



بنك فيصل الإسلامي المصري
FAISAL ISLAMIC BANK OF EGYPT

Islamic Banking Pioneer



Honest dealings - Purity of profits - Safety of funds



بَنكُ فَيْصَلِ الْإِسْلَامِيِّ الْمِصْرِيِّ
FAISAL ISLAMIC BANK OF EGYPT

Annual Report 2021



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The Late His Royal Highness Prince
Mohammed Al -Faisal bin Abdul-Aziz Aal-Saoud,
The founder of Faisal Islamic Bank of Egypt,
Former Chairman of The Board of Directors
And The pioneer of Islamic banking in the world



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His Royal Highness Prince
Amr Mohammed Al-Faisal Aal-Saoud
Chairman of the Board
Faisal Islamic Bank of Egypt



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Governor

Mr. Abdel Hamid Mohammed Aboumoussa

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Board of Directors*

**His Royal Highness Prince
Amr Mohammed Al-Faisal Aal-Saoud
Chairman**

**Sheikh. Ibrahim Bin Khalifa Aal-Khalifa
(Representative of Faisal Islamic Bank, Jersey)**

**Dr. Amani Khaled Mohammed Mubarak Bouresli
(Representative of Ithmaar Bank- Bahrain)**

**Dr. Galal Mostafa Mohammed Saeed
(Representative of Faisal for Financial Investments Co.)**

**Dr. Hussein Mohammed Ahmed Isaa
(Representative of Egyptian company for Investments)**

**Mr. Abdel Hamid Mohammed Aboumoussa
(The Bank's Governor)**

**Eng. Alaa Abdulaziz Mabrouk Abdel Mouti
(Representative of Al AWQAF Egyptian Authority)**

Mr. Mohammed Bin Abdullah Bin Abdelkarim Elkhareiji

**Mr. Mohammed Hani Bin Al Sayed Bin Ibrahim Al Ayouti
(Representative of Dar Al Maal Al Islami for Limited Administrative Services)**

**Dr. Nahed Mohammed Hassan Taher
(Representative of Saudi Gulf Business Co. for Trade)
Dar Al-Maal Al-Islami Trust (DMI)**

Governor

Mr. Abdel Hamid Mohammed Aboumoussa

* Board members are arranged in Arabic alphabetical order.



Board of Directors' Committees

(1) Senior Management Committee

- His Royal Highness Prince/ Amr Mohammed Al-Faisal Aal -Saoud	Chairman
- Mr. Abdel Hamid Mohammed Aboumoussa (The Bank's Governor)	Member
- Eng. Alaa Abdulaziz Mabrouk Abdel Mouti	Member
- Dr. Galal Mostafa Mohammed Saeed	Member
- Dr. Nahed Mohammed Hassan Taher	Member
- Mr. Raafat Mokbel Hussein (CEO's Assistant)	Member

(2) Audit Committee

- Sheikh. Ibrahim Bin Khalifa Aal-Khalifa	Chairman
- Dr. Hussein Mohammed Ahmed Isaa	Member
- Mr. Mohamed Hani Bin Al Sayed Bin Ibrahim Al Ayouti	Member

(3) Risk Policies Committee

- Dr. Amani Khaled Bouresli	Chairman
- Mr. Abdel Hamid Aboumoussa (The Bank's Governor)	Member
- Mr. Mohammed Bin Abdullah Abdelkarim Elkhhereiji	Member

(4) Governance and Nominations Committee

- Sheikh. Ibrahim Bin Khalifa Aal-Khalifa	Chairman
- Dr. Hussein Mohammed Ahmed Isaa	Member
- Mr. Mohamed Hani Bin Al Sayed Bin Ibrahim Al Ayouti	Member

(5) Salaries and Remunerations Committee

- His Royal Highness Prince/ Amr Mohammed Al-Faisal Aal-Saoud	Chairman
- Eng. Alaa Abdulaziz Mabrouk Abdel Mouti	Member
- Mr. Mohammed Bin Abdullah Abdelkarim Elkhhereiji	Member



Religious Supervisory Board

Dr. Nasr Farid Mohammed Wassel	Chairman
Dr. Ali Gomaa Mohammed Abdulwahab	Deputy Chairman
Dr. Hamdi Sobh Taha Dawood	Member
Dr. Abdelhady Mohammed Abdelhady Zarea	Member

Auditors

Mr. Mohammed Mortada Abdelhamid
(A partner in BDO Khaled & Co)

Mr/ Salah El-Din Mosaad Mohamed Almessry
(A partner in KPMG- Hazem Hassan)



Statement of the Chairman

Dear Shareholders of Faisal Islamic Bank of Egypt

Peace, mercy and blessings of Allah be upon you

On behalf of the Board members and on my own behalf, I would like to welcome you all in our annual meeting and it's my pleasure to present you with the Bank's annual report for FY 2021, which has witnessed ongoing coronavirus pandemic for the second successive year owing to the spread of the virus's new variants, bringing about significant effects on the economic and social levels alike. Despite the pandemic, your Bank achieved impressive results during the year under review, exceeding the expectations and set targets by virtue of the Bank's flexible strategy aimed at adapting easily and quickly to ever-changing market and business environment so as to achieve its targets in different business sectors. Moreover, the Bank was able to transform these negative implications into opportunities, enabling it to enter the digital world and keep up with financial inclusion by offering a wide variety of online products and services that meet the customers' needs and expectations under the current conditions and to maintain the Bank's position and its leading role in the Egyptian banking sector at the same time.

Global economy has shown the first signs of recovery, but remained uneven across different countries and business sectors amidst growing uncertainty caused by the detection of the coronavirus's new variants, the last of which was the new Omicron COVID-19 variant. According to the IMF's World Economic Outlook, the global economy is projected to grow 5.9% in 2021 and 4.9 % in 2022 compared to a 3.3% contraction in 2020. However, the economic recovery depends highly on COVID-19 vaccine effectiveness, vaccination rollout, and the ability of some countries to contain the pandemic outbreak and overcome the crises caused by the pandemic such as supply chain disruptions that have led to global inflationary pressures. Locally, Egypt's economy was able to contain the pandemic outbreak as a result of the government's swift response and a series of exceptional measures which have helped maintain positive growth rates of 3.6% in FY 2019/2020 and 3.3% in FY 2020/2021, surpassing the projections made by several international institutions, as Egypt topped the economies that achieved positive growth rates amid the pandemic.

Despite the circumstances and challenges posed by the pandemic, the Bank realized impressive results and unique achievements, as it occupied the first position in The Banker's Top 100 African Banks ranking for 2021 in terms of overall performance according to The Banker Magazine, owned by The Financial Times Ltd. and edited in London, United Kingdom. The Bank also gained a pre-eminent position among the Top 50 Banks List in The Middle East during 2021 according to the ranking of the Forbes Middle East. This distinguished record of achievements reflects the Bank's Management's ambitious plans aimed at maintaining its leadership to be a key player in banking sector at the local and international levels. The Bank's strategy-implementation policies and sincere efforts devoted by the Bank's management have contributed to maintain the high level of performance and sustainable growth in the Bank's volume of business and to achieve quantitative and qualitative goals included in the Bank's strategy, the most important of which is that net profit of the year amounted to EGP 2.683 billion. Regarding other financial indicators, total volume of business - represented in total assets, contingent liabilities and commitments - reached EGP 132.6 billion, recording an annual increase of EGP 15.5 billion at a growth rate of 13.2% at the end of 2021. Total balances of saving pools and certificates (funds under management) amounted to EGP 109.6 billion, with an increase of EGP 12.6 billion at a rate of 13%. These balances represent 83.6% of total liabilities and shareholders' equity, which are distributed among more than 1.9 million accounts managed by the Bank for its customers.

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Furthermore, the Bank has expanded its financing activities in national programs and projects and entered into alliances with local and foreign banks to grant syndicated finance to all government projects, covering a wide range of vital industrial sectors such as petroleum, electricity, building materials, contracting, real estate and food. This in addition to providing finance required for small and medium-sized enterprises (SMEs) due to its prominent role in achieving sustainable economic growth. Total finance and investment balances (after deducting the provision) reached EGP 119.1 billion, recording an annual increase of EGP 14.3 billion at a rate of 13.6%. These balances account for 90.9% of total assets. Non-performing balances in investment portfolios are fully covered with adequate provisions and applicable collateral. The risks of these portfolios are at safe levels, as their value at risk are well below the Bank's own fund to address these risks in accordance with the set regulatory standards.

The Bank has fully adhered to the best environmental, social and governance (ESG) sustainability standards and practices in all its business activities due to their major role in bringing stability to the economy, environment and society as a whole. Therefore, our Bank participated actively in all CBE's initiatives aimed at promoting sustainable finance such as the initiative designed to finance micro-, small and medium-sized enterprises (MSMEs) that take into account the social aspect as one of sustainable finance factors. In this regard, our Bank has succeeded in complying with CBE's instructions that require banks to increase financing directed to (SMEs) to 25% of the bank's credit facilities portfolio, as our Bank has exceeded the CBE's ratio to reach 29% at the end of 2021, as well as its participation in mortgage finance initiatives, bringing the total of finance granted to EGP 1.014 billion. In the light of a package of measures aimed at protecting the environment and reducing pollution and carbon emissions, our Bank has provided finance required for renewable energy projects and participated in the initiative related to finance the dual-fuel vehicle conversion plan aimed at replacing gasoline-powered vehicles that have been in use for 20 years or more with modern dual-fuel ones (gasoline-natural gas).

With respect to the Banks Governance Framework, our Bank topped the banks that met all governance standards issued by the Central Bank of Egypt on 26 October 2021 concerning the formation of banks' Board of Directors. These standards prescribed that the chairman and the CEO are to be separate positions, so no one individual can hold both positions simultaneously, as well as each bank's board shall include at least two women. These new amendments aim to enhance corporate governance practices, as the CBE stipulated the necessity of having an appropriate number of qualified board members with diverse skills, abilities, experience and knowledge. The Bank was also keen to fully abide by banking rules and regulations imposed by CBE, especially "Capital Adequacy Ratios, as the risk-based Capital Adequacy Ratio (CAR) amounted to 32.2% against a regulatory minimum of 12.5%. While non-risk based Leverage Ratio (LR) reached 11.3% against a regulatory minimum of 3%. On the other hand, the Bank's management was able to achieve a considerable increase in the Bank's issued and paid-up capital to reach EGP 5.68 billion, to be one of the first banks not only met the minimum of EGP 5 billion required by CBE, but also exceeded that regulatory minimum, helping enhance the capital base and increase shareholders' equity up to a total of EGP 17.04 billion at the end of 2021, recording an 18.5% annual increase. On 31 December 2021, balances of this item accounted for 13.01% of the Bank's total assets.

Good developments of the Bank's main activities during 2021 were reflected on business results, as total revenues amounted to EGP 11.3 billion, recording a 17.7% increase amounting to EGP 1.7 billion in comparison with 2020. Therefore, Returns distributed to owners of saving pools and certificates increased to EGP 5.44 billion against EGP 4.88 billion a year earlier. Similarly, average annual return rates increased to reach 4.80% for General Investment Accounts held in local currency, 9.10% for the three-year saving certificates, 8.73% for four-year saving certificates, 9.65% for five-

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year saving certificates "Izdhar" and 11.30% for seven-year saving certificates "Nam'a". As a result, total profits of the reporting year amounted to EGP 7655.6 million, including retained earnings of EGP 4972.7 million. The residual amount of EGP 2682.9 million represents the net distributable profit for FY 2021. These significant achievements affirm the strong capital and liquidity positions of our Bank amidst intolerable pressures of the pandemic and its ability to achieve great success as a major player in the Egyptian banking industry.

Regarding the expansion plan, the pandemic's continuing implications did not impede our Bank to continue implementing its geographical expansion plan. During 2021, the Bank opened two branches in Al Mokattam and Al Rehab cities, administered by a cadre of highly-skilled bankers to ensure an excellent customer experience through providing high-quality banking products and services. So, total number of the Bank's branches at the end of 2021 reached 38 covering most governorates and main cities. During the few months ahead, the Bank plans to open four new branches in different cities across the country; namely El-Sheikh Zayed, the New Administrative Capital, Beni Suef and Shebin ElKoum. Furthermore, the Bank has an advanced ATM system with 520 machines equipped with cutting-edge technologies allowing its customers to carry out different banking transactions such as deposits, cash withdrawals and money transfers. Total number of active Visa Electron cards amounted to 408 thousand cards at the end of 2021.

To accommodate the Bank's expansion plans and to develop future cadres, our bank continued to carry out its policy aimed at supporting the human resources that act as a cornerstone for success and achieving strategic goals of any institution. Consequently, the Bank provided specialized training programs to qualify a cadre of highly-skilled bankers who are able to use the best and latest methods in providing diverse and innovative banking products and services. In the same context, the Bank has successfully completed organizational handbook that outlines job descriptions, duties and responsibilities for all the Bank's branches and departments. Moreover, the Bank has developed the career ladder promotion system based on specific number of years required to get promoted to a higher grade of the position and also created a wage and salary structure. Additionally, the Bank introduced new positions tailored to meet business requirements, enabling highly-qualified young staff to hold supervisory and leading positions. The Bank was also keen to create a safe and healthy working environment for all employees, providing them with full protection against coronavirus to prevent potential infection due to their regular and direct contact with customers. To this end, the bank organized two vaccination campaigns to vaccinate its employees and their families against coronavirus as part of the initiative launched by the Central Bank of Egypt in cooperation with the Egypt's Ministry of Health and Population (MoHP) to vaccinate the banking sector's employees and their families.

In line with Egypt's vision and CBE's guidelines for Financial Inclusion and Digital Transformation, the Bank has made remarkable progress and achieved record-breaking results in this regard to keep up with the fast-paced technological changes in the banking sector, as it participated in all CBE's events and initiatives, the latest of which was the International Day of Persons with Disability "People of Determination". Additionally, our bank has launched a wide range of services and products designed especially for People of Determination (PoD) to better suit their needs, enabling them to conduct normal banking transactions independently without hassles. To this end, the bank has offered talking ATMs equipped with different accessibility features to our PoD customers, as well as ramps with handrails have been installed at all the bank branches to enhance mobility access for our customers with physical disabilities or wheel chair users, showing our firm commitment to making banking experience easy and convenient for our PoD customers. Moreover, The Bank has succeeded in taking advantage of every available opportunity in the face of the pandemic by developing its technological infrastructure, as it has launched a wide range of services and products such as national "Meeza" debit card for electronic payments, to be the first contactless smart card that issued for customers at the beginning of July 2021,

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as well as direct cash deposit service via the Bank's branches ATMs spread nationwide. The Bank has also launched an online charity donation service, enabling its customers to make donations to charitable organizations and social institutions, and also to give alms and offer contributions for charitable purposes (Alms-giving) through mobile and online banking services. Online banking service is a fast, easy, secure and convenient way to make donations without any need to visit a bank branch, helping reduce overcrowding at the Bank's branches especially because of current COVID-19 outbreak. The Bank has launched "FIB Token" which is considered as a supplementary application, allowing online banking users to generate a One Time Passcode (OTP) needed to perform each transaction with an extra level of security. The bank continued to keep up with its strategic plan aimed at developing E-payment systems and offering a variety of retail banking products by using the latest technological solutions, allowing the Bank's customers to make their financial transactions in a safe and convenient way, which comes in line with CBE's guidelines about digital transformation and to achieve financial inclusion objectives. In this respect, the Bank has signed an agreement during 2021 with E-cards for Integrated Smart Card Solutions, a subsidiary of E-finance Group for financial and digital investments to provide our bank with a full range of smart solutions for E-payment systems and applications and to issue, manage and operate prepaid smart cards.

Since its inception, the Bank has given a top priority to social responsibility in its strategic plans, due to its importance in offering help and assistance to those who are most in need to improve their living conditions. To this end, the Bank has actively involved in several social initiatives aimed at health sector, education sector, social solidarity and social development such as the Initiative of Developing the Neediest Villages (IDNV). Moreover, the Bank has undertaken other social activities include offering cash assistance to the poor to help them afford to buy their medications and essential medical supplies as prescribed, as well as holding Holy Quran competitions and caring for the Bank's orphanage. The Bank provided support and assistance needed in response to COVID-19 pandemic and also delivered vaccines to the most vulnerable groups. All of these social activities were undertaken by the Bank's Zakat Fund whose total resources grew rapidly at high rates over the past years to reach EGP 800 million at the end of 2021. In this regard, The Bank is planning to expand its social initiatives and national projects during the years ahead with the aim of implementing Egypt's strategic plan 2030.

Dear shareholders ... These are the most important developments and achievements of your Bank during 2021, showing the Bank's executive management and staff's persistence in facing the challenges posed by COVID-19 pandemic, affirming flexible and resilient plans and policies adopted by the Bank in response to market pressures and fluctuations, which resulted in enhancing the Bank's position in the Egyptian banking sector and ensuring continuity in implementing its ambitious strategic plan aimed at developing performance indicators and offering an excellent banking experience to its customers. In conclusion, I would like to express my sincere gratitude and appreciation to you, to all our correspondents and the Bank's customers for their continuing support and great confidence that we are proud of and we always strive to be eligible for. I also appreciate hard work and sincere efforts devoted by the Bank's staff in different departments with different business roles and positions, wishing you all tremendous success. I also highly praised the CBE's major role in maintaining Egypt's banking sector stability. I also extend my sincere appreciation to the chairman and members of the Bank's Sharia Supervisory Board for their good communication and fruitful coordination. I conclude my message by asking Allah "Glory be to him" to remove plague and calamity.

"Allah is the best guardian and He is the most merciful of those who show mercy".

Peace, mercy and blessings of Allah be upon you.

Chairman of the Board of Directors

Prince Amr Al-Faisal

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Domestic Economic Developments

Egypt's economy showed resilience in the face of internal and external shocks through government's swift and prudent policy response to COVID-19 pandemic, which was classified as one of the most severe economic crises that the world has ever faced. In this regard, Egypt has adopted appropriate fiscal and monetary policies aimed at reducing the impacts of the crisis, to become one of the first countries that achieved positive GDP growth at a rate of 3.6% during FY 2019/2020 in a time when most regional and global economies have been contracted. In FY 2020/2021, the Egyptian economy was able to achieve a 3.3% growth rate, exceeding the projected growth rate of 2.8% made by international institutions earlier in the same year. As a result, these institutions praised the strong performance of Egypt's economy and its ability to attract foreign investments, coupled with the government's support by creating a favorable business climate and enacting many legislations to promote and encourage investment and investors. In October 2021, Egypt decided to cancel the state of emergency to continue implementing development policies and measures aimed at achieving the 2030 Sustainable Development Goals (SDGs).

For the second successive year, the Central Bank of Egypt (CBE) is performing a crucial and positive role in the light of the current crisis by launching major initiatives designed to stimulate Egypt's economy in general and the Banking sector in particular. These initiatives included mortgage finance initiative at a decreasing interest rate of 3% for a 30-year repayment period at the maximum, and the initiative of temporary amendment to regulations concerning the treatment of Non-performing Loans (NPL) of Small and Medium-sized Enterprises (SMEs) in order to help SMEs achieve business growth and development with the aim of retaining workers and creating new jobs. This in addition to extending the period of the initiative designed to support tourism sector for one further year to be ended in December 2022. Moreover, CBE has also launched initiative to extend exemptions for customers from all fees and commissions applied to points of sale "POS", cash withdrawals from ATMs and E-wallets, as well as providing customers with pre-paid cards and E-wallets free of charge

The most significant developments of economic indicators during 2020 are as follows:

- Egypt's economy achieved a 3.3% growth rate during FY 2020/2021 compared to 3.6% during the previous fiscal year.
- Overall deficit in the State's General Budget showed a decline during FY 2020/2021 to record 7.4% of GDP compared with 7.9% of GDP recorded in FY 2019/2020.
- Total domestic public debt reached EGP 4.742 trillion at the end of June 2020 at a rate of 81% of GDP compared to EGP 4.282 trillion accounted for 80.5% of GDP at the end of June 2019. The external debt increased by 11.7% to reach US\$ 137.9 billion at the end of June 2021 compared to US\$ 123.5 billion in the same period of 2020.
- The average annual inflation rate for urban areas showed a modest increase to record 5.2% during 2021 compared to 5% during 2020.



- Fitch Ratings affirmed Egypt's credit rating at "B+". S&P Global Ratings also affirmed Egypt's credit rating at "B". Similarly, Moody's Investors Service affirmed Egypt's credit rating at "B2". The three credit rating agencies maintained their stable outlook.
- The Balance of Payments "BOP" achieved a total surplus of US\$ 1.9 billion during FY 2020/2021, compared to a total deficit of US\$ 8.6 billion during the previous fiscal year. This is largely due to a surge in net inflows into the capital and financial account, recording US\$ 23.4 billion compared to US\$ 5.4 billion a year earlier as a result of considerable improvement in the levels of foreign investment in the securities portfolio, reflecting the confidence of foreign investors in the strength and resilience of Egypt's economy. Current account deficit has increased to reach US\$ 18.4 billion compared with US\$ 11.2 billion in the previous fiscal year due principally to the sharp decline in tourism revenues to record less than half the revenues earned in FY 2019/2020. This significant decline caused by the impacts of Covid-19 pandemic shock on international tourism.
- Egypt's main sources of foreign exchange have varied during the FY 2020/2021. As the Suez Canal transit tolls increased by 1.7% to reach US\$ 5.9 billion compared to US\$ 5.8 billion in the previous fiscal year. Similarly, remittances of Egyptians working abroad rose by 12.9% to record US\$ 31.4 billion compared with US\$ 27.8 billion in the previous fiscal year. To the contrary, tourism revenues declined by 50.5% to reach US\$ 4.9 billion against US\$ 9.9 billion in the previous fiscal year.
- The CBE's International Reserves increased by US\$ 0.8 billion to reach US\$ 40.9 billion at the end of 2021 compared to US\$ 40.1 billion at the end of 2020.
- Regarding monetary and banking developments, CBE's Monetary Policy Committee (MPC) kept its overnight deposit rate, overnight lending rate and the rate of main operations unchanged at 8.25%, 9.25% and 8.75%, respectively. The Egyptian Pound's exchange rate against the US dollar during 2021 increased by 0.13% to reach 15.66 EGP/USD compared with 15.68 EGP/USD during 2020, and it rose against the Euro by 7.80% to reach 17.738 EGP/EUR compared to 19.237 EGP/EUR a year earlier. With regard to the Egyptian Stock Exchange (EGX) Indices during 2021, market capitalization increased by EGP 114.7 billion at a rate of 17.6%, to reach EGP 765.6 billion at the end of the year. The main index (EGX30) raised by 10.2% to close at 11949 points. Similarly, the new Equally-Weighted Index (EGX70 EWI) increased by 2.6%, and (EGX100 EWI) also rose by 5.1%.



Valuation of the Bank performance during the reporting year

The efforts of the Bank and the financial policies adopted during the FY 2021 led to achieving a number of results, most notably total balance sheet amounted to EGP 131 billion, and total revenues reached EGP 11.3 billion. These revenues developed the Bank's ability to distribute returns to the saving pools' customers at an average annual rate of 4.80% for General investment accounts held in local currency, 9.10% for three-year saving certificates, 8.73% for four-year saving certificates, 9.65% for "Izdhar" five-year saving certificates, 11.30% for "Nam'a" seven-year saving certificates, and 1.65% for investment accounts held in foreign currencies

Regarding the Bank's different commitments, the Bank has created provisions to face finance and investment risks and to cover current expenses (General and administrative expenses, depreciation, legitimate Zakat (almsgiving) due to the Bank's funds, and income taxes).

After fulfilling the above-mentioned commitments, a residual surplus of EGP 2.7 billion represents the net distributable profit for FY 2021.

It is worth noting that:

- At the end of the FY 2021, the Bank's financial statements were prepared in accordance with instructions regarding the rules of preparation and presentation of financial statements and bases of recognition and measurement for Egyptian banks issued by the Central Bank of Egypt (CBE) dated 16 December 2008. In addition, these rules were amended based on CBE's Instructions issued on 26 February 2019 and articles of new CBE Law no. 194 of 2020
- ٢- Foreign exchange rates of the comparative year 2020 were not amended based on instructions issued by the Central Bank of Egypt and the Bank's auditors (USD=EGP 15.7167 at the end of FY 2021 compared to EGP 15.7321 at the end of FY 2020).

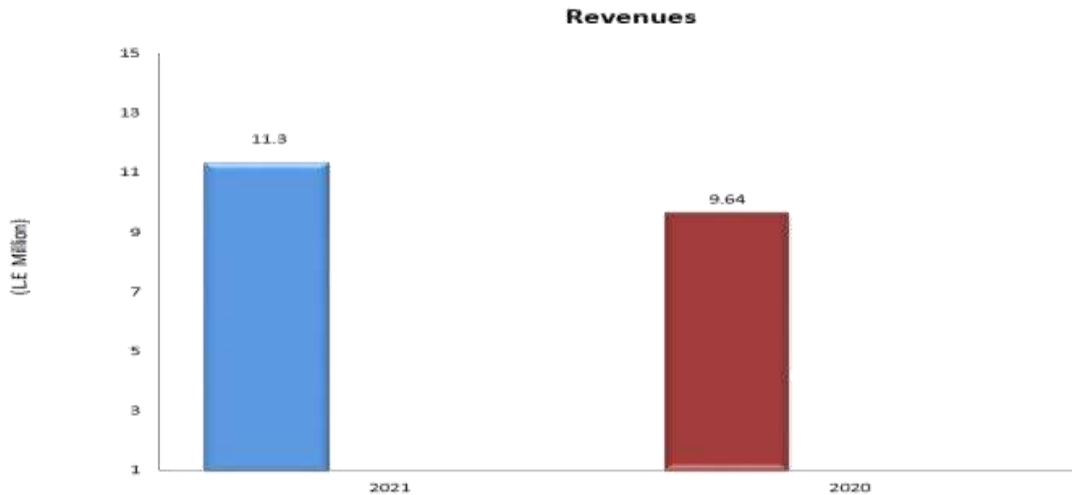
1- Business results:

Net profit of the year amounted to the equivalent of EGP 2.7 billion. This profit resulted from revenues and expenses as stated in the income statement as follows:

1 – 1 Revenues:

Total revenues during the reporting year amounted to EGP 11.3 billion, which were generated from different banking activities according to the following:

- Revenues from Musharaka, Murabaha and Mudaraba transactions and similar revenues with an amount of EGP 10.9 billion, representing 96.4% of total revenues.
- Revenues from different banking services amounted to EGP 0.2 billion which accounted for 1.8% of total revenues.
- Net trading income, dividends, loss of financial investments and other operational revenues amounted to EGP 0.2 billion, accounting for 1.8% of total revenues.



1-2 Expenses:

Total expenses amounted to EGP 8.6 billion which are represented in the following:

1 – 2 – 1 Return on saving pools:

Total returns distributed to owners of saving pools amounted to EGP 5.4 billion, representing 62.8% of total expenses.

1 – 2 – 2 Impairment charge for finance and investment transactions:

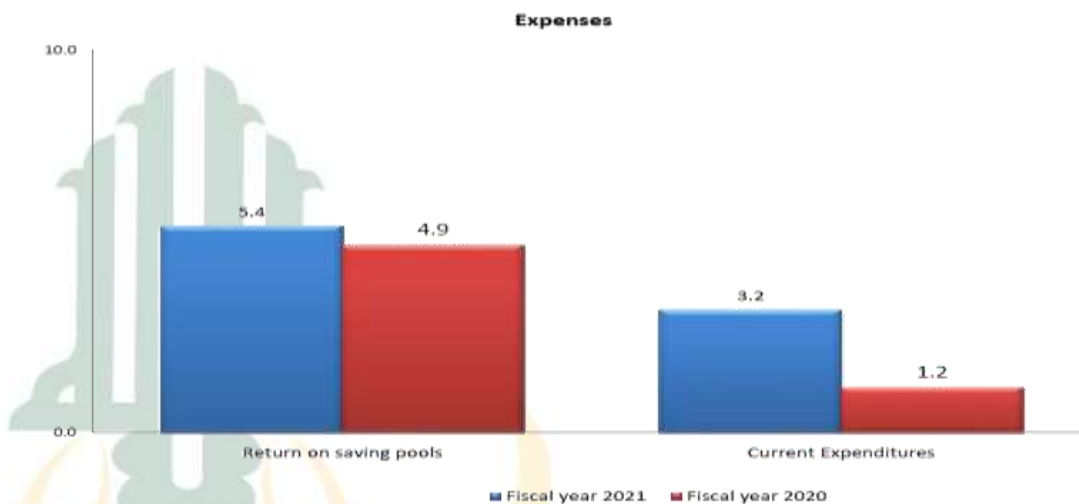
Total Impairment charge (provisions) amounted to EGP 0.2 billion, representing 2.3% of total expenses.

1 – 2 – 3 Administrative expenses and legitimate due Zakat (almsgiving):

Total administrative expenses, depreciation and legitimate due Zakat (almsgiving) amounted to EGP 1.3 billion, accounting for 15.1% of total expenses.

1 - 2 - 4 Income Tax expenses:

Total income tax expenses reached EGP 1.7 billion, accounting for 19.8% of total expenses.



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2- Volume of Business and Main Activities:

2-1 Business Volume:

Total balance sheet at the end of December 2021 amounted to the equivalent of EGP 131 billion. Off-balance contingent liabilities and commitments amounted to the equivalent of EGP 1.6 billion.

2-2 Saving pools:

Total balances of current, investment accounts and saving certificates reached EGP 109.6 billion at the end of December 2021. These balances account for 83.7% of total balance sheet.

2-3 Finance and Investment Balances:

Finance and investment balances (after deducting the provision) amounted to the equivalent of EGP 119.1 billion at the end of December 2021. These balances represent 90.9% of total balance sheet.

The Bank is keen to provide the necessary finance for various production and service sectors in accordance with the objectives of the country's Socio-Economic plan.

2-4 The Bank Companies:

The Bank invests a part of its investments to establish subsidiary companies operated in accordance with the Islamic Sharia principles, or to share in the capitals of similar companies with others. The Bank is also very keen to cover all sectors of economic activity by setting up companies or holding shares in companies whose number reached (48) companies. Therefore, The Bank arranges required finances for those companies by sharia-compliant instruments. These companies contribute towards moving the Egyptian economy forward and providing people with thousands of job opportunities. Total issued capital of these companies reached EGP 20.88 billion, of which EGP 20.86 billion is paid. The Bank's share in these companies amounted to EGP 2.21 billion at a cost of EGP 4.09 billion with a book value of EGP 3.40 billion at the end of 2021, accounting for 2.6% of total balance sheet.



3 - Banking Criteria and Ratios:

Regarding acceptable banking criteria, our bank holds a pre-eminent position and adheres to all instructions issued by the Central Bank of Egypt in that regard.

In September 2020, the new Central Bank and Banking sector Law No. 194 of 2020, has been finally enacted and ratified. This new law has completely replaced and abolished Law No. 88 of [click here to go to contents page](#)



2003, and the provisions of this law shall apply to several entities including the CBE and the banking sector. The new law stipulates that banks operating in Egypt should have the minimum issued and fully paid-up capital of EGP 5 billion. This law also provides that those entities falling under its domain must adjust their position to comply with its provisions within a period of one year from the date of its enactment, and the CBE's board of directors may extend this period for one or more periods not exceeding two years, provided that the Central Bank shall issue the regulations and decisions necessary to apply the provisions of this law. In this regard, the Bank's capital has increased to reach more than EGP 5 billion at the end of 2021

4 - The Bank's staff, Training and branches:

4-1 Staff and Training:

The Bank's performance development is closely related to the human resources. Therefore, the Bank's top management has paid much attention to the Bank's employees in order to improve their performance by providing them with training programs aimed at developing their technical expertise or behavioral and managerial skills, and preparing second-and third-level cadres of highly-trained leaders who are capable of moving the Bank forward. The Bank's staff reached 1793 employees at the end of 2021 compared to 1790 a year earlier.

To this end, the training plan during 2021 included the following training packages and programs:

- A number of 127 training programs were provided to 1102 employees with 2065 training opportunity and 48369 training hours, at a cost of EGP 8.3 million.
- Virtual learning training programs were offered to 963 employees using digital platforms in IT security Awareness, Anti-money Laundering and Combating Terrorist Financing (AML-CTF), and other job-related training programs.
- Seven (7) training courses were provided to 151 employees in financial inclusion and financial literacy across the Bank's branches and departments.
- The Bank has paid special attention to People of Determination (PoD), enabling them to integrate into the society and participate fully in all aspects of life. In this regard, the Bank has run two training courses in "Sign language and How to Deal with PoD in a highly Professional Way". These two courses were offered to 16 employees in all the Bank's branches located in Greater Cairo Area as a first stage of the program. Other courses of the program are being underway to cover all the Bank's branches nationwide. Additionally, a training course in "Professional Health and Safety" was provided to 164 employees.

4-2 Branches:

Number of the Bank's branches operating in Egypt reached (38) branches across the country. In addition, new branches will be opened during 2022 including (Sheikh Zayed – The New Administrative Capital - Beni Suef - Shebin El-Koum)..

5 - Budget plan for the fiscal Year 2020:

The FY 2022 budget plan was prepared to reflect the Bank's objectives, policies and business plans for the said year. The budget estimates were based on actual historical data of the Bank's activities and results during the past years, bearing in mind the current and future business conditions that may affect the economy and the banking Sector. The draft budget shows the following features:

5-1 Saving pools : An increase of 13.2% in balances of saving pools.

5-2 Finance and investment transactions :

A 12.3% increase in different finance and investment transactions.

5-3 Shareholders' Dividends: A net of 7% after zakat deduction



The Unconsolidated Balance Sheet

As at 31 December 2021 corresponding to 27 Jumad Al-awwal 1443 H.

	Note. No.	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Assets			
Cash and balances at the Central Bank of Egypt	(15)	9.640.943	8.858.831
Due from banks	(16)	18.627.904	15.534.872
Musharaka, Murabaha and Mudaraba with customers	(17)	11.933.505	10.025.940
Financial investments			
At fair value through other comprehensive income (FVOC)	(18/A)	28.396.296	28.430.639
At fair value through profit or loss (FVTPL)	(18/B)	444.114	423.774
At amortized cost	(18/C)	55.677.343	46.570.136
Investments in subsidiaries and associates	(18/D)	1.274.567	1.142.064
Intangible assets	(19)	76.264	47.456
Other assets	(20)	3.372.099	2.608.079
Deferred Tax assets		-	21.531
Fixed assets	(21)	1.539.447	1.249.612
Total assets		130.982.482	114.912.934
Liabilities and Shareholders' Equity			
Liabilities			
Due to banks	(22)	539.667	150.248
Saving pools and saving certificates	(23)	109.560.151	96.944.879
Other liabilities	(24)	3.178.034	2.762.884
Other provisions	(25)	33.579	35.989
deferred tax Laibities		1.777	-
Current Income Tax Laibities		626.227	631.191
Total Liabilities		113.939.435	100.525.191
Shareholders' Equity			
Paid-up Capital	(26)	5.677.509	4.086.865
Reserves	(27)	3.709.912	3.366.532
Retained profit (including profit of the year)	(28)	7.655.626	6.934.346
Total Shareholders' Equity		17.043.047	14.387.743
Total Liabilities and Shareholders' Equity		130.982.482	114.912.934

Auditors

Mohamed Mortada Abdelhamid
Salah El-Din Mosaad Mohamed Almessry

Governor

Abdel Hamid Mohammed
Aboumoussa

Chairman of the board

Amr Mohammed Al-Faisal Aal Saoud

- The accompanying notes from (1) to (32) are integral part of the unconsolidated financial statements.
- Auditors' report is attached

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The Unconsolidated Income Statement

For the financial year ended 31 December 2021 corresponding to 27 Jumad Al-awwal 1443 H.

	Note. No.	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Return on Musharaka, Murabaha and Mudaraba and similar revenues	(6)	10.922.489	9.506.444
Cost of saving pools and similar costs	(6)	(5.439.668)	(4.884.708)
Net income from return	(6)	5.482.821	4.621.736
Fees and commissions revenues	(7)	219.272	213.305
Dividends	(8)	76.839	62.580
Net trading income	(9)	94.017	15.760
(loss) from financial investments	(18/E)	(74.931)	(34.323)
(Charge) reverse of impairment from losses from finance and investment transactions	(10)	(205.964)	(228.020)
Administrative expenses	(11)	(1.140.810)	(1.032.300)
legitimately due Zakat		(180.310)	(136.689)
Other operational revenues (expenses)	(12)	77.401	(120.553)
Profit before income tax		4.348.335	3.361.496
Income tax (expenses)	(13)	(1.665.431)	(1.303.240)
Net profit of the year		2.682.904	2.058.256
Earnings per share (EGP)	(14)	4.105	3.760

Governor

Abdel Hamid Mohammed Aboumoussa

Chairman of the Board

Amr Mohammed Al-Faisal Aal Saoud

The Unconsolidated Comprehensive Income Statement

For the financial year ended 31 December 2021 corresponding to 27 Jumad Al-awwal 1443 H

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Net profit of the year based on income statement	2.682.904	2.058.256
<u>Items are not re-classified in profit and loss</u>		
Net change in fair value of investments in equity instruments at fair value through other comprehensive income	163.888	(360.739)
<u>Items are re-classified in Profit and Loss</u>		
Net change in fair value of investments in debt instruments at fair value through other comprehensive income	(24.307)	72.451
Expected credit losses of debt instruments at fair value through other comprehensive income	(2.460)	8.237
Total other comprehensive income during the year	137.121	(280.051)
Total comprehensive income during the year	2.820.025	1.778.205

- The accompanying notes from (1) to (32) are integral part of the unconsolidated financial statements.

The Unconsolidated Statement of Changes in Shareholders' Equity

For the financial year ended 31 December 2021 corresponding to 27 Jumad Al-awwal 1443 H

	Note No.	Paid-up Capital EGP thousand	Reserves EGP thousand	Retained profit EGP thousand	Net profit of the year EGP thousand	Total EGP thousand
Balances as of 1 January 2021 as previously issued		4,086,865	3,366,532	4,876,090	2,058,256	14,387,743
Net change in financial investments at fair value through other comprehensive income	(27/D)	-	137,121	10,836	-	147,957
Dividends		-	-	-	(175,557)	(175,557)
Transferred to legal reserve (general)		-	205,571	-	(205,571)	-
Transferred to capital reserve		-	2,550	-	(2,550)	-
Transferred from banking risk reserve for Assets acquired by the Bank		-	(1,862)	1,862	-	-
Transferred to capital increase		1,590,644	-	(1,590,644)	-	-
Transferred to retained profit		-	-	1,674,578	(1,674,578)	-
Net profit of the year		-	-	-	2,682,904	2,682,904
Balances on 31 December 2021	(٢٦)-(٢٧), (٢٨)	5,677,509	3,709,912	4,972,722	2,682,904	17,043,047
Balances as of 1 January 2020 as previously issued	(27/D)	3,046,669	3,382,706	4,219,759	2,714,848	13,363,982
Net change in financial investments at fair value through other comprehensive income		-	(280,051)	7,469	-	(272,582)
Dividends		-	-	-	(761,913)	(761,913)
Transferred to legal reserve (general)		-	271,457	-	(271,457)	-
Transferred to capital reserve		-	280	-	(280)	-
banking risk reserve for Assets acquired by the Bank		-	(7,860)	7,860	-	-
Transferred to capital increase		1,040,196	-	(1,040,196)	-	-
Transferred to retained profit		-	-	1,681,198	(1,681,198)	-
Net profit of the year		-	-	-	2,058,256	2,058,256
Balances on 31 December 2020	(٢٦)-(٢٧), (٢٨)	4,086,865	3,366,532	4,876,090	2,058,256	14,387,743

The accompanying notes from (1) to (32) are integral part of the unconsolidated financial statements.

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The Unconsolidated Cash Flows Statement

For the financial year ended 31 December 2021 corresponding to 27 Jumad Al-awwal 1443 H.

	Note No.	The year ended 31 December 2021 EGP Thousand	The year ended 31 December 2020 EGP Thousand
Cash flows from operating activities			
Net Profit before Taxes		4,348,335	3,361,496
Adjustments to reconcile net profit with cash flows from operating activities			
Depreciation and Amortization	(19/21)	126,090	116,395
Impairment of assets		349,232	(120,015)
Revaluation differences for other provisions in foreign currencies	(25)	(30)	(12)
Charge (Reverse) of other provisions	(25)	(2,312)	27,513
(Profits) Losses of financial investments	(18/D)	(25,905)	19,901
(Profits) from sale of fixed assets	(12)	-	(2,550)
Dividends	(8)	(76,839)	(62,580)
		4,718,571	3,340,148
Operating income before changes in assets and liabilities from operating activities			
Net change in assets and liabilities			
Balances at the Central Bank of Egypt as mandatory reserve ratio	(15)	(644,340)	(568,657)
Government securities with maturity exceeding three months	(18/C)	2,952,546	(17,336,922)
Financial Investments at fair value through profit and loss	(18/B)	(20,340)	26,243
Musharaka, Murabaha and Mudaraba with customers *	(20/17)	(2,123,796)	(125,529)
Other assets	(20)	(788,425)	(207,723)
Due to banks		389,419	(56,616)
Deferred tax assets	(22)	-	(21,531)
Saving pools and certificates	(23)	12,615,272	10,871,092
Income tax paid		(1,670,395)	(1,191,256)
Deferred tax liabilities		1,777	
Other liabilities	(24)	412,547	188,290
Net cash flows resulting from operating activities		(15,842,836)	(5,082,461)
Cash flows from investment activities			
(Payments) to purchase fixed assets and branch equipment	(21)	(376,038)	(119,414)
(Payments) to purchase intangible assets	(19)	(68,695)	(41,812)
Proceeds from fixed assets		-	2,550
Dividends earned	(8)	76,839	62,580
Financial investments at fair value through other comprehensive income *	(18/A)	(578,883)	(1,080,543)
Investments in subsidiaries and associates	(18/D)	(129,592)	(62,870)
Financial investments at amortized cost	(18/C)	(11,098,252)	(16,441,140)
Net cash flows (used in) investment activities		(12,174,621)	(17,680,649)
Cash flows from financing activities			
Dividends paid *		(178,160)	(755,289)
Net cash flows (used in) financing activities		(178,160)	(755,289)
Net Increase (Decrease) in cash and cash equivalent during the year		3,490,055	(23,518,399)
Cash and cash equivalent balance - at the beginning of the year		16,681,275	40,199,674
Cash and cash equivalent balance - at the end of the year		20,171,330	16,681,275
Cash and cash equivalent are represented in:			
Cash and balances at the Central Bank of Egypt		9,640,943	8,858,831
Due from banks		18,627,904	15,534,872
Other Government securities deductible at the Central Bank of Egypt		32,357,866	35,052,987
Balances at the Central Bank of Egypt as reserve ratio		(8,354,942)	(7,712,428)
Government Securities with maturity (exceeding three months)		(32,100,441)	(35,052,987)
Cash and cash equivalent	(29)	20,171,330	16,681,275

- The statement of cash flows did not include the following non-cash transactions
- Change in "Murabaha and Musharaka with customers" item didn't include assets transferred to the Bank in lieu of debts which were classified as "other assets" with an amount of EGP 20,427 thousand, as well as written off debts with an amount of EGP 37,613 thousand for customers,
- Change in "Financial Investments at fair value through other comprehensive income" item didn't include evaluation differences which were listed in "Impairment loss of financial investments" and "fair value reserve" items with an amount of EGP 33,374 thousand, and EGP 25,905 thousand that represents Investments at fair value through other comprehensive income has been added during the year.
- Dividends paid didn't include Shareholder dividends' creditors in "other credit balances" item with amount of EGP 175,557 thousand.
- The accompanying notes from (1) to (32) are integral part of the unconsolidated financial statements.

The Proposed Profit Distribution Statement

For the financial year ended 31 December 2021 corresponding to 27 Jumad Al-awwal 1443 H.

	The year ended 31 December 2021 EGP Thousand	The year ended 31 December 2020 EGP Thousand
Net profit of the year (from the income statement)	2.682.904	2.058.256
less:		
Profit from sale of fixed assets credited to the capital reserve by Law	-	(2.550)
Net profit of the year available for distribution *	<u>2.682.904</u>	<u>2.055.706</u>
Add:		
Retained profit at the beginning of the year	6.550.668	5.900.957
Transferred from retained profit to increase capital during the year	(1.590.644)	(1.040.196)
Transferred from banking risk reserve for assets acquired by the Bank	1.862	7.860
Transferred from fair value reserve	10.836	7.469
Net retained profit	<u>4.972.722</u>	<u>4.876.090</u>
Total	<u><u>7.655.626</u></u>	<u><u>6.931.796</u></u>
Distributed as follows:		
Legal reserve (general) **	268.290	205.571
The Bank's share in The Banking Sector Support Fund ***	26.829	20.557
Shareholders' Dividends ****	763.796	-
Employees' profit share	170.000	140.000
Board of director's Remuneration	19.000	15.000
Retained profit at the end of the year	6.407.711	6.550.668
Total	<u><u>7.655.626</u></u>	<u><u>6.931.796</u></u>

* Distributed according to the provisions of Article 59 of the Bank's statute. Distribution process is based on CBE's decision in accordance with the provisions of Article 125 of CBE's and banking sector Law no. 194 of 2020.

** Legal reserve (General) is calculated at 10% from net profit of the year less profit from sale of fixed assets according to CBE's instructions .

*** At 1% from net profit of the year available for distribution in accordance with article 178 of CBE's and banking sector Law no. 194 of 2020.

1. Dividend per share amounted to \$ 0.08 equivalent to EGP 1.257336 at a rate of 8% of nominal value of the share (one US dollar).
2. Under the article "56-Bis" of Law no. 53 of 2014. Dividends of Associations of Capital are subject to a tax, and the Bank shall pay this tax to "Misr for Central Clearing, Depository and Registry (MCDR)" which shall deduct the taxes due from the shareholders.

Notes to the Unconsolidated Financial Statements

For the financial year ended 31 December 2021 corresponding to 27 Jumad Al-awwal 1443 H

1- Background

Faisal Islamic Bank of Egypt provides all retail and corporate banking services and investment activities in the Arab Republic of Egypt and abroad, through 38 branches and its head office located at 3. 26th July St., Cairo .

Faisal Islamic Bank of Egypt (Egyptian Joint stock company) was established under the law No. 48 of 1977, amended by the law No. 142 of 1981 and its Executive Regulation in the Arab Republic of Egypt. The Bank is listed in the Egyptian Stock Exchange (EGX).

In its meeting held on 19 January 2022, the Bank's Audit Committee approved the Bank's Financial Statements issued on 31 December 2021 and have been approved by Board of Directors on 20 January 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 are consistently applied to all the years presented, unless stated otherwise.

A-Basis of preparation.

These unconsolidated financial statements are prepared according to the instructions of the Central Bank of Egypt (CBE) approved by its Board of Directors on 16 December 2008, and in accordance with the regulations of the Central Bank of Egypt regarding financial reporting standards in compliance with IFRS9 "Financial Instruments" requirements issued on 26 February 2019.

These Unconsolidated Financial Statements are also prepared according to the provisions of the relevant applicable local laws, and the Bank will prepare Consolidated Financial Statements of the Bank and its subsidiaries in accordance with CBE's instructions. Subsidiaries are entirely included in the consolidated financial statements and these companies are the companies that the Bank - directly or indirectly - has more than half of the voting rights or has the ability to control the financial and operating policies regardless the type of activity. The Consolidated Financial Statements can be obtained from the Bank's Management. The investments in subsidiaries and associated companies are disclosed in the unconsolidated financial statements of the Bank and its accounting treatment is at cost less impairment losses.

The unconsolidated financial statements of the Bank should be read along with its consolidated financial statements for the fiscal year ended 31 December 2021 in order to get complete information about the Bank's financial position, business results, cash flows, and changes in shareholder's equity for the year then ended .

The Bank's financial statements were prepared until 31 December 2018 using the rules of preparation and presentation of financial statements and bases of recognition and measurement issued by the Central Bank of Egypt on 16 December 2008. As of 1st January 2019 and based on the CBE's regulations issued on 26 February 2019, The Bank's management has adjusted some accounting policies to comply with these regulations, and the following note provides details of the changes in accounting policies.

B-Changes in accounting policies:

As of 1st January 2019, the Bank has carried out the CBE's instructions issued on 26 February 2019 regarding the preparation of financial statements of banks in accordance with the requirements of International Financial Reporting Standard IFRS9 "Financial Instruments". The following is a summary of major changes in the Bank's accounting policies resulting from the IFRS9 implementation.



Classification of financial assets and liabilities:

Financial assets are classified based on the Bank's business model by which these assets and their contractual cash flows are managed.

The financial asset is measured at amortized cost if the following two conditions are met and was not measured at fair value through profit and loss.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset shall result in cash flows on specific dates which are payments limited only to the principal and the return on the principal amount outstanding.

Debt instruments are measured at fair value through other comprehensive income items only if they meet the following two conditions and were not measured at fair value through profit and loss:

- The asset is held within a business model whose objective was achieved by both collecting contractual cash flows and sale of financial assets.
- The contractual terms of the financial assets shall result in cash flows on specific dates which are payments limited only to the principal and the return on the principal amount outstanding.

Upon initial recognition of investment in non-held for trading equity instruments, the Bank may irrevocably designate subsequent changes in fair value to be measured under other comprehensive income items. This designation is made based on every single investment.

All other financial assets are classified as at fair value through profit and loss.

In addition, upon initial recognition, the Bank may irrevocably designate a financial asset to be measured at fair value through profit and loss, although it meets requirements of classification as a financial asset at amortized cost or at fair value through other comprehensive income, if this action would eliminate or substantially reduce the inconsistency accounting mismatch that may otherwise arise in accounting measurement.

Business models Evaluation :

The Bank evaluates the objective of the business model in which the asset is held at the portfolio's level, as this best reflects the way the business is managed and information is provided to the Bank's management. The information to be taken into consideration includes the following:

- The stated policies and objectives of the portfolio and the functioning of those policies in practice, especially to know whether the management's strategy focuses on earning the contractual revenues income or matching the duration of financial assets with the duration of financial liabilities that finance those assets or generating cash flows through the sale of the assets.
- The method of evaluating the portfolio's performance and reporting the same to the Bank's management.
- The risks affecting the business model performance and the financial assets held in this model and how these risks are managed.
- Number of sale transactions, volume and timing of sales during the previous periods, the reasons of these sales and their expectations regarding the future sales activity. However, the information related to the sales activity is not considered separately, but rather as a part of a comprehensive evaluation of how to achieve the Bank's stated objective of managing financial assets and how to generate cash flows.

The financial assets held for trading or whose performance is evaluated based on fair value are measured at fair value through profit and loss because they are not held only to collect contractual cash flows and are not held to collect contractual cash flows with the sale of financial assets.



Assessing whether the contractual cash flows are solely payments of the principal and the return:

For the purposes of this evaluation, the principal amount is defined as the fair value of the financial asset at initial recognition. The return is defined as consideration of the time value of money, the credit risks associated with the principal amount over a certain period of time, and other basic credit risks and costs (e.g. liquidity risks and administrative costs) as well as profit margin.

In the light of evaluating whether the contractual cash flows are payments limited only to the principal and return, the Bank takes into account the contractual terms of the instrument. This includes an evaluation of whether the financial asset contains contractual terms that may change the timing and amount of contractual cash flows, making them unable to meet that condition.

Impairment of financial assets

In accordance with CBE's instructions issued on 26 February 2019, IFRS9 replaces the incurred loss (Impairment loss model) as per IAS 39 stated in CBE's instructions issued on 16 December 2008 with Expected Credit Loss Model. The IFRS9 new impairment model shall apply to all financial assets as well as credit commitments and financial collateral contracts.

Under IFRS9, credit losses are recognized earlier than under CBE's instructions issued on 16 December 2008.

The Bank uses a three-stage approach to measure expected credit losses (ECL) arising from financial assets designated at amortized cost and debt instruments at fair value through other comprehensive income. The assets go through the following three stages based on the change in credit quality since the initial recognition.

Stage 1: 12-month expected credit losses

Stage one includes financial assets at initial recognition, which do not involve significant increase in credit risks since the initial recognition or the assets that have relatively low credit risks.

For these assets, expected credit losses are recognized over a period of 12 months and the returns are calculated on the basis of total book value of the assets (without deducting credit provision). The 12-months expected credit losses represent losses resulting from the defaults that may occur within the next 12 months after the date of financial statements.

Stage 2: Lifetime expected credit losses - Non-credit impaired assets

Stage two includes financial assets that have a significant increase in credit risks since the initial recognition but there is no objective evidence that the asset is impaired. Lifetime expected credit losses of these assets are recognized and returns are calculated based on total book value of the assets. Lifetime expected credit losses are losses resulting from all possible default events over the life of the financial instrument.

Stage 3: Lifetime expected credit losses – Credit impaired assets

Stage three includes financial assets that have objective evidence of impairment at the date of financial statements. Lifetime expected credit losses of these assets are recognized.

Under CBE's instructions issued on 26 February 2019, IFRS9 has been applied as of 1st January 2019 and the Bank has measured the impact arising from IFRS9 implementation based on the above-mentioned instructions:

C-Subsidiaries and associates:

Investments in subsidiaries and associates are presented in the attached unconsolidated financial statements on a cost basis, representing the Bank's direct share in owner's equity and not based on business results and net assets of subsidiaries. The consolidated financial statements reflect full understanding of consolidated balance sheet, business results, consolidated cash flows of the Bank and its subsidiaries (the group), as well as the Bank's share in net assets of its associates.



C/1- Subsidiaries :

Are the companies over which the Bank owns directly or indirectly the power to control and govern financial and operating policies. Generally, the Bank has a shareholding of more than a half of the voting rights.

C/2- Associates:

Are the companies over which the Bank has direct or indirect significant influence but do not reach to the extent of control. Generally, the Bank has a shareholding between 20% and 50% of the voting rights.

The purchase method is used for the accounting of the acquisitions of the companies made by the Bank. The acquisition cost is measured by the fair value of assets, or the equivalent assets presented by the Bank in return, and/or issued equities and/or liabilities incurred by the Bank and/or liabilities accepted by the Bank on behalf of the acquired company in the offset date adding any costs directly related to the acquisition process. Net identifiable acquired assets including potential liabilities are measured at fair value on the date of acquisition irrespective of minority interest. The excess of acquisition cost over the Bank's share of fair value in the net assets acquired is recorded as goodwill. If the acquisition cost is less than the stated fair value of the net assets, the difference is recognized directly in the income statement under "Other operational revenues (expenses)" item.

Investments in subsidiaries and associates in the unconsolidated financial statements are evaluated according to the cost method, under which the investments are recorded at the acquisition cost including any goodwill and net of any impairment losses. Dividends are recorded in the income statement when dividends are approved, and affirming the Bank's right in its collection.

D- Segment reporting:

A business segment is a group of assets and operations related to providing products or services subjected to risks and returns that differ from those of other business sectors. The geographical sector is engaged in providing products or services in a particular economic environment subjected to risks and returns that differ from those of other geographical sectors operating in a different economic environment.

E- Transactions and Balances in foreign currencies:

The Bank presents the unconsolidated financial statements and maintains its accounts in Egyptian Pound and transactions in foreign currencies conducted during the year are recorded at the foreign exchange rates prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are revaluated at the foreign exchange rate prevailing at the balance sheet date (USD= EGP 15.7167 at the end of December 2021. USD= EGP 15.7321 at the end of December 2020). Foreign exchange profits or losses resulting from settlement of these transactions and evaluation differences are recognized in the income statement in the following items:

- Net trading income (for assets and liabilities held for trading).
- Other operating revenues (expenses) (for other items).
- Items of other comprehensive income in equity for investments in equity instruments at fair value through other comprehensive income.

The Changes in the fair value of monetary financial instruments held in foreign currency classified as investments at fair value through other comprehensive income are analyzed between evaluation differences arising from changes in the amortized cost and differences resulted from change in the prevailing exchange rates, and differences from change in the fair value of the instrument. Evaluation differences resulted from changes in the amortized cost of the instrument are recognized in the income statement under financing return and similar revenues. While differences resulted from change in the prevailing exchange rate are recognized under other operational revenues (expenses). Differences from the change in the fair value (fair value reserve / financial investments at fair value through other comprehensive income) are recognized in the equity section.



Evaluation differences on non-monetary items include profits and losses resulting from change in the fair value such as equity instruments held at fair value through profit and loss. Evaluation differences resulted from equity instruments classified as financial investments at fair value through other comprehensive income are recognized as fair value reserve in equity section.

F- Financial assets:

Financial assets are classified in the following categories: Financial assets designated at the fair value through profit and loss, finance for customers (Musharaka, Murabaha, and Mudaraba transactions for customers), financial investments at amortized cost and financial investments at fair value through other comprehensive income. The management identifies classification of its investments upon initial recognition.

F/1- Financial assets designated at the fair value through profit and loss:

This category includes financial assets at fair value through profit and loss. The financial assets are classified as held for trading if they are acquired and its value charged mainly for sale in the short-term, or if being a part of a specific financial portfolio that are managed together and there is evidence of actual recent transactions which refers to earning profits in the short term. Derivatives are classified as being for trading purpose unless specified as being hedging instruments .

Any financial derivative designated as financial instruments recognized at fair value through profit and loss can't be re-classified during its custody or validity period. No financial instrument shifted from the category of financial instruments recognized at fair value through profit and loss may be reclassified in case this instrument is classified by the Bank at the initial recognition at fair value through profit and loss.

In all cases, the Bank never reclassifies any financial instrument and shift it to the financial instruments recognized at fair value through profit and loss.

- This category includes financial assets held for trading and financial derivatives.
- The financial instruments are classified as held for trading if they were acquired and its value charged mainly for sale in the short-term or if being a part of a specific financial portfolio including other financial assets and liabilities that are managed together and characterized by earning profits in the short term or classified as unqualified derivatives of hedging instruments.

F/2 Musharaka, Murabaha and Mudaraba with customers:

Represent non-derivative financial assets with fixed or determinable amount, that are not current in active market, except:

- Assets that the Bank intends to sell soon or in the short term. In this case, assets will be classified as at fair value through profit and loss.
- Assets classified by the Bank at fair value through other comprehensive income upon initial recognition.
- Assets that the Bank cannot refund its original investment value for reasons other than deterioration of creditworthiness.

F/3- Financial Investments at amortized cost:

Financial investments at amortized cost are non-derivative assets with fixed or determinable amount and fixed maturity that the Bank management has the ability and the intention to hold it until maturity. The whole group is re-classified as investments at fair value through other comprehensive income if the Bank sells a substantial amount of the financial assets at amortized cost except in the emergency cases.

F/4- Financial Investments at fair value through other comprehensive income :

Financial investments at fair value through other comprehensive income (FVOCI) represent non-derivative financial assets that are intended to be held for indefinite period and may be sold to cover shortage in liquidity or due to changes in return rates, exchange rates or share prices..



For the financial assets, the following has to be applied:

Buying and selling operations of financial assets are recognized as usual on the trade date on which the Bank is committed to buy or sell the financial asset, and this applies to the financial investments at amortized cost as well as financial investments at fair value through other comprehensive income.

Financial assets are derecognized when the contractual right to receive cash flows from the financial assets has expired, or when the Bank has transferred substantially all risks and benefits of ownership to another party. Liabilities are derecognized when they are discharged by disposal, cancellation, or expiry .

Financial investments at fair value through other comprehensive income are subsequently measured at fair value, while financial investments at amortized cost are measured at amortized cost.

Profit and loss arising from changes in the fair value of financial investments at fair value through other comprehensive income are recognized directly in equity until the financial asset is derecognized or impaired. At that time, the accumulative profit and loss that previously recognized in equity should be recognized in the income statement.

Return calculated at amortized cost, as well as profit and loss of foreign currencies of monetary assets classified as at fair value through other comprehensive income are recognized in Income Statement. Dividends from equity instruments classified as at fair value through other comprehensive income are also recognized in Income Statement when declared.

The fair value of quoted investments in active markets is determined based on current Bid Prices. If there is no active market for such financial asset or no Bid Prices are available, the Bank estimates fair value using one of the valuation techniques. These include the use of recent neutral transactions, discounted cash flow analysis, options pricing methods or other valuation techniques used by other participants. In case of the fair value of equity instruments classified as at fair value through other comprehensive income cannot be reliably determined by the Bank, it should be valued at cost after deducting any impairment..

The Bank reclassifies the financial asset classified as financial instruments at fair value through other comprehensive income defined as - Debts (Bonds), transferred from the financial instruments at fair value through other comprehensive income to financial assets at amortized cost - whenever the Bank has the intention and ability to hold these financial assets during the near future or maturity date. Reclassification is carried out at fair value at the date of reclassification and any related profit or loss previously recognized in the equity are treated as follows:

- Financial asset with fixed maturity date, profits and losses are amortized over the remaining life of the investment at amortized cost using the effective return method. Any difference between value at amortized cost and value at maturity date over the remaining life of the financial asset is amortized by using the effective return method. In case of subsequent impairment, any profit or loss previously recognized directly in equity should be recognized in the profits and losses.
- Financial asset without fixed maturity, profits or losses are recorded in equity until the asset is sold or disposed; only then they are recognized in the profit and loss. In case of impairment, profit or loss that have been previously recognized directly in equity should be recognized in the profits and losses.



If the Bank revised its estimates regarding payments or proceeds, the book value of the financial asset (or group of financial assets) is adjusted to reflect the actual cash flows and the change in estimates through recalculating the book value by calculating the present value of the future cash flows using the effective return rate of the financial instrument. The adjustment is recognized as either revenue or expense in the profit and loss.

In all cases, if the Bank reclassified a financial asset as previously stated, and the Bank increased its estimates of the future cash proceeds in a later date because of the increase of the amount that will be refunded from its cash proceeds. Such increase is recognized as adjustment to the effective return rate as at the date of the change in estimates, and not as adjustments of the book value of the asset at the date of change in estimates.

F/5- Financial policy :

The Bank classifies its financial assets through the following categories: Financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss. The classification is generally based on the business model by which financial assets and their contractual cash flows are managed.

F/5/1- Financial assets at amortized cost:

The financial asset is held within the business model of financial assets held to collect contractual cash flows. The business model objective is to hold the financial assets to collect the contractual cash flow that are represented in the principal amount and the returns.

The sale is an exceptional action comparing to this model objective and the terms of the standard represented in the following:

- Deterioration in the creditworthiness of the financial instrument issuer.
- Low sales in terms of frequency and value.
- The rationale of each sale transaction and its compliance with the IFRS9 requirements shall be clear, reliable documented.

F/5/2- Financial assets at fair value through other comprehensive income:

The financial asset is held within the business model of financial assets held for collection of contractual cash flows and sale.

Both collection of contractual cash flows and sale are complementary to achieve the model objective.

High sales in terms of frequency and value compared to the business model held for the collection of contractual cash flows.

F/5/3- Financial assets at fair value through profit and loss:

The financial asset is held within other business models include trading, managing the financial assets based on fair value, and maximizing cash flows through sale.

The business model is not aimed to hold the financial asset for collection of contractual cash flows or the asset held for collection of contractual cash flows and sale.

Collection of contractual cash flows is an exceptional action comparing to the model objective.

Characteristics of business model are represented in:

- Structure of a group of activities designed to produce certain output.
- The model represents a complete framework of a certain activity (input - activities - output).
- The single business model can include sub-business models.

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G- Offsetting financial instruments

Financial assets and liabilities are offset if there is an enforceable legal right to offset the recognized amounts, and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously, Government securities, Repos and Reverse Repos agreements are netted in the balance sheet under "Government securities" item.

H- Financial derivatives and hedge accounting:

Derivatives are recognized at fair value at the date of concluding the derivative contract, and they are subsequently revaluated at its fair value. The fair value is obtained from quoted market prices in active markets, recent market transactions, or other valuation methods such as discounted cash flow models, and option pricing models as appropriate. All derivatives are included in assets when their fair value is positive and as liabilities when their fair value is negative.

Derivatives embedded in other financial instruments, such as conversion option in acquired convertible bonds, are treated as separate derivatives if their economic characteristics and risks are not closely related to those of the original contract and provided that the contract itself is not classified as at fair value through profit or loss. These embedded derivatives are measured at fair value and changes in fair value are recognized in the Income Statement under "Net Trading Income" item.

Embedded derivatives will not be separated if the Bank chooses to designate the whole contract as at fair value through profit or loss.

Recognition of profit and loss arising from changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the hedged item. The Bank designates certain derivatives as follows

- Hedging risks of the fair value of recognized assets and liabilities or definite commitments (fair value hedging)
- Hedging risks of highly expected future cash flows attributed to a recognized asset or liability, or to predicted transaction (cash flow hedging).
- Hedging net investments in foreign currencies (net investment hedging).

Hedge accounting is used for derivatives specified for this purpose whenever the required conditions are fulfilled. At the inception of the transaction, the Bank documents the relationship between the hedged items and hedging instruments, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge, the Bank regularly documents the process in order to estimate whether the derivatives used in hedging transactions are expected to be highly effective in offsetting changes in fair value or cash flows of the hedged item.

H/1 - Fair Value hedging:

Changes in the fair value of derivatives that are designated and qualified for fair value hedges are recognized in Income Statement along with any changes in the fair value attributable to risk of the hedged asset or liability.



The impact of the effective changes in fair value of return rate swap contracts and related hedged items is recognized in "net return income" item. The impact of the effective changes in the fair value of currency forward contracts is recognized in "net trading income" item.

The impact of ineffectiveness of all contracts and related hedge items stated in the previous paragraph is recognized in "net trading income" item.

When the hedging instrument is no longer qualified for hedge accounting, the book value adjustment of the hedged item is measured at amortized cost through charging to profit and loss over the year until the maturity date. Adjustments to the book value of the hedged equity instrument shall be charged to the equity until disposed.

H/2 Cash flow hedging:

The effective portion of changes in the fair value of derivatives that are designated and qualified for cash flow hedging is recognized in equity. Profits and losses of the ineffective portion are recognized immediately in the income statement as "net trading income."

Accumulated amounts in equity should be charged to the income statement at the same periods in which the hedged item affects profit and loss of the effective portion of the swaps and options as "net trading income"

When hedge instrument is mature, sold or no longer qualified for hedge accounting, profit and loss accumulated in equity remain in equity, and recognized in the income statement when the expected transaction is finally recognized. When the projected transaction is not likely to occur, profit and loss accumulated in the equity should be charged immediately to the income statement.

H/3 Net investment hedging:

Net investment hedging is accounted for based on the cash flow hedging. Profit or loss related to the effective portion of the hedging from the hedge instrument should be recognized in equity; while profit or loss of the ineffective portion should be recognized immediately in the income statement. Profit or loss accumulated in the equity should be immediately charged to the income statement when foreign transactions are excluded.

H/4 Unqualified Derivatives for hedge accounting:

Changes in fair value of derivatives that do not qualify for hedge accounting are recognized in the income statement under "net trading income" item. Profit and loss from changes in the fair value of derivatives that are managed in conjunction with financial assets and liabilities are included in "Net income from financial instruments initially recognized at fair value through profit or loss".

I- Return income and expenses:

Return income and expenses are recognized, in the income statement under "Return on Musharaka, Mudaraba, Murabaha, and similar revenues" item or "Cost of saving pools and similar costs" item, with return income and expenses by using the effective return method for all return-bearing financial instruments, except for those classified as held for trading purpose, or initially recognized at fair value through profit and loss.



Effective return is the method of calculating the amortized cost of financial asset or liability, and allocating return income or return expenses over the life of the relevant instrument. The effective rate of return is the rate used to discount the estimated future cash payments or receipts over the expected life of a financial instrument or, when appropriate, a shorter period to accurately reach the book value of the financial asset or liability. When calculating the effective return rate, the Bank estimates the expected cash flows taking into consideration all the contractual terms of the financial instrument (such as early repayment options) disregarding future credit losses. The calculation method includes all fees paid or received between the contract parties that represents an integral part of the effective return rate; the transaction cost includes any premiums or discounts.

When classifying finance transactions (Musharaka, Murabaha and Mudaraba) as non-performing or impaired as the case may be, the return from such is suspended to be recognized as revenue. The Bank recognizes the return income and expenses in the income statement on the accrual basis using the nominal return, as differences between the nominal return and effective return method under this item are insignificant.

J- Fees and commissions revenues:

Fees charged for finance transactions or facilities are recognized as revenues when service is provided. Fee and commission revenues related to non-performing or impaired debts ceased to be recognized as revenues and are rather recorded off balance sheet. These are recognized as revenue on a cash basis. Fees and commissions that represent an integral part of the effective return rate of a financial asset are treated as an adjustment to the effective return rate of that financial asset.

Commitment fees for finance transactions are suspended if there is a probability that such finance will be withdrawn as this commission received by the Bank represents compensation for the continuous interference for acquiring the financial instrument. Such commission is recognized by adjusting the effective rate of return on finance. In case the commitment is expired, without issuing the finance transaction, fees are recognized as revenues upon the commitment expiry.

Fees related to debt instruments measured at fair value are recognized as revenue at initial recognition. Fees charged for marketing syndicated finance transactions are recognized as revenues upon completion of the marketing process, and the finance is fully used by the Bank, or preserves its share using the effective return rate available for other participants.

Fees and commissions, arising from negotiating or participating in the negotiation of a transaction for a third party such as the arrangement of buying shares or other securities, or acquisition or sale of businesses, are recognized in the income statement upon completion of the given transaction. Fees and commissions arising from administrative consulting and other services rendered over a period of time are usually recognized as income over that period and according to all conditions stated in article (19) of the Egyptian Accounting Standard No. (11). Fees related to financial planning and custody services that rendered over a long period of time are usually recognized over that period.

K- Dividend revenues:

Dividends are recognized in the income statement when the right to collect it is declared by the General assembly of the investee.

L- Impairment of financial assets:

L/1 Financial policy:

The Bank shall review all financial assets except for those assets that are measured at fair value through profit or loss to estimate the impairment loss, which are estimated as follows:

At the date of financial statements, the financial assets are classified within three stages:

Stage 1: Financial assets that have not significant increase in credit risks since the initial recognition.

Their expected credit losses are calculated for 12 months.

Stage 2: Financial assets that have significant increase in credit risks since the initial recognition or the date of investments. Their expected credit losses are calculated over the lifetime of these assets.

Stage 3: Impaired financial assets whose expected credit losses (ECLs) are calculated based on the difference between the instrument's book value and the current value of the expected future cash flows.

- **Credit losses and impairment losses in the value of Financial instruments are measured as follows:**
 - Upon the initial recognition, Financial instrument with low credit risks are classified in the first stage. Credit risks shall be constantly monitored by the Bank's Credit Risk Department.
 - If there has been a significant increase in the credit risk since the initial recognition, the financial instrument is moved to the second stage, as it is no longer impaired in this stage.
 - If there are signs of impairment in the value of the financial instrument, the instrument shall be moved to the third stage.
 - Financial assets that have been held or acquired by the Bank and those assets have higher credit risks than the Bank's rates of low-risk financial assets upon the initial recognition, are directly classified in the second stage. Therefore, their expected credit losses are measured on the basis of lifetime expected credit losses.

L/2- Significant increase in credit risks :

The Bank determines that financial instrument has experienced a significant increase in credit risk when one or more of the following quantitative and qualitative criteria are met, as well as factors related to Probability of Default (PD).

L/3- Quantitative criteria:

If probability of default has increased during the remaining life of the instrument from the date of the balance sheet compared to the probability of default during the expected remaining life upon initial recognition, according to the structure of risks accepted by the Bank.



L/4- Qualitative criteria:

Finance provided to Retail Banking , Micro-, and Small Enterprises:

If the customer has encountered one or more of the following events:

- The customer requested to change the short-term payment plan to long-term payment due to negative impacts related to the customer's cash flows.
- Extension of payment period based on the customer's request.
- Overdues during the previous 12 months
- Future Negative economic outlook that may affect the customer's future cash flows.

Finance provided to institutions and medium enterprises:

If the customer is rated as a watch list customer and/or the financial instrument have encountered one or more of the following events:

- Significant increase in return rate on the financial asset as a result of credit risk increase.
- Significant negative changes in the activity and financial or economic conditions in the customer's working environment.
- Rescheduling of payments request due to difficulties encountered by the customer
- Significant negative changes occurred in actual or expected operating results or cash flows.
- Future economic changes that may affect the customer's future cash flows.
- Early signs of cash flows and liquidity problems such as delayed payment to creditors/ commercial finance transactions.

Non-payment (default):

Finance and credit facilities granted to Medium, Small and Micro-enterprises and retail banking are recorded in the second stage if the non-payment period is more than (30) days and there are overdues equal or more than (180) consecutive days.

Upward movement among stages 1, 2 and 3

Upward movement from the second stage to the first stage:

The financial asset shall not be moved from the second stage to the first stage unless all quantitative and qualitative criteria of the first stage are met and all past dues and returns of the financial asset are fully paid.

Movement from the third stage to the second stage:

The financial asset shall not be moved from the third stage to the second stage unless all the following conditions are fulfilled:

- Meeting all quantitative and qualitative elements of the second stage.
- Payment of 25% of the financial assets past dues, including deferred / marginal accrued returns.
- Regular payments for at least 12 months



M- Real estate Investments

Real estate investments represent lands and buildings owned by the Bank in order to obtain rental returns or capital gains. Therefore, these investments do not include real estate assets used by the Bank in the course of conducting its business activities or those assets acquired by the Bank as settlement of debts. Real estate investments are calculated by the same method applicable to fixed assets.

N- Intangible assets

N/1 Goodwill

Goodwill resulting from acquisition or merger of subsidiaries represents the excess of acquisition cost over the Bank's share in the fair value of acquired entity's identifiable assets and liabilities, including identifiable contingent liabilities that meet the recognition conditions on the date of acquisition. Goodwill is tested annually for impairment, 20% amortization or impairment loss, which is higher, is charged to the income statement

N/2- Computer programs

The expenses related to developing and maintenance of computer programs are recognized as expenses incurred in income statement. The expenses, related to certain programs controlled by the Bank that have economic benefits with a cost exceeding more than a year, are recognized as an intangible asset. The direct expenses include the cost of program staff, in addition to an appropriate share from related public expenses.

The expenses that lead to increase or expansion of computer program performance other than its main specifications are recognized as development cost and then added to the basic program cost.

The cost of computer programs, recognized as an asset, is amortized over the expected useful life over the year in not more than 3 years

O- Fixed assets

Lands and buildings comprise mainly of head office, branches and offices. All fixed assets are stated at historical cost less depreciation and impairment losses. The historical cost includes expenditure that is directly related to acquisition of fixed assets items.

Subsequent expenses are recognized within the book value of the current asset or as a separate asset - as appropriate - only when future economic benefits related to the asset are potentially gained by the Bank, and the cost of the item can be reliably determined. Repair and maintenance expenses are charged to other operating expenses during the year in which they are incurred.

Lands are not depreciated. Depreciation of fixed assets is calculated using a straight-line method to allocate their scrap value over the estimated useful life for each as follows:



Buildings and constructions	50 years
Leasehold improvements	50 years or over period of the lease contract if less.
Office furniture and safes	10 years
Typewriters, calculators and air conditioners	5 years
Vehicles	5 years
Computers / Core systems	5 years

The scrap value and the useful life of the fixed assets are reviewed at the date of each financial position, and are amended if necessary. Depreciated assets are reviewed to identify the impairment in case events or changes occurred indicating that the book value may not be refunded. The book value of the asset is immediately declined to the refundable value if the book value exceeds the refundable value.

The refundable value represents the net sale value or the usage value of the asset whichever higher. Profit or loss of disposal of fixed assets are identified by comparing the net proceeds against the book value. Profit (Loss) are included in other operating revenues (expenses) in the income statement.

P- Impairment of non-financial assets:

The assets that do not have definite useful lives, except for goodwill, shall not be depreciated and are tested annually for impairment. The impairment of depreciated assets is reviewed if there are events or changes in circumstances indicating that the book value may not be refunded.

The impairment loss is recognized and the asset value is reduced as much as the increase of the book value over the refundable value of the asset. The refundable value represents the net sale value or the usage value of the asset whichever higher. For estimating the impairment, the asset should be attached to the smallest possible monetary unit. The non-financial assets that had impairment are reviewed to determine if there is impairment was refunded to the income statement at the date of preparation of any financial statements.

Q- Leases:

All lease contracts to which the Bank is a party, are considered operating lease contracts and they are treated as follows:

Q/1- Being a lessee (Tenant) :

Payments under operating lease contracts, minus any discounts obtained by the lessor, are recognized under general and administrative expenses in the income statement based on a straight-line method over the contract period.

Q/2- Being a lessor (Landlord):

Operating lease assets are included in the fixed assets in the balance sheet and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets. The lease revenue recorded less any discounts granted to the tenant on a straight-line method over the contract period.

R- Cash and cash equivalent:

For the purposes of preparing the cash flow statement, cash and cash equivalent item includes balances which have maturities not exceeding three months from the date of acquisition. These balances include cash and balances at the Central Bank of Egypt other than the mandatory reserve, balances at banks, and government securities.

S- Other provisions:

Provision for restructuring costs and legal claims are recognized when the Bank has a current legal or constructive obligation because of the past events, and it is possible that the using of bank resources will be required to settle these obligations, and the amount of this obligation has been reliably estimated.

If there are similar obligations, the outflow used for settlement should be identified taking into account this group of obligations. The provision is recognized even under minor probability that it will be linked with outflow for an item of the group.

Provisions no longer required totally or partially are refunded in other operating revenues (expenses).



The current value of the expected payments to settle obligations after one year from the date of balance sheet using the appropriate rate in accordance with the terms of settlement – ignoring the effect of applicable tax rate – which reflects the time value of money. If the settlement term is less than one year, the estimated value of the obligation unless it has a significant effect is stated at the present value.

T - Financial Collateral Contracts:

They are contracts issued by the Bank to guarantee finance transactions or debited current accounts obtained by the Bank's customers from other entities. This, in turn, require to pay certain installments by the Bank to compensate the beneficiary against a loss incurred because inability of the debtor to pay due amounts on maturity dates according to the conditions of debt instruments. Those financial collaterals are submitted to banks and financial institutions and other entities on behalf of the Bank's customers.

The initial recognition at fair value in the financial statements at the date of collateral granting that may reflect the guarantee fees later. So, the Bank commitment is measured by collateral on the basis of the first measuring amount deducting depreciation in order to record collateral fees in the income statement based on straight-line method over the collateral lifetime or a best estimate for the amounts required to settle any obligation resulting from the financial collateral at the date of the balance sheet, whichever higher. These estimates are determined according to experience in similar transactions and historical losses, sustained by the management decree.

Any increase in liabilities resulting from financial collateral is recognized in the income statement under "Other operational revenues (expenses)" item

U - Employee benefits:

Specific Retirement Schemes are defined as pension regulations whereby the Bank is committed to pay income-based contributions to a separate institution (National Organization for Social Insurance). After payment of these contributions, the Bank is under no legal obligation to pay more contributions if this organization does not have sufficient assets to provide employees with accrued benefits resulting from their service during the current and previous periods.

In this regard, contributions of Specific Retirement Schemes are paid to the concerned authority in accordance with insurance regulations concerning pension scheme designed for private sector workers based on a mandatory or optional contract, with no other liabilities on the Bank other than the contributions to be paid. Those contributions are recognized in employee benefits, expenses.

V- Income Taxes:

Income tax on the profit or loss of the year includes both the current and deferred taxes, and is recognized in the income statement except for income tax related to shareholders equity items that are recognized directly in shareholders' equity item.

Income tax is calculated on the net taxable profit, using the tax rates applicable at the date of balance sheet, in addition to tax adjustments for previous year.

Deferred taxes are recognized due to the temporary differences between the book value of assets and liabilities according to accounting principles and the amounts used for tax bases, Deferred tax is determined based on the method used to realize or settle values of these assets and liabilities by using the tax rates applicable at the date of the balance sheet.

Deferred tax assets shall be recognized if it is probable that future taxable profits will be realized whereby the asset can be utilized, and the value of deferred tax assets shall be reduced by the value of portion not yielding the expected tax benefit during the next years. However, In case of increment of the expected taxable benefit, the deferred tax assets are increased within the limit previously reduced.

W- Financing:

Finances gained by the Bank should be initially recognized at fair value minus the cost of financing. Financing is subsequently stated at amortized cost, and any differences between the net proceeds and the value paid over the borrowing period using the effective return method should be charged to the income statement.

X- Capital:

X/1 Cost of Capital:

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

X/2 Dividends:

Dividends are recognized as a charge of equity upon the General Assembly approval. Those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the Bank's articles of association and law.

Y- Trust activities:

The Bank practices the trust activities that resulted in ownership or management of assets on behalf of individuals, trust, and retirement benefit plans. These assets and related profits are excluded from the Bank's financial statements, as they are assets not owned by the Bank.

Z- Comparative Figures:

The financial assets and liabilities items have not been reclassified by comparative figures.

3 - Financial Risk Management:

The Bank - as a result of conducting its activities - is exposed to various financial risks. Since financial activity is based on the concept of accepting risks, some risks or group of risks are analyzed, evaluated and managed all together. The Bank aims at achieving appropriate balance between the risk and return and to reduce the possible negative effects on the Bank's financial performance. The most important kinds of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk includes foreign currency exchange rate risk, return rate risk and other pricing risks.

The risk management policies have been laid down to identify and analyze risks as well as setting limits to the risks and control them through reliable methods and up-to-date systems. The Bank periodically reviews policies and systems of risk management and makes amendments thereto, so that they reflect the changes occurred in markets, products, services, and the best up-to-date applications.

Those risks are managed by Risk Management Dept. in the light of policies approved by Board of Directors. The Risk Management Dept. determines, evaluates and covers the financial risks through close and mutual cooperation with the Bank's various operating units. The Board of Directors provides written policies for risk management as well as written policies covering certain types of risks such as credit risk, foreign exchange rate risk, return rate risk, and financial and non-financial derivatives. Moreover, Risk Management Dept. is independently responsible for periodical review of risk management and control environment.



Risk Management Framework and Governance:

Objectives of the Bank's Risk Management Governance are represented in:

- 1- Strong organizational-level intervention, from the Bank's Board of Directors to management of work teams responsible for operating activities.
 - 2- A strong framework for internal procedures and guiding principles.
 - 3- Ongoing monitoring by different business lines and primary functions as well as an independent body in order to monitor risks and ensure compliance with procedures and regulations.
- The Board of Directors' Risk and Audit Committees are mainly responsible for verifying the compatible internal framework in order to monitor risks and ensure compliance with regulations.

Risk types:

A- Credit risk: (including country risk) is the risk arising from failure of the Bank's customers, sovereign issuers or other counterparties to meet its contractual and financial obligations.

Credit risks also include risks associated with market transactions (swap deals). Credit risk may also increase due to credit concentration risks arising from large credit facilities granted to individuals or credit facilities granted to groups of individuals who have a high probability of default.

B- Market risk: It represents losses arising from changes and fluctuations in market prices and return rates

C- Operational Risk: Operational risks (including legal risks, accounting and environmental risks, etc.) represent the risks resulting from losses, fraud, inaccurate financial and accounting data due to inadequate internal procedures and systems, or arising from human error or external events. Moreover, operational risk can take the form of compliance risk, which means that the Bank is being exposed to financial penalties, regulatory and disciplinary sanctions because of non-compliance with relevant rules and regulations.

D- Foreign exchange rates and return rates risks associated with the Bank's balance sheet: It represents the risks arising from losses or impairment of the Bank's assets, whether recorded in on- and off-balance sheet items, resulting from changes or fluctuations in foreign exchange rates and return rates. Foreign exchange rates and return rates risks associated with the Bank's balance sheet arises from commercial banking activities and head office operations (transactions in equity instruments, investments and bond issues).

E- Liquidity risk: is the risk that the Bank is unable to meet its payment obligations when they fall due.

The Bank allocates sufficient resources in order to be able to implement the risk management policy within its activities and to ensure risk management framework's compatibility with the following basic principles:

- Full independence of Risk Assessment Department from Operating Units.
- Using an integrated approach to assess and monitor risks in all departments and units of the Bank.

It is worth noting that Risk Management Department is independent from all the Bank's operational units and directly follows the Bank's Top Management. The department performs a crucial role in developing the Bank's performance and maximizing its profitability by using a robust and coherent risk management framework based on best practices, ensuring sound risk identification and assessment. The risk management team consists of highly qualified and specially trained members who are able to manage credit and market risks through the best operating mechanisms.



Risk Management Group functions include:

- Responsible for adopting and providing a detailed breakdown for the methods and approaches used to analyze, evaluate, and monitor credit risks, country risks, market risks and operational risks. In addition, it assumes the responsibility for conducting an in-depth review of trading strategies in high-risk areas and it also earnestly strives for developing models and tools used in prediction and management of such risks.
- Responsible for carrying out an independent evaluation by analyzing credit-risk transactions and providing sales managers with pieces of advice on transactions to be conducted by them.
- Responsible for setting a comprehensive framework for all the Bank's operational risks.

The Financial Department's Asset and Liability Unit is responsible for evaluating and managing other basic risk types, namely the risks of inadequate liquidity and risks associated with imbalance in the Bank's balance sheet structure (resulting from changes or fluctuations in foreign exchange rates and return rates due to inadequate liquidity), as well as long-term finance transactions conducted by the Bank. Consequently, the main objective of the department is to maintain adequate liquidity, fulfill capital requirements and manage the Bank's capital structure.

The Bank's Legal Affairs Department is responsible for managing legal risks. Compliance Department is responsible for managing compliance risks.

Risk Management Dept. is primarily responsible for setting a robust risk framework to ensure sound risk identification, assessment and mitigation. This in addition to outlining a comprehensive set of policies and guidelines required for risk management. The Financial Department's Asset and Liability Unit also shares this responsibility in certain areas

The Bank's Risk Management Committee is responsible for reviewing and discussing the key steps for managing the significant banking risks. The committee meets at least every 3 months

Finally, a joint team of internal and external auditors work together to monitor the principles, procedures and structure of the Bank's Risk Management.

3/A - Credit Risk:

The Bank is exposed to credit risk which it is the risk resulting from failure of one party to meet its contractual obligations towards the Bank. The credit risk is considered one of the most significant risks for the Bank. The credit risk is basically represented in financing facilities and investment activities that resulted in Bank's assets contain debt instruments. The credit risk is also found in off-balance sheet financial instruments like financing commitments. The credit risk management and control are centralized in credit risk management team at Credit Risk Department that prepare and submit reports to Board of Directors, top management and head of units on a regular basis.

A/1 Credit risk measurement:

Finances and facilities to customers

In order to measure credit risk related to finances and facilities to customers; the following three factors should be considered:

- Probability of default (PD) by a customer or third party in fulfilling contractual obligations.
- The current status and possible future progress indicating exposure at default.
- Loss given default (LGD).

These factors are embedded in the Bank's daily operations and activities that reflect expected loss (the expected loss model) required by Basel committee on Banking Regulations. The operational measurements can be contrasted with impairment loss according to the Egyptian Accounting Standard No. 26. Which is based on losses that have been incurred on the balance sheet date (the incurred loss model) rather than the expected losses (Note A/3).



The Bank assesses probability of default for each customer using internal rating tools tailored to classify the creditworthiness of various categories. These methods were developed for internal assessment, as to consider statistical analyses, as well as judgment of the credit officials in order to identify the appropriate credit worthiness rating. The Bank's customers were divided into four rating categories. As clarified in the following table, the rating structure applicable in the Bank reflects the probability of delay in payment. Therefore, customers could move between the various categories depending on evolving circumstances. Rating methods are reviewed and developed if necessary. The Bank regularly validates the performance of the rating and its predictive power with regard to default events.

Internal ratings

Rating	Rating Indicator
1	Performing loans
2	Regular follow up
3	Watch list
4	Non-performing loans

The credit status at default depends on the outstanding amounts at the time when the delay occurred. For example, as for lending, this credit status is considered the nominal value. And for commitments, the Bank records all actual withdrawals in addition to any withdrawals occurred till the date of delay, if any.

Loss given default or severe loss represents the Bank's expectation of the loss extent of on a claim if default occurred. It is expressed as percentage loss per unit of exposure and typically varies by type of the debtor, priority of claims and availability of collateral or other credit mitigation.

Debt instruments, Treasury bills and other bills:

As for debt instruments and bills, the Bank uses external ratings such as Standards and Poor's or similar ratings in order to manage credit risk. If these ratings are not available, the Bank uses methods similar to those applicable to credit customers. These investments in securities and bills are considered a method to have a better credit quality; they also provide an available source to meet financing requirements.

A/2 Risk mitigation and prevention policies:

The Bank manages, limits and controls credit concentration at the level of borrower, groups of borrowers, industries and countries.

The Bank controls acceptable credit risk levels using limits for the risk exposure for each borrower, group of borrowers, and at the level of economic activities and geographical sectors. Such risks are monitored on a regular basis and subject to an annual or more frequent review, when considered necessary. Credit risk limits at the level of the borrower/the group, the product, the sector, and the state are approved quarterly by the Board of Directors.

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

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to pay the amounts due and meet repayment obligations and by amending the finance limits where appropriate.



Some other specific mitigation measures are outlined below:

Collaterals

The Bank adopted several policies and procedures to minimize the credit risk. One of these methods is obtaining collaterals against money granted by the Bank. The Bank sets guidelines for certain collaterals to be accepted. The major types of collaterals against financing and facilities are:

- Real estate mortgage.
- To mortgage business assets such as machinery and goods.
- To mortgage financial instruments such as debt and equity instruments.

Longer-term finance granted to corporate entities are generally secured. Whereas credit facilities granted to individuals are generally unsecured. In order to minimize the credit loss, the Bank seeks to obtain additional collateral from certain counterparty as soon as impairment indicators are noticed for the relevant finance and facilities.

The Bank determines the types of collaterals held as security for other assets other than facilities and finances according to the nature of the instrument. Generally, debt instruments and treasury bills are unsecured, except for assets-backed securities and similar instruments that are secured by a portfolio of financial instruments.

Derivatives:

The Bank maintains strict control procedures on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. In all cases, the amount subject to credit risk is limited to the current fair value of the instruments that are favorable to the Bank (i.e., an asset that has a positive fair value), which represents a little part of the contractual value/ the assumed value used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall finance limits granted to customer, together with potential exposures from market movements. Collateral 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, equities or other securities is made or in the expectation of corresponding receipts in cash, equities or other securities. Daily settlement limits are established for each counterparty to cover the aggregate settlement risks arising from the daily Banking transactions.

Master Netting Arrangements:

The Bank restricts its exposure to credit risks by entering into master netting agreements with counterparts of significant volume of transactions. Generally, no netting between assets and liabilities at the date of the balance sheet relating to master netting agreements, as aggregate settlements are made. However, the credit risk related to contracts to the favor of the Bank is reduced by master netting agreements in case of default, as netting will be made with the counterpart to settle all transactions. The value of credit risk resulting from derivative instruments faced by the Bank can be changed substantially within a short period of time as it is affected by each transaction under these agreements.

Credit-related Commitments:

The main purpose of commitments related to credit is to verify the availability of funds to customers upon request. Financial collateral contracts and standby letters of credit related to credit risks of finance. Documentary and commercial letters of credit issued by the Bank on behalf of the customer to grant a third party withdrawal right from the Bank are limited to certain amounts under specified terms and conditions mostly guaranteed by freight goods; consequently it holds risks less than direct financing facilities.



Commitments of credit granting represent the unused part of the authorization for granting finance, collaterals or letters of credits. The Bank is exposed to potential loss with an amount equal to total unused commitments for credit risk emerged from commitments of credit granting. Rather, the expected loss amount is actually less than unused commitments, as most of these commitments represent potential liabilities of customers with specific credit characteristics. The Bank monitors the period of time till the maturity date of these commitments, because the long-term commitments usually hold higher rate of credit risk compared to short-term commitments.

A/3 Policies of Impairment and provisions:

The internal rating systems described in highly concentrate on the credit-quality mapping at the beginning of finance and investment activities. Otherwise, only impairment losses incurred at the date of the balance sheet should be recognized for the purpose of financial reports based on objective evidences indicating the impairment as later on stated in this note. Taking into consideration the difference of the applied methods, credit losses charged to the financial statements are usually less than the loss amount estimated using expected loss model of the credit rating, and for the purposes of the CBE's rules.

Expected Credit loss Provision stated in the balance sheet at the end of the year is derived from the four internal ratings. Nevertheless, most of the provision emerges from the last rating

The following table illustrates the percentage of on-balance sheet items regarding to finance, facilities and impairment related to each internal rating categories of the Bank

The Bank's rating	31 December 2021		31 December 2020	
	Finance and Facilities %	Expected Credit Loss Provision %	Finance and facilities %	Expected Credit Loss provision %
Performing loans	73.4	55.3	65.4	27.3
Regular follow up	23	8.7	30.2	19.4
Watch list	0.1	0.1	—	—
Non-performing loans	3.5	35.9	4.4	53.3
	100%	100%	100%	100%

The internal rating tools assist the management to determine whether objective evidence of impairment exists under the Egyptian Accounting Standard No. 26, and based on the following criteria set by the Bank:

- Significant financial difficulties are experienced by the finance customer or the borrower.
- Breach the terms and conditions of the finance agreement such as default.
- Expected bankruptcy of the borrower or subject to liquidation claim, or restructure of the funds granted.
- Deterioration of finance customer's competitive position.
- Due to economic or legal financial difficulties of the borrower, the Bank offered him / her concessions or privileges, which are not granted by the Bank in normal circumstances.
- Impairment of the collateral value.
- Deterioration of the customer's creditworthiness.

The Bank's policies require reviewing all financial assets that exceed certain relative significance at least annually or as required. Impairment losses on accounts are identified at individual basis by evaluating incurred losses at the date of the balance sheet case by case. These are applied to all significant accounts individually. The assessment normally includes collateral held, including re-confirmation of its enforceability and the anticipated receipts from these accounts.

Collective impairment provision is provided based on portfolios of homogenous assets by using the available historical experience, personal judgment and statistical techniques.



A/4 Model for measuring general banking risks:

In addition to the four categories of credit ratings indicated in note (A/1), the management classifies based on more detailed sub-groups in accordance with the CBE's regulations. Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, his / her activities, financial position and payment schedules.

The Bank calculates the provisions required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. If the provision required for impairment losses according to CBE's regulations exceeds the provision required for preparation purposes of financial statements according to the Egyptian Accounting Standards, this increase shall be debited from the retained profit and credited to the "General Banking Risk Reserve" under the equity. Such reserve is not available for distribution. Note (28/A) shows the "general banking risk reserve" movement during the fiscal year.

Below is a statement of institutional worthiness according to internal ratings, compared to CBE's ratings and rates of provisions required for impairment of assets exposed to credit risk:

CBE's rating	Categorization	Required provision %	Internal rating	Internal categorization
1	Low risks	0	1	Performing loans
2	Moderate risks	1%	1	Performing loans
3	Satisfactory risks	1%	1	Performing loans
4	Reasonable risks	2%	1	Performing loans
5	Acceptable risks	2%	1	Performing loans
6	Marginally acceptable risks	3%	2	Regular watching
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non-performing loans
9	Doubtful	50%	4	Non-performing loans
10	Bad debts	100%	4	Non-performing loans



31st December 2021

(EGP Thousand)

	Note. No.	Stage (1) Individual basis	Stage (1) Collective basis	Stage (2) Individual basis	Stage (2) Collective basis	Stage (3) Collective basis	Total
Cash and balances at the Central Bank of Egypt	(١٥)	-	-	1.964	-	-	1.964
Due from banks	(١٦)	18	-	2.644	-	-	2.662
Musharaka, Murabaha and Mudaraba with customers	(١٧)	-	264.580	-	442.582	137.481	844.643
Financial investments at fair value through other comprehensive income	(27/D)	6.213	-	-	-	-	6.213
Financial investments at amortized cost	(18/C)	74.823	-	-	-	-	74.823
Other provisions (Without provisions of lawsuits and operational losses with an amount of EGP 19.524 thousands)	(٢٥)	-	1.997	-	2.211	3.074	7.282
Total impairment loss		81.054	266.577	4.608	444.793	140.555	937.587

31st December 2020

(EGP Thousand)

	Note. No.	Stage (1) Individual basis	Stage (1) Collective basis	Stage (2) Individual basis	Stage (2) Collective basis	Stage (3) Collective basis	Total
Cash and balances at the Central Bank of Egypt	(١٥)	-	-	٢,٥٧٦	-	-	٢,٥٧٦
Due from banks	(١٦)	٦	-	٨٣٢	-	-	٨٣٨
Musharaka, Murabaha and Mudaraba with customers	(١٧)	-	107.405	-	١٩٥,٩٣٤	٣٤٥,٥٠٠	٦٤٨,٨٣٩
Financial investments at fair value through other comprehensive income	(27/D)	٨,٦٧٣	-	-	-	-	٨,٦٧٣
Financial investments at amortized cost	(18/C)	١٠١,٢٨١	-	-	-	-	١٠١,٢٨١
Other provisions (Without provisions of lawsuits and) operational losses with an amount of EGP (11.742 thousands)	(٢٥)	-	١٤,٧٧٧	-	٤,٣٨٨	٥,٠٨٢	٢٤,٢٤٧
Total impairment loss		١٠٩,٩٦٠	١٢٢,١٨٢	٣,٤٠٨	٢٠٠,٣٢٢	٣٥٠,٥٨٢	٧٨٦,٤٥٤



A/5 Musharaka, Murabaha and Mudaraba with customers

The following table represents the status of balances of Musharaka, Murabaha and Mudaraba with customers according to their creditworthiness for finance and investment:

The Bank's rating	Musharaka, Murabaha and Mudaraba with customers 31 December 2021 EGP Thousand	Musharaka, Murabaha and Mudaraba with customers 31 December 2020 EGP Thousand
Neither overdues nor impaired	13.334.978	11,198,741
Overdues but not impaired	7.171	22
Subject to impairment	485.326	516,463
Total	13.827.475	11,715,226
less:		
Advance Revenues	(1.049.327)	(1,040,447)
Expected credit loss provision	(844.643)	(748,839)
Net	11.933.505	10,025,940

Analysis of total Musharaka, murabaha and mudaraba with customers based on stages:

31 December 2021

(EGP Thousand)

Internal rating	Stage (1)	Stage (2)	Stage (3)	Total
Performing	7.574.818	2.582.899	-	10.157.717
Regular watching	365	3.176.896	-	3.177.261
Watch list	-	7.171	-	7.171
Non-performing	-	275.048	210.278	485.326
Total	7.575.183	6.042.014	210.278	13.827.475

Analysis of total Musharaka, murabaha and mudaraba with customers based on stages:

31 December 2020

(EGP Thousand)

Internal rating	Stage (1)	Stage (2)	Stage (3)	Total
Performing	5,853,043	1,812,002	-	7,665,045
Regular watching	359	3,032,837	-	3,033,196
Watch list	-	22	-	22
Non-performing	-	-	516,463	516,463
Total	5,853,902	5,344,861	516,463	11,715,226

The following table illustrates total Expected credit loss provision based on stages:

31 December 2021

(EGP Thousand)

Internal rating	Stage (1) Collective basis	Stage (2) Collective basis	Stage (3) Collective basis	Total
Performing	264.555	203.681	-	468.236
Regular watching	26	73.076	-	73.102
Private watching	-	457	-	457
Non-performing	-	165.367	137.481	302.848
Total	264.581	442.581	137.481	844.643

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The following table illustrates total Expected credit loss provision based on stages:

Internal rating	31 December 2020			Total
	Stage (1) Collective basis	Stage (2) Collective basis	Stage (3) Collective basis	
Performing	١٠٧,٢٧٥	٦٩,٨٤٣	-	١٧٧,٢١٨
Regular watching	٣٠	١٢٦,٠٩١	-	١٢٦,١٢١
Non-performing	-	-	345.500	345.500
Total	١٠٧,٤٠٥	١٩٥,٩٣٤	٣٤٥,٥٠٠	٦٤٨,٨٣٩

A/ 6 - Debt instruments and Government securities

The following table represents an analysis of debt instruments and government securities according to rating agencies at the end of the fiscal year, and based on Standards and Poor's rating and its equivalent.

	31 December 2021		Total
	Government securities EGP Thousand	Investments in financial securities EGP Thousand	
AA+ to AA-	-	477.974	477.974
A+ to A-	-	1.334.893	1.334.893
Less than A-	34.023.936	45.912.200	79.936.136
Total	34.023.936	47.25.067	81.749.003

	31 December 2020		Total
	Government securities	Investments in financial securities	
AA+to AA-	-	550.308	550.308
A+ to A-	-	1.227.733	1.227.733
Less than A-	36.784.325	34.680.088	71.464.413
Total	36.784.325	36.458.129	73.242.454

A/7 Acquisition of collaterals

During the current year, the Bank has possessed assets by acquiring some collateral, as follows:

Asset's nature	Book value EGP Thousand
Net impairment reverse	(٢,٦٢٤)
Sale of 8 villas	١٧,٠٧٩
Eight housing units	٣,٣٩٢
Two shops and a basement	١,٥٨٢
Three plots of land	٩٩٨
Total	(٤٣,٦٢٥)

Acquired assets are classified as "other assets" in the balance sheet, and they are sold whenever possible.

A/8 Concentration of risks of financial assets exposed to investment and finance risk

Geographical sectors

The following table represents an analysis of the most significant finance and investment transactions of the Bank stated at the book value, categorized by geographical sector at the end of the current year. For preparing this table, The Bank has allocated exposures to regions based on the customer-domiciled regions:

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31 December 2021

(EGP Thousand)

	Arab Republic of Egypt			Europe	Arab Gulf Countries	Other countries	Total
	Greater Cairo	Alexandria, Delta and Sinai	Upper Egypt				
Musharaka, Murabaha and Mudaraba with customers	6.294.146	5.158.516	480.843	-	-	-	11.933.505
Financial investments:							
-At fair value through other comprehensive income	26.456.279	1.296	-	474.152	783.696	680.873	28.396.296
-At fair value through profit and loss	45.460	-	-	248.764	149.890	-	444.114
- At amortized cost	53.833.403	-	-	-	1.718.233	125.707	55.677.343
Other assets	3.287.478	-	-	-	84.621	-	3.372.099
Total at the end of the current year	89.916.766	5.159.812	480.843	722.916	2.736.440	806.580	99.823.357
Total at the end of the comparative year	82.502.963	1.165.481	286.874	586.796	2.543.028	973.426	88.058.568

Business Sectors

The following table represents an analysis of the most significant finance and investment risk exposures of the Bank stated at book value, and they are categorized by the Bank's customers' activities:

31 December 2021

(EGP Thousand)

	Financial institutions	Industrial institutions	Real estate	Wholesale and retail trade	Governmental Sector	Other activities	Individuals	Total
Musharaka, Murabaha and Mudaraba with customers	2.406.261	4.488.596	2.713.641	683.208	-	157.717	1.484.082	11.933.505
Financial investments:								
- At fair value through other comprehensive income	475.645	1.501.753	975.762	-	23.894.411	1.548.725	-	28.396.296
- At fair value through profit and loss	-	-	248.764	-	-	195.350	-	444.114
- At amortized cost	314.225	-	-	-	55.363.118	-	-	55.677.343
Other assets	2.275.562	-	1.096.537	-	-	-	-	3.372.099
Total at the end of the current year	5.471.693	5.990.349	5.034.704	683.208	79.257.529	1.901.792	1.484.082	99.823.357
Total at the end of the comparative year	4.267.143	6.821.987	2.858.579	535.772	70.976.652	1.486.708	1.111.726	88.058.568

3/B- Market risk

The Bank is exposed to market risks of fluctuation in the fair value or future cash flows due to change in the market rates. Market risks emerge from open positions of return rates, currency, equity instruments; those are exposed to public and private movements of the market as well as sensitivity levels to market rates or prices such as return rates, exchange rates, and equity instruments. The Bank segregates market risks into either trading or non-trading portfolios.

B/1 Value at Risk summary

Total Value at Risk according to the risk type:

	(EGP Thousand)					
	12 month till the end of December 2021			12 month till the end of December 2020		
	Average	High	Low	Average	High	Low
Foreign exchange risk	37.019.286	38.537.914	33.781.765	39.375.452	52.769.030	36.314.093
Return rate risk	27.276.780	28.547.154	26.488.696	24.113.861	26.170.581	20.697.745
Equity instruments risk	9.371.032	10.447.237	9.106.700	9.582.896	9.883.234	9.263.440
Total value at risk	73.667.098	77.532.306	69.377.161	73.072.209	88.822.845	66.275.278

Value at risk for trading portfolio by risk type

	(EGP Thousand)					
	12 month till the end of December 2021			12 month till the end of December 2020		
	Average	High	Low	Average	High	Low
Foreign exchange risk	393.494	404.387	343.574	38.103	424.458	341.794
Return rate risk	-	-	-	-	-	-
Equity instruments risk	-	-	-	-	-	-
Total value at risk	393.494	404.387	343.574	38.103	424.458	341.794

Value at risk for non-trading portfolio by risk type

	(EGP Thousand)					
	12 month till the end of December 2021			12 month till the end of December 2020		
	Average	High	Low	Average	High	Low
Foreign exchange risk	36.625.793	38.139.801	33.383.618	38.993.349	52.382.232	35.924.802
Return rate risk	27.276.780	28.547.154	26.488.696	24.113.861	26.170.581	20.697.745
Equity instruments risk	9.371.032	10.447.238	9.106.700	9.582.896	9.883.234	9.263.440
Total value at risk	73.273.605	77.134.193	68.979.014	72.690.106	88.436.047	65.885.987

Increase in the value at risk, particularly the return rate, depends on increase of return rate sensitivity in international financial markets.

The above three results of value at risk are calculated independently from the underlying positions and historical market movements. Total trading and non-trading value at risk does not represent the Bank's value at risk due to correlation between risk types and portfolio types and their effect.

B/2 Foreign currency risk

The Bank is exposed to the risk of fluctuations in foreign currency exchange rates and its impact on the financial position and cash flows. The Board of Directors has set limits by total value for foreign currencies for each position at the end of the day and during the day in which they are timely monitored. The following table summarizes the Bank exposure to foreign currency risks at the end of the financial year. The table includes the book value of the financial instruments distributed and categorized by their currencies:

	31 December 2021 (EGP Thousand)					Total
	EGP	USD	EURO	GBP	Other currencies	
Financial assets						
Cash and balances at the Central Banks	6.281.970	3.234.193	75.426	14.096	35.258	9.640.943
Due from banks	6.864.962	10.458.135	224.001	130.476	950.330	18.627.904
Musharaka, Murabaha and Mudaraba with customers	10.549.663	1.338.832	45.010	-	-	11.933.505
Financial investments:						
-At fair value through other comprehensive income	24.918.452	2.820.225	657.619	-	-	28.396.296
-At fair value through profit or loss	45.460	248.764	-	-	149.890	444.114
-At amortized cost	39.360.274	16.317.069	-	-	-	55.677.343
Other financial assets	3.356.416	8.330	(1.026)	90	8.289	3.372.099
Total financial assets	91.377.197	34.425.548	1.001.030	144.662	1.143.767	128.092.204
	EGP	USD	EURO	GBP	Other currencies	Total
Financial liabilities						
Due to banks	470.900	66.370	2.393	4	-	539.667
Saving pools and certificates	80.845.204	26.461.948	957.932	147.273	1.147.794	109.560.151
Other financial liabilities	2.991.776	183.743	(3.364)	759	5.120	3.178.034
Total financial liabilities	84.307.880	26.712.061	956.961	148.039	1.152.914	113.277.852
Net balance sheet	7.069.317	7.713.487	44.069	(3.374)	(9.147)	14.814.352
Commitments related to finance	506.397	1.119.656	17.638	-	710	1.644.401
<u>At the end of the comparative year</u>						
Total financial assets	78.094.484	31.979.614	1.016.297	138.905	1.222.971	112.452.271
Total financial liabilities	71.457.208	26.071.535	967.460	138.906	1.222.902	99.858.011
Net balance sheet	6.637.276	5.908.79	48.837	(1)	69	12.594.260

Dealing Room Functions:

- Submitting periodic reports on the financial market movements.
- Implementing the Asset and Liability Management Committee's recommendations that were approved, as well as presenting progress reports on implementation of these recommendations.
- Coordination with the Asset and Liability Management Unit (ALMU) with regard to natural hedging against risks that may arise from specific transactions and ensuring compatibility with the policies and recommendations approved by Asset and Liability Management Committee (ALCO).
- Assuming responsibility for short-term liquidity management.
- Preparing periodic reports on any developments occurred in the market conditions and paying attention to any liquidity shortfalls.
- Informing the Asset and Liability Management Unit of funding needs to deal with liquidity gap.

The Bank's objective of return rate risk management:

The Bank aims at reducing its exposure to return rate risks as far as possible, taking into consideration that the value of the residual risks resulting from return rates is within limits of sensitivity level approved by the Asset and Liability Management Committee (ALCO)..

The sensitivity level is defined as a change in the net current value of the Bank's future fixed return rate positions for every 1% increase in return rate curve. Regular follow-up is carried out to measure the Bank's compliance with prescribed limits.



B/3 Return rate volatility risk

The Bank is exposed to risk of fluctuations in return rates prevailing in the market, that is the possibility that changes in the return rates will affect future cash flows or fair value of a financial instrument because of changes in market return rates, The return margin could increase as a result of these changes, and profits may be decreased in case of unexpected movements. The board of directors sets limits to the difference level of return rate re-pricing that the Bank could apply.

The following table summarizes the Bank exposure to risk of return rate fluctuations that includes book value of financial instruments distributed based on re-pricing dates or maturity dates, whichever is sooner:

31 December 2021							
(EGP Thousand)							
	Up to one month	More than one month and up to 3 months	More than 3 months and up to 1 year	More than 1 year and up to 5 years	More than 5 years	Without return	Total
Financial assets							
Cash and balances at the Central Bank of Egypt	2.853.851	-	-	-	-	6.787.092	9.640.945
Due from banks	11.710.731	6.781.633	-	-	-	135.540	18.627.904
Musharaka, Murabaha and Mudaraba with customers	55.653	320.272	1.762.822	3.617.081	5.839.349	338.328	11.933.505
Financial investments:							
At fair value through other comprehensive income	2.092.081	4.074.496	3.784.790	15.406.533	3.038.396	-	28.396.296
At fair value through profit or loss	-	444.114	-	-	-	-	444.114
At amortized cost	1.806.700	1.800.678	2.809.081	48.389.109	871.775	-	55.677.343
Other financial assets	843.025	843.025	843.025	843.024	-	-	3.372.099
Total financial assets	19.362.041	14.264.218	9.199.718	68.255.747	9.749.520	7.260.960	128.092.204
Financial liabilities							
Due to banks	-	-	450.000	-	-	89.667	539.667
Saving pools and other deposits	11.536.473	10.327.185	10.327.185	30.521.635	37.777.361	9.070.312	109.560.151
Other financial liabilities	794.509	794.509	794.509	794.507	-	-	3.178.034
Total financial liabilities	12.330.982	11.121.694	11.571.694	31.316.142	37.777.361	9.159.979	113.277.852
Return re-pricing gap	7.031.059	3.142.524	(2.371.976)	36.939.605	(28.027.841)	(1.899.019)	14.814.352
At the end of the comparative year							
Total financial assets	18.151.132	11.577.747	14.459.458	53.176.555	8.479.879	6.607.500	112.452.271
Total financial liabilities	11.318.681	10.137.117	10.137.116	26.648.419	33.047.085	8.569.593	99.858.011
Return re-pricing gap	6.832.451	1.440.630	4.322.342	26.528.136	(24.567.206)	(1.962.093)	12.594.260

3/C Liquidity risk

Liquidity risk represents difficulties encountering the Bank in meeting its financial commitments when they fall due and replace funds when they are withdrawn. The consequences may be the failure to meet obligations to repay depositors and fulfill commitments to finance.

Liquidity risk management

The Bank's liquidity management process, as carried out by the Bank Financial Department includes:

- Daily funding managed by monitoring future cash flows to ensure that all requirements can be met. This includes replenishment of funds as they are due or to be borrowed by customers. The Bank maintains an active presence in the global money markets in order to achieve that goal.
- The Bank maintains a portfolio of highly marketable assets that can be easily liquidated in the event of any unexpected interruption of cash flows.
- Monitoring liquidity ratios against internal requirements and CBE's requirements.
- Managing the concentration and profiling finance transaction maturities.

The Bank's objective of Liquidity Management

The Bank aims to finance its activities based on the best possible prices under normal circumstances in order to be able to meet its obligations in the event of a crisis. To this end, the Bank adopts the following main principles of liquidity management:

- Short-term Liquidity management in accordance with regulatory framework.
- Diversification of funding sources
- Maintaining high-quality liquid Assets.

Measuring and monitoring the liquidity risk structure

The bank's liquidity management framework is summarized in the following functions:

- Regular evaluation of the Bank's liquidity structure and its development over time.
- Focusing on strategies to diversify funding sources
- The bank assesses funding needs based on the expectations set out in the budget plan in order to provide appropriate funding solutions .

The potential liquidity gaps are identified by listing the items recorded on and off-balance sheet according to currency type and maturity dates for these items. The maturity dates for the assets and liabilities are determined based on the contractual terms of the transactions and historical patterns of customer behaviors (as Investment Accounts), as well as the traditional assumptions related to certain items in the balance sheet (as shareholders' equity).

For the purpose of Monitoring and reporting, cash flows are measured and expected for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those expectations is an analysis of the contractual maturities of financial liabilities and expected collection dates of the financial assets.

Local Investment Department also monitors unmatched medium-term assets, the level and type of the unused part of the finance commitments, the usage of facilities and the impact of contingent liabilities such as letters of credit and guarantee.

Funding approach

Liquidity sources are regularly reviewed by a separate team in the Bank's Financial Department to maintain a wide diversification within currencies, geographical areas, sources, products and terms.

Non-derivative cash flows:

The following table represents paid cash flows by the Bank under non-derivative financial liabilities distributed to the remaining period of contractual maturities at the date of the balance sheet. Amounts stated in the table represent undiscounted contractual cash flows, while the Bank manages liquidity risk on the basis of expected - and not contractual - undiscounted cash flows:



31 December 2021

(EGP Thousand)

	Up to one month	More than one month and up to 3 months	More than 3 months and up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	-	-	450.000	-	89.667	539.667
Saving pools and other deposits	11.536.473	10.327.185	10.327.185	30.521.635	46.847.673	109.560.151
Other financial liabilities	794.509	794.509	794.509	794.507	-	3.178.034
Total financial liabilities on the contractual maturity date	12.330.982	11.121.694	11.571.694	31.316.142	46.937.340	113.277.852
Total financial assets on the contractual maturity date	19.362.041	14.264.218	9.199.718	68.255.747	17.010.480	128.092.204

31 December 2020

(EGP Thousand)

	Up to one month	More than one month and up to 3 months	More than 3 months and up to 1 year	More than 1 year and up to 5 years	More than 5 years	Total
Financial liabilities						
Due to banks	-	-	-	-	١٥٠,٢٤٨	١٥٠,٢٤٨
Saving pools and other deposits	١٠,٦٢٧,٩٦٠	٩,٤٤٦,٣٩٦	٩,٤٤٦,٣٩٥	٢٥,٩٥٧,٦٩٨	٤١,٤٦٦,٤٣٠	٩٦,٩٤٤,٨٧٩
Other financial liabilities	٦٩٠,٧٢١	٦٩٠,٧٢١	٦٩٠,٧٢١	٦٩٠,٧٢١	-	٢,٧٦٢,٨٨٤
Total financial liabilities on the contractual maturity date	١١,٣١٨,٦٨١	١٠,١٣٧,١١٧	١٠,١٣٧,١١٧	٢٦,٦٤٨,٤١٩	٤١,٦١٦,٦٧٨	٩٩,٨٥٨,٠١١
Total financial assets on the contractual maturity date	١٨,١٥١,١٣٢	١١,٥٧٧,٧٤٧	١٤,٤٥٩,٤٥٨	٥٣,١٧٦,٥٥٥	١٥,٠٨٧,٣٧٩	١١٢,٤٥٢,٢٧١

3/D Capital management

The Bank manages its capital, which includes equity plus some other items as reported in the balance sheet, to ensure that the following objectives are achieved:

- Complying with legally-imposed capital requirements in Egypt and in other countries in which the Bank's branches are operating.
- Protecting the Bank's ability to continue as a going concern and enabling the generation of yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth of the Bank's operations.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management according to CBE's requirements, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations. The required data as well as deposits at the CBE are submitted on a quarterly basis.

The CBE requires the Bank to:

Maintain EGP 5 billion as minimum requirement for the Issued and paid-up capital.

Maintain a ratio of 12.50% or more between the capital elements and the risk-weighted assets and contingent liabilities. Since the beginning of January 2019, the minimum level of Capital Adequacy Ratio (CAR) has recorded 12.50% after taking into account the requirements of Conservation Buffer and Domestic Systemically Important Banks (D-SIBs).



The Bank's branches operating outside A.R.E. are subject to supervisory rules regulating banking business in the hosting states. In this regard, the numerator of capital adequacy ratio includes the two following tiers:

Tier one: Is the principal capital that contains paid-up capital (after deducting the book value of the treasury stocks), retained earnings and reserves resulting from the distribution of profits except for the general banking risk reserve, deducting previously-recognized goodwill and any carried-forward losses, as well as balance of other comprehensive income items after regulatory adjustments.

Tier two: Is the subordinate capital that contains an equivalent of the general risk provision based on the balance of required provisions against debt instruments and credit facilities required under stage one by not more than 1.25% of total risk-weighted assets and contingent liabilities, subordinate finances/deposits with maturity of more than 5 years (amortizing 20% of its carrying amount in each year of the remaining five years to maturity), and 45% of the increase between the fair value and book value for each of the financial investments in subsidiaries and associates.

When calculating total numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinate finances (deposits) to no more than 50% of tier1.

The assets risk weights scale ranging from zero to 100% is based on the debtor nature for each asset to reflect its related credit risks, taking into consideration cash collateral. The same treatment is used for off-balance sheet amounts after adjustments in order to reflect the contingent nature and the potential losses of those amounts.

Return rate risk management structure :

This risk is identified and measured by the Financial Department's Asset and Liability Management Unit (ALMU). The risks, their limits and corrective actions to be taken are assessed by Assets and Liability Management Committee (ALCO), chaired by the Bank's Chief Executive Officer, and the membership of all Department Heads, Chief Financial Officer, Managers of Trade Finance Departments, Manager of Branch Department, and Head of Dealing Room. Dealing Room implements the necessary procedures established by Asset and Liability Management (ALCO) in order to adjust gaps identified in financial markets. Dealing Room prepares its reports on the developments occurred and presents them to ALCO and ALMU.

Asset and Liability Management Committee (ALCO) Functions:

- Deciding on acceptable limits for sensitivity analysis purposes.
- Reviewing the assumptions used in identifying and measuring risks and verifying their validity.
- Identifying the return rate risks and gaps and the Bank's sensitivity level, which are stated in the reports prepared by Assets and Liabilities Management Unit (ALMU)
- Evaluating, amending and endorsing the proposed recommendations to adjust the gaps - if any - to be in line with previously approved limits.

Asset and Liability Management Unit (ALMU) Functions:

- Adopting the risk management policy as approved by the Asset and Liability Management Committee.
- Preparing the models used in identifying and measuring risks and constantly develop them.
- Preparing reports on values at risk (VaR) and their position and limits over time, as well as presenting these reports to Asset and Liability Management Committee.
- submitting recommendations to adjust the gaps in accordance with previously approved limits.
- Overseeing the implementation of Asset and Liability Management Committee's decisions and progress in the implementation process must be notified to the committee.

Financial instruments measured at fair value:

Financial assets classified as held for trading are measured at fair value, and the differences resulting from change in fair value are recognized in the income statement under "Net Trading Income" item. The debt instruments classified as financial assets at fair value through other comprehensive income are measured at fair value, and the differences resulting from change in fair value are recognized in other comprehensive income statement under "Fair Value Reserve". With regard to investments in equity instruments, listed shares are measured at fair value according to the stock market's quoted prices at the date of unconsolidated financial statements. Unlisted shares, except for strategic investments, are



evaluated by using acceptable evaluation methods such as "Discounted Cash Flow (DCF) and Multiples Approach", and valuation differences are recognized in the other comprehensive income statement within "Fair Value Reserve". As for strategic investments, the cost or nominal value is considered the fair value of these investments.

The Bank adopts the fair value hierarchy based on levels of inputs that are significant to the entire fair value measurement

Level 1 Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date.

Level 2 : Level 2 inputs include all inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : Level 3 inputs are unobservable inputs for the asset or liability.

Finance and credit facilities for customers

Finance and credit facilities are net of provision for impairment losses

Debt instruments at amortized cost:

Non-derivative financial assets with payments and fixed or determinable maturity dates are classified as debt instruments at amortized cost within "the business model of financial assets held to collect contractual cash flows".

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

Tier one: Tier one is the principal capital that comprises of paid-up capital (after deducting the book value of the treasury shares), retained profit, reserves created under law and the Bank's Articles of Association which resulting from the distribution of profits except the general banking risk reserve, deducting previously-recognized goodwill and any carried-forward losses.

Net interim profits has been included in Tier one according to the decision made by CBE's Board of Directors in its session held on 15 February 2017.

Tier two: Tier two represents the gone-concern capital that contains an equivalent of balance of provisions required against debt instruments / Finance and credit facilities included in Stage 1 by not more than 1.25% of total risk-weighted assets and contingent liabilities, subordinate finances/deposits with maturity of more than 5 years (amortizing 20% of its carrying amount in each year of the remaining five years to maturity), and 45% of the increase between fair value and book value for each of the financial investments in subsidiaries and associates, and 45% of the special reserve value.

When calculating total numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinate finances (deposits) to no more than 50% of tier 1.

The assets risk weights scale ranging from zero to 200% is based on the debtor nature for each asset to reflect its related credit risks, taking into consideration cash collateral. The same treatment is used for off-balance sheet amounts after adjustments in order to reflect the contingent nature and the potential losses of those amounts.

Capital Adequacy Ratio was calculated in accordance with Basel II requirements based on the decision taken by CBE's Board of Directors in its session held on 18 December 2012, which was issued on 24 December 2012.

The Bank has complied with all local capital requirements, as well as other requirements imposed on its foreign branches during the past two year.

The following table summarizes the components of Tier 1, Tier 2 and capital adequacy ratios at the end of the financial year:

EGP Thousand

	31 December 2021	31 December 2020
Tier 1 (Common Equity and Additional Going-Concern)		
Issued and paid-up capital	5,677.509	٤,٠٨٦,٨٦٥
Treasury stocks (-)	(9.892)	(٩,٨٩٢)
Reserves	1,671.417	١,٦٧١,٤١٧
General risk reserve	١٤٩,١٥٣	١٤٩,١٥٣
IFRS 9 risk reserve	-	-
Retained profit (carried-forward losses)	5,043.642	٦,٦١٧,٥٥٤
Quarterly interim profit / (loss)	1,236.092	-
Minority interest	786	٥٤٢
Total deductions from Going-Concern Capital "Common Equity"	(439.292)	(٢٢١,٠٦٨)
Total balance of accumulated other comprehensive income items after regulatory adjustments	1,803.941	١,٦٦٦,٨٢٠
Total Tier 1 Common Equity and Additional Going-Concern capital	15,133.356	١٣,٩٦١,٣٩١
Tier 2 (Subordinate capital):		
45% of the increase in fair value over the book value of financial investments in subsidiaries and associates.	784.570	٥٣٦,٣٧٠
Balance of provisions required against debt instruments and credit facilities under stage 1	341.421	٢٢٣,٤٦٩
Total subordinate capital	1,125.991	٧٥٩,٨٣٩
Total Capital Base after deductions (total capital)	16,259.347	١٤,٧٢١,٢٣٠
Risk-weighted assets and contingent liabilities:		
Total assets and contingent liabilities adjusted with credit, market and operation risk weights	50,490.613	٤٦,٩٤٠,٧٩٠
Total capital base / Total assets and contingent liabilities adjusted with credit, market and operation risk weights	% 32.20	% ٣١,٣٦

In its session held on 7th July 2015, the Central Bank of Egypt has approved leverage ratio regulations, under which banks must abide by a minimum requirement of (3%) on a quarterly basis as follows:

As an indicative ratio applicable as from the end of September 2015 until 2017.

As a mandatory ratio as from 2018

The CBE requires the Bank to disclose leverage ratio and its components (the numerator and denominator) in published financial statements in the same manner as Risk-based Capital Adequacy Ratio (CAR).

The numerator and denominator of financial leverage ratio include:

Components of the numerator: the numerator of leverage ratio consists of Tier 1 capital (after deductions) used in the numerator of Risk-based Capital Adequacy Ratio (CAR).

Components of the denominator: the denominator of leverage ratio consists of all on-and off-balance sheet assets of the Bank - in accordance with the financial statements - what is called "the Bank exposures".

Ratio: ratio of Tier 1 capital from capital base (after deductions) to total Bank exposures should not be less than (3%).

EGP Thousand

	31 December 2021	31 December 2020
First: The numerator		
Going-Concern Capital "Tier 1" after deductions	15,133.356	١٣,٩٦١,٣٩٠
Second: The denominator		
Total on-balance sheet, derivatives transactions and securities financing transaction exposures	130,939.919	١١٤,٨٨٤,٢١٧
Off-balance sheet exposures	3,307.273	٣,٤٦١,٣٥٢
Total on- and off -balance sheet exposures	134,247.192	١١٨,٣٤٥,٥٦٩
Financial Leverage ratio %	11.27%	11.80%

4- Significant accounting estimates and assumptions:

4/A Impairment losses of Musharaka, Mudaraba and Murabaha

The Bank reviews its portfolio of Musharaka, Murabaha and Mudaraba transactions to assess impairment on quarterly basis at least. The Bank depends on personal judgments to identify whether the impairment losses should be recorded in the income statement or not, and to verify any reliable information indicating that measurable impairment occurred in the estimated future cash flows of Murabaha portfolio to recognize the impairment level of each Murabaha in the portfolio. These evidences might include information indicating that there has been an adverse change in the payment status of the bank portfolio of finance customers or local or economic conditions that correlate with the default of bank assets. When rescheduling the future cash flows, the management uses estimates based on past loss experience for assets with credit risk having characteristics of finance and investment transactions at the existence of objective evidences of the impairment similar to those in the portfolio. The methodology and assumptions for estimating both the amount and period of the future cash flows should be regularly reviewed in order to eliminate any differences between estimated loss and actual loss based on experience.

4/B Impairment of equity investments at fair value through other comprehensive income

The Bank determines that equity investments at fair value through other comprehensive income are impaired when there is a significant or prolonged decline in the fair value below its cost. A personal judgment is required to determine that the decline is significant or prolonged. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment loss recognized when there is an evidence of deterioration in the financial position of the investee, operational and financing cash flows, industry and sector performance, or changes in technology.

4/C Financial investments at amortized cost

The non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as investments held to maturity. This classification requires high degree of personal judgment. In making this judgment, the Bank evaluates the intention and ability to keep such these investments at amortized cost. If the Bank fails to hold these investments to maturity – other than for specific circumstances such as selling insignificant volume close to maturity, at that time all investments at amortized cost are reclassified as at fair value through other comprehensive income. Hence, these investments will be measured at fair value not at amortized cost. In addition to suspending any other investment classification in this item.

4/D Fair value of derivatives

Fair value of the financial instruments not quoted in active markets is determined by using valuation techniques. These valuation techniques as models are periodically validated and reviewed by qualified personnel who are fully independent of the body that created them. Valuation results depend relatively on experience.

4/E Income Tax

The Bank is subject to income tax, this requires significant estimates to determine the total income tax provision. There are a number of complicated processes and calculations to determine the final income tax. The bank records liabilities of the expected results of the tax investigation based on estimation of probable additional taxes required. Difference between final and estimated tax will affect the income tax.

5- Segment analysis

- By activity segment

Activity segment includes operating processes and assets used in providing banking services, management of inherent risks and the return rate of this activity that might be different from other activities. The segment analysis of operations according to the Banking activities includes:



Large, medium, and small enterprises

Includes current accounts, deposits, debited current accounts, finance and investment transactions, and financial derivatives.

Investment

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

Individuals

Includes current accounts, saving pools, deposits, personal Murabaha and real estate Murabaha.

Other activities

Includes other banking activities such as fund management.

Inter-segment transactions are on normal commercial terms and conditions and it includes operating assets and liabilities as stated in the balance sheet.

6- Net income from return

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Return on Musharaka, Murabaha, Mudaraba and similar revenues from:		
The Central Bank of Egypt	93.933	1,400,242
Other banks	334.200	444,191
Customers	1,537.415	1,006,238
Total	1,965.548	3,400,671
Return on governmental debt instruments	8,884.414	6,033,066
Return on Investments in debt instruments at amortized cost and at fair value through other comprehensive income	72.527	67,707
Total	10,922.489	9,006,444
Cost of saving pools and similar costs from:		
Banks	(143.854)	(101,823)
Customers	(5,295.814)	(4,782,880)
Total	(5,439.668)	(4,884,703)
Net	5,482.821	4,621,736

7- Fees and commissions revenues

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Fees and commissions related to finance and investment transactions	24.750	24,471
Fees of corporate financing services	8.886	9,880
Custody and keeping fees	3.751	4,349
Other fees	181.885	174,600
Total	219.272	213,300

8- Dividends

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Financial Investments at fair value through profit or loss	6.986	6,772
Return on mutual fund	41	41
Financial investments at fair value through other comprehensive income	46.929	51,091
Subsidiaries and associates	22.883	4,676
Total	76.839	62,580

9- Net trading income

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Foreign currency transactions		
Profit from foreign currency transactions	52.613	٤٢,٦٥٧
(Loss) from evaluation of assets and liabilities balances in trading foreign currency.	(4.701)	(٣٩,٨٥٨)
Equity instruments	46.105	١٢,٩٦١
Total	94.017	١٥,٧٦٠

10- (Charge) reverse of impairment from losses of finance and investment transactions

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Cash and balances at the Central Bank of Egypt	609	(٨٣٨)
Due from banks	(1.826)	(٦٩٩)
Debt instruments at fair value through other comprehensive income	2.460	(٨,٢٣٧)
Debt instruments at amortized cost:	26.338	(٣٨,٢٦٥)
Musharaka, Murabaha and Mudaraba with customers	(233.545)	(١٧٩,٩٨١)
Total	(205.964)	(٢٢٨,٠٢٠)

11- Administrative expenses

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Staff cost		
Wages and salaries	(463.974)	(446.910)
Social insurance	(19.968)	(17.622)
Pension cost		
Cost of specific retirement schemes	(17.416)	(16.546)
Other administrative expenses*	(501.358)	(481.078)
Total	(1.140.810)	(1.032.300)

* Analysis of other administrative expenses items

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Depreciation and Amortization (Notes 19,21)	126.090	١١٦,٣٩٥
Subscriptions and fees	70.049	٥٥,٤٦٤
Employees benefits (medical care + training expenses)	90.735	٦٦,٨٦١
Maintenance expenses (computers + buildings, vehicles and machinery)	23.047	٣٠,١٠٦
Advertisement and promotion	4.557	١٣,٨٧٦
Operating expenses of computer and ATMs	87.710	٥٣,٠٥٨
Water, electricity and telephone bills	19.925	١٨,٨٣٨
Stamp duties	28.233	١٩,١٧٤
SWIFT and postal expenses	14.811	١٢,٢٣٠
Meetings and hospitality	12.940	١٠,٥٦٥
Travel and transportation allowances	10.134	٨,٧٢٨
Rental value of ATMs locations	20.206	١٢,٤٤١
Stationery and printouts	19.444	٢٢,٠٠١
Visa Electron / commissions	15.967	٨,٢٤٤
Legal fees	3.837	٥٠٩
Technical consultancy	5.296	٢,٦٦٨
Social services	1.821	١,٥٤٩
Taxes other than income taxes	8.855	٨,٦٤٥
Contribution to Health Insurance System	28.281	٢٤,٩٨٠
Others	48.514	٦٤,٨٩٠
Total	639.452	٥٥١,٢٢٢



12- Other operational revenues (expenses)

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
(Loss) profit from valuation of monetary assets and liabilities in foreign currency (other than those classified as trading)	305	(٨٠,٢٥١)
Profit from sale of fixed assets	-	٢,٥٥٠
Operating lease	(478)	(٦٧٨)
Others	75.272	(١٣,٢٦١)
Reverse (Charge) of other provisions	2.312	(٢٨,٩١٣)
Total	77.401	(١٢٠,٥٥٣)

13- Income tax (expenses)

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Current income taxes	(1.665.431)	(١,٣٠٣,٢٤٠)
Current income taxes are represented in:		
Income taxes that are calculated at 20% tax rate *	(1.642.123)	(١,٠٧٠,٧٧١)
Current income taxes	-	(٢٥٤,٠٠٠)
Deferred tax revenues	(23.308)	٢١,٥٣١
Total	(1.665.431)	(١,٣٠٣,٢٤٠)

* Represent taxes imposed on treasury bills and bonds revenues secured by the Egyptian government in local currency.

Tax position is described below:

First: Legal person earnings tax

- Final settlement with Key Taxpayers Center has been reached and accrued taxes were paid since inception of the Bank's activity until 2018.
- As for 2019, tax calculation and agreement with Key Taxpayers Center has been reached and Final settlement is being underway to obtain final clearance for 2019.
- As for 2020, the tax return has been submitted and accrued tax has been paid in legally-determined dates. But tax inspection has not been made yet.

Second: Payroll Taxes

- Final settlement with Key Taxpayers Center has been made and accrued taxes were paid since inception of the Bank's activity until 2019.
- As for the period from 1/1/2020 to 31/12/2021. Accrued monthly tax was paid in legally-determined date, but tax inspection has not been made yet.

Third: Stamp duty

- Final settlement with Key Taxpayers Center has been made and accrued tax was paid since inception of the Bank's activity until 2020.
- As for the period from 1/1/2021 to 31/12/2021. Quarterly tax return has been submitted in scheduled times and accrued tax was paid accordingly, but tax inspection has not been made yet.

Fourth: Property Tax

- All accrued taxes on the Bank's branches and units were paid until 2021 in accordance with Law No. 196 of 2008 which came into force on 1/7/2013.

14- Earnings per share

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Net profit of the year	2.682.904	٢,٠٥٨,٢٥٦
Employees' profit share	(170.000)	(١٤٠,٠٠٠)
Board of Director's remuneration	(19.000)	(١٥,٠٠٠)
	2.493.904	١,٩٠٣,٢٥٦
Weighted average of issued common shares	607.471	٥٠٦,٢٢٦
Earnings per share (EGP)	4.105	٣,٧٦٠

Classification and measurement of financial assets and liabilities:

The following table shows total financial assets (before deducting any impairment provisions) based on business model classification :

31 December 2021	EGP Thousand			
	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Total book value
Cash and balances at the Central Bank of Egypt	9.642.907	-	-	9.642.907
Due from banks	18.630.566	-	-	18.630.566
Musharaka, Murabaha and Mudaraba with customers	12.778.148	-	-	12.778.148
Financial investments at fair value through other comprehensive income	-	24.405.591	3.990.705	28.396.296
Financial investments at amortized cost	55.752.166	-	-	55.752.166
Total assets	96.803.787	24.405.591	3.990.705	125.200.083

15 - Cash and balances at the Central Bank of Egypt

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Cash	1.286.001	1,146,403
Balances at the Central Bank of Egypt as mandatory reserve ratio	8.357.012	7,710,004
Total (1)	9.643.013	8,856,407
Return	(106)	(219)
Less: Expected credit loss provision	(1.964)	(2,076)
Total (2)	(2.070)	(2,295)
Total (1) + (2)	9.640.943	8,854,112
Non-return bearing balances	6.787.092	7,093,107
Return-bearing balances	2.853.851	2,760,774
Total	9.640.943	8,854,112
Current balances	2.853.851	2,760,774
Non-current balances	6.787.092	7,093,107
Total	9.640.943	8,854,112

16 - Balances due from banks

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Current accounts	135.540	110,703
Deposits	18.499.091	10,427,182
Less: Advance revenues to foreign banks	(1.552)	(378)
Less: Advance revenues to local banks	(2.513)	(7,807)
Total (1)	18.630.566	10,039,700
Less: Expected credit loss provision of foreign banks	(1.508)	(7)
Less: Expected credit loss provision of local banks	(1.154)	(832)
Total (2)	(2.662)	(839)
Total (1) + (2)	18.627.904	10,038,861
The Central Bank of Egypt other than the mandatory reserve ratio	3.450.000	-
Local banks	12.681.684	12,490,979
Foreign banks	2.496.220	3,038,893
Total	18.627.904	10,038,861
Non-return bearing balances	135.540	110,703
Return-bearing balances	18.492.364	10,419,169
Total	18.627.904	10,038,861
Current balances	18.492.364	10,419,169
Non-current balances	135.540	110,703
Total	18.627.904	15,534.872

17- Musharaka, Murabaha and Mudaraba with customers

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Retail:		
Cars	451.199	441.517
Durable goods and others	132.368	77.577
Real estate	871.530	606.125
Employees	211.159	211.149
Total (1)	1.666.256	1.336.368
Corporate:		
Large and Medium-sized companies	10.917.897	9.482.798
Small companies	1.158.493	877.895
Micro-Sized companies	84.829	18.165
Total (2)	12.161.219	10.378.858
Total Musharaka, Mudaraba and Murabaha transactions with customers (1+2)	13.827.475	11.715.226
Less: Advance revenues	(1.049.327)	(1.040.447)
Less: Impairment loss provision	(844.643)	(648.839)
Total	11.933.505	10.25.940
Current balances	2.138.747	2.856.883
Non- current balances	9.794.758	7.169.057
Total	11.933.505	10.025.940

The fair value of tradable securities - that may be disposed only with the approval of the Bank that guarantee commercial finance transactions - amounted to EGP 8.483 thousand at the date of the balance sheet against EGP 10.196 thousand on the comparative date.

	31 December 2021					EGP Thousand		
	Stage (1)	ECL	Stage (2)	ECL	Stage (3)	ECL	Total	ECL
Large companies	4.278.609	189.185	5.623.461	267.814	51.486	35.496	9.953.556	492.495
Medium-sized companies	687.918	12.337	263.579	116.415	12.844	5.140	964.341	133.892
Individuals	1.617.131	37.287	27.361	6.555	21.764	11.326	1.666.256	55.168
Small companies	908.007	24.512	127.613	51.798	122.873	84.218	1.158.493	160.528
Micro-Sized companies	83.525	1.262	-	-	1.304	1.298	84.829	2.560
Total	7.575.190	264.583	6.042.014	442.582	210.271	137.478	13.827.475	844.643
	1st January 2020					EGP Thousand		
	Stage (1)	ECL	Stage (2)	ECL	Stage (3)	ECL	Total	ECL
Large companies	3,049,677	13,860	0,294,936	192,069	04,704	34,407	8,899,367	240,341
Medium-sized companies	324,383	4,900	7,712	09	201,336	143,367	083,431	148,331
Individuals	1,280,722	68,297	11,610	1,112	39,036	36,048	1,336,368	100,907
Small companies	679,176	19,473	30,226	2,617	168,493	130,207	877,895	102,297
Micro-Sized companies	14,944	864	377	78	2,844	971	18,165	1,913
Total	0,803,902	107,404	0,344,861	190,930	016,463	340,000	11,710,226	648,839

Impairment loss provision (ECL)

Analysis of the impairment loss provision for musharaka, murabaha and mudaraba transactions with customers based on types:

	31 December 2021		EGP Thousand
	Individuals only	Large, medium-sized, small and micro-enterprises.	Total
Balance at the beginning of the year	105.957	542.882	648.839
Charge of impairment during the year	3.218	633.249	636.467
Amounts written off during the year	(13.904)	(23.709)	(37.613)
Provision no longer required	(40.108)	(362.814)	(402.922)
Valuation differences	5	(133)	(128)
Balance on 31 December 2021	55.168	789.475	844.643

	31 December 2020		(EGP Thousand)
	Individuals only	Large, medium-sized, small and micro-enterprises.	Total
Balance at the beginning of the year	١٢٤,٦٧٨	٧٧١,٤٩٤	٨٩٦,١٧٢
Charge of impairment during the year	٦٠,٨٨٠	٢٢٥,٠٣٤	٢٨٥,٩١٤
Transaction	٢,٥٠٠	(٢,٥٠٠)	-
Amounts written off during the year	(٧٠,٠٧٨)	(٣٥٤,١٧٥)	(٤٢٤,٢٥٣)
Provision no longer required	(١١,٩٧١)	(٩٣,٩٦٢)	(١٠٥,٩٣٣)
Valuation differences	(٥٢)	(٣,٠٠٩)	(٣,٠٦١)
Balance on 31 December 2020	١٠٥,٩٥٧	٥٤٢,٨٨٢	٦٤٨,٨٣٩

18- Financial investments

	EGP Thousand	
	31 December 2021	31 December 2020
18/A- Financial Investments at fair value through other comprehensive income		
Debt instruments – at fair value:		
- Listed in the stock market - Treasury bills	22.874.061	٢٣,٥٥١,٧٩٩
- Listed in the stock market – Debt instruments	1.531.530	١,٣٨٩,١٨٤
Equity instruments – at fair value:		
- Listed in the stock market	807.138	٧١٩,٤١٠
- Unlisted in the stock market	1.788.701	١,٦٢١,٣٩٥
Mutual Fund Certificates:		
- Unlisted in the stock market	1.394.866	١,١٤٨,٨٥١
al financial investments at fair value through other comprehensive income (1)	28.396.296	٢٨,٤٣٠,٦٣٩
18/B- Financial Investments at fair value through profit and loss		
Equity instruments – at fair value:		
- Listed in the stock market	195.350	172.147
Mutual Fund Certificates:		
- Listed in the stock market	248.764	251.627
Total financial investments at fair value through profit and loss (2)	444.114	423.774
18/C- Financial investments at amortized cost		
Debt instruments:		
- Listed in the stock market		
Treasury bills	9.665.770	١١,٧٩٦,٥٨١
Sale of treasury bills with a commitment to repurchase	-	(٤٦,٢٤٠)
Unearned returns	(144.368)	(١٩٩,٥٧٠)
Expected credit loss provision	(37.597)	(٤٩,٥٨٣)
Total (A)	9.483.805	١١,٥٠١,١٨٨
Other debt instruments	46.230.764	٣٥,١٢٠,٦٤٦
Expected credit loss provision	(37.226)	(٥١,٦٩٨)
Total (B)	46.193.538	٣٥,٠٦٨,٩٤٨
Total financial investments at amortized cost (A+B) (3)	55.677.343	٤٦,٥٧٠,١٣٦
Total financial investments (1+2+3)	84.517.753	٧٥,٤٢٤,٥٤٩

An analysis of treasury bills in each financial investment portfolio is below:

Treasury bills in portfolio of financial investments at fair value through other comprehensive income are represented in:

Treasury bills are represented in:

EGP Thousand

	31 December 2021	31 December 2020
Treasury bills - 91 days maturity	261.471	-
Treasury bills - 182 days maturity	1.049.997	5.172.896
Treasury bills - 273 days maturity	5.018.016	10.961.482
Treasury bills - 365 days maturity	18.066.279	8.902.949
Sale of treasury bills with a commitment to repurchase	(43.928)	-
Unearned returns	(1.477.774)	(1.485.528)
Total (A)	22.874.061	23.551.799

Treasury bills in portfolio of financial investments at amortized cost are represented in:

Treasury bills are represented in:

EGP Thousand

	31 December 2021	31 December 2020
Treasury bills - 273 days maturity	-	٦٠٠,٠٠٠
Treasury bills - 365 days maturity	9.665.770	١١,١٩٦,٥٨١
Undue returns	(144.368)	(١٩٩,٥٧٠)
Sale of treasury bills with a commitment to repurchase	-	(٤٦,٢٤٠)
Expected credit loss provision	(37.597)	(٤٩,٥٨٣)
Total (A)	9.483.805	١١,٥٠١,١٨٨

18/D- Financial investments – Cont.

18/D- Investments in subsidiaries and associates

The Bank's shareholding in subsidiaries and associates are as follows:

	31 December 2021				EGP Thousand		
	Resident of the company	Assets of the company	Liabilities of the company (without equity)	Company revenues	Profit / (loss) of the company	Book value	Percentage of shareholding
A- Subsidiaries:							
Ismailia National Co. for Food Industries (FOODICO) (5)	Egypt	95.251	32.003	47.729	1.554	36.479	34.72%
Horizon Co. for Investment and Industrial Development (5)	Egypt	556.046	249.755	581.629	44.590	35.200	40.00%
Modern National Co. for Wood Industry (5)	Egypt	36.370	46.782	3.845	(844)	1	44.44%
Islamic Co. for Packing Materials "ICOPACK" (5)	Egypt	819.869	478.976	643.661	79.491	76.720	40.00%
Misr Co. for Packing Materials "EGYRAP" (5)	Egypt	373.679	182.524	248.878	30.602	24.147	51.38%
Cairo for Cardboard Industry "Copack" (5)	Egypt	764.593	477.229	521.609	59.416	68.715	31.37%
Faisal Bank Exchange (5)	Egypt	4.883	1.422	155.084	(143)	3.481	79.00%
Faisal Financial Investments Co. (5)	Egypt	837.968	3.536	15.785	5.616	749.957	99.99%
Faisal Securities Brokerage Co. (5)	Egypt	53.151	18.749	7.366	1.942	23.970	79.90%
TAQA Co. for Electronic Industries (5)	Egypt	70.362	10.751	9.346	(4.526)	-	28.64%
Al-Faisal Real Estate Investment Co. (5)	Egypt	445.410	218.594	88.386	722	4.990	2.50%
Total (A)						1,023.660	
B- Associates:							
Misr International Hospital (5)	Egypt	564.473	153.383	606.649	138.627	19.633	24.30%
Al-Masryia Co. for Takaful Insurance on Property (4)	Egypt	658.154	111.108	211.929	169.076	74.773	32.75%
Arabiya Co. for Insurance Brokerage (2)	Egypt	653	1.635	6	(191)	-	25.00%
Ashgar City Co. for Real estate Development (3)	Egypt	1.164.459	1.330.974	73.174	(30.087)	98.080	40.00%
Al-Arabiya Co. for Disinfection Works "ARADIS" (3)	Egypt	784	149	590	11	-	40.00%
Giza Co. for Paints & Chemical Industries (1)	Egypt	7.940	3.961	2.639	126	-	48.57%
ARDIC For Real Estate Development and investment	Egypt	4.174.286	4.173.973	4.526	(43.550)	58.421	25.51%
Total (B)						250.907	
Total (A + B)						1,274.567	

Some companies have been listed as subsidiaries, although the percentage of shareholding is less than 50%, as the Bank owns - directly or indirectly - the power to govern financial and operating policies for these companies.

1-	The stated data is according to financial statements on 31/12/2016
2-	The stated data is according to financial statements on 31/12/2017
3-	The stated data is according to financial statements on 31/12/2020
4-	The stated data is according to the financial statements on 30/06/2021
5-	The stated data is according to the financial statements on 30/09/2021

18- Financial investments – Cont.

18/D- Investments in subsidiaries and associates

The Bank's shareholding in subsidiaries and associates are as follows:

	31 December 2020				EGP Thousand		
	Resident of the company	Assets of the company	Liabilities of the company (without equity)	Company revenues	Profit / (loss) of the company	Book value	Percentage of shareholding
A- Subsidiaries:							
Ismailia National Co. for Food Industries (FOODICO) (5)	Egypt	١٠٤,٥٣٤	٣٧,٠٨٠	٥٢,٣١٦	١٣,٧٢٣	٣٦,٤٧٩	٣٤,٧٢%
Horizon Co. for Investment and Industrial Development (5)	Egypt	٥٦٥,٨٥٥	٣٢٢,١٦٦	٤٦٥,٢٢١	٣,٤٢٢	٣٥,٢٠٠	٤٠,٠٠%
Modern National Co. for Wood Industry (5)	Egypt	٣٦,١٩٩	٤٣,٧٧٧	٨,٤٥٦	(٢,٤٥٠)	١	٤٤,٤٤%
Islamic Co. for Packing Materials "ICOPACK" (5)	Egypt	٦٨٧,٧٢٥	٤١٩,٤٨٦	٥١٣,٥٣٤	٣١,٠٥٤	٧٦,٧٢٠	٤٠,٠٠%
Misr Co. for Packing Materials "EGYRAP" (5)	Egypt	٣٣٠,٩٥٢	١٦٧,١٠٨	٢٢٥,٦٨٥	١٦,٥٣٢	٢٤,١٤٧	٥١,٣٨%
Cairo for Cardboard Industry "Copack" (5)	Egypt	٥٨٠,٣٤٣	٣٣٩,٢٤٤	٤١١,٧٢٣	٣٣,٣٩٨	٦٨,٧١٥	٣١,٣٧%
Faisal Bank Exchange (5)	Egypt	٥,٠٥٣	١,٤٢٥	١٠٩,٠٦٠	(١٢٢)	٤,٣٥٠	٨٧,٠٠%
Faisal Financial Investments Co. (5)	Egypt	٦٨٨,٥٧٠	٥,٦٧١	١٢,٧٢٢	٤,٦٣٠	٦١٩,٩٦٥	٩٩,٩٩%
Faisal Securities Brokerage Co. (5)	Egypt	٤٦,٥٠٠	١٤,٣٥٩	٥,٤٢١	١,٠٢٢	٢٣,٩٧٠	٧٩,٩٠%
TAQA Co. for Electronic Industries (5)	Egypt	٨٠,٦٦٣	١٠,١٩٩	١,٣٩١	(٧,٦٠٥)	-	٢٨,٠٠%
Al-Faisal Real Estate Investment Co. (5)	Egypt	٣٩٨,٩٧٩	١٧٣,٣٥٥	١٠٢,١٧٤	٩,٤٠٤	٤,٩٩٠	٢,٥٠%
Total (A)						٨٩٤,٥٣٧	
B- Associates:							
Misr International Hospital (5)	Egypt	٤١٦,١٧٥	١١٦,٥٦٨	٥٠٧,٥١٩	١١٤,١٤٥	١٩,٦٣٣	٢٤,٣٠%
Al-Masryia Co. for Takaful Insurance on Property (4)	Egypt	٥٤١,٩٢٧	٣٩,٤٣٩	١٧٧,٥٠٤	١٤٦,٦٦٨	٧٤,٧٧٣	٣٢,٧٥%
Arabiya Co. for Insurance Brokerage (2)	Egypt	٦٥٣	١,٦٣٥	٦	(١٩١)	-	٢٥,٠٠%
Ashgar City Co. for Real estate Development (3)	Egypt	١,٠١٩,٧٤٨	١,١٨٧,٢٥٧	١١٠,٢٨٦	(١٧,٥٦٨)	٩٤,٧٠٠	٤٠,٠٠%
Al-Arabiya Co. for Disinfection Works "ARADIS" (3)	Egypt	٨٣٥	٢١٠	٦٣٣	١٣	-	٤٠,٠٠%
Giza Co. for Paints & Chemical Industries (1)	Egypt	٧,٩٤٠	٣,٩٦١	٢,٦٣٩	١٢٦	-	48.57%
ARDIC For Real Estate Development and investment	Egypt	٤,١١٦,٩٢٧	٤,١٤٥,٦٧٦	٥,٣٩٠	(٤٢,٢٠٨)	٥٨,٤٢١	29.26%
Total (B)						٢٤٧,٥٢٧	
Total (A + B)						١,١٤٢,٠٦٤	

Some companies have been listed as subsidiaries, although the percentage of shareholding is less than 50%, as the Bank owns - directly or indirectly - the power to govern financial and operating policies for these companies.

1-	The stated data is according to financial statements on 31/12/2016
2-	The stated data is according to financial statements on 31/12/2017
3-	The stated data is according to financial statements on 31/12/2019
4-	The stated data is according to the financial statements on 30/06/2020
5-	The stated data is according to the financial statements on 30/09/2020

18/E- (Losses) of financial investments

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Profit (loss) from selling financial assets at fair value through other comprehensive income	25.905	(19,901)
Impairment (charge) in subsidiaries and associates	2.911	(2,806)
Impairment (loss) of financial assets at fair value through other comprehensive income	(103.747)	(11,066)
Total	(74.931)	(34,323)

19- Intangible assets

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Balance at the beginning of the year	47.456	40,441
Additions	68.695	41,812
Amortization	(39.887)	(34,797)
Total	76.264	47,456

20- Other assets

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Accrued revenues	1.711.409	1,106,983
Assets acquired by the Bank as settlement of debts (after deducting impairment) *	148.948	169,370
Projects are already underway **	993.292	683,003
Prepaid tax	17.597	161,472
Others	341.180	220,493
Amounts due to Faisal Real Estate Investments Co.	-	70,000
Insurance and petty cash	9.599	9,032
Prepaid expenses	46.779	37,272
Down payments under purchase of fixed assets	103.245	94,900
Interest-free loan	50	49
Total	3.372.099	2,608,079

* Represented in housing and office units and plots of lands that have been acquired by the Bank as settlement of debts for some finance customers. These assets are sold when possible. At the end of every month, the Central Bank of Egypt is notified of the position of these assets in accordance with requirements stated in Article 87 of the Law No. 194 of 2020.

** Stated as follow:

844.315	EGP Thousand	The Bank's branch - The New Administrative Capital
56.708	EGP Thousand	The Bank's branch - Sheikh Zayed
4.172	EGP Thousand	The Bank's branch / Ghamra old branch
36.293	EGP Thousand	The Bank's branch / Al-Mokattam
39.824	EGP Thousand	The Bank's branch / Beni Suef
77	EGP Thousand	The Bank's branch / Al- Rehab
11.903	EGP Thousand	The Bank's branch / Shebeen Elkoom
993.292	EGP Thousand	Total



21- Fixed assets

	EGP thousand				Total
	Lands and buildings	Leasehold improvements	Machinery and equipment	Others	
Balance on 1/1/2020					
Cost	1,090,912	8,896	102,824	239,817	1,442,549
Accumulated depreciation	(133,790)	(4,141)	(19,926)	(72,998)	(230,755)
Net book value on 1/1/2020	957,122	4,755	82,898	167,819	1,211,794
Balance on 1/1/2020					
Net book value on 1/1/2020	957,122	4,755	82,898	167,819	1,211,794
Additions	56,347	610	16,119	46,333	119,414
Depreciation cost	(11,203)	(1,290)	(12,326)	(56,772)	(81,591)
Cost deductions	-	-	-	(2,017)	(2,017)
Depreciation deductions	-	-	-	2,017	2,017
Net book value on 31/12/2020	1,002,266	4,075	86,691	156,080	1,249,712
Balance on 31/12/2020					
Cost	1,147,209	9,011	118,943	283,633	1,559,396
Accumulated depreciation	(144,993)	(5,436)	(32,252)	(127,053)	(309,734)
Net book value on 31/12/2020	1,002,266	4,075	86,691	156,080	1,249,712
Balance on 1/1/2021					
Net book value on 1/1/2021	1,002,266	4,075	86,691	156,080	1,249,712
Additions	286,336	10,974	30,872	37,804	376,036
Depreciation cost	(10,006)	(2,121)	(13,618)	(5,906)	(81,651)
Cost deductions	(440)	440	-	-	-
Depreciation deductions	12	(12)	-	-	-
Net book value on 31/12/2021	1,277,668	18,356	108,940	139,478	1,534,442
Balance on 31/12/2021					
Cost	1,433,100	20,920	104,810	321,487	1,880,317
Accumulated depreciation	(160,487)	(7,069)	(40,870)	(182,009)	(390,435)
Net book value on 31/12/2021	1,277,668	18,356	108,940	139,478	1,534,442

22-Due to banks

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Current accounts	89,667	100,248
Balances of deposits	400,000	-
Total	539,667	100,248
Local banks	400,000	-
Foreign banks and institutions	89,667	100,248
Total	539,667	100,248
Non-return bearing balances	89,667	100,248
Return-bearing balances	400,000	100,248
Total	539,667	100,248
Current balances	400,000	100,248
Non-current balances	89,667	-
Total	539,667	150,248

23- Saving pools and saving certificates

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
On demand accounts	8,838.659	8,201,321
Time deposits and callable accounts	57,642.085	54,337,382
Saving certificates	42,847.754	34,189,102
Others *	231.653	218,024
Total	109,560.151	97,945,879
Corporate accounts	2,939.788	2,716,016
Individual accounts	106,620.363	94,228,363
Total	109,560.151	97,945,879
Non-return bearing balances	9,070.312	8,419,340
Floating-return bearing balances	100,489.839	89,526,539
Total	109,560.151	97,945,879
Current balances	32,190.843	29,020,701
Non-current balances	77,369.308	68,925,178
Total	109,560.151	97,945,879

* "Saving pools and certificates" item includes balances of EGP 21.519 thousand against EGP 14.906 thousand on the comparative date, which represent collateral for irrevocable letters of credit import and export. There is no major difference between the fair value of those deposits and their current value.

24- Other liabilities

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Accrued returns to customers	2.713.214	٢,٤١٠,٣٩٣
Various creditors *	110.305	٦٥,٣٧٣
Shareholder dividends	70.965	٧٣,٥٦٨
Tax liabilities (Ad valorem stamp duties) **	19.117	١٥,٣٥٦
Various credit balances	74.474	٥٣,٢٨٣
Customer coupons balances	740	٧٤٤
Zakat legitimately due	180.310	١٣٦,٦٨٩
Suspended-paid checks	7.136	٥,٥١٦
Accrued expenses	904	١,٤٧٢
Employees` profit share	869	٤٩٠
Total	3.178.034	٢,٧٦٢,٨٨٤

* Stated as follow:

24,806	EGP Thousand	Amounts due to Real estate Finance Fund
28,281	EGP Thousand	Solidarity contribution
28,112	EGP Thousand	Amounts due to others
29,106	EGP Thousand	Miscellaneous

** Represent retained amounts against claim of stamp tax which imposed by Key Taxpayers Center on Murabaha, Mudaraba and Musharaka transactions. These amounts are paid to Tax Authority on a quarterly basis in accordance with the law of Stamp Tax.

25- Other provisions

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Balance at the beginning of the year as previously issued	35.989	8.488
Foreign exchange valuation differences	(30)	(12)
No longer required	(30.112)	(32.548)
Enhancements	27.800	61.461
Write-offs	(68)	(1.400)
Total	33.579	35.989

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Capital commitments provision	1.055	٤,٦١٩
Regular provision for contingent liabilities	1.332	١٤,٥٤٦
Undertakings provision	1.821	-
Operational risks provision	3.949	٤,٠٠٠
Legal claims	22.348	٧,٧٤٢
Irregular provision for contingent liabilities	3.074	٥,٠٨٢
Total	33.579	٣٥,٩٨٩

26- Paid-up Capital

Paid-up capital reached EGP 5.677.509 thousand as at 31 December 2021, with \$ 1 par value for each share and all shares are fully paid.

	Number of shares	Common shares EGP Thousand	Total
Balance at the beginning of the year	506.226.208	4.086.865	4.086.865
20% Bonus shares funded by retained earnings	101.245.242	1.590.644	1.590.644
Balance at the end of the year *	607.471.450	5.677.509	5.677.509



- In its meeting held on ١٨ March 202١, the Bank's Ordinary General Assembly approved the distribution of bonus shares at 20% to the shareholders from their own shares in the same currency, which were funded by retained earnings
- In accordance with the New Central Bank and Banking sector Law No. 194 of 2020, the banks operating in Egypt should have the minimum issued and fully paid-up capital of EGP 5 billion. This law also provides that those entities falling under its domain must adjust their position to comply with its provisions within a period of one year from the date of its enactment, and the CBE's board of directors may extend this period for one or more periods not exceeding two years, provided that the Central Bank shall issue the regulations and decisions necessary to apply the provisions of this law. As a result, the Bank's paid-up capital has increased to reach EGP 5.68 billion, exceeding the minimum required by CBE

27-Reserves

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
General banking risk reserve	85.401	٨٧,٢٦٣
Legal reserve (general)	1.646.184	١,٤٤٠,٦١٣
Capital reserve *	25.233	٢٢,٦٨٣
Fair value reserve	1.803.941	١,٦٦٦,٨٢٠
General risk reserve	149.153	١٤٩,١٥٣
Total	3.709.912	3.366.532

* Represent profit from sale of fixed assets that have been transferred to the capital reserve before profit distribution. This reserve has been created in accordance with Article 40 of the law No. 159 of 1981.

A- General banking risk reserve

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Balance at the beginning of the year	87.263	٩٥,١٢٣
Transferred to banking risk reserve for Assets that have been acquired by the Bank *	(1.862)	(٧,٨٦٠)
Balance at the end of the year	85.401	٨٧,٢٦٣

B- Legal reserve (general)

	EGP Thousand	
	31 December 2021	31 December 2020
Balance at the beginning of the year	1.440.613	١,١٦٩,١٥٦
Transferred from previous fiscal year profit to legal reserve (general)	205.571	٢٧١,٤٥٧
Balance at the end of the year	1.646.184	١,٤٤٠,٦١٣

C- Capital reserve

	EGP Thousand	
	31 December 2021	31 December 2020
Balance at the beginning of the year	22.683	22.403
Transferred from previous fiscal year profit to capital reserve	2.550	280
Balance at the end of the year	25.233	22.683

D- Fair value reserve

	EGP Thousand	
	31 December 2021	31 December 2020
Balance at the beginning of the year	1.666.820	١,٩٤٦,٨٧١
(Loss) of the change in fair value	35.834	(٢٩٩,٨٥٤)
Expected credit losses of debt instruments	(2.460)	٨,٢٣٧
Impairment loss of financial assets at fair value through other comprehensive income (Note 18/E)	103.747	١١,٥٦٦
Balance at the end of the year	1.803.941	١,٦٦٦,٨٢٠

E- General risk reserve

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Balance at the beginning of the fiscal year	149.153	١٤٩,١٥٣
Transferred from IFRS9 risk reserve	-	-
Transferred from special reserve - credit	-	-
Transferred from general banking risk reserve - credit	-	-
Effect of IFRS9 initial implementation	-	-
Balance at the end of the fiscal year	149.153	١٤٩,١٥٣

28- Retained profit (including profit of the year)

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Balance of retained earning (including profit of the year) at the beginning of the fiscal year	6.934.346	٦,٩٣٤,٦٠٧
Transferred from fair value reserve	10.836	٧,٤٦٩
Transferred to general banking risk reserve from assets acquired	1.862	٧,٨٦٠
Transferred from retained earning to capital increase	(1.590.644)	(١,٠٤٠,١٩٦)
Net profit of the year	2.682.904	٢,٠٠٨,٢٥٦
Distributed as follows:		
The Bank's share in Banking Sector support and development	(20.557)	-
Transferred to capital reserve	(2.550)	(٢٨٠)
Transferred to legal reserve (general)	(205.571)	(٢٧١,٤٥٧)
Shareholders' Dividends	-	(٥٦٤,٩١٣)
Employees' profit share	(140.000)	(١٨٠,٠٠٠)
Board of director's Remuneration	(15.000)	(١٧,٠٠٠)
Balance of retained earning (including profit of the year) at the end of the year	7.655.626	٦,٩٣٤,٣٤٦

* Retained profit represent carried-forward surplus of the Bank's profits during previous years until now.

29- Cash and cash equivalent

For the purpose of preparing cash flows statement, cash and cash equivalent include the balances with maturities not exceeding 3 months from possession date:

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Cash and balances at the Central Bank of Egypt	1.286.001	١,١٤٦,٤٠٣
Due from banks	18.627.904	١٥,٥٣٤,٨٧٢
Government papers maturing (less than 3 months)	257.425	-
Total	20.171.330	١٦,٦٨١,٢٧٥

30- Contingent liabilities and commitments

A- Legal claims

There is a number of existing lawsuits filed against the Bank on 31 December 2021. A provision has been built up for those lawsuits during the current year and the past years. The provision that has been built up represents a legal obligation resulted from what happened in the past and it has been reliably estimated, as losses are expected to be incurred from it. As a result, it has been previously incurred by income statement of the Bank over the past years.

B- Capital commitments

Contracts of the Bank for capital commitments reached EGP 381.152 Thousand during the fiscal year ended 31 December 2021 which are represented in commitments on fixed assets contracts. The Bank's management is confident that net revenues will be realized and there are available funds to cover these commitments..

C- Commitments on finance and investment transactions

The Bank's commitments related to commitments on finance and investment transactions are represented in:

	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Finance commitments	1,144,243	1,058,486
Letters of guarantee	91,548	320,774
Import letters of credit	27,459	130,034
Total	1,263,250	1,509,294

31- Related-party transactions

Transactions and balances of related parties at the end of the fiscal year are as follow:

A- Musharaka, Murabaha, and Mudaraba transactions with related parties

	Top management members and direct relatives		Subsidiaries and associates	
	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Musharaka, Murabaha, Mudaraba, and facilities for customers				
At the beginning of the year	2,680	2,072	386,933	320,060
Musharaka, murabaha and mudaraba conducted during the year	4,381	883	410,468	262,176
Musharaka, murabaha and mudaraba collected during the year	(818)	(770)	(460,134)	(190,303)
At the end of the year	6,243	2,680	337,267	386,933
Return on Musharaka, Murabaha and Mudaraba *	870	376	6,639	70,710

* The mentioned return is included in the debit balance of the transactions

Musharaka, murabaha and mudaraba transactions granted to top management members and their direct relatives during 2021 amounted to EGP 4,381 thousand (against EGP 883 thousand during the comparative year) to be paid in monthly and quarterly installments with a return rate of 14% (against 14% in the comparative year)

B- Related-party deposits

	Subsidiaries and associates	
	31 December 2021 EGP Thousand	31 December 2020 EGP Thousand
Due to customers		
Deposits at the beginning of the year	127,021	68,101
Deposits charged during the year	2,300,890	1,309,162
Deposits recovered during the year	(2,360,813)	(1,201,307)
Valuation differences	(604)	1,600
Deposits at the end of the year	116,449	127,021
Costs of deposits and similar costs	873	0,103

The above deposits are without guarantee and they have floating return and recovered on demand.

The Central Bank of Egypt, in its session held on 5th July 2011 and according to the governance instructions for banks, stated that each bank has to disclose total value (on a monthly average basis) of amounts that the twenty persons who have the highest salaries and remunerations at the Bank. Consequently, the monthly average for the fiscal year 2021 reached EGP 12,040,008.

C- Mutual funds of Faisal Islamic Bank of Egypt (periodic return and accumulative return)

- Mutual fund of Faisal Islamic Bank of Egypt (periodic return)

The fund is considered one of the banking activities licensed to the Bank by virtue of Capital Market Law no. 95 of 1992 and its executive regulation. The fund is managed by Hermes for Mutual Funds Management. The certificates of the fund reached 500.000 certificates with an amount EGP 50.000.000, of which 50.000 certificates were allocated to the Bank (with a nominal value of EGP 100) to undertake the fund activities.

The Bank purchased 162.420 certificates held with an amount of EGP 22.928.496, with a redeemable value of EGP 20.395.079 on 31 December 2021.

The redeemable value of the certificate on 31 December 2021 amounted to EGP 125.57 after distributions amounted to EGP 74.75 since the activity inception. While the number of the Fund's outstanding certificates was 936.614 certificates at the same date.

Mutual fund of Faisal Islamic Bank of Egypt and the CIB (accumulative return)

The fund is considered one of the banking activities licensed to the Bank jointly with the CIB under the Capital Market Law No. 95 of 1992 and its executive regulation. The fund is managed by CI Asset Management for Mutual Funds Management. Investment certificates of this fund reached 1.000.000 certificates with a value EGP 100.000.000, of which 25.000 certificates were allocated to the Bank (with a nominal value of EGP 2.500.000) to undertake the fund activities.

The Bank purchased 32000 certificates held with an amount of EGP 2.353.653 with a redeemable value of EGP 3.515.840 on 31 December 2021.

The redeemable value of the certificate on 31 December 2021 amounted to EGP 109.87. The number of outstanding certificates of the fund was 336.834 certificates at the same date.

According to the fund management contract and subscription bulletin, Faisal Bank receives fees and commissions in return for the supervision on both funds, as well as other administrative services offered to the fund. Total fees and commissions earned by the Bank amounted to EGP 705.923 for the financial year ending 31 December 2021.

These fees and commissions are included in "fees and commissions revenues" item in the income statement.

32- Important events

The negative impact of COVID-19 pandemic has continued throughout different countries around the world, causing disruption to commercial and economic activities, but to a considerably lesser extent owing to the availability of virus vaccines and offering these vaccines to all citizens and residents in many countries, including Egypt, across the world. The ongoing spread of Coronavirus and its new variants has created continuing uncertainty surrounding the global economy. Our bank is closely monitoring the situation based on the Business Continuity Plan "BCP" adopted by the Bank and other practices introduced by the Risk Management Group to ensure the continuity of services and products offered to the Bank's customers and to minimize the negative impacts of COVID-19 pandemic on the banking operations and financial performance.

Due to uncertainty caused by Coronavirus outbreak and in the light of the measures taken by Egypt's government to cope with the pandemic, our bank is closely monitoring the credit facilities portfolio to highlight the impact of the pandemic on different quantitative and qualitative factors in order to consider the big increases in credit risks facing the Bank's portfolio as a whole.

Accordingly, the Bank continues to take proactive measures and follow proper procedures that it has started since the beginning of 1st quarter of 2020 by monitoring provisions and coverage ratios required to reduce the impact of the pandemic on credit portfolio. Moreover, the Bank may implement other precautionary and preventive measures as the pandemic is not over yet.



Auditor's Report

KPMG- Hazem Hassan
Chartered Accountants and Advisors

BDO Khaled & Co
Chartered Accountants and Advisors

Reasonable Assurance Report
on the corporate Governance compliance report issued by
the Board of Directors of Faisal Islamic Bank of Egypt (S.A.E.)

To: The Board of Directors of Faisal Islamic Bank of Egypt (S.A.E.)

Introduction

We have carried out a reasonable assurance engagement on the preparation and presentation of the Board of Directors' Corporate Governance Compliance report prepared by the Board of Directors of Faisal Islamic Bank of Egypt (S.A.E.) for the financial year ended 31 December 2021, in accordance with the Guidance issued by the Egyptian Stock Exchange as addressed in a letter to the Bank's Board of Directors on 25 December 2018.

The Bank Management's responsibility

The Bank's Board of Directors is responsible for the preparation and presentation of Corporate Governance Compliance report in accordance with the Guidance issued by the Egyptian Stock Exchange as addressed in a letter to the Bank's Board of Directors on 25 December 2018. The Board is also responsible for ensuring compliance with the Corporate Governance rules and guidelines issued by the Financial Regulatory Authority (FRA), and the Egyptian Corporate Governance Guide issued by the Financial Regulatory Authority's Board of Directors' resolution no. 84 dated 26 July 2016. The Board's responsibility also includes the identification of non-compliance areas and their related justifications.

Auditor's Responsibility

Our responsibility is limited to express a reasonable assurance conclusion based on the reasonable assurance procedures we performed about ensuring the Bank's compliance with Corporate Governance guidelines concerning the preparation and presentation of the Board of Directors' Corporate Governance Compliance report in accordance with the Guidance issued by the Egyptian Stock Exchange as addressed in a letter to the Bank's Board of Directors on 25 December 2018. We conducted our reasonable assurance engagement in accordance with the Egyptian Standard on Assurance engagements no. (300) "Assurance engagements other than review or audit of Historical Financial Information". This standard requires compliance with professional conduct requirements, including independence requirements.

To reach this conclusion, our procedures include obtaining evidences primarily through inquires and observations of the persons responsible for the preparation and presentation of Corporate Governance Compliance report, and reviewing of supporting documents, when appropriate. We believe that the evidences we have obtained are sufficient and appropriate to provide a basis for our conclusion.

In accordance with the requirements of Paragraph 49 (D) of ESAE 3000, our procedures have been limited to matters that can be accurately measured. Such procedures did not cover non-qualitative aspects, their effectiveness, validity, or completeness, such as the management's procedures to comply with Corporate Governance rules, the performance of the Board and its committees and executive management, as well as violations and rulings. Our responsibility and procedures performed for this report did not include evaluating the effectiveness of the Bank's internal control system and Governance compliance system.

This report has been prepared in accordance with the requirements of Article (4) of EGX Listing and De-listing Rules and not for any other purposes. Accordingly, this report cannot be used except for the purpose it was prepared for.

Conclusion

Based on our reasonable assurance procedures described in this report and the evidences obtained, we believe that the Board of Directors' Corporate Governance Compliance report of Faisal Islamic Bank of Egypt (S.A.E.) for the financial year ended 31 December 2021, has been prepared and presented, in all material aspects, in accordance with the Guidance issued by the Egyptian Stock Exchange as addressed in a letter to the Bank's Board of Directors on 25 December 2018 .

Cairo: 20 January 2022

Auditors

Salah El-Din Mosaad Almessry
FRA-Register No. 364
KPMG-Hazem Hassan
Chartered Accountants and Advisors

Mr. Mohammed Mortada Abdelhamid
ESAA
ASA-Register No. 308
CPAA-No. 5911
FRA-Register No. 157
BDO Khaled & Co
Chartered Accountants and Advisors

KPMG- Hazem Hassan
Chartered Accountants and Advisors

BDO Khaled & Co
Chartered Accountants and Advisors

Auditor's Report

To: The Shareholders of Faisal Islamic Bank of Egypt

Report on the Unconsolidated Financial Statements

We have audited the accompanying unconsolidated financial statements of Faisal Islamic Bank of Egypt (S.A.E.), represented in the Balance Sheet as of 31 December 2021 and the unconsolidated statements of Income, comprehensive income, changes in owner's equity and cash flows for the year then ended, and also a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Financial Statements

The Bank's management is responsible for these financial statements, as the management is responsible for the preparation and fair presentation of the financial statements according to the rules issued by the Central Bank of Egypt on 16 December 2008, which were amended by the instructions issued on 26 February 2019 and in the light of the applicable Egyptian laws. The Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from any material misstatements, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies and providing reasonable accounting estimates that are suitable for the circumstances.

Auditor's Responsibility

Our responsibility is limited to express our opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and to plan and perform the audit in order to obtain reasonable assurance that the financial statements are free from any material misstatements.

The audit process involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of material misstatement risks in 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 for the circumstances, but not for the purpose of stating an opinion about the efficiency of the Bank's internal control. The audit process also includes assessing the appropriateness of accounting policies and significant accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our point of view, the unconsolidated financial statements referred to above, give a clear and fair view, in all material respects, about the unconsolidated financial position of Faisal Islamic Bank of Egypt (S.A.E.), as at 31 December 2021, and its unconsolidated financial performance and cash flows for the year then ended in accordance with the rules of preparation and presentation of the financial statements issued by the Central Bank of Egypt on 16 December 2008, which were amended under the instructions issued on 26 February 2019 and in the light of relevant applicable Egyptian laws and regulations.

Report on other legal and regulatory requirements

The information and explanations given to us during the financial year ended 31 December 2021 show no contravention of any provisions of the new Egyptian Central Bank & banking sector Law No. 194 of 2020, bearing in mind the grace period for compliance with its provisions .

The Bank keeps proper accounting records that comply with the laws and the Bank's articles of association and the financial statements are in compliance with the Bank's records.

The financial data included in the Board of Directors' Report is prepared in accordance with the provisions of Law No. 159 of 1981 and its executive regulation and it is in consistent with the Bank's accounting records within the limits that such information is recorded therein.

Cairo: 20 January 2022

Auditors

Salah El-Din Mosaad Almessry
FRA-Register No. 364
KPMG-Hazem Hassan
Chartered Accountants and Advisors

Mr. Mohammed Mortada Abdelhamid
ESAA
ASA-Register No. 308
CPAA-No. 5911
FRA-Register No. 157
BDO Khaled & Co
Chartered Accountants and Advisors

Religious Supervisory Board Report

Report of the Bank's Religious Supervisory Board For the Financial year ended 31/12/2021 corresponding to 27 Jumad Al-awwal 1443 H.

Praise be to Allah, the lord of the whole universe. Peace and blessings be upon the Messenger of Allah; our prophet Mohammed, the last of all prophets and messengers. Allah has sent him as a mercy to all mankind. May Allah's peace and blessings be upon his all family, companions and his followers who followed his guidance until the Day of Judgment.

The Sharia Supervisory Board of Faisal Islamic Bank of Egypt assembled on Monday 31st of January 2022 corresponding to 28 Jumad Akhar 1443H. at the Bank's head office. Sharia Supervisory Board (SSB) discussed with the Bank's representatives the contents of the Balance Sheet and income Statement for the fiscal year ended 31 December 2021 corresponding to 27 Jumad Al-awwal 1443 H., as shown in detail in the minutes of the meeting. In the light of discussions raised on the balance sheet, it has been observed that Faisal Islamic Bank of Egypt conducts its investment activities and banking services in accordance with the principles and provisions of Islamic Sharia. The Board (SSB) has delegated its chairman to prepare the final report to be submitted to the Bank's General Assembly, and it also authorized him to sign the report.

Based on what is stated in detail in the minutes of the Board's meeting including discussions raised on the balance sheet, it was clear that:

- 1- The Bank was always very keen to conduct its investment activities and banking services pursuant to the principles and provisions of Islamic Sharia.
- 2- The Bank has complied with Islamic Sharia principles regarding Zakat legitimately due and Zakat fund (Resources and Disbursements).

Therefore

The Sharia Supervisory Board believes that Faisal Islamic Bank's transactions including financing, investment activities and banking services during the fiscal year ended 31/12/2021 corresponding to 27 Jumad Al-awwal 1443 H., were carried out under the framework of the provisions and principles of Islamic Sharia and were based on the Fatwas (verdicts) and rulings issued by the Board.

We pray to Allah almighty to guide us to the path of truth and righteousness and bestows prosperity and welfare to all humankind everywhere.

Chairman of the Religious Supervisory Board
Dr. Nasr Farid Wassel Mohamed Wasel
Member of Senior Scholars Council
Member of Fiqh Council - Muslim World League
Former Mufti of the Arab Republic of Egypt



28 Jumad Akhar 1443H.
31 January 2022



The Zakat Fund



Zakat Fund

The Balance Sheet

31 December 2021 corresponding to 27 Jumad Al-awwal 1443 H.

<u>Statement</u>	31 December 2021 EGP	31 December 2020 EGP
Assets:		
Cash and balances in the Bank	30,003.476	2,439.700
Fund-owned Lands and buildings	26,415.190	27,290.549
Lands and buildings owned by others	5,782.140	5,782.140
Student housing owned by others	1,479.104	1,479.104
Shares owned by others	2,892.135	2,306.355
Charity Investment Accounts	228,923.278	211,556.962
Total assets	295,495.323	250,854.810
Liabilities:		
Zakat beneficiaries rights	56,418.666	29,730.249
Liabilities against Lands and buildings owned by others	5,782.140	5,782.140
Liabilities against Charitable student housing	1,479.104	1,479.104
Liabilities against Shares owned by others	2,892.135	2,306.355
Liabilities against Charity Investment Accounts	228,923.278	211,556.962
Total liabilities	295,495.323	250,854.810

Resources and Disbursements

31 December 2021 corresponding to 27 Jumad Al-awwal 1443 H.

<u>Statement</u>	31 December 2021 EGP	31 December 2020 EGP
Resources:		
Cash and balances in the Bank (at the beginning of the year)	2,439.700	30,394.345
Zakat due on the Bank's equity	136,689.141	99,590.698
Zakat Provided by the Bank's customers and others	15,611.206	11,627.743
Return on Investment Accounts	2,141.242	2,106.819
Return on Charity Investment Accounts	7,554.015	9,423.757
Miscellaneous revenues	276.961	454.228
Selling fixed assets	14,775.370	-
Total Resources	179,487.635	153,597.590
Disbursements:		
Individuals	62,369.488	52,277.841
Students	4,584.789	1,489.722
Mosques	875.040	1,144.408
Medical institutions & legally-recognized charity associations	81,470.088	95,891.579
Administrative expenses	184.754	354.340
Cash and balances in the Bank (at the end of the year)	30,003.476	2,439.700
Total disbursements	179,487.635	153,597.590



Faisal Islamic Bank of Egypt Zakat Fund Management Al-Faisal Foundation (The orphanage)

- A philanthropist has donated a plot of land at Al-Mokattam district in Cairo to the Bank's Zakat Fund, with an area of 2100 square meters. Therefore, Zakat Fund's Management has constructed a five-storey building and a recreational facility.
- The orphanage was opened on 16/7/2006 and it has cared for 46 orphaned children (males only), who are now at the age of 14 and 15.
- Since its opening, the foundation has provided these children with high standard of care and they are attending private schools. Children are also completely offered social and healthcare, as well as educational, recreational and vocational activities under the auspices of a group of qualified supervisors.
- The Foundation has therapists and social workers to modify the children's behaviors and to develop their skills.
- 34 boys have reached secondary school stage, as they are currently attending technical education schools in order to enable them to find a job immediately after graduation. The 46 boys are as follows.
 - Four boys are attending Nursing School.
 - Four boys are at Military Commercial High School.
 - 14 boys are attending El Orman Hotel Secondary School.
 - One boy is at Decorative Secondary School.
 - One boy is attending Industrial Secondary School, Department of Electricity.
 - Three boys are attending Industrial Secondary School, Departments of Vehicles and Electricity.
 - Seven boys are at Nahdet Misr Printing Academy.
 - 10 boys are on the third grade of Preparatory School .
 - One boy is attending Intellectual Education School.
 - One boy has completed basic education and he is staying at the orphanage due to his state of health based on the approval of Social Affairs Department.
- The foundation undertakes other activities including in-kind and cash assistance offered all the year round to the needy, the poor, the sick, divorced women and widows who are living in Al-Muqattam district, bringing the total number of cases to 900 at a cost of EGP 1.25 million during 2021.
- Supervision of Al-Rahma Mosque in Al-Muqattam district, as the foundation pays labor costs and covers any other expenses.
- Zakat Fund's Management has bought 46 apartments in Badr city for children to live in after graduation.
- An investment account has been opened for every child to benefit from upon reaching the legal age in order to cover living costs. Total cost of these accounts is EGP 1.6 million, yielding a return similar to that distributed by the Bank to owners of Saving Pools. This return shall be credited to every child's account.
- There is an account no. 262500 under the name of the Foundation to receive donations at all Bank's branches.

Explanatory Notes

Explanatory Notes for the Financial Statements on 31 December 2021 corresponding to 27 Jumad Al-awwal 1443 H

About the Fund

The Bank's Zakat Fund is considered one of the main features that distinguish the Bank from any other similar institutions. Whereas the linkage between the social and economic activities has positive impacts on making progress towards comprehensive development in the society.

Regarding the business volume of Zakat Fund during 2021, the Fund's resources reached EGP 177 million, in addition to an amount of EGP 2.4 million representing the balance at the beginning of the year against EGP 387 thousand in 1980. In this regard, cumulative resources of the fund at the end of 2021 amounted to EGP 800.2 million; of which EGP 462.3 million represents Zakat legitimately due on the Bank's funds, and the remaining balance represents Zakat from investment accounts' holders and individuals, as well as grants, donations, returns of charity investment accounts and others. These resources have been directed to the beneficiaries and taking care of students either in cash and in kind or through construction of dormitories at the universities in several cities including: (Cairo, Assiut, Sohag, El-Mansoura and Shebin ElKom). Disbursements also included rehabilitation of mosques and providing public hospitals and medical facilities in all governorates with medical supplies and equipment, as well as the Holy Koran competitions and the orphanage. Therefore, Total actual disbursements during the reporting year amounted to EGP 149.5 million, which were distributed as follows:

"EGP Million"

Aspects of spending	Individuals	Students	Mosques	Medical institutions & legally recognized charity associations	Administrative expenses	Total
Amounts	62.3	4.6	0.9	81.5	0.2	149.5

- Individual is the basis of the nation's integrity and progress of society. Consequently, the Zakat Fund must support individuals. In this regard, an amount of EGP 62.3 million was disbursed during 2021.
- In the light of the Bank's social responsibility and due to Coronavirus pandemic (COVID-19) facing the country, an amount of EGP 81.5 million was disbursed on public hospitals and medical facilities in order to prevent the pandemic outbreak during 2021.
- Due to the great trust in the Bank's Zakat Fund and its good reputation, benevolent and bountiful benefactors have deposited funds in Charity Accounts (Waqf) amounted to EGP 228.9 million at the end of 2021. Returns on these accounts are disbursed on the Zakat legitimate channels and other charity purposes including charity associations, public hospitals and orphanages under the terms of Charitable Investment Contracts.
- One of The most important activities of the fund was establishing a standard orphanage at Al-Mokattam district on an area of 2200 square meters, with a capacity of 160 children. The orphanage has an independent account no. (262500) to receive donations.
- Fund-owned Lands and buildings amounting to EGP 26.4 million are represented in The Orphanage building at Al-Mokattam district, two plots of land at EL-Hadaba-El-Wosta (Al-Mokattam), another plot of land at Al-Mokattam district, 46 housing apartments and a villa at the village of Sama El-Arish in North Sinai Governorate and a villa at Boulak Eldakrour district in Giza governorate which its legal ownership was transferred to the Bank after the death of the donor.
- Lands and buildings owned by others amounting to EGP 5.8 million are represented in a villa in New Cairo city and an apartment in El-Matareya district in Cairo, which were donated to the Zakat fund, but they will be received after the death of their owners as stated in the deed of donation.
- Shares owned by others amounting to EGP 2.9 million have been donated by a benefactor. Returns on these shares are disbursed on Zakat legitimate channels and other charity purposes after the death of the donor as stated in the deed of donation.
- Charitable dormitories amounting to EGP 1.5 million is represented in buildings and furnishings in El-Mansoura city, which were delivered to the management of Al-Azhar University.
- For the purposes of the balance sheet preparation, balances in foreign currencies have been converted to Egyptian Pound based on the exchange rates declared by the Central Bank of Egypt within the foreign currency free market at the date of preparation of the Fund's financial statements.

KPMG- Hazem Hassan
Chartered Accountants and Advisors

BDO Khaled & Co
Chartered Accountants and Advisors

Auditors' Report

To: The Shareholders of Faisal Islamic Bank of Egypt

We have audited the financial statements of The Zakat Fund of Faisal Islamic Bank of Egypt, represented in the balance sheet as of 31 December 2021 corresponding to 27 Jumad Al-awwal 1443 H. and the related statement of resources and disbursements for the year then ended, as well as a summary of significant accounting policies and others. The Fund's management is responsible for these financial statements, but our responsibility is limited to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Egyptian Standards on Auditing and in the light of applicable Egyptian laws and regulations. Those standards require planning and performing the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit involves performing test procedures for documents and evidences about the amounts and disclosures stated in the financial statements. The audit process also includes an assessment of accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We have obtained the data and explanations that we considered necessary for the audit purposes. We believe that our audit provides an appropriate basis for our audit opinion on these financial statements.

The fund keeps proper accounting records and prepares the financial statements in accordance with Article (59) of the Bank's Articles of Association as well as by the General By-Laws of the Zakat Fund. These financial statements are prepared based on cash receipts and payments. Under the Cash Basis method, revenues are recognized and recorded when cash is received, and expenses are recognized and recorded when cash is paid.

In our opinion, the financial statements referred to above present freely and truly, in all material respects, the financial position of Zakat Fund as of 31 December 2021 corresponding to 27 Jumad Al-awwal 1443 H, and also fairly present the fund's resources and disbursements for the year then ended as clarified in note no. (2)

Cairo: 20 January 2022

Auditors

Salah El-Din Mosaad Almessry
FRA-Register No. 364
KPMG-Hazem Hassan
Chartered Accountants and Advisors

Mr. Mohammed Mortada Abdelhamid
ESAA
ASA-Register No. 308
CPAA-No. 5911
FRA-Register No. 157
BDO Khaled & Co
Chartered Accountants and Advisors



Sectoral Distribution of the Bank companies

Attachment (1)

Sectoral Distribution of the Bank companies

The Bank invests a part of its funds directly in establishing companies by participating in their capital with other qualified and experienced investors.

The Bank was keen to cover all economic activities by diversity and multiplicity of companies. These companies have contributed to Speeding Up Economic development process and provided thousands of jobs.

Most of these companies have leading positions in their fields. and They have contributed to cover a big part of local market needs and exports.

The Number of companies established and participated in by the Bank amounted to (48) companies,(including 30 available- for sale companies and 18 subsidiaries and associates) with issued capital amounting to (EGP 9.604 billion, USD 713 million, and SDP 1.914 million) equivalent to EGP 20.880 billion, of which EGP 20.865 billion is paid after currency evaluation by exchange rates on 31/12/2021.

The Bank's Contributes in these companies with an amount of EGP 2.215billion, at a cost of EGP 4.092 billion and book value of EGP 3.398 billion.

Statement of consolidated sectoral distribution for these companies is as follows

EGP Thousand

Sector	No. of companies	Issued and Paid-up Capital						Equity share EGP	Participation cost EGP	Book value EGP
		EGP		USD		SDP				
		Issued	Paid	Issued	Paid	Issued	Paid			
Real estate activities and leasing	3	223000	223000	-----	-----	-----	-----	7390	7490	4990
The agriculture sector, forest exploitation and logging	1	15000	15000	-----	-----	-----	-----	5	5	0
food products, drinks, Food, beverage	1	57500	57500	-----	-----	-----	-----	19965	36479	36479
Building and construction	2	281701	266838	-----	-----	-----	-----	79100	218421	156501
Hotel and restaurant sector (accommodation and food services)	1	3915000	3915000	-----	-----	-----	-----	76091	184900	184900
Chemical, materials, products and leather products	7	324100	324100	150000	150000	-----	-----	243046	604427	582146
Sector of metallurgy, iron and steel	1	35000	35000	-----	-----	-----	-----	5250	5717	5717
The textile and ready-made clothes	1	142834	142834	-----	-----	-----	-----	1903	1797	1296
Financial mediation and insurance (other than banks)	13	2860128	2859828	425592	425592	-----	-----	1503124	1640183	1096761
The social and administrative activities and education	4	244520	244520	-----	-----	-----	-----	39383	150599	146065
Electricity, gas and water supply	3	32450	32450	137489	137489	-----	-----	110511	547635	547635
Transportation, storage, communications and information	4	952636	952636	-----	-----	-----	-----	25590	108915	108915
Glass, ceramics, building materials	1	88000	88000	-----	-----	-----	-----	35200	35200	35200
The sector of electrical and household appliances	2	191917.125	191917	-----	-----	-----	-----	36665	36595	0
Wholesale and retail trade	1	240000	240000	-----	-----	-----	-----	30193	491541	491541
Other sectors	3	-----	-----	-----	-----	1914345	1914345	1161	22196	0
Total	48	9603786	9588623	713081	713081	1914345	1914345	2214576	4092101	3398147

No	Statement	Type of participation	Percentage of Bank's participation	Issued capital of the company	Paid-up capital of the company	Type of currency	No. of Bank's Shares	Nominal value of the company share	The Bank's Share EGP	Contractual participation cost EGP	Book Value EGP	Host Country	Date of starting activity	Company classification
The agriculture sector, forest exploitation and logging														
١	Al-Nubariya Co. for Agricultural	Available for sale	%0.03	15000	15000	EGP	500	EGP ١٠	5	5	0	El Behiera	١٩٨٣	Small
Total				15000	15000	EGP			5	5	0			
The sector of food products, drinks														
1	"Ismailia National Co "FOODICO	Subsidiary	34.72%	57500	57500	EGP	3992923	EGP ٥	19965	36479	36479	Ismailia	١٩٨٧	Small
Total				57500	57500	EGP			19965	36479	36479			
Real estate activities and leasing sector														
١	Arab Land Direct Mutual Fund	Available for sale	10%	20000	20000	EGP	20000	EGP 100	2000	2100	.	Giza	2000	Small
٢	Al-Faisal for Real Estate Investment	Subsidiary	2.50%	200000	200000	EGP	49900	EGP 100	4990	4990	4990	Cairo	2016	Small
٣	Almasriya Co. for Construction and Management of Commercial Centers	Available for sale	13.33%	3000	3000	EGP	40000	EGP 10	400	400	0	Cairo	2008	Small
Total				223000	223000	EGP			7390	7490	4990			
Building and construction works sector														
١	Ashger City for Development & Upgrad	Associate	40%	50000	50000	EGP	20000	EGP 1000	20000	160000	98080	Giza	2006	Medium
٢	Ardak for Development & Real Estate	Associate	25.51%	231701	216838	EGP	5910029	EGP 10	59100	58421	58421	Cairo	1999	Small
Total				281701	266838	EGP			79100	218421	156501			
Hotel and restaurant sector (accommodation and food services)														
١	El-Arabiya Co. for Hotel and Tourism	Available for sale	%١,٩٤	٣٩١٥٠٠٠	3915000	EGP	184900	EGP 100	76091	184900	174780	Giza	2005	Micro
Total				3915000	3915000	EGP			76091	184900	184900			
The sector of materials, chemical products and leather products														
1	ICOPACK Co. for Packing & printing	Subsidiary	40%	125000	125000	EGP	1000000	EGP 50	50000	76720	76720	6 Octber	1990	Large
2	Misr Co. for Packing Materials (EGYRAP)	Subsidiary	51.38%	40000	40000	EGP	205500	EGP 100	20550	31014	24147	6 Octber	2000	Large
3	Giza Paints & Chemical Industries	Associate	48.57%	6600	6600	EGP	145710	EGP 22	3206	3206	0	6 Octber	1987	Small
4	Cairo Co. for Cartoon Industry "Copack"	Subsidiary	31.37%	125000	125000	EGP	392150	EGP 100	39215	68715	68715	6 Octber	2005	Large
5	Al-Arabiya Co. "Aradis"	Associate	40%	500	500	EGP	2000	EGP 100	200	209	0	Giza	1984	Micro
6	The Modern National Company	Subsidiary	44.44%	27000	27000	EGP	12000	EGP 1000	12000	12000	1	Alex	1994	Small
7	Helwan Fertilizers Co.	Available for sale	5%	150000	150000	USD	7500000	\$ 1	117875	412563	412563	Helwan	2007	Large
Total				324100	324100	EGP			243046	604427	582146			
Total				150000	150000	USD								

م	Statement	Type of participation	Percentage of Bank's participation	Issued capital of the company	Paid-up capital of the company	Type of currency	No. of Bank's Shares	Nominal value of the company share	The Bank's Share EGP	Contractual participation cost EGP	Book Value EGP	Resident country	Date of starting activity	Company classification
Sector of metallurgy, iron and steel														
١	International Co. For Casting and Modern	Available for sale	15%	35000	35000	EGP	525000	EGP 10	5250	5717	5717	El Sharqeya	٢٠٠٧	small
Total				35000	35000	EGP			5250	5717	5717			
The textile and ready-made clothes sector														
١	Golden Textiles & Wool Clothes Co	Available for sale	1.33%	142834	142834	EGP	190345	EGP 10	1903	1797	1296	El Sharqeya	١٩٨٥	Medium
Total				142834	142834	EGP			1903	1797	1296			
Financial mediation and insurance sector (financial services other than banks)														
١	Faisal Bank Exchange	Subsidiary	79.00%	5000	5000	EGP	3950	EGP ١٠٠٠	3950	3841	3841	Giza	1993	Medium
٢	Faisal Financial Investments Co	Subsidiary	99.99%	750000	750000	EGP	7499578	EGP ١٠٠	749958	749958	749958	Giza	2011	small
٣	Faisal Financial Securities Co	Subsidiary	79.90%	30000	30000	EGP	2397000	EGP ١٠	23970	23970	23970	Cairo	2016	small
٤	Egyptian-Emirates Life Takaful Co	Available for sale	9.95%	60000	60000	EGP	597000	EGP ١٠	5970	14117	14117	Cairo	2015	small
٥	Arabiya Co. for insurance brokerage	Associate	25.00%	2000	1700	EGP	50000	EGP ١٠	500	456	٠	Giza	2011	stopped
٦	Egyptian Takaful Insurance on Properties	Associate	32.75%	230000	230000	EGP	753250	EGP ١٠٠	75325	74773	74773	Cairo	2008	Medium
٧	Egyptian Mortgage Refinance Co	Available for sale	1.05%	382510	382510	EGP	4000	EGP ١٠٠٠	4000	12721	12721	Cairo	2007	Medium
٨	Egyptian Saudi Insurance House Co	Available for sale	13.50%	230000	230000	EGP	3105000	EGP ١٠	31050	86536	86536	Giza	2003	Medium
٩	'International Co. For Leasing 'Incolease	Available for sale	.00%٩	200000	200000	EGP	١٧٩٩٩٩٩	EGP ١٠	18000	68400	68400	Giza	1997	large
١٠	G I G Egypt Haye Takaful Co	Available for sale	9.24%	200000	200000	EGP	184783	EGP ١٠٠	18478	32328	32328	Cairo	2008	small
١١	Ayadi Co. for Investment & Development	Available for sale	3.69%	770618	770618	EGP	284413	EGP ١٠٠	28441	30478	30478	Cairo	2015	Medium
١٢	Dar Al-Maal Al-Islami Trust	Available for sale	8.20%	390316	390316	USD	320051	\$ ١٠٠	503015	٥٠٣٠١٥	0	The Bahamas	1981	large
١٣	Islamic Development Limited Co.- Sudan	Available for sale	7.30%	35276	35276	USD	2574762	\$ ١	40467	٣٩٩٥٢	0	Sudan	1985	small
Total				2860128	2859828	EGP			1503124	1640183	1096761			
Total				425592	425592	USD								
The social and administrative activities and education sector														
١	Educational Projects Co	Available for sale	7.66%	6000	6000	EGP	45980	EGP ١٠	460	460	0	El Sharqeya	١٩٨٨	Under Liquidation
٢	Misr International Hospital	Associate	24.30%	120000	120000	EGP	29163	EGP ١٠٠٠	29163	23707	19633	Giza	١٩٨٣	large
٣	Cairo Specialized Hospital	Available for sale	7.53%	76520	76520	EGP	576009	EGP ١٠	5760	119407	119407	Cairo	١٩٨١	large
٤	El Mona Co. for Medical Services	Available for sale	9.52%	42000	42000	EGP	4000	EGP ١٠٠٠	4000	7026	7026	Giza	٢٠٠٤	small
Total				244520	244520	EGP			39383	150599	146065			

No	Statement	Type of participation	Percentage of Bank's participation	ed capital of the company	Paid-up capital of the company	Type of currency	No. of Bank's Shares	Nominal value of the company share	The Bank's Share EGP	Contractual participation cost EGP	Book Value EGP	Resident county	Date of starting activity	Company classification
Electricity, gas and water supply sector														
١	Suez Gas Co. "Sugaz"	Available for sale	7.76%	22000	22000	EGP	17069	EGP ١٠٠	1707	2011	2011	Suez	2003	Medium
٢	Multi Gas Co.	Available for sale	7.27%	10450	10450	EGP	7600	EGP ١٠٠	760	0	0	El Menofia	2002	Medium
٣	Midor Co.for Electricity "Midalic"	Available for sale	5.00%	137489	137489	USD	68745	\$ ١٠٠	108044	545624	545624	Alex	2001	large
Total				32450	32450	EGP			110511	547635	547635			
Total				137489	137489	USD								
Glass, ceramics, building materials sector														
١	Horizon Co. for Investment and Industrial	Subsidiary	40%	88000	88000	EGP	2514297	EGP ١٤	35200	35200	35200	El Menofia	2000	large
Total				88000	88000	EGP			35200	35200	35200			
The sector of electrical and household appliances, equipment and machinery														
١	Egyptian Co "Sital Pacific"	Available for sale	2.39%	69730	69730	EGP	166456	EGP ١٠	1665	1595	0	Cairo	1986	stopped
٢	Energy Co. for Electronic and lighting	Subsidiary	29%	122187	122187	EGP	350000	EGP ١٠٠	35000	35000	0	Cairo	2015	small
Total				191917	191917	EGP			36665	36595	0			
Wholesale and retail trade sector														
١	" Ibn Sina "Pharma	Available for sale	12.58%	240000	240000	EGP	120771813	EGP ٠,٢٥	30193	491541	491541	Cairo	2002	large
Total				240000	240000	EGP			30193	491541	491541			
Transportation, storage, communications and information sector														
١	Technology Development Fund Co	Available for sale	11.54%	130000	130000	EGP	1500000	EGP ١٠	15000	15000	15000	Giza	2005	micro
٢	Al Ahly Computer Equipment Co	Available for sale	10.00%	5000	5000	EGP	5000	EGP ١٠٠	500	4133	4133	Giza	1998	Medium
٣	The Egyptian Credit Bureau "I-Score"	Available for sale	3.57%	200000	200000	EGP	1785716	EGP ٤	7143	88964	88964	Cairo	2008	large
٤	Misr for Central Clearing	Available for sale	0.48%	617636	617636	EGP	29472	EGP ١٠٠	2947	817	817	Cairo	1996	Medium
Total				952636	952636	EGP			25590	108915	١٠٨٩١٥			
Other sectors														
١	Sudanese Islamic Bank	Available for sale	0.68%	703989	703989	SDP	36800718	SDP ٠,١٣	172	2434	0	Sudan	1983	large
٢	Faisal Islamic Bank of Sudan	Available for sale	2.50%	1100000	1100000	SDP	27523853	SDP ١,٠٠	989	19352	0	Sudan	1978	large
٣	Export Development Bank –Sudan	Available for sale	0.02%	110356	110356	SDP	185969	SDP ٠,١٠	1	410	0	Sudan	1984	small
Total				1914345	1914345	SDP			1161	22196	0			

Attachment (2)

Branches

Head office & Cairo branch & Giza

Cairo branch

Address: 3, 26th July St., Cairo, Egypt
Tel.: (02) 27868723 – 27868724 - 27868939
Fax: (02) 27866744
Postal Code: 11531
P.O.Box: 2446 cairo
Postal Address: Faisal Bank
Commercial Register No.:197055 Cairo
SWIFT Code: FIEG EG CX CAI
Website: <https://www.faisalbank.com.eg>
E-Mail: cairo@faisalbank.com.eg

Giza branch

Address: 149 El-Tahrir St., Galaa Square, Dokki, Giza
Tel.: (02) 37621285 / 6 / 7 / 9
Fax: (02) 37621281
Telex: 93878 – 20952 F.BANK.UN
Postal Address: Faisal Bank – Cairo.
P.O.Box: 283 cairo
Postal Code: 12311
E-Mail: giza@faisalbank.com.eg

Greater Cairo

Al-Azhar branch

Address: 106 Gohar Alkaed St., Al-Azhar District, Cairo
Tel.: (02) 25911280 - 25934263 – 25916341
Fax: (02) 27869538
Postal Code: 11111
P.O.Box: 20
E-Mail: azhar@faisalbank.com.eg

Ghamra branch

Address: 14 A El Sabaa St., Al Zaher District, Cairo
Tel.: (02) 25904756 - 25904794 - 27878620
Fax: (02) 25904828
Postal Code: 11271
P.O.Box: 8
E-Mail: ghamra@faisalbank.com.eg



Heliopolis branch

Address: 82 Othman Ibn Affan St., between Safir and Triumph Squares, Heliopolis, Cairo
Tel.: (02) 27764487 - 27764493 - 27764495
Fax: (02) 27764497
P.O.Box: 5962 West Heliopolis
E-Mail: helio@faisalbank.com.eg

Postal Code: 11757

Dokki branch

Address: 17 El Falouga St., Agouza District, Giza
Tel.: (02) 33027513 - 33040417 - 33445909
Fax: (02) 33465823
P.O Box : 57
Postal Code: 12411 Agouza
E-Mail: dokki@faisalbank.com.eg

Nasr City branch

Address: 15 Ahmed Qassem Gouda St., From Abbas El Akkad St., Nasr City, Cairo
Tel.: (02) 24023946 - 24029472 – 24029548
Fax: (02) 24023596 / 24023936
Postal Code: 11371
E-Mail: nasrcity@faisalbank.com.eg

P.O.Box: 8202

El Sayeda Zeinab branch

Address: 38 Abdel Magid El Labban St., El Sayeda Zeinab, Cairo
Tel.: (02) 23611008 - 23637139
Fax: (02) 25322682
Postal Code: 11521
E-Mail: saydah@faisalbank.com.eg

P.O.Box: 5 El Dawaween

Zizinia branch

Address: In front of The American University in Cairo (AUC) Gate 4, Zizinia, 5th Settlement, New Cairo
Tel.: (02) 26083777 - 26083900
Fax: (02) 26083700
Postal Code: 11835
E-mail: zizinia@faisalbank.com.eg

P.O.Box: 184 5th Settlement

6th of October branch

Address: 38, 39 Central Axis, Beside Administrative Prosecution Building , 6th of October City, Giza
Tel.: (02) 38245017 – 38245256 – 38245259
Fax: (02) 38245433
Postal Code: 12596
E-Mail: october@faisalbank.com.eg

P.O.Box: 28 3rd District

El-Obour branch

Address: A.C Milan Club wall, units (8, 9), Golf City, El Obour City
Tel.: (02) 44828404 – 44828405 - 44828406
Fax: (02) 44828268
E-mail: obour@faisalbank.com.eg

Postal Code: 18111



El Haram branch

Address: 230 El Haram St., Zizinia Mall Building, El haram, Giza
Tel.: (02) 37808936 - 37808938 - 37808944 - 37808947
Fax: (02) 37808933
SWIFT Code: FIEG EG CX XXX
E-mail: haram@faisalbank.com.eg

Shoubra branch

Address: 51 Shoubra St., Cairo
Tel.: (02) 27737074 / 5 / 6
Fax: (02) 25798111
Postal Code: 12111 **P.O.Box:** 283
E-mail: shubra@faisalbank.com.eg

Madinaty branch

Address: Unit 111, First Floor, building of companies and banks, Administrative buildings area (First Phase), Madinaty, New Cairo.
Tel.: 02- 2110990 – 2110992 – 21109904 **Fax:** (02) 21109905
E-mail: madinaty@faisalbank.com.eg

Maadi branch

Address: 62 Corniche El-Maadi St., Building of Bayt El Khebra Group, Beside Embassy of Japan, Maadi, Cairo.
Tel.: (02) 2565053 - 2565054 **Fax:** (02) 2563063
E-mail: maadi@faisalbank.com.eg

Mokutam branch

Address: 40 Rd. 9, Plot (D), Al-Mokattam district, Cairo.
Tel.: (02) 28469152 - 28469153 – 28469154 **Fax:** (02) 28469155
E-mail: _mokatam@faisalbank.com.eg

Al- Rehab branch

Address: Plot G40, Eastern Market, Banks Area, Al-rehab city, Cairo
Tel.: (02) 26920117 – 26920346 – 26920094
E-mail: Rehab@faisalbank.com.eg

Alexandria & Lower Egypt Region

Alexandria branch

Address: 7 Victor Bassily St., El-azarita district, Alexandria Governorate.
Tel.: 03) 5466239 - 5466238
Fax: (03) 5466260
Postal Code: 21131
P.O.Box: 1215
E-Mail: alex@faisalbank.com.eg

Mustafa Kamel branch

Address: 392, 394 El Ashraf Towers, Intersection of El Horiya Rd. with Ahmed Shawky St., Mustafa Kamel, Alexandria
Tel.: (03) 5466039 – 5426848 – 5465278 - 5465426
Fax: (03) 5466075
P.O.Box: 181 Sidi Gaber **Postal Code:** 21311
E-Mail: alex2@faisalbank.com.eg



El Montazah branch

Address: 698 (A) El Geish Road, Intersection of Atlas St. with Miami, El-Montazah Police Station, Alexandria

Tel.: (03) 5522125 / 6 / 7 / 8

Fax: (03) 5522105

P.O.Box: 230 El Saraya Post office

E-Mail: montazah@faisalbank.com.eg

P.O.Box: 230 El Saraya Post office

Postal Code: 31411

El Agamy branch

Address: Commercial Center St., Agamy Star Mall, Gate 8, Alexandria-Matrouh Rd., El Agmay's Traffic station, El Agamy district, Alexandria

Tel.: (03) 4318739 / 40 / 42

Fax: (03) 4318734

Postal Code: 21221 Hanoville

E-Mail: agamy@faisalbank.com.eg

El Mansoura branch

Address: 1 El Geish St., Toril district, El Mansoura, El-Dakahlia Governorate

Tel.: (050) 2319965 – 2318792 - 2305158

Fax: (050) 2315635

Postal Code: 35111

E-Mail: mansoura@faisalbank.com.eg

New Damietta branch

Address: Plot 85, Central Zone, New Damietta City, Damietta Governorate

Tel.: (057) 2410201 – 2410202

Postal Code: 35417

Fax: (057) 2410203

E-Mail: domiat@faisalbank.com.eg

El Mahala AlKobra branch

Address: El Geish St., El Awqaf building, El Mahalla El Kobra, El Gharbeya

Tel.: (040) 2237708 - 2231708 - 2239274

Fax: (040) 2246817

Postal Code: 31911

P.O.Box: 244

E-Mail: mehalla@faisalbank.com.eg

El Zagazig branch

Address: El Akkadin building, El Montazah Square, El Zagazig, El Sharkeya Governorate

Tel.: (055) 2308506 – 2308507

Fax: (055) 2314628

Postal Code: 44511

P.O.Box: 435

E-Mail: zagazig@faisalbank.com.eg

Damanhour branch

Address: El Sheikh Mohammed Abdel Karim St., Damanhour, El Beheira Governorate

Tel.: (045) 3311888 - 3310099 - 3311199

Fax: (045) 3314000

Postal Code: 22511

E-Mail: damanhour@faisalbank.com.eg

Postal Code: 22511

P.O.Box: 22111



Tanta branch

Address: 2 Mohamed Said Pasha St., on the corner of El Galaa St., El Gomhoureya Sq., Tanta, El Gharbeya Governorate
Tel.: (040) 3287982 - 3287983 - 3287985
Fax: (040) 3287986
Postal Code: 31111
P.O.Box: 393
E-Mail: tanta@faisalbank.com.eg

Banha branch

Address: El Bahr St., El Tatbiqeyeen Syndicate building, Banha, El Qalubiya Governorate
Tel.: (013) 3267249 – 3257861
Fax: (013) 3254702
Postal Code: 13511
E-Mail: banha@faisalbank.com.eg

Canal Region

Suez branch

Address: 3 EL-Galaa St., Suez
Tel.: (062) ٣٤٧٢٧٤٦ – ٣٤٧٢٧٣١
Fax: (062) 3472778
Postal Code: 43111
P.O.Box: 79
E-mail: suez@faisalbank.com.eg

Ismailia branch

Address: 17 intersection of Orabi St. with El Geish St., El Afrangy district, next to Suez Canal villa, Ismailia Governorate
Tel.: (064) 3915035 - 3915020 - 3915028 - 3915029
Fax: (064) 39145019
Postal Code: 41511
P.O.Box: 10
E-mail: ismailia@faisalbank.com.eg

Port Said branch

Address: ١٧ Tarh El Bahr St., Garden city tower, beside the state security apparatus, Port Said Governorate
Tel.: (066) ٣٢٢٢٧٥٧ - ٣٢٢٢٧٥٦
Fax: (066) 3222817
P.O.Box: 15 El Amin & El Rous
Postal Code: 42515
E-mail: portsaid@faisalbank.com.eg

Tenth of Ramadan branch

Address: Building 4, 1st District, in front of Educational Administration, 10th of Ramadan
Tel.: (015) 373318 - 373319 - 373324
Fax: (015) 373066
Postal Code: 44637
P.O.Box: 225
E-Mail: tenthramadan@faisalbank.com.eg



Upper Egypt Region

El Fayoum branch

Address: 30 (repeated) Saad Zaghloul St., next to Governmental Authorities Complex,
El Fayoum City, El Fayoum Governorate
Tel.: (084) 2166210 - 2166211 - 2166188
Fax: (084) 2166207
E-mail: fayoum@faisalbank.com.eg

El Menia branch

Address: 244 El Horiya St., Courniche Al Nil, Awkaf building, El Menia
Tel.: (086) 2319851 / 2 / 3 / 4
Fax: (086) 2319863
Postal Code: 61512 Hanoville **P.O.Box:** 24
E-mail: menia@faisalbank.com.eg

Sohag branch

Address: Baga St., El Tatbiqeyeen Syndicate building, Sohag
Tel.: (093) ٢١٠٠٤٣٢
Fax: (093) ٢١٠٠٤٣٩
Postal Code: 82111 **P.O.Box:** 16
SWIFT Code: FIEG EG CX XXX
E-Mail: sohag@faisalbank.com.eg

Assiut branch

Address: Extension of Yousry Ragheb St., Assiut
Tel.: (088) 2343312 - 2343313 - 2337261
Fax: (088) 2333739
Postal Code: 71511
P.O.Box: 112
E-Mail: assiut@faisalbank.com.eg

Aswan branch

Address: 74 Abtaal El-tahrir St., From Abou Simbel St., Awkaf Building, Aswan
Tel.: (097) 2440181 - 2306578
Fax: (097) ٢٤٤٠٠٤٢
Postal Code: 81511
P.O.Box: 150
E-Mail: aswan@faisalbank.com.eg

Qena branch

Address: El Tatbiqeyeen Syndicate building, Extension of Luxor St., El Omal City, Qena
Tel.: (096) 5349315 / 6 / 7 / 8
Fax: (096) 5349314
Postal Code: 83111
P.O.Box: 22 Qena Main Post Office
E-Mail: qena@faisalbank.com.eg

Branches to be opened soon

El-Sheikh Zayed – Shebin El-Koum - The New Administrative Capital – Beni Suef



Bank Correspondents

Currency	Bank Name	Account Number	IBAN	WIFT / BIC Code
USD	The Bank of New York Mellon, New York	803-3388-676		IRVT US 3N
EUR	UniCredit Bank Austria , Vienna UniCredit Spa. Milan CaixaBank , S.A		AT 22 1200 0127 1714 6801 IT38 U020 0832 9780 0000 8334 200 ES9721000566550900090685	BKAU AT WW UNCR IT MM CAIXESBBXXX
GBP	The Bank of New York Mellon, New York London		GB141RVT70022596470360	IRTV GB 2X
SAR	Riyad Bank, Riyadh	9250307849940	SA8920000009250307849940	RIBL SA RI



Hot Line 19851

Head Office and Main Departments

Contact	E-mail
Internal Audit	Mails@faisalbank.com.eg
Anti-Money Laundering Management	Compliance@faisalbank.com.eg
Information System	Infosys@faisalbank.com.eg
Human Resources	Humanres@faisalbank.com.eg
Training	Training@faisalbank.com.eg
Administrative	Admindept@faisalbank.com.eg
Foreign Relations	Foreigndept@faisalbank.com.eg
Remittances and Forex	Forex@faisalbank.com.eg
Retail Banking	Retail@faisalbank.com.eg
Real Estate	Realestate@faisalbank.com.eg
SME's	Sme@faisalbank.com.eg
Correspondents Accounts	corres@faisalbank.com.eg
VISA	Card-center@faisalbank.com.eg
Local Investment	LocalInv@faisalbank.com.eg
Public Relations	Publicrelat@faisalbank.com.eg
Risk Management	Risk@faisalbank.com.eg
Financial Statment	financedept@faisalbank.com.eg
Customer Care	Customer.care@Faisalbank.com.eg
Customers' Rights Protection	cr.Protection@faisalbank.com.eg

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 : <https://www.instagram.com/fibegypt/>

 : <https://www.linkedin.com/company/faisal-islamic-bank-hr/>