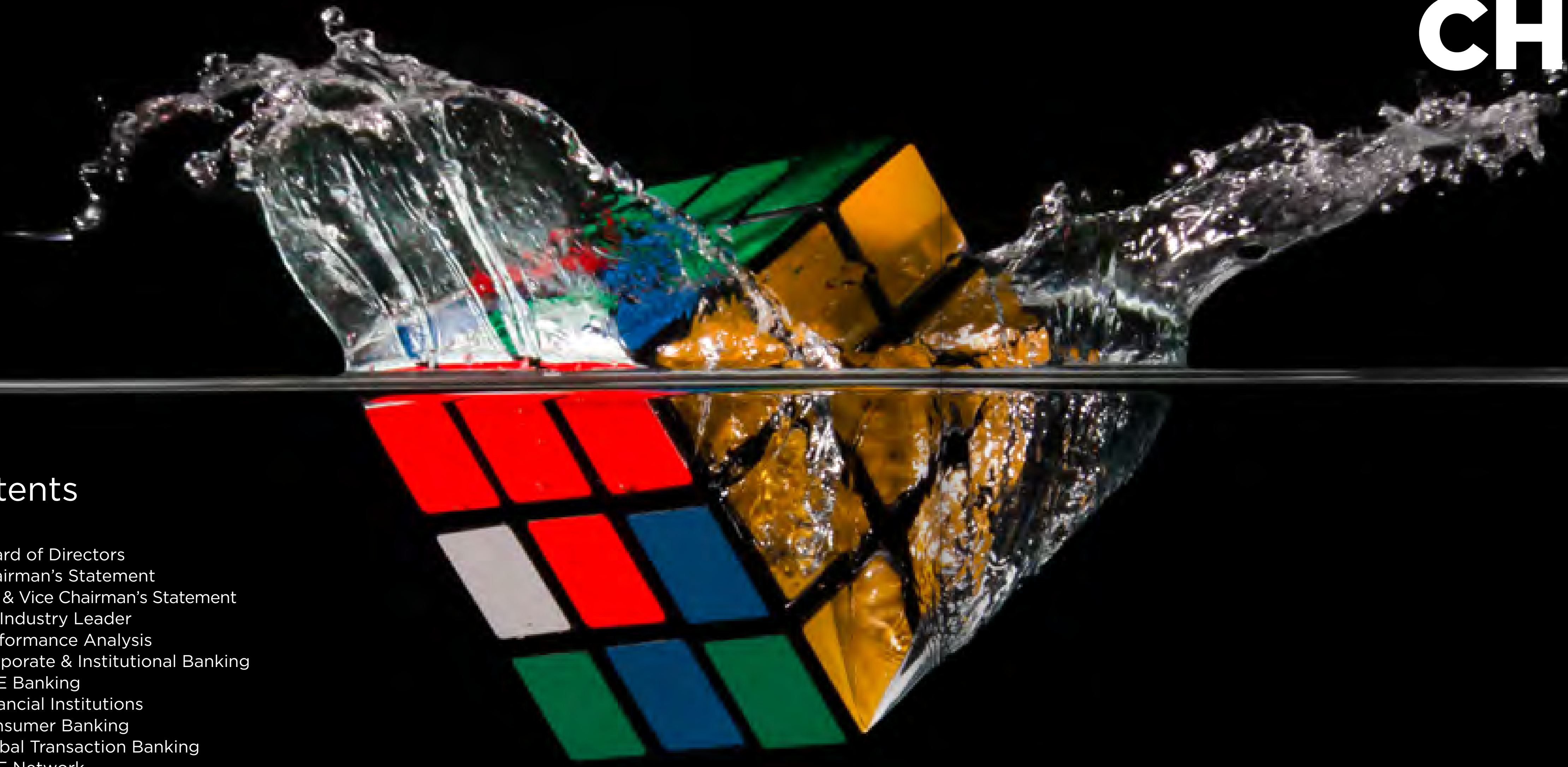
LEAP TIME

البنك العربي الافريقي الدولي
arab african international bank

The game is the same,

BUT THE RULES HAVE CHANGED



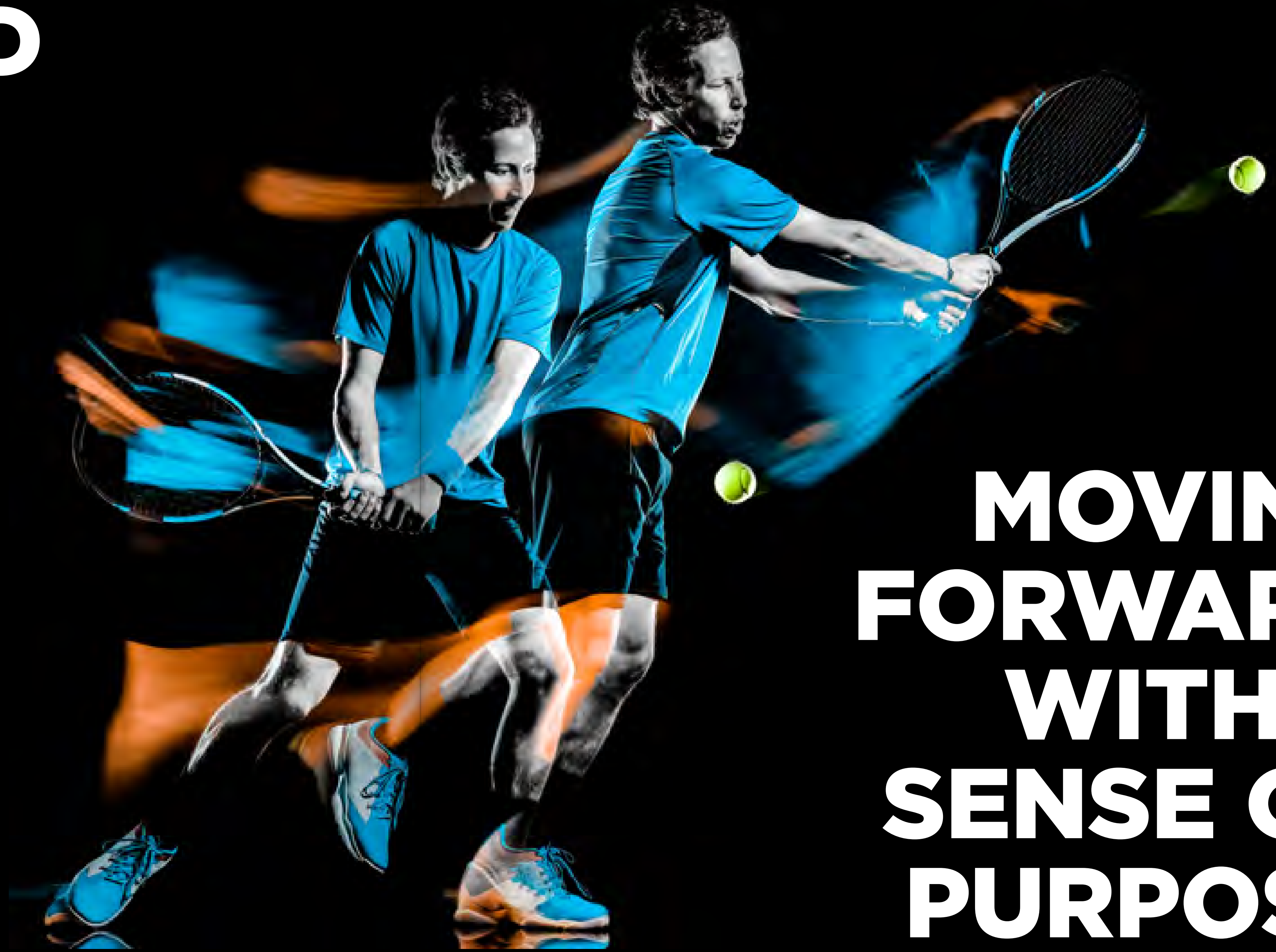
Contents

SET THE STANDARD, DON'T SETTLE FOR STANDARD

Financial transactions reimagined
and brought to life.

00:03

DISCOVERING LIMITS AND BLAZING THROUGH THEM



MOVING FORWARD WITH A SENSE OF PURPOSE

Despite the challenges
we aimed for big results
and exceeded them.

With strategy, collaboration
and concrete action

ACCELERATING TRANSFORMATION

We have established the missing building blocks for strong transformation by simultaneously constructing new departments: Digital Factory, Transformation, and Global Transaction Banking.

00:05

REAL PROGRESS IS THE PRESERVATION OF ORDER IN THE MIDST OF CHANGE

and the preservation of change in the midst of order.

We embraced a disciplined and progressive approach, with a central point for all projects and transactions involving AAIB.

DOING WHATEVER IT TAKES TO BE MORE THAN WHAT WE ARE TODAY

WE'RE GOING TO TAKE ACTION,

We've built a solid project tracking system and a Digital Factory Center to expedite delivery and put the 2025 strategy into action.

Never confuse motion with progress

DELIBERATE ACTION PROPELS US FORWARD

A new reliance on technology and connecting with customers will alter your perception of our products.

It all begins with
the trigger of

RESILIENCE AND TRANSFORMATION

00:09

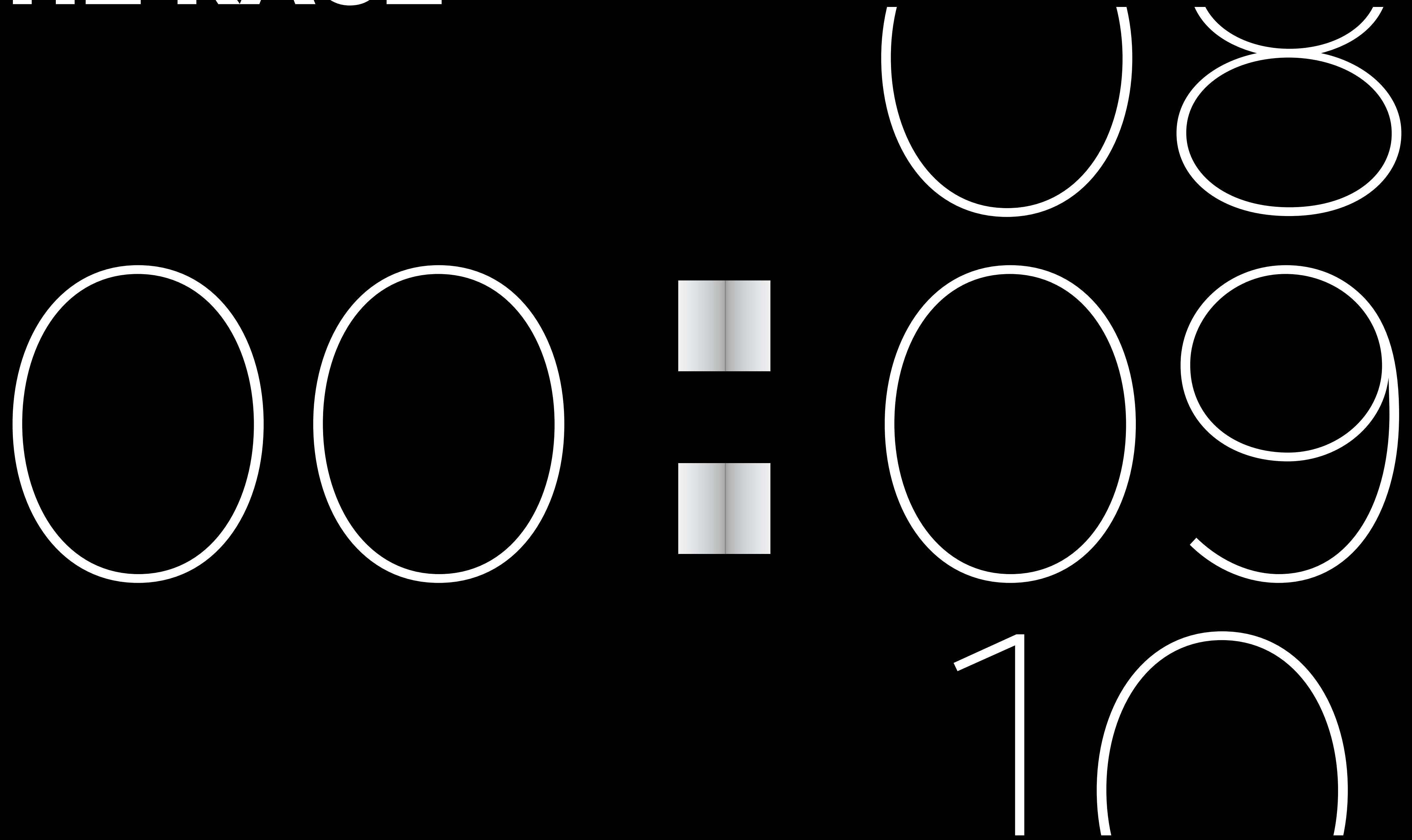
The ability to be

FULLY PRESENT AND ADAPTIVE

In times of change
we are strong

We have conquered every economic downturn and even a global pandemic. Nothing can hold us back.

COUNTDOWN TO THE RACE



A year-long race against the clock’

In 2021, the year began with aggressive growth in consumer banking, treasury business, and infrastructure projects.

WE ARE STRONG, AND FOCUSED ON STRATEGIC PRIORITIES

By integrating our processes and solutions into our business, financial transactions, and other aspects of our daily life, AAIB aims to be your bank for life.

00:12

ENABLING OUR CUSTOMERS, COLLEAGUES AND COMMUNITIES TO THRIVE

AAIB is a singular force for sustainable growth. We are there for our customers, owners, employees, and the MENA region, providing enduring value and service.

DELIVERING MODERN FINANCIAL STABILITY

Digitization and electronic transactions are defining features of the current and future eras. As a result, the bank is pursuing an ambitious digital transformation strategy that will ensure the creation of digital channels that will allow us to easily reach our consumers in order to offer a diverse range of banking services and products.

ROOM FOR DIGITAL INNOVATIONS

Our Digital Factory implements cutting edge technology on our website. This allows AAIB customers to seamlessly access a variety of financial services from any electronic device.

ALL ACCORDING TO PLAN

WE'VE RUN THE NUMBERS

$136.7 MILLION

Net Profit

an increase of 70.8%

0.92%

Return on Average Assets

37.9%

Operating Ratio

427

ATMs

2%

YOY Growth

$2.1 BILLION

In Shareholders' Equity

96

Branches

$5 BILLION

Net Loans

an increase of 21%

$10.2 BILLION

Total Deposits

$15.3 BILLION

Total Assets

416,940 Total Customers	**6.55%** Return on Average Equity
$3.6 BILLION Individual Deposits **$6.6 BILLION** Corporate Entities	**4%** Increase in Deposits **8%** Increase in Assets

BOARD OF DIRECTORS

Mr. Bader M. Al Humaidhi
Chairman of the Board

Mr. Sherif M. Elwy
Managing Director & Vice Chairman

Mr. Adnan Al-Sager
KIA Representative

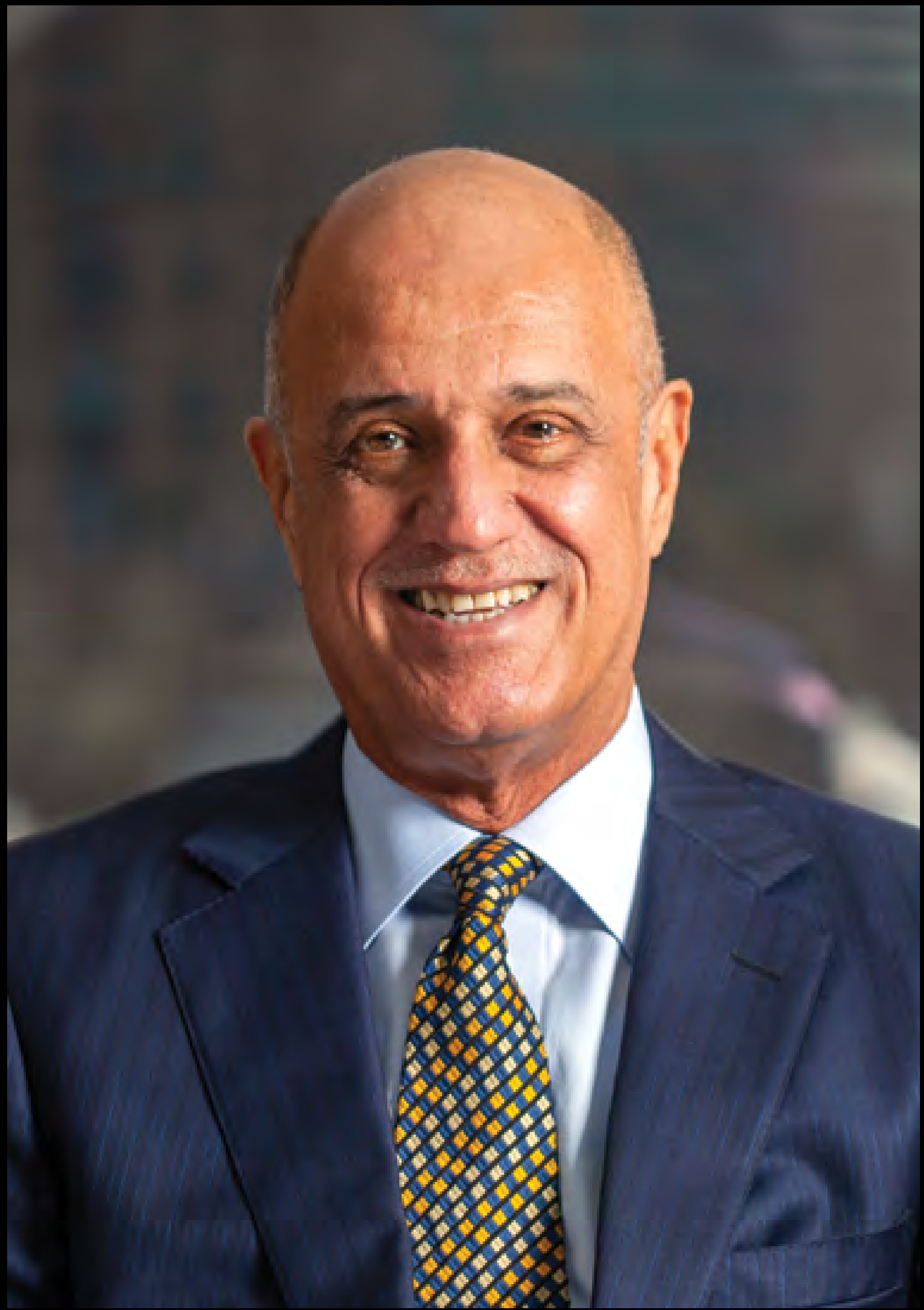
Ms. Sarah Tarek Alsane
KIA Representative

Mr. Hisham Sayed Abdel Razik Al Razzuqi
KIA Representative

Mr. Ahmed A. Kauchak
CBE Representative

Mr. Mohamed Korayem Ghannam Mohamed
CBE Representative

Mr. Amr Ahmed Sameh Talaat
CBE Representative



Bader M. Al Humaidhi

Chairman

Sharpening our focus. Making decisions today that are driven by where our customers want to go next.

FULL SPEED AHEAD INTO THE FUTURE

KEEPING WATCH

In 2021, We at Arab African International Bank (AAIB) attained extraordinary growth and made significant progress in our technological and digital transformation. We are driven to reinvent banking through bold digital solutions and make a meaningful difference in our customers' lives and communities. We will continue to be an industry leader in excellence, modernization, and sustainability as we move into 2022 and beyond.

Commitment to Bold Transformation

At Arab African International Bank (AAIB), we are committed to the bold plans essential for completing our digital transformational journey. We have accomplished the first year of our five-year strategy and made tremendous strides toward meeting our ambitious technological and digital transformation targets.

AAIB is positively impacting and creating a better future for our clients and the communities we serve. We are investing in our people, who are committed to building a lasting impact in the lives of the individuals we assist daily. AAIB continues to be an engine for innovation and progress in our society. We are looking ahead and honing our strategies to cultivate and grow our economy. Our strategy is focused on the future.

Remarkable Growth and Strengthened Financial Position

AAIB experienced a tremendous expansion in 2021 despite immense macroeconomic challenges and difficulties in the banking sector. AAIB maintains its position as a leading financial institution in Egypt and the surrounding region, providing innovative services with a strong regional presence and establishing itself as the gateway for international business.

AAIB has proven resilient amidst these global challenges and is a mainstay in the Egyptian economy, financing and advising transactions that support critical Egyptian industries. The Bank is well-capitalized and equipped to persist and thrive through ongoing economic uncertainty. We are uniquely positioned to capitalize on enormous opportunities across our network.

2021 Operational Highlights

In 2021, AAIB's bottom line growth was robust, backed by the diversification of revenue streams among lines of business. The Bank achieved a net profit of $136.7 MM, an increase of 70.8%. Consolidated operations net profit shot up 73% to $145MM in 2021. Total customer deposits grew by 4% or $390MM to reach $10.2Bn. The return on average assets recorded 0.92%, and the return on average equity recorded 6.55%. Shareholder's equity rose 5.2% yearly to $2.14Bn, and the capital adequacy standard was 19.49%.

AAIB continuously strives to enhance its client-facing and back-office capabilities to deliver a differentiated value proposition.

AAIB continues to pursue an ambitious digital transformation. We are dedicated to providing excellent customer experience and leading digital innovation. AAIB strives to enhance its client-facing and back-office capabilities to deliver a differentiated value proposition. We are focused on customer value propositions that suit the requirements of businesses of all sizes.

We are resolute in our mission to provide innovative services. We are committed to strengthening our core corporate and business banking segments while maintaining our efforts to diversify our business, customer base, and balance sheet mix. AAIB is a data-driven bank. Our improved data management plan, advanced analytics, and predictive models will strengthen the Bank's capabilities to drive future business.

Focus on the Future

We look forward to 2022 and beyond with optimism and see immense potential in the growth and technological transformation of AAIB. I express my appreciation to our invaluable stakeholders and staff members for their critical role in achieving our ambitious goals. I also thank AAIB's esteemed clients for their trust and collaboration. On behalf of the Board of Directors, we look forward to serving your evolving needs and interests in the coming years.

Mr. Bader M. Al Humaidhi
Chairman

Sherif M. Elwy

Managing Director & Vice Chairman

A NEW ERA BEGINS

AAIB's strategic actions, taken with discipline and over time, generate sustainable growth

SKILLED FOR THE FUTURE

A New Era

2021 marked the first milestone of AAIB's five-year strategy where we are focused on implementing our three main strategy pillars: (1) Financial resilience, (2) Customer Centricity, (3) Agility and innovation. We are focused on the future and reinventing banking within a digital framework.

Financial Resilience

In 2021, we made tremendous progress in broadening the Bank's funding sources and strengthening its portfolio. Total assets grew 8% in 2021 to $15.4Bn. Our gross loans portfolio grew by 20% to reach $5.5Bn, and performing loans increased by 21% to reach $4.8Bn. Our non-performing loan (NPL) ratio and coverage ratio improved markedly during 2021 by 95bps and 622bps, respectively. AAIB's loans to deposits ratios also increased by more than 7%. We also boosted the quality of the Bank's credit portfolio in 2021, with its cost-of-risk ratio decreasing to 1.4% for the FY – 2021.S

Profits from AAIB's subsidiaries are also multiplying. Arab African International Securities (AAIS) increased electronic trading revenue by 50% and net profit by 153% vs. 2020. Arab African Investment Holding (AAIH) consolidated revenues grew 44% from 2020 to 2021.

AAIH also received the license to launch mutual funds and has plans to launch its first daily income fund in Q2 2022. Arab African Investment Management (AAIM) assets under management grew 51.2% to a record EGP 12.4 billion compared to EGP 8.2 billion in 2020 and EGP 6.7 billion in 2019. The subsidiary's net profit increased by 113%.

Customer Centricity

We continue our ongoing efforts to deliver world-class services to our customers. We have come to believe that managing a bank is not just about numbers; it is about sustainable finance, where society and the environment are at the heart of profit-making. AAIB has a clear vision of its path toward unprecedented growthand following an aggressive strategy for earning profits and creating value for all stakeholders.

We are gaining ground in our multi-year transformation initiative, adding new capabilities for serving a demanding client base in innovative ways and fulfilling their expectations for convenience and personalization. AAIB is tearing down the barriers to entry and opening new doors for our customers. We are moving forward to offer seamless, adaptable services based on our clients' choices that match their needs and plans. AAIB is dedicated to increasing customer satisfaction and creating opportunities for our clients to meet their aspirations.

We look forward to 2022 and the decades beyond with optimism and see immense potential in the growth and technological transformation of AAIB.

Agility & Innovation

At AAIB, our strategy is focused on the future and making groundbreaking innovations to serve our customers' ever-changing needs. In 2021 we launched our 2021-25 strategy, a bold five-year digital transformation that will increase accessibility for our customers and make us a digital organization that leads in the future marketplace. This ambitious plan marks the beginning of a new era of modernization for AAIB.

We are dedicated to pushing the boundaries of what is possible in banking. We are focused on the future and providing our clients with the most advanced and innovative financial tools. We are committed to integrating technological solutions into every aspect of our customer's business and financial lives.

2022 and Beyond

We appreciate our team of employees and partners who share our forward-looking vision for AAIB. We look forward to 2022 and the decades beyond with optimism and see immense potential in the growth and technological transformation of AAIB.

Sherif M. Elwy
Managing Director & Vice Chairman

AN INDUSTRY LEADER

Bank Vision

To be the leading financial group, provide innovative services, establish a solid regional presence, and become a gateway for international business into the region.

AAIB Strategy

AAIB delivered strong results in 2021, driven by the robust stabilization and recovery witnessed in 2021 after a challenging 2020 due to the COVID-19 pandemic. We are positioned to capitalize on critical opportunities across our network while consistently providing an excellent customer experience, leading digital innovation, and meeting compliance and regulatory standards.

AAIB's strategic focus lies on diversifying our business, customer base, and balance sheet while retaining our core strength in corporate and business Banking. AAIB continuously strives to enhance its client-facing and back-office capabilities to deliver a differentiated value proposition.

AAIB 2021-2025 strategy aims to increase value through effective and efficient growth through the three key pillars:

Agility and Innovation

Customer Centricity

Financial Resilience

In 2022, the bank aims to sustain its growth momentum by tapping into our new and enhanced mobile and online banking benefits. This digital transformation will strengthen our market position and drive customer acquisition. AAIB will continue to deepen its penetration in Business Banking and wealth, focusing on customer value proposition to suit the requirements of businesses of all sizes.

PERFORMANCE ANALYSIS

AAIB took strategic steps in its data transformation journey with the assistance of one of the major worldwide consultation firms by considering data as one of the greatest bank assets.

A high appetite for growth continues

Total Footings increased from $14.3Bn as of December 2020 to $15.3Bn as of December 2021, marking 8%.

Gross Loans portfolio grew by 20% or $914MM to reach $5.5Bn, where performing loans increased by 21% or $846MM and non-performing loans by 11% or $67MM. Total Customer Deposits grew by 4%, or $390MM.

NBI grew by around 5%, backed by growth in fees & other income, which grew by 23% and 80%, respectively.

Consolidated operations net profit recorded $145MM in 2021 compared to $84MM in 2020, registering a remarkable growth of 73%.

Improved credit quality & better coverage

Provisions expenses dropped significantly by 43%, reflecting positively on AAIB's bottom line in 2021. NPL ratio improved from 13.1% as of December 2020 to 12.1% as of December 2021, and the Coverage ratio improved to reach 63.3%, focusing on getting these ratios within the standard market reading.

Diversified revenue streams among segments

AAIB will continue during 2021 to focus on diversifying the portfolio between different LOBs to enrich the Retail and SME's contribution to the overall commercial operations while also harvesting the benefit of the well-established corporate arm.

Overall, AAIB's growth on the bottom line was robust, backed by the diversification of revenue streams among lines of business. Loans to deposits ratios increased significantly by 7.2% to 53.8% as of December 2021. On another note, AAIB's subsidiaries net profit increased drastically by 113% YoY, recording $8.3MM in 2021 versus $3.9MM in 2020.

A data-driven bank

AAIB took strategic steps in its data transformation journey with the assistance of a major global consulting firm. Data analytics will improve the Bank's value propositions and the quality and range of the products and service offerings provided to AAIB customers. It will increase the AAIB's capabilities to drive its future business & operations through advanced analytics and predictive models.

CORPORATE & INSTITUTIONAL BANKING

Building on Arab African International Bank's (AAIB) continuous efforts to support the different sectors of the Egyptian economy, AAIB has engaged in several financing and advisory transactions that primarily contributed to supporting the pillars of the Egyptian economy during the year 2021 as follows:

Evergrow USD 415MM Leverage-linked Syndicated Term Loan

Led by Arab African International Bank, a syndicate of 12 banks (including Mashreq Bank UAE and the National Bank of Egypt (NBE)) has signed a USD415 million loan agreement. AAIB acted as the mandated lead arranger and bookrunner. Around USD340 million was used to restructure previous debts Evergrow owed to some banks. The remaining USD75 million financed the construction of the third phase of the company's fertilizer plant in Sadat City, slated for completion within 2022.

The financing is one of the most significant dollar loans granted to a private Egyptian potassium fertilizer company during the past ten years. The deal is part of Evergrow's financial reform program sponsored by the Central Bank of Egypt. The new funds will help raise the annual production capacity of all the company's products from 817,000 tons to 1.15 million tons annually.

This transaction has been selected as the Leverage Finance Deal of the Year by Bonds, Loans & Sukuk Middle East Awards, and the Best Restructuring in North Africa by EMEA Finance Achievement and Project Finance Awards 2021.

SODIC West EGP 1.57BN Syndicated long-term loan

A banking alliance comprising Arab African International Bank as financing agent, guarantee agent, and debt-servicing account and Banque Misr signed a long-term financing contract for financing the SODIC West project at Sheikh Zayed, valued at EGP 1.57 billion. This new credit facility will be channelled towards refinancing the company's previous credit facility, valued at EGP 1.1 billion. It will also finance the remaining portion of the investment cost of sellable units and recurring revenue assets at the company's project in SODIC West.

TMG 2.6Bn Syndicated Loan

AAIB has been mandated by Arab Company for Projects and Urban Development (Talaat Mostafa Group Company), with an aggregate amount of EGP 2.6Bn, to act as the Initial Mandate Lead Arranger, Underwriter, Security Agent, Accounts Bank, and Book Runner in said transaction.

Debt Capital Market in 2021

AAIB arranged and underwrote Capital Securitization Company's EGP 2.65Bn securitization issue of GB Lease's receivables portfolio. This deal strengthens AAIB's position in the debt instruments field, assists in promoting various debt capital market instruments, and diversifies the Egyptian market's sources of finance. In addition, AAIB participated in more than EGP 18Bn of various debt capital market issuances and Islamic Sukuk during 2021.

SME BANKING

EGP 15 MILLION

Medium enterprises Loan

EGP 5 MILLION

Small Business Loan

EGP 1.6 BILLION

LOB portfolio growth

AAIB established a new Line of Business (LOB) for small and medium-sized enterprises (SMEs) as part of AAIB's ambitious plans and Central Bank of Egypt (CBE) guidelines to diversify revenue streams and engage with new business segments. This new LOB has a fully dedicated team supporting functions for SMEs. We grew this team by nearly 60% in the final seven months of 2021.

SME banking supports the business needs & growth of small and medium-sized businesses. It also assists these businesses with cash management and trade finance. 2021 witnessed the launch of fast-track lending for SMEs, up to EGP 15M for medium and EGP 5M for small business loans.

Our LOB portfolio grew to EGP 1.6B in 2021. We have made significant progress in reaching the 25% threshold required by the CBE (9.93% as of December 31, 2021).

FINANCIAL INSTITUTIONS

We are opening Africa to the internaional financial markets, extending AAIB's presence in the continent, and building relationships with key African financial institutions.

2021 was an exceptional year for the Financial Institutions and Correspondent Banking Relations (FI) department. FI cooperates with Corporate & Global Transaction Banking (GTB) teams to attract trade finance business in favor of Egyptian beneficiaries (clients & non-clients), expand the client base, and increase revenue and profitability. Total FI business volumes reached USD 1.9 Bn during 2021, and FI profits by the end of 2021 were USD 6.5 Mn, having risen almost 67% compared to the previous year.

We are extending AAIB's presence in the African market, working on becoming the gateway to African markets, and building on fruitful partnerships with other financial institutions and key African players with solid footprints in the region.

AAIB expanded its FI correspondent network and increased credit limits to meet the growing needs of AAIB's corporate clients and facilitate their trade finance transactions. An enlarged network and increased credit limits led to increased utilization of allocated credit facilities, which reached USD 16.4 Bn or 75% of FI's total credit limits.

AAIB also increased risk-sharing transactions with primary correspondents and other counterparties around the globe. Increased risk sharing facilitated the buying and selling of bank trade-related assets on the secondary market during 2021, reaching an average balance of USD 123 MM in AAIB's books.

CONSUMER BANKING

The retail business has demonstrated tremendous financial and operational resilience during a period of intense stress. Not only did it enter the crisis well-capitalized and with robust levels of readiness, but the efforts over the past period to strategically reposition the Bank's footprint and reduce risk have positioned it well to weather the current storm.

Sixty-three thousand new AAIB customers, closing the year with 282,727 customers.

Increase 11% in retail liabilities portfolio by USD 731M to reach USD 7.2B

The number of credit cards increased by 15% to reach 59K cards with 10.7K sales during 2021.

Assets incremental sales in 2021 reached USD 248M to close the year with a total portfolio of USD 525M.

Introduced new direct sales and tele sales force

Launched Day-To-Day account

Launched bancassurance in collaboration with AXA

Introduced a full array of assets programs (banker loans, home renovations, education, club memberships loan)

Launched Platinum debit cards for wealth customers

Started branches transformation and completed nine full branches

GLOBAL TRANSACTION BANKING (GTB)

The department delivers a full suite of leading digital solutions, in line with regional and international peers, and collaborates with the different lines of business to promote and grow our share of wallet with business clients.

AAIB established its Global Transaction Banking (GTB) Department. The department delivers a full suite of leading digital solutions, in line with regional and international peers, and collaborates with the different lines of business to cross-sell and grow our share of wallet with business clients.

GTB Cash Management team launched several digital platforms to enable our business clients to make online transfers, governmental payments, and payroll payments from the comfort of their offices. While on the trade finance side, the GTB Trade Finance team launched new export finance solutions to cater to the needs of regional and local exporters and traders.

The GTB Advisory team structured multiple cash management and trade finance solutions for our large local corporate clients. In addition, the GTB and Operations team completed the process of reengineering import and export documentary collections to expedite TAT. The GTB team also enhanced our business clients' service by implementing business hubs in our branches with dedicated trade finance specialists.

UAE NETWORK

United Arab Emirates has seen a return to economic growth and positive macro momentum driven by the global COVID-19 vaccine program rollout, improving business and consumer sentiment.

Major Corporate Deals

- Successfully closed a bilateral transaction of $70 million to a top Dubai-based hospitality and real estate conglomerate
- Participated in a syndicated medium-term loan for a significant GCC region oil refinery. The total loan was $420 million, while AAIB participation was for $42 million on a conventional basis
- Participating in a $60 million syndicated term loan of $400 million to finance the budgetary requirements for one of the powerful sovereigns in the GCC region.

AAIB-UAE has continued to capitalize on its regional presence by strengthening its collaboration with other regional financial Institutions. This increased collaboration has helped the bank expand its participation portfolio with nine new transactions under the Master Risk Participation Agreement (MRPA) with some of the largest regional and international banks.

AAIB-UAE bought primary issuances of the UAE Central Bank's new Dirham Monetary Framework and launched the M-Bills (Monetary Bills) denominated in UAE Dirham, the equivalent of more than $100 million.

AAIB-UAE executed a large volume of FX transactions which generated $11.6 million of FX income, contributing 48% of AAIB's consolidated FX gain.

All the above has allowed AAIB-UAE to contribute 15% of the AAIB consolidated profitability.

Indicators of Business Health

Corporate Banking

At the end of the fiscal year 2021, 80% of approved limits pertain to borrowers with Obligor Risk Rating (ORR) between (1) and (6). Eighty percent of the portfolio is funded, and the balance is non-funded. The largest sectors contributing to the portfolio are commodities, contracting, tourism, and oil and gas.

Treasury

ELAR (Eligible Liquid Assets Ratio) – Always maintained more than 10% of total liabilities in liquid assets with AA-rated entities as required by the Central Bank of UAE. As of year-end 2021, ELAR was 18%.

Capital Adequacy Ratio

As per Basel III, the minimum capital adequacy ratio (CAR) requirement is 13%. UAE Branches have always complied with this Basel requirement. They have continuously improved their CARs, increasing from 19.4% in 2015 to 38.6% at the end of 2021.

2022-2025 Strategy

Forming an integral part of AAIB's transformational journey, AAIB-UAE started Several projects begun under AAIB's global transformation program to support the AAIB-UAE strategy:

Upgrade the core banking system to offer advanced digital solutions to customers

Tailor innovative corporate and retail products and offerings, including twinning accounts with Egypt

Engagement, teamwork, and collaboration to deliver healthy growth and remain customer-centric

TRANSFORMATION AT THE CUTTING EDGE

In 2021 we created a Transformation Office, moving AAIB beyond business as usual and reinventing ourselves while also meeting our 2021-2025 strategic goals.

As a part of this conversion, we conducted strategic and diagnostic reviews to determine how to complete an organizational turnaround. Success for the Transformation Office meant making quantum leaps in the business to meet the inspirational vision.

To support the ongoing aspirations and speed-to-market technologies for AAIB, we created a Digital Factory that develops digital channels like mobile applications, Corpay, CPS, and WhatsApp.

Boosting the SME and direct sales forces will increase profitability and market penetration.

Restructuring operations and IT to foster long-term growth.

Data analytics.

AAIB branch network transformation.

DIGITAL INNOVATION

The Digital factory has kicked-off its transformation journey under which a total of 6 tribes are operating across various business models.

As a part of the Bank's digital transformation, we have launched a Digital Factory to design and deliver in-house digital solutions. We created this department to support ongoing aspirations and speed-to-market technologies for AAIB in developing digital channels like mobile applications, Corpay, CPS, and WhatsApp.

In 2021 the Digital Factory launched its first product, the "AAIB Mobile Banking Application," which allows retail customers to view their accounts and transfer funds. The Digital Factory has also launched Whatsapp Banking, a service for retail customers to answer queries and refer prospects. It has also rolled out Business Online Banking, an online service for companies to execute payroll, pay suppliers, make governmental payments, and complete domestic transfers online.

Bank branch transformation is also a significant part of AAIB's modernization. To kickstart our branch transformation endeavours, we are revamping the queuing flow in the branches by upgrading the customer experience and launching Qmatic, a global system for queuing within our bank branches. This system will permit the Bank to monitor the branches' flow minute by minute, customize the branches' operational model at any minute, and extract insights helping the organization enrich AAIB branches' experience and understand our workforce's efforts in serving our customers.

In addition, we have replaced 200 ATMs with new upgraded machines, revamped 21 branches with automation tools (including sales digitization), and launched six Commercial Service Hubs in Cairo and Alexandria with dedicated trade specialists for companies across Corporate, SME, and Business Banking.

AAIB's transformation also includes implementing digital workflow processes, including an automated account opening process with same-day service (reducing the account opening process time by 80%), retail and SME credit digitized process to fast-track lending and collections processes, and credit collections optimization models. And as a part of building an enterprise resource planning (ERP) system, we have launched an upgraded HR system and legal affairs management application for automated internal legal processes.

MAKE EVERY RISK KNOWN

Credit Portfolio Quality

AAIB's credit portfolio quality was significantly enhanced in 2021, improving our cost of risk ratio from 2.6% in the fiscal year 2020 to 1.3% in 2021. Similarly, total expected credit loss (ECL) stage 3 coverage (net of eligible collaterals) improved substantially from 62.7% as of Dec-20 to 63.3% on Dec-21.

Establishment of SME's Fundamental Structure

In line with AAIB's strategy to expand in the SMEs segment, AAIB is committed to defining the optimal organizational structure for smooth, safe growth of SMEs portfolio. In 2021, AAIB implemented a fully-fledged credit risk structure for risk assessments, investigations, controls, and early warning signals. We tailored this structure specifically for the requirements of our SME customers.

This functional organizational structure has clearly defined hierarchical levels, formalizations, standardizations, jobs, tasks, and roles of individuals. The advantages of this corporate form are clear and direct control, good communication and coordination of employees within the functions, customer centricity, agility, specialization, and savings based on economies of scale. This structure supports the safe growth of AAIB's SME business aspirations at an acceptable level of cost of risk.

Establishment of the Enterprise Risk & Control Committee

Enterprise Risk & Control Committee (ERCC) is the appropriate holistic forum for oversight of all risks management, including those risks of control or inherent nature. We expect the holistic approach to facilitate enhanced planning and prioritization, increased responsiveness to change, and better-informed decision-making. Thus ensuring risk aspects are embedded in critical plans and decisions throughout the Bank given ERCC composition & standing invitees encompassing all AAIB's lines of defense.

Establishment of an Enterprise Risk Function

During AAIB's continuous quest for improvement, we established a new function within the Risk Management Group for a more holistic and forward-looking approach to risk management. AAIB has a solid risk management culture throughout the Bank and a dynamic risk appetite process. We have a robust method for identifying, quantifying, measuring, managing, and monitoring the top and emerging risks under all risk functions of the Bank.

This function will streamline & direct the collective efforts of all risk functions (credit, market, operational, and Infosec). It will point risk functions towards the overall risk management within AAIB, including real-time management of risk correlations between all types of risks and deep involvement & interaction with the first line of defense & secondary lines of defense functions.

ADVANCES IN INFORMATION TECHNOLOGY

DWH short-term plan of extracting data from T24, we were able to provide needed reporting to different LOB:

- Customer data, Credit Cards, Accounts, Assets, Liabilities, Customer Position, Transactions (Funds Transfer & Teller) - Income Statement/
- Customer Profitability.
- LC & LG, SME data, Huddle Board, Balance Confirmation, Below Minimum/Hold Fees, Retail Risk Portfolio Summary, Overnight Screening.
- SWIFT System Upgrade (Complying to Swift CSP)
- Swift Universal Confirmation (Atomization of incoming MT103 Confirmation).
- Implement a new workflow for the SWIFT system (complying with CBE Regulations).
- Safe watch Upgrade (Swift Transactions Filtering system).
- Overnight screening (Applied in Egypt, external branches, and AAIB subsidiaries).
- Ename checker for AAIB Subsidiaries.
- AML System (Anti-money Laundering Monitoring System).
- Reuters Deal Tracker Upgrade (Atomization of Dealing System workflow)
- HITS Upgrade.
- Daltex High Availability (Secure Cheques System availability).
- (Corpay) Atomization of Corporate Customers transaction.

ITSM project is to implement Seven Broadcom(CA) products. Service Desk Manager, Service Catalogue, PAM, Reporting Tool, Spectrum, Net flow, Performance, Unified Infrastructure Management, Digital Operation Insight (DOI).

For Core Banking applications, 160+ new business requirements have been finalized from different bank areas (Retail, Corporate, Compliance, Operations, etc.), including analysis, development, testing, and deployment. In addition to closing 150+ pain points in different lines of business (LOB) and maintaining track sheets with each LOB to follow up on any requirements.

We are building an in-house integration layer that serves all digital channels (mobile banking, internet banking, cash management), workflows, and other bank systems. We are creating an integrated layer with T24 adaptors, SMS, Fawry, iScore, debit cards, credit cards, IPN, and Safe Watch.

New Adoption (Technology) - Work from anywhere Remote Desktop Services -Teams - Mail Integration now Mail Calendar is available on Teams -Online Mail Archive access from anywhere - Containers - Kubernetes Mobile Application -New Network Technologies 40Gbps+ Backend.

In 2021, the IT Security Team built alignment processes with the bank's business objectives, digital transformation direction, and information security by implementing the project list. The team also implemented new information security projects. 2022 will be a challenging year due to the Central Bank of Egypt's new Cyber Security Framework, UAE's NESA Security Framework, and the increasing demand for digital services and products and their security requirements.

ITSM project is to implement Seven Broadcom (CA) products. Service Desk Manager – ServiceCatalogue – PAM – Reporting Tool – Spectrum - Net flow – Performance- Unified Infrastructure Management -Digital Operation Insight (DOI).

OPERATIONS

AAIB's Operations Division implemented a new operating model to optimize internal processes through a transformational plan to accelerate business growth

The Operations Department is working to implement a business process management workflow across all departments with a digitized process to accelerate end-to-end customer requests for a better customer experience.

65+ quick wins across all operations departments have been implemented to achieve a higher quality base for AAIB operations under development.

The Operations division conceptualized, enhanced, and delivered new & improved services for swift transaction execution.

TREASURY & CAPITAL MARKETS

AAIB's Treasury & Capital Markets (TCM) has an extensive track record in the industry, seeing AAIB through fluctuating market conditions with resilience and unmatched expertise. It has grown to become the top licensed primary dealer bank in Egypt and one of the top five private banking treasury divisions in Egypt, providing some of the most innovative service solutions in the industry backed by the professionalism and carefully calculated expertise that optimizes the AAIB brand today while deepening its technological infrastructure footprint to allow for more diversification of products and propositions.

Recognized by winning 2021's Best Bank for Treasury Services by Global Business Review Magazine, AAIB's TCM team offers expert client-centric services tailored to every customer's needs in treasury, cash and liquidity management, fixed income, capital markets, foreign exchange, and derivatives.

TCM's core strategy focuses on diversifying the Bank's sources of funding and expertly managing its funds to achieve the highest possible returns for the Bank and its clients within measured risk profiles.

The division conducts its activities across a wide geographic footprint, including a strong presence in the GCC through the Bank's UAE arm. It strives to ensure AAIB branches across its footprint work together to realize the Bank's overall financial strategies and targets.

AAIB Liquidity

Using all limits approved by the board in the FX or money market lines, the asset-liability management (ALM) policy sets the guidelines for not breaching any limitations. Limits are set and monitored by the Market Risk Department. (If any breaches occur, the Asset-Liability Committee (ALCO) is directly informed, and corrective actions are taken immediately).

TCM works within the guidelines and criteria set by the policies and procedures under the CBE regulations. CBE liquidity ratios have averaged approximately 30% for LCY & 108% for FCY YTD; similarly, AAIB has high LCR & NSFR Ratios of approx. 200% & 170% simultaneously.

Front Office System

AAIB is currently in the final phase of selecting the TMS vendor & start the implementation process. The front office system is an add-on system connected to Thomson Reuters, Bloomberg & core banking system. Treasury Management System is expected to go live by Q1 2023.

Cooperative Environment

TCM has excellent relations with all AAIB departments and branches and works closely for a better service to the Bank's customers.

TCM interacts with AAIB customers, including VIP clients, large corporate clients, and high net worth clients. TCM also interacts with financial institutions, funds, asset management, and brokerage companies.

AAIB's TCM has a powerful and reputable name among all banks operating in Egypt or abroad, especially in the Gulf Cooperation Council (GCC) area, where our network in the UAE adds strength to our presence.

2021 Highlights

TCM is focused on maintaining AAIB's position as a top performer on the trading floor in Egypt and the Middle East. It successfully increased AAIB's clients' deposit base by 13.42% YoY.

AAIB maintained its position as the number one licensed primary dealer bank in Egypt in 2021, with the TCM division also managing to keep the Bank's ranking among the top five most active private banks in the primary and secondary market activity. The division succeeded in growing the Bank's secondary market activity turnover by 21% to USD 19BIO vs. 16BIO in 2020.

The Bank's net loans to total deposit ratio reached almost 50% for local currency (LCY) & 60% for foreign currency (FCY). Total liquid assets to total deposits came in at 65% in 2021, signaling a solid liquidity position.

Our Strategy

TCM's core strategy focuses on diversifying the Bank's sources of funding and expertly managing its funds to achieve the highest possible returns for the Bank & its clients. It also seeks to boost AAIB's profitability within measured risk profiles while maintaining the flexibility to develop and offer customized products.

Treasury & Capital Markets Achievements 2021

Balance sheet items YoY

Assets	December 2020	December 2021	Variance Ratio
Cash & CBE	800,000	1,180,000	47.50%
Due From Banks	1,800,939	2,758,411	53.16%
Treasury Bills	1,693,130	1,519,270	-10.26%
FVOCI	858,938	969,000	12.81%
Amortized Cost	1,441,374	1,285,674	-10.8%
Liabilities	December 2020	December 2021	Ratio
Due to Banks	795,571	1,436,827	80.60%
Facilities from Banks	689,000	1,042,857	51.35%

NII Items YoY

Assets	December 2020	December 2021	Ratio
Cash & CBE			
Due From Banks	65,000	56,946	-12.4%
Treasury Bills	161,000	79,850	-50.4%
Treasury Bonds	256,000	300,662	17.4%
Liabilities	December 2020	December 2021	Ratio
Due to Banks	33,000	21,500	-34.84%
Facilities from Banks	15,077	15,500	2.80%

Fixed Income	2020	2021	Ratio
Primary Market activity	USD 7.66BIO YTD	USD 4.80BIO	-37.48%
Secondary Market activity	USD 15.71BIO YTD	USD 18.95BIO	20.62%
Fixed Income Turnover	USD 23.37BIO YTD	USD 23.74BIO	1.58%
Fixed Income Capital Gains	USD 3.64MIO YTD	USD 3.15MIO	-13.46%
Fixed Income portfolios	USD 3.69BIO YTD	USD 2.05BIO	-44.45%

FX Gains

Reached USD 13.45MIO vs USD 10MIO in 2020 with a total turnover of USD 11.50BIO.

Treasury Back Office Operations

Treasury Operations plays a crucial role in settling TCM transactions and is integral to the TCM's overall success. The team is dedicated to following up, processing, and settling trades promptly to complete the settlement process of all transactions. The Treasury Operations team is also pivotal in accurately keeping correct positions and affecting the relevant P&L.

After a trade is confirmed, the role of Treasury Operations is to keep the accounting records for all completed transactions ordered, maintaining a strict dedication to details. They work under tight deadlines, booking trades rapidly with maximum accuracy and integrity.

Treasury Operations monitors our correspondent bank accounts' balances and provide TCM / ALM with the most accurate figures of the closing credits for the cash flow so that it can be invested most profitably. They also manage the daily cash outflow requirement, following applicable procedures, to ensure every request is in line with the approved policies & guidelines.

Financial Institutions & Correspondent Banking Relations

The Financial Institutions & Correspondent Banking Relations division (FI & CBR) acts as foreign institutions' bridgehead to a more comprehensive business relationship with AAIB. The broad scope of the division's correspondent network has been a significant competitive advantage for the Bank. It drives growth and provides cross-selling opportunities for AAIB clients. Its deep and organic links with AAIB's treasury, corporate, GTB and investment banking divisions awards it with a comprehensive bird's-eye view of the Bank's operations, allowing AAIB's synergies to be leveraged to great effect and profitability impact.

The division communicates regularly with its network of correspondents, evaluates opportunity risks, monitors significant developments in international markets, and initiates strategic alliances that have grown the Bank's market share significantly over the years. The agreements allow AAIB's customers to benefit from financing packages that can positively contribute to supporting trade finance operations, promoting domestic SMEs, and bolstering the renewable energy sector.

2021 Highlights

2021 witnessed an exceptional year for the FI & CBR department by aligning with Corporate & GTB teams. Both teams worked together to attract trade finance business in favor of Egyptian beneficiaries (clients & non-clients), expand AAIB's client base, increase revenue, and enhance profitability. We are boosting AAIB's presence in the African market and its role as the gateway to African markets. We are expanding our financial institution correspondent network and credit limits to meet the growing needs of AAIB's corporate clients and facilitate their trade finance transactions. AAIB is increasing risk-sharing transactions with AAIB's principal correspondents, enhancing export letter of credit (LC) confirmations, and discounting business through coverage expansion in targeted regions.

We are steadfast in boosting our role as the gateway to African markets, building on partnerships with other financial institutions, and forging relationships with key African players. AAIB will continue extending its presence in the African market.

CORPORATE REAL ESTATE SOLUTIONS (CRES)

In 2021, we established the Corporate Real Estate Solutions (CRES) department to manage all the Bank properties, overseeing each stage of our buildings, including real estate acquisition, branch operations, and engineering implementation activities. CRES also serves a quality assurance function to ensure and measure the quality level across the premises regarding visual identity and appearance.

Begin the process of changing the Bank headquarters by awarding this mega project to one of the big contractors.

Establish the Digital Factory to develop digital channels and support the ongoing aspirations and latest market technologies.

Start executing and implementing a new operating model in the branches network.

Replace more than 70 % of our ATMs with newly developed and digitalized models and functions.

SUSTAINABILITY

Principles of Responsible Banking

AAIB collaborated with the United Nations Environmental Program Finance Initiative (UNEP FI) and 29 other leaders of the global banking industry to establish the Principles for Responsible Banking (PRB). AAIB is a Founding Signatory of the Principles. AAIB published its first report in 2021.

Equator Principle

AAIB EP report published in 2021 AAIB broadened the risk management scope to include environmental and social (E&S) risks such as climate change, income inequality, and more constituting sources of major financial tremors and instability. To this end, AAIB was one of the first banks to recognize that banking could be a force for good in shaping an equitable and resilient society and the importance of embedding sustainable criteria into banking decisions. More than ten years ago, AAIB became the first bank in Egypt to subscribe to the Equator Principles (EP). AAIB has been taking active steps towards further consolidating a solid infrastructure built around the E&S Policy, Organizational Structure, and Capacity Building. The EP is recognized as the main guideline for determining, assessing, and managing E&S risks in project-related transactions.

Corporate Giving

SDG 8: Decent Work & Economic Growth AUC Venture Lab

Egypt's young people—its most sizable demographic cohort—have the potential to be a compelling force for development, so equipping them with knowledge, resources, and opportunities to help grow a modern economy and inclusive society is a wise investment. In 2013, AAIB partnered with the American University in Cairo (AUC) School of Business to form the AUC Venture Lab (AUC V-Lab), cultivating young entrepreneurs and their promising business ideas. The Venture Lab has grown into the leading university-based startup incubator in the MENA region and has launched more than 271 startups with more than 10,000 jobs.

SDG 4: Quality Education Financial Illiteracy Elimination

AAIB believes in empowerment through knowledge, and one of the aspects is making the masses more aware of the importance of keeping their banking information secured and avoiding any financial risks. AAIB contributed to this objective by supporting the launch of the Federation of Egyptian Banks – Customer awareness - Anti fraud campaign to increase its reach and create an impact in achieving its awareness goal.

MORTGAGE FINANCE

The company set a record for disbursed loans at EGP 550 million, achieving a cumulative portfolio growth of 26%, reaching EGP 2.7 billion, while maintaining a solid presence among the best four companies in the mortgage industry.

AAIMF completed the first phase of its technology infrastructure plan. It is scheduled to launch its new mortgage application in 2022, taking the first step into digital technology service.

2021 Achievements

The company set a new record with EGP 550 million disbursed loans in a single year, representing 139% of the EGP 396 million financings planned for in the company's 2021 budget. The market was affected by the ongoing COVID-19 pandemic. AAIMF achieved total revenues of EGP 116.2 million, 103% of the target and an increase of 7.2% over 2020. It also earned net profits of EGP 44.6 million in 2021, 101% of the annual target.

Market share

We retained fourth place in mortgage financing volume among the 15 companies operating in the mortgage market. Mortgage financing volume was EGP 2.7 billion, representing an 11% market share.

2021 Growth Indicators

- Increased its total portfolio by 26% and disbursed more than EGP 1 billion over the last two years.
- Client portfolio grew by 6.5%, bringing the total number of clients served to 4,143.
- Equity increased by 12%.
- Asset values grew by 32%, 21% above our target
- Net loan balance grew by 33%, and collected fees grew 62% over 2020.

Continuing COVID-19 Pandemic

We dealt with the ongoing COVID-19 pandemic with pragmatic solutions, such as upgrading our technological infrastructure and offering staff work-from-home options. The company continues to apply precautionary measures and provide a healthy working environment for all employees. Contact-free communication channels are available for our customers.

2021 Objectives Implemented

The company directed its primary interests to achieve its target during 2021 as follows:

- Increased the size of the portfolio of retail customers and real estate developers based on various sales channels. Increased the value of their finances by signing protocols with real estate developers in the cities of Rehab, Madinaty, Badr, and October 6. These led to increases in the real estate finance market and confirmed that AAIFM belongs to a major banking institution.
- Improved collection file performance, which positively impacted the reduction of the special component allocation. It reached 0.02%, which led to the application of new criteria for the formation of allocations, such as the instructions of the Financial Supervisory Authority, which positively impacted the profitability factors.
- Updated the AAIB website with online applications. Customers are given the opportunity through the mortgage calculator to determine the value of financing and estimate monthly installments, loan duration, and income thresholds.
- Testing phases of the mortgage program system began.

EGP 44.6 MILLION

Net Profits in 2021

EGP 2.7 BILLION

The Volume of Financing

Application of Accounting Standard (47)

- EGP 7,240,163 was reserved out of precaution for applying a new Egyptian Accounting Standard, EAS (47) - Financial Instruments. This reserve is equivalent to 1% of the total assets weighted by risk from the net profits of the year after the tax for the fiscal year ended 31/12/2020, which is to be included in the shareholders' rights and not used until after the approval of the General Authority for Financial Supervision.
- Solvency risk reserves of EGP 5,375,284 were configured to deduct the profits phased by the difference between the calculation of expected credit losses (ECL) in the value of customers following the Egyptian accounting standard No. (47) and the impairment allocation according to the basis of credit grants and capital adequacy criteria (solvency).
- Accordingly, provisions were reduced (expected credit losses) by EGP 3,118,825 as reflected on the 2021 income statement.

2021 Social Responsibility Contributions

The company is taking the first step in promoting environmental protection by collecting documents and papers for recycling, manufacturing, or use in similar industries.

Ownership Structure

Name	Type	Number of Shares	Acquisition Date	Value of Shares	Percentage
Arab African International Bank	Shareholder	10,500,000	03/10/2010	105,000,000	95.46%
Social Insurance Fund of AAIB Staff	Shareholder	250,000	03/10/2010	2,500,000	2.27%
Arab African International Holding Company	Shareholder	250,000	03/10/2010	2,500,000	2.27%

SANDAH

The COVID-19 pandemic's harmful impact on microfinance institutions continued during 2021.

AAIB's activities and plans were deeply impacted by the global COVID-19 pandemic in 2021, making it difficult for AAIB to achieve its targets. Despite declining demand volume and postponement of installments, the company's financial performance was relatively positive. It achieved revenues of EGP 86 million compared to EGP 80.7 million in 2020 (an increase of 7%). Also, the company adopted policies to control expenses and achieved a relative decrease in general costs by 1%.

Although the waves of coronavirus receded by the end of 2021, economic recovery has just begun. And in 2022, the company will face new challenges posed by the Russian-Ukrainian war and its expected impact on the global economy. The conflict is starting to affect levels of inflation. High inflation will negatively impact our target customers in terms of granting new facilities on the one hand and maintaining the quality of the facilities portfolio on the other hand.

In 2021, the company implemented a new automated system (T24), which will help AAIB improve the level of services it provides to our customers. Applying our new automated system is an opportunity to advance the Bank's digital transformation. It is also a chance for AAIB and Egypt to progress toward their goal of financial inclusion and services for all Egyptians.

AAIB is evaluating an initiative launched by the Egyptian Financial Regulatory Authority and the Central Bank of Egypt that calls for "responsible financing and protecting the rights of customers." This has been adopted by the Egyptian Federation for Projects Financing Small, Medium and Micro-enterprises to improve the quality of financial services in the Egyptian market. The Ministry of International Cooperation and the Medium, Small and Micro Enterprise Development Agency support the initiative.

HUMAN RESOURCES

AAIB hired more youth employees (Gen-Z) in the year of 2021, in comparison to year 2020 with a rate of 38%.

We launched AAIB Leadership Academy in 2021 to build unique and capable future banking leaders trained on the latest market trends. The academy consists of 3 tracks, each for a different leadership level with a solid competency framework. Each track consists of various training programs tackling multiple leadership topics and competencies. We designed the silver track for branch managers, team heads, and supervisors, the gold track for middle managers, and the master talent program for executives. We conducted one run of the Master Talent Program & Gold Track and two of the Silver Track. Seventy-five employees graduated from all three programs during the year.

AAIB has designed different Academies for each group, such as SMEs Academy, Branches Network Academy, and Corporate & Institutional Banking Academy. Each has a specific learning track for each job role that includes all the job essentials training programs for both technical and personal skills. In addition to AAIB customized credit program to certify AAIB Credit Analysts where we have partnered with more than one provider, including EBI & New York Institute of Finance, in addition to providing several modules internally by our pool of certified trainers.

- Frankfurt School of Finance & Management's SME certificate (10 employees enrolled – launched for the first time)
- Corporate Finance Credit Professional Certificate (18 employees enrolled vs. 14 in 2020)
- Branches Network Academy; over 850 employees were trained during 2021 compared to 2020, where employees only received mandatory
- internal training due to the pandemic.
- In 2021, AAIB was supporting more international exposures through the top international institutions for our top talents; examples:
- Driving Corporate Performance, Driving Digital Strategy, Leading Change & Organizational Renewal by Harvard Business School.
- Financial Institution Relationship Management Academy, Securities & Custody Fundamentals by JP Morgan (6 employees attended).
- AAIB has provided several prestigious professional international certifications and self-studies that are required in specific areas such as Treasury, IT, Information Security, Compliance, HR, and Trade Finance. The top highlights are Certified Expert In Climate & Renewable Energy
- Finance by Frankfurt School of Finance & Management, ACAMS, CGSS, ACI Dealing, and many others.

AAIB continues certifying internal trainers by conducting a "Train the Trainer" program to increase our pool of trainers by providing internal training sessions for AAIB. Twenty-nine employees attended the program in 2021, noting that the last time the program was conducted was in 2017.

HIPOS

AAIB's High Potential Employees Program (HIPO) is one of our talent management programs launched in 2021 and designed to identify our talented employees with high growth potential. The purpose is to develop leaders for the future of AAIB, always maintaining a pool of potential employees. Managers received nominations against a mixture of criteria, including job performance and pre-set competencies. Around 100 candidates went through an assessment center. 54% successfully passed and already got exposed to some of the following development opportunities:

- Tailored development program
- Cross-Functional Courses
- Project-Based Experiential Learning
- Networking Opportunities
- Individual Coaching & Mentoring
- Priority in Attending Abroad Courses
- Multi-Disciplinary Rotations

All employees who went through the assessment center have received reports showing their areas of strength and what skills need to be developed further towards a better career path.

AAIB started the first Team Building event in 2021 as part of a series of events to be continued in 2022 between different departments to identify and resolve teams' conflicts and to keep working relationships healthy and productive.

AAIB Employee Engagement

MDVC Round Tables

The purpose of the MDVC Round Tables is to invite employees from different roles & departments to have a monthly breakfast with our MDVC, share thoughts and ideas, and encourage a culture of open communication and engagement. In 2021 308 employees from different departments had breakfast with our MDVC. In total, for the past two years, 455 employees joined this series of events.

Additionally, our recognition program that caters to all bank employees' levels allows us to recognize the employees for every extra mile they take. Our program has five different awards.

Champion of the Month

This award aims to recognize employees who have exceptionally served AAIB by exemplifying outstanding service. In 2021 36 employees were identified as champions of the month.

Star Award

This award aims to recognize and appreciate employees for being change agents with high dedication & hard work while promoting healthy competition among AAIB employees for customer experience excellence. In 2021 we had 18 Star Award Employees from different departments.

Power of Teamwork

This award aims to reward teams who work together to contribute to AAIB's transformation journey. It is presented each quarter. In 2021 we had four winning teams and around 35 employees.

Transformation Lead of the Quarter

This award aims to recognize one employee per quarter who is a positive change agent, leading the AAIB transformation journey & making the ideas happen. Also, this award is presented each quarter to 1 employee. In 2021, we had four winners.

Paperless Award

The purpose of this award is to encourage teams to use less paper to support the environment and during 2021, we recognized two teams.

New Assessment Methodology

AAIB has adopted a new methodology

While promoting specific grades, now employees are being assessed to earn their promotion instead of being granted annually upon a manager`s recommendation.

Effective communication contributes to organizational success, building employee morale, satisfaction, and engagement. We used fair and unbiased promotion assessments to make our promotion decisions. The feedback in these assessments allowed candidates not recommended for promotion to work on the feedback they had received. We granted promotions to many of these candidates in their next eligible cycle.

AAIB Organizational Design

All Bank-wide functions have been revamped and restructured to align with the overall strategic objectives.

We partnered with the Information Technology Institute (ITI) to assist in training our employees with the latest technology trends.

LEADERSHIP ACADEMY

We launched AAIB Leadership Academy in 2021 to build unique and capable future banking leaders trained on the latest market trends. The academy consists of 3 tracks, each for a different leadership level with a solid competency framework. Each track consists of various training programs tackling multiple leadership topics and competencies.

We designed the silver track for branch managers, team heads, and supervisors, the gold track for middle managers, and the master talent program for executives. We conducted one run of the Master Talent Program & Gold Track and two of the Silver Track. Seventy-five employees graduated from all three programs during the year.

40

Leadership Academy Silver Track

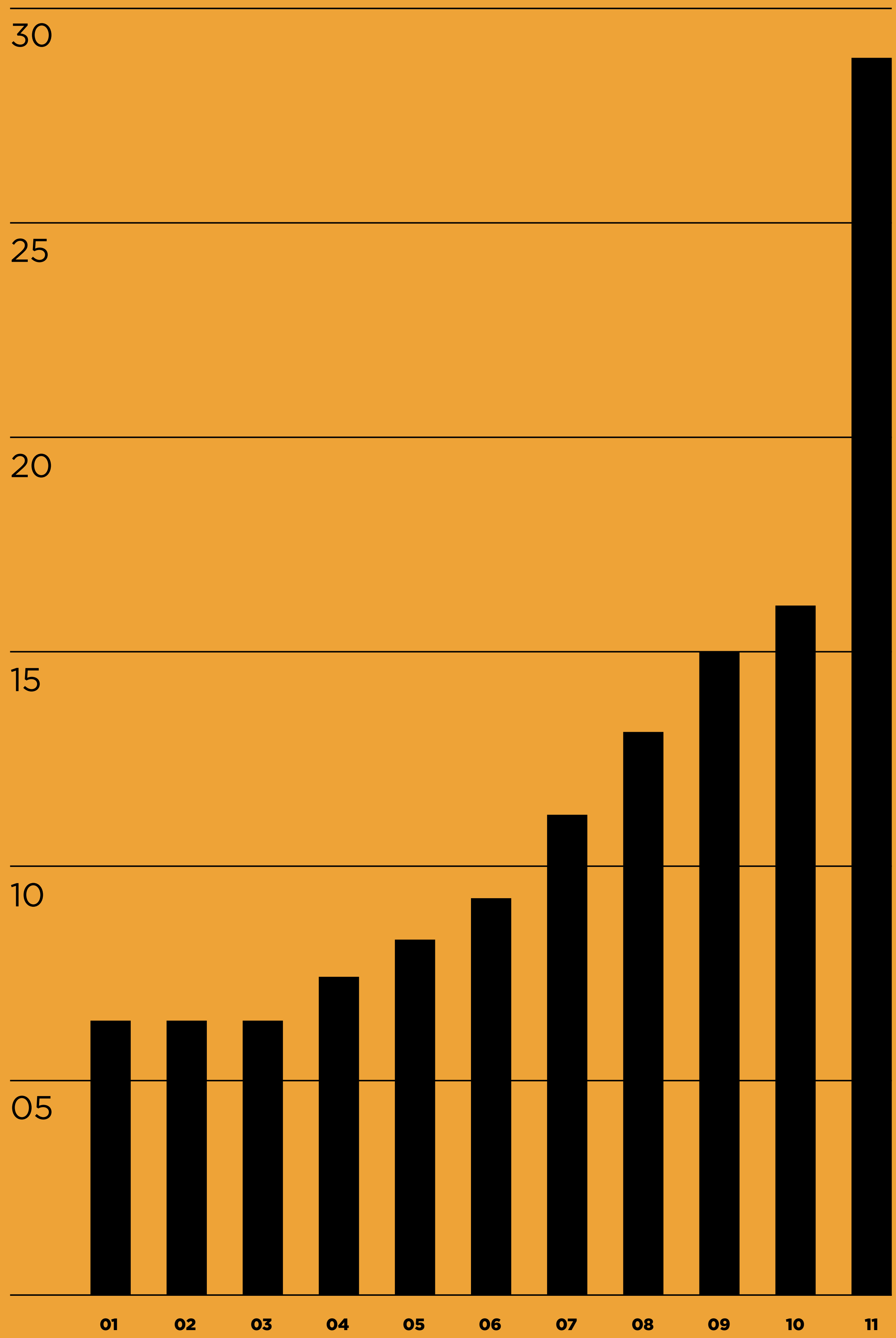
20

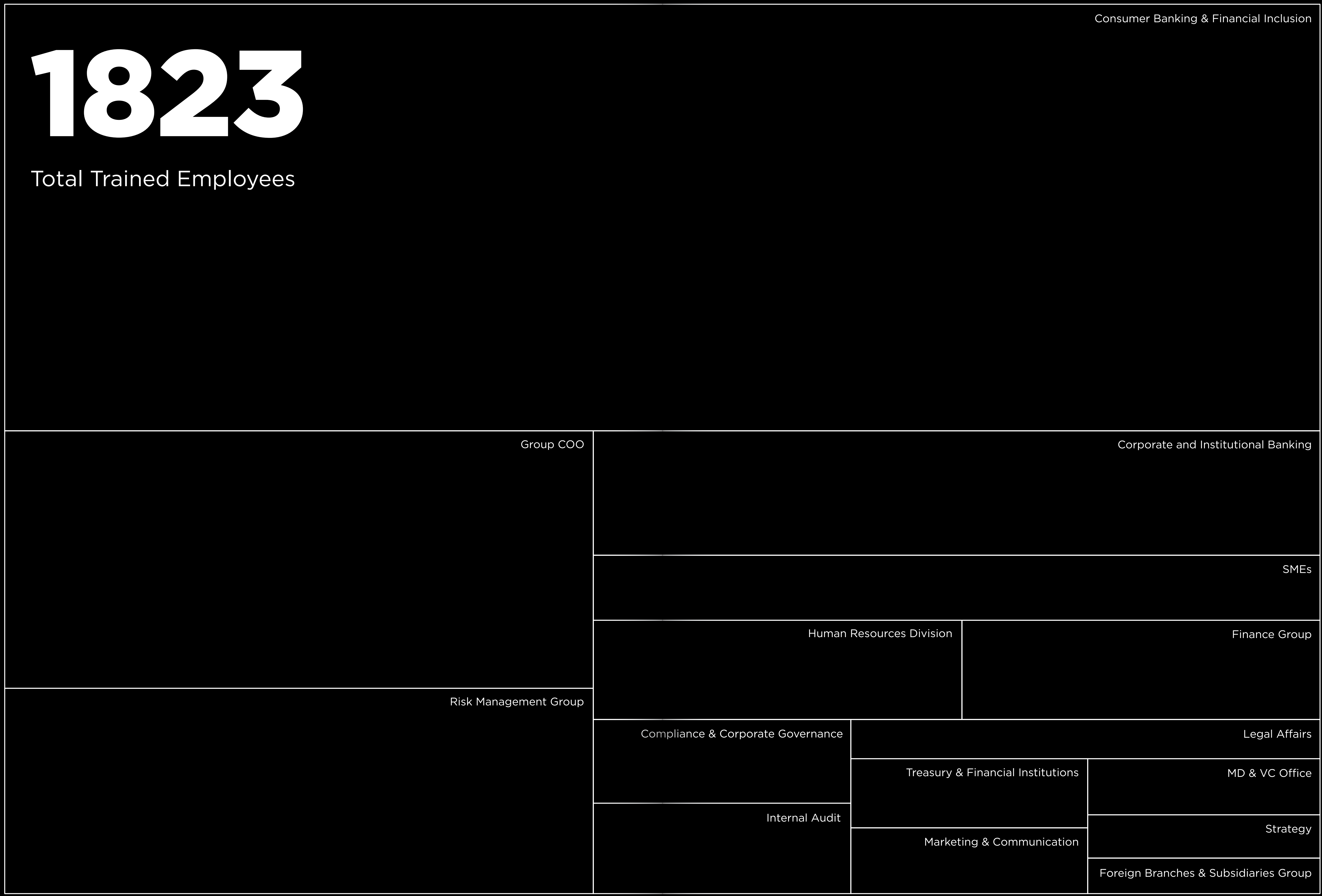
Leadership Academy Gold Track

15

Master Talent Program

01 Marketing & Communication
02 Foreign Branches
03 Board Secretariat
04 Compliance & Corporate Governance
05 Finance Group
06 Treasury & Financial Institutions
07 Corporate and Institutional Banking
08 Human Resources Division
09 Group COO
10 Risk Management Group
11 Consumer Banking & Financial Inclusion




1823
Total Trained Employees
Consumer Banking & Financial Inclusion
Group COO
Corporate and Institutional Banking
SMEs
Human Resources Division
Finance Group
Risk Management Group
Compliance & Corporate Governance
Legal Affairs
Treasury & Financial Institutions
MD & VC Office
Internal Audit
Strategy
Marketing & Communication
Foreign Branches & Subsidiaries Group

AAIB SUBSIDIARIES

AAIB SUBSIDIARIES

AAIS - Arab African International Securities

2021 Performance

- Ranked 16th out of 130 companies.
- Recurring revenues from core business operations increased 37% vs. 2020.
- Net profit increased 153% vs. 2020.
- Turnover increased by 30% vs. 2020.

2021 Accomplishments

- Increased electronic trading revenue by 50% and turnover by 166% vs. 2020.
- Revenue from long-term investments (MCDR) increased by 33%.

2021 Highlights

AAIS shifted focus to high-net-worth individuals following the 80-20 % split of the market turnover between individuals and institutions, which proved the company's versatility and ability to adapt to changing market trends and variables.

The AAIS team excels at offering custom-tailored solutions to high-net-worth investors according to their investment strategy and needs, resulting in a unique customer experience. AAIS also maintains the highest standards in the traditional services requested by most clients.

AAIH - Arab African Investment Holding

2021 Performance

- Consolidated revenues grew 44%
- Consolidated net income grew 4405% due to improvement in subsidiaries' performance and tax efficiency at the holding level. Any improvements / projects.

2021 Accomplishments

AAIH received the FRA license to launch mutual funds and plans to launch its first daily income fund in Q2 2022.

AAIL - Arab African International Leasing

2021 Performance

AAIL had a transformational year, resetting the business on the road to recovery from COVID-19 in 2020. We delivered assets of EGP 2 billion (direct and indirect) which is 83% above the previous year. Annual new booked assets increased by 136% yearly, and net return increased by 14%.

Over 2021, AAIL worked hard to regain its competitiveness in the leasing market by expanding its sales force/channels. As a result, AAIL's market share reached 6.4% quarterly in Q3 2021 as per the FRA report, positioning it among the top five players in the market.

These positive changes have been delivered by working closely with our customers to offer the best quality services and effective reach. Results were evident in the contracts portfolio that increased by 150%, movement towards small and medium segments that improved by 200% compared to 2020, and finally, adding four new industries to our sectoral distribution.

2021 Accomplishments

Our main aim is to improve AAIL for customers. AAIL has spent a significant proportion of its time examining and strengthening processes throughout the company. In this regard, AAIL completed and implemented the Leasing Automation Project, covering all company financial and lease management procedures.

Despite the significant obstacle that Covid presented to our business regarding employees and the macroeconomic level, AAIL achieved impressive results for another consecutive year.

2021 Highlights

AAIL has successfully implemented IFRS9 to comply with FRA regulations and ensure the risk and international financial standards execution.

AAIL enjoys a strong capital structure supported by AAIB owning 99% in addition to AAIH 0.5% and employees fund 0.5%.

AAIM - Arab African Investment Management

2021 Performance

- Assets Under Management grew 51.2% to a record EGP 12.4 billion compared to EGP 8.2 billion in 2020 and EGP 6.7 billion in 2019.
- Revenues grew by 71.4%
- Net income grew by 360.8% 2021 Accomplishments
- "Guard" capital protection fund ranked first in terms of performance among similar funds in the Egyptian market
- "Gozoor" fixed income fund ranked first in terms of performance among similar funds in the Egyptian market
- Equities portfolio and funds' performance outperformed the EGX30, the broad index of the Egyptian equity market

2021 Highlights

The primary focus for AAIM is wealth creation for our investors through strategic and tactical asset allocation strategies. Our investment horizon is long-term, using qualitative and quantitative information from breadth and depth analysis. AAIM achieved a return for its clients across asset classes well above the benchmark.

Investment decisions are made by investment committees which consist of investment managers and skilled financial analysts. This investment decision-making methodology ensures that findings are well analyzed and implemented most efficiently and effectively.

AAIM houses its research department consisting of specialized and distinguished research veterans covering various sectors and companies listed on the Egyptian stock exchange. The investment team is well seasoned and attains hands-on experience in the field of asset management domestically and abroad. The team has earned professional degrees and certificates, ensuring that all employees follow the best professional conduct, enabling AAIM to deliver exceptional returns.

FINANCIAL STATEMENTS

To The Shareholders of Arab African International Bank "S.A.E."

Report on the financial statements

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

Management's Responsibility for the Financial Statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arab African International Bank "S.A.E." as of 31 December 2021 and of its financial performance and its cash flows for the year then ended, in accordance with Central Bank of Egypt's rules, pertaining to the preparation and presentation of the bank's financial statements, issued on December 16, 2008 as amended by the regulations issued on 26 February 2019 and in the light of the Egyptian laws and regulations relating to the preparation of these financial statements.

Report on other legal and regulatory requirements

In light of the above we didn't notice contravention – for the year ended 31 Decemeber 2021- of the Central Bank, Banking and Monetary Institution law Institution No.88 for 2003 that was operative until cancellation on 15 sepetmeber 2020 and Central Bank, Banking and Monetary Institution law Institution No.194 of 2020 for subsequent periods – Considering regulation of the fourth paragraph of the law 194 for 2020 and the grace period as per law The Bank maintains proper financial records, which includes all that is required by the law and by the statutes of the bank, and the financial statements are in agreement therewith. The financial information included in the Board of Directors' report, is prepared in accordance with law No. 159 of 1981 and its executive regulations, is in agreement with the Bank's books of account.

Cairo, March 2nd, 2022

Ehab Morad Azer

Central Bank Registration 148
Allied for Accounting and Auditing - E.Y
Public Accountants & Consultants

Sayed Khalil Sayed El Deeb

Central Bank Registration 464
United Accountants
(Member of Nexia international)
Public Accountants & Consultants

Arab African International Bank, Egyptian joint stock company
Separate statement of financial position
As at 31 December 2021

	Note	31 December 2021	31 December 2020
		US$ '000	**US$ '000**
Assets			
Cash and due from Central Banks	(15)	1,437,278	1,206,276
Due from banks	(16)	3,655,051	3,865,960
Loans and advances to Banks	(19)	226,177	57,927
Loans and advances to customers	(20)	5,014,066	4,145,212
Financial derivatives	(21)	2	-
Financial Investments:			
At fair value through profit or loss	(17)	19,613	24,357
At fair value through other comprehensive income	(17)	1,663,416	1,422,651
At amortized cost	(17)	2,852,772	3,103,232
Investments in subsidiaries and associates	(22)	45,781	44,499
Investments properties	(18)	2,110	2,150
Intangible assets	(26)	20,756	18,807
Other assets	(23)	279,986	250,573
Deferred tax assets	(24)	8,538	5,942
Fixed assets	(25)	119,314	118,948
Total Assets		**15,344,860**	**14,266,534**
Liabilities & Shareholders' equity			
Liabilities			
Due to banks	(27)	1,642,677	1,407,983
Treasury bills sold with repurchase agreement	(34)	31,566	32,275
Customers' deposits	(28)	10,165,962	9,775,581
Other liabilities	(29)	271,536	281,757
Loans and facilities from banks	(30)	1,042,857	688,929
Other provisions	(31)	22,742	15,056
Current income tax liabilities	(32)	19,805	23,065
Employee benefits obligations	(33)	5,714	6,689
Total Liabilities		**13,202,859**	**12,231,335**
Shareholders' equity			
Paid-in capital	(35)	500,000	500,000
Reserves	(36)	296,956	271,011
Retained earnings	(36)	1,345,045	1,264,188
Total owners' equity		**2,142,001**	**2,035,199**
Total liabilities and owners' equity		**15,344,860**	**14,266,534**

The accompanying notes from (1) to (46) form an integral part of these financial statements and to be read therewith .

Mohamed Raef
Group Chief Financial Officer

Sherif Elwy
Managing Director & Vice Chairman

Bader Al-Humaidhi
Chairman

Arab African International Bank, Egyptian joint stock company
Separate statement of Profit or Loss
For the year ended 31 December 2021

	Note	31 December 2021	31 December 2020
		US$ '000	**US$ '000**
Interest Income & Similar revenues	(6)	887,901	935,185
Interest Expense & Similar costs	(6)	(552,000)	(584,576)
Net interest income		**335,901**	**350,609**
Fees & Commission income	(7)	76,638	61,298
Fees & Commission expenses	(7)	(13,846)	(10,089)
Net Fees & Commission income		**62,792**	**51,209**
Dividend income	(8)	2,070	1,410
Net trading income	(9)	27,715	23,322
Expected credit losses expenses	(10)	(59,854)	(118,696)
Financial Investments Gains	(17)	3,175	2,196
Administrative expenses	(11)	(143,110)	(131,245)
Other operating expense/income	(12)	(13,002)	(27,036)
Profit before income tax		**215,687**	**151,769**
Income tax expense	(13)	(78,985)	(71,721)
Net profit for the period after tax		**136,702**	**80,048**
Earnings per share (dollar / share)	**(14)**	**1.23**	**0.72**

The accompanying notes from (1) to (46) form an integral part of these financial statements and to be read therewith .

Arab African International Bank, Egyptian joint stock company
Separate statement of Other Comprehensive Income
For the year ended 31 December 2021

	31 December 2021	31 December 2020
	US$ '000	**US$ '000**
Net profit for the year	136,702	80,048
Items that will not be reclassified to the profit or loss		
Net change in fair value reserve for financial investments in equity instruments at fair value through other comprehensive income	(12,315)	2,716
Total	**(12,315)**	**2,716**
Items that may be reclassified to the profit or loss		
Net change in fair value reserve of debt instruments	(11,818)	2,077
Expected credit loss for fair value of debt instruments measured at fair value through other comprehensive income	1,059	3,313
Total	**(10,759)**	**5,390**
Tax impact related to items that is or may be reclassified to income statement	1,208	(1,078)
Total other comprehensive income items for the year after tax	**(21,866)**	**7,028**
Total comprehensive income after tax	**114,836**	**87,076**

* The accompanying notes from (1) to (46) form an integral part of these financial statements and to be read therewith .

Arab African International Bank, Egyptian joint stock company

Separate statement of Changes in Shareholders' equity

For the year ended 31 December 2021

	Paid in Capital	Legal reserve	General reserve	Fair value reserve	Special reserve credit	General Risk reserve	General banking risk reserve	Other reserve(*)	Retained Earnings	Total
	US$ '000	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**	**US$ '000**
Balance as at 1 January 2020 -Before dividends	**500,000**	**151,973**	**10,000**	**(5,966)**	**-**	**23,481**	**240**	**4,999**	**1,244,836**	**1,929,563**
Transferred to reserve from retained earnings	-	19,079	-	-	25,782	-	11	393	(45,260)	5
Foreign currency translation reserve	-	-	-	-	-	-	-	(11)	-	(11)
Dividends of the year ended 2019	-	-	-	-	-	-	-	-	(17,708)	(17,708)
Net change in other comprehensive income items	-	-	-	41,030	-	-	-	-	-	41,030
Gains from sale of Equity instruments through other comperhensive income	-	-	-	-	-	-	-	-	2,272	2,272
Net Profit as at 31 December 2020	-	-	-	-	-	-	-	-	80,048	80,048
Balance as at 31 Decemebr 2020	**500,000**	**171,052**	**10,000**	**35,064**	**25,782**	**23,481**	**251**	**5,381**	**1,264,188**	**2,035,199**
Balance as at 1 January 2021 before dividends	**500,000**	**171,052**	**10,000**	**35,064**	**25,782**	**23,481**	**251**	**5,381**	**1,264,188**	**2,035,199**
Transferred to reserve from Retained Earnings	-	7,966	-	-	36,192	-	3,501	-	(47,659)	-
Dividends of the year ended 2020	-	-	-	-	-	-	-	-	(7,618)	(7,618)
Transferred from Retained Earnings to other credit balances	-	-	-	-	-	-	-	-	(797)	(797)
Transferred to capital reserve from retained earnings	-	-	-	-	-	-	-	152	(152)	-
Gain on sale equity insturments through other comperhensive income	-	-	-	-	-	-	-	-	381	381
Net change in other comprehensive income items	-	-	-	(21,866)	-	-	-	-	-	(21,866)
Net Profit as at 31 December 2021	-	-	-	-	-	-	-	-	136,702	136,702
Balance as at 31 December 2021	**500,000**	**179,018**	**10,000**	**13,198**	**61,974**	**23,481**	**3,752**	**5,533**	**1,345,045**	**2,142,001**

* Other Reserves contians the following types of reserves (special reserve , capital reserve, foreign exchange reserve) , Movement of each reserve has been dislcosed separately in the financial statement disclosures.

* The accompanying notes from (1) to (46) form an integral part of these financial statements and to be read therewith .

Arab African International Bank, Egyptian joint stock company
Separate statement of cash flows
For the year ended 31 December 2021

	Note	31 December 2021	31 December 2020
		US$ '000	US$ '000
Cash Flows from Operating Activities			
Profit before income tax		215,687	151,769
Adjustments to reconcile net profit to net cash provided from operating activities			
Depreciation and amortization	(11)	11,321	8,806
Impairment charge for credit losses	(10)	59,854	118,696
Other provision charges	(12)	8,748	2,556
Other provisions used other than loans provisions		(1,051)	(156)
Provision by foreign currency translation differences		11	117
Impairment charge in Investments in subsidiaries and associates	(23)	-	1,403
Gain on subsidaries sale	(23)	-	-
Gain on sale of financial assets	(18)	(3,175)	(552)
Dividends income	(8)	(2,070)	(1,410)
Gain on sale of fixed assets	(12)	(152)	(414)
Contribution in employees retirement benefit obligations	(33)	6,917	10,662
Used from employees retirement benefit obligations	(33)	(7,892)	(12,672)
Gain / loss of monetary assets & liabilities revaluation difference	(18)	(3,879)	(42,539)
Operating profit before changes in assets and liabilities provided from operating activities		**284,319**	**236,266**
Net Decrease (Increase) in Assets and Liabilities			
Due from banks		(241,826)	(588,831)
Treasury bills		266,550	221,109
Financial Investments - Fair value through profit and loss		4,744	(7,852)
Loans and advances to customers & banks		(1,248,011)	236,624
Derivative financial instruments (Net)		(2)	-
Other assets		(76,282)	(74,648)
Due to banks		234,694	885,430
Customers' deposits		390,381	691,930
Other liabilities		(11,196)	20,313
Income taxes paid		(82,245)	(78,945)
Net cash flows (used in) / operating activities		**(478,874)**	**1,541,396**
Cash Flows From Investing Activities			

	Note	31 December 2021	31 December 2020
		US$ '000	US$ '000
Payment to purchase securities other than financial assets at fair value through profit and loss		(1,273,683)	(1,978,796)
Proceeds from sale / redemption of securities other than financial assets at fair value through profit and loss		1,142,695	315,920
Gain on sale of Financial assets at fair value through other comprehensive income		3,175	551
Impairment charge in Investments in subsidiaries and associates		-	(1,403)
Gain on sale of fixed assets / assets reverted to the bank		152	414
Proceeds from dividends paid		2,070	1,410
Payment to purchase of fixed assets and branches equipment and improvement		(27,757)	(44,463)
Net cash flows used in investing activities		**(153,348)**	**(1,706,367)**
Cash Flows from Financing Activities			
Loans and advances from Banks		353,928	596,429
Cash dividends paid	(36)	(8,415)	(17,708)
Net cash flows resulted from financing activities		**345,513**	**578,721**
Net decrease / increase in cash and cash equivalents during the year		(286,709)	413,750
Cash and cash equivalents at the beginning of the year		4,464,905	4,051,155
Cash and cash equivalents at the end of the year		**4,178,196**	**4,464,905**
Cash and cash equivalents are represented in:			
Cash and due from Central Banks		1,437,278	1,206,276
Due from banks		3,655,051	3,865,960
Treasury bills		1,577,192	1,700,135
Balances with the Central Banks limited to the reserve ratio		(1,367,300)	(1,130,432)
Deposits with banks (matured over than three months)		(301,000)	(222,723)
Treasury bills (matured over than three months)		(823,025)	(954,311)
Cash and cash equivalents at the end of the Year	**(43)**	**4,178,196**	**4,464,905**

* The accompanying notes from (1) to (46) form an integral part of these financial statements and to be read therewith .

Arab African International Bank, Egyptian joint stock company
Statement of proposed appropriation
For the year ended 31 December 2021

	31 December 2021	31 December 2020
	USD'000	**USD'000**
Net profit for the year	136,702	80,048
Add / Deduct:		
General banking risk reserve	(3,501)	(6)
Gain from sale - fixed assets transferred to capital reserve	(152)	(393)
Net profit	**133,049**	**79,649**
Add / Deduct:		
Retained earnings at the beginning of the year	1,247,807	1,208,049
Transferred to special reserve credit	(36,192)	(25,782)
Gain on sale of equity instruments through OCI	381	2,272
Total	**1,345,045**	**1,264,188**
Distributed as follows:		
legal reserve	13,655	7,966
Shareholders dividends (First distribution)	10	-
Employee distribution	11,939	7,168
Remuneration of board members	450	450
Shareholders dividends (Second distribution)	29,990	-
Banking sector development and support fund	1,330	797
Retained earnings at the end of the year	**1,287,671**	**1,247,807**
	1,345,045	**1,264,188**

* The accompanying notes from (1) to (46) form an integral part of these financial statements and to be read therewith .

1. General Information

Arab African International Bank (Egyptian Joint Stock Company) was established by special law No. 45 for the year 1964 in the Arab Republic of Egypt. The bank carries out all commercial and banking services. The address of its Head office is as follows: 5 Midan Al-Saray Al Koubra, Garden City, Cairo
The bank is not listed in the Egyptian stock exchange.

Arab African International Bank (Egyptian joint stock Company) provides retail, corporate banking and investment banking services in Egypt and abroad through 96 branches and units, its Head Office and network of branches in the Arab Republic of Egypt (93 branches and units), United Arab Emirates (2 branches) and (1 branch) in Lebanon and employs over 2,568 employees at the balance sheet date.

These financial statements were approved by the Board of Directors on 28 February , 2022.

2. Summary of significant accounting policies

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

A. Basis of preparation

The separate financial statements have been prepared in accordance with the Egyptian financial reporting standards and its amendments and in accordance with the Central Bank of Egypt regulations and as approved by the Board of Directors on December 16, 2008.
Also according to the instructions for applying the International Financial Reporting Standard no(9) issued by the Central Bank of Egypt on February 26, 2019.

B. Classification of financial assets and financial liabilities

At initial recognition, financial assets are classified and measured according to amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).
The financial assets are classified according to how they are managed (the Bank's business model) and their contractual cash flow characteristics.

B/1 Financial assets are measured at amortized cost if the following two conditions are met and it is not measured at fair value through profit or loss and:

- The management intented to maintain the asset to collect contractual cashflows and;
- This contractual condition of financial assets will build cashflows in certain dates which are Solely Payments of Principle and Interest (SPPI).

B/2 Debt instruments have been measured at fair value through other comprehensive income "FVTOCI" if it is not measured at fair value through profit or loss and the following two conditions are met:

- The management intented to maintain the asset to collect contractual cash flow and/or sale of the financial asset;
- B/3 Financial assets are measured at fair value through profit and loss "FVTPL" if the following condition is met:
- The management intended to maintain the asset within a business model that do not aim neither to hold the asset nor to collect its contractual cashflows.

Upon initial recognition of equity investments that are not held for trading, the Bank may choose irrevocably to present changes in fair value in other comprehensive income.
All other financial assets will be classified as fair value through profit or loss.

In addition to that, at initial recognition, the bank may choose irrevocably to measure a financial asset that satisfies the measurement conditions of amortized cost or fair value through profit or loss (FVTPL) at fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL).

At initial recognition of investment in securities that are not held for trading, the bank may choose irrevocably to measure the subsequent changes in securities fair value through Other comprehensive income statement. All other financial assets are classified at fair value through profit or loss (FVTPL)

Business model assessment

The Bank assesses the objective of a business model in which a financial asset is held at the portfolio level because this reflects the best way the business is managed and information is presented to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice, specially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets with financial liabilities which finances these assets or target cash flow from selling the assets;
- How the performance of the portfolio is evaluated and reported to the Bank's management;
- The risks affecting the performance of the business model and the financial assets held within that business model and how these risks are managed;
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. Moreover, the bank doesn't focus only on information related to sales activity separately, but also takes into consideration an overall assessment on how achieving the goal that was announced by the bank to manage financial assets and how to achieve cash flow.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and or sell the financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI TEST).

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. 'Interest' is defined as a consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cashflows are solely payments of principal and interest, the bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cashflows such that it would not meet this condition.

Impairment of financial assets

According to Central Bank of Egypt (CBE) instructions dated February 26, 2019, IFRS9 to replace impairment loss model recognized according to previous instructions dated December 16, 2008, with excepted credit loss (ECL). Expected credit loss is also applied on all financial assets in addition to some financial guarantees and loan commitments.

According to IFRS 9; impairment losses will be recognized earlier than when applying impairment losses according to Central Bank of Egypt (CBE) instructions dated December 16, 2008.
The Bank applies three stages to measure expected credit losses on financial assets that are recognized at amortized cost and debt instruments that are recognized at fair value through other comprehensive income. The financial assets can transfer between these three stages according to changes in credit quality since initial recognition.

Stage 1

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

Stage 2

Lifetime Expected Credit Loss - not credit impaired
It includes financial assets that have a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognized, but interest is still calculated on the gross carrying amount of the asset. Lifetime expected credit loss is the expected credit loss that results from all possible default events over the expected life of the financial instrument.

Stage 3

Lifetime Expected Credit Loss - credit impaired
It includes financial assets that have an objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss is recognized and interest is marginalized and recorded as Off-Balance sheet item.

C. Subsidiaries and associates

C/1 Subsidiaries
Subsidiaries are all entities over which the bank has owned directly or indirectly the power to govern its financial and operating policies, generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the bank has the power to control the entity.

C/2 Associates
Associates are all entities over which the bank has direct or indirect significant influence but not control over the entity, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Purchase method of accounting has been applied to all the acquisition operations. The cost of acquisition is measured at fair value or through the assets offered and/or equity securities issued and/or liabilities incurred and/or liabilities accepted on behalf of the acquired company, at the date of the exchange, plus costs directly attributed to the acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of acquisition cost over the fair value of the bank's share of the identifiable net assets acquired is recorded as Goodwill. If the cost of acquisition is less than the fair value of the net assets of the entity acquired, the difference is recognized directly in the income statement into other operating income (expenses).

In the separate financial statements, the investments in subsidiaries and associates are subsequently accounted for using the cost method on the separate financial statements. According to the cost method; investments are recognized at acquisition cost plus any goodwill or less any impairment losses in value-if any-. Dividends are recognized as revenue in the separate income statement when they are declared and the bank's right to collect them has been established.

D. Segment reporting

An operating segment is a group of assets and operations providing products or services whose risks and benefits are different from those associated with products or services provided by other operating segments. A geographical segment provides products or services within a specific economic environment characterized by risks and benefits different from those related to other geographical segments operating in a different economic environment.

E. Foreign currency translation

E/1 Transactions in foreign currencies
The bank maintains its accounts in US dollar. Foreign currency transactions are translated using the exchange rates prevailing at the date of the transactions. All monetary assets and liabilities balances in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the following items in the income statement:

- Net trading income for trading assets and liabilities or net income from financial instruments classified at initial recognition as fair value through profit or loss, and for assets/liabilities classified at initial recognition as fair value through profit or loss are recognized according to its type.
- Other Operating income (expense) for the rest of items.
- Changes in the fair value of monetary instruments denominated in foreign currencies classified as available for sale investments (debt instruments) are analyzed between translation differences arising from changes in amortized cost of the instrument and differences arising from changes in exchange rates prevailing and differences arising from changes in the fair value of the instrument.
- In the income statement, the difference in valuation related to the changes in amortized cost is recognized with the income of loans and similar income and with differences in exchange rate in other operating income (expenses). The difference in fair value is recognized in equity (Fair value reserve / financial investments available for sale).
- Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

E/2 Foreign branches
The bank translates results of business and financial position of foreign branches to presentation currency (if they don't operate in an accelerating inflation economy) in which the functional currency is different from the presentation currency of the bank as follows:

Translation of assets and liabilities at each financial statement presented to the foreign branch using the closing price on the date of this financial statement.
Translation of income & expenditure in each income statement is presented using the average exchange rates, unless the average doesn't represent an acceptable approximation of the cumulative effect of the rates applicable at the date of transactions, then the translation of income & expenditure will be by using exchange rate at the transaction date.

Recognition of the resulting currency differences in a separate item (foreign exchange transaction differences) in equity. Foreign exchange resulting from the assessment of net investment in foreign branches, loans and financial instruments in foreign currency to cover the investment with the same item are also transferred to equity. These difference are recognized in the income statement upon disposal of foreign branches as the part of other operating income (expense).

F. Financial assets

Financial assets classified as: Amortized cost, Fair value through other comprehensive income (FVTOCI) or Fair value through profit or loss (FVTPL). The classification depends on the business model that manages the financial assets and its contractual cash flow

F/1 Financial assets classified as amortized cost
The financial asset is retained in the business model of financial assets held to collect contractual cash flow.

- The objective from this business model is to collect contractual cash flow which represented in principal and interest.
- The sale is an exceptional event for this model and under the terms of the standard represented in following:
- Significant deterioration for the issuer of financial instrument;
- Lowest sales in terms of rotation and value;
- A clear and reliable documentation process to be done to justify each sale and its conformity with the requirements of the standard.

F/2 Financial assets classified as fair value through other comprehensive income
The financial asset is retained in the business model of financial assets held to collect contractual cash flows and sale to achieve the objective of the model.
Sales are high in terms of turnover and value as compared to the business model retained for the collection of contractual cashflows.

F/3 Financial assets classified as fair value through profit or loss
The financial asset is held in other business models including trading, management of financial assets at fair value, maximization of cashflows through sale. The objective of the business model is not to maintain the financial asset for the redemption of principle or redemption of contractual cashflows and sale. Collecting contractual cash flows is an incidental event for the objective of the model.

The characteristics of the business model are as follows:

- Structuring a set of activities designed to extract specific outputs;
- Represents a complete framework for a specific activity (inputs - activities - outputs);
- One business model can include sub-business models.

G. Offsetting of financial instruments

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

H. Financial Derivative and Hedge accounting

Derivatives are recognized at fair value at the date of the derivative contract, and are subsequently revalued at fair value. Fair values are obtained from quoted market prices in active markets, or according to the recent market deals, or the revaluation methods such as the Discounted Cashflow module and the Options pricing module, as appropriate. Derivatives are carried as financial assets when its fair value is positive and as financial liabilities when its fair value is negative.
The financial derivatives embedded into other financial instruments such as convertible bonds must be treated as if they are separate derivatives when the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the hybrid (combined) instrument is not measured at fair value with changes in fair value recognized in profit or loss. The embedded derivatives are measured at fair value through profit or loss and changes in fair value are recognized in net trading income in the income statement.

The embedded derivatives are not separated if the Bank has chosen to classify the entire complex contract at fair value through profit or loss. Recognition in profit or loss method that is arising from changes in the fair value of derivatives depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The parent bank designates certain derivatives as:

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge).
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met. At the inception of the hedging relationship, the bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions provided that at the inception of the hedge and on an ongoing basis, the bank documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

H/1 Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized immediately in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in profit or loss. Additionally, interest differential on interest rate swaps is recognized in profit or loss as part of "Net interest income" line item in the income statement. Any ineffectiveness is recognized in profit or loss in "Net trading income".

When the hedging instrument no longer qualifies for hedge accounting, the adjustment to the carrying amount of a hedged item is measured at amortized cost by recognition to profit and loss during that period till the maturity date. Adjustment to the carrying amount of a hedged equity instrument that has been deferred in equity remains in equity until the asset is derecognized.

H/2 Cash flow hedge
The effective portion of changes in the fair value of derivatives designated and qualified for cash flow hedge is recognized in equity while changes in fair value relating to the ineffective portion is recognized immediately in the income statement in "Net trading income".

Amounts accumulated in equity are transferred to income statement in the relevant periods when the hedged item affects the income statement. The effective portion of changes in fair value of interest rate swaps and options are reported in "Net trading income".

When a hedging item expires or is sold or if hedging instrument no longer qualifies for hedge accounting requirements, gains or losses that have been previously accumulated in equity remain in equity and are only recognized in profit or loss when the forecast transaction ultimately occurs. If the forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognized in equity shall be reclassified immediately through profit or loss.

H/3 Derivatives that do not qualify for hedge accounting
Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the profit and loss under'' net trading income''. However, gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with financial assets or liabilities are included in "net income from financial instruments at fair value through profit or loss".

I. Interest income and expense

Interest income and expense on all interest-bearing financial instruments are recognized in "Interest income" and "Interest expense" line items in the income statement using the effective interest rate method, except for those classified as held for trading or initially classified as fair value through profit or loss.

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

Once a financial asset or a group of similar financial assets have been classified as nonperforming or impaired, the related interest income is not recognized and is recorded in marginal records apart from the financial statements, and is recognized as revenues according to cash basis as follows:

- When they are collected, after receiving all past due instalments for consumption loans, mortgage loans, and small business loans.
- For corporate loans, interest income is recognized on a cash-basis after the bank collects 25% of the rescheduled installments and provided these installments continue to be paid for at least one period. If a loan continues to be performing thereafter, interest accrued on the principal then outstanding starts to be recognized as revenues. Interest that is marginalized prior to the date when the loan becomes performing is not recognized in profit or loss except after paying all the loan balance in the balance sheet before rescheduling.

J. Fees and commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided. Fees and commissions on non-performing or impaired loans or receivables cease to be recognized as income and are rather recorded off-balance sheet. These are recognized as revenue - on a cash basis - only when interest income on those loans is recognized in profit or loss, at which time, fees and commissions that are an integral part of the effective interest rate of a financial asset are treated as an adjustment to the effective interest rate of that financial asset.

Commitment fees received by the bank to originate a loan are deferred if it is probable to be draw down and are regarded as a compensation for an ongoing involvement with the acquisition of the financial instrument and recognized as an adjustment to the effective interest rate of the loan, and in case of the commitment period has expired without issuing the loan, fees and commission are considered as income at the end of the commitment period.

Fees related to debt instruments is mearsured by fair value and recognized as profit, Loan syndication fees are recognized as revenue when the syndication has been completed and the bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants.

Commission and 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. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognized ratably over the Period in which the service is provided. Fees from financial planning management and custodian services provided to clients over long periods are usually recognized as revenue on a straight-line basis over the period in which these services are rendered.

K.Dividends income

Dividends are recognized in the income statement when the bank's right to receive payment is established.

L. Treasury Bills, Purchase and resale agreements, and sale and repurchase agreements

Treasury bills are recognized when they are bought at face value and the issuance cost which represents the unearned interest on these bills and government bonds is recognized through credit balances and other liabilities. And these treasury bills appear on the financial statement excluding the unearned interest and they are measured by the amortized cost using the effective interest rate. Treasury bills purchased with resale agreement are presented in assets and treasury bills sold with repurchase agreement are presented in liabilities.

M. Impairment of financial assets

The Bank reviews all its financial assets except for financial assets that are measured at fair value through profit or loss to assess the extent of impairment as described below.
Financial assets are classified as three stages at each reporting date:

Stage 1

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

Stage 2

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

Stage 3

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

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

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

Bank which include a higher credit risk ratio than the Bank's low risk financial assets are classified on initial recognition to the second stage directly and therefore the expected credit losses are measured on the basis of expected credit losses over the life of the asset.

M/1. Significant increase in credit risk
The Bank considers that the financial instrument has experienced a significant increase in the credit risk when one or more of the following quantitative and qualitative criteria, as well as the factors relating to default are met.

M/2. Quantitative factors
When the probability of default over the remaining life of the instrument is increased from the date of the financial position compared to the probability of default over the remaining life expected at initial recognition in accordance with the Bank's acceptable risk structure.

M/3. Qualitative factors

Retail loans, micro and small businesses
If the borrower encounters one or more of the following events:

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

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

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

Unpayments
The loans and facilities of institutions, medium, small, micro and retail banking are included in stage two if the period of non-payment is more than (60) days and less than (90) days. Noting that this period (60 days) will be reduced by (10) days per period to become (30) days during (3) period from the date of application.

Transfer between three stages

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

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

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

N. Intangible Assets

Intangible assets, other than goodwill, are recognized at cost of acquisition and amortized on a straight-line basis or on the basis of economic benefits expected from them over the estimated useful lives. For assets that do not have a specific useful life, they are not amortized, but impairment is measured annually and the impairment value (if any) is recognized in the statement of income.

Assets type	Useful life-
Integrated computer systems	10 years
Computer systems	3 years
Other assets	3 to 5 years

N/1. Computer software
Computers' software related development and maintenance expenses are recognized in the income statement when incurred. And specific direct costs of computer programs under the bank's control and when probable economic benefit is expected to be generated for more than one period are recognized as intangible assets. Direct costs include program development staff costs, and appropriate allocation of the overhead costs. Development costs are recognized as computer program in which lead to an increase or expansion in the performance of computer programs and are added to the original costs of the program. These costs are amortized on the basis of the expected useful lives, and not more than three periods.

O. Fixed Assets

Land and buildings comprise mainly branches and offices. All property, plant and equipment are stated at historical cost less depreciation & impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight line method to allocate their cost to reach their residual values over their estimated useful lives, as follows:
The residual value and useful lives of fixed assets are reviewed at each balance sheet date and adjusted as necessary.

Assets type	Useful life
Building	40 years
Furniture	5 years
Equipment	7 years
Transportation	5 years
Computers	5 years
Installations	10 years or rent years which ever is less
Safes boxes & Secured rooms	40 years

The bank reviews the carrying amounts of its depreciable property and equipment whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered.When the carrying amount of an asset exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of the asset's net realizable value or value in use. Gains or losses on disposals are determined by comparing proceeds with relevant carrying amount. These are included in profit (loss) in other operating income (expense) in the income statement.

P. Investment Properties

Investments properties are represented in lands and buildings owned by the bank for obtaining lease income or capital increase, consequently it does not include property assets through which the bank executes its operations, or those properties which reverted to the bank in the settlements of debts, the investments properties are accounted for similarly with the same accounting method for the fixed assets.

Impairment of non-financial assets

Assets that do not have definite useful lives - except for goodwill - are not amortized, and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Q. Lease

Finance lease are accounted for according to Law No. 95 of 1995 if the contract gives the right to the lessee to purchase the asset on a specified period and with specified amount where the contract's period represents at least 75% of the expected useful life of the asset or the present value of total lease payments represents at least 90% of the asset's value. Other lease contracts are considered Operating leases.

Q/1. The bank as a Lessee
Finance lease contracts are recognized at the lease cost - including the cost of maintenance of the leased assets - within the expenses in the income statement for the period in which they occurred. If the bank decided to exercise the right to purchase the leased assets, the cost of the right to purchase it as an asset is capitalized and amortized over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Lease expenses are recognized in the income statement using straight line method over the term of contract, after deduction of any discounts obtained by the bank at initiation of the contract. In case of periods when the bank is exempted from paying the lease or if the lease is variable (more or less) in different periods, in this case the distribution of the total lease payments expected to be paid over the contract life is recognized in income statement in equal amounts per month including the periods that the bank does not pay the lease.

Q/2. The bank as a Lessor
For assets leased Operationally, asset are recorded in the fixed assets in the financial statement and amortized over the expected useful life of this asset in the same manner as similar assets. Leasing income recorded less any discount given to the lessee on a straight line method over the contract period.

R. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and balances due from Central Banks other than for mandatory reserve, due from banks, and treasury bills

S. Other provisions

Provisions for restructuring costs and legal claims are recognized when: The bank has a present legal or constructive obligation as a result of past events; and it is more likely that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if there is slight probability of an outflow of cash for an item within that group.

Reversals of provisions no longer required are presented in other operating income (expense).
The present value of the estimated payments to be made for payment of the obligations specified for payment is measured one period after the balance sheet date using an appropriate rate for the payment of the obligation - without being affected by the applicable tax rate - which reflects the time value of the money and if the term is less than one period, the estimated value of the obligation is calculated unless the impact of which is substantial then it's calculated at present value.

Financial guarantees contracts

The financial guarantees contracts are contracts that the bank issue as a guarantee for bank's customers for their loans with other parties, and it is required that the bank pays some claims for the beneficiary as a result of default in repayments. These financial guarantees are presented to banks and other financial institutions instead of the bank's customers.
These contracts are initially recognized at fair value on the contract date, and bank's liability is measured by the higher of the initial recognition value deducted by the calculated amortization of guarantee fees or the best estimated value payments required to settle any financial liability resulted from the financial guarantee on balance sheet date. And these estimated values are determined based on bank's management experience in similar transactions and any differences in bank's liabilities will be recorded in income statement in other operating income (expenses).

T. Income tax

The income tax on the bank's period profits or losses including both current tax, and deferred income tax is recognized in the income statement, except when it relates to items directly recognized into equity, in which case the tax is also recognized directly in equity. Income tax is calculated on the taxable profits using the prevailing tax rates as of balance sheet in addition to tax adjustments for previous Period.
Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined based on the method used to realize or settle the current values of these assets and liabilities, using the tax rates prevailing as of the balance sheet date. Deferred tax assets are recognized when there is a reasonable probability that future taxable profits will be realized through which the asset can be utilized. Deferred tax assets are reduced by the portion that will not be realized for the expected tax benefit over the following periods. However, if the expected tax benefit increases, deferred tax assets will be increased to the extent of previous reduction

U. Employee benefits

U/1. Pension obligations
The bank has a special social fund scheme (the Fund) that is not subject to the general law (law 79 for 1975) as it was established under law 64 for 1980 and this Fund has its own alternative independent articles of insurable rights (Pension / Bonuses / one payment compensation) and according to the ministry decree 94 for 1985. This fund covers only the bank employees in the Head Quarter and branches in the Arab Republic of Egypt.

The bank is committed to pay the Fund its monthly contributions, which calculated according the Fund's articles of associations and its amendments.

The Fund is generally funded through monthly contributions payments and other resources as identified in the Fund's article of associations.

The fund's liabilities are the present values of the defined benefit obligations at the balance sheet date minus the current value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of government securities, which have terms to maturity approximating the terms of the related liability.

The most basic assumptions used by the actuary are as follows:

- Rates of death from the British Table A49-52ULT
- Deficit rates of Egyptian social insurance experience
- Average rates of salaries increases during the period for Egyptian pound & American dollar.
- Method used is the estimated additional unit in the calculation of the commitments and the present value of subscriptions (Unit Projected Method).

U/2. Bonuses scheme
A liability for employees and managers' benefits in the form of bonus is recognized in other credit balances and other liabilities according to the bank board of directors' decisions in this respect and the payments should be determined before the time of issuing the financial statements.

U/3. Employees share in profits
The bank pays a portion of the profits expected to be distributed as a share of the bank's personnel determined by the board under the statute of the bank. No liability is recognized for undistributed employees profit share.

U/4. Board of directors members profit sharing
The bank pays a percentage of its cash dividends as profit share to its Board of directors' members. Board of directors' profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the bank's shareholders. No liability is recognized for profit sharing related to undistributed profits.

V. Capital

V/1. Cost of capital
Issue charges are presented, which is directly related to the issuance of new shares or shares for the acquisition of an entity or the issuance of options against owners' equity with the net proceeds after taxes.

V/2. Dividends
Dividends are deducted from equity in the period which the general assembly of the shareholders acknowledges these distributions. These distributions include the share of workers in the profits and remuneration of the board of directors as per regulation and law.

3. Financial Risk management

The bank is exposed to a variety of financial risks. Acceptance of risk is the basis of financial activity. Some risks or combination of risks are analyzed, evaluated and managed together. Therefore, the bank aims to achieve an appropriate balance between risk and return and minimize potential adverse effects on the bank's financial performance., The most important types of risk are credit risk, market risk, liquidity risk and other operational risks. Market risk includes foreign exchange risk, interest rate risk and other price 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 system.
The bank regularly reviews its risk management policies and systems to reflect changes in markets, products, and best emerging applications.
Risk management is carried out by a risk department under policies approved by the Board of Directors. Credit risk management identifies, evaluates and covers financial risks in close collaboration with the various operational units of the bank. The board provides written principles for risk management as a whole, as well as written policies covering specific risk areas such as credit risk, foreign currency risk, interest rate risk, and derivative and non-derivative instruments. In addition, credit risk management is responsible for periodic review of risk management and the control environment independently.

A. Credit risk

The bank is exposed to credit risk, which is the risk that a party will fail to fulfill its contractual obligations. The credit risk is the most important risk to the bank, and thus management carefully manages exposure to that risk. Credit risk is mainly presented through lending activities that result in loans, facilities and investment activities that result in including debt instruments in the bank's assets. Credit risk is also found in off-balance sheet financial instruments such as loan commitments. The credit risk management and control operations of the Credit Risk Management Group are concentrated in the Credit and Risk Management Department, which reports to the Board of Directors, senior management, and heads of activity units on a regular basis.

A.1. Credit risk measurement

A.1.1. Loans and advances to banks and customers

In measuring credit risk of loans and advances to banks and customers, the bank reflects the following component:

- Probability of default – by the client or counterparty on its contractual obligations.
- The bank assesses the probability of default of individual customers using internal rating tools tailored to the various categories of the counterparty. They have been developed internally and combine statistical analysis with credit officer judgment. Clients of The bank are segmented into four rating classes. The rating scale which is as shown below reflects the range of default probabilities- defined for each rating class. This means that in principal, exposures might 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 assesses the performance of the rating and its predictive power with regard to default cases.

Bank's internal ratings scale and mapping of external ratings

Bank's rating	Description of the grade
1-5	Performing loans
6	Regular watching
7	Watch list
8-10	Nonperforming loans

Exposure at default is based on the amounts the bank expects to be outstanding at the time of default. For example, for a loan this is the face value. For a commitment, the bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, if it occurred.

Loss given default or loss severity represents the bank's expectation of the extent of loss on a claim should default occur. It is expressed as a percentage of 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 methods.

A.1.2. Debt securities and treasury bills

For debt securities and treasury bills external rating such as (Standard & Poor's) rating or their equivalents are used by the bank for managing of the credit risk exposures. In case such ratings are unavailable, internal rating methods are used that are similar to those used for credit customers. The investment 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 requirements at the same time.

A.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, groups 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 group 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 product, industry sector, and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks is further divided by sub-limits covering on- and off-balance sheet exposures, and daily 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 the borrowers and potential borrowers to meet interest and capital repayment obligation and by changing these lending limits when appropriate.

Some other specific control and mitigation measures are outlined below:

A.2.1. Collateral

The bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is maintaining collaterals against 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.
- Pledge on business assets like machinery and merchandise.
- Pledge in financial instruments like debt instruments and equity.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. The Bank attempts to mitigate the credit risk through additional collaterals from the concerned parties immediately on arising of impairment indicators for any of the loans or facilities.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of Asset-backed Securities and similar instruments, which are secured by portfolios of financial instruments.

A.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. The amount subject to credit risk is limited to expect future net cash inflows of instruments, which in relation to derivatives are only a 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 counter party to cover the aggregate of all settlement risk arising from the bank market's transactions on any single day.

A.2.3. Master Netting Arrangements

The bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of assets and liabilities shown in the balance sheet, as transactions are either usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

A.2.4. Credit Related Commitments

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

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

The bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

A.3. Impairment and provisioning policies

The internal assessment systems mentioned above assessment (3.A.1) focus to a large extent on credit quality planning from the beginning of the validation of lending and investment activities. Otherwise, only impairment losses recognized on the balance sheet date for financial reporting purposes are recognized on the basis of objective evidence of impairment as described in this note. Due to the different methods applied, credit losses charged to the financial statements are usually less than the estimated loss using the expected loss model. The provision for impairment losses in the balance sheet at the end of the Period is derived from the four internal ratings.

The table below shows the percentage of the bank s on balance sheet items, relating to loans and advances and the associated impairment allowance for each of the bank internal rating categories:

The internal rating tool assists management to determine whether objective evidence of impairment exists under EAS 26, based on the following criteria set out by the bank:

	31 December 2021		31 December 2020	
	Loans and advances	Impairment Losses	Loans and advances	Impairment Losses
Bank's rating	**%**	**%**	**%**	**%**
1-Performing loans	58	19	60	31
2-Regular watching	30	28	21	16
3-Watch list	1	1	6	5
4-Nonperforming loans	11	52	13	48
	100	**100**	**100**	**100**

- Significant financial difficulties facing the counterparty;
- Breach of loan covenants as in case of default;
- Expecting the bankruptcy of the counterparty, liquidation, lawsuit, or finance rescheduling.
- Deterioration of the borrower's competitive position.
- Offering exceptions or surrenders due to economic and legal reasons related to financial difficulties encountered by the counterparty not provided by the bank in ordinary conditions.
- Deterioration in the value of collateral.
- Deterioration in credit situation.

The bank policies require the review of individual financial assets that are above materiality threshold at least annually or more regularly when individual circumstances require. Impairment allowance on individually assessed accounts are determined by an evaluation of the incurred loss at balance sheet on case-by –case basis , and are applied to all individually significant accounts. The assessment normally encompasses collateral hold including re- confirmation of its enforceability and the anticipated receipts for that individual account.

Collectively assessed impairment allowances are provided for portfolios of homogenous assets using the available historical experience, experience judgment and statistical techniques

A.4. General Bank Risk Measurement Model

In addition to the four credit rating levels (note 3.A.1), management classifies categories that are more detailed so as to agree with the requirements of the Central Bank of Egypt (CBE). Assets subject to credit risk are classified in these categories in accordance with regulations and detailed conditions that largely depend on information related to the client, his/her activity, financial position, and regularity of repayment.

The bank calculates the required provisions for the impairment of the assets subject to credit risk, including commitments related to credit, on the basis of ratios specified by the Central Bank of Egypt. In case the impairment loss provision required by the Central Bank of Egypt exceeds that required for the purpose of financial statement preparation in accordance with the Egyptian accounting standards, retained earnings are decreased to support the General Bank risk reserve with the amount of the increase. This reserve is periodically revised for an increase or a decrease to reflect the amount of increase between the two provisions.

Following is a table of the worthiness levels for institutions in accordance with the internal assessment bases compared to the Central Bank of Egypt assessment bases and the provision ratios required for the impairment of the assets exposed to credit risk, :

CBE rating categorization	Rating description	Provision %	Indication of internal rating
1	Low risk	0%	Good loans
2	Average risk	1%	Good loans
3	Satisfactory risk	1%	Good loans
4	Reasonable risk	2%	Good loans
5	Acceptable risk	2%	Good loans
6	Marginally acceptable risk	3%	Standard monitoring
7	Watch List	5%	Special monitoring
8	Substandard	20%	non-performing
9	Doubtful	50%	non-performing
10	Bad Debt	100%	non-performing

A.5. Maximum credit risk limit before collaterals

In balance sheet credit risk exposure is shown below:

	31 December 2021	31 December 2020
Balances with the central banks limited to the reserve ratio	1,367,300	1,130,432
Due from banks	3,668,671	3,880,478
Treasury bills	1,581,150	1,703,905
Loans and advances to banks	230,274	59,918
Loans and advances to customers		
Retail:		
Overdrafts	161,512	203,752
Credit cards	17,594	15,837
Personal loans	347,331	274,914
Mortgage Loan	66,737	61,072
Other Loans	285,620	213,752
Corporate:		
Overdrafts	1,571,228	1,274,744
Direct loans	1,121,833	1,019,233
Syndicated loans	1,802,843	1,433,266
Other Loans	96,957	61,480
Financial investments:		
Debt instruments	2,912,363	2,763,633
Other assets	145,040	147,145
Total	**15,376,453**	**14,243,561**

Off balance sheet credit risk exposure is shown below:

	31 December 2021	31 December 2020
Letters of guarantee	1,134,938	986,277
Letter of credit	196,600	56,784
Customers Acceptances	54,357	9,912
Total	**1,385,895**	**1,052,973**

The above table represents maximum credit risk exposure to the bank at the end of 31 December 2021
As shown above, 34.02 % of the total maximum exposure is derived from loans and advances to banks and customers, while the investments in debt instruments represents 17.37%.
Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the bank resulting from both its loans and advances portfolio and debt Instruments base on the following:

- 88% of the loans and advances portfolio is categorized in the top two grades of the internal rating system.
- 79,16% of the loans and advances portfolio are considered to be neither past due nor impaired.
- Loans and advances assessed on an individual basis valued USD 892,785 thousand
- The bank has implemented more prudent processes when granting loans and advances during the financial period ended in 31 December 2021.
- More than 87.9% of the investments in debt instruments are treasury bills are represented in debt instruments on the Egyptian government.

A/6. The following table provides information on the quality of financial assets for the year ended 31 December 2021 .

Due from banks and central banks limited to reserve ratio

	Stage 1	Stage 2	Stage 3	Total
	1-12 months	Life time	Life time	
AAA to A-	790,052	-	-	790,052
BBB+ to BBB-	110,482	193,000	-	303,482
BB+to BB-	3,333,762	594,562	-	3,928,324
WD	-	-	14,113	14,113
Total	**4,234,296**	**787,562**	**14,113**	**5,035,971**
Expected credit loss	**(57)**	**(29)**	**(13,534)**	**(13,620)**
Carrying amount	**4,234,239**	**787,533**	**579**	**5,022,351**

Treasury bills at Amortized cost

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
AAA to A-	54,409	-	-	54,409
BBB+ to BBB-	-	-	-	-
BB+to BB-	1,416,474	-	-	1,416,474
CCC+ to CCC-	3,198	-	-	3,198
Total	**1,474,081**	**-**	**-**	**1,474,081**
Expected credit loss	**(3,972)**	**-**	**-**	**(3,972)**
Carrying amount	**1,470,109**	**-**	**-**	**1,470,109**

Treasury bills at Fair value through other comprehensive income

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
BB+to BB-	107,083	-	-	107,083
Total	**107,083**	**-**	**-**	**107,083**
Expected credit loss	**-**	**-**	**-**	**-**
Carrying amount	**107,083**	**-**	**-**	**107,083**

Loans to banks

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
Good debt (rating 1-5)	8,225	-	-	8,225
Normal watch-list (rating 6)	221,056	-	-	221,056
Non performing loan (rating 8-10)	-	-	993	993
Total	**229,281**	**-**	**993**	**230,274**
Expected credit loss	**(2,658)**	**-**	**(993)**	**(3,651)**
Carrying amount	**226,623**	**-**	**-**	**226,623**

Retail Loans

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
Bucket 1 (1-40 day)	406,485	-	-	406,485
Bucket 2 (40 - 90 day)	-	12,075	-	12,075
Bucket 3 (more than 90 day)	-	-	13,102	13,102
Total	**406,485**	**12,075**	**13,102**	**431,662**
Expected credit loss	**(6,425)**	**(6,114)**	**(11,974)**	**(24,513)**
Carrying amount	**400,060**	**5,961**	**1,128**	**407,149**

Corporate Loans

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
Good debt (rating 1-5)	2,919,178	195,846	-	3,115,024
Normal watch-list (rating 6)	161,044	1,061,112	-	1,222,156
Special watch-list (rating 7)	-	52,990	-	52,990
Non performing loan (rating 8-10)	-	-	649,823	649,823
Total	**3,080,222**	**1,309,948**	**649,823**	**5,039,993**
Expected credit loss	**(14,584)**	**(82,188)**	**(296,415)**	**(393,187)**
Carrying amount	**3,065,638**	**1,227,760**	**353,408**	**4,646,806**

Debt instruments at Fair value through other comprehensive income

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
AAA to A-	540,540	-	-	540,540
BBB+ to BBB-	-	3,818	-	3,818
BB+to BB-	834,158	139,604	-	973,762
Total	**1,374,698**	**143,422**	**-**	**1,518,120**
Expected credit loss	**(101)**	**(3,344)**	**-**	**(3,445)**
Carrying amount	**1,374,597**	**140,078**	**-**	**1,514,675**

Debt instruments at Amortized cost

	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
BB+to BB-	1,114,120	272,123	-	1,386,243
CCC+ to CCC-	-	-	8,000	8,000
Total	**1,114,120**	**272,123**	**8,000**	**1,394,243**
Expected credit loss	**-**	**(3,580)**	**(8,000)**	**(11,580)**
Carrying amount	**1,114,120**	**268,543**	**-**	**1,382,663**

The following table provides information on the qualty of financial assets during the year

Due from banks and central banks limited to reserve ratio

	Stage 1 1-12 months	Stage 2 Life time	Stage 3 Life time	Total
AAA to A-	1,537,236	-	-	1,537,236
BBB+ to BBB-	168,038	469,845	-	637,883
BB+to BB-	2,027,102	795,158	-	2,822,260
WD	-	-	13,531	13,531
Total	**3,732,376**	**1,265,003**	**13,531**	**5,010,910**
Expected credit loss	**(294)**	**(1,906)**	**(12,476)**	**(14,676)**
Carrying amount	**3,732,082**	**1,263,097**	**1,055**	**4,996,234**

Treasury bills at Amortized cost

	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
BB+to BB-	1,566,252	-	-	1,566,252
CCC+ to CCC-	2,107	-	-	2,107
Total	**1,568,359**	**-**	**-**	**1,568,359**
Expected credit loss	**(3,869)**	**-**	**-**	**(3,869)**
Carrying amount	**1,564,490**	**-**	**-**	**1,564,490**

Treasury bills at Fair value through other comprehensive income

	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
BB+to BB-	135,661	-	-	135,661
Total	**135,661**	**-**	**-**	**135,661**
Expected credit loss	**(16)**	**-**	**-**	**(16)**
Carrying amount	**135,645**	**-**	**-**	**135,645**

Loans to banks

	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Normal watch-list (rating 6)	58,926	-	-	58,926
Non performing loan (rating 8-10)	-	-	992	992
Total	**58,926**	**-**	**992**	**59,918**
Expected credit loss	**(853)**	**-**	**(992)**	**(1,845)**
Carrying amount	**58,073**	**-**	**-**	**58,073**

Retail Loans

	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
Bucket 1 (1-40 day)	311,359	-	-	311,359
Bucket 2 (40 - 90 day)	-	13,697	-	13,697
Bucket 3 (more than 90 day)	-	-	8,475	8,475
Total	**311,359**	**13,697**	**8,475**	**333,531**
Expected credit loss	**(5,550)**	**(7,605)**	**(4,973)**	**(18,128)**
Carrying amount	**305,809**	**6,092**	**3,502**	**315,403**

Debt instruments at Fair value through other comprehensive income

	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
AAA to A-	347,595	-	-	347,595
BB+to BB-	737,564	126,504	-	864,068
CCC+ to CCC-	-	-	-	-
Total	**1,085,159**	**126,504**	**-**	**1,211,663**
Expected credit loss	**(74)**	**(3,441)**	**-**	**(3,515)**
Carrying amount	**1,085,085**	**123,063**	**-**	**1,208,148**

Debt instruments at Amortized cost

	stage 1 1-12 months	stage 2 Life time	stage 3 Life time	Total
BB+to BB-	1,268,688	275,605	-	1,544,293
CCC+ to CCC-	-	-	7,677	7,677
Total	**1,268,688**	**275,605**	**7,677**	**1,551,970**
Expected credit loss	**-**	**(5,551)**	**(7,677)**	**(13,228)**
Carrying amount	**1,268,688**	**270,054**	**-**	**1,538,742**

T.Bills through other comperehensive income

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
AAA to A-	-	-	-	-
BBB+ to BBB-	-	-	-	-
BB+to BB-	107,083	-	-	107,083
CCC+ to CCC-				
Total	**107,083**	**-**	**-**	**107,083**
Expected credit loss	**-**	**-**	**-**	**-**
Carrying amount	**107,083**	**-**	**-**	**107,083**

Corporate Loans

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
Good debt (rating 1-5)	1,979,443	564,051	1,004	2,544,498
Normal watch-list (rating 6)	260,133	509,022	42,618	811,773
Special watch-list (rating 7)	-	282,212	-	282,212
Non performing loan (rating 8-10)	-	-	586,039	586,039
Total	**2,239,576**	**1,355,285**	**629,661**	**4,224,522**
Expected credit loss	**(9,867)**	**(115,173)**	**(233,362)**	**(358,402)**
Carrying amount	**2,229,709**	**1,240,112**	**396,299**	**3,866,120**

The following table shows changes in Expected Credit Losses between beginning and ending of the Period as a result of these factors:

Due from banks and central banks

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
Expected credit loss at beginning of period	294	1,906	12,476	14,676
Transfer to stage 1	397	(397)	-	-
Net changes in the probability of failure	(610)	(53)	1,058	395
New financial assets purchased or issued	4	3	-	7
Financial assets have been matured or derecognised	(28)	(1,430)	-	(1,458)
Balance at the end of the year	**57**	**29**	**13,534**	**13,620**

Treasury bills at amortized cost

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
Expected credit loss at beginning of period	3,869	-	-	3,869
Net changes in the probability of failure	-	-	-	-
New financial assets purchased or issued	3,972	-	-	3,972
Financial assets have been matured or derecognised	(3,869)	-	-	(3,869)
Balance at the end of the year	**3,972**	**-**	**-**	**3,972**

Treasury bills at fair value through other comprehensive income

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
Expected credit loss at beginning of period	16	-	-	16
Net changes in the probability of failure	(16)	-	-	(16)
Balance at the end of the year	**-**	**-**	**-**	**-**

Loans and Facilities (Corporate and banks)

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
Expected credit loss at beginning of period	10,721	115,275	236,276	362,272
Transfer to stage 1	404	(404)	-	-
Transfer to stage 2	(3,903)	3,903	-	-
Transfer to stage 3	-	(42,770)	42,770	-
Net changes in the probability of failure	5,236	20,158	13,337	38,731
New financial assets purchased or issued	4,816	1,147	-	5,963
Financial assets have been matured or derecognised	(32)	(15,149)	25,016	9,835
Recoveries	-	-	(25,532)	(25,532)
Execution during the period	-	-	5,423	5,423
Foreign exchange translation differences	-	28	118	146
Balance at the end of the year	**17,242**	**82,188**	**297,408**	**396,838**

Debt instruments at fair value through other comprehensive income

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
Expected credit loss at beginning of period	74	3,441	-	3,515
New financial assets purchased or issued	101	3,344	-	3,445
Financial assets have been matured or derecognised	(74)	(3,441)	-	(3,515)
Balance at the end of the year	**101**	**3,344**	**-**	**3,445**

Debt instruments at amortized cost

	stage 1	stage 2	stage 3	Total
	1-12 months	Life time	Life time	
Expected credit loss at beginning of period	-	5,551	7,678	13,229
Net changes in the probability of failure	-	(624)	322	(302)
New financial assets purchased or issued	-	2,238	-	2,238
Financial assets have been matured or derecognised	-	(3,585)	-	(3,585)
Balance at the end of the year	**-**	**3,580**	**8,000**	**11,580**

A/7. Loans and advances to banks & customers

loans and facilities to banks and customers

	31 December 2021	31 December 2020
Neither past due nor impaired	4,513,537	3,550,516
Past due but not impaired	523,451	468,799
Subject to impairment	664,941	598,653
Total	**5,701,929**	**4,617,968**
Deduct:		
Unearned discount for commercial papers & loans	(38,295)	(32,610)
Prepaid interest for loans	(1)	(7)
Impairment loss provision	(421,352)	(378,375)
Interest in suspense	(2,038)	(3,837)
Net	**5,240,243**	**4,203,139**

Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the bank.

Rating	31 December 2021											
	Individual					Corporate						
	Overdrafts	Credit cards	Personal loans	Mortgage Loan	Other loans	Overdrafts	Direct loans	Syndicated loans	Other loans	Total loans & advances to customer	Total loans & advances to banks	Total loans & advances to customer & banks
1.Good	143,071	9,242	84,779	211	285,620	883,896	207,653	1,037,380	59,891	2,711,743	229,281	2,941,024
2.Standard monitoring	16,338	4,949	139,129	54,142	-	496,771	257,840	502,315	37,063	1,508,547	-	1,508,547
3.Special monitoring	2,103	-	2,582	-	-	-	54,542	4,736	3	63,966	-	63,966
Total	**161,512**	**14,191**	**226,490**	**54,353**	**285,620**	**1,380,667**	**520,035**	**1,544,431**	**96,957**	**4,284,256**	**229,281**	**4,513,537**

Rating	31 December 2020											
	Individual					Corporate						
	Overdrafts	Credit cards	Personal loans	Mortgage Loan	Other loans	Overdrafts	Direct loans	Syndicated loans	Other loans	Total loans & advances to customer	Total loans & advances to banks	Total loans & advances to customer & banks
1.Good	195,018	7,992	71,215	-	213,683	842,609	81,947	764,602	22,645	2,199,711	58,927	2,258,638
2.Standard monitoring	8,734	4,162	105,666	53,284	69	341,060	190,306	282,024	38,795	1,024,100	-	1,024,100
3.Special monitoring	-	-	-	-	-	37,700	160,886	69,152	40	267,778	-	267,778
Total	**203,752**	**12,154**	**176,881**	**53,284**	**213,752**	**1,221,369**	**433,139**	**1,115,778**	**61,480**	**3,491,589**	**58,927**	**3,550,516**

Loans that are backed by collateral are not considered impaired for the non-performing category, taking into consideration the collectability of the collateral.

Loans and advances past due but not impaired

These loans and advance are past due for up to 90 days but not impaired, unless the bank is otherwise informed. Loans and advance past due but not impaired and the fair values of the related collateral are as follows:

31 December 2021				**Retail**
	Credit cards	**Personal Loans**	**Mortgage loans**	**Total**
Past due up to 30 days	2,259	84,275	8,093	94,627
Past due 30-60 days	706	16,360	2,778	19,844
Past due 60-90 days	291	6,888	864	8,043
Total	**3,256**	**107,523**	**11,735**	**122,514**

				Corporate
31 December 2021	**Overdrafts**	**Direct loans**	**Syndicated loans**	**Total**
Past due up to 30 days	185,330	66,394	116,837	368,561
Past due 30-60 days	5,231	5,438	-	10,669
Past due 60-90 days	-	21,707	-	21,707
Total	**190,561**	**93,539**	**116,837**	**400,937**

31 December 2020				**Retail**
	Credit cards	**Personal Loans**	**Mortgage loans**	**Total**
Past due up to 30 days	1,982	60,379	2,914	65,275
Past due 30-60 days	953	17,205	1,906	20,064
Past due 60-90 days	353	10,830	1,369	12,552
Total	**3,288**	**88,414**	**6,189**	**97,891**

				Corporate
31 December 2020	**Overdrafts**	**Direct loans**	**Syndicated loans**	**Total**
Past due up to 30 days	4,329	111,345	133,071	248,745
Past due 30-60 days	23,779	28,690	-	52,469
Past due 60-90 days	25,267	44,427	-	69,694
Total	**53,375**	**184,462**	**133,071**	**370,908**

Loans and wadvances individually impaired

Loans and advances to customers
The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is USD 664,941 thousand at the end of 31 December 2021 (against USD 598,653 thousand at the end of December 2020)

The following breakdown of the gross amount of individually impaired loans and advances by class:

						Retail
	Over Drafts	**Credit cards**	**Personal Loans**	**Mortgage loans**	**Other loans**	**Total**
31 December 2021						
Individually impaired loans	-	147	13,318	649	-	14,114
31 December 2020						
Individually impaired loans	**-**	**395**	**9,619**	**1,599**	**-**	**11,612**

						Corporate
	Over Drafts	**Direct loans**	**Syndicat-ed loans**	**Other loans**	**Banks loans**	**Total**
31 December 2021						
Individually impaired loans	-	508,259	141,575	-	993	650,827
31 December 2020						
Individually impaired loans	**-**	**401,632**	**184,417**	**-**	**992**	**587,041**

Loans and advances restructure
Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Restructuring policies and practices are based on indicators or criteria that, in the judgment of local management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to long term loans – in particular, customer finance loan. Total renegotiated loans results amounted to USD 19,498 thousand at the end of 31 December 2021 (was USD 13,919 thousand at 31 December 2020).

	31 December 2021	**31 December 2020**
Loans and Advances to customer		
Corporate		
Syndicated loans	9,757	9,757
Direct loans	8,792	4,129
Retail		
Credit card	41	1
Personal loans	908	32
Total	**19,498**	**13,919**

A/8. Debt securities and treasury bills

The table below presents an analysis of debt securities & treasury bills according to the rating agencies: Based on standard poor's at period end based on Standard & Poor assessment or equivalent at 31 December 2021

31 December 2021	Treasury Bills	Debt instruments at fair value through other comprehensive income	Investments at amortized cost	Total
AA+	-	102,354	-	102,354
AA	-	173,531	-	173,531
AA-	-	116,278	-	116,278
A+	-	60,954	-	60,954
A	-	59,074	-	59,074
A-	-	29,505	-	29,505
B	1,577,192	976,424	1,382,663	3,936,279
Total	**1,577,192**	**1,518,120**	**1,382,663**	**4,477,975**

31 December 2020	Treasury Bills	Debt instruments at fair value through other comprehensive income	Investments at amortized cost	Total
AA+	-	108,812	-	108,812
AA	-	65,211	-	65,211
AA-	-	81,914	-	81,914
A+	-	55,047	-	55,047
A	-	36,614	-	36,614
B	1,700,135	864,065	1,538,742	4,102,942
Total	**1,700,135**	**1,211,663**	**1,538,742**	**4,450,540**

A/ 9 Concentration of risks of financial assets with credit risk exposure

Geographical sectors

The following table breaks down the bank's credit exposure at their carrying amounts by geographical regions at the end of the Period for this table, the bank has allocated exposures to regions based on the country of domicile of its clients.

	Cairo	Alex& Delta	Upper Egypt	Sinai,Red sea & Canal towns	Total	Gulf countries	Other countries	Total
Balances with the central banks limited to the reserve ratio	1,134,684	-	-	-	1,134,684	232,185	431	1,367,300
Due from banks	2,771,659	-	-	-	2,771,659	883,330	13,682	3,668,671
Treasury bills and other governmental papers	1,523,545	-	-	-	1,523,545	54,407	3,198	1,581,150
Loans & advances to bank	79,585	6,588	-	-	86,173	144,101	-	230,274
Loans and advances to customers:								
Retail:								
Overdrafts	149,364	9,161	723	1,242	160,490	1,022	-	161,512
Credit cards	13,088	3,216	456	834	17,594	-	-	17,594
Personal loans	239,675	69,128	19,258	18,950	347,011	320	-	347,331
Mortgage Loan	65,611	572	68	193	66,444	293	-	66,737
Other loans	285,620	-	-	-	285,620	-	-	285,620
Corporate:								
Overdrafts	1,080,435	338,221	5,444	1,983	1,426,083	141,790	3,355	1,571,228
Direct loans	846,398	48,268	1,145	1,993	897,804	224,029	-	1,121,833
Syndicated loans	1,502,204	79,864	-	-	1,582,068	220,775	-	1,802,843
Other loans	74,892	14,324	760	6,981	96,957	-	-	96,957
Investment securities:								
Debt instruments	2,808,377	-	-	-	2,808,377	95,986	8,000	2,912,363
Other assets	133,635	4,940	291	336	139,202	5,838	-	145,040
Total as at 31 Decemeber 2021	**12,708,772**	**574,282**	**28,145**	**32,512**	**13,343,711**	**2,004,076**	**28,666**	**15,376,453**
Total as at 31 Decemeber 2020	**10,695,321**	**555,912**	**30,374**	**32,876**	**11,314,483**	**2,900,588**	**28,490**	**14,243,561**

Industry sectors
The following table breaks down the bank's credit exposure at carrying amounts by industry sectors of the bank's clients.

	Manufacturing	Agriculture	Commercial	Service	Financial Institutions	Constructions	Government	Individual	Others	Total
Balances with the central banks limited to the reserve	-	-	-	-	-	-	1,367,300	-	-	1,367,300
Due from banks	-	-	-	-	2,888,554	-	780,117	-	-	3,668,671
Treasury bills & other governmental papers	-	-	-	-	-	-	1,581,150	-	-	1,581,150
Loans and advances to banks	-	-	-	-	230,274	-	-	-	-	230,274
Loans and advances to customers:										
Retail:										
Overdrafts	-	-	-	-	-	-	-	161,512	-	161,512
Credit cards	-	-	-	-	-	-	-	17,594	-	17,594
Personal Loans	-	-	-	-	-	-	-	347,331	-	347,331
Mortgage Loan	-	-	-	-	-	-	-	66,737	-	66,737
Other loans	-	-	-	-	-	-	-	285,620	-	285,620
Corporate:										
Overdrafts	760,472	7,687	301,142	260,132	91,275	149,599	921	-	-	1,571,228
Direct Loans	98,803	4,349	192,380	525,080	185,489	88,894	26,838	-	-	1,121,833
Syndicated Loans	663,359	-	151,381	837,070	77	60,567	68,445	-	21,944	1,802,843
Other loans	7,379	5,683	18,780	24,401	35,817	2,075	2,822	-	-	96,957
Investment securities										
Debt instruments	-	-	-	-	545,514	-	2,366,849	-	-	2,912,363
Other assets	14,555	169	6,314	15,665	58,401	2,865	38,502	8,360	209	145,040
Total as at 31 Decemeber 2021	**1,544,568**	**17,888**	**669,997**	**1,662,348**	**4,035,401**	**304,000**	**6,232,944**	**887,154**	**22,153**	**15,376,453**
Total as at 31 Decemeber 2020	**1,569,325**	**14,562**	**262,736**	**1,346,034**	**3,995,721**	**190,430**	**6,052,130**	**780,217**	**32,406**	**14,243,561**

B. Market risk

B/1. Value exposed to risk

B/1.1. Interest rate fluctuation risk
Interest rate risk is controlled by asset and liability committee (ALCO)

Financial assets in foreign currency
The interest rate is determined on the basis of (floating rate) therefore interest rate fluctuation is mitigated on foreign currency increasing or decreasing taking into consideration hedging price fluctuation risk resorting to financial derivatives Interest Rate Swap (IRS).

Financial assets in local currency
Fixed income financial assets:
The risk of fixed income assets is covered by issuing medium and long term (liability products) to meet fixed rate income risk.

Floating rate financial assets
Variable cost is risk free due to its compatibility with the prices prevailing at the grant.

B/1.2. Foreign exchange fluctuation risk

Foreign currency position is monitored momentary by the responsible department to preserve the allowed limits with currency position, whether by the Central Bank of Egypt or bank board of directors. The bank does not open position on foreign currency except on clients' requirement.

B/2. Foreign exchange risk

The bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board sets limits on the level of exposure by level of currency and in aggregate for both overnight and intra-day positions which are monitored daily. The table below summarises the bank's exposure to foreign currency exchange rate risk at the end of the financial Period.

The following table includes the carrying value at the financial instruments distributed by its original currencies.

Foreign currency risk concentration on financial instruments

31 December 2021	USD	EGP	EUR	GBP	OTHER	TOTAL
Financial assets						
Cash and balances with central banks	31,347	1,165,163	2,375	1,011	237,382	1,437,278
Due from banks	2,943,580	575,493	16,995	40,439	78,544	3,655,051
Financial investment at fair value through profit or loss	-	19,613	-	-	-	19,613
Loans and advances to customers and banks	1,735,272	3,308,035	2,741	94	194,101	5,240,243
Deferred tax	(9,351)	-	-	-	17,889	8,538
Financial Derivatives	-	2	-	-	-	2
Financial investment at fair value through other comprehensive income	175,888	1,485,722	1,746	-	60	1,663,416
Financial investment at amortized cost	1,636,306	1,113,618	45,243	-	57,605	2,852,772
Investment in subsidiaries and associates	24,548	21,233	-	-	-	45,781
Other assets	41,045	203,378	3,544	108	31,911	279,986
Total financial assets	**6,578,635**	**7,892,257**	**72,644**	**41,652**	**617,492**	**15,202,680**
Financial liabilities						
Due to banks	555,036	993,299	10,610	3,849	79,883	1,642,677
Sales of treasury bills with commitment to repurchase	-	31,566	-	-	-	31,566
Customers deposits	2,351,783	6,719,102	192,737	43,994	858,346	10,165,962
Loans and facilities from banks	1,042,857	-	-	-	-	1,042,857
Other provision	14,693	7,798	-	-	251	22,742
Income tax liability	-	16,679	-	-	3,126	19,805
Employees benefits	3,778	1,936	-	-	-	5,714
Other financial liabilities	6,923	165,800	13,256	930	84,627	271,536
Total financial liabilities	**3,975,070**	**7,936,180**	**216,603**	**48,773**	**1,026,233**	**13,202,859**
Net on balance sheet financial position	**2,603,565**	**(43,923)**	**(143,959)**	**(7,121)**	**(408,741)**	**1,999,821**
Credit commitments	**291,438**	**604,197**	**286,248**	**726**	**203,286**	**1,385,895**
31 December 2020						
Total financial assets	**5,929,844**	**6,863,412**	**237,547**	**50,731**	**1,039,153**	**14,120,687**
Total financial liabilities	**3,614,080**	**6,646,273**	**245,028**	**51,546**	**1,674,408**	**12,231,335**
Net on balance sheet financial position	**2,315,764**	**217,139**	**(7,481)**	**(815)**	**(635,255)**	**1,889,352**
Credit commitments	**76,783**	**550,485**	**261,432**	**31**	**164,242**	**1,052,973**

B/3. Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. 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 because of such changes but may reduce profits in the event that unexpected movements arise. The board sets limits on the level of mismatch of interest rate repricing and value at risk that may be undertaken, which is monitored daily by the respective bank's department.

The tables below summaries the bank's exposure to the interest rate fluctuations risk that include carrying value of the financial instruments categorized based on the repricing dates or the maturity date – whichever is earlier.

31 December 2021	Up to 1 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	-	-	-	-	-	1,437,278	1,437,278
Due from banks	2,917,546	385,681	301,000	-	-	50,824	3,655,051
Treasury bills	227,151	526,485	820,919	2,637	-	-	1,577,192
Financial investment at fair value through profit or loss	-	-	-	-	-	19,613	19,613
Financial derivatives	-	-	-	-	-	2	2
Loans and advances to customers	2,641,697	1,362,000	713,286	426,387	96,580	293	5,240,243
Financial investment at fair value through other comprehensive income	415,661	19,724	65,803	677,455	339,625	38,065	1,556,333
Financial investment at amortized cost	22,012	63,532	119,613	1,007,252	162,254	8,000	1,382,663
Total financial assets	**6,224,067**	**2,357,422**	**2,020,621**	**2,113,731**	**598,459**	**1,554,075**	**14,868,375**
Financial liabilities							
Due to banks	1,588,358	15,393	37,741	-	-	1,185	1,642,677
Sales of treasury bills with comitment to repurchase	31,566	-	-	-	-	-	31,566
Customers deposits	4,900,390	1,191,994	1,166,480	1,892,006	148,264	866,828	10,165,962
Loans and facilities from banks	-	42,857	800,000	200,000	-	-	1,042,857
Total financial liabilities	**6,520,314**	**1,250,244**	**2,004,221**	**2,092,006**	**148,264**	**868,013**	**12,883,062**
Total interest repricing gap	**(296,247)**	**1,107,178**	**16,400**	**21,725**	**450,195**	**686,062**	**1,985,313**

C. Liquidity risk

Liquidity risk is the risk that the bank is unable to meet its obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligation to repay depositors and fulfil commitments to lend.
Liquidity risk management process
The bank liquidity management process, as carried out within the bank and monitored by assets and liability committee, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or borrowed by customers. The bank maintains an active presence in global money markets to ensure this to happen.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cashflow.
- Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.
- Managing the concentration and profile of debt maturities.

Monitoring and reporting take 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 projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Assets and liability management also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

31 December 2021	Up to 1 month	1-3 months	3-12 Months	1-5 years	Over 5 years	Total
Financial Assets						
Cash and balances with central bank	1,437,278	-	-	-	-	1,437,278
Due from banks	2,613,824	740,227	301,000	-	-	3,655,051
Treasury bills	227,483	526,684	822,725	300	-	1,577,192
Financial investment at fair value through profit or loss	19,613	-	-	-	-	19,613
Loans and advances to customers	824,458	170,115	1,376,115	1,556,652	1,312,903	5,240,243
Financial derivatives	2	-	-	-	-	2
Financial investment at fair value through other comprehensive income	43,201	14,448	99,957	1,003,641	395,086	1,556,333
Financial investment at amortized cost	30,012	63,532	119,613	1,007,252	162,254	1,382,663
Total financial assets	**5,195,871**	**1,515,006**	**2,719,410**	**3,567,845**	**1,870,243**	**14,868,375**
Financial liabilities						
Due to banks	1,589,543	15,393	37,741	-	-	1,642,677
Sales of treasury bills with comitment to repurchase	31,566	-	-	-	-	31,566
Customers deposits	2,856,189	1,215,939	1,222,707	4,722,863	148,264	10,165,962
Loans and facilities from banks	-	9,286	809,286	224,285	-	1,042,857
Total financial liabilities	**4,477,298**	**1,240,618**	**2,069,734**	**4,947,148**	**148,264**	**12,883,062**
Total liquidity gap	**718,573**	**274,388**	**649,676**	**(1,379,303)**	**1,721,979**	**1,985,313**

Funding approach
Sources of liquidity are regularly reviewed by a separate team in bank's treasury to maintain a wide diversification by currency, geography, provider, product and term.

Derivatives
Derivatives settled on a gross basis
The bank's derivatives that will be settled on a gross basis include: Foreign exchange derivatives: currency forward, currency swaps.

D. Fair value of financial assets and liabilities

D/1. Financial instruments measured at fair value using valuation techniques
No change in the assessed fair value using the valuation techniques through the financial period ended on 31 December 2021

D/2. Financial instruments not measured at fair value
The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the bank's statement of financial position at their fair value:

	Book Value		Fair Value	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial Assets				
Due from banks	3,655,051	3,865,960	3,655,051	3,865,960
Loans and advances to banks	226,177	57,927	226,177	57,927
Loans to customers				
Individual	878,794	769,327	878,794	769,327
Corporate Entities	4,592,861	3,788,723	4,592,861	3,788,723
Financial Investments				
At amortized cost	1,382,663	1,538,742	1,396,222	1,581,982
Financial liabilities				
Due to banks	1,642,677	1,407,983	1,642,677	1,407,983
Customer deposits:				
Individual	3,577,036	3,491,455	3,577,036	3,491,455
Corporate Entities	6,588,926	6,284,126	6,588,926	6,284,126
Loans and facilities from banks	**1,042,857**	**688,929**	**1,042,857**	**688,929**

Due from banks
The fair value of due from banks represents the book value, where all balances are current balances matured during the Year.

Investment securities
Investment securities disclosed in the table above comprise only those financial assets classified as held to maturity. Where assets available for sale are valued at fair value except for equity investments which the bank couldn't determine its fair value with an acceptable degree of certainty. And the fair value of financial assets held to maturity is determined based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

Due to banks
The fair value of due to banks approximates the book value, where all balances are current balances matured during the Year.

Deposits due to customers
The customer deposits are divided into current and non-current balances. The book value of the current balances approximates the fair value.

Other loans
The other loans are divided into current and no-current balances. The book value of the current balances approximates the fair value.

E. Capital management

The bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by Arab Republic of Egypt and countries in which bank branches operate.
- To safeguard the bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To maintain a strong capital base to support the development of its business.
- Capital adequacy and capital uses are reviewed in accordance with the requirements of the regulatory capital (the Central Bank of Egypt in the Arab Republic of Egypt) through the Bank's management, through models based on the Basel committee's guidelines. The required data are submitted and deposited with the Central Bank of Egypt on a quarterly basis

The CBE requires the bank to:

- The bank maintains a ratio of 10% or more of total regulatory capital to its risk-weighted assets and contingent liabilities.
- Bank's branches operating outside Arab Republic of Egypt subject to banking supervision rules in countries which they operate.
- On December 18, 2012, the Central Bank of Egypt (CBE) approved the minimum capital adequacy guidelines as part of the implementation of the Basel II directives. Under these instructions, the Bank is required to comply with these instructions as of December 2012

According to the new regulations issued on 18 December 2012

Tier 1 capital:

Tier 1 capital consists of two parts Going Concern Capital and Additional Going Concern.

Tier 2 capital:

Going Concern Capital consists of

- 45% of the increase in the fair value over the book value of financial investments (fair value reserve if it is positive, financial investments held to maturity, investments in subsidiaries and associates).
- 45% of the special reserve.
- 45% of the foreign currency reserve positive translation differences.
- Hybrid financial instruments.
- Loans (deposits) support.
- Provision for impairment losses for loans and advances and liabilities regular (must not exceed 1.25% of the total credit risk of the assets and liabilities of regular risk-weighted, must also be dedicated impairment losses for loans and credit facilities and contingent liabilities irregular enough to meet the liabilities component for which LCA).

Deducted 50% of the Tier 1 and 50% of the Tier 2:

- Investments in non-financial companies - each company alone, which amount to 15% or more of continuous core capital of the bank by regulatory amendments.
- The total value of the bank 's investments in non-financial companies - each individual company and that at least 15% of the basic capital continued by regulatory amendments provided that exceed those investments combined for 60% of the core capital continued by regulatory amendments
- Securitization portfolios.
- Regarding the value of the assets that devolved to the bank settlement of debts a general banking risks reserve.

When calculating the total extension of capital adequacy standard, shall not exceed loans (deposits) support for 50% of the first slide after the disposals.
And are weighted assets and contingent liabilities weighted credit risk, market risk, operational risk.

The capital adequacy criterion is composed of the following

1 - Credit risk
2 - Market risk
3 - Operational risk

The assets are weighted risk weights ranging from zero to 100% classified according to the nature of the debtor each asset to reflect the credit risk associated with it, and taking cash collateral account.

The treatment is used for extra-budgetary funds after making adjustments to reflect the episodic nature of the potential losses of those amounts. Banks operating in the Arab Republic of Egypt are commited to maintain a capital base of at least 12.5% of its assets and incidental liabilities weighted with credit, market, and operational risks. Additionally, a capital requirement is mandatory for banks with local systematic importance.

Accordingly, Arab African International Bank maintains an extra capital requirement of 0.25% summing up to 12.75% of its assets and probable liabilities weighed with market, credit, and operational risk as capital requirement.

The below tables summarize tier 1 and tier 2 components and capital adequacy ratio

	31 December 2021	31 December 2020
Capital		
Tier 1 Going Concern Capital (1)		
Share capital (net of the treasury shares)	500,000	500,000
Reserves	192,123	184,005
Retained earnings	1,234,368	1,206,379
General risk reserve	23,481	23,481
Total other comprehensive income items	26,577	35,064
Quarterly interim earnings	115,594	64,156
Total deduction from capital invested	(48,051)	(45,667)
Total Common Equity capital	**2,044,092**	**1,967,418**
Tier 2 (Gone – Concern Capital) (2)		
45% of the value of the Special Reserve	1,102	1,102
45 % of the increase in the fair value above the carrying amount	22,280	15,946
Provision for impairment losses for performing loans and advances and contingent liabilities	33,367	21,962
Total impairment losses from tier 2	-	(126)
Total (Gone – Concern Capital)	**56,749**	**38,884**
Total capital base	**2,100,841**	**2,006,302**
Total Credit Risk , Market Risk and Operational Risk		
Credit Risk	9,962,089	8,535,321
Market Risk	121,115	310,300
Operational Risk	697,378	739,173
Total Credit Risk , Market Risk and Operational Risk	**10,780,582**	**9,584,794**
Capital Adequacy Ratio %	**19.49%**	**20.93%**

NSFR ratio record 153.34% (LCY 128.86% and FCY 183.56%), and LCR ratio record 401.15% (LCY 133.79% and FCY 286.80%).

- The above consolidated balances as CBE instructions dated 24 December 2012

Financial Leverage Ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on July 14, 2015 special supervisory instructions related to leverage ratio of maintaining a minimum level of leverage ratio of 3% to be reported on a quarterly basis as follows:

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

This ratio will be included in Basel requirement Tier 1 in order to maintain the effectiveness of the Egyptian banking system, as well as keep up with the best international regulatory practices.
Financial leverage ratio reflect the relationship between tier 1 for capital that are used in capital adequacy ratio (after exclusions) and the Bank's assets (on and off-balance Sheet items) that are no risk weighted assets

Ratio Components

The numerator components
The numerator consists of the tier 1 for capital that are used in capital adequacy ratio (after exclusions) in accordance with the requirements of the Central Bank of Egypt

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

1. On balance sheet exposure items after deducting Tier 1 exclusions for capital base
2. Derivatives contracts exposure
3. Financing financial securities operations exposure
4. Off-balance sheet exposures "weighted exchange transactions"

The Financial leverage ratio as follow:

	31 December 2021	31 December 2020
Tier 1 Capital after exclusion	2,044,092	1,967,418
Total Tier 1 Capital after exclusion	**2,044,092**	**1,967,418**
Total on balance sheet exposures items including derivatives contracts & financial securities	15,944,496	14,766,296
Total off-balance sheet exposures	1,490,352	1,206,990
Total exposures on and off-balance sheet	**17,434,848**	**15,973,286**
Financial leverage ratio	**11.72%**	**12.32%**

4. Critical accounting estimates and judgments

The bank makes estimates and assumptions that affect the presented amounts of assets and liabilities within the next financial Period. Estimates and judgments are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events which believed to be reasonable during the current conditions and available information.

A. Impairment losses on loans and advances

The bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the bank makes judgments as to whether there is any observable data indicating an impairment trigger followed by measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The method and assumptions used to estimate the amount and the timing of future cash flows are reviewed on a regular basis in order to reduce any difference between the expected and the actual loss based on experience

B. Impairment of equity investments through other comprehensive income

The bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of whether they are significant or prolonged requires judgment. In making this judgment, the bank evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

C. Fair value of Derivatives

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and Periodcally reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

D. Amortized cost investments

The bank classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgment. In making this judgment, the bank evaluates its intention and ability to hold such investments to maturity. If the bank were to fail to keep these investments until maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the bank is required to reclassify the entire category as available for sale. Accordingly, the investments would be measured at fair value instead of amortized cost, in addition to suspending the classification of any investments in this category.

E. Income taxes

The bank is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The bank recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the Period where the differences exist.

5. Segment reporting analysis

Segmental analysis of activities

Segment activity includes operating activities, assets used in providing banking services, and risk and return management associated with this activity, which might differ from other activities. Segment analysis for the banking operations involves the following:

Large, medium, and small enterprises:
Includes current accounts, deposits, overdraft accounts, loans, credit facilities, and financial derivatives activities.

Investment:
Includes mergers, purchase of investments and financing the restructuring of companies and financial instruments.

Retail:
Includes current account, saving accounts, deposits, credit card, personal loans, and real estate loans

Other activities:
Includes other banking operations, such as money management.
Transactions among segments are performed according to the bank's normal operating cycle, and includes operating assets and liabilities as presented in the bank's statement of financial position.

A. Segment reporting analysis

31 December 2021	Corporate banking	Retail	Investment banking	Total
Revenues and expenses according to the sector activity				
Revenues of the sector activity	764,612	336,950	(86,867)	1,014,695
Expenses of the sector	(363,013)	(232,377)	(133,023)	(728,413)
Result of the sector operations	**401,599**	**104,573**	**(219,890)**	**286,282**
Uncategorized expenses				**(70,595)**
Profit before tax				215,687
Income Tax expense				(78,985)
Net profit after tax				**136,702**
Assets and Liabilities according to the sector activity				
Assets of the sector activity	3,652,302	757,182	7,780,936	12,190,420
Uncategorized assets				**3,154,440**
Total assets				**15,344,860**
Liabilities of the sector activity	7,376,851	3,576,406	1,345,700	12,298,957
Uncategorized liabilities				3,045,903
Total Liabilities				**15,344,860**

31 December 2020	Corporate banking	Retail	Investment banking	Total
Revenues and expenses according to the sector activity				
Revenues of the sector activity	403,163	75,496	1,063,020	1,541,679
Expenses of the sector	(351,653)	(12,881)	(836,961)	(1,201,495)
Result of the sector operations	**51,510**	**62,615**	**226,059**	**340,184**
Uncategorized expenses				**(188,416)**
Profit before tax				151,768
Income Tax expense				(71,720)
Net profit after tax				**80,048**
Assets and Liabilities according to the sector activity				
Assets of the sector activity	3,476,020	716,231	8,593,625	12,785,876
Uncategorized assets				**1,480,658**
Total assets				**14,266,534**
Liabilities of the sector activity	6,273,869	3,201,258	1,979,273	11,454,400
Uncategorized liabilities				2,812,134
Total Liabilities				**14,266,534**

B. Geographical sector analysis

31 December 2021	Cairo	Alex Delta	Upper Egypt	Other	Total	Gulf	*Lebanon	Total
Revenues & Expenses according to the geographical sectors								
Revenues of the Geographical sectors	906,741	53,553	9,572	5,066	974,932	51,040	2,019	1,027,991
Expenses of the Geographical sectors	(651,496)	(87,826)	(19,345)	(16,176)	(774,843)	(36,461)	(1,000)	(812,304)
Result of sector operations	255,245	(34,273)	(9,773)	(11,110)	200,089	14,579	1,019	215,687
Profit before tax								215,687
Income tax expense								(78,985)
Profit of the year after tax								136,702
Assets & liabilities according to the geographical sectors								
Geographical sectors assets	12,611,109	684,444	61,420	37,267	13,394,240	1,922,044	28,576	15,344,860
Total assets	**12,611,109**	**684,444**	**61,420**	**37,267**	**13,394,240**	**1,922,044**	**28,576**	**15,344,860**
Geographical sectors liabilities	12,611,109	684,444	61,420	37,267	13,394,240	1,922,044	28,576	15,344,860
Total liabilities	**12,611,109**	**684,444**	**61,420**	**37,267**	**13,394,240**	**1,922,044**	**28,576**	**15,344,860**

31 December 2020	Cairo	Alex Delta	Upper Egypt	Other	Total	Gulf	*Lebanon	Total
Revenues & Expenses according to the geographical sectors								
Revenues of the Geographical sectors	1,330,121	116,938	20,649	18,018	1,485,726	54,522	1,431	1,541,679
Expenses of the Geographical sectors	(1,220,807)	(107,265)	(18,421)	(16,763)	(1,363,256)	(26,355)	(300)	(1,389,911)
Result of sector operations	109,314	9,673	2,228	1,255	122,470	28,167	1,131	151,768
Profit before tax								151,768
Income tax expense								(71,720)
Profit of the year								80,048
Assets & liabilities according to the geographical sectors								
Geographical sectors assets	10,677,903	592,513	66,303	35,499	11,372,218	2,867,683	26,633	14,266,534
Total assets	**10,677,903**	**592,513**	**66,303**	**35,499**	**11,372,218**	**2,867,683**	**26,633**	**14,266,534**
Geographical sectors liabilities	10,677,903	592,513	66,303	35,499	11,372,218	2,867,683	26,633	14,266,534
Total liabilities	**10,677,903**	**592,513**	**66,303**	**35,499**	**11,372,218**	**2,867,683**	**26,633**	**14,266,534**

6. Net Interest Income

	For the year end 31 December 2021	For the year end 31 December 2020
Interest revenue and similar items		
Loans and advances to Customers	392,492	432,513
Loans and advances to banks	1,102	225
Treasury bills and bonds	387,988	404,110
Deposits and current accounts	63,962	78,972
Investments in Amortized cost and OCI bonds	42,357	19,365
Total Interest and similar income	**887,901**	**935,185**
Interest expenses and similar charges		
Deposits and current accounts:		
To banks	(21,464)	(33,178)
To customers	(514,153)	(535,170)
Sales of treasury bills with comitment to repurchase	(900)	(1,151)
Other loans	(15,483)	(15,077)
Total Interest and similar expenses	**(552,000)**	**(584,576)**
Net interest income	**335,901**	**350,609**

7. Net fees and commission income

	For the year end 31 December 2021	For the year end 31 December 2020
Fees and Commissions income		
Credit related fees and commissions	42,640	32,460
Book keeping fees	3,196	3,530
Other fees	30,802	25,308
Total fees & Commission income	**76,638**	**61,298**
Fees and Commissions expense :		
Book keeping fees paid	(1,432)	(1,062)
Other fees and commissions paid	(12,414)	(9,027)
Total fees & Commission Expenses	**(13,846)**	**(10,089)**
Net fees and Commissions	**62,792**	**51,209**

8. Dividend Income

	For the year end 31 December 2021	For the year end 31 December 2020
Equity instruments at fair value through other comprehensive income	1,618	993
Subsidiaries and associates companies	452	417
Total dividend income	**2,070**	**1,410**

9. Net trading income

	For the year end 31 December 2021	For the year end 31 December 2020
Foreign exchange:		
Gains from foreign currencies transactions	25,388	22,743
Trading debt instruments	(74)	(56)
Debt instrument held for trading	236	106
change in fair value for equity instruments held for trading	2,165	529
Net trading income	**27,715**	**23,322**

10. Expected credit losses expense

	For the year end 31 December 2021	For the year end 31 December 2020
Loans and advances to Customers and banks	(56,568)	(79,503)
Retail loans	(6,850)	(9,192)
Due from central banks limited to the reserve	158	(118)
Due from banks	893	(13,304)
Debt instruments at amortized cost	2,064	(12,206)
Other assets	449	(4,373)
Total	**(59,854)**	**(118,696)**

11. Administrative expenses

	For the year end 31 December 2021	For the year end 31 December 2020
Salaries, Wages & Staff Benefits	(61,726)	(54,758)
Staff medical expenses	(1,892)	(1,672)
Social insurance & pension	(16,410)	(16,412)
Merchandise supplies	(9,823)	(8,496)
Services supplies	(20,393)	(16,002)
Stamp duty taxes & Fees	(17,809)	(17,475)
Depreciation &Amortization	(11,321)	(8,807)
Donation	(1,410)	(5,233)
Comprehensive medical insurance	(2,326)	(2,390)
Total	**(143,110)**	**(131,245)**

12. Other Operating Expense

	For the year end 31 December 2021	For the year end 31 December 2020
Loss / (Gain) on revaluation of monetary assets & liabilities balances in foreign currencies other than trading	(874)	(1,186)
Gain from sale fixed assets	152	414
Other operating income	27,372	6,464
Other operating expenses	(30,904)	(30,172)
Other provision expense	(8,748)	(2,556)
Total	**(13,002)**	**(27,036)**

13. Income Tax Expense

	For the year end 31 December 2021	For the year end 31 December 2020
Current income taxes-Local Branches	(74,776)	(77,028)
Current income taxes-Foreign Branches	(7,154)	(4,674)
Deferred tax	2,945	9,981
Total	**(78,985)**	**(71,721)**

Current income tax on profit before income tax differs from the theoretically expected current income tax when applying the average tax rate applicable to the bank profits realized from local and overseas units as follows

	For the year end 31 December 2021	For the year end 31 December 2020
Profit before taxes	215,687	151,769
The tax rate according to the average tax rates of local and Foreign branches	22.50%	22.50%
Income tax computed based on the average tax rates of local and Foreign branches on the profit in several tax circuits	48,530	34,148
Add/(Deduct)		
Revenues not subject to taxation	(90,408)	(86,645)
Expenses not deducted for tax purposes	69,352	69,896
Treasury Bills Taxes	54,456	64,303
Deferred tax	(2,945)	(9,981)
Income tax	78,985	71,721
Actual tax rate	**36.62%**	**47.26%**

14. Earnings per share

	For the year end 31 December 2021	For the year end 31 December 2020
Net profit for the year	136,702	80,048
Expected / Actual distributions of profits to employees	(11,975)	(7,168)
Board of directors remuneration from net profit expected/actual	(450)	(450)
Banking sector and support fund	(1,330)	(797)
	122,947	71,633
Weighted average for the expected number of shares	100,000	100,000
Earnings per share (Dollar / share)	**1.23**	**0.72**

15. Cash and due from Central banks

	31 December 2021	31 December 2020
Cash in hand	69,978	76,002
Balances with the Central Banks limited to the reserve ratio	1,367,300	1,130,274
Expected credit loss	-	-
	1,437,278	1,206,276
Non-interest bearing balances	1,437,278	1,206,276
Balance	**1,437,278**	**1,206,276**

16. Due from banks

	31 December 2021	31 December 2020
Current accounts	71,441	259,271
Deposits	3,597,230	3,621,207
Expected credit loss	(13,620)	(14,518)
Balance	**3,655,051**	**3,865,960**
Central banks other than those under Legal Reserve	780,117	471,313
Local banks	1,470,336	1,032,728
Foreign banks	1,418,218	2,376,437
Expected credit loss	(13,620)	(14,518)
Balance	**3,655,051**	**3,865,960**
Non-interest bearing balances	71,441	366,608
Variable interest bearing balances	3,597,230	3,513,870
Expected credit loss	(13,620)	(14,518)
Balance	**3,655,051**	**3,865,960**
Current balance	3,668,671	3,880,478
Expected credit loss	(13,620)	(14,518)
Balance	**3,655,051**	**3,865,960**

17. Financial investments

17/1. Treasury bills

	31 December 2021	31 December 2020
Treasury bills issued from central bank of Egypt	1,523,543	1,701,827
Treasury bills issued from central bank of Emirates	54,409	-
Treasury bills issued from central bank of Lebanon	3,198	2,078
Net treasury bills	**1,581,150**	**1,703,905**
Treasury bills represent the following according to maturities:		
Treasury bills, maturity 91 days	34,851	17,458
Treasury bills, maturity 182 days	69,758	18,325
Treasury bills, maturity 273 days	8,520	45,665
Treasury bills, maturity 364 days	1,486,881	1,653,654
Treasury bills, maturity more than 1 year	300	300
Total nominal value	**1,600,310**	**1,735,402**
Less: Accrued interest	(19,160)	(31,497)
Total nominal value after deducting accrued interest	**1,581,150**	**1,703,905**
Expected credit loss	(3,972)	(3,885)
Fair value through comprehensive income reserve	14	115
Net treasury bills	**1,577,192**	**1,700,135**

17/2. Financial investments at fair value through profit and loss (FVTPL)

	31 December 2021	31 December 2020
Equity securities		
listed in stock exchange market	-	6,814
Total (1)	**-**	**6,814**
Mutual funds*		
Non-listed in stock exchange market	19,613	17,543
Total	**19,613**	**17,543**
Total financial investments at fair value through profit and loss	**19,613**	**24,357**

The bank's investments in mutual funds documents represent the legal percentage of no less than the minimum stipulated by the Capital Market Law No. 95 of 1992

17/3. Financial investments at fair value through other comprehensive income (FVTOCI)

	31 December 2021	31 December 2020
Debt securities – at fair value		
Listed at fair value	1,518,120	1,211,663
Total (1)	**1,518,120**	**1,211,663**
Equity securities - at fair value		
Listed securities at fair value	-	24,448
Non-listed securities at Cost value	38,213	50,895
Total (2)	**38,213**	**75,343**
Total financial investments at fair value through other comprehensive income (1+2)	**1,556,333**	**1,287,006**

17/4. Financial investments at amortized cost

	31 December 2021	31 December 2020
Debt instruments:		
Listed in stock exchange market	1,394,243	1,551,970
Expected credit loss	(11,580)	(13,228)
Total financial investments at amortized cost	**1,382,663**	**1,538,742**
Total financial investments	**2,958,609**	**2,850,105**
Current Balances	2,062,640	1,863,540
Non-current balances	2,473,161	2,686,700
	4,535,801	4,550,240
Debt instruments with fixed interest rates	4,056,072	4,195,743
Debt instruments with variable interest rates	421,903	268,025
	4,477,975	**4,463,768**

The movement in financial investments during the year may be summarized as follows

	Fair value through other comprehensive income	Amortized cost	Total
Balance at 1 January 2020	308,910	779,391	1,088,301
Additions	1,215,934	762,862	1,978,796
Disposals (sale / redemption)	(298,709)	(17,211)	(315,920)
Translation differernces resulting from monetary foregin currency assets	20,201	22,338	42,539
Net changes in financial investments fair value through other comprehensive income	40,670	-	40,670
Treasury Bills	135,645	1,564,490	1,700,135
Expected credit loss	-	(8,638)	(8,638)
Balance at 31 December 2020	**1,422,651**	**3,103,232**	**4,525,883**
Balance at 1 January 2021	**1,422,651**	**3,103,232**	**4,525,883**
Additions	1,271,100	2,583	1,273,683
Disposals (sale / redemption)	(980,641)	(162,054)	(1,142,695)
Translation differernces resulting from monetary foregin currency assets	1,942	1,937	3,879
Net changes in financial investments fair value through other comprehensive income	(23,074)	-	(23,074)
Treasury Bills	(28,562)	(94,381)	(122,943)
Expected credit loss	-	1,455	1,455
Balance at 31 December 2021	**1,663,416**	**2,852,772**	**4,516,188**

Gain /loss from financial investments represented in:

	31 December 2021	31 December 2020
Gain on sale investment bonds	2,012	551
Gain on sale Treasury bills	1,163	3,047
Refund of impairment on associate companies investments	-	(1,402)
Total	**3,175**	**2,196**

18. Investment properties

	Land	Buildings	Total
Balance at 1 January 2020			
Cost	958	2,177	3,135
Accumulated Depreciation	-	(985)	(985)
Net book value as of 1 January 2021	958	1,192	2,150
Depreciation expense	-	(40)	(40)
Net book value as of 31 December 2021	**958**	**1,152**	**2,110**
Net book value as of 31 December 2020	**958**	**1,192**	**2,150**

19. Loans & Advances to banks

	31 December 2021	31 December 2020
Loans	993	993
other loans	229,281	58,925
Less:		
Unearned discount for commercial papers and loans	(446)	(146)
Expected credit loss	(3,651)	(1,845)
Balance	**226,177**	**57,927**

20. Loans & Advances to customers

	31 December 2021	31 December 2020
Retail		
Overdrafts	161,512	203,752
Credit cards	17,594	15,837
Personal Loans	347,331	274,914
Mortgage Loan	66,737	61,072
Other Loans	285,620	213,752
Total (1)	**878,794**	**769,327**
Corporate		
Overdrafts	1,571,228	1,274,744
Direct Loans	1,121,833	1,019,233
Syndicated loans	1,802,843	1,433,266
Other Loans	96,957	61,480
Total (2)	**4,592,861**	**3,788,723**
Total Loans and advances (1+2)	**5,471,655**	**4,558,050**
less:		
unearned discount for commercial papers and loans	(37,850)	(32,464)
prepaid interest for loans	(1)	(7)
Expected credit loss	(417,700)	(376,530)
suspense interest	(2,038)	(3,837)
Net distributed as follows:	**5,014,066**	**4,145,212**
Current Balances	2,144,666	1,972,591
Non-Current Balances	2,869,400	2,172,621
Net Balance	**5,014,066**	**4,145,212**

Expected credit losses
Movement of expected credit losses on loans and advances to banks and customers by class is as follows:

	31 December 2021			31 December 2020		
	Retail	Corporate	Total	Retail	Corporate	Total
Balance at the beginning of the Year	18,128	360,247	378,375	8,701	293,987	302,688
Proceeds from written off debts	6,850	56,568	63,418	9,192	79,503	88,695
Provision uses during financial Year	163	5,423	5,586	104	883	987
Utilized during the period	(667)	(25,532)	(26,199)	(17)	(17,070)	(17,087)
Foreign currencies revaluation differences	39	132	171	148	2,944	3,092
Balance at the end of Year	**24,513**	**396,838**	**421,351**	**18,128**	**360,247**	**378,375**

Financial Derivatives

21. Derivatives

Currency forwards represent commitments to purchase foreign and domestic currency, including undelivered spot transactions. Foreign currency and interest rate futures are contractual obligations to receive or pay a net amount based on changes in currency rates or interest rates, or to buy or sell foreign currency or a financial instrument on a future date at a specified price, established in an 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.

Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e., cross-currency interest rate swaps). No exchange of principal takes place, except for certain currency swaps.

The bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to fulfill their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, and a proportion of the notional amount of the contracts. In order to control the level of credit risk taken, the bank assesses counterparties using the same techniques as for its lending activities.

The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore; do not indicate the bank 's exposure to credit or price risks.

The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favorable or unfavorable, and thus the aggregate fair values of derivative financial assets and liabilities, can fluctuate significantly from time to time.

31 December 2021	Assets	Liabilities
Derivatives held for trading	10	8
Currency forwards	-	-
Total derivatives	**10**	**8**
31 December 2020	**Assets**	**Liabilities**
Derivatives held for trading		
Currency forwards	-	-
Total derivatives	**-**	**-**

22. Investment in subsidiaries and associates

The bank's interest in its subsidiary and associates is as follows:

31 December 2021	Nature of relation	Country	Company assets	Company liabilities (without owners' equity)	Company revenues	Company profit/ loss	Participation value	Participation percentage
			USD '000	USD '000	USD '000	USD '000	USD '000	%
Universal for investment and development company(S.A.E)	Subsidiary	Egypt	819	147	953	91	224	90
Arab African Holding company (S.A.E)	Subsidiary	Egypt	14,220	4,546	3,187	336	9,498	89.63
Arab African Real estate mortgage company (S.A.E)	Subsidiary	Egypt	55,919	34,684	5,300	1,772	17,787	95.46
Arab African financial leasing	Subsidiary	Egypt	45,506	27,899	5,791	1,617	14,086	99
Sandah Micro-Finance company	Subsidiary	Egypt	18,924	15,972	4,189	(711)	4,186	67
Nuun Fund Services	Associates	Egypt	92	14	28	(8)	-	20
Total			**135,480**	**83,262**	**19,448**	**3,097**	**45,781**	

- Created for Sanda microfinance impairment with total USD 1,403 thousands
- Bank's share in Sandah co. was increased by EGP 20.1MM (equivalent to USD 1.282 Thousand USD) out of EGP 30MM, which represents bank's shareholding in Sandah co. of 67%
- Created for the bank's contribution to Nuun Fund Services an impairment amounted to 33 thousand USD
- Created for the bank's contribution to Universal for Investment and Development Company (S.A.E) impairment amounted to 280 thousand USD.
- Investments in subsidiaries and associates are not-listed in the stock exchange.

31 December 2020	Nature of relation	Country	Company assets	Company liabilities (without owners' equity)	Company revenues	Company profit/ Loss	Participation value	Participation percentage
		USD '000		USD '000	USD '000	USD '000	USD '000	%
Universal for investment and development company(S.A.E)	Subsidiary	Egypt	717	50	1,313	131	224	90
Arab African Holding company (S.A.E)	Subsidiary	Egypt	12,348	2,805	3,304	22	9,498	89.63
Arab African Real estate mortgage company (S.A.E)	Subsidiary	Egypt	46,026	26,074	6,858	2,784	17,787	95.46
Arab African financial leasing	Subsidiary	Egypt	36,100	19,745	6,357	2,310	14,086	99
Sandah Micro-Finance company	Associates	Egypt	18,408	16,261	6,532	(1,332)	2,904	67
Nuun Fund Services			92	14	28	(8)	-	20
Total			**113,691**	**64,949**	**24,392**	**3,907**	**44,499**	**-**

23. Other assets

	31 December 2021	31 December 2020
Accrued revenues	145,040	147,145
Prepaid expenses	6,791	11,532
Advance payments for purchase of fixed assets	46,869	19,112
Assets reverted to the bank in settlement of debts	35,034	35,000
Deposits with others and staff advances	23,671	5,625
Miscellaneous Debit Balances	23,622	38,134
allowance for impairment loss	(1,041)	(5,975)
Balance	**279,986**	**250,573**

24. Deferred tax assets

Deferred tax assets resulting from tax differences of the assets and liabilities items comprise the following:

	31 December 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Fixed assets	-	(3,077)	-	(2,706)
Other provisions	18,045	-	16,060	-
Employee benefits obligations	1,286	-	1,515	-
Change in investments at fair value through other comprehensive income	2,494	(10,210)	2,494	(11,421)
Total tax assets (liabilities)	21,825	(13,287)	20,069	(14,127)
Net deferred tax assets	**8,538**	**-**	**5,942**	**-**

	31 December 2021	31 December 2020
Balance at the beginning of the year	5,942	3,122
Deferred tax movement during the year	2,596	2,820
Balance	**8,538**	**5,942**

25. Fixed assets

	Land & Building	Machinery & Equipment	Other	Total
Balance as of 1 January 2020				
Cost	82,532	17,650	39,256	145,823
Accumulated Depreciation	(40,655)	(6,994)	(16,870)	(70,904)
Net book value as of 1 January 2020	41,877	10,656	22,386	74,919
Additions	46,063	4,164	2,411	52,638
Depreciation expense	(721)	(2,889)	(4,999)	(8,609)
Net book value as of 31 December 2020	**87,219**	**11,931**	**19,798**	**118,948**
Balance as of 1 January 2021				
Cost	128,595	21,814	41,667	192,076
Accumulated Depreciation	(41,376)	(9,883)	(21,869)	(73,128)
Net book value as of 1 January 2021	**87,219**	**11,931**	**19,798**	**118,948**
Additions	3,590	1,091	5,370	10,051
Disposal	(315)	(3)	(530)	(848)
Depreciation expense	(997)	(2,982)	(4,858)	(8,837)
Net book value as of 31 December 2021	**89,497**	**10,037**	**19,780**	**119,314**
Balance as of end of year				
Cost	131,870	22,902	46,507	201,279
Accumulated Depreciation	(42,373)	(12,865)	(26,727)	(81,965)
Net book value as of 31 December 2021	**89,497**	**10,037**	**19,780**	**119,314**

26. Intangible assets

	31 December 2021	31 December 2020
Cost	23,015	18,965
Accumlated depreciation	(2,259)	(158)
Net book value	**20,756**	**18,807**

27. Due to banks

	31 December 2021	31 December 2020
Current accounts	246,289	687,064
Deposits	1,396,388	720,919
Balance	**1,642,677**	**1,407,983**
Central Banks	35,275	41,704
Local banks	1,252,741	526,240
Foreign banks	354,661	840,039
Balance	**1,642,677**	**1,407,983**
Non-interest bearing balances	246,289	687,064
Interest bearing balances	1,396,388	720,919
Balance	**1,642,677**	**1,407,983**

28. Customers' deposits

	31 December 2021	31 December 2020
Demand deposits	1,536,128	1,893,414
Time and call deposits	5,802,096	5,373,031
Certificates of deposits	1,399,591	1,047,245
Saving accounts	1,306,970	1,344,352
Other deposits	121,177	117,539
Balance	**10,165,962**	**9,775,581**
Corporate Deposits	6,588,926	6,284,126
Retail Deposits	3,577,036	3,491,455
Balance	**10,165,962**	**9,775,581**
Non-interest bearing balances	866,828	1,967,726
Interest bearing balances	2,040,270	1,735,586
Fixed rate interest balances	7,258,864	6,072,269
Balance	**10,165,962**	**9,775,581**
Current Balances	5,294,835	8,126,511
Non-current balances	4,871,127	1,649,070
Balance	**10,165,962**	**9,775,581**

29. Other liabilities

	31 December 2021	31 December 2020
Accrued interest	177,976	165,823
Deferred revenue	1,596	851
Accrued expenses	15,524	18,413
Creditors	38,479	45,485
Miscellaneous credit balances	37,961	51,185
Balance	**271,536**	**281,757**

30. Loans and Facilities from banks

	Interest Rate	31 December 2021	31 December 2020
Loan for a Year of 1 years from AFREXIM bank	2.1%	400,000	-
Loan for a Year of 1.5 years from AFREXIM bank	1.66%	400,000	400,000
Loan for a Year of 1.5 years from AFREXIM bank	1.85%	200,000	200,000
Loan for a Year of 5 years from EBRD	3.13% over Libor for 6 months	12,857	21,429
Loan for a Year of 5 years from IFC renewable	3.15% over Libor for 6 months	-	37,500
Loan for a Year of 3 years from EBRD	3.1% over Libor for 6 months	15,000	15,000
Loan for a Year of 3 years from French Foundation	3.1% over Libor for 6 months	15,000	15,000
Total		**1,042,857**	**688,929**
Current balances		563,000	563,000
Non Current Balance		479,857	125,929
Balance		**1,042,857**	**688,929**

31. Other Provisions

31 December 2021	Balance at the beginning of the year	Formed/ Released during the year	Foreign exchange currency difference	Used during the year	Balance at the end of the year
Claims provision	2,182	(21)	5	(1,051)	1,115
Contingent liabilities provision	12,874	8,769	(16)	-	21,627
Balance	**15,056**	**8,748**	**(11)**	**(1,051)**	**22,742**
31 December 2020	**Balance at the beginning of the year**	**Formed/ Released during the year**	**Foreign exchange currency difference**	**Used during the year**	**Balance at the end of the year**
Claims provision	1,718	586	34	(156)	2,182
Contingent liabilities provision	10,821	1,970	83	-	12,874
Balance	**12,539**	**2,556**	**117**	**(156)**	**15,056**

32. Current income tax liabilities

	31 December 2021	31 December 2020
Current tax obligation for Treasury bills and bonds	14,450	18,595
Current tax obligation local branches	26	-
Current tax obligation foreign branches	5,329	4,470
	19,805	**23,065**

33. Employment benefit obligation

The Department of Social Fund for employees in the Arab African International Bank conducted an actuarial study to determine the net present value of funds obligations. Thus, determine the surplus or deficit in the fund as at 31 December 2021 under which the bank will compensate any shortfall that may arise from the investment fund.

The most important was the basic assumptions used by the actuary are as follows:

- Death rates from the British Table A49-52 ULT
- Disability rates from the experience of the Egyptian Social Security.
- Unity method is used in the calculation of the estimated additional commitments and the present value of subscriptions (Unit Projected method).

Employee benefits obligations	31 December 2021	31 December 2020
Balance at the beginning of the year	6,689	8,699
Formed during the year	6,917	10,662
Used during the year	(7,892)	(12,672)
Balance at the end of the year	**5,714**	**6,689**

Amounts recognized in the Balance Sheet	31 December 2021	31 December 2020
The present value of funded obligations	27,822	24,986
The fair value of the assets system	15,164	12,253
Deficit / Surplus of funded system	12,658	12,733
Unrealized actuarial losses	(9,756)	(13,617)
The liabilities in the Financial Position statement	**2,902**	**(884)**

Amounts recognized in the Balance Sheet	31 December 2021	31 December 2020
Liabilities	2,902	1,455
Assets	-	-
The liabilities in the Financial Position statement	**2,902**	**1,455**

The following table shows the movement on statement of income :

	31 December 2021	31 December 2020
	EGP '000	EGP '000
The present value of funded obligations	906,785	943,671
The fair value of the assets system	826,381	769,021
Deficit of funded system	80,404	174,650
Unrealized actuarial losses	(91,173)	(16,036)
The liabilities in the Financial Position statement	**(10,769)**	**158,614**

Amounts recognized in the Balance Sheet	31 December 2021	31 December 2020
	EGP '000	EGP '000
Liabilities	(10,769)	158,614
Assets	-	-
The liabilities in the Financial Position statement	**(10,769)**	**158,614**

The bank is liable to pay the difference amounting to USD 70 thousand related to monthly pension for employees who receive their pension in USD

	EGP %	USD %
Average assumptions for the determination of benefits obligations		
Discount rate%	14.70	2.25
Rate of increase in compensation%	5	2
Rate of price inflation%	5.9	7.04
Rate of increase in pension%	5.0	2
Average assumptions to determine the net cost		
Discount rate%	15.00	2.25
Expected long-term rate of return on the assets during the financial year	9.85	3.47
Rate of increase in compensation%	5	2
Rate of price inflation%	5.4	2
Rate of increase in pension%	5.5	2

The pension and remuneration system for employees who receive their salaries in Egyptian pounds.

34. Sales of Treasury Bills with a commitment to repurchase

	31 December 2021	31 December 2020
Sales of Treasury Bills with a commitment to repurchase maturity 182 days	31,566	32,275
	31,566	**32,275**

35. Capital

A. Authorized capital
The authorized capital for the bank is 1 Billion USD.

B. Issued and Paid-in capital
The issued, subscribed and paid-in capital amounts to 500 million USD represented in 100 million shares of 5 USD par value.

On December 17, 2017, the Extraordinary General Meeting of Arab African International Bank shareholders approved the increase of the bank's authorized capital from 500 million USD to 1 billion USD and amended the provisions of Article (6) of the Bank's Articles of Association. Also, the increase of the issued and paid in capital from 100 million USD to 500 million USD from the retained earning represented in 100 million shares of 5 USD par value.

C. Shareholders

	Ownership Interest
Central Bank of Egypt	49.37%
Kuwait General Investment Authority	49.37%
Others	1.26%
	100%

36. Reserves and Retained earning

	31 December 2021	31 December 2020
Legal reserve	179,018	171,052
General reserve	10,000	10,000
Special reserve	2,448	2,448
General banking risks reserve	3,752	251
Capital reserve	3,105	2,953
Currencies translation reserve	(20)	(20)
Fair value reserve	13,198	35,064
Special reserve - Credit *	61,974	25,782
General risk reserve	23,481	23,481
Total reserves at the end of the year	**296,956**	**271,011**

*Special reserve credit – was formulated by the difference between the current expected credit losses for a period of 5 Year and the calculated on a Year of 7 Year and amounting to 61,974 Million USD by end of Dec 2021.

Movements in reserves were as follows:

A. Legal reserve	31 December 2021	31 December 2020
Balance at the beginning of the Year	171,052	151,973
Transferred from retained earning	7,966	19,079
Balance at the end of the year	**179,018**	**171,052**

As per the bank's charter of association, 10% of the profits of the current period are appropriated to the legal reserve, and that appropriation only stops when the maintained legal reserve equals to 100% of the issued and paid in capital noting that this reserve is not distributable.

B. General reserve	31 December 2021	31 December 2020
Balance at the beginning of the Year	10,000	10,000
Balance at the end of the year	**10,000**	**10,000**

	31 December 2021	31 December 2020
Balance at the beginning of the Year	2,448	2,448
Balance at the end of the year	**2,448**	**2,448**

As per the Central Bank of Egypt guidelines, the bank has no authority to use that reserve unless being approved by the Central Bank of Egypt

D. Banking risk reserve	31 December 2021	31 December 2020
Balance at the beginning of the Year	251	240
Transferred from retained earning	3,501	6
Foreign Exchange differences	-	5
Balance at the end of the year	**3,752**	**251**

In compliance with the Central Bank of Egypt guidelines, the balance of the banking risk reserve represents 10% of the assets that their ownership have transferred to the bank against settling debts unless these assets won't be disposed in a certain time interval.

E. Capital reserve	31 Decemeber 2021	31 December 2020
Balance at the beginning of the Year	2,953	2,560
Transferred from retained earning	152	393
Balance at the end of the year	**3,105**	**2,953**

F. Currencies translation reserve	31 Decemeber 2021	31 December 2020
Balance at the beginning of the Year	(20)	(9)
Foreign exchange difference	-	(11)
Balance at the end of the year	**(20)**	**(20)**

In accordance with the Central Bank of Egypt guidelines, the results of the business and budget of the foreign branches are translated into the presentation currency, which is different from the presentation currency of the Bank. Exchange differences arising from a separate item (foreign currency translation differences) are recognized in equity as currencies translation reserve

G. Fair value reserve	31 Decemeber 2021	31 December 2020
Balance at the beginning of the Year	35,064	(5,966)
Net change in fair value reserve for financial investments in equity instruments at fair value through other comprehensive income	(12,315)	2,716
Expected credit loss for fair value of debt instruments measured at fair value through other comprehensive income	1,059	3,313
Net change in fair value reserve of debt instruments	(11,818)	46,355
Net change in fair value through other comprehensive income reclassified investments	-	(361)
Deferred income tax during the year	1,208	(10,993)
Balance at the end of the year	**13,198**	**35,064**

H. General risk reserve	31 Decemeber 2021	31 December 2020
Balance at the beginning of the Year	23,481	23,481
Balance at the end of the year	**23,481**	**23,481**

I .Special reserve - credit	31 Decemeber 2021	31 December 2020
Balance at the beginning of the Year	25,782	-
Transferred to general risk reserve	36,192	25,782
Balance at the end of the year	**61,974**	**25,782**

Retained earnings	31 Decemeber 2021	31 December 2020
Balance at the beginning of the Year	1,264,188	1,244,836
Distributions of cash dividends of the Year profit 2019/2020	(7,618)	(17,708)
Transferred to credit balances	(797)	-
Transferred to legal reserve	(7,966)	(19,079)
Transferred to Capital reserve	(152)	(393)
Transferred to banking risk reserve	(3,501)	(6)
Transferred to special reserve- credit	(36,192)	(25,782)
Gain on sale of FVOCI investments	381	2,272
Profit of the year	136,702	80,048
Balance at the end of the year	**1,345,045**	**1,264,188**

37. Contingent liabilities and commitments

	31 Decemeber 2021	31 December 2020
Letters of guarantee	1,134,938	986,277
Commercial letters of credit (import and export)	196,600	56,784
Letters of acceptances	54,357	9,912
Total	**1,385,895**	**1,052,973**

38. Tax status

First: Corporate tax according to law no. 91 for the year 2005

1. Years until 2016
The tax examination has been done for these periods , Bank has received final clearance for these periods without any remaining liabilities.

2. Years 2017
Tax examination is finished for this Period and tax payments have been agreed upon with the internal committee for the requested items, and payment for the total tax liability due, without any tax disputes, Tax settlements are being finalized in preparation for obtaining a final clearance from the Tax Authority

3. Year 2018/2019
The tax returns for these years have been submitted, and the documents, evidence and tax analysis necessary to conduct the tax examination for major taxpayers are being prepared and processed.

4. Year 2021:
Tax return study prepared for year ended 2021, and there's no tax due to date for final tax clearance by end of year.

Second: Salary tax

1. Years until 2019
The tax examination has been done for these periods , The bank paid the tax differentials and there is no dispute between the bank and the tax authority. Bank has received final clearance for these periods

2. Year 2020
Monthly taxes has been paid in due time, tax returns for monthly and quarterly are presented on there legal dates with tax differences paid on the mentioned period, and currently documents, data and related tax analysis are being prepared for the tax inspection.

3. Year 2021
Monthly taxes are being paid in due time as per bank's calculation, and the bank's delivering monthly and quarterly tax reports in due time, As well as annual tax adjustments with the payment of all tax differences due.

Third: Stamp Duty Tax

1. Years until 2020
The tax examination for these periods has been completed in accordance with law no.9 year 2013, internal committees took place for the related periods, and all due taxes has been paid, and all differences between tax authority has been settled, and final clearance for the period has been obtained.

2. Year 2021
The tax obligations were paid at the end of each quarter on the legal dates and hedging the tax obligations in dispute with the Tax Authority within the other credit balances and until the tax examination.

39. Related party transactions

A. Related parties include the major shareholders, subsidiaries and associates. During the Period the bank has dealt with related parties within its ordinary operations. The nature of these transactions and balances on the financial position date are as follows:

Related parties	31 Decemeber 2021	31 December 2020
Due from banks -Central Bank of Egypt (shareholder)	780,117	471,313
Obligatory reserve - Central Bank of Egypt (shareholder)	1,367,300	1,130,432
Investments in subsidiaries and associates	45,781	44,499
Loans to customers (subsidiaries and associates)	28,617	23,127
Customers' deposits (subsidiaries and associates)	13,569	3,218
Due to banks -Central Bank of Egypt (shareholder)	**35,275**	**41,704**

B. Board of directors and top management benefits*

The value of the remuneration of the biggest twenty owners of bonuses and salaries in the bank together, including senior management and staff branches of the bank inside and outside Egypt (on the basis of monthly average for the Period), according to the stated rules to strengthen corporate governance and internal control of banks and issued by the Central Bank of Egypt on 23/8/2011 amount to U.S.dollars 514 thousand on 30 September 2021 (636 thousand U.S.dollars in 31 December 2020).

	31 December 2021	31 December 2020
Salaries and benefits	4,276	2,960
Incentives granted within the framework of employee benefits in accordance with the regulations	612	1,091
	4,888	**4,051**

40. Arab African International Bank Mutual Fund "shield"

The bank owns "shield" mutual fund which was established in accordance with the capital law No. 95 of 1992 and its executive regulations. The bank shares are currently amounting 322,839 certificates equivalent to 63.66 M EGP and the value per certificates at the Balance Sheet date was 197.2 EGP.

41. Arab African International Bank Mutual Fund "Juman"

The bank owns "Juman" mutual fund which was established in accordance with the capital law No. 95 of 1992 and its executive regulations. The bank shares are currently amounting 439,259 certificates equivalent to 155.22 M EGP and the value per certificates at the balance sheet date was 353.37 EGP.

42. Arab African International Bank Mutual Fund Fixed debt instrument"Gozor"

The bank owns "Fixed debt instrument mutual fund which was established in accordance with the capital law No. 95 of 1992 and its executive regulations. The bank shares are currently amounting 2,807,009 certificates equivalent to 80.85 M EGP and the certificates value per certificates at the balance sheet date was 28.80 EGP.

43. Arab African International Bank Mutual Fund Fixed debt instrument"Guard"

The bank owns "Fixed debt instrument mutual fund which was established in accordance with the capital law No. 95 of 1992 and its executive regulations. The bank shares are currently amounting 500 thousand certificates equivalent to 8.5 EGP and the certificates value per certificates at the balance sheet date was 17.05 EGP.

44. Cash and cash equivalents

	31 December 2021	31 December 2020
Cash and balances with central banks	1,437,278	1,206,276
Due from banks	3,655,051	3,865,960
Treasury bills	1,577,192	1,700,135
Due from the central banks “obligatory reserve ratio”	(1,367,300)	(1,130,432)
Deposits at banks	(301,000)	(222,723)
Treasury bills (maturity more than 3 months)	(823,025)	(954,311)
Cash and cash equivalents	**4,178,196**	**4,464,905**

For the purposes of the cash flow statement presentation, cash and cash equivalents comprise the following balances with a maximum maturity of three months from the date of acquisition.

45. Important events

Due to the current uncertainty resulting from the Corona Virus (Covid-19) pandemic, locally and globally, and the resulting tangible interruption in many business sectors in the economic environment, as well as in banking operations and activities, the bank management has set and activated a continuity plan business and procedures for managing potential risks related to business interruption as a result of that pandemic and its effects on banking operations and the bank’s financial performance.

The bank management also monitors the credit losses (ECL) of its portfolio of financial instruments carefully to evaluate the impact of this pandemic on the qualitative and quantitative factors to determine any additional significant increase expected in the credit risk (SICR) and particularly related to the economic sectors most affected by the pandemic according to the best estimates in light of information Available on previous events and current conditions and based on assumptions related to expected economic performance

Accordingly, the bank has studied the expected potential effects of the current economic fluctuations in determining the disclosed amounts of the financial and non-financial assets of the bank and it represents the best evaluation of management based on the information that can be observed, however, the markets remain volatile and the amounts remain The disclosure is sensitive to market fluctuations, with the possibility of creating additional provisions as a precautionary step

46.Translation

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

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