indicator of SICR and consequently the related financial instrument will be classified as Stage 2 and will attract a lifetime ECL:

- **Risk Ratings:** All facilities with internal rating of 7 (watch list) will be directly categorised in Stage 2 (absolute measure).
- **Transition in Risk Ratings:** All facilities that have been downgraded at the reporting date by:
  - 2 or more grades: for facilities which were internally rated 2 to 4 at inception.
  - 1 or more grade: for other facilities which were internally rated 5 or 6.
- **Delinquency Status:** The facilities will be considered as SICR and will be moved to Stage 2 if the following conditions re prevail:

- Outstanding exposure (or related interest) is 50 days past due ("DPD") at the reporting date irrespective of the rating OR;
- Internal rating is 5 or 6 And DPD>=30 for 3 times or more over the last 12 months OR;
- Internal rating is 5 or 6 And DPD>=50 once or more over the last 12 months

- **Industry**: Certain industries/sectors are considered high risk. If the following conditions prevail, the account will be categorized in stage 2:

- Internal rating is 5 or 6 And Industry is classified as high risk, which will be determined and revised periodically.

Restructured Status: All facilities that have been restructured in the past period due to credit risk related factors or which were NPL in the past and now regular (subject to cooling period of 24 months) to be considered Stage 2.

- **Risk Parameters**

This section covers the calculation methodology of the risk parameters of Expected Credit Loss (ECL) measurement and this is complementary to all other individual policies on risk qualification.

The ECL methodology was detailed in the previous section on Expected Credit Loss Approach and the related scenario methodology is detailed in the next section on Scenarios and Forward Looking Information, this section restricts itself to the calculation methodology of PD, EAD and LGD, which are the key risk parameters for ECL calculation.

In the context of risk parameters, the key areas that need to be addressed are the following:

The Bank's Internal Rating and PD Estimation Process
The Bank's independent Credit Risk Department operates its internal rating models. The Bank runs separate models for its key portfolios in which its customers are rate from 1 to 10 using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Where practical, they also build on information from Good Rating Agency. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for each economic scenario as appropriate.

Exposure at Default – EAD
The Exposure at Default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months for the calculation of the 12m ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Bank determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Bank's models.

Loss Give Default Methodology

For corporate and investment banking financial instruments, LGD values are assessed at least every three months by account managers and reviewed and approved by the Bank's specialized credit risk department. The credit risk assessment is based on a standardized LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realized from any collateral held.

The Bank segments its retail lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group. The Bank estimates regulatory and IFRS 9 LGDs on a different basis. Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI IFRS 9 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

(c) Hedge Accounting

Financial Assets and Liabilities:

1. **Initial Recognition and Measurement**

All "regular" purchases and sales of financial assets are recognized on the trade date, the date on which the Group commits to purchase or sell the asset. Regular purchases and sales are purchases and sales of financial assets that require delivery of assets within the time frame generally provided by law or by market norms.

Financial assets or liabilities are measured initially at fair value plus, in the case of an item not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue.

2. **Classification**

On initial recognition, financial assets are classified as measured at amortized cost, carried at fair value through other comprehensive income or at fair value through profit or loss. Financial assets are measured at amortized cost when each of the following officers is satisfied and is not classified as at fair value through profit or loss:

- Assets are retained in the business model, which is intended to retain assets in order to collect contractual cash flows;

- The contractual terms of the financial assets on specific dates result in cash flows which are only payments on the original amount and interest on the original amount outstanding.

Debt instruments are measured at fair value through other comprehensive income only when both of the following conditions are met and are not classified as at fair value through profit or loss:

Assets are retained in the business model which is intended to achieve both the collection of contractual cash flows and the sale of financial assets. The contractual terms of the financial assets on specific dates result in cash flows that are only payments on the original amount and interest on the original amount outstanding.

Upon initial recognition of equity investments that are not held for trading, the Bank may elect irrevocably to present changes in fair value in other comprehensive income. This choice is made on an investment-by-investment basis.
All other financial assets are classified at fair value through profit or loss.

Evaluation of Business Model

The Bank assesses the objective of the business model in which assets are maintained at the business portfolio level. This method better reflects how business is managed and how information is communicated to management. The information to be considered is as follows:

- Specific policies and objectives of the business portfolio and practical application of these policies. In particular, whether the management strategy focuses on the achievement of contractual interest income and the realization of cash flows through the sale or retention of assets for liquidity purposes;

- the risks that affect the performance of the business model (and the financial assets that are retained within that business model), how these risks are managed; the frequency, value and timing of sales in prior periods, the reasons for such sales, as well as their forecast for future sales activities. Information on sales activities cannot be taken into account alone from the rest of the activities. Rather, they are part of a comprehensive assessment of how the Bank achieves the objectives of managing the financial assets as well as how to achieve cash flows.

Financial assets held for trading or managed, whose performance is measured at fair value, are measured at fair value through profit or loss where they are not held for the purpose of collecting contractual cash flows and are not held for the purpose of collecting cash flows and the sale of financial assets.

Assess whether the contractual cash flows are only payments of the original amount and interest on the original amount outstanding

For the purpose of this valuation, the original amount is determined on the basis of the fair value of financial assets at initial recognition. Interest is determined on the basis of the time value of the money and the credit risk associated with the original principal over a given period of time or other basic lending risk and costs (eg liquidity risk and administrative costs), as well as profit margin.

Reclassification

Financial assets are not recognized after initial recognition, unless the Bank changes the business model to manage financial assets.

3. **De-recognition**

Financial Assets

The Bank derecognizes financial assets upon expiry of the contractual rights of cash flows from the financial asset or transfers its rights to receive the contractual cash flows in accordance with the transactions in which all significant risks and rewards of ownership relating to the transferred financial asset are transferred or when the Bank has not transferred or retained all the risks The fundamental benefits of ownership and did not retain control of financial assets.

When the financial asset is derecognized, the difference between the carrying amount of the financial asset (or the carrying amount allocated to the financial asset excluded) and the total of the consideration received (including any new acquired asset) In other comprehensive income is recognized in profit or loss.

Gain / Loss recognized in other comprehensive income in respect of investment securities in equity securities is not recognized in profit or loss on disposal of such securities. Any interest on transferred financial assets that are eligible for disposal that are created or retained by the Group as a separate asset or liability is recognized.

If the terms of the financial assets are modified, the Bank assesses whether the cash flows of the financial assets are substantially different. If there are significant differences in cash flows, the contractual rights to the cash flows from the original financial assets are past due. In this case, the original financial assets are derecognized and the new financial assets are recognized at fair value.

The financial asset (in whole or in part) is derecognized when

- Expiration of rights to receive cash flows from the original;

- The Bank has transferred substantially all the risks and rewards of the asset or (b) has not transferred or retained the cash flows; All the material risks and benefits of the assets but transferred control over the assets.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expires.

Investments held for trading

Investments held for trading are subsequently measured at fair value with any gain or loss arising from the change in fair value recognized in the consolidated statement of income or loss in the period in which they arise. Interest earned or dividends received are included in net trading income.

(8) Leasing

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration

Right-Of-Use Assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The depreciation period of right of use should not exceed the lease term, unless the lease contract transfers ownership of the underlying asset to the customer (lessee) by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option. Right-of-use assets are subject to impairment under IAS 36.

Lease Liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate is recognized as expenses in the period in which the event or condition that triggers the payment occurs.

(9) Recognition of Income and Expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

(i) Interest and Similar Income and Expense

For all financial instruments measured at amortized cost, interest bearing financial assets classified as FVOCI and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest and similar income' for financial assets and Interest and similar expense for financial liabilities.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fee and Commission Income

The Bank earns fee and commission income from a diverse range of services it provides to its customers.

Fee income can be divided into the following two categories:

Fee Income Earned from Services that are Provided Over a Certain Period of Time.

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

EIR method is used to spread income over life time of deals.

Fee Income from Providing Transaction Services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

(iii) Dividend Income

Revenue is recognized when the Bank's right to receive the payment is established, which is generally when the shareholders approve the dividend.

(iv) Net Trading Income

Results arising from trading activities include all gains and losses from changes in fair value and related interest income or expense and dividends for financial assets and financial liabilities held for trading.

Segment analysis

The Bank is divided into main business segments on a worldwide basis:

- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products

- SME's – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products.

- Investment banking – incorporating financial instruments Trading, structured financing, Corporate leasing, and merger and acquisitions advice.

- Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;

- Transactions between the business segments are on normal commercial terms and conditions.

(10) Cash and Cash Equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less from inception.

(11) Property and Equipment

Property and equipment (including equipment under operating leases where the Bank is the lessor) is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

Buildings	20 years.
Leasehold improvements	3 years, or over the period of the lease if less
Furniture and safes	3/5 years.
Calculators and air-conditions	5 years
Vehicles	3/5 years.
Computers and core systems	3 years
Fixtures and fittings	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Property and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other operating income in the income statement in the year the asset is derecognized.

(12) Business combinations and goodwill

Business combinations are accounted for using the purchase method of accounting. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognized directly in the income statement in the year of acquisition.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash– generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with IFRS 8 Operating Segments.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative fair values of the disposed operation and the portion of the CGU retained.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Bank. Non-controlling interest forms a separate component of the Group's equity.

Purchases and sales of non-controlling interests. The Bank applies the economic entity model to account for transactions with owners of no controlling interest. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Bank recognizes the difference between sales consideration and carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

(13) Intangible assets

The Bank's other intangible assets include the value of computer software and customer core deposits acquired in business combinations.

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with a finite life is amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial yearend. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is presented as a separate line item in the income statement.

Amortization is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives.

(14) Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

There are no provision amounts has been discounted.

(15) Share–Based Payment Transactions

Employees (including senior executives) of the Bank receive remuneration in the form of share–based payment transactions, whereby employees render services as consideration for equity instruments (equity–settled transactions).

Equity–Settled Transactions

The cost of equity–settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date) the cumulative expense recognized for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period is recorded in administrative expense and represents the movement in cumulative expense recognized as at the beginning and end of that period.

Where the terms of an equity–settled award are modified, the minimum expense recognized in administrative expense is the expense as if the terms had not been modified.

Where an equity–settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non–vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

(16) The Bank's Contributions to the Employees' Social Insurance Fund (Defined Contribution Plan)

Bank employees benefit from the Social Insurance Fund that has been established under the Law No. 64 of year 84 regarding alternative social insurance systems. This system is considered an alternative to state regulations and is subject to the supervision of the Ministry of Social Insurance. A Ministerial Resolution No. 22 of year 83 was issued regarding approval of the establishment of the Social Fund for Employees. The bank is obliged to pay to the fund the contributions due for each month represented in the employer's share and the share of the insured and pay his obligations towards the fund in implementation of the provisions of the fund system. This is a system of benefits enjoyed by employees, a system of specific benefits for the bank, according to the Egyptian Accounting Standards.

(17) Taxes

(i) Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(ii) Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognized directly in equity are also recognized in equity and not in the income statement, also for items at OCI related to investment.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(18) Borrowings

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

(19) Dividends on Ordinary Shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

(20) Equity Reserves

The reserves recorded in equity (Other comprehensive income) on the Bank's statement of financial position include financial investment at FVOCI reserve, which comprises changes in fair value of financial investment at FVOCI.

(21) Segment Reporting

The Bank's segment reporting is based on the following operating segments: Corporate Banking, SME's, Investment Banking and Retails Banking.

(22) Earnings Per Share

The bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(23) Financial Guarantees and Loan 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.

(24) Deposits

Deposits issued are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

(25) Non-Current Assets Held for Sale

IFRS 5 requires a non-current asset (or disposal group) to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Determining whether (and when) an asset stops being recovered principally through use and becomes recoverable principally through sale.

For an asset (or disposal group) to be classified as held for sale:

(a) It must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups) ;(b) Its sale must be highly probable; (c) It must genuinely be sold, not abandoned.

The standard requires that non-current assets (and, in a 'disposal group', related liabilities and current assets,) meeting its criteria to be classified as held for sale be:

(a) Measured at the lower of carrying amount and fair value less costs to sell, with depreciation on them ceasing; and

(b) Presented separately on the face of the statement of financial position with the results of discontinued operations presented separately in the statement of comprehensive income.

(26) Discontinued operation

Discontinued operation as 'a component of an entity that either has been disposed of, or is classified as held for sale, and

(a) Represents a separate major line of business or geographical area of operations,

(b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or

(c) Is a subsidiary acquired exclusively with a view to resale.

When presenting discontinued operations in the income statement, the comparative figures should be adjusted as if the operations had been discontinued in the comparative period.

(27) Liabilities

Liabilities are measured at cost while fair value is calculated (note 33.4.2)

Standards Issued but not yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4). IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. This standard is not applicable to the Bank.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.
Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Bank will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'
The amendments to the definition of material is not expected to have a significant impact on the Bank's consolidated financial statements.

Changes in Liabilities Arising from Financing Activities:

Cash Flow from Financing Activities	1/1/2021	New loans	Settlement	FX	Capital Increase	31/12/2021
Long term loans	7,746,946	24,334	(2,625,878)	(4,620)	-	5,140,782
Total	7,746,946	24,334	(2,625,878)	(4,620)	-	5,140,782

Cash Flow from Financing Activities	1/1/2020	New loans	Settlement	FX	Capital Increase	31/12/2020
Long term loans	3,272,746	4,580,526	(44,446)	(61,880)	-	7,746,946
Total	3,272,746	4,580,526	(44,446)	(61,880)	-	7,746,946

3 . Net interest income

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Interest and similar income		
- Banks	5,231,766	2,204,633
- Clients	13,173,306	12,696,383
Total	18,405,072	14,901,016
Treasury bills and bonds	25,679,847	26,597,741
Repos	16,413	4,067
Financial investments at fair value through OCI	976,837	693,411
Total	45,078,169	42,196,235
Interest and similar expense		
- Banks	(123,098)	(458,210)
- Clients	(19,481,389)	(16,070,642)
Total	(19,604,487)	(16,528,852)
Repos	(160,143)	(209,975)
Finance expense related to financial lease contract	(91,894)	(83,783)
Other loans	(319,008)	(284,988)
Issued debt instruments	(28,740)	-
Total	(20,204,272)	(17,107,598)
Net interest income	24,873,897	25,088,637

4 . Net fee and commission income

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Fee and commission income		
Fee and commissions related to credit	1,403,508	1,189,068
Custody fee	175,697	159,082
Other fee	2,466,368	1,711,114
Total	4,045,573	3,059,264
Fee and commission expense		
Other fee paid	(1,655,096)	(983,450)
Total	(1,655,096)	(983,450)
Net income from fee and commission	2,390,477	2,075,814

5 . Dividend income

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Financial assets at fair value through profit or loss	7,003	10,596
Financial assets at fair value through OCI	52,722	39,579
Total	59,725	50,175

6 . Net trading income

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Profit from foreign exchange transactions	692,054	445,272
Profit (Loss) from forward foreign exchange deals revaluation	(227)	37,439
Loss from interest rate swaps revaluation	(3,053)	(5,744)
Profit (Loss) from currency swap deals revaluation	14,876	(5,577)
Profit (Loss) from financial assets at fair value through profit or loss	71,342	11,616
Total	774,992	483,006

7 . Administrative expenses

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Staff costs		
Wages and salaries	(2,606,439)	(2,371,973)
Social insurance	(138,036)	(123,625)
Other benefits	(1,530,232)	(1,127,575)
Stock option	(609,744)	(552,438)
Depreciation *	(1,026,864)	(924,667)
Maintenance	(156,995)	(565,799)
Premises & Vehicles improvements and maintenance	(596,459)	(541,389)
Internship expense	(35,403)	(13,187)
Board Meeting & Director's expense	(2,840)	(2,987)
Other administrative expenses	(1,084,573)	(653,663)
Total	(7,787,584)	(6,877,303)

*include depreciation related to right of use contracts

8 . Other operating (expenses) income

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Forex (losses) gains from non-trading assets and liabilities revaluation	(16,589)	24,845
Gains from selling property, plant and equipment	2,947	1,094
Charges of Provisions	(412,430)	(1,287,326)
Care Service & Cash Trans. Expense	(92,377)	(147,144)
Regulatory Expense	(302,884)	(372,017)
Consultants	(65,677)	(55,369)
IT communications	(184,596)	(195,057)
Utilities	(95,068)	(131,642)
Other income/expenses	(506,872)	(338,207)
Total	(1,673,546)	(2,500,823)

9 . Impairment charges (reversals of impairments) for credit losses

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Loans and advances to customers	(1,756,505)	(4,806,518)
Due from banks	(16,808)	(7,081)
Financial investments	93,566	(205,182)
Total	(1,679,747)	(5,018,781)

10 . Income taxes

10.1 . Adjustments to calculate the effective tax rate

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Profit before tax	17,568,073	14,333,195
Tax rate	22.5%	22.5%
Income tax based on accounting profit	3,952,816	3,224,969
Add / (Deduct)		
Non-deductible expenses	2,652,324	3,026,120
Tax exemptions	(4,547,108)	(4,224,616)
Withholding tax	3,507,567	2,973,512
Income tax / Deferred tax	5,565,599	4,999,985
Effective tax rate	31.68%	34.88%

10.2 . Deferred tax assets (liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Balance at 1 January 2021	Recognised in Consolidated Statement of Comprehensive Income	Recognised in Consolidated Income statement	Balance at 31 December 2021 per Consolidated Statement of Financial Position	Deferred tax Assets/Liabilities in Subsidiaries	Deferred tax Assets/Liabilities for the bank
				Balance at 31 December 2021		
Fixed assets (difference between net book value and tax base cost)	(84,418)	-	6,172	(78,246)	(1,130)	(77,116)
Provisions (excluding loan loss, contingent liabilities and income tax provisions)	210,526	-	(30,003)	180,523	(2,894)	183,417
Effect of deferred tax on Investment FVOCI	-	(95,905)	-	(95,905)	-	(95,905)
Other investments impairment	97,925	-	(14,973)	82,952	-	82,952
Reserve for employee stock ownership plan (ESOP)	239,545	-	137,193	376,738	-	376,738
Interest rate swaps revaluation	1,292	-	(605)	687	-	687
Trading investment revaluation	(20,059)	-	10,579	(9,480)	-	(9,480)
Forward foreign exchange deals revaluation	(7,039)	-	5,772	(1,267)	-	(1,267)
Total Assets / (Liabilities)	**437,772**	**(95,905)**	**114,135**	**456,002**	**(4,024)**	**460,026**

	Balance at 1 January 2020	Recognised in Consolidated Statement of Comprehensive Income	Recognised in Consolidated Income statement	Balance at 31 December 2021 per Consolidated Statement of Financial Position	Deferred tax Assets/Liabilities in Subsidiaries	Deferred tax Assets/Liabilities for the bank
				Balance at 31 December 2020		
Fixed assets (difference between net book value and tax base cc	(79,162)	-	(5,256)	(84,418)	-	(84,418)
Provisions (excluding loan loss, contingent liabilities and income tax provisions)	146,675	-	63,851	210,526	-	210,526
Other investments impairment	76,407	-	21,518	97,925	-	97,925
Reserve for employee stock ownership plan (ESOP)	216,709	-	22,836	239,545	-	239,545
Interest rate swaps revaluation	6,642	-	(5,350)	1,292	-	1,292
Trading investment revaluation	(35,477)	-	15,418	(20,059)	-	(20,059)
Forward foreign exchange deals revaluation	18,545	-	(25,584)	(7,039)	-	(7,039)
Total Assets / (Liabilities)	**350,339**	**-**	**87,433**	**437,772**	**-**	**437,772**

Recognition of deferred tax assets

Recognition of deferred tax assets is based on management's profit forecasts (which are based on the available evidence, including historical levels of profitability), which indicates that it is probable that the Group's entities will have future taxable profits against which these assets can be utilised.
availability of future taxable profit against which carry forward tax losses and other future deductions can be used;

Significant Accounting Judgements, Estimates and Assumptions

Deferred Tax Assets

Deferred tax assets are recognized in respect of tax losses and other future deductions to the extent that it is probable that future taxable profit will be available against which the losses and deductions can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely.

11 . Earning per share

(a) Basic earnings per share

	Earning per share	
	Dec.31, 2021	Dec.31, 2020
	EGP Thousands	EGP Thousands
(i) Profit attributable to ordinary shareholders (basic)		
Net profit for the year attributable to equity holders of the bank	**12,006,925**	9,335,044
(ii) Weighted - average number of ordinary shares (basic)		
Average number of shares	**1,970,242**	1,970,242
Basic earning per share	**6.09**	4.74
(b) Diluted earnings per share		
(i) Profit attributable to ordinary shareholders (diluted)		
Net profit for the year attributable to equity holders of the bank	**12,006,925**	9,335,044
(ii) Weighted - average number of ordinary shares (diluted)		
Issued ordinary shares	**1,970,242**	1,970,242
Effect of ESOP program	**14,316**	14,316
Weighted - average number of ordinary shares diluted	**1,984,558**	1,984,558
Diluted earning per share	**6.05**	4.70

12 . Bank's share in the profits of associates

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
- International Co. for Security and Services (Falcon)	10,782	10,767
- Fawry Plus	2,662	8,537
- Al Ahly Computer	1,552	3,122
Total	14,996	22,426

13 . Cash and balances at the central bank

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Cash	5,391,312	6,023,849
Obligatory reserve balance with CBE		
Current accounts	38,100,936	27,744,700
Total	43,492,248	33,768,549

14 . Due from banks*

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Current accounts	2,718,262	2,950,002
Deposits	77,464,504	84,500,488
Expected credit losses	(40,997)	(24,189)
Total	80,141,769	87,426,301
Central banks	51,720,551	54,425,073
Local banks	13,433,149	1,681,684
Foreign banks	14,988,069	31,319,544
Total	80,141,769	87,426,301
Non-interest bearing balances	1,423,922	19,515
Floating interest bearing balances	9,413,404	8,872,165
Fixed interest bearing balances	69,304,443	78,534,621
Total	80,141,769	87,426,301
Current balances	80,141,769	87,426,301
Total	80,141,769	87,426,301

* Due from banks

	Stage 1	Stage 1
Gross due from banks	80,182,766	87,450,490
Expected credit losses	(40,997)	(24,189)
Net due from banks	80,141,769	87,426,301

* All due from banks is high grade

Below is an analysis of outstanding balance:

Rating	B-	
	Balance	**Balance**
	80,141,769	87,426,301

15 . Loans and advances to banks, net

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Time and term loans	314,334	786,605
ECL	(2,118)	(9,625)
Net	312,216	776,980
Current balances	312,216	776,980
Net	312,216	776,980

Analysis for ECL of loans and advances to banks	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Beginning Balance	(9,625)	(4,516)
Addition during the year	7,507	(5,109)
Ending balance	(2,118)	(9,625)

Below is an analysis of outstanding balance:

Dec.31, 2021	
Balance	**Rating**
312,216	B-

Dec.31, 2020	
Balance	Rating
776,980	B-

16 . Loans and advances to customers, net

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Individual		
- Overdraft	**1,268,376**	1,519,369
- Credit cards	**5,716,197**	4,864,404
- Personal loans	**31,683,161**	27,882,072
- Mortgage loans	**2,484,598**	2,033,349
Total 1	**41,152,332**	36,299,194
Corporate		
- Overdraft	**29,333,541**	23,698,784
- Direct loans	**50,357,437**	45,228,009
- Syndicated loans	**43,062,028**	31,110,813
- Other loans	**33,489**	21,391
Total 2	**122,786,495**	100,058,997
Total Loans and advances to customers (1+2)	**163,938,827**	136,358,191
Less:		
Unamortized bills discount	**(68,410)**	(104,176)
Unamortized syndicated loans discount	**(312,682)**	(210,680)
Suspended credit account	**(65,129)**	(38,517)
ECL	**(17,917,363)**	(16,434,813)
Net loans and advances to customers	**145,575,243**	119,570,005
Distributed to		
Current balances	**64,258,073**	51,383,948
Non-current balances	**81,317,170**	68,186,057
Total	**145,575,243**	119,570,005

Analysis of ECL on loans and advances to customers by type during the year was as follows:

EGP Thousands

	Dec.31, 2021				
Individual Loans:	Overdrafts	Credit cards	Personal loans	Mortgages	Total
Beginning balance	**(13,594)**	**(242,277)**	**(775,605)**	**(62,287)**	**(1,093,763)**
Released (charged) during the year	**408**	**(124,535)**	**(196,022)**	**12,473**	**(307,676)**
Written off during the year	**3,072**	**100,263**	**194,989**	**-**	**298,324**
Recoveries	**(1)**	**(38,456)**	**(40,887)**	**-**	**(79,344)**
Ending balance	**(10,115)**	**(305,005)**	**(817,525)**	**(49,814)**	**(1,182,459)**

	Dec.31, 2021				
Corporate and Business Banking loans:	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	**(1,320,988)**	**(10,554,565)**	**(3,459,952)**	**(5,545)**	**(15,341,050)**
Released (charged) during the year	**(337,127)**	**(374,226)**	**(743,733)**	**(1,250)**	**(1,456,336)**
Written off during the year	**-**	**4,366**	**-**	**-**	**4,366**
Recoveries	**(80)**	**(45,351)**	**-**	**-**	**(45,431)**
Foreign currencies translation differences	**7,615**	**73,245**	**22,687**	**-**	**103,547**
Ending balance	**(1,650,580)**	**(10,896,531)**	**(4,180,998)**	**(6,795)**	**(16,734,904)**

	Dec.31, 2020				
Individual Loans:	Overdraft	Credit cards	Personal loans	Real estate loans	Total
Beginning balance	(5,413)	(90,776)	(179,293)	(41,449)	(316,931)
Acquired during the year (MAYFAIR)	(14)	-	(1,673)	(137)	(1,824)
Released (charged) during the year	(8,167)	(153,531)	(627,396)	(20,701)	(809,795)
Written off during the year	-	23,080	52,881	-	75,961
Recoveries	-	(21,050)	(20,124)	-	(41,174)
Ending balance	(13,594)	(242,277)	(775,605)	(62,287)	(1,093,763)

	Dec.31, 2020				
Corporate and Business Banking loans:	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	(934,823)	(7,828,482)	(2,743,552)	(2,099)	(11,508,956)
Acquired during the year (MAYFAIR)	(154)	(6,042)	-	-	(6,196)
Released (charged) during the year	(397,054)	(2,838,640)	(752,474)	(3,446)	(3,991,614)
Written off during the year	-	132,224	-	-	132,224
Recoveries	-	(121,721)	-	-	(121,721)
Foreign currencies translation differences	11,043	108,096	36,074	-	155,213
Ending balance	(1,320,988)	(10,554,565)	(3,459,952)	(5,545)	(15,341,050)

16.1 Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2021 EGP Thousands		Dec.31, 2020 EGP Thousands	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Gross Loans and advances	**163,938,827**	**314,334**	136,358,191	786,605
Less:				
Impairment provision	**17,917,363**	**2,118**	16,434,813	9,625
Unamortized bills discount	**68,410**	-	104,176	-
Unamortized syndicated loans discount	**312,682**	-	210,680	-
Suspended credit account	**65,129**	-	38,517	-
Net	**145,575,243**	**312,216**	119,570,005	776,980

Impairment provision losses for loans and advances reached EGP 17,919,481 thousand compared to 16,444,438 thousand in 2020.
During the year, the Bank's total loans and advances increased by 19.77% cmpared to 4% in 2020.
In order to minimize the probable exposure to credit risk, the Bank focuses more on the business with large enterprises,banks or retail customers with good credit rating or sufficient collateral.

The below table covers Gross outstanding Exposure (EAD) by segment in each stage

EGP Thousands

	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3:Lifetime credit impaired	**Total**
Individuals	36,579,875	3,904,276	668,181	**41,152,332**
Corporate	65,511,996	49,532,625	7,741,874	**122,786,495**
Total	**102,091,871**	**53,436,901**	**8,410,055**	**163,938,827**

The below table covers Expected Credit Loss by segment in each stage

EGP Thousands

	Stage 1: 12 month ECL	Stage 2: Lifetime ECL not credit impaired	Stage 3:Lifetime ECL credit impaired	Total
Individuals	826,702	91,111	264,646	**1,182,459**
Corporate	1,484,973	7,600,199	7,649,732	**16,734,904**
Total	**2,311,675**	**7,691,310**	**7,914,378**	**17,917,363**

Loans, advances and expected credit losses to banks divided by stages:
Dec.31, 2021

	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Time and term loans	-	314,334	-	**314,334**
Expected credit losses	-	(2,118)	-	**(2,118)**
Net	**-**	**312,216**	**-**	**312,216**

Off balance sheet items exposed to credit risk and expected credit losses divided by stages:
Dec.31, 2021

	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Facilities and guarantees	60,720,384	30,943,446	168,459	**91,832,289**
Expected credit losses	(1,925,355)	(1,113,857)	(165,893)	**(3,205,105)**
Net	**58,795,029**	**29,829,589**	**2,566**	**88,627,184**

Total balances of loans and facilities to customers divided by stages: **EGP Thousands**

Dec.31, 2020

	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Individuals	34,766,758	947,900	584,536	36,299,194
Institutions and Business Banking	50,932,314	43,863,497	5,263,186	100,058,997
Total	85,699,072	44,811,397	5,847,722	136,358,191

Expected credit losses for loans and facilities to customers divided by stages:

Dec.31, 2020

	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Individuals	711,711	25,326	356,726	1,093,763
Institutions and Business Banking	1,403,518	8,760,972	5,176,560	15,341,050
Total	2,115,229	8,786,298	5,533,286	16,434,813

Loans, advances and expected credit losses to banks divided by stages:

Dec.31, 2020

	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Time and term loans	-	786,605	-	786,605
Expected credit losses	-	(9,625)	-	(9,625)
Net	-	776,980	-	776,980

Off balance sheet items exposed to credit risk and ecpected credit losses divided by stages:

Dec.31, 2020

	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Facilities and guarantees	54,127,625	28,364,823	93,398	82,585,846
Expected credit losses	(1,441,650)	(1,400,364)	(88,729)	(2,930,743)
Net	52,685,975	26,964,459	4,669	79,655,103

The following table provides information on the quality of financial assets during the financial year: **EGP Thousands**

Dec.31, 2021

Due from banks	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
1 - High Grade (1-5)	**64,904,120**	**-**	**-**	**64,904,120**
2 - Standard (6)	**9,328,618**	**5,950,028**	**-**	**15,278,646**
3 - Sub Standard (7)	**-**	**-**	**-**	**-**
4 - Non - Performing Loans (8-10)	**-**	**-**	**-**	**-**
Total	**74,232,738**	**5,950,028**	**-**	**80,182,766**
Less: ECL	**(20,283)**	**(20,714)**	**-**	**(40,997)**
Book value	**74,212,455**	**5,929,314**	**-**	**80,141,769**

Individual Loans:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
1 - High Grade (1-5)	**36,561,572**	**-**	**-**	**36,561,572**
2 - Standard (6)	**18,303**	**11,065**	**-**	**29,368**
3 - Sub Standard (7)	**-**	**3,893,211**	**-**	**3,893,211**
4 - Non - Performing Loans (8-10)	**-**	**-**	**668,181**	**668,181**
Total	**36,579,875**	**3,904,276**	**668,181**	**41,152,332**
Less: ECL	**(826,702)**	**(91,111)**	**(264,646)**	**(1,182,459)**
Book value	**35,753,173**	**3,813,165**	**403,535**	**39,969,873**

Corporate and Business Banking loans:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
1 - High Grade (1-5)	**59,238,907**	**31,794,540**	**-**	**91,033,447**
2 - Standard (6)	**6,273,089**	**13,235,904**	**-**	**19,508,993**
3 - Sub Standard (7)	**-**	**4,502,181**	**21,275**	**4,523,456**
4 - Non - Performing Loans (8-10)	**-**	**-**	**7,720,599**	**7,720,599**
Total	**65,511,996**	**49,532,625**	**7,741,874**	**122,786,495**
Less: ECL	**(1,484,973)**	**(7,600,199)**	**(7,649,732)**	**(16,734,904)**
Book value	**64,027,023**	**41,932,426**	**92,142**	**106,051,591**

Financial Assets at Fair Value through OCI	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
1 - High Grade (1-5)	**168,538,027**	**-**	**-**	**168,538,027**
2 - Standard (6)	**27,900,153**	**60,420**	**-**	**27,960,573**
3 - Sub Standard (7)	**-**	**-**	**-**	**-**
4 - Non - Performing Loans (8-10)	**-**	**-**	**-**	**-**
Total	**196,438,180**	**60,420**	**-**	**196,498,600**
Less: ECL	**(515,177)**	**(9,721)**	**-**	**(524,898)**
Book value	**195,923,003**	**50,699**	**-**	**195,973,702**

Financial assets at Amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Performing loans	**20,485,363**	**-**	**-**	**20,485,363**
Regular watching	**62,102**	**-**	**-**	**62,102**
Watch list	**-**	**-**	**-**	**-**
Non-performing loans	**-**	**-**	**-**	**-**
Total	**20,547,465**	**-**	**-**	**20,547,465**
Less: ECL	**(1,113)**	**-**	**-**	**(1,113)**
Book value	**20,546,352**	**-**	**-**	**20,546,352**

The following table provides information on the quality of financial assets during the financial year: **EGP Thousands**

Dec.31, 2020

Due from banks	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
1 - High Grade (1-5)	77,526,990	-	-	**77,526,990**
2 - Standard (6)	9,923,500	-	-	**9,923,500**
3 - Sub Standard (7)	-	-	-	-
4 - Non - Performing Loans (8-10)	-	-	-	-
Total	**87,450,490**	-	-	**87,450,490**
Less: ECL	(24,189)	-	-	**(24,189)**
Book value	**87,426,301**	-	-	**87,426,301**

Individual Loans:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
1 - High Grade (1-5)	34,694,841	-	-	**34,694,841**
2 - Standard (6)	71,918	5,540	-	**77,458**
3 - Sub Standard (7)	-	942,359	4,681	**947,040**
4 - Non - Performing Loans (8-10)	-	-	579,855	**579,855**
Total	**34,766,759**	**947,899**	**584,536**	**36,299,194**
Less: ECL	(711,711)	(25,326)	(356,726)	**(1,093,763)**
Book value	**34,055,048**	**922,573**	**227,810**	**35,205,431**

Corporate and Business Banking loans:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
1 - High Grade (1-5)	47,106,516	27,385,358	-	**74,491,874**
2 - Standard (6)	3,825,798	11,374,242	8,551	**15,208,591**
3 - Sub Standard (7)	-	5,103,897	10,942	**5,114,839**
4 - Non - Performing Loans (8-10)	-	-	5,243,693	**5,243,693**
Total	**50,932,314**	**43,863,497**	**5,263,186**	**100,058,997**
Less: ECL	(1,403,518)	(8,760,972)	(5,176,560)	**(15,341,050)**
Book value	**49,528,796**	**35,102,525**	**86,626**	**84,717,947**

Financial Assets at Fair Value through OCI	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
1 - High Grade (1-5)	124,134,157	-	-	**124,134,157**
2 - Standard (6)	30,310,122	-	-	**30,310,122**
3 - Sub Standard (7)	-	-	-	-
4 - Non - Performing Loans (8-10)	-	-	-	-
Total	**154,444,279**	-	-	**154,444,279**
Less: ECL	**(619,577)**	-	-	**(619,577)**
Book value	**153,824,702**	-	-	**153,824,702**

By Internal Rating Dec 2021
Provision for impairment losses - Corporate

EGP Thousands

	PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3:Lifetime credit impaired	Total
1 - High Grade (1-5)	1%-14%	1,070,496	1,502,072	-	**2,572,568**
2 - Standard (6)	15%-21%	414,477	3,525,664	-	**3,940,141**
3 - Sub Standard (7)	21%-28%	-	2,572,463	14,788	**2,587,251**
4 - Non - Performing Loans (8-10)	100%	-	-	7,634,944	**7,634,944**

By Internal Rating
Provision for impairment losses - Individuals

	PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3:Lifetime credit impaired	Total
1 - High Grade (1-5)	(0% - 5%)	826,596	-	-	**826,596**
2 - Standard (6)	(5% - 10%)	106	1,074	-	**1,180**
3 - Sub Standard (7)	(10% above)	-	90,037	-	**90,037**
4 - Non - Performing Loans (8-10)	100%	-	-	264,646	**264,646**

By Internal Rating
Loans and Advances to customers - Corporate

	PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3:Lifetime credit impaired	Total
1 - High Grade (1-5)	1%-12%	59,238,907	31,794,540	-	**91,033,447**
2 - Standard (6)	12%-21%	6,273,089	13,235,904	-	**19,508,993**
3 - Sub Standard (7)	21%-27%	-	4,502,181	21,274	**4,523,455**
4 - Non - Performing Loans (8-10)	100%	-	-	7,720,600	**7,720,600**

By Internal Rating
Loans and Advances to customers - Individuals

	PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3:Lifetime credit impaired	Total
1 - High Grade (1-5)	(0% - 5%)	36,561,572	-	-	**36,561,572**
2 - Standard (6)	(5% - 10%)	18,303	11,065	-	**29,368**
3 - Sub Standard (7)	(10% above)	-	3,893,211	-	**3,893,211**
4 - Non - Performing Loans (8-10)	100%	-	-	668,181	**668,181**

By Internal Rating Dec 2020
Provision for impairment losses - Corporate

	PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3:Lifetime credit impaired	Total
1 - High Grade (1-5)	1%-14%	1,033,895	1,993,166	-	**3,027,061**
2 - Standard (6)	15%-21%	369,623	2,603,402	1,802	**2,974,827**
3 - Sub Standard (7)	21%-28%	-	4,164,404	10,884	**4,175,288**
4 - Non - Performing Loans (8-10)	100%	-	-	5,163,874	**5,163,874**

By Internal Rating
Provision for impairment losses - Individuals

	PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3:Lifetime credit impaired	Total
1 - High Grade (1-5)	(0% - 5%)	710,475	-	-	**710,475**
2 - Standard (6)	(5% - 10%)	1,236	2,547	-	**3,783**
3 - Sub Standard (7)	(10% above)	-	22,779	4,372	**27,151**
4 - Non - Performing Loans (8-10)	100%	-	-	352,354	**352,354**

By Internal Rating
Loans and Advances to customers - Corporate

	PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3:Lifetime credit impaired	Total
1 - High Grade (1-5)	1%-12%	47,106,516	27,385,359	-	**74,491,875**
2 - Standard (6)	12%-21%	3,825,798	11,374,241	8,551	**15,208,590**
3 - Sub Standard (7)	21%-27%	-	5,103,897	10,942	**5,114,839**
4 - Non - Performing Loans (8-10)	100%	-	-	5,243,693	**5,243,693**

By Internal Rating
Loans and Advances to customers - Individuals

	PD Range	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3:Lifetime credit impaired	Total
1 - High Grade (1-5)	(0% - 5%)	34,694,840	-	-	**34,694,840**
2 - Standard (6)	(5% - 10%)	71,918	5,541	-	**77,459**
3 - Sub Standard (7)	(10% above)	-	942,359	4,681	**947,040**
4 - Non - Performing Loans (8-10)	100%	-	-	579,855	**579,855**

The following table shows changes in expected ECL losses between the beginning and end of the year as a result of these factors:

Dec.31, 2021 **EGP Thousands**

Due from banks	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
ECL on 1 January 2021	24,189	-	-	24,189
Provision for credit losses on 1 May 2021 (MAYFAIR)	-	-	-	-
New financial assets purchased or issued	394	20,714	-	21,108
Matured or disposed financial assets	(4,737)	-	-	(4,737)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	437	-	-	437
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	20,283	20,714	-	40,997

Individual Loans:	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
ECL on 1 January 2021	711,711	25,326	356,726	1,093,763
Provision for credit losses on 1 May 2021 (MAYFAIR)	-	-	-	-
Impairment during the year	114,991	65,785	126,900	307,676
Write off during the year	-	-	(298,324)	(298,324)
Recoveries	-	-	79,344	79,344
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	826,702	91,111	264,646	1,182,459

Corporate and Business Banking loans:	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
ECL on 1 January 2021	1,403,518	8,760,972	5,176,560	15,341,050
Provision for credit losses on 1 May 2021 (MAYFAIR)	-	-	-	-
New financial assets purchased or issued	898,640	1,303,833	1,386	2,203,859
Matured or disposed financial assets	(598,685)	(492,548)	(2,903)	(1,094,136)
Transferred to stage 1	10,898	(19,271)	(92)	(8,465)
Transferred to stage 2	(53,721)	94,243	(1,260)	39,262
Transferred to stage 3	(17,878)	(2,364,361)	2,571,074	188,835
Changes in the probability of default and loss in case of default and the exposure at default	(92,931)	(267,130)	(84,053)	(444,114)
Changes to model assumptions and methodology	(63,082)	649,455	(15,278)	571,095
Recoveries	-	-	45,431	45,431
Write off during the year	-	-	(4,366)	(4,366)
Cumulative foreign currencies translation differences	(1,786)	(64,994)	(36,767)	(103,547)
Ending balance	1,484,973	7,600,199	7,649,732	16,734,904

Financial Assets at Fair Value through OCI	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
ECL on 1 January 2021	619,398	-	-	619,398
New financial assets purchased or issued	218,711	9,721	-	228,432
Matured or disposed financial assets	(174,668)	-	-	(174,668)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	(148,264)	-	-	(148,264)
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	515,177	9,721	-	524,898

The following table shows changes in expected ECL losses between the beginning and end of the year as a result of these factors:

Dec.31, 2020 **EGP Thousands**

Due from banks	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2020	16,817	-	-	16,817
Provision for credit losses on 1 May 2020 (MAYFAIR)	383	-	-	383
New financial assets purchased or issued	5,100	-	-	5,100
Matured or disposed financial assets	(386)	-	-	(386)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	2,367	-	-	2,367
Changes to model assumptions and methodology	-	-	-	
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	(92)	-	-	(92)
Ending balance	24,189	-	-	24,189

Individual Loans:	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2020	96,469	10,394	210,068	316,931
Provision for credit losses on 1 May 2020 (MAYFAIR)	1,536	281	7	1,824
Impairment during the year	613,706	14,651	181,438	809,795
Write off during the year	-	-	(75,961)	(75,961)
Recoveries	-	-	41,174	41,174
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	711,711	25,326	356,726	1,093,763

Corporate and Business Banking loans:	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2020	1,208,722	5,325,121	4,975,113	11,508,956
Provision for credit losses on 1 May 2020 (MAYFAIR)	4,155	1,411	630	6,196
New financial assets purchased or issued	508,339	1,499,691	6,440	2,014,470
Matured or disposed financial assets	(544,213)	(1,145,259)	(161,746)	(1,851,218)
Transferred to stage 1	6,739	(8,211)	-	(1,472)
Transferred to stage 2	(29,584)	106,755	-	77,171
Transferred to stage 3	1,465	(370,819)	479,547	110,193
Changes in the probability of default and loss in case of default and the exposure at default	(50,024)	548,069	(43,862)	454,183
Changes to model assumptions and methodology	306,509	2,881,778	-	3,188,287
Recoveries	-	-	121,721	121,721
Write off during the year	-	-	(132,224)	(132,224)
Cumulative foreign currencies translation differences	(8,590)	(77,564)	(69,059)	(155,213)
Ending balance	1,403,518	8,760,972	5,176,560	15,341,050

Financial Assets at Fair Value through OCI	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2020	414,395	-	-	414,395
New financial assets purchased or issued	270,021	-	-	270,021
Matured or disposed financial assets	(126,273)	-	-	(126,273)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	61,434	-	-	61,434
Changes to model assumptions and methodology	-	-	-	-
Write off during the year	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-
Ending balance	619,577	-	-	619,577

17 . Derivative financial instruments
17.1 . Derivatives

The Bank uses the following financial derivatives for non hedging purposes.
Forward contracts represent commitments to buy foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represent contractual commitments to receive or pay net on the basis of changes in foreign exchange rates or interest rates, and/or to buy/sell foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.
Credit risk is considered low, and future interest rate contract represents future exchange rate contracts negotiated for case by case, These contracts require financial settlements of any differences in contractual interest rates and prevailing market interest rates on future interest rates on future dates based on contractual amount (nominal value) pre agreed upon.
Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts are exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts). Contractual amounts are not exchanged except for some foreign exchange contracts.
Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities. This risk is monitored continuously through comparisons of fair value and contractual amount, and in order to control the outstanding credit risk, the Bank evaluates other parties using the same methods as in borrowing activities.
Options contracts in foreign currencies and/or interest rates represent contractual agreements for the buyer (issuer) to the seller (holders) as a right not an obligation whether to buy (buy option) or sell (sell option) at a certain day or within certain year for a predetermined amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between The Bank and one of its clients (Off balance sheet). The Bank is exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.
The contractual value for some derivatives options is considered a base to analyze the realized financial instruments on the balance sheet, but it doesn't provide an indicator for the projected cash flows of the fair value for current instruments, and those amounts don't reflects credit risk or interest rate risk.
Derivatives in the Bank's benefit that are classified as (assets) are conversely considered (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time as well as the range through which the financial derivatives can be in benefit for the Bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. Hereunder are the fair values of the booked financial derivatives:

17.1.1 . For trading derivatives

	Dec.31, 2021			Dec.31, 2020		
	Notional amount	**Assets**	**Liabilities**	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	**11,101,796**	**68,089**	**178,327**	9,070,529	41,790	142,579
- Currency swap	**3,502,055**	**28,753**	**10,779**	3,364,578	7,686	4,589
- Options	**-**	**-**	**-**	-	-	-
Total (1)		**96,842**	**189,106**		49,476	147,168
17.1.2 . Fair value hedge						
Interest rate derivatives						
Interest rate derivatives	**7,056,798**	**128,534**	**76,364**	10,839,417	199,283	183,905
Total (2)		**128,534**	**76,364**		199,283	183,905
Total financial derivatives (1+2)		**225,376**	**265,470**		248,759	331,073

18 . Issued debt instruments

	interest rate			
	Dec.31, 2021	Dec.31, 2020	**Dec.31, 2021**	Dec.31, 2020
Fixed rate bonds with 5 years maturity			**EGP Thousands**	EGP Thousands
Green bonds (USD)	Fixed rate	-	**1,557,263**	-
Total			**1,557,263**	-
Current balances			**-**	-
Non current balances			**1,557,263**	-
Total			**1,557,263**	-

19. Financial Investments

EGP Thousands

Dec-21	**Stage 1: 12 month**	**Stage 2: Lifetime not credit impaired**	**Stage 3:Lifetime credit impaired**	**Total**
Debt investment securities at amortized cost				
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	20,547,465	-	-	20,547,465
Unrated	-	-	-	-
Total	**20,547,465**	**-**	**-**	**20,547,465**
Debt investment securities at FVOCI				
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	196,438,180	60,420	-	196,498,600
Unrated	-	-	-	-
Total	**196,438,180**	**60,420**	**-**	**196,498,600**

Provision for impairment losses	**Stage 1: 12 month**	**Stage 2: Lifetime not credit impaired**	**Stage 3:Lifetime credit impaired**	**Total**
Debt investment securities at amortized cost				
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	1,113	-	-	1,113
Unrated	-	-	-	-
Total	**1,113**	**-**	**-**	**1,113**
Debt investment securities at FVOCI				
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	515,177	9,721	-	524,898
Unrated	-	-	-	-
Total	**515,177**	**9,721**	**-**	**524,898**

Dec-20	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3:Lifetime credit impaired	Total
Debt investment securities at amortized cost				
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	25,285,225	-	-	25,285,225
Unrated	-	-	-	-
Total	25,285,225	-	-	25,285,225
Debt investment securities at FVOCI				
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	154,444,279	-	-	154,444,279
Unrated	-	-	-	-
Total	154,444,279	-	-	154,444,279

Provision for impairment losses	Stage 1: 12 month	Stage 2: Lifetime not credit impaired	Stage 3:Lifetime credit impaired	Total
Debt investment securities at amortized cost				
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	-	-	-	-
Unrated	-	-	-	-
Total	-	-	-	-
Debt investment securities at FVOCI				
AAA	-	-	-	-
AA - to AA+	-	-	-	-
A - to A+	-	-	-	-
B-	619,577	-	-	619,577
Unrated	-	-	-	-
Total	619,577	-	-	619,577

Movement of financial investment securities:

	Financial Assets at Fair Value through OCI	Amortized cost
Beginning balance	92,940,479	107,225,613
Acquired during the year (MAYFAIR)	74,353	136,555
Addition	117,787,925	233,765
Disposals	(54,137,187)	(82,309,481)
Exchange revaluation differences for foreign financial assets	(248,415)	(1,227)
Profit (losses) from fair value difference	(259,602)	-
Ending Balance as of Dec.31, 2020	156,157,553	25,285,225

	Financial Assets at Fair Value through OCI	**Amortized cost**
Beginning balance	156,157,553	25,285,225
Addition	250,679,698	3,844
Disposals	(206,611,955)	(4,741,459)
Profit (losses) from fair value difference	(2,969,459)	-
Exchange revaluation differences for foreign financial assets	(17,116)	(145)
Ending Balance as of Dec.31, 2021	**197,238,721**	**20,547,465**

Financial Investment securities

EGP Thousands

Listed	**Dec.31, 2021** Financial Assets at fair value through profit or loss	Financial Assets at fair value through OCI	Financial Assets at Amortized cost	Total
Governmental bonds	-	143,249,051	20,547,465	163,796,516
Securitized bonds	-	6,788,005	-	6,788,005
Equity shares	-	170,640	-	170,640
Portfolio managed by others	240,987	-	-	240,987
Sukuk *	-	1,400,000	-	1,400,000
Unlisted				
Treasury bills and other governmental notes	-	42,286,879	-	42,286,879
Securitized bonds	-	2,774,665	-	2,774,665
Equity shares	-	569,481	-	569,481
Funds	202,872	-	-	202,872
Total	443,859	197,238,721	20,547,465	218,230,045

Financial Investment securities	Dec.31, 2020 Financial Assets at fair value through profit or loss	Financial Assets at fair value through OCI	Financial Assets at Amortized cost	Total
Listed				
Governmental bonds	-	106,208,507	25,255,909	131,464,416
Securitized bonds	-	8,008,811	-	8,008,811
Equity shares	-	714,003	-	714,003
Portfolio managed by others	359,959	-	-	359,959
Sukuk	-	701,732	-	701,732
Unlisted				
Treasury bills and other governmental notes	-	40,226,961	29,316	40,256,277
Equity shares	-	297,539	-	297,539
Funds	192,329	-	-	192,329
Total	552,288	156,157,553	25,285,225	181,995,066

disclosure and measurement of financial assets and financial liabilities:
The following table shows the financial assets and the net financial commitments according to the business model classification:

Dec.31, 2021	**Amortized cost**	**Debt financial Assets at Fair value through OCI**	**Equity financial Assets at Fair value through OCI**	**Financial Assets/Liabilities at Fair value through P&L**	**Total book value**
Cash and balances with central bank	43,492,248	-	-	-	43,492,248
Due from banks	80,141,769	-	-	-	80,141,769
Treasury bills	-	41,579,504	-	-	41,579,504
Loans and advances to customers, net	145,575,243	-	-	-	145,575,243
Derivative financial instruments	-	-	-	225,376	225,376
Financial Assets at Fair value through OCI	-	150,676,397	942,993	-	151,619,390
Amortized cost	20,547,465	-	-	-	20,547,465
Financial Assets at Fair value through P&L	-	-	-	240,987	240,987
Total 1	289,756,725	192,255,901	942,993	466,363	483,421,982
Due to banks	866,056	-	-	-	866,056
Due to customers	407,241,538	-	-	-	407,241,538
Derivative financial instruments	204	-	-	265,266	265,470
Other loans	5,140,782	-	-	-	5,140,782
Other provisions	1,557,263	-	-	-	1,557,263
Total 2	414,805,843	-	-	265,266	415,071,109

20 . Profits (Losses) on financial investments

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Profit from selling FVOCI	702,776	1,018,469
Impairment charges of investments in associates and subsidiaries	(107,913)	(16,511)
Total	594,863	1,001,958

21 . Investments in associates

Dec.31, 2021	Business activity	Company's country	Company's current assets	Company's non current assets	Company's current liabilities	Company's non current liabilities	Company's revenues	Company's net profit (loss)	Investment book value	Stake %
Associates										
-TCA Properties	Properties	Egypt	-	-	-	-	-	-	158,360	37
- Al ahly computer	Hardware & Software suppliers	Egypt	63,965	1,658	37,568	220	52,310	3,945	30,193	39.34
- Fawry plus	Online Payment	Egypt	60,598	64,247	97,088	-	76,903	14,473	16,762	14.99
- International Co. for Security and Services (Falcon)	Security Services	Egypt	882,160	202,756	791,149	-	509,571	(931)	-	30.00
Total			1,006,723	268,661	925,805	220	638,784	17,487	205,315	

Dec.31, 2020	Business activity	Company's country	Company's current assets	Company's non current assets	Company's current liabilities	Company's non current liabilities	Company's revenues	Company's net profit (loss)	Investment book value	Stake %
- Al ahly computer	Hardware & Software suppliers	Egypt	80,698	1,396	49,668	156	49,254	7,140	27,724	39.34
- Fawry plus	Online Payment	Egypt	33,009	21,982	87,388	-	45,506	(11,011)	-	23.50
- International Co. for Security and Services (Falcon)	Security Services	Egypt	855,880	206,153	799,693	-	472,714	723	112,147	30.00
Total			969,587	229,531	936,749	156	567,474	(3,148)	139,871	

22 . Other assets

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Accrued revenues*	8,938,356	6,759,229
Prepaid expenses	473,907	332,076
Advances to purchase of fixed assets	1,139,188	1,195,099
Accounts receivable and other assets (after deducting the provision)**	581,254	830,266
Assets acquired as settlement of debts	153,423	169,855
Gross	11,286,128	9,286,525
Impairment of other assets	(79,000)	(111,000)
Net	11,207,128	9,175,525

* Accrued revenues includes interest accrued on the loans and advances to customers amounting to EGP 904 million against EGP 542 million in 2020 , financial assets at amortised cost amounting to EGP 1,057 million against EGP 1,087 million in 2020, financial assets at fair value through OCI amounting to EGP 6,472 million against EGP 4,069 million in 2020.

** A provision with amount EGP 47 million has been released.

23 . Property and equipment

	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
Cost at Jan 01, 2020 (1)	64,709	1,074,231	2,172,452	109,789	769,397	567,026	115,594	4,873,198
Additions during the year	-	75,388	439,171	23,694	104,521	174,801	22,140	839,715
Disposals during the year*	-	(16,340)	(24,051)	-	(41,330)	(8,367)	(3,021)	(93,109)
Cost at end of the year (2)	**64,709**	**1,133,279**	**2,587,572**	**133,483**	**832,588**	**733,460**	**134,713**	**5,619,804**
Accumulated depreciation at beginning of the year (3)	-	422,258	1,290,519	41,640	484,840	351,535	77,942	2,668,734
Current year depreciation	-	53,704	373,342	12,314	148,835	129,462	15,375	733,032
Disposals during the year*	-	(16,340)	(24,051)	-	(41,330)	(8,367)	(3,021)	(93,109)
Accumulated depreciation at end of the year (4)	**-**	**459,622**	**1,639,810**	**53,954**	**592,345**	**472,630**	**90,296**	**3,308,657**
Ending net assets (2-4)	**64,709**	**673,657**	**947,762**	**79,529**	**240,243**	**260,830**	**44,417**	**2,311,147**
Beginning net assets (1-3)	**64,709**	**651,973**	**881,933**	**68,149**	**284,557**	**215,491**	**37,652**	**2,204,464**

Property and equipmentat the balance sheet date includes assets with a net value of EGP 291,718 thousand for which registrations procedures are in process.

	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
Cost at Jan 01, 2021 (1)	64,709	1,133,279	2,587,572	133,483	832,588	733,460	134,713	5,619,804
Additions during the year	-	43,433	618,349	28,261	167,994	150,631	26,361	1,035,029
Disposals during the year*	-	(6,390)	(11,191)	-	(45,482)	(15,613)	(1,827)	(80,503)
Cost at end of the year (2)	**64,709**	**1,170,322**	**3,194,730**	**161,744**	**955,100**	**868,478**	**159,247**	**6,574,330**
Accumulated depreciation at beginning of the year (3)	-	459,622	1,639,810	53,954	592,345	472,630	90,296	3,308,657
Depreciation for the year	-	53,402	499,782	14,585	168,893	130,806	17,592	885,060
Disposals during the year*	-	(6,390)	(11,191)	-	(45,482)	(15,613)	(1,827)	(80,503)
Accumulated depreciation at end of the year (4)	**-**	**506,634**	**2,128,401**	**68,539**	**715,756**	**587,823**	**106,061**	**4,113,214**
Ending net assets (2-4)	**64,709**	**663,688**	**1,066,329**	**93,205**	**239,344**	**280,655**	**53,186**	**2,461,116**
Beginning net assets (1-3)	**64,709**	**673,657**	**947,762**	**79,529**	**240,243**	**260,830**	**44,417**	**2,311,147**

Property and equipmentat the balance sheet date includes assets with a net value of EGP 268,335 thousand for which registrations procedures are in process.

There was no impairment provision charged for fixed assets.

Fully depreciated assets pound for assets which still in operation are recorded in one pound.

Leases

Dec.31, 2021	Premises	Right of Use Machines and equipment	Total
Balance as at Jan.1, 2021	786,889	281,825	1,068,714
Depreciation during year	(163,704)	(58,603)	(222,307)
Additions	194,386	43,792	238,178
Balance as at 31 December 2021	817,571	267,014	1,084,585

	Dec.31, 2021 EGP Thousands Lease Liability	Dec.31, 2020 EGP Thousands Lease Liability
Beginning balance	905,861	337,531
Additions	390,827	726,720
Amortization	(208,868)	(158,390)
Balances as at December 2021	**1,087,820**	**905,861**

Dec.31, 2020	Premises	Machines and equipment	Total
Balance as at 1 Jan 2020	58,402	4,090	62,492
Depreciation during year	(101,217)	(90,418)	(191,635)
Additions	670,085	273,645	943,730
Balance as at 31 December 2020	**627,270**	**187,317**	**814,587**

General Conditions:

It is important to note that the Bank's two main leasing contracts include lease contracts for Machines and equipment and lease contracts for premises.

- The average contract period for the Machines and equipment that have been leased by the Bank as of 2021 is 5 years with a discount rate of 9.97%.
- As regards to the Banks leased premises, they have a contractual lifetime, which varies between 3 to 20 years, also with a discount rate of 9.97%.
- The discount rate is the Bank's borrowing rate.

24 . Due to banks

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Current accounts	666,659	392,725
Deposits	199,397	8,424,810
Total	866,056	8,817,535
Central banks	198,234	114,786
Local banks	5,234	5,233,885
Foreign banks	662,588	3,468,864
Total	866,056	8,817,535
Non-interest bearing balances	414,135	232,019
Floating bearing interest balances	117,516	871,427
Fixed interest bearing balances	334,405	7,714,089
Total	866,056	8,817,535
Current balances	866,056	8,817,535
Total	866,056	8,817,535

25 . Due to customers

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Demand deposits	134,443,380	107,514,953
Time deposits	80,220,124	58,877,291
Certificates of deposit	102,119,393	100,027,684
Saving deposits	86,467,822	70,806,502
Other deposits	3,990,819	3,943,020
Total	407,241,538	341,169,450
Corporate deposits	180,309,337	140,615,573
Individual deposits	226,932,201	200,553,877
Total	407,241,538	341,169,450
Non-interest bearing balances	64,908,030	50,113,153
Floating interest bearing balances	17,531,166	33,602,396
Fixed interest bearing balances	324,802,342	257,453,901
Total	407,241,538	341,169,450
Current balances	297,947,782	240,170,103
Non-current balances	109,293,756	100,999,347
Total	407,241,538	341,169,450

26 . Other loans

	Interest rate %	Loan duration	Maturing through next year	Balance on Dec.31, 2021	Balance on Dec.31, 2020
			EGP Thousands	EGP Thousands	EGP Thousands
CDC subordinated loan	Floating rate	10 years	-	1,440,063	1,432,715
European Bank for Reconstruction and Development (EBRD)	Floating rate	2 years	523,890	523,890	1,573,210
International Finance Corporation (IFC)	Floating rate	1 renewable year	-	-	1,573,210
Environmental Compliance Project (ECO)	Fixed rate	3-5 years	315	1,155	1,391
Agricultural Research and Development Fund (ARDF)	Fixed rate	3-5 years*	7,000	8,000	20,000
Egyptian Pollution Abatement Program (EPAP)	Floating / Fixed rate	Less than 1 year	24,334	24,334	-
European Bank for Reconstruction and Development (EBRD) subordinated Loan	Floating rate	10 years	-	1,571,670	1,573,210
International Finance Corporation (IFC) subordinated Loan	Floating rate	10 years	-	1,571,670	1,573,210
Balance			555,539	5,140,782	7,746,946

Interest rates on variable-interest subordinated loans are determined in advance every 3 months. Subordinated loans are not repaid before their repayment dates.

Represents the date of loan repayment to the lending agent.

27 . Other liabilities

	Dec.31, 2021	Dec.31, 2020
	EGP Thousands	EGP Thousands
Accrued interest payable*	1,553,629	1,165,714
Accrued expenses	1,612,875	1,319,652
Accounts payable	6,146,662	4,230,661
Repos**	4,242,699	8,231,510
Other credit balances	154,926	122,492
Total	13,710,791	15,070,029

* Accrued interest payable includes interest accrued on the dues to customers amounting to EGP 1,524 million against EGP 1,047 million in 2020, other loans amounting to EGP 13 million against EGP 16 million in 2020.

** Treasury bills: EGP 707 million against EGP 759 million in 2020.

** Treasury bonds: EGP 3,535 million against EGP 7,473 million in 2020.

28 . Provisions

Dec.31, 2021	**Beginning balance**	**Charged during the year**	**Exchange revaluation difference**	**Utilized during the year**	**Reversed amounts**	**Ending balance**
						EGP Thousands
Provision for legal claims	**52,604**	**-**	**857**	**(43,826)**	**(2,451)**	**7,184**
ECL provision for off-balance sheet items	**2,930,743**	**308,158**	**(34,475)**	**-**	**-**	**3,204,426**
Provision for other claim	**240,833**	**72,301**	**18,375**	**(1,657)**	**-**	**329,852**
Total	**3,224,180**	**380,459**	**(15,243)**	**(45,483)**	**(2,451)**	**3,541,462**

Dec.31, 2020	Beginning balance	Charged during the year	Exchange revaluation difference	Utilized during the year	Reversed amounts	Ending balance
						EGP Thousands
Provision for legal claims	66,106	-	(44)	(185)	(13,273)	52,604
ECL provision for off-balance sheet items	1,790,692	1,145,420	(5,369)	-	-	2,930,743
Provision for other claim	154,571	90,239	(1,780)	(2,197)	-	240,833
Total	2,011,369	1,235,659	(7,193)	(2,382)	(13,273)	3,224,180

Provision for legal claims:are recognized when the Bank has present legal obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.
ECL provision for off-balance sheet items: This is a provision provided for withdrawn amounts of issued Letters of Credit (LCs) and Letters of Guarantee (LGs). The provisions provided are short-term and are rolled over every year.
This provision are recognized when the Bank has present contingent obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.
Provision for other claim:are recognized to face the potential risk of banking operations obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

29 . Issued and paid in capital

	2021	2020
	EGP Thousands	EGP Thousands
Authorized capital	50,000,000	50,000,000
Issued and Paid in Capital	19,702,418	14,776,813
Number of shares outstanding in Thousands	1,970,242	1,477,681

	2021	2020
	EGP	EGP
Par value per share	10	10

The authorized capital is EGP 50 billion according to the extraordinary general assembly decision on 12 June 2019.
- Issued and Paid in Capital increased by an amount of EGP 4,925,605 thousand on August 16, 2021 to reach 19,702,418 according to Ordinary General Assembly Meeting decision on March 15 ,2020 by distribution of a one share for every three outstanding shares by capitalizing on the General Reserve.
- Issued and Paid in Capital increased by an amount of EGP 85,992 thousand on September 21 ,2020 to reach EGP 14,776,813 thousand according to Board of Directors decision on January 5, 2020 by issuance of eleventh tranche for E.S.O.P program.
- Issued and Paid in Capital increased by an amount of EGP 105,413 thousand on November 18,2019 to reach EGP 14,690,821 thousand according to Board of Directors decision on February 4, 2019 by issuance of tenth tranche for E.S.O.P program.

30 . Reserves and retained earnings

	Dec.31, 2021	Dec.31, 2020
	EGP Thousands	EGP Thousands
Legal reserve	**3,293,074**	2,778,135
General reserve	**28,260,532**	24,765,658
Capital reserve	**16,000**	14,906
Reserve for transactions under common control	**8,183**	8,183
Cumulative foreign currencies translation differences	**(4,218)**	(3,684)
Reserve for financial assets at fair value through OCI	**419,176**	3,820,013
General risk reserve	**1,550,906**	1,549,445
Banking risks reserve	**9,141**	6,423
Total	**33,552,794**	32,939,079

30.1 . Legal reserve

As required by the Egyptian corporate law 159 of 1981 and the Articles of Association of the Egyptian companies of the Group, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50 % of the issued capital. As required by the Egyptian corporate law 159 of 1981, the reserve may be used upon a decision from the general assembly meeting based on the proposal of the board of directors.

	Dec.31, 2021	Dec.31, 2020
	EGP Thousands	EGP Thousands
Beginning balance	**2,778,135**	2,188,029
Transferred to legal reserve	**514,939**	590,106
Ending balance	**3,293,074**	2,778,135

30.2 . General reserve

The general reserve represents optional reserve approved by the general assembly meetings dated 10 March 2015 based on the proposal of the board of directors.

As required by the Egyptian corporate law 159 of 1981, the reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

	Dec.31, 2021	Dec.31, 2020
	EGP Thousands	EGP Thousands
Beginning balance	**24,765,658**	16,474,429
Transferred to general reserve	**8,420,479**	8,291,229
Capital increase	**(4,925,605)**	-
Ending balance	**28,260,532**	24,765,658

30.3 . Capital reserve

Represents sales of Bank Obsolete assets.

	Dec.31, 2021	Dec.31, 2020
	EGP Thousands	EGP Thousands
Beginning balance	**14,906**	13,466
Transferred to capital reserve	**1,094**	1,440
Ending balance	**16,000**	14,906

30.4 . Cumulative foreign currencies translation differences

The special reserve represents profits transferred in accordance with the resolutions of the general assembly meetings of dated 4 March 2018.

As required by the Egyptian corporate law 159 of 1981, the reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

	Dec.31, 2021	Dec.31, 2020
	EGP Thousands	EGP Thousands
Beginning balance	**(3,684)**	2,501
Transferred to cumulative foreign currencies translation	**(534)**	(6,185)
Ending balance	**(4,218)**	(3,684)

30.5 . Reserve for FVOCI investments revaluation difference

This reserve records fair value changes on FVOCI investments.

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Beginning balance	3,820,013	2,947,816
Transferred from reserve on disposal of financial assets at fair value through OCI	(177,488)	(76,717)
Net unrealised gain/(loss) on financial assets at fair value through OCI	(3,129,783)	743,732
Effect of ECL in fair value of debt instruments measured at fair value through OCI	(93,566)	205,182
Ending balance	419,176	3,820,013

30.6 - General risk reserve

Required reserve by Central bank of Egypt to face the impact of applying IFRS9.

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Beginning balance	1,549,445	1,549,445
Transferred to general risk reserve	1,461	-
Ending balance	1,550,906	1,549,445

30.7 - Banking risks reserve

Represents 10% of valuation amount for assets acquired as settlement of debt not yet sold after 5 years of ownership.

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Beginning balance	6,423	5,164
Transferred to banking risk reserve	2,718	1,259
Ending balance	9,141	6,423

30.8 - Retained earnings

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Beginning balance	9,534,429	11,690,446
Transferred to reserves	(8,940,880)	(9,598,928)
Change in retained earnings from acquisition of subsidiaries	-	45,727
Dividend paid	(156,389)	(2,013,318)
Net profit of the year	12,006,925	9,335,044
Transferred (from) to banking risk reserve	(2,718)	(1,259)
Transferred from reserve on disposal of financial assets at fair value through OCI	177,488	76,717
Ending balance	12,618,855	9,534,429

30.9 - Reserve for employee stock ownership plan

Represents cost of employees stock ownership plan (ESOP)

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Beginning balance	1,064,648	963,152
Transferred to reserves	-	(450,942)
Cost of employees stock ownership plan (ESOP)	609,744	552,438
Ending balance	1,674,392	1,064,648

30.10 . Dividends

Dividends are not recognized prior to the approval of their distribution by shareholders at the Annual General Assembly meeting.
The Board of Directors proposes - according to the Bank's Articles of Association - to its shareholders attending the next Annual General Assembly to distribute the following amounts in 2021,

- An amount of EGP 1,341 billion to its staff in comparison to EGP 1,029 billion in 2020
- An amount of EGP 49 million to its board of directors compared to EGP 73 million in 2020
- An amount of EGP 2,684 billion cash dividends however, in 2020 No cash Dividends is distributed as per Central bank of Egypt
- An amount of EGP 201 million to CIB Foundation compared to EGP 154 million in 2020
- Employees profit share and board members will be recognized in the statement of changes in shareholders' equity in 2022.
- An amount of EGP 134 million to Support and development of banking sector fund

31 . Cash and cash equivalent

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Cash and balances at the central bank	43,492,248	33,768,549
Due from banks with maturities of 3 months or less	44,983,081	60,271,448
Treasury bills with maturities of three months or less	549	54,988
Obligatory reserve balance with CBE	(38,100,936)	(27,744,700)
Total	50,374,942	66,350,285

32 . Share-based payments

According to the extraordinary general assembly meeting on June 26, 2006, the Bank launched new Employees Share Ownership Plan (ESOP) scheme and issued equity-settled share-based payments. Eligible employees should complete a term of 3 years of service in The Bank to have the right in ordinary shares at face value (right to share) that will be issued on the vesting date, otherwise such grants will be forfeited. Equity-settled share-based payments are measured at fair value at the grant date, and expensed on a straight-line basis over the vesting period (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest(True up model). The fair value for such equity instruments is measured using the Black-Scholes pricing model.

Details of the rights to share outstanding during the year are as follows:

	Dec.31, 2021 No. of shares in Thousands	Dec.31, 2020 No. of shares in Thousands
Outstanding at the beginning of the year	**38,498**	36,480
Granted during the year	**17,661**	15,046
Forfeited during the year	**(153)**	(1,591)
Exercised during the year	**-**	(11,437)
Outstanding at the end of the year	**56,006**	38,498

31 December 2021			
	EGP	EGP	
Maturity date	**Exercise price**	**Fair value**	**No. of shares in thousand**
2021	10.00	40.98	12,272
2022	10.00	37.99	11,375
2023	10.00	54.67	14,698
2024	10.00	39.51	17,661
Total			**56,006**

31 December 2020			
	EGP	EGP	
Maturity date	Exercise price	Fair value	No. of shares in thousand
2021	10.00	54.51	9,323
2022	10.00	50.53	8,560
2023	10.00	72.71	11,063
Total			**28,946**

The fair value of granted shares is calculated using Black-Scholes pricing model with the following inputs into the model :

	14th tranche	**13th tranche**
Exercise price	10.00	10.00
Current share price	59.19	83.02
Expected life (years)	3	3
Risk free rate %	13.63%	13.66%
Dividend yield%	0.00%	1.50%
Volatility%	25%	25%

Volatility is calculated based on the daily standard deviation of returns for the last five years.

		Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Expense arising from equity–settled share–based payment transactions	(note 7)	**609,744**	552,438

Details of the outstanding tranches are as follows:	EGP **Exercise price**	EGP **Average market value during the exercise date**
2020	10.00	67.94
2021	10.00	45.50

33. Financial Risk Management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and rewards and minimize potential adverse effects on the Bank's financial performance. The most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also market risk includes exchange rate risk, rate of return risk and other prices risks.

The Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by risk department under policies approved by the Board of Directors. Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units.

The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, credit risk management is responsible for the independent review of risk management and the control environment.

33.1. Credit Risk

The Bank takes on exposure to credit risk, which is the risk that the counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in loans and advances, debt securities, derivatives and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralized in a credit risk management team in Bank treasury and reported to the Board of Directors and head of each business unit regularly.

33.1.1. Credit Risk Measurement

33.1.1.1. Loans and Advances to Banks and Customers

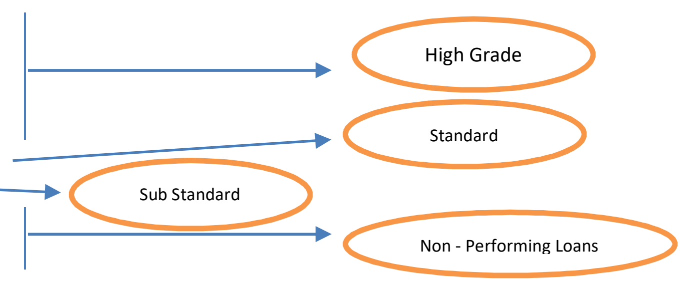
In measuring credit risk of loans and facilities to banks and customers at a counterparty level, the Bank reflects three components:

- 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 'incurred loss model') are required by the Basel committee on banking regulations and the supervisory practices (the Basel committee), and are embedded in the Bank's daily operational management.

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. 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 rating	Description of the rating
1	Low risk
2	Average risk
3	Satisfactory risk
4	Reasonable risk
5	Acceptable risk
6	Marginally acceptable risk
7	Watch list
8	Substandard
9	Doubtful
10	Bad debts



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 counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

33.1.1.2. Debt Instruments, Treasury Bills and Other Governmental Notes

For debt instruments, treasury bills and other governmental notes, external rating such as Standard and Poor's rating or their equivalents are used for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are uses. 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.

33.1.2. Risk Limit Control and Mitigation 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 individual, counterparties, product, and 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.

Some other specific control and mitigation measures are outlined below:

33.1.2.1. Collateral

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 advances are:

- Mortgages over residential properties.
- Mortgage business assets such as premises, and inventory.
- Mortgage financial instruments such as debt securities and equities.

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 advances is determined by the nature of the instrument. Debt securities, treasury and other governmental securities are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

33.1.2.2. Derivatives

The Bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Bank (i.e., assets with positive fair value), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

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

33.1.2.3. 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.

33.1.3. Impairment and Provisioning Policies

The internal rating system focus on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that has been incurred at the balance sheet date when there is an objective evidence of impairment. The impairment provision reported in balance sheet at the end of the period is derived from each of the four internal credit risk ratings. However, the majority of the impairment provision is usually driven by the last two rating degrees. The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the four internal credit risk ratings of the Bank and their relevant impairment losses

Amounts in Million EGP

	December 31, 2021					
Bank's rating	Loans and advances	Impairment provision	Net Loans and advances		Loans and advances	Impairment provision
1-High Grade	127,909	3,848	124,061		78%	21%
2-Standard	19,538	3,941	15,597		12%	21%
3-Sub Standard	8,417	2,677	5,740		5%	15%
4-Non-Performing Loans	8,389	7,900	489		5%	43%
Total	164,253	18,366	145,887		100%	100%

	December 31, 2020					
Bank's rating	Loans and advances	Impairment provision	Net Loans and advances		Loans and advances	Impairment provision
1-High Grade	109,974	4,209	105,765		80%	25%
2-Standard	15,285	2,871	12,414		11%	17%
3-Sub Standard	6,062	4,202	1,860		4%	25%
4-Non-Performing Loans	5,824	5,516	308		4%	33%
Total	137,145	16,798	120,347		100%	100%

The Bank's internal rating and PD estimation process continued

Consumer Lending and Retail Mortgages

Consumer lending comprises unsecured personal loans, credit cards and overdrafts. These products along with retail mortgages and some of the less complex small business lending are rated by an automated scorecard tool primarily driven by days past due. Other key inputs into the models are:

- Consumer lending products: use of limits and volatility thereof, GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing
- Retail mortgages: GDP growth, unemployment rates, changes in personal income/salary levels based on records of current accounts, personal indebtedness and expected interest repricing

The Bank's Internal Credit Rating Grades

Internal rating grade

Performing	Internal rating description	12 month Basel III PD range
1-5	High grade	(0% - 5%)
6	Standard	(5% - 10%)
7	Sub Standard	(10% above)
8-10	Non - Performing Loans	(100%)

Non-performing

The internal rating tools assists management to determine whether objective evidence of impairment exists, based on the following criteria set by the Bank:

- Cash flow difficulties experienced by the borrower or debtor
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Bank granted concessions may not be approved under normal circumstances due to economic, legal reasons and financial difficulties facing the borrower
- Deterioration of the collateral value
- Deterioration of the credit situation

The Bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when circumstances require. Impairment provisions on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date, and are applied to all significant accounts individually. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collective impairment provisions are provided portfolios of homogenous assets by using the available historical loss experience, experienced judgment and statistical techniques.

33.1.4. Maximum exposure to credit risk before collateral held

In balance sheet items exposed to credit risk	**Dec. 31, 2021** **EGP Thousands**	Dec. 31, 2020 EGP Thousands
Cash and balances at the central bank	**43,492,248**	33,768,549
Due from banks	**80,182,766**	87,450,490
Gross loans and advances to banks	**314,334**	786,605
Less: ECL	**(43,115)**	(33,814)
Gross loans and advances to customers		
Individual:		
- Overdraft	**1,268,376**	1,519,369
- Credit cards	**5,716,197**	4,864,404
- Personal loans	**31,683,161**	27,882,072
- Mortgages	**2,484,598**	2,033,349
Corporate:		
- Overdraft	**29,333,541**	23,698,784
- Direct loans	**50,357,437**	45,228,009
- Syndicated loans	**43,062,028**	31,110,813
- Other loans	**33,489**	21,391
Unamortized bills discount	**(68,410)**	(104,176)
Unamortized syndicated loans discount	**(312,682)**	(210,680)
Suspended credit account	**(65,129)**	(38,517)
ECL	**(17,917,363)**	(16,434,813)
Derivative financial instruments	**225,376**	248,759
Financial investments:		
-Debt instruments	**217,046,065**	179,729,504
Other assets (Accrued revenues)	**8,938,356**	6,759,229
Total	**495,731,273**	428,279,327
Off balance sheet items exposed to credit risk		
Financial guarantees	**5,807,379**	5,463,960
Customers acceptances	**3,211,139**	2,701,590
Letters of credit (import and export)	**5,656,740**	5,861,017
Letter of guarantee	**82,964,410**	74,023,239
Total	**97,639,668**	88,049,806

December 2021

The above table represents the Bank Maximum exposure to credit risk on December 31, 2021 , before taking account of any held collateral.

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2021, before taking into account any held collateral.
As shown above 29.52% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 59.84%.
Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both its loans and advances portfolio and debt instruments based on the following:

- 89.74% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.

- Loans and advances assessed individually are valued EGP 8,410,055.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2021.
- 95.46% of the investments in debt Instruments are Egyptian sovereign instruments.

December 2020

The above table represents the Bank Maximum exposure to credit risk on December 31, 2020 , before taking account of any held collateral.

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2020, before taking into account any held collateral.
As shown above 49.81% of the total maximum exposure is derived from loans and advances to banks and customers while investments in debt instruments represents 36.21%.
Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both its loans and advances portfolio and debt instruments based on the following:

- 91.30% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system.

- Loans and advances assessed individually are valued EGP 5,847,722.
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2020.
- 95.33% of the investments in debt Instruments are Egyptian sovereign instruments.

33.1.5. Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2021 EGP Thousands		Dec.31, 2020 EGP Thousands	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Gross Loans and advances	**163,938,827**	**314,334**	136,358,191	786,605
Less:				
Impairment provision	**17,917,363**	**2,118**	16,434,813	9,625
Suspended credit account	**65,129**		38,517	
Unamortized bills discount	**68,410**	-	104,176	-
Unamortized syndicated loans discount	**312,682**	-	210,680	-
Net	**145,575,243**	**312,216**	119,570,005	776,980

Impairment provision losses for loans and advances reached EGP 17,919,481 thousand

During the period, the Bank's total loans and advances increased by 19.77%.

In order to minimize the propable exposure to credit risk, the Bank focuses more on the business with large enterprises,banks or retail

Collateral held and other credit enhancements, and their financial effect

The bank holds collateral and other credit enhancements against certain of its credit exposures.

The table below sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure	Exposure	Percentage of exposure that is subject to collateral requirements		ECL	Principal type of collateral held
		Dec. 31, 2021	Dec. 31, 2020	**Dec. 31, 2021**	
Trading derivative assets	-	**100**	100		Cash
Derivative assets held for risk management	225,376	**100**	100		Cash
Loans and advances to banks	312,216	-	-	**2,118**	None
Loans and advances to retail customers					
Real estate loans	2,484,598		-		Residential property
Personal loans	31,683,161	**80**	80	**1,182,459**	Cash
Credit cards	5,716,197		-		None
Overdraft	1,268,376		-		Cash
Loans and advances to corporate customers					
Other	122,786,495	**40**	40	**16,734,904**	Cash
Reverse sale and repurchaseagreements	-	**100**	100		Marketable securities

Residential mortgage lending

The tables below stratify credit exposures from mortgage loans and advances to retail customers by ranges of loan-to-value (LTV) ratio.
LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral.
The gross amounts exclude any impairment allowance. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral.
The value of the collateral for residential mortgage loans is based on the collateral value at origination updated based on changes in house price indices.

LTV ratio	**Dec. 31, 2021**	Dec. 31, 2020
Less than 50%	-	-
51–70%	-	-
71–90%	**2,484,598**	2,033,349
91–100%	-	-
More than 100%	-	-
Total	**2,484,598**	2,033,349

33.1.6. Loans and advances restructured

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

	Dec.31, 2021	Dec.31, 2020
Loans and advances to customer		
Corporate		
- Direct loans	**10,927,093**	5,537,596
Total	**10,927,093**	5,537,596

33.1.7. Concentration of risks of financial assets with credit risk exposure

33.1.7.1. Geographical analysis

Following is a breakdown of the Bank's main credit exposure at their book values categorized by geographical region at the end of the year.

The Bank has allocated exposures to regions based on domicile of its counterparties.

Dec.31, 2021	Cairo	Alex, Delta and Sinai	Upper Egypt	Outside Egypt (Kenya)	Total
Cash and balances at the central bank	43,392,199	-	-	100,049	**43,492,248**
Due from banks	80,032,284	-	-	150,482	**80,182,766**
Gross loans and advances to banks	314,334	-	-	-	**314,334**
Less: ECL	(42,557)	-	-	(558)	**(43,115)**
Gross loans and advances to customers					
Individual:					
- Overdrafts	837,442	338,127	89,198	3,609	**1,268,376**
- Credit cards	4,526,236	1,015,020	174,941	-	**5,716,197**
- Personal loans	22,133,947	7,896,793	1,577,567	74,854	**31,683,161**
- Mortgages	2,370,727	91,294	12,160	10,417	**2,484,598**
Corporate:					
- Overdrafts	25,600,808	2,359,986	1,210,231	162,516	**29,333,541**
- Direct loans	31,160,433	13,655,736	4,952,607	588,661	**50,357,437**
- Syndicated loans	39,654,747	3,326,480	80,801	-	**43,062,028**
- Other loans	33,489	-	-	-	**33,489**
Unamortized bills discount	(67,439)	(971)	-	-	**(68,410)**
Unamortized syndicated loans discount	(312,682)	-	-	-	**(312,682)**
ECL	(12,642,802)	(3,918,608)	(1,314,329)	(41,624)	**(17,917,363)**
Suspended credit account	(65,129)	-	-	-	**(65,129)**
Total	225,376	-	-	-	**225,376**
Financial investments:	-	-	-		**-**
-Debt instruments	216,346,750	-	-	699,315	**217,046,065**
Total	**453,498,163**	**24,763,857**	**6,783,176**	**1,747,721**	**486,792,917**

Dec.31, 2020	Cairo	Alex, Delta and Sinai	Upper Egypt	Outside Egypt (Kenya)	Total
Cash and balances at the central bank	33,620,434	-	-	148,115	**33,768,549**
Due from banks	87,021,223	-	-	429,267	**87,450,490**
Gross loans and advances to banks	786,605	-	-	-	**786,605**
Less:Impairment provision	(33,814)	-	-	-	**(33,814)**
Gross loans and advances to customers					
Individual:					
- Overdrafts	1,000,304	417,515	93,402	8,148	**1,519,369**
- Credit cards	3,807,958	898,858	157,588	-	**4,864,404**
- Personal loans	18,483,815	7,913,359	1,395,193	89,705	**27,882,072**
- Mortgages	1,928,463	85,331	11,836	7,719	**2,033,349**
Corporate:					
- Overdrafts	21,102,760	1,433,121	1,006,023	156,880	**23,698,784**
- Direct loans	28,351,287	11,285,312	5,110,685	480,725	**45,228,009**
- Syndicated loans	28,771,413	2,218,123	121,277	-	**31,110,813**
- Other loans	16,391	5,000	-	-	**21,391**
Unamortized bills discount	(104,176)	-	-	-	**(104,176)**
Impairment provision	(11,851,162)	(3,512,766)	(1,031,821)	(39,064)	**(16,434,813)**
Unamortized syndicated loans discount	(210,680)	-	-	-	**(210,680)**
Suspended credit account	(38,517)	-	-	-	**(38,517)**
Derivative financial instruments	248,759	-	-	-	**248,759**
Financial investments:					
-Debt instruments	179,255,602	-	-	473,902	**179,729,504**
Total	**392,156,665**	**20,743,853**	**6,864,183**	**1,755,397**	**421,520,098**

33.1.7.2. Industry analysis

The following table analyses the Group’s main credit exposure at their book value categorized by the Bank's customers activities.

EGP Thousands

Dec.31, 2021	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Cash and balances at the central bank	43,492,248	-	-	-	-	-	-	**43,492,248**
Due from banks	80,182,766	-	-	-	-	-	-	**80,182,766**
Gross loans and advances to banks	314,334	-	-	-	-	-	-	**314,334**
Less: ECL	(43,115)	-	-	-	-	-	-	**(43,115)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,268,376	**1,268,376**
- Credit cards	-	-	-	-	-	-	5,716,197	**5,716,197**
- Personal loans	-	-	-	-	-	-	31,683,161	**31,683,161**
- Mortgages	-	-	-	-	-	-	2,484,598	**2,484,598**
Corporate:								
- Overdrafts	2,597,098	14,874,248	2,839,645	1,464,553	1,502,477	6,055,520	-	**29,333,541**
- Direct loans	2,398,913	22,355,367	2,225,965	1,610,723	5,546,351	16,220,118	-	**50,357,437**
- Syndicated loans	-	8,439,131	1,488,861	-	31,481,743	1,652,293	-	**43,062,028**
- Other loans	-	33,489	-	-	-	-	-	**33,489**
Unamortized bills discount	(7,988)	(16,584)	-	-	-	(43,838)	-	**(68,410)**
Unamortized syndicated loans discount	-	-	-	-	-	(312,682)	-	**(312,682)**
Less: ECL	(121,889)	(5,626,426)	(59,552)	(172,005)	(1,069,758)	(9,685,274)	(1,182,459)	**(17,917,363)**
Unearned interest	-	-	-	-	-	-	-	**-**
Suspended credit account	-	(17,070)	-	(36,915)	-	(11,144)	-	**(65,129)**
Derivative financial instruments	225,376	-	-	-	-	-	-	**225,376**
Financial investments:								
-Debt instruments	9,562,670	-	-	-	207,483,395	-	-	**217,046,065**
Total	**138,600,413**	**40,042,155**	**6,494,919**	**2,866,356**	**244,944,208**	**13,874,993**	**39,969,873**	**486,792,917**

The following table analysis the Group's main credit exposure at their book value categorized by the Bank customers activities as of 31 Dec 2019.

EGP Thousands

Dec.31, 2020	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Cash and balances at the central bank	33,768,549	-	-	-	-	-	-	**33,768,549**
Due from banks	87,450,490	-	-	-	-	-	-	**87,450,490**
Gross loans and advances to banks	786,605	-	-	-	-	-	-	**786,605**
Less: ECL	(33,814)	-	-	-	-	-	-	**(33,814)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	1,519,369	**1,519,369**
- Credit cards	-	-	-	-	-	-	4,864,404	**4,864,404**
- Personal loans	-	-	-	-	-	-	27,882,072	**27,882,072**
- Mortgages	-	-	-	-	-	-	2,033,349	**2,033,349**
Corporate:								
- Overdrafts	1,392,221	11,014,325	3,469,351	949,422	2,431,014	4,442,451	-	**23,698,784**
- Direct loans	1,090,253	20,627,617	1,606,998	1,031,914	4,380,823	16,490,404	-	**45,228,009**
- Syndicated loans	-	7,212,012	948,611	-	21,334,792	1,615,398	-	**31,110,813**
- Other loans	-	21,391	-	-	-	-	-	**21,391**
Unamortized bills discount	(104,176)	-	-	-	-	-	-	**(104,176)**
Less: ECL	(85,299)	(5,421,142)	(80,130)	(136,549)	(534,069)	(9,083,861)	(1,093,763)	**(16,434,813)**
Unamortized syndicated loans discount	-	-	-	-	-	(210,680)	-	**(210,680)**
Unearned interest	-	-	-	-	-	-	-	
Suspended credit account	-	(1,532)	-	(36,919)	-	(66)	-	**(38,517)**
Derivative financial instruments	248,759	-	-	-	-	-	-	**248,759**
Financial investments:								
-Debt instruments	7,983,338	-	-	-	171,746,166	-	-	179,729,504
Total	**132,496,926**	**33,452,671**	**5,944,830**	**1,807,868**	**199,358,726**	**13,253,646**	**35,205,431**	**421,520,098**

The investment balances and other assets are highly rated not impaired .

33.2. Market risk

Market risk represented as fluctuations in fair value or future cash flow, including foreign exchange rates and commodity prices, interest rates, credit spreads and equity prices will reduce the Bank's income or the value of its portfolios. the Bank separates exposures to market risk into trading or non-trading portfolios.

Market risks are measured, monitored and controlled by the market risk management department. In addition, regular reports are submitted to the Asset and Liability Management Committee (ALCO), Board Risk Committee and the heads of each business unit.

Trading portfolios include positions arising from market-making, position taking and others designated as marked-to-market. Non-trading portfolios include positions that primarily arise from the interest rate management of the group's retail and commercial banking assets and liabilities, financial investments at amortized cost and FVOCI.

33.2.1 Value at Risk

The Bank applies a "Value at Risk" methodology (VaR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose , but only to a certain level of confidence (95%).

There is therefore a specified statistical probability (5%) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed (1 Day).

The Bank assesses the historical movements in the market prices based on volatilities and correlations. The use of this approach does not prevent losses outside of these limits in the event of more significant market movements. As VaR constitutes an integral part of the Bank's market risk control regime, the Market Risk Management set VaR Limits, for the trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management. In addition, monthly limits compliance is reported to the ALCO. The Bank is calculating the Market Risk Capital Requirements by applying Basel II "Standardised Measurement Method", according to the Central Bank of Egypt regulatory requirements.

33.2.2 Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, the bank computes on a daily basis trading Stressed VaR, combined with the trading VaR, to capture the abnormal movements in financial markets and to give more comprehensive picture of risk. The results of the stress tests are reviewed by the ALCO on a monthly basis and the board risk committee on a quarterly basis.

33.2.3 Value at risk (VaR) Summary

Less: ECL	**Dec.31, 2021**			Dec.31, 2020		
	Medium	**High**	**Low**	Medium	High	Low
Foreign exchange risk	**3,250**	**8,850**	**82**	954	4,940	109
Interest rate risk	**221,819**	**295,649**	**142,776**	441,614	776,180	260,701
Portfolio managed by others risk	**11,199**	**20,381**	**7,875**	6,552	14,894	3,337
Total VaR	**221,475**	**297,562**	**139,539**	443,036	780,053	261,342

The aggregate value at risk for trading and non-trading is not the Bank's risk value because of the correlation between types of risk and types of portfolios and the consequent variety of impact.

33.2.4. Foreign exchange risk

The Bank's financial position and cash flows are exposed to fluctuations in foreign currency exchange rates. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign exchange rate risk and financial instruments at carrying amounts, categorized by currency.

EGP Thousands

Dec.31, 2021	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances at the central bank	40,736,021	1,756,193	496,872	71,047	432,115	**43,492,248**
Gross due from banks	41,054,367	34,456,856	4,246,756	351,115	73,672	**80,182,766**
Gross loans and advances to banks	-	314,334	-	-	-	**314,334**
Gross loans and advances to customers	114,522,128	45,038,565	3,641,476	17,513	719,145	**163,938,827**
Derivative financial instruments	96,842	128,534	-	-	-	**225,376**
Financial investments	-	-	-	-	-	
Gross financial investment securities	189,312,606	26,616,907	1,601,217	-	699,315	**218,230,045**
Investments in associates	205,315	-	-	-	-	**205,315**
Total financial assets	**385,927,279**	**108,311,389**	**9,986,321**	**439,675**	**1,924,247**	**506,588,911**
Financial liabilities						
Due to banks	356,538	486,550	14,439	5,954	2,575	**866,056**
Due to customers	311,796,838	84,779,291	8,220,225	1,111,660	1,333,524	**407,241,538**
Derivative financial instruments	188,902	76,568	-	-	-	**265,470**
Issued debt instruments	-	1,557,263	-	-	-	**1,557,263**
Other loans	12,305	5,107,293	21,184	-	-	**5,140,782**
Total financial liabilities	**312,354,583**	**92,006,965**	**8,255,848**	**1,117,614**	**1,336,099**	**415,071,109**
Net on-balance sheet financial position	**73,572,696**	**16,304,424**	**1,730,473**	**(677,939)**	**588,148**	**91,517,802**

EGP Thousands

Dec.31, 2020	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances with Central Bank	30,172,703	2,054,467	658,403	85,910	797,066	**33,768,549**
Due from banks	44,696,639	41,542,328	611,381	370,516	229,626	**87,450,490**
Gross loans and advances to banks	-	786,605	-	-	-	**786,605**
Gross loans and advances to customers	89,104,919	41,040,287	5,558,181	63,815	590,989	**136,358,191**
Derivative financial instruments	49,476	199,283	-	-	-	**248,759**
Financial investments						
Financial investment securities	151,403,787	27,912,180	2,205,197	-	473,902	**181,995,066**
Investments in associates	139,871	-	-	-	-	139,871
Total financial assets	**315,567,395**	**113,535,150**	**9,033,162**	**520,241**	**2,091,583**	**440,747,531**
Financial liabilities						
Due to banks	106,231	8,663,783	36,225	11,269	27	**8,817,535**
Due to customers	252,811,651	78,463,342	7,623,289	931,677	1,339,491	**341,169,450**
Derivative financial instruments	147,168	183,905	-	-	-	**331,073**
Long term loans	21,391	7,725,555	-	-	-	7,746,946
Total financial liabilities	**253,086,441**	**95,036,585**	**7,659,514**	**942,946**	**1,339,518**	**358,065,004**
Net on-balance sheet financial position	**62,480,954**	**18,498,565**	**1,373,648**	**(422,705)**	**752,065**	**82,682,527**

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant.
The impact on the Bank's profit before tax is due to changes in the fair value of monetary assets and liabilities.
The Bank's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Effect on profit before tax
		EGP '000
2021	+10%	1,630,442
	-10%	(1,630,442)
2020	+10%	1,849,857
	-10%	(1,849,857)

	Change in EUR rate	Effect on profit before tax
		EGP '000
2021	+10%	173,047
	-10%	(173,047)
2020	+10%	137,365
	-10%	(137,365)

33.2.5. Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but Gain may decrease in the event that unexpected movements arise.The Board sets limits on the gaps of interest rate repricing that may be undertaken, which is monitored by bank's Risk Management Department.

The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of repricing or contractual maturity dates.

Dec.31, 2021	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Financial assets							
Cash and balances at the central bank	-	-	-	-	-	43,492,248	**43,492,248**
Gross due from banks	59,509,987	16,734,185	157,167	2,357,505	-	1,423,922	**80,182,766**
Gross loans and advances to banks	-	-	314,334	-	-	-	**314,334**
Gross loans and advances to customers	99,092,638	22,942,227	13,170,339	21,407,645	7,325,978	-	**163,938,827**
Derivatives financial instruments (including IRS notional amount)	333,316	4,720,710	436,841	1,705,959	85,348	-	**7,282,174**
Financial investments							
Gross financial investment securities *	4,375,381	10,563,216	47,137,366	91,394,302	64,020,096	739,684	**218,230,045**
Investments in associates	-	-	-	-	-	205,315	**205,315**
Total financial assets	**163,311,322**	**54,960,338**	**61,216,047**	**116,865,411**	**71,431,422**	**45,861,169**	**513,645,709**
Financial liabilities							
Due to banks	451,921	-	-	-	-	414,135	**866,056**
Due to customers	188,598,206	49,776,590	22,829,398	80,695,033	542,992	64,799,319	**407,241,538**
Derivatives financial instruments (including IRS notional amount)	518,244	1,938,009	63,027	11,409	4,791,374	-	**7,322,063**
Issued debt instruments	-	-	-	1,557,263	-	-	**1,557,263**
Other loans	79	4,583,402	555,461	1,840	-	-	**5,140,782**
Total financial liabilities	**189,568,450**	**56,298,001**	**23,447,886**	**82,265,545**	**5,334,366**	**65,213,454**	**422,127,702**
Total interest re-pricing gap	**(26,257,128)**	**(1,337,663)**	**37,768,161**	**34,599,866**	**66,097,056**	**(19,352,285)**	**91,518,007**

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 repricing or contractual maturity dates.

Dec.31, 2020	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Financial assets							
Cash and balances with Central Bank	36,818	-	-	-	-	33,731,731	**33,768,549**
Gross due from banks	77,197,664	10,146,784	86,527	-	-	19,515	**87,450,490**
Gross loans and advances to banks	-	-	786,605	-	-	-	**786,605**
Gross loans and advances to customers	82,486,363	16,852,628	14,007,254	16,976,960	6,034,986	-	**136,358,191**
Derivatives financial instruments (including IRS notional amount)	7,266	4,737,712	3,870,718	2,466,062	6,418	-	**11,088,176**
Financial investments							
Gross financial investment securities *	6,584,261	4,174,123	38,275,507	82,746,208	49,028,104	1,186,863	**181,995,066**
Investments in associates	-	-	-	-	-	139,871	**139,871**
Total financial assets	**166,312,372**	**35,911,247**	**57,026,611**	**102,189,230**	**55,069,508**	**35,077,980**	**451,586,948**
Financial liabilities							
Due to banks	1,034,109	7,472,747	78,660	-	-	232,019	**8,817,535**
Due to customers	177,458,413	32,691,721	26,372,246	54,588,241	58,540	50,000,289	**341,169,450**
Derivatives financial instruments (including IRS notional amount)	2,423,241	3,756,876	80,072	6,766	4,903,535	-	**11,170,490**
Long term loans	-	4,589,135	3,153,656	4,155	-	-	**7,746,946**
Total financial liabilities	**180,915,763**	**48,510,479**	**29,684,634**	**54,599,162**	**4,962,075**	**50,232,308**	**368,904,421**
Total interest re-pricing gap	**(14,603,391)**	**(12,599,232)**	**27,341,977**	**47,590,068**	**50,107,433**	**(15,154,328)**	**82,682,527**

Interest rate sensitivity

Sensitivity Analysis extends Gap Analysis by focusing on changes in the bank's earnings, due to changes in Interest Rates and Balance Sheet Interest Sensitive items composition.

Defined as the impact on the bank’s consolidated Net Income over the following 12 months, based on adverse changes in Interest Rates.

	Increase/decreasein basis points	Effect on P&L EGP '000
2021		
EGP	+ 100 bps	(322,057)
USD	+ 100 bps	223,595
EUR	+ 100 bps	37,035
EGP	- 100 bps	322,057
USD	- 100 bps	(223,595)
EUR	- 100 bps	(37,035)
2020		
EGP	+ 100 bps	(397,302)
USD	+ 100 bps	232,003
EUR	+ 100 bps	23,333
EGP	- 100 bps	397,302
USD	- 100 bps	(232,003)
EUR	- 100 bps	(23,333)

33.3. Liquidity risk

Liquidity risk is the risk that the Bank does not have sufficient financial resources to meet its obligations arises from its financial liabilities as they fall due or to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill lending commitments.

33.3.1 Liquidity risk management process

The Bank’s liquidity management process is carried by the Assets and Liabilities Management Department and monitored independently by the Risk Management Department, which includes:
Projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:

- The Bank maintains an active presence in global money markets to enable this to happen.
- Maintaining a diverse range of funding sources with back-up facilities.
- Monitoring balance sheet liquidity and advances to core funding ratios against internal regulations.
- Managing the concentration and profile of debt maturities.
- Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point

for those assets projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets. Bank's Risk Management Department also monitors unmatched medium-term.

33.3.2. Funding approach

Sources of liquidity are regularly reviewed jointly by the Bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area,depositors, products and tenors.

33.3.3. Non-derivative cash flows

The table below presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products are based on there behavior studies.
These accounts are presented in the financial statement at cost not at present value.

Dec.31, 2021	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities						
Due to banks	866,056	-	-	-	-	866,056
Due to customers	40,335,724	48,614,199	100,190,683	208,350,841	9,750,091	407,241,538
Long term loans	79	-	555,460	2,744,651	1,840,592	5,140,782
Lease liabilities	-	-	-	-	1,087,820	1,087,820
Issued Debt Instruments	-	-	-	1,557,263	-	1,557,263
Total liabilities (contractual and non contractual maturity dates)	**41,201,859**	**48,614,199**	**100,746,143**	**212,652,755**	**12,678,503**	**415,893,459**
Cash & Cash Item	5,391,312	-	-	-	-	5,391,312
Due From CBE	11,440,820	40,392,873	-	30,390,239	7,597,555	89,821,487
Due From Local Banks	8,718,139	4,715,010	-	-	-	13,433,149
Due From Foreign Banks	9,548,209	2,925,192	157,163	2,357,505	-	14,988,069
Financial Investment securities	978,265	9,941,616	45,185,817	98,657,629	63,466,718	218,230,045
Investments in associates	-	-	-	-	205,315	205,315
Loans & Overdraft	22,522,828	17,274,341	32,819,544	57,283,787	34,038,327	163,938,827
Total financial assets (contractual and non contractual maturity dates)	**58,599,573**	**75,249,032**	**78,162,524**	**188,689,160**	**105,307,915**	**506,008,204**

Dec.31, 2020	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities						
Due to banks	1,266,125	7,472,749	78,661	-	-	8,817,535
Due to customers	32,904,756	33,065,033	97,509,535	166,850,344	10,839,782	341,169,450
Lease liabilities	-	-	-	-	905,861	905,861
Long term loans	-	10,079	2,629,252	2,445,156	2,662,459	7,746,946
Total liabilities (contractual and non contractual maturity dates)	34,170,881	40,547,861	100,217,448	169,295,500	14,408,102	358,639,792
Cash & Cash Item	580,982	583,812	1,721,674	2,945,989	191,392	6,023,849
Due From CBE	7,925,025	7,963,627	23,484,917	40,185,471	2,610,733	82,169,773
Due From Local Banks	162,193	162,983	480,642	822,435	53,431	1,681,684
Due From Foreign Banks	3,020,675	3,035,388	8,951,429	15,316,954	995,098	31,319,544
Financial investments securities	17,910,863	18,413,877	52,809,668	84,979,793	7,880,865	181,995,066
Investments in associates	-	-	-	-	139,871	139,871
Loans & Overdraft	13,151,333	13,215,392	38,972,492	66,686,543	4,332,431	136,358,191
Total financial assets (contractual and non contractual maturity dates)	42,751,071	43,375,079	126,420,822	210,937,185	16,203,821	439,687,978

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks, treasury bills, other government notes , loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills and other governmental notes have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

33.3.4. Derivative cash flows

Derivatives settled on a net basis

the Bank's derivatives that will be settled on a net basis include:

Foreign exchange derivatives: exchange traded options and over-the-counter (OTC) ,exchange traded forwards currency options.

Interest rate derivatives: interest rate swaps, forward rate agreements, OTC and exchange traded interest rate options, other interest rate contracts and exchange traded futures .

The table below analyses the Bank's derivative undiscounted financial liabilities that will be settled on a net basis into maturity groupings based on the remaining period of the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

EGP Thousands

Other financial liabilities	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Liabilities						
Derivatives financial instruments						
Inflows	81,848	5,700	12,490	39,989	85,348	225,375
Outflows	(78,177)	(36,288)	(63,027)	(11,409)	(76,364)	(265,265)
Net	**3,671**	**(30,588)**	**(50,537)**	**28,580**	**8,984**	**(39,890)**

Dec.31, 2020	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Liabilities						
Derivatives financial instruments						
Inflows	7,266	18,082	95,014	121,979	6,418	248,759
Outflows	(16,230)	(44,100)	(80,072)	(6,766)	(183,905)	(331,073)
Net	**(8,964)**	**(26,018)**	**14,942**	**115,213**	**(177,487)**	**(82,314)**

Letters of credit, guarantees and other commitments

	Up to 1 year	1-5 years	Over 5 years	Total
Other financial liabilities	56,298,633	27,311,828	8,221,828	91,832,289
Dec.31, 2020	49,712,249	23,438,772	9,434,825	82,585,846

Dec.31, 2021	Up to 1 year	1-5 years	Total
Credit facilities commitments	3,229,408	4,490,950	**7,720,358**
Total	**3,229,408**	**4,490,950**	**7,720,358**

33.3.5. Balance sheet by maturity

Dec-21	1 year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities				
Due to banks	866,056	-	-	866,056
Due to customers	189,140,606	208,350,841	9,750,091	407,241,538
Long term loans	555,539	2,744,651	1,840,592	5,140,782
Issued Debt Instruments	-	1,557,263	-	1,557,263
Total liabilities	**190,562,201**	**212,652,755**	**11,590,683**	**414,805,639**
Cash & Cash Item	5,391,312	-	-	5,391,312
Due From Cbe	51,833,693	30,390,239	7,597,555	89,821,487
Due From Local Banks	13,433,149	-	-	13,433,149
Due From Foreign Banks	12,630,564	2,357,505	-	14,988,069
Financial Investment securities	56,105,698	98,657,629	63,466,718	218,230,045
Investments in associates	-	-	205,315	205,315
Loans & Overdraft	72,616,713	57,283,787	34,038,327	163,938,827
Total financial assets	**212,011,129**	**188,689,160**	**105,307,915**	**506,008,204**

Dec-20	1 year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities				
Due to banks	8,817,535	-	-	8,817,535
Due to customers	163,479,324	166,850,344	10,839,782	341,169,450
Long term loans	2,639,331	2,445,156	2,662,459	7,746,946
Total liabilities	174,936,190	169,295,500	13,502,241	357,733,931
Cash & Cash Item	6,023,849	-	-	6,023,849
Due From Cbe	39,373,569	40,185,471	2,610,733	82,169,773
Due From Local Banks	1,681,684	-	-	1,681,684
Due From Foreign Banks	31,319,544	-	-	31,319,544
Financial investments securities	89,134,408	84,979,793	7,880,865	181,995,066
Investments in associates	-	-	139,871	139,871
Loans & Overdraft	65,339,217	66,686,543	4,332,431	136,358,191
Total financial assets	232,872,271	191,851,807	14,963,900	439,687,978

33.4. Fair value of financial assets and liabilities

33.4.1. Financial instruments not measured at fair value

The table below summarizes the book value and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Book value		Fair value	
	Dec.31, 2021	Dec.31, 2020	**Dec.31, 2021**	Dec.31, 2020
Financial assets				
Cash and balances at the central bank	43,492,248	33,768,549	43,492,248	33,768,549
Due from banks	80,141,769	87,426,301	80,141,769	87,426,301
Gross loans and advances to banks	314,334	786,605	314,334	786,605
Gross loans and advances to customers	163,938,827	136,358,191	164,228,916	136,164,909
Financial investments				
Financial Assets at amortized cost	20,547,465	25,285,225	21,310,034	26,437,169
Total financial assets	**308,434,643**	283,624,871	**309,487,301**	284,583,533
Financial liabilities				
Due to banks	866,056	8,817,535	836,273	8,700,395
Due to customers	407,241,538	341,169,450	409,825,357	340,481,150
Long term loans	5,140,782	7,746,946	5,140,782	7,746,946
Total financial liabilities	**413,248,376**	357,733,931	**415,802,412**	356,928,491

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and similar maturity date.

33.4.2
Fair values of financial instruments

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2020:

According to IFRS 13, There are 3 levels:

Level 1 - Quoted prices in active markets for the same instrument (i.e. without modification or repacking);

Level 2 - Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3 - Valuation techniques for which any significant input is not based on observable market data.

Dec.31, 2021	Date of Valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (level 2)	Valuation techniques (level 3)
Measured at fair value:					
Financial assets					
Financial Assets at Fair Value through P&L	31-Dec-21	443,859	443,859	-	-
Financial Assets at Fair value through OCI (debt)	31-Dec-21	196,498,600	151,437,056	45,061,544	
Financial Assets at Fair value through OCI (equity)	31-Dec-21	740,121	170,640	569,481	-
		197,682,580	152,051,555	45,631,025	-
Derivative financial instruments					
Financial assets	31-Dec-21	225,376	-	-	225,376
Financial liabilities	31-Dec-21	265,470	-	205	265,265
Assets for which fair values are disclosed:					
Financial Assets at amortized cost	31-Dec-21	21,574,083	-	21,310,034	264,049
Loans and advances to banks	31-Dec-21	314,334	-	-	314,334
Loans and advances to customers	31-Dec-21	163,938,827	-	-	163,938,827
Total		**185,827,244**	**-**	**21,310,034**	**164,517,210**
Liabilities for which fair values are disclosed:					
Other loans	31-Dec-21	5,124,531	-	5,124,531	-
Issued debt instruments	31-Dec-21	1,574,487	-	1,574,487	-
Due to customers	31-Dec-21	407,241,538	-	-	407,241,538
Total		**413,940,556**	**-**	**6,699,018**	**407,241,538**

Dec.31, 2020	Date of Valuation	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (level 2)	Valuation techniques (level 3)
Measured at fair value:					
Financial assets					
Financial Assets at fair value through profit or loss	31-Dec-20	552,288	552,288	-	-
Financial Assets at Fair value through OCI (debt)	31-Dec-20	155,146,011	114,919,050	40,226,961	
Financial Assets at Fair value through OCI (equity)	31-Dec-20	1,011,542	714,003	297,539	-
		156,709,841	**116,185,341**	**40,524,500**	**-**
Derivative financial instruments					
Financial assets	31-Dec-20	248,950	-	191	248,759
Financial liabilities	31-Dec-20	331,073	-	-	331,073
Assets for which fair values are disclosed:					
Financial Assets at amortized cost	31-Dec-20	26,604,561	-	26,437,169	167,392
Loans and advances to banks	31-Dec-20	786,605	-	-	786,605
Loans and advances to customers	31-Dec-20	136,358,191	-	-	136,358,191
Total		**163,749,357**	**-**	**26,437,169**	**137,312,188**
Liabilities for which fair values are disclosed:					
Long term loans	31-Dec-20	7,746,946	-	7,746,946	-
Due to customers	31-Dec-20	341,579,117	-	-	341,579,117
Total		**349,326,063**	**-**	**7,746,946**	**341,579,117**

There are no financial instruments that qualify for classification under level 3 as at 31 December 2021 & 2020.
there have been no transfers between level 1 and 2.
The fair values of on-balance sheet financial instruments, except for other investments held at amortised cost and financial investment at amortized cost which are carried at amortised cost, are not significantly different from the carrying values included in the consolidated financial statements. The fair values of loans and advances, commission bearing customers' deposits, due from and due to banks and other financial institutions which are carried at amortized cost, are not significantly different from the carrying values included in the consolidated financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and for the short duration of due from and due to banks.
The estimated fair values of investments held at amortised cost are based on quoted market prices when available or pricing models when used in the case of certain fixed rate bonds respectively. The fair values of these investments are also disclosed in note 19.
The value obtained from the relevant valuation model may differ, with the transaction price of a financial instrument. The difference between the transaction price and the model value is commonly referred to as 'day-one profit or loss'. It is either amortized over the life of the transaction, deferred until the instrument's fair value can be determined using market observable data, or realized through disposal. Subsequent changes in fair value are recognized immediately in the statement of consolidated income without reversal of deferred day-one profits or losses.
The valuation of each publicly traded investment is based upon the closing market price of that stock as of the valuation date, less a discount if the security is restricted.
Unrealized private investments are valued at each reporting date using a combination of three methods:
(i) a comparable public market valuation ;
(ii) a comparable acquisition valuation;
(iii) a discounted cash flow analysis.
The relative weightings applied to each valuation method reflect the manager's judgment as to the relative applicability and strength of each valuation approach to the specific unrealized investment. Differences under the methods are reconciled through a variety of quantitative analysis and qualitative factors, as required.

33.5 Capital Management

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:
- Complying with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling the generation of yield for shareholders and other parties dealing with the bank.

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.
The required data is submitted to the Central Bank of Egypt on a monthly basis.

<u>Central Bank of Egypt requires the following:</u>
- Maintaining EGP 5 billion as a minimum requirement for the issued and paid-in capital, noting that at the reporting date the issued and paid up capital has reached EGP 19.7 billion.
- Maintaining a minimum level of capital adequacy ratio of 12.75%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank (credit risk, market risk and opertional risk). While taking into consideration the conservation buffer.

Tier one:
Tier one comprises of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve, interim profits and deducting previously recognized goodwill and any retained losses

Tier two:
Tier two represents the gone concern capital which is comppposed of general risk provision according to stage one ECL to the maximum of 1.25% risk weighted assets and contingent liabilities ,subordinated loans with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for financial assets fair value through OCI , amortized cost , subsidiaries and associates investments.
When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier1.
Assets risk weight scale ranging from zero to 400% is based on the counterparty risk to reflect the related credit risk scheme, taking into considration the cash collatrals. Similar criteria are used for off balance sheet items after adjustments to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital adequacy requirements for the current year.

The tables below summarizes the compositions of Teir 1, Teir 2 , the capital adequacy ratio and leverage ratio .

1-The capital adequacy ratio	**Dec.31, 2021** **EGP Thousands**	Dec.31, 2020 EGP Thousands
Tier 1 capital		
Share capital	**19,702,418**	14,776,813
Goodwill	**(137,525)**	(178,782)
Reserves	**34,911,381**	33,427,234
Retained Earnings (Losses)	**409,540**	256,266
Total deductions from tier 1 capital common equity	**(774,839)**	(842,792)
Interim profits	**8,862,295**	8,906,131
Total qualifying tier 1 capital	**62,973,270**	56,344,870
Tier 2 capital		
Subordinated Loans	**4,583,403**	4,579,135
Impairment provision for loans and regular contingent liabilities	**2,422,497**	2,072,612
Total qualifying tier 2 capital	**7,005,900**	6,651,747
Total capital 1+2	**69,979,170**	62,996,617
Risk weighted assets and contingent liabilities		
Total credit risk	**194,072,666**	165,944,439
Total market risk	**3,309,278**	701,776
Total operational risk	**36,976,287**	33,923,864
Total	**234,358,231**	200,570,079
***Capital adequacy ratio (%)**	**29.86%**	31.41%

**Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 24 December 2012.*

2-Leverage ratio

	Dec.31, 2021 **EGP Thousands**	Dec.31, 2020 EGP Thousands
Total qualifying tier 1 capital	**62,973,270**	56,344,870
On-balance sheet items & derivatives	**496,620,360**	430,849,350
Off-balance sheet items	**60,131,413**	54,025,891
Total exposures	**556,751,773**	484,875,241
***Percentage**	**11.31%**	11.62%

**Based on consolidated financial statement figures and in accordance with Centeral Bank of Egypt regulation issued on 14 July 2015.*

For December 2021 NSFR ratio record 247% (LCY 282% and FCY 170%), and LCR ratio record 817% (LCY 902% and FCY 304%).
For December 2020 NSFR ratio record 250% (LCY 301% and FCY 168%), and LCR ratio record 1358% (LCY 1976% and FCY 336%).

3. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available information.

4. Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. these valuation techniques (as models) are validated and periodically reviewed by qualified personnel independent of the area that created them.
All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. For practicality purposes, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

34. Segment analysis

34.1. By business segment

The Bank is divided into main business segments on a worldwide basis:

- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products
- SME's – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products
- Investment banking – incorporating financial instruments Trading, structured financing, Corporate leasing,and merger and acquisitions advice.
- Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- Transactions between the business segments are on normal commercial terms and conditions.

EGP Thousands

Dec.31, 2021	**Corporate banking**	**SME's**	**Investment banking**	**Retail banking**	**Total**
External revenue					
Net interest income	**15,318,166**	**689,945**	**5,043,282**	**3,822,504**	**24,873,897**
Net fee and commission income	**1,472,136**	**66,306**	**484,678**	**367,357**	**2,390,477**
Net trading income	**477,267**	**21,496**	**157,132**	**119,097**	**774,992**
Other revenue	**412,347**	**18,574**	**135,763**	**102,900**	**669,584**
Total segment revenue	**17,679,916**	**796,321**	**5,820,855**	**4,411,858**	**28,708,950**
Impairment charges for credit losses	**(1,101,514)**	**(364,123)**	**93,566**	**(307,676)**	**(1,679,747)**
Reportable segment profit before tax	**6,539,039**	**796,321**	**5,820,855**	**4,411,858**	**17,568,073**
Tax	**(2,332,828)**	**(233,284)**	**(1,705,378)**	**(1,294,109)**	**(5,565,599)**
Reportable segment assets	**240,959,600**	**3,193,320**	**218,836,949**	**40,659,292**	**503,649,161**
Reportable segment liabilities	**368,569,611**	**4,884,473**	**-**	**62,192,083**	**435,646,167**
Letters of guarantee	**67,190,358**	**3,930,199**	**-**	**11,843,854**	**82,964,410**
Letters of credit	**4,785,770**	**63,423**	**-**	**807,546**	**5,656,740**
Customers acceptances	**2,716,719**	**36,003**	**-**	**458,417**	**3,211,139**
Total contingent liabilities and commitments	**74,692,847**	**4,029,625**	**-**	**13,109,817**	**91,832,289**

Dec.31, 2020	Corporate banking	SME's	Investment banking	Retail banking	Total
External revenue					
Net interest income	10,608,769	1,378,776	7,005,970	6,095,122	25,088,637
Net fee and commission income	880,153	113,851	578,511	503,299	2,075,814
Net trading income	362,113	22,302	-	98,591	483,006
Other revenue	431,907	51,173	373,348	226,217	1,082,645
Total segment revenue	12,282,942	1,566,102	7,957,829	6,923,229	28,730,102
Impairment charge for credit losses	(3,739,795)	(264,009)	(205,182)	(809,795)	(5,018,781)
Reportable segment profit before tax	2,653,939	685,582	7,513,584	3,480,090	14,333,195
Tax	(546,741)	(223,965)	(3,089,978)	(1,139,301)	(4,999,985)
Reportable segment assets	208,853,266	1,067,415	190,944,619	36,057,380	436,922,680
Reportable segment liabilities	150,155,383	29,441,132		198,528,141	378,124,656
Letters of guarantee	52,015,759	4,059,915	-	17,947,565	74,023,239
Letters of credit	4,118,507	321,456	-	1,421,054	5,861,017
Customers acceptances	1,898,393	148,173	-	655,024	2,701,590
Total contingent liabilities and commitments	58,032,659	4,529,544	-	20,023,643	82,585,846

34.2 . By geographical segment

EGP Thousands

Dec.31, 2021	Cairo	Alex, Delta & Sinai	Upper Egypt	Outside Egypt (Kenya)*	Total
Revenue according to geographical segment	**24,988,449**	**3,109,072**	**585,184**	**26,245**	**28,708,950**
Expenses according to geographical segment	**(9,209,181)**	**(1,636,433)**	**(270,108)**	**(25,155)**	**(11,140,877)**
Profit before tax	**15,779,268**	**1,472,639**	**315,076**	**1,090**	**17,568,073**
Tax	**(5,041,884)**	**(431,413)**	**(92,302)**	**-**	**(5,565,599)**
Profit for the year	**10,737,384**	**1,041,226**	**222,774**	**1,090**	**12,002,474**
Total assets	**468,102,903**	**26,469,030**	**7,203,609**	**1,873,619**	**503,649,161**

* CIB considers Mayfair bank as a whole is cash generating unit

Dec.31, 2020	Cairo	Alex, Delta & Sinai	Upper Egypt	Outside Egypt (Kenya)*	Total
Revenue according to geographical segment	24,912,272	3,033,434	756,704	27,692	28,730,102
Expenses according to geographical segment	(12,629,689)	(1,471,486)	(259,231)	(36,501)	(14,396,907)
Profit before tax	12,282,583	1,561,948	497,473	(8,809)	14,333,195
Tax	(4,333,015)	(505,857)	(161,113)	-	(4,999,985)
Profit for the year	7,949,568	1,056,091	336,360	(8,809)	9,333,210
Total assets	404,849,848	22,705,248	7,493,258	1,874,326	436,922,680

35 . Contingent liabilities and commitments

35.1 . Legal claims

Litigation is a common occurrence in the Banking industry due to the nature of the business undertaken.
The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. At year-end, the Bank had several unresolved legal claims.

- There is a number of existing cases against the bank on December 31, 2021 for which no provisions are made as the bank doesn't expect to incur losses from it.
- A provision for legal cases that are expected to generate losses has been created. (Note No. 30)

35.2 . Capital commitments

35.2.1 . Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP 20,628 thousand as follows:

Financial Assets at fair value through OCI	Investments value EGP Thousands	Paid EGP Thousands	Remaining EGP Thousands
Dec.31, 2021	**314,331**	**293,703**	**20,628**
Dec.31, 2020	314,639	287,127	27,512

35.2.2 . Fixed assets and branches constructions

The value of commitments for the purchase of fixed assets contracts and branches constructions that have not been implemented till the date of financial statement amount to :

	Dec.31, 2021 **EGP Thousands**	Dec.31, 2020 EGP Thousands
	454,166	751,736

35.3 . Letters of credit, guarantees and other commitments

	Dec.31, 2021 **EGP Thousands**	Dec.31, 2020 EGP Thousands
Letters of guarantee	**82,964,410**	74,023,239
Letters of credit (import and export)	**5,656,740**	5,861,017
Customers acceptances	**3,211,139**	2,701,590
Total	**91,832,289**	82,585,846

	Dec.31, 2021 **EGP Thousands**	Dec.31, 2020 EGP Thousands
Credit facilities commitments	**7,720,358**	8,895,410

36 . Related party disclosures

36.1 . Compensation of key management personnel of the Bank

In accordance to the equity settled share based payment program approved by the extraordinary general assembly meeting of the bank in April 2011 with the same conditions previously approved by the extraordinary general assembly meeting of the bank in June 2006, these shares are vested after 3 years (in 2021) and should not be exercised until the beneficiaries pay its full par value of EGP 10 per share.

	Dec.31, 2021		Dec.31, 2020	
	Outstanding balance	Income (expense)	Outstanding balance	Income (expense)
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Loans and advances	6,124	784	15,049	1,534
Deposits	30,333	(1,420)	149,193	(224,259)

36.2 . Transactions with associates

	Dec.31, 2021			
	Fees & Interest from	Fees & Interest to	Amounts owed by	Amounts owed to
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
International Co. for Security & Services	26	167,843	-	9,154
Fawry Plus	155	-	-	-
Al ahly computer	4	-	52	491
TCA	126,216	325	1,045,338	6,565

	Dec.31, 2020			
	Fees & Interest from	Fees & Interest to	Amounts owed by	Amounts owed to
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
International Co. for Security & Services	70	213,668	-	436
Fawry Plus	739	-	5,414	-
Al ahly computer	5	57	47	125

Terms and conditions of transactions with related parties

The above-mentioned outstanding balances arose from the ordinary course of business. The interest rates charged to and by related parties are at normal commercial rates. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables.

37 . **Tax status**

Corporate income tax

- Settlement of corporate income tax since the start of activity till 2017
- 2018 examined & paid
- The yearly income tax return is submitted in legal dates

Salary tax

- Settlement of salary tax since the start of activity till 2019

Stamp duty tax

- The period since the start of activity till 31/07/2006 was examined & paid, disputed points have been transferred to the court for adjudication
- The period from 01/08/2006 till 31/12/2019 was examined & paid in accordance with the protocol signed between the Federation of Egyptian Banks & the Egyptian Tax Authority

38 . **Goodwill, Intangible assets and Bargain purchase**

Goodwill

	Mayfair Bank Dec.31, 2021 EGP Thousands
Acquisition cost	560,963
Net assets value	354,676
Goodwill	206,287

Intangible assets

	Mayfair Bank Dec.31, 2021 EGP Thousands
Fair value at acquisition at	51,831
Impairment	-
Net book value	51,831

Bargain purchase

	Damietta Shipping Dec.31, 2021 EGP Thousands
Net assets value	89,788
Acquisition cost	81,702
Profits from subsidiaries acquisition	8,086

39 **Non-Controlling Interest**

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Balance sheet Minority interest		
Mayfair Bank	319,228	322,736
Damietta Shipping	135,292	160,304
C-Ventures	15	15
Total	454,535	483,055

40 Important events

On August 16, 2021 issued and Paid in Capital increased by an amount of EGP 4,925,605 thousand to reach EGP 19,702,418 thousand, according to Ordinary General Assembly Meeting decision on March 15 ,2020, by distribution of one share for every three outstanding shares from General Reserve.

During the first quarter of 2021, the Bank established TCA properties, in partnership with Talaat Mostafa Group, after obtaining all necessary approvals from regulatory authorities. The share of Commercial International Bank is 37%, and no financial statements of the company have been issued yet.

On 10 November 2020 CBE issued its report to the Bank and it covered a number of areas that needed immediate remediation covering the Internal Control Environment, Credit facilities and provisions, Governance and Compliance and also referred to instances of violations of certain provisions of the applicable laws (Articles 57, 64 and 111 of Law 88 for year 2003, and Articles 19 and 42 of the Executive Regulation of the said law), and other instances of violations of CBE regulations The Bank's management applied its judgement and experience and included in the financial statements for the year ended 31 December 2020, their assessment of the impact of the CBE findings, including credit losses and legal and other charges. The Board of the Bank assessment is that the design of the internal controls over financial reporting remain appropriate and continue to operate effectively to ensure fair presentation of the financial position of the Bank and its financial performance. Management developed a corrective action plan for the CBE to address all the findings and to further enhance regulatory compliance and strengthen controls.
Additionally, as directed by the Non-Executive Directors, an independent international professional services firm was appointed to conduct an in depth review of the Bank's controls and lending functions with a view to addressing specific and related areas from the CBE inspection report (communicated in November 2020), based on best practice and to further enhance regulatory compliance and strengthen controls at CIB, as part of the Bank's commitment to enhancing risk management and the governance culture at the Bank. The said review started in early January 2021 and was completed in April 2021. The outcomes of this exercise and related recommendations – addressing organization, policies & procedures, training and technology - were discussed with the Directors and executive management before being formally submitted. Management has finalized an implementation plan addressing the recommendations and time frame and has assessed there is no further financial impact subsequent to that determined for the year ended 31 December 2020. This implementation plan is approved and will be monitored by the Board of Directors.
The board of directors and the board audit committee periodically follow up on the implementation of the above mentioned plan, where most of the observations reported in the CBE's report received by CIB's BoD at the end of 2020 have been rectified and corrected according to the timeline for the corrective action plan. we are continuing to follow up to complete the procedures for the remaining observations, the timelines of which extended beyond the fiscal year 2021.

The Board of Directors, in its meeting held on March 30, 2021, approved to launch a Green Bond Program at a value of $100 million, in cooperation with the International Finance Corporation and in light of what the Extraordinary General Assembly had previously approved in its meeting held on March 15, 2020. In 2020, the Bank signed an agreement with the International Finance Corporation, by which the Commercial International Bank would be the first private sector institution to issue green bonds in Egypt. As per the agreement, tradable non-convertible green bonds will be issued for a period of five (5) years, with a value of $100,000,000 (Only One Hundred Million US Dollars), with a nominal value of $ 1,000 (Only One Thousand US Dollars) per bond. Bond proceeds will be allocated exclusively to financing or refinancing - in whole or in part - green assets that comply with the specifications encompassing that the Bank would grant loans/investments to its clients only to finance projects and expenditures that support the transition to a low-carbon economy and that would have a positive environmental impact, while aligning with the eligibility standards for private green bonds at the Commercial International Bank.

- IMPACT OF COVID-19

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. The fiscal and monetary authorities, both domestic and international, have announced various fiscal and stimulus measures across the globe to counter possible adverse implications.

- BUSINESS CONTINUITY PLANNING

The Bank is closely monitoring the situation and taking rightful measures to ensure the safety and security of the bank's staff and an uninterrupted service to its customers. Remote working arrangements have been implemented and part of the Bank staff are working from home in line with government directions. Business continuity plans are in place. The Bank has taken measures to ensure that services levels are maintained, customer complaints are resolved, and the Bank continues to serve its customers as they would do in normal conditions. CIB regularly conducts stress tests to assess the resilience of the statement of position and the capital adequacy. CIB is closely monitoring the situation and has activated its risk management practices managing the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

- IMPACT ON EXPECTED CREDIT LOSSES

In the determination of the impact over the ECL, CIB has considered the potential impact of the uncertainties considering the available information caused by the Covid-19 pandemic and taken into account the economic support and relief measures taken by the Central Bank of Egypt. The Bank has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for ECL measurement. In addition, the Bank has analyzed the risk of the credit portfolio by focusing on economic sector wise segmentation analysis using both a top-down approach and the Bank own experience. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in our ECL estimates. In addition to the assumptions outlined above, CIB has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk (SICR) leading to reclassifying loans from stage 1 to stage 2 and assessing the indicators of impairment for the exposures in potentially affected sectors.
The impact of current uncertain economic environment is judgmental and management will keep assessing the current position and its related impact regularly. It should be also considered that the assumptions used about economic forecasts are subject to high degree of inherent uncertainty and therefore the actual outcome may be significantly different from forecasted information. CIB has considered potential impacts of the current economic volatility in determination of the reported amounts of the bank's financial and non-financial assets and these are considered to represent management's best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

- LIQUIDITY MANAGEMENT

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

- LIBOR transition

A significant change occurred in 2021 when the Financial Conduct Authority (FCA) (UK regulator) announced that all LIBOR settings for all currencies will either cease or no longer be representative immediately after the following dates:
31 December 2021, for Sterling, Euro, Swiss Franc and Japanese Yen LIBOR settings in all tenors, and US Dollar LIBOR 1-week and 2-month settings; and
30 June 2023, for US Dollar Overnight, 1-month, 3-month, 6-month and 12-month settings.
These changes may impact CIB products such as derivatives, bonds, loans, structured products and mortgages, which use benchmark rates to determine interest rates and payment obligations. LIBOR, is probably the most widely used benchmark.
Certain currencies use other benchmarks such as EURIBOR and EONIA for EUR.
Main changes are listed below:

Currency	Current rate	Alternative Rate
US Dollar (USD)	USD LIBOR	Secured Overnight Financing Rate (SOFR)
Sterling (GBP)	GBP LIBOR	Sterling Overnight Index Average (SONIA)
Euro (EUR)	Euro Overnight Index Average (EONIA),Euro Interbank Offered Rate (EURIBOR) and Euro LIBOR	Euro Short-Term Rate (€STR)
Swiss Franc (CHF)	CHF LIBOR	Swiss Average Rate Overnight (SARON)

- Impact on CIB:

For time being the impact will not be significant due to postpone of applying USD rate.

41 . Main currencies positions

	Dec.31, 2021 EGP Thousands	Dec.31, 2020 EGP Thousands
Egyptian pound	**(3,306,200)**	(750,477)
US dollar	**2,366,020**	100,004
Sterling pound	**1,983**	3,518
Japanese yen	**(1,422)**	(8)
Swiss franc	**1,136**	2,175
Euro	**20,161**	(219,313)

Main currencies positions above represents what is recognized in the balance sheet position of the Central Bank of Egypt.

42 . Mutual funds

Osoul fund

- CIB established an accumulated return mutual fund under license no.331 issued from capital market authority on February 22, 2005. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 9,269,815 with redeemed value of EGP 4,663,922 thousands.

- The market value per certificate reached EGP 503.13 on December 31, 2021.
- The Bank's portion is 187,112 certificates with a redeemed value of EGP 94,142 thousands.

Istethmar fund

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on February 26, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 362,261 with redeemed value of EGP 74,662 thousands.
- The market value per certificate reached EGP 206.10 on December 31, 2021.
- The Bank's portion is 50,000 certificates with a redeemed value of EGP 10,305 thousands.

Aman fund (CIB and Faisal Islamic Bank Mutual Fund)

- CIB and Faisal Islamic Bank established an accumulated return mutual fund under license no.365 issued from capital market authority on July 30, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 336,834 with redeemed value of EGP 36,796 thousands.
- The market value per certificate reached EGP 109.24 on December 31, 2021.
- The Bank's portion is 32,596 certificates with a redeemed value of EGP 3,561 thousands.

Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on September 13, 2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 1,846,163 with redeemed value of EGP 688,397 thousands.
- The market value per certificate reached EGP 372.88 on December 31, 2021.
- The Bank's portion is 50,000 certificates with a redeemed value of EGP 18,644 thousands.

Takamol fund

- CIB bank established an accumulated return mutual fund under license no.431 issued from financial supervisory authority on February 18, 2015. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 124,527 with redeemed value of EGP 25,575 thousands.
- The market value per certificate reached EGP 205.38 on December 31, 2021.
- The Bank's portion is 50,000 certificates with a redeemed value of EGP 10,269 thousands.

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