ANNUAL REPORT

2021

بنك القاهرة
Banque du Caire

ANNUAL REPORT

A LEAP FORWARD

TABLE OF CONTENTS

ABOUT US

- At a Glance 05
- Key Financial Highlights of 2021 07
- Who We Are 10
- What We Do 11
- Awards 13

STRATEGIC DIRECTION

- Chairman and CEO Message 17
- Strategy 21

BUSINESS PERFORMANCE

- Corporate and Institutional Banking Group 29
- Retail Banking 51
- SME Banking 67
- Treasury and Capital Markets 71
- Corporate Communications And Sustainable Development 75
- Change, Transformation, and Reengineering Division 81
- Information Technology 87
- Finance 91

RESPONSIBLE BANKING

- ESG Approach 97
- Digital Banking 101
- Micro Finance 111
- Financial Inclusion 117
- Human Resources 121
- Corporate Shared Value 125

CORPORATE GOVERNANCE

- Board of Directors 131
- Executive Management 147

INTERNAL AUDIT AND COMPLIANCE

- Internal Audit 155
- Compliance 159

LEGAL

- Legal 163

RISK MANAGEMENT

- Risk Management 167

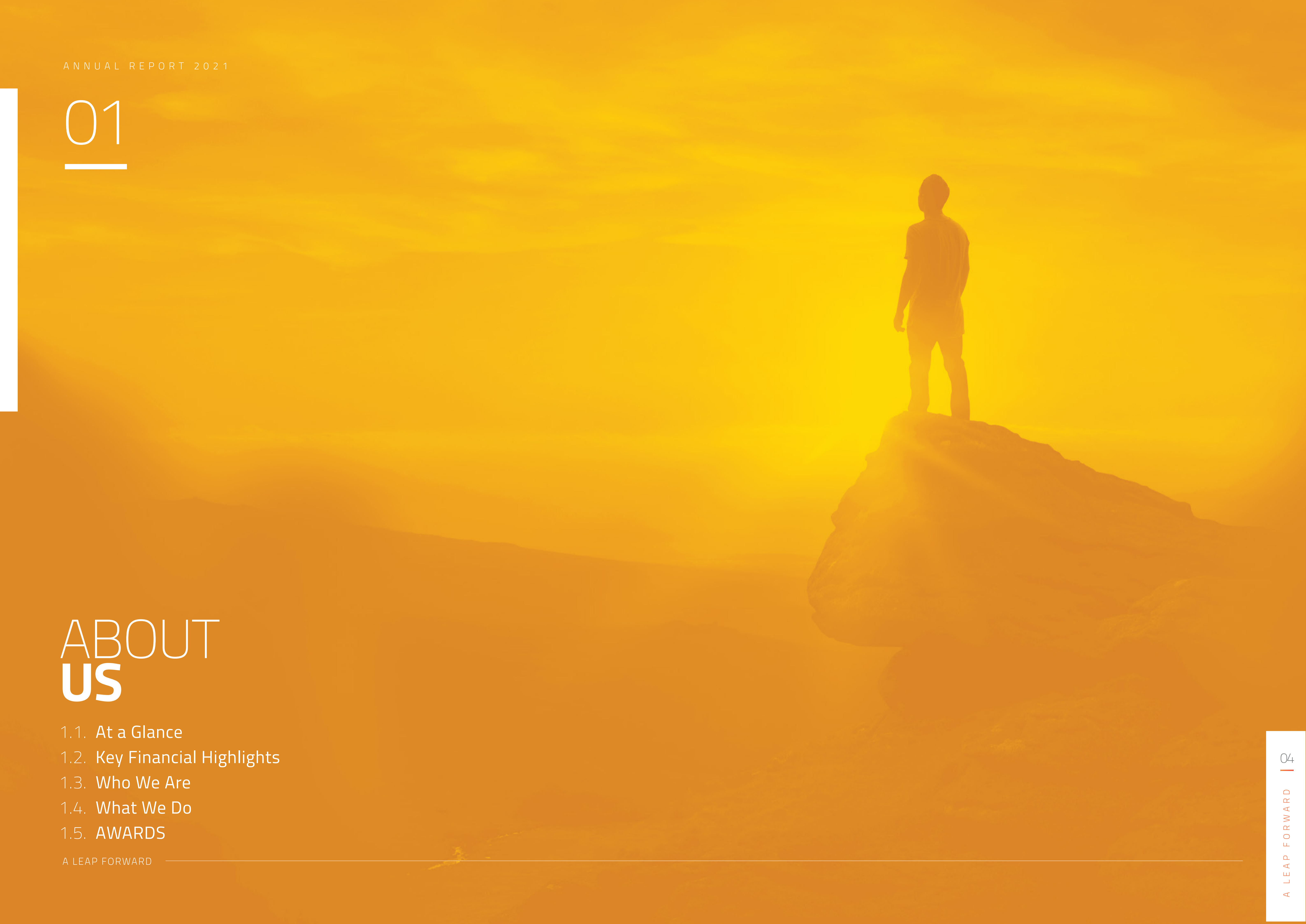
SUBSIDIARIES

- Cairo Bank Uganda Limited (CBU) 181
- Cairo Leasing Corporation (CLC) 185

FINANCIAL STATEMENT

- Independent Auditors' Report 194
- Separate Financial Statements 196
- Notes on Financial Statements 200

GLOSSARY AND ABBREVIATIONS 296



01

ABOUT **US**

1.1. At a Glance
1.2. Key Financial Highlights
1.3. Who We Are
1.4. What We Do
1.5. AWARDS

01

AT A GLANCE

Banque du Caire is one of Egypt's largest banks, with a rich history of excellence as the financial institution of choice for countless Egyptians from all walks of life. Whether Corporate, Retail or Small and Medium Enterprises (SMEs), BdC's products and services offerings offer our clients the flexibility they need to meet their financial goals.

Banque du Caire (BdC) is one of Egypt's deep-rooted and largest Banks, providing its retail, Small and Medium Enterprise (SMEs), Micro-enterprises, and corporate clients with a comprehensive range of banking solutions to meet their financial goals all tied together with some of the country's leading digital solution offerings.

Our Vision

At BdC, we aim to satisfy the evolving needs of our customers in order to gain their trust and eventually position ourselves at the forefront of the banking scene on a national scale.

Our Mission

To be the preferred partner and financial advisor to our clients by implementing world-class banking capabilities and providing the highest quality products and services. We build value for our shareholders through the strength of our customer satisfaction, quality, commitment, and consistently producing superior operating results.

Key Facts

Financial Performance:

Total Assets **255.4Bn** EGP (2020: EGP 205.3Bn)	Operating Profit **12.8Bn** EGP
Profit After Tax **3.6Bn** EGP (2020: EGP 3.2Bn)	Total capital adequacy ratio **15.20%**
Increase in total deposits Y-o-Y **22%**	CASA/Total Deposits **31.53%**
Total Retail portfolio as a proportion of total portfolio (not including non-fund) **40.11%**	
Growth on retail loans Y-o-Y **10%**	Common equity tier 1 capital ratio **12.2%** (2020: 13.5%)

Non-Financial Performance:

Number of Employees: **8,794**	Gender Diversity: **19%**
Branches Network **246**	ATMs **1452**
MSME's portfolio: **21%**	

02

KEY FINANCIAL **HIGHLIGHTS**

Banque du Caire's robust strategy strengthened its leadership in Egypt's banking sector and achieved strong results despite the global slowdown due to the impact of the COVID-19 pandemic.

Income

In 2021 the Bank's net profit has seen an increase of 15% Y-o-Y to EGP 3.6 Bn. This was primarily driven by portfolio expansion efforts, where the loan portfolio grew by 18% Y-o-Y to EGP 109.7Bn. Total income grew by 8% from the previous year to EGP 12.8Bn. Where profit before tax reached EGP 5.8Bn, up by 20% Y-o-Y from 2020.

Expenses

As of year-end 2021, general and administrative expenses stood at EGP 5.6Bn, up by 17% Y-o-Y. The main drivers were increased staff costs and donation expenses. This has resulted cost-to-income ratio to rise from 40.44% in 2020 to 43.76% in 2021.

Banque du Caire's tax expenses amounted to EGP 2.2Bn. This is associated with legislative changes which occurred in 2019, where it has resulted in an annual increase of 28%, affecting the financial position in 2020 and 2021. As a result, the effective tax rate increased from 25.36%, 34.93%, and 37.46% in 2019, 2020, and 2021 respectively.

Assets

The Bank total assets reached EGP 255Bn, showing an increase of 24% Y-o-Y at year-end 2021. The growth in total assets was largely explained by an increase of 18% Y-o-Y in loans to customers and banks (net of provisions), which reached EGP 101.8Bn in 2021. Moreover, Banque du Caire's Corporate and Institutional Banking Group continued to lead the Bank's loan growth, where its portfolio stood at EGP 54Bn, growing by 24% Y-o-Y.

At the same time, the SME Group strong growth of 29% Y-o-Y, has demonstrated the Bank's strong position in the SME market standing at EGP 11.7Bn in 2021. The retail portfolio expanded by 10% Y-o-Y and recorded EGP 44Bn at year-end 2021.

Banque du Caire capitalized on its achievements from the previous year, where its loan-to-deposit ratio stood at 55.34%, as a result of successful portfolio expansion efforts in 2021. Moreover, despite the unprecedented impacts of COVID-19, the Bank maintained a stable non-performing loan ratio of 4.29% and a coverage ratio of 168% in 2021.

Banque du Caire's strategic approach and attentiveness to our customers' needs placed our bank in a market leadership position. The resilience of our operations during the Covid-19 pandemic is a testament to our effective leadership and the strategy put in place to face the obstacles we faced during this crisis

Liabilities

The Bank's total liabilities increased by 26% Y-o-Y reaching EGP 236Bn at year-end 2021. The increase was driven by a 22% Y-o-Y rise in customer deposits amounting to EGP 198.3Bn, as well as increase in deposits from other financial institutions (FIs) in 2021.

Low-cost current and savings accounts (CASA) witnessed an increase of 8% Y-o-Y to EGP 62.5Bn, while certificates of deposit (CDs) increased by 13% Y-o-Y to EGP 73.9Bn at year-end 2021. Time deposits (TD) values grew by 59% Y-o-Y to EGP 59.6Bn in 2021. Moreover, the due to bank liabilities stood at EGP 17.6Bn in 2021.

Shareholders' equity in Banque du Caire has increased by EGP 1.8Bn to record EGP 19.4Bn, up by 10% Y-o-Y in 2021. This was due to the net profits amounted to EGP 3.6Bn in 2021, after the paid dividends in 2020. Moreover, the joint efforts of the Bank's main shareholders resulted in the efficient management of the capital structure and enhanced capital base value by EGP 2.6Bn. This has reflected positively on the main supervisory indicators, including Basel accord ratio, leading the capital adequacy ratio to reach 15.20%. Meanwhile, the Bank delivered a Return on Average Equity (ROAE) of 20% at year-end 2021.

03

WHO **WE ARE**

Founded in 1952, Banque du Caire is one of the oldest and largest Egyptian banks providing its clients with an integrated and diversified package of banking services and products designed specifically to meet their needs. As a result of its efforts, the Bank received various awards over its six decades of operation.

Banque du Caire succeeded in transforming itself into a leading financial institution through its diverse portfolio, including large, medium, small, and micro-enterprises in the Egyptian market. This is accomplished through its ever-growing network of branches and ATMs spread nationwide, alongside a skilled team.

The Bank has played an integral role in the country's economic growth since its establishment, having extended financing to corporations across key sectors of the economy. As the Bank grew and evolved to meet dynamic market needs, it has adapted its service offerings accordingly, establishing one of Egypt's leading digital banking frameworks for both retail and corporate clients.

Further to its leading products and services, the Bank launched a corporate leasing venture in 2018, Cairo Leasing Corporation (CLC), which has grown to become a leader in Egypt's leasing sector. Banque du Caire also offers access to Common Market for Eastern and Southern Africa (COMESA) markets through Cairo International Bank, its Ugandan subsidiary. In addition, it runs a representative office in the United Arab Emirates (UAE) to ensure clients in the region are offered the same quality banking services they do at home.

With a network of 246 branches and 1452 Automated Teller Machines (ATMs) spread nationwide, Banque du Caire serves a massive and diverse customer base of more than 3 million customers. This includes major corporations, prominent institutions, high net worth customers, and individual customers, one million of which are subscribed to digital services. The Bank is also keen to continue its leadership as the banking institution of choice for customers by expanding its digital banking services package, modernizing its infrastructure and operational systems, as well as developing a governance system in accordance with the best international standards, solutions, and securities services.

04

WHAT WE DO

Corporate and Institutional Banking

Banque du Caire's Corporate and Institutional Banking Group is central to the Bank's growth strategy. The Group offers an array of products and services ranging from short- and medium-term working capital financing products to tailored, structured solutions for more complex short and longer-term financing needs, available in both local and foreign currencies. The Bank has a diverse client base that includes some of the market's most prominent entities across the public and private sectors. The Group's Financial Institution business, which operates out of the Bank's Egypt offices as well as a representative office in the UAE, focus on promoting the Bank's activities to over seven hundred global financial institutions.

The Bank also offers a wide range of global transaction banking solutions including cash management and liquidity services, conventional and structured trade finance custody and clearing, agency, and trust services, as well as acting as a depository agency. We also have a standalone Debt and Structured Finance team dedicated to providing full-fledged long-term funding products to its corporate clients. The team's service offering includes arranging debt underwriting, providing structured finance solutions, arranging syndicated loans, and offering agency and financial advisory services.

Retail Banking and Microfinance

Banque Du Caire's Retail Banking Division is a major arm in the vast Products & Services offered. The group is keen on creating, developing & providing a full suite of innovative Consumer Products and Services, that are tailored according to each customer segment based on their needs. They cover lending products that include Personal, Pension, Governmental, Auto and Mortgage loans. Additionally, the Retail Group is responsible for providing competitive pricing on customer deposits through segmented programs that include Saving & Current accounts with different interest rates and benefits, Time Deposits & Certificate of Deposits for short & long term investment, plus Payroll packages and the Banc-assurance programs. In addition, to the Cards department that is responsible for all Credit, Debit & Prepaid cards in terms of creation, development of differentiated value propositions and profitable growth of the portfolio. The direct sales team and telesales team is also under the umbrella of Retail banking group to lead the acquisition and growth of our lending portfolio.

While, the Wealth management team is responsible for developing Tharwa Products and Services for High Net Worth clients, managing their relationship and portfolio through 2 private banking teams and specific relationship managers located in Tharwa lounges distributed across our branches.

The Retail group is also the key provider of Digital solutions and E-channels services offered to the Consumer, managing a widely spread ATM network including its operations to support the propagation of BDC accessibility thru various channels. Beside all of that, it is managing another important channel which is the Contact Center that is considered one of our main customer service channels that is available 24/7.

The Financial Inclusion department is also managing the on ground activation for Retail Products & Services by providing special offers and financial literacy to untapped customers to ensure the integration of all segments of society in the formal financial system, in addition to collaborations with the development team to create customized products that can serve all segments.

Over and above, Microfinance is considered a critical sector that finances micro-projects in the field of commercial & industrial services for different segments to facilitate the ongoing activity and production requirements that are geographical spread all over Egypt. Our Microfinance department ensures the ease and speed of product procedures, diversification of available products, high financial capacity, and availability of liquidity necessary for financing operations.

SME Banking

The SME Banking Group provides a comprehensive product offering that meets all customers' needs, including working capital requirements, CAPEX, trade finance products and services in addition to cash management solutions. One of our competitive advantages is our outreached decentralized network, fueled by our existence in 25 governorates through 38 business centers, where our dedicated and highly skilled relationship managers serve customers wherever they are located in Greater Cairo, Alexandria, Upper Egypt, Delta and Canal.

Aligning with Egypt's national inclusion agenda, our division has been laser focused on providing non-financial services, which forms an integral part of the bank's value proposition. We have specialized Business Development Service Hubs across Upper Egypt, Monofeya, and Beheira, offering advisory services and non-financial services to support Startups as well as, established SMEs in managing and growing their businesses in an optimal way.

As a group, we adopt agile methodologies by implementing a seamless process through which we offer short turnaround time with respect to the loan disbursement process, requiring the minimum needed documents in an attempt to deliver an exceptional and tailored customer journey, besides maintaining high standard of operational efficiencies.

Treasury and Capital Markets

BdC's Treasury and Capital Markets (TCM) Holds various investment activities in the fixed income and foreign exchange markets. The TCM team manages the banks' surplus liquidity in various currencies with a main goal of maximizing its Net Interest Income and generating Capital gains to enhance the bank's profitability. On the foreign exchange side, TCM foresees the prevailing and expected exchange rate environments in order to efficiently hedge the balance sheet and assist clients with their hedging needs. With a customer centric approach, the TCM team caters to a wide customer base focusing mainly on fulfilling their investment/currency needs in a timely manner. The Asset and Liability management team is responsible for pricing the banks' Assets and liabilities in line with global market practices, with its competitive pricing mechanism, the TCM's main goal is to increase BdC's market share and total performance.

05

AWARDS

BdC leadership role has been affirmed by winning 10 awards throughout the year 2021.

The European Awards:

- Best Treasury Management Bank- Egypt 2021
- Best Foreign Exchange Banking Provider-Egypt 2021
- Best Fixed Income Banking Provider-Egypt 2021
- Best Liquidity Management Provider-Egypt 2021

International Business:

- Most Sustainable Bank Egypt 2021

International Finance:

- Best Foreign Exchange Bank - Egypt 2021
- Best Global Transaction Banking - Egypt 2021
- The Best Sub-Custodian.

Global Economics

- Best Foreign Exchange Banking Provider-Egypt 2021
- Best CSR Bank - Egypt 2021

International Banker

- Best Innovation in Retail Banking Egypt 2021

Global Trade Review (GTR)

- Best Trade Finance bank

EMEA Finance

- Best structured finance deal in Africa
- Best local currency syndicated loan in EMEA
- Best structured finance deal in North Africa

02

STRATEGIC **DIRECTION**

2.1. Chairman and CEO Message
2.2. Strategy

A LEAP FORWARD

01

CHAIRMAN AND **CEO MESSAGE**

Despite unprecedented challenges triggered by the COVID-19 pandemic, at BdC, our agile and resilient culture allowed us to remain steadfast in our commitment to growth. Our solid financial foundations and reputation as a market leader alongside our employee sentiment plays an integral part of our overall strategy to ensure that our leadership and staff commitment to excellence translates into all parts of the business, especially when interacting with our most important stakeholder, our customers.

Egypt's economic growth during 2021 reflects the incredible work and ambitious plans financial institutions -such as ours- put in place to sustain a level of growth that enables the country to withstand the storm that hit global economies all at once, especially considering the impact of Covid-19. Thanks to the incredible efforts of everyone involved, we were able to overcome the many challenges this Pandemic forced upon us and plans were put in place to ensure everyone's safety and a smooth continuation of operations without risking employee or clients' lives.

A key aspect that led to market stabilization and consistent growth during these difficult times was the transition into a digitized economy and the rapid movement toward becoming a cashless economy, guaranteeing an enhanced level of financial inclusion.

Furthermore, on March 18th this year the Central Bank of Egypt (CBE) circulated that banks should shift towards sustainable finance. Fully endorsing CBE and FRA objectives, on December 21st, 2021, Banque Du Caire officially became a signatory of the United Nations Environment Program – Finance Initiative's Principles for Responsible Banking. An important milestone that will see us have a deeper look into our business model and find ways to push for change not only internally, but also externally through our many customers regardless of their segment.

Additionally, we followed the directives from the CBE aiming to promote financial inclusion by directing 21% of the total portfolio to MSMEs. Aligning ourselves with the CBE's mandate for 3 consecutive years providing sustainable growth.

Financial Capital

Financial capital mainly focuses on the source pool of funds available to the institution. Bank du Caire was able to reinforce its market position through its sustainable products and digital services. This was reflected by the total income increase of 8% in 2021. Also, the recent investments in innovation translated into efficiency acceleration as our cost-income ratio improved significantly from 40.4% in 2020 to 43.8% in 2021.

ANNUAL REPORT 2021

Our agile and resilient culture allowed us to remain steadfast in our commitment to growth

A LEAP FORWARD

We simultaneously invest in customer journey while increasing our profitability by 20% and maintaining our return on equity at 20%. Building on this progress, we are continuously making changes in our organization to further improve the quality and speed and increase customer focus to strengthen our commercial momentum toward an improved growth trajectory. We are well-positioned to continue our progress and deliver long-term sustainable value creation for our stakeholders.
Despite the challenging environment, the Corporate and Institutional Banking Group delivered yet another year of stellar results. The Corporate asset book, in terms of funded facilities, increased by EGP 8.8Bn reaching EGP 50.194Bn in 2021, constituting a Y-o-Y growth of approximately 21.4%. On the other hand, non-funded assets increased by EGP 8.74Bn, showing a 36% growth rate Y-o-Y. Our investment in client experience is directly linked to our customer growth that led to an increase in the customer base at an exceptional rate. The Corporate Banking Group clientele base growth rate reached 13% with relatively even growth between our segments, as 48% of the newly acquired clients are classified as large corporate clients and 52% are mid-cap clients. This reflects the Bank's strategy of driving expansion in the mid-cap segment in line with the national priorities to promote financial inclusion and support small entity growth.

Technology Capital

Technology capital is important for the sustainable development of a bank in two ways. Firstly, the efficient use of manufactured capital enables the bank to be flexible, responsive to market or societal needs, innovative and faster in getting its products and services to market. Secondly, manufactured capital and technology can reduce resource usage and focuses more on human creativity, thus enhancing both efficiency and sustainability.
As innovative technologies are changing the landscape of the banking industry, we are building a dynamic, effective, and agile bank with an automated-digital infrastructure as a module for efficiency and sustainable growth; capable of providing high quality services to our customers and strong returns for our investors.

We adjusted and reinforced elements of our strategy to proceed according to the new market conditions. Our growth strategy and investments in capacity building are a natural progression of our plans. Our growing digital and physical footprint enforced our acceleration to technology investment plans for delivering better customer service and increase productivity; and to energize our business growth.

Intellectual Capital

Intellectual capital covers issues that are central to the bank's future. Banque du Caire's 3-year plan remained on track despite the repercussions of the pandemic, with endless opportunities ahead. we ensure that we are positioned to capture them. While we prioritized supporting our customers and our people during the pandemic, we made substantial progress against the three strategic priorities; reallocating capital from underperforming parts of the business, reducing costs, and simplifying the organization. In particular, the Board worked closely with the management team in 2021 to accelerate progress and investment in key areas of growth, which include our expansion, health business, and new technology.
In this report, we are unveiling the outcome of the extensive consultation with our people and customers on our purpose and values. Being clear about who we are, what we stand

for, and how this connects to our strategy, are important parts of how we align and energize the organization to create long-term value for our investors, customers, employees, suppliers, and the communities we serve. The Board fully endorses the outcome of this work.
Our people delivered an exceptional level of support for our customers during very tough circumstances, while our strong balance sheet and liquidity gave reassurance to those who rely on us. We achieved this while delivering a solid financial performance and laying firm foundations for our future growth. The Board is proud of everything our people have achieved and grateful for the loyalty of our customers during a very distressful time.

Human Capital

As the driving force of our prosperity through a transformative year, our people with their knowledge, skills, and experience alongside the values embedded in our culture remained intact. To continue on our path and enhance growth, productivity, and value creation, we heavily invest in our employee learning and development. This was demonstrated in 2021 learning budget that increased six folds over the last three years, leading to increase in total training hours by 52%.
Human Capital Management is a principal component of our Human Capital strategy, as we provide our employees with valuable tangible and intangible resources. Our integrated strategy adapts to the market by digitizing processes and contributing to employee development and participation.

Social and Relationship Capital

Social and relationship capital includes relationships within the institution, as well as those between the institution and its external stakeholders. We proactively engage with our stakeholders, as it is an essential part of our commitment to transparency and good governance. We actively cooperate to align our goals and improve our insights regarding our stakeholders such as our customers, clients, shareholders, suppliers, employees, and communities.
In 2021, our communities suffered the dramatic consequences of the changing landscape and we responded effectively by developing solutions to their needs. Continuously provided economic, medical, food, and awareness in support of health, sustainable cities, quality education, and economic empowerment. With over EGP 390Mn invested in our community, we are moving forward in our mission to build a prosperous relationship between Banque du Caire and society.

Environment and Natural Resources

Natural capital indicates the importance of elements of nature to human society. Thus, we support the environment by implementing an optimized model in response to current issues that are core to our believes.
We minimize our environmental footprint by implementing an environmental management system covering paper and energy saving, water management, material selection, and waste management. Our sustainable action module focus on strengthening our resilience toward a prosperous environment. In 2021, we continued developing and implementing our "bgreen" initiative in conjunction with the initiative of President Abdel Fattah El-Sisi, "Prepare for the Green," which focuses on raising awareness levels throughout the Bank's stakeholders including our customers, suppliers, and employees regarding the importance of achieving environmental sustainability through several axes related to climate change and recycling projects.

02

STRATEGY

"One Voice"

As a leading bank in Egypt with a carved in stone heritage and legacy, along with solid roots and a vast branches network, BdC launched the exalted 2022-2024 strategy.

BdC's continuous focus is to become the first point of contact in all financial matters, aspiring to capture the vast market opportunities and supporting clients and the country in the transition to a more sustainable and digitized economy.

Putting an ambitious strategy is easy, but monitoring the implementation is a different story, which is why we as a bank designed bulletproof pre-approved Key Performance Indicators (KPIs) built on pillars along with the associated enablers to ensure that the monitoring process is effective and the ownership is being spread across all relevant internal functions.

The Pillars and Enablers that are considered the foundational elements for our strategic objectives and priorities are evolving around financial growth, customer centricity, digital ecosystem, organization agility, efficiency, human capital and sustainability.

2022 - 2024 Strategy is anchored around 8 pillars and enablers

PILLARS	1	Financial Growth
	2	Financial Efficiency
	3	Customer Centricity
	4	Digital Products & Services
ENABLERS	5	People & Culture
	6	Agility & Efficiency
	7	Governance & Risk
	8	Sustainability

ANNUAL REPORT 2021

Completing a period of transformation; a platform for growth

Banque du Caire Strategy 2022-2024 "Sustainable Growth, Efficiency and Synergy"

The future is today "BdC Digitalization"

"Necessity is the mother of invention'' and 2020 only reinforced this proverb. While banking trends mostly followed predictions, the pandemic drove them at an accelerated rate that has created a foundational change. Digital banking is now just banking.

As the hype around digital transformation continues to persist, the terms 'digitization' and 'digitalization' join the fray, which is simply the use of digital technologies to change a business model and provide new revenue and value-producing opportunities.

This is exactly what BdC is focused on, where BdC is continuing to migrate its offerings from the legacy form to digital , allowing greater access and ease of processing, acquiring, and executing banking transactions and services. This definitely goes hand in hand with the Government movement toward digitalization and financial inclusion.

Digitalization will act as a powerful marketing tool, by creating more opportunities for the bank to grow and reap the benefits of the digital movement that is happening worldwide with a swift pace and reach.

Moreover, empowering the country's main age bracket, whereby 60% of the population is between 15 to 64 years old, which is the main user of modern technologies, especially in the banking and payments industry.

Taly

One of the main enablers was the idea of establishing a payments company fully owned by the bank, and the dream came true, whereby the bank established the company "Taly'' in mid-2021. Whereby BdC becomes the first bank in Egypt to build and own a company for the future...

Taly will develop a digital payment ecosystem with bundled services to replace cash through empowering enterprises with Omni-channel acceptance and cash management solutions in addition to offering 360-processing managed services to both issuers and acquirer banks. The main services offered to Retail and Corporate customers will be the working capital and supply chain financing "Digital lending'' through Taly's Omni-channel acceptance and cash management solution, along with Taly being a cards processor offering the service to BdC and other banks as well, whereby the company's infrastructure is totally independent from the Bank's infrastructure.

Banque du Caire has established such a company as part of its reform strategy to accelerate the digital transformation and to fulfill its commitment to the Egyptian market to advance digital payment and drive financial inclusion.

BdC Tech life

Technology is advancing at a rapid pace and we need to gear up to harness it for clients, and we are creating value to our internal and external stakeholders

BdC IT Group has refreshed its 3-year forward strategy to reflect the Bank's "One Voice'' strategy that focuses on sustainable growth and efficiency, in which the IT strategic priorities are defined to deliver services faster, simpler, and at optimized cost.

Starting with the Customer Centricity and Digital Enablement, focus on the underlying smart, integrated, and reliable

services, and work to leverage and monetize the technology ecosystem. This by default mandates within our strategy to increase the investments in the technological infrastructure, and payments automation, as part of the Government and Central Bank clear direction to convert to a cashless society.

BdC is working internally with the associated business units to optimize and automate the different banking services through business process management and robotics process automation and ensure smooth integration between service components.

Digital workplace, Agile, and Innovation culture are key enablement factors to ensure the adoption of new trends, deliver with high efficiency, and lead the digital transformation journey.

Our Customer

BdC plays an integral role in the banking sector as a big player and trend setter accompanied by a rich heritage and a valued brand equity.

Embarked into an immense transformational journey, Bdc constant strategy is to always set eye on the customer's rapidly changing needs, which basically means the bank's strategy relies on customer centricity whether it is marketing and sales, to service and digitalization.

Banque Du Caire's has a responsibility, commitment and a role to play as a mega national institution to work hand in hand with the Country's reform strategy to accelerate the digital transformation, paving the way for expanding the digital payments and drive the financial inclusion.

On that front Bdc achieved a lot in the customer centricity and digital transformation areas, with a fully loaded diversified customer wide base, Bdc took it to another level, and positioned the bank as a model of delivering incredible experiences that build brand loyalty and drive revenue in a very short period of time.

Offering more distinctive products and services to our existing customers, as well as to innovate and broaden our product offerings to attract new customers, resulted in reaching a top position in the market through providing each market segment with differentiated services.

This great achievement was done using top notch new ways-of-working that we have developed over the past few years and accelerate the pace at which we use digital technologies and data to support our customers, which directly impacts the customer experience positively. Whereby enhancing customer experience is the number one investment priority for banks globally.

In our SME business, we are digitalizing our offering, grow and diversify our revenues in products and sectors where we want to increase our market share, and we will target a disciplined growth of our Corporate and Institutional businesses. BdC will continue to position itself as a key banking partner of choice for institutions operating within the Egyptian and regional markets, fortifying its position at the forefront of the corporate banking space.

BdC aims to continue to support the Central Bank's initiatives to finance the private sector and real estate finance, as well as financing small and medium-sized projects. The portfolio of small, medium, and micro enterprises has surpassed 20% of the bank's total loan portfolio, and it now aims to reach 25% by the end of December 2022. The plan aims to expand business centers in all regions of the country that specialize in serving clients from small and medium-sized businesses. Banque du Caire will have a major role in supporting its focus on expanding in the African continent through Cairo Bank

Uganda (CBU). CBU will become a window, which would strengthen the trade relationship between Egypt and Africa.
Retail products are being launched to meet the needs of different customers ensuring that we provide tailored products and services that cater to the needs of our different customer segments.
And we boosted our Customer touch points, whether the contact centre or branches with a fully loaded CRM Enterprise solution, to secure better customer service, Increased sales, Improved customer retention, and Higher productivity of Bdc employees.
In an effort to capitalize on Egypt's significantly low branch penetration ratio compared to regional and global averages, Banque du Caire Chairman stated that the bank aims to launch 35 new branches over the next three years, aiming to reach 262 by the end of 2024.
The Bank is determined to continue achieving strong double-digit growth of its asset book, with a strong focus on expanding its customer base and attracting new clients, penetrating all viable industries and segments, while aligning with the growth sectors within the Egyptian economy and the GDP drivers.
Banque du Caire has set an ambitious goal to be the preferred wallet in the Egyptian market, targeting to increase the client base by enriching its wallet on different service streams, and becoming the first wallet to provide digital lending and savings. BdC will diversify wallet services by approaching governmental services.

People and Culture

Our colleagues' expertise and skills are instrumental to our success. It is our people who offer the most distinctive customer experiences. They will drive us to innovate, take thoughtful risks and enable change at a greater pace, delivering for our customers. We will enhance our data and technology estate by taking a Group-wide approach to transforming core functions and capabilities alongside businesses to deliver value.

BdC created an efficient structure and a positive organizational culture, which furthermore attracts, develops and retains top talents, in addition to developing people's capabilities and potentials, improving productivity, and building high-performing motivated individuals and teams.

Our Commitment to Sustainability

As part of our sustainability journey, we have made progress in the transition toward responsible banking by signing the UNEP-FI PRB. With a focus on Environmental, Social, and Governance (ESG) matters, we are planning to develop sustainability governance for the bank's organizational structure that appoints executive officials to economic, environmental, and social issues in accordance with our sustainability strategy. We plan to continue offering a range of micro-finance products in addition to promoting the financial inclusion and expanding our financing to the SMEs.

Banque du Caire has always been a strong believer in the principle of collaboration, that the needs of many can only be solved by becoming change-makers. Our Corporate Social Responsibility policy and projects are a reflection of our dedication to becoming a beacon of positive change. With our commitment to the UN's 17 Sustainable Development Goals (SDGs), Banque du Caire's surplus of Corporate Social Value (CSV) projects encompasses a variety of the 17 goals, with a focus on health, environmental, economic empowerment, youth empowerment, education, inclusion, and cultural preservation.

Furthermore, Banque du Caire's commitment to sustainability can be effectively observed through its memberships. Our commitment to sustaining our daily businesses is anchored on our adoption of the International United Nations Global Compact principles in which we submit an annual Communication on Progress report (PoC). The United Nations Global Compact is a strategic initiative launched in 2016, which supports global companies who are committed to responsible business practices in various fields highlighting human rights, labor, the environment, and anti-corruption. This initiative actively promotes the sustainable development goals to create a much more sustained and better world.

In pursuit of further aligning with the bank's digital strategy in 2022, the bank will take more steps in the Governance, Risk and Compliance (GRC) implementation process that will enhance Automation and integration.

While we remain ambitious and maintain our strong momentum for growth, we are mindful of achieving our goals sustainably. Conscious of the threats facing our world from climate change, global warming, environmental challenges, social challenges, and others, and out of our keenness to play a vital role in the UN's sustainable development goals, the bank of such projects and initiatives to reach 2% of our portfolio within the coming years. BdC is working on the development of an Environmental and Social Risk Management system (ESRM) as we believe that improving ESG "Environmental, Social, and Governance'' performance is the foundation to pursue our business growth.

03

BUSINESS **PERFORMANCE**

3.1. Corporate and Institutional Banking Group
3.2. Retail Banking
3.3. SME Banking
3.4. Treasury and Capital Markets
3.5. Marketing and Corporate Communications
3.6. Change, Transformation, and Reengineering Division
3.7. Information Technology
3.8. Finance

01

CORPORATE AND INSTITUTIONAL **BANKING GROUP**

Banque du Caire's Corporate and Institutional Banking Group is a consistently reliable banking partner for a vast number of market players and continues to position itself as the Banking partner of choice within the Egyptian and regional markets.

This has been proven consistently as businesses increasingly consider Banque du Caire as a primary banking partner, reflected in the Bank's ever-growing clientele base and asset book.

To achieve this, the Bank devised its winning formula of strong, capable, and tested management, combined with a carefully selected and highly competent team operating under a unique business philosophy focused on value creation and customer-centricity.

Our philosophy

The Corporate and Institutional Banking Group revolves around value creation for all possible parties, whether our clients, the Egyptian economy, the environment, the Bank, or its stakeholders. Our philosophy is built on several pillars; agility, customer-centricity, digitization, innovation, vast and versatile product offerings, people, and sustainability.

The implementation of our philosophy has led to the creation of our unique business model, with dedicated teams serving the diverse nature of our clients, whether public or private enterprises, local or multinational players, or medium or large corporations. Our teams display a deep understanding of each of our client's needs, requirements, and preferred operating methods based on their nature. This segmentation has allowed Banque du Caire to maintain a highly customer-centric focus.

Our Corporate Service Division, which is dedicated to the service and execution of our customers' requests, serves as an additional reference point for clients, establishing a channel of communication and further driving our customer-centricity.

Our strong commitment to digitization allows our team to focus on offering customers a wide range of digital

ANNUAL REPORT 2021

Our agile and resilient culture allowed us to remain steadfast in our commitment to growth

A LEAP FORWARD

products to help them stay at the forefront of the digital evolution. In other words, making their day-to-day business transactions more accessible by ensuring the Bank is just a few clicks away. Our products range from basic and short-term credit facilities to complex and long-term funding and are well-tailored to accommodate clients' needs, in addition to our comprehensive trade finance and supply chain offering and our innovative cash management solutions and investment products.

2021 Highlights

Emanating from our clear understanding of the pandemic's challenges to our clients, the Corporate and Institutional Banking Group leveraged its agility to remain supportive of our client's needs and actively anticipate their needs. Accordingly, our teams are empowered with flexible and efficient rotation schedules and remote access tools to allow them to serve clients from all possible locations. Also, the rollout of our digital products and solutions has been expedited to enable our clients to do more with less effort.

Despite the challenging environment, the Corporate Banking Group delivered yet another year of stellar results. The corporate asset book in terms of funded facilities increased by EGP 9.6Bn vs 2020 reaching EGP 55.9Bn constituting a year on year growth of approximately 21%. Non-funded assets on the other hand saw a growth of over EGP 8.74Bn translating to a 36% growth rate Y-o-Y.

Our investment in client experience is directly linked to customer growth and the resultant increase in customer base at an unprecedented rate as demonstrated by the Corporate Banking Group clientele base growth of 13%. Client growth has been relatively even between our segments with 48% of the newly acquired clients classified as large corporate clients and 52% as mid-cap clients. This reflects the Bank's strategy on driving expansion in the mid-cap segment in line with the national priorities to promote financial inclusion and support small entity growth. This reinforces our position as the profitability and growth powerhouse of Banque du Caire while confirming that it is increasingly becoming the banking partner of choice for an ever-growing number of institutions within the market.

While achieving commendable results, the quality of our asset book remains robust and shows continuous improvement, despite the precarious market conditions locally and globally. BdC maintained a healthy portfolio while remedying the Bank's NPLs and recovering bank funds.

COVID-19 Resilience

The COVID-19 pandemic and its ensuing adverse effects remain the biggest challenges in 2021 for the Bank and our clients. However, the Bank has navigated through the obstacles with relative success. Conscious of the important role to our clients and the economy and derived from our philosophy, Corporate and Institutional Banking tackled the challenges proactively and with a high degree of agility. One of our key focuses is our people, as they are one of our

core strengths. Accordingly, the Bank, especially the Corporate and Institutional Banking Group, has given great importance to ensuring our teams are offered the greatest protection possible. A special dedication and quick enrollment in the CBE initiative to vaccinate our staff and their families was a core focus.

Employee wellbeing is also a key objective. Accordingly, all available tools for remote working were made available to our teams, and rotation schedules were put in place to ensure business continuity and alleviate the potential emotional and psychological stress of team members.
In light of the above, the Bank ensured its readiness to face crises; accordingly, our Crisis and Business Continuity Management teams have rolled out the Business Continuity Plan (BCP), where staff in contingency locations operate per the plan. This test was highly successful and demonstrated that the Bank remains well prepared to face various challenging circumstances.
Though we have tackled the challenges posed by the pandemic with a great degree of success, no challenge passed is without lessons learned, and some of what has been learnt/re-affirmed as a result, can be summarized in the following:

- Agility is key
- Our team remains our most significant asset
- Digitization
- Solidarity
- Being well prepared and planned and ensuring the appropriate BCPs are in place

Forward-Looking Strategic Direction

We are determined to continue achieving strong double-digit growth of our asset book, focusing on expanding our customer base and attracting new clients, and penetrating all viable industries and segments while aligning with the growth sectors of the Egyptian economy and its GDP drivers.

Our strategy of continuous diversification of our portfolio and the industries we engage in remains a cornerstone of our forward-looking vision. Our diversification strategy entails comprehensive targeting of the portfolio of clients, segments, industries, and product mix. While the Bank has already achieved great success in this regard, we remain committed to diversification due to its benefits to propel our growth.

The innovation and development of new digital products and platforms will continue to be a major objective for us and will be used to align with governmental development strategies such as financial inclusion, transformation to a cashless society, and others. Particular focus will be given to digitization. We will continue to digitize our offerings to allow for greater access and ease of processing, acquiring, and executing banking transactions and services.
Corporate and Institutional Banking has undertaken a goal to increase its efforts in financing green initiatives. Considering SDGs, we aim to improve our funding of such projects and initiatives to reach 2% of our portfolio within the coming years. We look to amplify our firm commitment to digitization, as it fuels the Bank's growth and profitability.

1- Debt and Structured Finance

Tailored financing solutions designed for you, with a special focus to be a success partner.

Debt and Structured Finance (D&SF) Division is considered one of the vital tools in line with the Bank's master plan to provide comprehensive banking and financial services as a fully-fledged financial services provider in the market for the Bank's corporate clients.

During the restructuring phase and since its establishment back in 2018, D&SF is considered BdC's arm that has widened its range of services along with offering unconventional and structured financing products, such as project finance, structured finance, debt capital market products, syndicated loans, and its related agency roles and financial advisory services. The wide range of offered unconventional financing products increased the Bank's business opportunity and boosted the Bank's competitive edge, improving our market share in the banking market.

2021 Highlights

Staggering figures- to say the least- from D&SF sector that contributed to the growth of BdC's assets. An increase in the assets portfolio was recorded where the figure stood at EGP 19.48biilion by the end of 2021 compared to an EGP 13.5billion back in 2017 with an increase of 44%.

D&SF Sector recorded an ending balance around EGP 19.48 billion for FY 2021 compared to an ending balance around EGP 19.45 billion for FY 2019, despite the repayments amount. The total production is around EGP 6.38 billion, despite the aftereffect of the COVID-19 pandemic and its impact on economic sectors. Said remarkable performance is mainly driven from D&SF's keenness to participate in financing major mega projects in sectors such as Food, Transportation, Wood Industry, Financial Services, Construction, Steel, Electricity and Energy, Oil and Gas, Real Estate, Chemicals and Fertilizers, Petrochemicals and Tourism. A particular focus should be also given to our arrangement of one of the largest and most structured project finance deals for a real estate developer amounting to EGP 9Billion with a share of EGP 2billion. Such structured was the first of its kind in an unconventional and long term financing structure while fixing the interest rates. Another transaction was the arrangement of a mega transaction amounting to EUR 152Million for a client working in the wood industry with a share of EUR 50Million.
Moreover, concerning the Bank's strategy to diversify the lending channels and products to capture all lending and investment opportunities. D&SF Sector through its Debt Capital Market arm, established during the restructuring phase of the D&SF sector, succeeded during FY 2021 to take part in 6 of the large Debt Capital Market (DCM) transaction issuance with a total production reached around EGP 1.58 billion compared to EGP 590 million for FY 2019. With an ending balance of EGP 3.85 billion, distinguishing BDC's position in the DCM map.
Arrangements were also a key success to the D&SF who successfully arranged 11 syndicated loans as Initial Mandated

Lead Arrangers (IMLA) and MLAs with a total value of EGP 67.7billion and BdC's share was around EGP 8.1billion.
Concerning the efforts exerted to ensure the positioning of Banque Du Caire as one of the main market players in the agency and arrangement market. D&SF succeeded in arranging and performing the role of Facility Agent for one major project finance transaction in the Egyptian banking market during 2021, in the petrochemicals industry with a participating share of around EGP 900 million. The transaction was aligned with the Bank's environmental goals. The facility agent scope for such transactions reflects BdC's awareness and support for environmental challenges, in addition to participating in the sustainable economic value creation for the country.
D&SF Sector's asset portfolio as a percentage of the total Corporate Banking Group's portfolio represents around 37% by end of FY 2021.

CBE Mandates

البنك المركزي المصري
CENTRAL BANK OF EGYPT

D&SF has been keen on following CBE's several initiatives that were introduced to support the economy. Several clients, through BdC's continuous efforts in supporting the economy, have benefited from the industrial, tourism, agricultural initiatives and so forth through arranging several syndications under those initiatives.

Forward-Looking Strategic Direction

Banque du Caire's Debt and Structured Finance Division is currently aiming not only position itself in the syndications with visible role in financing mega projects, but also to position BdC as one of the main players in the Debt Capital Market including all aspects such as securitization finance, Sukuk finance, corporate bonds, etc. This strategy shall diversify the Bank's investment and lending portfolio, increase its profitability through high-quality assets and ensure the Bank's position as a comprehensive financial service provider in the market.

Contributing in raising BdC's market share through increasing our presence in large and complex project finance transactions while parallel building strong ties with local and international public and private sector banks, are also among D&SF's strategies.
In light of the state's interest regarding sustainable development and the vital role of the banking sector to support this vision through sustainable finance, D&SF is targeting to increase financing exposure with projects that have an environmental and social positive impact on the country.

Moreover, D&SF is set to position BDC as one of the main financial consulting providers, to be considered a fully-fledged financial service provider for our clients. Which consequently shall sustain the client relation with BDC along with initiating potential lending opportunities.

Finally, the division is actively working to affirm BDC's position as the main market player in the syndication arrangement and agency instead of being a participant bank as before. This current position consequently shall increase BDC's profitability resulting from the arrangement and agency fees.

Awards

Reaping the benefits of D&SF's efforts & achievements and thanks to the strong results, structured deals and strong portfolio in 2021, BdC received three awards from EMEA Finance related to transactions amounting to EGP 16.2Billion and USD700Mio:

- Best structured finance deal in Africa- Egyptian Electiricity Transmission Company (EGP 4bn syndicated deal)

- Best local currency syndicated loan in EMEA (Gharably Integrated Engineering Company's EGP 12.272bn loan)

- Best structured finance deal in North Africa (Canal Sugar's US$ 700mn multi tranche syndicated facilities)

ANNUAL REPORT 2021

2- Corporate Services

With outstanding flexibility in fulfilling our corporate customers' needs and offering a comprehensive range of products and services, the success of Banque du Caire's corporate services rests on its operational excellence of after-sale and client-centric approach.

The Corporate Service Division (CSD) at Banque du Caire is considered an integrated solution that plays a pivotal role in strengthening the bond between the organization and corporate customers. CSD plays a vital role in clients' satisfaction and retention. It generates loyal clients by meeting or surpassing clients' expectations as they are a critical business asset. Our clients are satisfied with our efficiency as we build confidence and trust within the organization and its products.

Banque du Caire is an organization that demonstrates a consistent customer service strategy, commits to investing in a high-performance workforce, and develops customer-focused systems that enable extraordinary service delivery and enhanced customer relationships. CSD has grown a specialized and dedicated team that delivers impeccable services efficiently and consistently for all after-sale episodes. The ultimate goal of CSD is to support our diversification through the delivery of branded, standardized, high quality, consistent, and cost-effective services.

2021 Highlights

The Division recorded zero complaints in 2021, despite challenging external circumstances. Additionally, CSD continued to play a primary role in introducing and enrolling corporate clients in new products.

The Division also enhanced transaction turnaround time and developed a new workflow system in coordination with credit risk and credit daily control departments. New corporate online banking and new corporate Meeza prepaid card launched. Besides, Banque du Caire further refined its monitoring/evaluation system for CSD staff performance to ensure the efficiency of workflow across its business functions. Moreover, the Division rewarded team members' exceptional performance and focused on comprehensive training courses to upscale staff capabilities and skill sets to achieve service efficiency.

COVID-19 Resilience

The pandemic has enlightened the need for agility to enable CSD to be prepared for unexpected situations. To ensure an adequate recovery plan, we conducted a thorough risk analysis and constructed continuity plans to be reviewed and updated annually to enable us to adapt and mitigate unforeseen circumstances. Additionally, we will analyze CSD operational processes to differentiate between necessary and supportive components. This will clarify

which operations can and cannot be ceased. Furthermore, COVID-19 has allowed BdC to seize an opportunity to enable its staff complete remote access to their systems. However, CSD has to construct an effective communication channel between its employees. Along with continuously providing new and emerging threats awareness training to employees.

Forward-Looking Strategic Direction

Looking ahead, the CSD aims to increase client visits and close deals by cross-selling and offering a wide array of products and services. Henceforth, it will amplify the new dashboard and enhance transaction turnaround time. Furthermore, CSD is planning to perform visits to monitor and assess the quality of service provided to corporate clients in order to strengthen it.

CSD will conduct monthly sessions with branch staff to raise staff awareness about our CSD role and corporate clients in particular. CSD is looking to introduce a reward for exceptional performance to team members to motivate and encourage employees. Moreover, we look to create new deals, maximize utility, and involve the team in deal closures and client meetings.

3- Global Transaction Banking

GTB Group 'The Corporate Solutions House'

GTB Group has played an instrumental role in the Bank's business performance, expanding its portfolio and providing tailor-made solutions and unique digital channels for Institutional clients to streamline their financial transactions and optimize their resources. In 2021, the Group delivered diversified business venues and supported clients to rationalize their workflow better, subsequently increasing the market share. Below are the overall performances for the separate divisions.

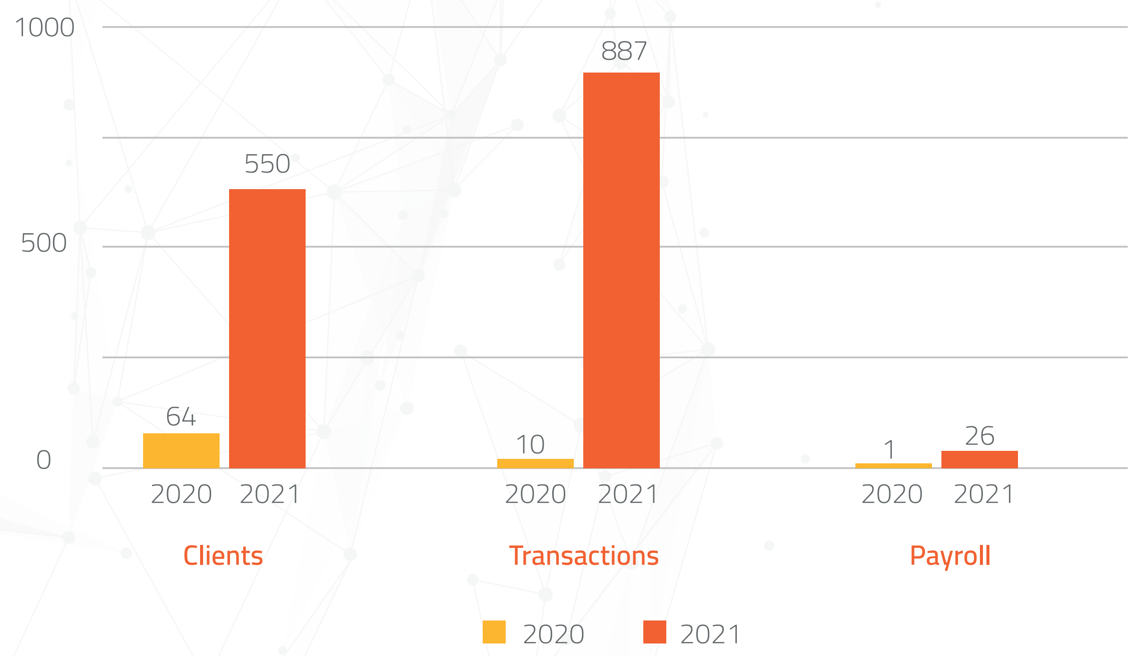
Innovation and Digital Banking

Despite the continuous interruptions and drawbacks of the pandemic and its repercussions, 2021 certainly bore some fruit. BdC business clients have increased significantly across all business lines. The transactions done through digital channels have similarly increased. We have also adopted a modernized digital approach to operational efficiency by launching new workflows to increase productivity and decrease digital transaction processing turn-around time. With the launch of our digital factory, we will also significantly increase our digital product portfolio by following an agile methodology for product delivery.

2021 Highlights

- Digital factory launch with a critical benefit to work flexibly for faster delivery
- An exponential increase in BdC business client acquisition, as well as the transactions, completed through it
- Better TAT due to the introduction of digital workflows that increased efficiency

Figures for 2020-2021 for BdC business, as it is our one-stop-shop for all products, are:



CBE Mandates

The new mandate issued by the CBE regarding digital lending and the savings on the digital wallet was a leap towards the easiness of onboarding of new customers on the product. This mandate avails lending for small merchants over the digital wallet resulting in more liquidity to merchants allowing them to grow their business and adapt to our digital payment methods. In addition, the mandate also allows an alternative behavioral scoring model to ease the financing decision-making.

COVID-19 Resilience

The effects of the pandemic, as devastating as they were, changed the landscape for corporate banking. More and more companies have developed a solid appetite for adopting digital banking on a much larger scale. This is beneficial for the entire ecosystem, whether it is on the cash management front or the trade finance; as a result, we look to escalate our digital evolution.

Forward-Looking Strategic Direction

In the future, we plan on launching more digitally enabled products and capitalizing on the stamina that the market has gained on the digital banking front to upsell more. We also intend to continue working flexibly to ensure constant Innovative Solutions for customers.

Business Development Management

Banque du Caire and GTB Group emphasize the importance of customer satisfaction. The Bank strives to meet its corporate and individual clients' requirements, guided by its vast experience and outstanding breakthroughs for more than six decades to offer integrated banking solutions and services tailored to various financial goals. Our emphasis on digital solutions, focusing on seamless, sustainable products, and a focus on supply chain solutions has resulted in an extensive increase in the Bank's geographical footprint and market share.

In 2021, GTB remained steadfast in helping and supporting Banque du Caire's various business lines by providing various sets of advanced product suite offerings and best-in-class digital solutions to institutional clients. The Division supports governmental directions in its cashless transformation and financial inclusion efforts.

2021 Highlights

In 2021, we followed a proactive approach, rather than a conventional one, by leading initiatives that focused on market segmentation, such as healthcare, education, and logistics. Moreover, we worked on promoting seamless solutions.

CBE Mandates

Derived from a firm belief in the importance of investing in digitization, the CBE took many steps to encourage digital transformation. The CBE urged banks to offer various digital products and services, including online banking, mobile banking, and electronic wallets. Furthermore, the CBE and the FEB launched many collaborative initiatives and systematic awareness campaigns to increase the adoption of electronic banking services and reduce the use of cash. The initiatives raise banking awareness, promote financial inclusion, and emphasize the importance of digital transformation and its role in easing payments, via the introduction of various electronic payment solutions, in an ever-increasing cashless society.

COVID-19 Resilience

Our emphasis on digital solutions, focus on seamless and sustainable products and supply chain solutions, has resulted in a vast increase in the Bank's geographical footprint, and a remarkable increase in market share.

Forward-looking Strategic Direction

As the rise in SME and Microfinance lending grows, it drives the necessity to adopt unconventional and innovative digital solutions to outpace the already fast-moving environment.

Additionally, as a result of the global circumstances adding a growing strain on businesses finances, we aim to focus on supply chain financing solutions as demand exponentially rises in 2022.

Cash Management and Liquidity Solutions

Cash and Management and Liquidity Solutions Division has many functions including managing, developing, and leading cash management and liquidity products through proper assignment of responsibilities. Within its various responsibilities, it ensures that product revenue and profitability are achieved, on all fronts; revenue, net income, and expenses, along with fulfilling the business goals set for cash every year.

2021 Highlights

2021 witnessed numerous successes, including:

- Liabilities business has exceeded the set targets for 2021, which resulted from the strong collaboration of Bank's channels and stakeholders and management strategy to grow BdC's market share.
- Launching Mazaya Account for companies: Mazaya is a tier-based bundle account. Interest is calculated daily as per the account's closure balance and relevance to the tier, and interest is disbursed monthly to the customer's account. Customers will benefit from a bundle of discounts on selected transactional products.

- Launching Meeza Corporate Prepaid cards: With BdC's continuous initiatives to move towards digitized payment platforms while providing our clients with new cashless services, during FY 2021, we introduced the Meeza Prepaid Corporate card, followed by the Meeza Prepaid Fuel card. Prepaid cards "Meeza'' for corporate clients is the first national payment card and is one of the main tools for making electronic payments through government units or all financial transactions, in a way that achieves control and follow-up on the part of the company for expenses.
- Launching BUNA: BUNA is a remittance platform owned by the Arab Monetary Fund and embraced by most Arab central banks, including CBE. It provides a multi-currency payment platform, which facilitates clearing and settlement services. The CBE is supporting this initiative to a great extent.

- Process re-engineering: Post-dated Cheques for Collection TaT and FCY due date for collection.
- Decreasing the TAT for presenting checks for clearing by one day: FCY post-dated cheques for collection.
- Extending collection of postdated checks to FCY and USD, and successful transformation to CBE clearing-house.
- Payables and Receivables product suite offerings
- Successfully managed to perform the Y-o-Y growth by 39% and growth vs. budget set by 16%.
- Cheques Business; Volume and Values have been increased by 55% and 44%, respectively.
- E-finance: volume and value have been increased by 27% and 46%, respectively.
- The Institutional Balance sheet highlighted that 2021 was a challenging yet successful year for the liabilities business reaching 76.3Bn; with a net growth of 48% in total institutional business deposits from a diversified customer base, including large corporations, FIs, NBFIs, SMEs.

Year	Liabilities - IB (Mn)
2019	43,139
2020	51,736
2021	76,329

Year	Transactions	
	Volume	Value (Bn)
2019	966,965	1,001
2020	1,057,383	863
2021	1,193,808	1,023

COVID-19 Resilience

2021 emphasized the importance of a diversified balance to include new industries, products, and services tailored to customers and relevant to market liquidity status. This happened in addition to applying liabilities pricing methods and techniques tallying with the adjusted markets liquidity status after COVID-19.

Forward-looking Strategic Direction

We look to continuously grow BdC's market share and deposit base by onboarding new bank customers and industries. In addition, we plan to launch corporate credit card products for corporate clients to maintain their expenses in a digital solution and meet the country's digitization plan. Finally, we plan to commercialize our current products and determine more cross-selling opportunities with Institutional banking segments to increase our share of wallets in the market.

Trade and Supply Chain Finance

Trade products and supply chain finance in the transaction banking landscape are rapidly evolving, with incumbents and new entrants in the ever-growing market. In 2021, this business line witnessed a new wave of customer experience and technological solutions that are set to shape and challenge the future of trade.

2020 has quickened the pace of innovation in transaction services with an unprecedented increase in digital adoption among customers. It also led to a shift in 2021, leading us to depend on Corporate Internet Banking and other partnerships with Fintech to enhance the trade process. Trade fee income for 2021 increased by 39% compared to 2019 and 12% compared to 2020. Trade transaction values also increased during 2021 by 59% compared to 2019 and 52% compared to 2020.

As improvements in processes and capabilities are taking precedence, the Trade and Supply Chain Finance Division introduced a collection of supply chain finance solutions currently used by our clients. Some other services were introduced exclusively to Banque du Caire clients with access to a marketplace portal that offers Egyptian-made products to buyers from different regions and countries.
In 2021, the Bank worked towards innovative technologies, with OCR, artificial intelligence, and blockchain emerging as potential winners.

2021 Highlights

2021 witnessed many highlights and achievements, including,

- Integrated services lines across the Bank: represented in providing complete Transaction Banking solutions to clients and transaction TAT reduced for all products.

- Supply Chain Finance: Several products were introduced to serve the Trade ecosystem in 2021 with positive client feedback.
- Leveraging technology to address challenges and reshape Trade Finance: There have been accelerated steps to rely on new electronic trade finance facilities and processes to implement an all-in-one online trade solutions platform.

- Several products have been introduced during 2021 that serve clients' needs, especially on the supply chain finance products such as,

- Checks discounting: One of the forms of Receivables discounting, which aims to boost suppliers' working capital through the encashment of the outstanding receivables balances.

Year	Income (EGP Mn)	Transaction Value (EGP Mn)
2019	233.32	33,958
2020	289.07	35,505
2021	323.18	53,995

- Invoice discounting - Payables finance: A buyer's led invoice discounting program, which proved appealing to buyers, as it provides the buyer with the ability to pay suppliers at sight 'Hence, favorable quotation', while maintaining such dues as payables on their balance sheet.

- Invoice discounting - receivables finance:
A seller's led invoice discounting program, where suppliers/sellers can source their short term financing needs from within the balance sheet, by cashing in their outstanding receivables and help the overall soundness of their balance sheet.

- UPAS: A supply chain finance solution, which benefits importers by allowing them to process their imports on sight basis, 'hence, favorable quotations' while still paying dues on a deferred basis. Consequently, achieving maximum optimization for their cash conversion cycles.

New partnerships in 2021

Banque du Caire has partnered with Buymassry to provide BdC clients with a multi-vendor platform that allows Egyptian manufacturers to join a worldwide online marketplace in Trade and Supply Chain Finance.

COVID-19 Resilience

- Accelerating the move to digital.
- A full-service transaction bank.
- Supply Chain Finance.

Forward-looking Strategic Direction

Most full value chains and tailor-made solutions help buyers and sellers in overcoming the disconnect of the supply chain. We will continue to improve liquidity and financing options in response to a slowdown in economic activity. Additionally, we plan to work towards improving services and processes by involving technology on all levels as we build on our partnerships with Fintechs that play the same role within the value chain.

Other technological innovations such as e-documents and e-signatures are gaining traction, and we are moving to implement these basic features in our trade finance processes.

Securities Services Products

Despite the continuity of the COVID-19 pandemic, SSP launched several products as the receiving bank for listed companies and registration of the companies at the MCDR. SSP has developed products to serve more clients and provide the Bank with fresh funds by introducing the receiving bank product for funds to non-bank clients.

2021 Highlights

In 2021, we made many achievements such as introducing bank services for non-bank clients, becoming the custodian for the CBE Margin Trading portfolio, Receiving bank for one of the Top Notch FinTech. Companies in Egypt in their Capital increase (Fawry), and winning the Global Finance award for the best custodian in Egypt.

SSP introduced several post-trade products and transaction banking services to cover clients' needs in the securities services space and provided a one-stop-shop. This resulted in an income increase and diversification of clients' segments. Between 2020 to 2021, AUC increased by almost 60%, and income grew by almost 41% YoY.

Year	Income (EGP Mn)	AUC (EGP Bn)
2019	1.6	2.6
2020	4.7	17
2021	6.6	26.8

COVID-19 Resilience

Due to the increased demand for remote solutions, SSP established a framework to simplify the procedures for investing in non-bank funds. It is established through a customized process for receiving electronic transfers from investors with accounts in other banks and receiving the required documentation electronically. This created a full-fledged automated end-to-end process for fund investment.

Forward-looking Strategic Direction

In future, we plan to launch more products that will position us as a bank that provides a full-fledged securities products in the market; serving a widely diversified client's investments needs, while Increasing bank all in income by introducing BDC Margin Trading product, adding a new interest income facility product, assets under custody, and our Forward-looking Strategic Direction client base. We also look to launch the custody system and expand by introducing our products to foreign clients and being their custodians.

4- Financial Institutions

The Financial Institutions sector comprises four arms: Correspondent Banking, Non-Bank Financial Institutions (NBFI), Structured Products, and Remittances.

. Together, these teams are BdC's first point of contact for banks and non-bank financial institutions, managing BdC's relationships with different institutions around the globe on various fronts; assets, liabilities, trade finance, and remittances business.

2021 Highlights

2021 was a victorious year, whereby Correspondent Banking succeeded in enhancing BdC's global position through partnerships with 600+ banks across six continents, with an extensive focus on the African market. BdC's coverage extends to 43 African countries.

Non-Bank Financial Institutions (NBFI) portfolio witnessed healthy growth during 2021. They exceeded EGP 30Bn together in assets and liabilities due to increased engagement in factoring, consumer lending, leasing, microfinance arms, insurance, auto finance, brokerage, e-payment companies, and investment funds.

FI Structured Products (FISP) identified numerous business opportunities translated into obtaining several long-term financing facilities worth over USD 300 million of which USD 30 million subordinated loan from Green for Growth Fund, capitalizing on the confidence of Multilateral Financial Institutions in BDC's performance.

Given the importance of remittances of Egyptian expats in supporting the economy, the Remittances Team intensified efforts in different markets with a focus on GCC; consequently, the remittances inflows exceeded the US $2Bn during 2021, maximizing BdC's foreign exchange resources.

COVID-19 Resilience

The most important takeaway from COVID-19 is not to concede; that dynamic systems and adaptation are fundamental to business success and continuity. The pandemic emphasizes the gravity of digitalization as it becomes the only choice for FIs to maneuver and promote business.

Forward-looking Strategic Direction

The FIs' four arms envisage 2022 as a year of extending bridges of trust and creating partnerships. Correspondent Banking is set to continue developing partnerships with new FIs while penetrating new markets. Moreover, maintaining the momentum to grow the NBFI business on both fronts, assets, and liabilities. Africa continues to be a core priority with a plan to increase direct relationships.

FI Structured Products will exert efforts to procure more funds from Multilateral FIs to support BdC's business growth with considerable weight for environmental, social, and governance purposes.

Finally, the Remittances team plans to build more strategic partnerships with Money Transfer companies, especially in the GCC region, with a dedicated focus on digital distribution channels.

As part of its strategy evolution, FI plans to continue capitalizing on Egypt's healthier and positively growing economic behavior. FI teams will continue synchronizing efforts to amplify business networks, increase lucrative deals, and avail more sustainable funds.

5- UAE Representative Office

Banque du Caire's Representative Office in the UAE is oriented to promote its wide range of products and services to expand the Bank's international presence. This is achieved by establishing strategic partnerships with leading businesses within the Gulf Cooperation Council (GCC).

The UAE Representative Office team is primarily focused on conducting periodic visits and building rapport with the various touch points associated with these strategic partners and stakeholders on the ground. Our ultimate goal is to increase and enhance BdC's share of the wallet from the overall worker remittances routed to Egypt, which were estimated at US $31Bn for FY 2021.

2021 Highlights

Remittances routed to BdC jumped from US $1.4Bn in 2019 to US $1.65Bn in 2020, an increase of 15.4%, increasing further in 2021 to US $2Bn, showcasing a milestone increase of 26.1%, exceeding the highest record for BdC. UAE Remittances, which the Representative Office is primarily focused on, showed a record high jump from US $445Mn in 2020 to US $684Mn in 2021. A solid focus with some of the Prime Exchange Houses in UAE reflected a breathtaking jump of 53.6% Y-o-Y in total remittances routed from the UAE stand-alone. This prompted the Bank's executive management team to replicate this success in neighboring GCC countries.

On the Corporate and SME level, the team is always on the lookout for GCC-based entities with existing corporate and business exposure in Egypt or are interested in investing in Egypt. We engage with targeted Corporate clients to promote our full array of products and services along with our strong capabilities across all areas of the Bank, such as Corporate Finance, GTB, Treasury Syndications, etc. When an opportunity is identified, the team directs clients to one of BdC's respective HO teams to close referred leads and business transactions.

COVID-19 Resilience

The Representative Office was impacted by COVID-19 in terms of its limited ability to conduct regional visits, hold physical meetings with its clients or work regularly from the office. However, it adapted quickly to needed changes and technological solutions allowing it to stay in touch with clients remotely, conduct zoom meetings when required, and work remotely from home without negatively impacting productivity.

ANNUAL REPORT 2021

Forward-looking Strategic Direction

Following the success achieved in UAE across all fronts, namely on the remittances side, the Representative Office in UAE will start shifting its efforts toward neighboring GCC Markets. To promote BdC with targeted entities further and enhance our visibility and share of wallet across GCC markets.

A LEAP FORWARD

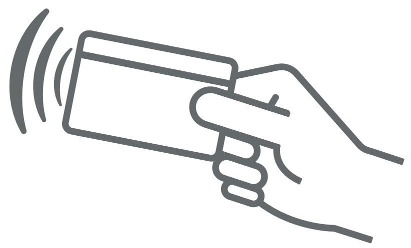
02

RETAIL BANKING

Our Retail Banking Group provides Standard banking services such as Cards, Loans, Deposits, and Bancassurance. Through our Branches, Call Center, and Retail Sales Sector, we deliver superior customer value by creating quality experiences by generating designated products and services for the distinctive customer segments.

Cards

Banque du Caire enhanced and expanded its card offering in 2021 to provide best-in-class services. The Bank launched the credit cards E-statement, which maintains the confidentiality of the credit cards data. The Zero Installment program includes offers with specific merchants, enabling credit cardholders to shop from those merchants and install the purchase. Moreover, we launched various marketing and spend campaigns based on the season, which increased card spending and improved customer experience.



On the cybersecurity front, the Division introduced the 3D Secure Code system across the entire range of Banque du Caire's card offerings. The 3D Secure Code security system was upgraded to V2 to significantly decrease the chance of credit card fraud and protect customers' sensitive information while executing online payments.

2021 Highlights

The Bank's efforts throughout the year to elevate the card portfolio included the reconstruction of prepaid remittance cards to unnamed cards to be attainable for customers and convenient for retailers to sell. The value of the Bank's credit card

portfolio grew by 19% Y-o-Y to EGP 683.8Mn in 2021, compared to EGP 575.8Mn in the year prior. The Bank also issued 65,315 new credit cards, increasing 19% Y-o-Y in 2021. This reflected positively on the total card portfolio, which saw a 17% Y-o-Y increase, reaching a total of 158,344 credit cards extended to the Bank's clients. Moreover, the portfolio of debit cards and prepaid cards grew by 10% Y-o-Y to reach 2.7Mn cards in 2021.

COVID-19 Resilience

Egyptian consumers increasingly stepped away from cash and moved toward digital payments during COVID-19. As the use of cash in Egypt continues to decline, our electronic commerce (eCommerce) and contactless payments services have increased in popularity and use since the start of the pandemic.

Forward-looking Strategic Direction

Our plan for 2022 is to enhance the card's proposition by adding new products and services to cater to the needs of our customers. In addition to launching new products, we will work on increasing the credit card portfolio in terms of spending and the number of cards.

Loans

Banque du Caire provides two types of loans, In Cash and Non-Cash. Cash loans include secured, unsecured, or governmental loans taken by individuals. It is provided based on key criteria such as income level, repayment capacity, credit, and employment history. It includes but is not limited to doctor's loans, self-professional, petroleum, private sector, pension loans, and financing club membership. Non-Cash loans have an auto loan, mortgage, and durable goods to purchase a car, unit, and domestic electronic goods.

Throughout 2021, there was a tremendous effort to amend the lending criteria and determinants of loan products and launch new programs, which led to expansion and diversification in BdC customer segments and attained growth in the retail loan portfolio. Meanwhile, the Department worked on mitigating concentration risks.

Secured Loans doubled in 2021 when the portfolio reached EGP 2.6Bn. To serve the Bank's significant customers, the personal loan for Tharwa Segment was launched, and its portfolio stands at EGP 16Mn. In addition, we launched promotional campaigns and programs for car loans, which aided in maintaining the market share of car loans and growing the portfolio's balance to EGP 2.3Mn.

2021 Highlights

New products were added to BdC's product bouquet to cater to customers' needs and ease the application process. In 2021, loan portfolios such as auto, mortgage, and personal loans, increased by 31%. New income calculation methodologies were set to assume customers' income for the sake of simplifying the required documents.

On the personal loan front, Banque du Caire achieved strong results, witnessing an increase of 20%. This was achieved by amending loan products' lending criteria and launching new programs and promotional campaigns. Personal loans extended to government employees reached EGP 19.4Bn.
Loans extended to private sector employees reached EGP 379Mn. Finally, mortgage financing witnessed an increase of 6% Y-o-Y for the Bank's mortgage loan portfolio, reaching EGP 2.7Bn and achieving a market share of 10.34% in 2021(I-Score report). The growth was driven by the business protocol that Banque du Caire established with the Mortgage Finance Fund back in 2019 in its efforts to finance lower-income borrowers and align with the Central Bank of Egypt's financial inclusion initiatives.

COVID-19 Resilience

As a result of the pandemic, the Bank targeted new customers by launching products to meet their needs. The products included new features and targeted a more guaranteed segment for the purpose of securing timely installments. These products had Safwa loans for self-professionals and cross-selling to liabilities using customers CD's and TD's to identify customer's income for obtaining unsecured loans. The new product features included adjustments to products and parameters to guarantee maximum security, specifically in Self Professional loans.

Forward-looking Strategic Direction

Banque du Caire is consistently identifying new products to unlock value for customers and expand its loan and deposit portfolio to become the Bank of choice for individuals at all levels of income. Through a comprehensive understanding of the retail market and deep roots across the Banking space in the nation, Banque du Caire is set to continue expanding its loan programs in 2022 by offering payroll services to corporations with unique features and benefits to best serve its market in Egypt and beyond.

Deposits

Banque du Caire has expanded its deposit segments by introducing three accounts in FY 2021. Current Plus Account, Tharwa Account, and TD in advance product and contest. Current Plus account serves the mass, upper mass, and personal banking; Tharwa Account background serves Tharwa clients and VIP customers; TD in advance product and contest serves the middle class.

Segments	2019	2020	2021
Average number of depositors	2.6MN	2.8MN	3.1MN
Ratio of active depositor	85%	79%	65%
Deposit portfolio % of Loan portfolio per segment			
Mass:	**34%**	**44%**	**45%**
Wealth:	**4%**	**8%**	**9%**

2021 Highlights

Achieving success in 2021, Banque du Caire's Retail Customer Deposits grew by 10% Y-o-Y to reach EGP 121.9Bn. Overall deposits grew by EGP 1Bn, with CDs holding the lion's share of overall deposits growth, contributing EGP 7.2Bn out of the EGP 11Bn in 2021. The solid CD performance fixed interest rates reached 85%.

Current Plus Account: Launched in March 2021. Performance as of 31 December,
- 1039 Accounts out of which 327 NTB represents 31%
- Account Balance is EGP 208.47Mn, out of which NTB EGP 41.08 Mn which represents 20%.

Tharwa Account: Launched in February 2021. Performance of 31 December,
- 529 Accounts out of which 175 NTB represents 33%
- Account Balance is EGP 504.77Mn, out of which NTB EGP 173.36Mn represents 34%

TD in advance Product & Contest: Launched in July 2021 and August 2021 respectively. Performance of 31 December,
- TD in advance reached EGP 2.7Bn with 3938 clients.

BdC clients are currently enjoying competitive rates via our new TD in advance product from 7.50%, 8.00%, and 8.50% per annum. This time deposit is designed to help clients earn a high return in different tenors. This product is unique and leads to increasing our TD market share in TDs across all banks.

COVID-19 Resilience

The impact of COVID-19 challenged BdC's liabilities portfolio growth from several perspectives, including CBE's decisions in decreasing corridor rates and competitors' movements in increasing some of their products' interest rates. Accordingly, BdC diversified its pricing strategy across its wide range of products, focusing on decreasing the rates of its short-term products such as Savings accounts and TDs to maintain sensible profitability while increasing its interest rates on other products such as Certificate of Deposits to sustain clients with long-term investment needs.

Forward-looking Strategic Direction

BdC is planning to raise awareness of its product offerings by promoting them via social media. Future social media campaigns include,

Q1 2022

- "Current Plus Account ATL Campaign'' & "Revisiting Tiered saving account.''

Q2 2022

- "Savings Account Fully-fledged ATL & BTL Campaign Promoting new Proposition.''

Q3 2022

- "Branches Contest''

Q4 2022

- "TD BTL Campaign'' (SMS - ATM - Social Media - IVR - Website - etc..)

Bancassurance

In collaboration with Allianz Life Assurance Company – Egypt, a member of the Allianz International Group and one of the largest providers of financial services in the world, BdC offers an integrated set of insurance and investment programs for education, one children's marriage, retirement, and life protection by providing coverage to ensure financial independence to families and business operations. They are tailor-made programs with a wide margin of flexibility in determining the premiums and insurance amounts to suit the capabilities and needs of different customer segments with the availability of various payment frequencies. Furthermore, it provides customers with appropriate protection in case of death, disability, or critical illness during the policy term.

2021 Highlights

In 2021, Banque du Caire's Bancassurance portfolio grew 23% Y-o-Y from EGP 560Mn to EGP 687Mn. In addition, we maintained our strategic relationship with global Allianz to satisfy customers' growing insurance needs by providing an array of insurance packages and programs.

COVID-19 Resilience

Despite the challenges of COVID-19, BdC successfully continued its collaboration with Allianz to sustain customer loyalty via continuous customer interaction and the promotion of a steady and trustworthy relationship by providing guidance and support throughout their lives. We assured policyholders via SMS and social media that all Allianz Life Insurance policies for current or new clients include COVID-19 among their primary coverage.

Forward-looking Strategic Direction

In the future, we plan to align with Banque du Caire's customer-centric strategy and build business success in our collaboration with the global insurance player Allianz. We will continue providing an array of insurance packages and programs for the Bank's clients and maintain growth in 2022 across our branches to provide the services satisfying customers' needs and maintaining their loyalty.

Branches Network

In 2021, Banque du Caire inaugurated 43% of its new branches outside its core geography of Cairo. The Bank opened new branches in the Damietta, the Al-Souq branch in the Canal region, and the Faqous branch in the Delta region.

Notwithstanding the dangers of COVID-19, we were led to make slight adjustments to our operations to ensure all employees and clients were in a safe environment. Accordingly, we concentrated on increasing staff and client awareness with all safety measures through various communication channels, encouraging usage of digital solutions, implementing social distancing, reducing the workforce capacity to 50% in branches, and adopting a work from the home approach. Despite the pandemic obstacles, we maintained normal operations and proceeded with our growth plans, where we managed to grow the branch network by 2.1% Y-o-Y, reaching 246 branches in 2021.

2021 Highlights

- **Commercial register office** opened inside Al- Obour branch
- **Digital lending for Microfinance** loans was implemented
- **Centralized Loans** process and operations
- **Centralized Trade Finance** Operations
- Training and development for **3097 branch staff**
- Participation in all **CBE Financial Inclusion** events
- Participation in awareness sessions and training on the **T24 core banking system**

	2019	2020	2021	2022 (Target)
Branches	182	195	202	209
Unit	8	9	8	8
Agency	14	13	13	12
F.X Offices	13	10	9	10
Work Permit Offices	14	14	14	14
Total	**231**	**241**	**246**	**253**

	2019	2020	2021	2022 (Target)
New Branches	12	12	5	7
Relocation	1	2	2	15
Renovation	-	2	5	7
BDC Network	231	241	246	253

Partnerships

In 2021, we cooperated with the Ministry of Supply and Internal Trade, which opened our first commercial register office at the Al Obour Branch. This makes BdC the first within the Egyptian Banking Sector to provide commercial registry services from its branches.

CBE New Mandates

In 2021, the CBE issued new mandates impacting our Branches Network. The mandates are as follows,

- Limited deposit and withdrawal of EGP 50K
- Unification of working hours at banking sector from 8:30 am to 3:00 pm
- Waive of ATMs and money transfer fees
- Increasing cash withdrawal daily limits on ATMs to 4K for other bank customers.
- Loans installment postponement for six months upon customer request
- Free e-wallets and contactless prepaid cards issuance

البنك المركزي المصري
CENTRAL BANK OF EGYPT

COVID-19 Resilience

The pandemic posed many challenges; however, we gained many valuable insights. In 2021, we learned to work under pressure due to staff shortage, multiplied staff functions to handle different job duties, and created a Business Continuity Plan to always be in place. We also increased customer awareness with our digital tools.

Forward-looking Strategic Direction

In an effort to capitalize on Egypt's significantly low branch penetration ratio compared to regional and global averages, the Bank is targeting the launch of 15 branches over the next three years, aiming to reach a total of 260 branches. In addition to the renovation and relocation plan for existing branches. According to Banque du Caire's customer-centric strategy, we will implement CRM, establish a customer care unit to coordinate between branches and customers and measure service efficiency at the branches through an external agency, Mystery Shoppers, to identify service performance gaps and training needs for staff. Moreover, we are in the process of developing an easy product guide to enhance our staff's product knowledge.

Wealth Management

Banque du Caire introduced its Tharwa service in 2019, a tailored service targeting Egypt's affluent individuals, who maintain balances between EGP 1Mn to EGP 5Mn, and Very High Net Worth (VHNW) individuals, whose balances exceed EGP 5Mn. Tharwa provides clients with a bespoke advisory service offering and several exclusive services through Banque du Caire's dedicated team of relationship managers. These privileges include access to Tharwa Lounges across the Bank's branch network, a dedicated call center, as well as a unique set of non-banking concierge services.

2021 Highlights

In 2021, the Bank reaped the rewards of its customer segmentation efforts, with Tharwa clients increasing from 16,500 in 2020 to 18,700 in 2021 and accumulating a portfolio of EGP 52.8Bn at year-end. Tharwa client deposits represented 44% of Banque du Caire's total retail portfolio at year-end 2021.

The newly designed customized products that BdC created to tackle different customer segments, enlarged its clientele base and increased the liabilities portfolio to reach EGP 120.7Bn - 103 % December 2021.

Portfolio	Growth Y-o-Y
Liability portfolio (CDs & TDs)	19%
Current Account Savings Account	4.5%
Assets (Loans and Overdrafts)	37%
Credit Card	13%

In 2021, we opened eight lounges. BdC also increased the number of VHNW individuals relationship managers from 9 to 12 and the Affluent Relationship Managers from 15 to 31.

The wealth liabilities portfolio has seen a 16% growth compared to 2020. The main driver behind BdC's portfolio growth was its wide range of products designed to fulfill the different investment needs requested by the client. The newly designed customized products created to tackle different customer segments and offered competitive rates enlarged the Bank's clientele base. They played a critical role in increasing the liabilities portfolio to reach EGP 120.7Bn in December.

COVID-19 Resilience

COVID-19 lockdown impacted remote shopping, lowered cash usage, and created an urgency to shift toward innovative payment methods. This resulted in an acceleration in the digitalization of the distribution processes to meet the rise in customers' expectations. To support them during COVID-19, the CBE mandated the acquisition of new merchants without any digital payment acceptance method and waived the Merchant Discount Rate (MDR) to support the customers and service penetration. Accordingly, our Bank acquired the targeted merchants and received a special incentive from the CBE due to our extensive efforts.

Forward-looking Strategic Direction

Going forward, the Division is targeting to have a total of 30 Tharwa Lounges as well as expand its team of relationship managers to 65 people by the end of 2022. In addition, by 2024, the Wealth Management team is targeting to reach 80 relationship managers due to the hiring process and lounges expansion.

Retail Sales Sector

The Retail Sales Sector was established in the middle of 2018 to increase Banque du Caire's market share, attracting new customers by promoting its credit cards and personal loans. The Sector makes use of cohesive marketing strategies and promotions among its existing customer portfolio to assist in achieving its goals. Since the launch of its operations in early 2019, the Retail Sales Sector seeks to provide its clients with a best-in-class experience, offering a full suite of reliable services to cement Banque du Caire's position as a market leader in Egypt's banking industry.

2021 Highlights

In 2021, the Sector succeeded in delivering on its sales targets, issuing a total of 14,733 new credit cards and EGP 1,66Mn in approved loans, representing 9% of Banque du Caire's total sales.

Moreover, the Bank provided clients with 6,796 auto loans during the year, amounting to EGP 1,073Bn in 2021. On the personal loans front, the sector approved EGP 685Mn in credit facilities. Additionally, the sector offers employee payroll services to corporations, with several additional benefits. To that end, the Bank landed 133 new contracts with companies that now fall under Banque du Caire's payroll services.

COVID-19 Resilience

BdC diversified its pricing strategy across its varying products by decreasing the rates of its short-term products to maintain sensible profitability while increasing its interest rates on other products to sustain the clients' Very High Net with long-term investment needs during the pandemic.

To maintain a strong relationship between Tharwa Group and clients, the Group seized the opportunity to amplify its portfolio during the pandemic by introducing a new product, "Tharwa account," with daily interest and the non-financial service "Les Concierge ". In addition to hiring new RMs in both Affluent and VHNW, opening new lounges, and promoting the Tharwa page on the website + fed the Chabot with the primary information.

Forward-looking Strategic Direction

We are planning to increase the sales force annually and cover different governors.

Contact Center

To improve how we serve our customers, we remain open to feedback and are efficient in our response. During COVID-19 lockdown restrictions, our customers experienced changes that forced us to adapt quickly. To complement our diverse customer segments, we tailored our approach to tracking and managing complaints.

The Contact Center adhered to nationwide social distancing policies, public health measures, and preventive procedures. It served our customers from 3 sites to ensure business continuity and increased the number of employees to cover the increased number of calls received. In 2021, we experienced a surge in the volume of handled calls growing from 1.46Mn in 2021 compared to 1.11Mn in 2020 with a 32% growth. Accordingly, we expanded the Contact Center operating capacity by increasing the number of seats by 123% and agents by 40%. The Contact Center was a part of our Bank growing profitability as we submitted credit card transactions installment requests with an amount of 298.32Mn in 2021 compared with 242.08Mn in 2020 with a growth of 23%.

Advancing its obligations, the Contact Center handled 30 campaigns in 2021, initiated by CBE and our Bank compared to 33 campaigns in 2020.
The Contact Center's operational capacity increased by the following:

Head Counts	2020	2021
Agents	105	147
Back Office Staffs	5	6
Quality Staff	3	6
Training Staff	2	3

The sales lead played a significant role in connecting potential customers to the Sales Department as we submitted 6132 leads to customers seeking access to the Bank's products. It also supported other departments by sending SMSs for branch innovations, for clients to update their data, and by promoting Zero Interest Installment Service with admin fees. The Contact Center contributed to reducing RAYA monthly invoice by 30%, with a cost of EGP 3Mn annually.

In 2021, we developed a performance plan for the department by updating Contact Center procedures and issuing Service-level Agreement (SLA) between departments to align and organize the workflow. The Center continues to update its knowledge base with new services, products, and the addition of new sections to the front-line desk (support team). Furthermore, the Contact Center launched the CRM with the remaining system drops in the progress phase.

Item	2019	2020	2021
Offered Calls	932.92 K	1.60Mn	1.74Mn
Handled Calls	793.08 K	1.11Mn	1.46Mn
Abandon % (Mass)	13.93%	30.23%	13.59%
SLA % (Mass)	57.94%	27.96%	47.94%
Abandon % (Wealth)	1.13%	1.23%	0.14%
SLA % (Wealth)	94.55%	93.23%	96.26%
Installment Amounts	175.13Mn	242.08Mn	298.32Mn
Facebook Followers	51.4 K	975.39 K	1.07Mn
Instagram Followers	14.1K	18.30 K	23.30 K

Our social media pages witnessed increased popularity in 2021, with our Facebook page reaching 1,068Mn followers compared with 975.4K in 2020 with a growth of 9%. Instagram followers came to 23.30K in 2021 compared with 18.3K in 2020, with an increase of 27%. Other positive figures included the substantial improvement in abandoned calls as it reduced to 13.59% (Mass) and 0.14% (Wealth) in 2021 compared with 30.23% (Mass) and 1.23% (Wealth) in 2020. We also experienced remarkable progress in SLA percentage as it rose to 47.94% (Mass) and 96.26% (Wealth) in 2021 compared with 27.96% (Mass) and 93.23% (Wealth) in 2020. The Contact Center handled 99% of followers' inquiries with an average handling time of 25 minutes.

Customer Protection

In 2021, we continued to focus on staff training in each of our businesses and emphasized the importance of recording complaints. This is intended to improve our complaint handling expertise and ensure our customers receive fair outcomes. To ensure they are handled quickly and thoroughly, complaints are monitored and reported to governance forums.

The total number of complaints received and registered on CRM through the Contact Center was 20,779, from customers through phone calls and social media, and then representative registration on the CRM system to be delivered to the concerned department.

BdC counteracted wealth Segment complaints regarding the withdrawals of high amounts from branches by explaining to clients that it is applying CBE regulations and guiding them on utilizing online channels. Other complaints included Debit and Credit Card delivery. To handle that, BdC cooperated with the delivery company and updated the procedures to call the client before delivery to confirm the location and timing.
To cement its online presence, BdC is working on launching Whatsapp banking and a unified tool to handle all social media pages and apps. In addition to a new system for our knowledge base that contains more improved features.

ANNUAL REPORT 2021

03

SME **BANKING**

In line with our financial inclusion strategy and our commitment to Egypt Vision 2030 and the SDGs, our SME Banking Group reinforces SME growth. Acutely aware of the economic value of SMEs, BdC aims to facilitate SME growth in Egypt through a myriad of offered services.

BdC's MSME portfolio currently makes up 21% of its total portfolio, at EGP 18.7Bn, in line with CBE guidelines.

Banque du Caire applied the following segmentation to SMEs:

- Very Small Segment Annual sales turnover, from EGP 1Mn to EGP 20Mn.
- Small Segment Annual sales turnover, from EGP 20Mn to EGP 50Mn.
- Medium Segment Annual sales turnover, from EGP 50Mn to EGP 200Mn.

SMEs Banking Group Non-Financial Services: Banque du Caire has an established strategic focus on the non-banking financial services , which forms an integral part of the Bank's value proposition to SMEs and aligns with the nation's financial inclusion strategy.

Nile Preneurs CBE Initiative: Banque du Caire actively participates in a fast-growing national initiative titled "NilePreneurs". The initiative is funded by the Central Bank of Egypt and managed by Nile University to drive growth in the SMEs space. The partnership aims to provide the required technical assistance and knowledge transfer to startups and established companies. It also supports them with the latest technologies and expands their capacities to enter foreign markets. In 2021, BdC offered over 20,000 non-financial services to 3500 clients, 500 of which were females, held 56 NilePreneurs awareness sessions and provided EGP 142Mn granted facilities.

Nile Preneurs Impacts 2021:

2,654	New Project ideas
2,133	Feasibility studies services, plans, and work models
2,632	Facilitated activity licenses/commercial registrations
1,544	New projects
1,952	Financial analysis services
2,657	Clients and vendors networking
1,328	Financing Customers
2,056	Training opportunities
3,144	Awareness Sessions

Sponsoring Excellence Export Center (EEC): BdC provided non-financial services, training, and mentorship programs to support exporters and expose existing companies to exportation and E-commerce tracks.

BdC aims to facilitate SME growth in Egypt through a myriad of offered services.

EEC Outcome 2021:

45 trained companies.
19 training programs.
232 training hours.
260 mentorship hours

255 beneficiaries
11 new products
EGP 96Mn annual sales increased.

New Partnerships

Partner's Name	Start Year of Partnership	Description of the Objective and outcome of the Partnership
MSMEDA	2021	Development of SMEs, and entrepreneurship either directly or through the coordination of all parties, the establishment or participation of companies, civil associations, and initiatives in the field of these projects
Casbana	2021	Banque du Caire and Casbana Misr Technology Company signed a credit-financing contract to supply chain finance, enabling it to include companies, merchants, and individuals who are not included in the financial system and provide them with financial services in line with the state's financial inclusion directions.

2021 Highlights

In 2021, the SMEs Banking Group increased funded and non-funded loan portfolios by 28% (EGP 3Bn) to reach EGP 13.8Bn, increasing client limits by 27% (EGP 4Bn) to reach 19Bn. It also acquired 700 (borrowing and non-borrowing) new SME clients, completed Customer Value Proposition (CVP) across all segments, and added five new Business Centers to reach 38 business centers across 25 governorates. Additionally, it launched "Ingaz'' Product for very small segment companies. Moreover, fifty individuals graduated from NAWAH SME Business School.
Banque du Caire's strategic development strategy for the SME Banking Group has successfully supported the onboarding of over 500 borrowing clients and shortened TAT for processing credit applications to 30 days down from 45 days. As for the standardized lending process, TAT dropped to 21 days from 90 days.

COVID-19 Resilience

The running projects scopes were updated to adapt to the pandemic and control its impact by providing seamless and automated customer services. BdC SME Banking introduced new projects and initiatives to maintain the same level of service going forward.

The pandemic was an incentive for BdC's SME Banking to adapt to the situation by adopting an updated operating model. BdC created value during the pandemic by providing free-of-charge non-financial consultancy services to help customers better manage their financial debts or shortages.

Risks and Opportunities

In light of the CBE initiative of postponing credit dues for 6 months to support industries negatively impacted by the pandemic , BdC provided financial and non-financial consultancy services to help customers better manage the situation. In addition to restructuring and rescheduling all past dues with a more tailored approach.
Opportunities emerged in some industries to increase sales and profits for the medical supplies/equipment industries and digital and online product offerings.

Digitalization

Initially, the SMEs Division faced some difficulties as a result of the digital transformation that required specific skills and training. Accordingly, BdC's SME Banking provided training and guidance to maintain the SLA with our clients and avoid any interruptions.
SMEs applied digital innovations within the department by adopting an automated credit committee approval cycle and an internal workflow system. The Department enhanced the SME Workflow System mega-project to include a fully automated lending business process management system with a 50% reduction in internal SLA for the credit cases cycle.
Future digital transformation projects/initiatives plan included developing a Digital Scoring Platform to provide an effortless lending experience for customers, launching an online Customer Request Platform for Customer Self-service loan application, and rollout of a CRM across all customer services

Forward-looking Strategic Direction

BdC has very ambitious goals for 2022. They include improving Relationship Managers' productivity and efficiency, constructing an enhanced target operating model by re-engineering the process to decrease TAT to reach 15 days, and enhancing SLA efficiency.
Other goals include expanding Very Small Segment Business via Branch Network, increasing the number of SME Business resources, and targeting potential areas by creating 7 new business centers and 5 new Satellite Non-financial Service Hubs.
Additionally , launching Digital Lending for the very small segment, expanding the usage of Internet Banking "BdC for Business" for SMEs, as well as introducing Online Self-service Requests, thus developing a unique customer value proposition.
Furthermore, working with the FI, Risk, and Corporate Communication on a Friendly Environment Finance product to encourage the reduction of paper activities through automation of the SME lending process.
More aspirational goals include considering NAWAH business school training program for all existing business network staff aiming to ensure that our relationship managers are the best in the Egyptian market and will offer world-class financial advisory services to our customers. Moreover, sending SME monthly newsletter, increasing customer loyalty, and expanding BdC's market share in all sectors by cross-selling our products in addition to introducing automated and digital services

04

TREASURY AND **CAPITAL MARKETS**

BdC's Treasury and Capital Markets Group (TCM) have various responsibilities, including assisting clients in managing their financial activities, minimizing risk exposure, offering competitive deposit pricing, and providing hedging and investment solutions.

The Group's activities aid in creating economic opportunities, fostering growth, and empowering individuals. TCM engages in nine key endeavors as follows:

Money Markets: : Manage liquidity in local & foreign currency efficiently & formulate gapping strategies as appropriate.

Foreign Exchange: Assists clients in managing their foreign currency proceeds/exposures through providing competitive Spot exchange rates while covering a wide range of G10 currencies along with GCC, whether against EGP or other foreign currency.

Financial Derivatives: Provides a variety of financial derivatives like FX Forward Contracts to hedge customers' potential exposure against undesired Foreign Exchange market volatility and fluctuations in a future date.

Fixed Income: Authorized to act as a primary dealer on behalf of the Ministry of Finance, BdC receives funds from clients and non-primary dealers applying and submitting orders at primary market auctions and actively assists in the secondary market for government securities in Local T-Bills, T-Bonds as well as FCY Bills and Eurobonds.

Wholesale Banknote: Maintains its role as one of the leading banks in Egypt of wholesales exporting and importing banknotes, BdC fulfills local bank's physical banknote requirements in foreign currencies.

ALM: Responsible for managing BdC's interest rates and liquidity by identifying risks associated with margins and composition of the balance sheet in addition to the Fund Transfer pricing curve. The divison aims to manage the balance sheet by assisting with the pricing of assets and liabilities while enhancing the Bank's volumes through competitive pricing.

Sales Desk Direct Access: Responsible for bringing TCM into close contact with BdC's clients and enhancing the Division's understanding of their needs and risk profiles. The desk offers real-time quotations, pricing, advice, solutions and acts as a point of sale for BdC's treasury products. In addition, it is responsible for hedging customers' portfolios, maximizing their returns, and evaluating customers' cash per their business needs.

ANNUAL REPORT 2021

A LEAP FORWARD

Research and Analysis: Provide economic research and market analysis such as sending a daily morning brief email to BdC clients covering economic topics such as; FX rates, LIBOR, deposits rates, latest market bulletins and news, significant commodity rates, top stock exchanges indices, and other helpful information. Besides, a wake-up call email directed to the Foreign Investors.

Treasury Support: Support Treasury and Capital Markets in many areas, such as studying and reviewing potential contracts with local & international financial institutions related to Banknote export activities, ISDA & Repo agreement as example.

2021 Highlights

The Group on-boarded several new world-class investors from Europe, the USA, the GCC, and Asia during 2021. Combined with an enhancement of relations with existing counterparties and the extension of new limits during the period, these developments drove a marked expansion in the Group's fixed income and foreign exchange activities during the year.
In 2021, TCM successfully developed a fully-fledged in-house economic research desk to provide continuous analysis and market research for the local and global economy to support the Bank's macro view and treasury investment decisions. Additionally, it established a second-line team to support decision-making and problem-solving.

TCM generated EGP 11.48Bn in 2021, representing 50% of the total interest income of the Bank up from EGP 9.37Bn, which represents 46% of the total interest income in 2020. Meanwhile, USD denominated Egyptian Government Euro-bonds trading volumes reached USD 500Mn in 2021, up from USD 25Mn in 2020, an increase of 20-fold, making it one of the main factors causing an increase of fixed income trading profits by 40%, reaching EGP 245Mn in 2021 up from EGP 174Mn in 2020. The Foreign Exchange Division's competitive FX rates pricing mechanism allowed it to onboard several Egyptian FX bureaus with an increase in Foreign Exchange inflows volumes channeled through the Bank, enhanced its remittances volumes and expanded the derivatives transactions with clients. The Division generated profits of EGP 215Mn in 2021, despite the slowdown of economic activity due to COVID-19. Banque du Caire maintained its leading share of Egypt's wholesale banknotes market in 2021. Wholesale banknote activities generated EGP 28Mn in trading profits in 2021 up from EGP 27.6Mn in the previous year. The Treasury Sales Desk maintained its efficiency in retaining business with direct clients in the corporate and retail segments and played a leading role in further expanding the Group's client base. Treasury sales increased the overall number of treasury clients by 136%, leading to an increase in foreign exchange and fixed income volume by 22% and 51%. Moreover, it has increased business and balances with treasury direct clients.

ALM optimized liquidity management, maximized Net Interest Margin (NIM), supported the Bank's line of business, and supported the balance sheet growth. In addition to maintaining FTP policy in line with international standards. With regard to the digital transformation, the Group implemented and completed the foreign currency cash flow system to manage the overall cash flow in foreign currency

COVID-19 Resilience

During COVID-19, TCM successfully expanded and diversified its counterparty base to mitigate the risk of economic cycles

and diversifying foreign exchange resources and utilizations to avoid concentration risk.
The Group efficiently invoked business continuity plans and adopted work from home policy that increased the attention towards the importance of digitization in financial services as well as accelerated the idea of remote work and virtual interactions that resulted in unexpected efficiencies both in time and resources.

Awards

TCM was recognized with five prestigious awards during 2021, including awards from international institutions such as:

The European Awards:

- Best Treasury Management Bank
–Egypt 2021 - Best Foreign Exchange Banking Provider
– Egypt 2021 - Best Fixed Income Banking provider
– Egypt 2021 - Best Liquidity Management Provider – Egypt 2021

International Finance Award:

- Best Foreign Exchange Bank – Egypt 2021

Forward-looking Strategic Direction

In 2022, TCM will strive to amplify Banque du Caire's treasury products market share by introducing new products and business opportunities that accords to clients' needs while seeking opportunities for efficient and profitable expansion of business across all activities.
TCM aims to increase its market share in terms of foreign investors flow and Local Exchange Bureaus, maximize trading profits and NIM to achieve the Bank's ambitious growth plans, and support balance sheet growth. Furthermore, The Group plans to continually expand its client's base, counter parties and emphasizing on direct Treasury clients. The Group will leverage continual enhancement in its team's capabilities and its upgraded infrastructure IT systems to achieve this. TCM continuously works to roll out a differentiated and innovative set of derivatives, FX, and carry trade products to capture a larger share of business with top-tier foreign investors. TCM is preparing for kicking off phase II of the Kondor + front office system in 2022, intending to facilitate diverse activities in the derivatives, options, IRS, and repo .

Moreover, the Group continues the process of phase II for the automated Local Treasury Cash Flow Application. In addition, TCM works jointly with the LIBOR transition Project Committee. To support its capabilities and Banque du Caire's strategic transition towards a more customer-centric business model, TCM will work to attract and acquire top Talents in the treasury field during 2022. Finally, the Division will engage in more succession planning.

05

CORPORATE COMMUNICATIONS **AND SUSTAINABLE DEVELOPMENT**

The Corporate Communications and sustainable development division continuously supports the bank in achieving its strategic goals. One of which is anticipating customer demand and developing the best strategies and campaigns through the most appropriate channels.

The Corporate Communications and Sustainable Development division holds various strategic roles within BdC's structure. Whether it is through expanding BdC's exposure digitally through social media, outdoors and indoors activations and media outlets or contributing to national development through our CSR initiatives and/or sustainabily transforming Banque du Caire into a greener financial institution through strategy and project development.

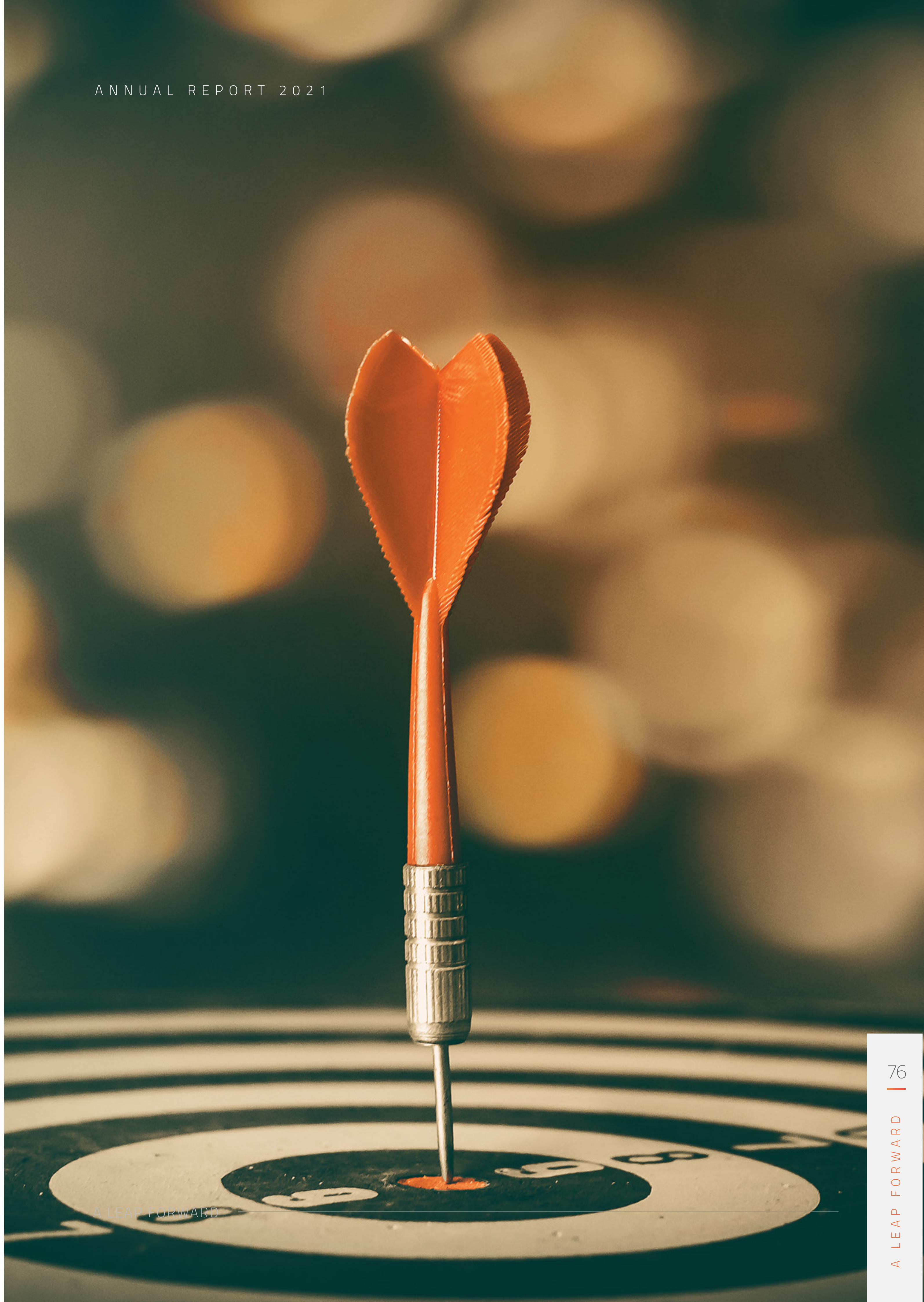
The Retail and Corporate Marketing departments develop forward looking strategies to help showcase BdC's products and services all while maintaining a strong brand position in the market. The Digital Marketing department is responsible for all of BdC's digital initiatives that help expand our exposure on digital channels such as social media.

Our Corporate Social Responsibility department provide much needed support to external initiatives that help bring sustainable change and improve the lives of countless Egyptians all over the country.

Digital Marketing

Digital marketing is a key pillar in BdC's marketing strategy. Throughout the years, digital marketing has proved successful in building brand awareness. We know that the most efficient way to reach customers is through various digital channels. BdC has developed digital campaigns and ensured its presence on numerous social media platforms such as Facebook, Instagram, and LinkedIn, to reach the largest segment of current and potential customers possible.

In 2021, BdC continued to perform exceptionally well on social media and the website, with soaring growth rates on Facebook, Instagram, LinkedIn, and YouTube. In addition, the Bank's content quality, considering all aspects such as visual, context, and experience, was rapidly leveraged to a new mark



of excellence on account of the new measures taken. We upgraded our processes to scrutinize every creative process step and invested in a new team with exceptional calibers. This translated to improved reach and engagement rates on all our posts. Moreover, we worked closely with the media, resulting in positive Y-o-Y growth.

Retail Marketing

The development of an effective marketing strategy is essential to the bank's operational performance. Utilizing this strategy helps us create the perfect recipe for success, ensuring that our products reach both existing and prospective clients.
Throughout 2021, BdC was one of the most active brands launching multiple campaigns with focus on digital channels such as Mobile banking, Rewards Program, E-Wallet alongside different tactical campaigns targeting our distinctive basket of liabilities and Assets products.
With the support of the Central Bank's recent initiatives, we proudly revamped our digital services to ensure inclusivity and increase our reach ensuring our services reach everyone, including people with special needs, and onboarding customers across different segments, genders, and Socio-Economic classes.
An essential part of BdC's marketing approach is creating an inclusive environment for all, this is why Financial Inclusion is an integral part of BdC's marketing strategy. Developing the right products and services that matches the needs of the unbanked including women, youth and farmers.

Branding & Activations

At BdC, we pride ourselves on building strong and effective partnerships that help maximize the exposure of our brand. Selecting our collaborations rely on our strategic agenda to increase our contributions to the national development strategy and shaping Egypt's future.
Our partnerships strategy has never been exclusive, instead, we rely on an inclusive approach that ensures BdC is engaged in various diverse partnerships with the prominent leaders in every sector in Egyptian society.
This methodology provides BdC with a unique opportunity to contribute the development of strong and vibrant communities all over Egypt. And this approach has always been an essential aspect of BdC's marketing strategy.
Our approach is to contribute to the development of sports, art and culture and to become the patrons our partners can rely on. Our contribution to the sports sector consists of 2 parts. The first part is our focus on the development of a new sport that took Egypt by storm, which is Padel. The second part is our continuous support to Egyptian athletes in traditional sports who represent Egypt on the global stage, such as the Olympics and Paralympics.Moreover, BdC has been a strong backer of basketball in Egypt through the sponsorship of the Egyptian Basketball Federation.

On the arts front, we launched the first collaboration with the College of Fine Arts to provide students with the opportunity to showcase their talents. The Art of Hope was the first initiative of its kind to bring together art and sustainability. Reflecting BdC's direction of heading toward a greener society. The talented winners had their works become the star of BdC's marketing materials and New Year's innovative giveaways.
When it comes to culture, we did what we do best at BdC. Supporting cultural activities and events that help engrain Egyptian culture into the hearts, mind and soul of countless Egyptians.
Understanding that the prosperity of every commitment we serve helps show everyone what our bank is all about. Which is inclusive, creative, responsible and forward-thinking.

Summer Activations:

Summer is an extremely important season for us here at BdC. We are always on the lookout for new ways to make our customers have fun with our sports and entertainment activities and games while increasing our brand engagement and creating closer ties between us and our customers. This provides with a great opportunity to develop new leads to welcome new customers to BdC. In addition, this creates an opening for us to cross sell and upsell to our existing customers. Our on ground activations are located in an interesting compound on the North Coast La vista Bay and Swan Lake.

Campaigns:

- The full revamp of BdC mobile banking Application, was successfully followed by a hit to market advertising campaign featuring one of the well-known influencers Marwan Younis taking advantage of the comic videos with his mother, fledging the campaign across multiple channels.
Following the launch of the Rewards program in 2020 where BdC was the first bank adopting this loyalty and rewards mechanism in partnership with Mastercard, multiple tactical offerings and how to use videos were spread out to customers.
- Qahera Cash wallet, is always in the core of our marketing for digital services with continuous offerings and services onboarded and uplifting the user experience on the application to stay on top of the e-wallets business in Egypt.
- Cairo Bank'' Uganda'' rebranding Campaign was an important project that reflected our ambitions in Africa. We proudly developed a complete overhaul of what makes Cairo Bank Uganda unique. As our gateway to Africa, we placed tremendous importance on having Cairo Bank Uganda in sync with what makes BdC unique.
- The Sports Campaign "راعي أبطال مصر'' in which the football superstar Ahmed Hossam "Mido'' was the ad's hero to spread awareness about the huge achievements of the non-football players and how far they're competing and performing to uplift the Egyptian flag on the top international tournament's finals and events, the Ad also aims to support those players before participating in the Olympic games Tokyo 2020 that took place throughout the period 23rd of July and August 2021.

Branches Marketing:

- One of the strongest channels for our marketing communication for our existing customer portfolio is BdC branches network, making the outmost benefits out of the diversified branches spread across geographically distinctive / prime locations across Egypt's different cities giving us an unprecedented outreach possibility to reach both current and prospect customers. In addition.
- BdC branches are always undertaking upgrades, relocation, face-lifting, and modernized to provide the best banking experience to our customers, including THARWA Corners, SME offices, and digital services areas.
- Our branch marketing team always strive to analyze, research and perfectly use the optimum placements inside each branch to market for the different Retail, SME, Corporate products that fits the nature of the branch visitors.

Sustainability

The first phase of BdC's transformation was the rebranding back in 2019, led by Corporate Communications and Sustainable Development, now the Division is also leading the second phase, which is transforming BdC into a Sustainable

financial institution with positive impact on the surrounding environment and every community we serve.
BdC's Sustainability department was created to develop initiatives and projects that contribute to three important pillars, internal sustainability, capacity building and reporting.

Our reporting efforts strongly reflect the positive direction BdC is taking towards a green society. Annually, BdC publishes the United Nations Global Compact Communication on Progress and the Global Reporting Initiative report. In addition, we proudly joined the United Nations Environment Programme Finance Initiative.

Creating Sustainable Value

Corporate Social Responsibility

Sustainable Development in Egypt

Banque du Caire continued to branch out into practices that promote societal, environmental and community development, in its ongoing efforts to generate maximum value for shareholders and beneficiaries aligning with the United Nations Sustainable Development Goals and Egypt's Vision 2030.

As a long-standing believer in building sustainable foundations and making valuable societal contributions, Banque du Caire plays an active role in boosting Egypt's socioeconomic development and creating ever-increasing long-term value. The bank believes in its obligation to consider the interests and welfare of its stakeholders, from customers to employees, shareholders and surrounding communities, and to assess and limit any undesired effects caused by its operations. It therefore began integrating sustainable practices into core business processes and stakeholder management, and continued to expand on its corporate social responsibility agenda in 2019 and 2020. Throughout the year, the bank focused on action plans that will yield substantial social and economic impact, in its' strive to create a platform where community and corporate values intersect.

Furthermore, the Bank remained a member of the United Nations Global Compact (UNGC) for the fourth consecutive year. It also continues to ensure that additions or expansions on its CSR agenda are in alignment with the targets of the Egyptian government's Vision 2030.

Social Impact

Banque du Caire diversifies its initiatives across a variety of segments with social significance to deepen impact and provide added value where it counts. In 2021, the bank made strides in healthcare, education, economic empowerment for youth and women, and sports programs, next to upping its efforts within the core areas of human rights and environmental wellbeing.

Community Development

Banque du Caire believes that empowering surrounding communities through the provision of monetary and developmental support is among the most crucial roles it plays in driving positive impact. For decades, the bank has impacted Egyptian communities through efforts in the areas of social development, healthcare and education improvement, alleviating poverty and improving infrastructures, among others. It has continued to implement a number of its ongoing projects in 2021, and looks to increase its offerings as needed.

Economic Impact

As an industry pioneer and a leader in microfinance, Banque du Caire recognizes the importance of financial inclusion, and advocates for increasing the availability of versatile financial services within unbanked and underbanked segments. It is also committed to empowering entrepreneurial individuals by funding micro, small and medium sized projects led by women, youth, the poverty-stricken and the disabled, in an effort to further embed sustainable practices and self-dependency across local communities.

Environmental Impact

Throughout 2021, Banque du Caire continued its focus on environmental issues, working to enhance the Bank's environment preservation initiatives with an eye to narrowing its carbon footprint. Considering this, flyers and posters were replaced with QR codes during the year to encourage staff to cut back on paper usage. The Bank also launched numerous initiatives to raise awareness among customers, suppliers, and employees on the importance of environmental sustainability.

2022 Marketing Strategy

06

CHANGE, TRANSFORMATION, **AND REENGINEERING DIVISION**

Organizations worldwide are building and implementing enterprise change management capabilities to support their ability to adapt to dynamic business environments and increase project success rates. Accordingly, Banque du Caire's Project Management Office was introduced in 2018 under the umbrella of change management, transformation, and reengineering as part of the Bank's overarching transformation strategy.

The Sector works closely with multiple business units to drive change across the Bank's projects and programs. It is responsible for the efficient coordination and prompt completion of all assigned tasks related to Banque du Caire's various projects according to its scope and within its budget. Additionally, the sector monitors the progress of all projects and ensures proper delivery, monitoring, and reporting.

The Sector maintains specific standards and promotes conduct and practices to ensure proper governance culture is widespread across the Bank concerning:

- Portfolio planning, governance assurance, and reporting
- Integrated planning
- Status reporting and communication planning;
- Risk and issue management
- Stakeholder management
- Financial management and benefits tracking
- Project demand and resource management
- Project quality assurance
- Ensuring compliance with the organization's project management framework and document management policy

The sector has developed a strategy that is aligned with that of the Board of Directors and reports to the Chairman. It leverages the skills of its team of 25 highly qualified and experienced individuals to oversee Banque du Caire's key business lines.

ANNUAL REPORT 2021

the sector monitors the progress of all projects and ensures proper delivery, monitoring, and reporting.

2021 Highlights

Business Analysis Division
Under the Sector, the new business analysis Division is responsible for identifying business needs and determining feasible solutions to address them. This includes software system development, process improvements to existing operating procedures, organizational changes, strategic planning, and policy development. After one year from its establishment, this department significantly impacted the quality of delivered projects. It ensured that all projects and programs were punctually run with flawless synergy across the Sector. Moreover, the Sector invests in tailoring comprehensive training programs for all team members to ensure the Sector is supported by a team of highly trained individuals to pave the way for sustainable growth and continued operational excellence.

New Payments Company "Taly"
Taly is a digital payment company that was recently incorporated in May 2021. Taly will develop a digital payment ecosystem with bundled services to replace cash by empowering enterprises with omni-channel acceptance and cash management solutions and offering 360-processing managed services to both issuers and acquirer banks. Banque du Caire established Taly as part of its reform strategy to accelerate the digital transformation and fulfill its commitment to the Egyptian market by advancing digital payment and driving financial inclusion. The Change, Transformation, and Reengineering Division plays an integral role in driving Taly's go-to-market readiness and its successful collaboration with BdC.

New Projects

In 2021, 24 projects/programs went live, positively affecting the Bank's different sectors and divisions.

Digital projects

We have succeeded in launching the Microfinance Digital Platform to conduct the complete onboarding and lending process journey for all microfinance customers and closing the process end-to-end in just 2 hours after the customer receives the requested service. This is considered a leap forward in BdC's digital capabilities and works hand in hand with the country's strategy to support this specific segment swiftly and effectively.

BDC CHAT
BANQUE DU CAIRE CHATBOT

The Bank also launched a new collection system internally with fully automated processes to manage delinquent amounts and clients, track payment dates and promises, and enable team leaders to review team performance. Moreover, BdC is now live with the Chatbot handling customer queries and FAQs.

In addition, the Sector delivered the Loan origination workflow for Retail, automating the process end-to-end on the BPM platform.

Marking another milestone, the Bank launched its in-house Digital Factory, conceived to be the Bank's arm in digitizing processes, ensuring the below:

- Rapid Deployment - The "On Demand" nature of the technology allows the Bank's products to get to market faster.
- Low Capital Expenditure - Parts built directly from digital data, no need for tooling.
- Unlimited Complexity - Building in layers allows unlimited freedom in your design.
- Freedom to Redesign - No penalties during production when changes are needed.
- Part Consolidation - Combine multiple components into one.

BdC also entered the acquiring business, whereby the Bank completed all prerequisites in record time for the POS launch following the completion of all infrastructure, schemes certification, and clear penetration testing reports. The service will be launched once CBE approval is received.

Regional Projects

The Sector has a vital role in servicing the Bank's offshore subsidiaries and offices. This is clearly demonstrated in its continuation of delivery and completion of the integrations required for the new core banking system in Cairo Bank Uganda. In addition, the Business Analyst Division re-engineered all the processes for the UAE Representative office.

Branches network expansion

The Sector is foundational in managing the branches and premises portfolio, whereby six new branches and two Forex units were added to the Bank's network in 2021.

Risk Projects

The Sector delivered two key initiatives under the risk portfolio in 2021. We completed the process for Phase 1 Enterprise Risk Management (ERM), which entailed identifying and methodically addressing the potential risks that could hinder the achievement of strategic objectives or opportunities to gain a competitive advantage. The Credit Monitoring Phase 1 Customer Operations is developing a monitoring tool for the credit control team to monitor all the terms and conditions during the lifetime of facilities, including repayments. In addition, BdC completed the implementation of a new Security Operation Center (SOC) to monitor 24x7 any threats and potential breaches across the Bank, along with a new monitoring solution that is connected to the CBE SOC.

Corporate projects

Launched in 2021, the Buna Platform is oriented to support multiple eligible Arab and Foreign currencies, using single-currency circuits and no foreign exchange. It includes 7 currencies, 5 of which are Arab, along with the Euro and USD. Flat fees apply for each transfer. The Buna platform shall enhance BdC's proposition to its customers by offering various ways of transferring funds with competitive rates and within a lower time frame than traditional transfers.

The Sector played a significant role in building the Strategy Implementation office as it obtained approval from all senior stakeholders. It is associated with clear KPIs to ensure the Bank has a shared voice and direction. The Sector provides the necessary governance for the Bank's annual budgeting exercise.

2021 Highlights

The Sector is focused on recruiting top calibers and potential youth who have proven themselves in a concise period. The sector is proud to have the highest percentage of candidates in the fast-track program.

COVID-19 Resilience

During COVID-19 and its massive impact on productivity, the Sector managed to deliver consistently, whereby the remote technologies and tools increased the team's agility and ability to work with excellent efficiency. This was demonstrated in the number of tangible deliverables accompanied by the quality of the delivered initiative, project, or program.

Forward-looking Strategic Direction

Our focus for 2022 is to work intensely on the process of reengineering across the Bank's different sectors and ensure that the new and carried forward projects are aligned and synergized with the Bank's strategy.

ANNUAL REPORT 2021

Organizations worldwide are building and implementing enterprise change management capabilities to support their ability to adapt to dynamic business environments and increase project success rates

07

INFORMATION **TECHNOLOGY**

2021 witnessed many milestones for BdC's IT Group. It continued its progression with the development of the Bank's digital transformation journey, capitalizing on state-of-the-art technologies strengthening the enterprise architecture-driven banking services, and enabling solutions.

Furthermore, the Group continued organizational structure improvements while acquiring key talents to empower the progressive plans for running a distinguished IT function. With the establishment of the new functions for Business Relationship Management and the Digital Factory and the additional 20% headcount increase, IT focused on the data and analytics as well as the automation and digitalization experts. The Group also continued the refreshments of IT governance through continuous improvements in its policies and procedures, improving the service assurance and proactive monitoring to ensure the delivery of a distinguished customer experience.
The Group empowered the IT Security practice by adding new solutions to ensure further security for banks' and customers' information. Additional developments and investments were implemented to increase the level of service availability and disaster recovery. Furthermore, our team modernized the technology infrastructure. It complemented the digitalization journey toward cloud technologies by completing BdC's private cloud, enabling the infrastructure provisioning automation, optimizing the utilization of its resources, and reducing the time-to-market. In addition, it introduced BdC's DevOps capabilities and enabled the containerized infrastructure and agile DevOps environment setup.

Our team geared up and kicked off BdC's Digital Factory as the internal digitization development arm based on the agile operating model with cross-departmental squad members to deliver initiatives and projects backlog for retail and corporate business lines. Following the Bank's vision to lead and empower its customers with digitally based services, IT continued to develop new internet banking features and capabilities and launched the Chatbot service for customer support. In addition to enabling the microfinance team with digital solutions for account opening and lending, fully based on tablet technology that works for remote agents in rural areas to facilitate near real-time customer servicing.
Within the ePayments solutions space, BdC IT Group managed to upgrade its payment switch and completed the technology preparation, development, and certification for the card acquiring business. In addition, it rolled-out Meeza prepaid cards for corporate customers and cardless deposits, and applied the dual authorization features (BASE2) on all BdC prepaid cards to automate the end-to-end transaction process. The IT team rolled out over 350 new ATMs to extend its reach to all BdC customers. The year ended with finalizing the development and certification of the Bank in the country

ANNUAL REPORT 2021

A LEAP FORWARD

initiative to launch the first Instant Payment Network (IPN). Finally, the Bank has joined the Arab payment network Buna, enabling cross-Arab countries transfers using Arab countries' currencies.

The IT Group extended the development of applications for process and workflow automation such as loan and lending origination, credit monitoring and utilization, credit archiving, cash and trade workflow, and treasury cash flow. In addition, it extended the use of the Robotics Process Automation (RPA) for repetitive and rule-based tasks such as the back end of the card's operations, service desk activities, and some tasks in the backend for retail and corporate internet banking.

Data Analytics and Intelligence is one of the key pillars of digital transformation, in which the Group kicked off the BI and Big Data program based on a leading Hadoop engine to present the visual analytics to the executive and senior management as well as empower the business users with the self-service business intelligence capabilities. The end of this year witnessed the delivery of the 1st phase of the project, which covers the 360° analytics of the Bank's customers.

BdC IT Group continued the journey of adopting the Enterprise Architecture Practice in every technical aspect. In 2021, it established the Strategic Architecture Forum (SAF) to align all new solutions to the Bank's and Group's strategic directions. In addition, the Group extended the use of the middleware to transform all system integrations to align with the Service Oriented Architecture (SOA) and closed the year with 150+ services hosted in the middleware, servicing most of the channels (Internet Banking, IVR, Digital Microfinance, IPN, CRM...etc.). The Group also continued assessing omni-channel journey improvements, selected the latest state-of-the-art Temenos platform (Infinity), and started the development using its capabilities for the acquired Kony low code technology.

In the Enterprise Applications space, the Group finalized the implementation of the Collection System to control delinquent clients better and upgraded the KYC system to benefit from its new features and customer capabilities. It also upgraded Moody's corporate credit scoring solution and incorporated several new business segments. Furthermore, the team finalized the SWIFT Payment Control System that proactively monitors the SWIFT messages for compliance adherence.

The IT Group is in the final closure stage for many other projects such as; custody, IVR upgrade, SME workflow, Ripple instant payment network, and corporate digital signature. It also started other projects such as digital lending and CRM corporate sales.

CBE New Mandates

البنك المركزي المصري
CENTRAL BANK OF EGYPT

In 2021, CBE promulgated numerous mandates that BdC complied with. These mandates include implementing a new security monitoring solution (FinCIRT), connected to the CBE Security Operation Center (SOC). BdC is considered the first bank in Egypt to implement FinCERT. The Bank also responded to the ICT mandate for Meeza payment card rollout and inclusion for new segments and business lines. In addition, BdC implemented the foreign currencies cheque clearing system; started the implementation of the mandate for local banks transfer (ACH) using the foreign currencies of USD and EUR, and responded to the mandate for CBE reporting enhancements (CCR).

New Partnerships

In 2021, BdC continued to create strategic partnerships to satisfy its customers further and enhance its position in the market.

Etisalat Misr: To provide the financial engine for its mobile wallet, and facilitate international money transfers, which includes the customer sanction and transaction AML compliance.

TELDA: To provide the financial engine for BdC and facilitate compliance for the FinTech youth cards provider based on the Mastercard card engine.

MoneyGram: To add to the standard transfers cash out, the option to transfer the remittance to the mobile wallet, Farwry network, deposit to BdC account, or ACH to a local bank in Egypt.

Ripple: Signing and going live with the international instant remittance network based on blockchain technology, in which we have completed the tests to connect with 3 Ripple partners to start receiving remittance.

COVID-19 Resilience

The Group efficiently managed the second year of the pandemic while capitalizing on the technology infrastructure investment for (end-user portable devices, connectivity, secured network access, and collaboration platforms). This supported the Bank's different teams with a hybrid working model for onsite and work-from-home operations, enabling efficiency despite preventative measures and daunting challenges on several fronts, including those brought on by the COVID-19 pandemic.

BdC's Information Technology Group persevered on its intended vision of creating value for all its stakeholders despite the physical working location, where supporting an efficient and agile remote working culture becomes part of the day-to-day IT business. Such a business value is supported by the speed of engaging local and overseas IT vendors without worrying about logistics arrangements and travel limitations.

Forward-looking Strategic Direction

BdC's IT Group has refreshed its 3-year strategy to reflect the Bank's "One Voice" vision that focuses on sustainable growth and efficiency, in which the IT strategic priorities are anticipated to deliver services at faster, simpler, and optimized costs. The strategy encompasses customer-centricity and digital enablement, focuses on the underlying smart, integrated, and reliable services, and works to leverage and monetize the technology ecosystem guaranteeing delivery through a high-performing culture.

The IT Group will continue developing and enabling digital experience through the digital platform revamp and enablement of omni-channel experience. As such, the Group qualifies the Bank with data-driven decision-making and intelligence through big data, machine learning, and AI solutions. Also, it will work with different business units to optimize and automate banking services through business process management and robotics process automation to guarantee smooth integration between service components. The Group supports the launch of the new core banking system (T24) and ensures post-go-live operation stabilization and improvements. In addition, the Payment Hub is one of the strategic initiatives intended to streamline and simplify integration with the increasing payment partners-related processes and settlements.

The Bank is planning to increase its capitalization on service innovation and exposure and offer banking services to new partners through secure, controlled, and reliable interfaces. Moreover, BdC is planning to embed the "Security as a Standard" approach in all technical aspects in addition to the continuous development of the security solution foundation, infrastructure, and operation automation. It also plans to offer private cloud services for Platform as a Service (PaaS) and Software as a Service (SaaS) as the next step in its journey to the cloud.

With regard to the Digital Factory, the Group plans to deliver the digital journey sprints for the Minimum Viable Product (MVPs) for retail and corporate.

08

FINANCE

Banque du Caire's Finance Group is responsible for the Bank's financial management. It is instrumental in achieving the financial goals, and strategic objectives set out by the board and senior management. By optimizing the Bank's finances to maximize profitability and returns for shareholders, the Division serves as the financial backbone of the institution.

The group's 93 highly qualified professionals work to provide key performance management analytics to guide the Bank toward its goals, allowing the Group to act as the Bank's strategic business partner and financial advisor. Additionally, the Group is responsible for financial planning, financial performance analytics, decision support, financial control, financial reporting, regulatory reporting, taxation, and investor relations, fulfilling its duties in line with the highest levels of financial integrity. The Group also ensures its activities abide by the Egyptian Accounting Standards, CBE guidelines, and international best practices.

2021 Highlights

The impact of COVID-19 on the economy has significantly increased the level of uncertainty in the base case forecasts. As a result, the Group planned and forecasted via multiple scenarios to aid top management in overcoming its negative side effects. Additionally, the Group constructed a set of diversified financial reports to enhance analytics and insights, guide performance management, influence decision-making, identify initiatives to strengthen performance and returns, and ensure robust cost and capital management.

The Group maintained strict compliance with adequate financial controls as well as successfully liaised with regulators, auditors, and the board. Banque Du Caire continued its growth and transformation journey by achieving high growth rates in 2021 in terms of assets, liabilities, profitability, and efficiency measures.

COVID-19 Resilience

The Group efficiently managed the second year of the pandemic while capitalizing on the technology infrastructure investment for (end-user portable devices, connectivity, secured network access, and collaboration platforms). This supported the Bank's different teams with a hybrid working model for onsite and work-from-home operations, enabling efficiency despite preventative measures and daunting challenges on several fronts, including those brought on by the COVID-19 pandemic.

Forward-looking Strategic Direction

The Group also aims to continue building the capabilities of its team by providing and enhancing analytics and insights, guiding performance management, identifying initiatives to improve performance and returns, and efficiently managing Banque Du Caire's cost and capital. The Group will focus on forward-thinking, planning and forecasting, and effectively engaging with different departments to execute business strategy and drive growth.

By optimizing the Bank's finances to maximize profitability and returns for shareholders, the Division serves as the financial backbone of the institution.

04

RESPONSIBLE **BANKING**

4.1. ESG Approach
4.2. Digital Banking
4.3. Micro Finance
4.4. Financial Inclusion
4.5. Human Resources
4.6. Corporate Shared Value

01

ESG APPROACH

With 70 years of operation in Egypt and over 8000 employees in a network covering all of Egypt, Banque du Caire runs its business effectively and efficiently to support its stakeholders and establish its commitment to sustainable performance.

BdC generates value through its investment in the betterment of local communities and the country and, soon, by incorporating sustainable financial products and services into its portfolio. Its Corporate Social Value expenditures are in line with its ESG approach, and its CSV activities cover a broad range of stakeholders and actions to ensure maximum impact and enrichment.

Banque du Caire runs its business effectively and efficiently to support its stakeholders and establish its commitment to sustainable performance.

BdC perpetually reexamines and builds its commitments to all stakeholders while integrating its Corporate Social Value concept into the Bank's day-to-day business. This is happening with the assistance of the "Code of Ethics", the complete guide to managing relations between the Bank and all its stakeholders as it describes the values to which it is firmly committed and believes in.

Banque du Caire believes that socially and environmentally correct decisions are the cornerstone of economic success. For the past decades, Banque du Caire has effectively adopted a wide range of prominent Corporate Social Value Initiatives and contributions outside of its core banking realm. Providing a dedicated approach and significant impact towards sustainable community development in various fields such as social development, environmental challenges, healthcare, education, poverty, heritage and culture, vocational training, and projects supporting the economy, infrastructure, youth, women, and special needs. Corporate Social Value is our obligation to consider the interests of our customers, employees, shareholders, communities, and most importantly, the ecosystem. Our approach considers the social and environmental consequences of business activities across the country and aligns with global standards.

By integrating CSV and Sustainability into our activities and initiatives, we guarantee the implementation of effective governance. Our ESG approach aids the Bank in assessing risks and opportunities, thereby enabling the application of practical solutions and resulting in superior outcomes. Accordingly, Banque du Caire follows its path to achieving the ultimate goals of creating corporate, social, and environmental value.

Encouraged to operate more sustainably and be more transparent about its economic, social, and environmental governance performance, Banque du Caire integrates environmental, social, and governance (ESG) factors into its operations and actions.
With the constant flow of new regulations around the world that bring compliance challenges for banks, and increases voluntary guidelines such as the Equator Principles, UN Principles for Responsible Banking and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), BdC's approaches and decisions aim to reduce ESG risks and increase opportunities. It is in our agenda to accredit the ESG strategic approach and roadmap, monitor and report in accordance with the Global Reporting Initiative standards (GRI), and continue to report to the United Nations Global Compact.

Banque du Caire's CSV and Sustainability strategy allocates its primary focus to environmental changes, analyzes the community's needs, and acts to serve its interests. The Bank adheres to the United Nations' Global Compact principles and the United Nations Environment Program – Finance Initiative's Principles for Responsible Banking.

Though we have tackled the challenges posed by the pandemic with a great degree of success, no challenge passed is without lessons learned, and some of what has been learnt/re-affirmed as a result, can be summarized in the following:

- Agility is key
- Our team remains our most significant asset
- Digitization
- Solidarity
- Being well prepared and planned and ensuring the appropriate BCPs are in place

02

DIGITAL **BANKING**

As digital technologies radically alter the Banking landscape, our Digital Banking Department offers unique digital solutions to our customers. Our digital banking products include Individual and Merchant Wallets, ATMs, and Internet/mobile banking. To accelerate our customers' digital journey, we launched our Digital Branch.

ATMs

2021 Highlights

- Achieved our target of installing 401 New offsite ATMs.
- Replaced 120 old ATMs to improve the level of service provided.
- Complied with CBE initiatives and the Bank's expansion strategy by installing 347 ATMs (320 CBE mandate + 27 Branches).
- Introduced new services and enhanced the level of services provided to our customers.
- Finalized new bulk ATM deals with big names in the market like Fawry, Orange, Vodafone, Sun Mall...etc.
- Fulfilled branches request to avail an ATM to Arab Academy for Science & Technology as the employees receive their salary in USD.
- Applied fees on the paper receipt issued by the ATM.
- Applied "over counter fees'' for cash withdrawal below the ATM limits to EGP 25 which increased our monthly profit by 12%. This will increase the usage of ATMs as an effective alternative to the cash counter.

COVID-19 Resilience

The pandemic urged the need to expand in digital channels and contactless customer experience. ATMs channel is a crucial player in achieving this goal, as it covers important banking transactions such as cash withdrawal, cash deposit, Fawry payments, and wallet transactions. Aside from the fundamental transactions, we are working on adding more services to

ANNUAL REPORT 2021

A LEAP FORWARD

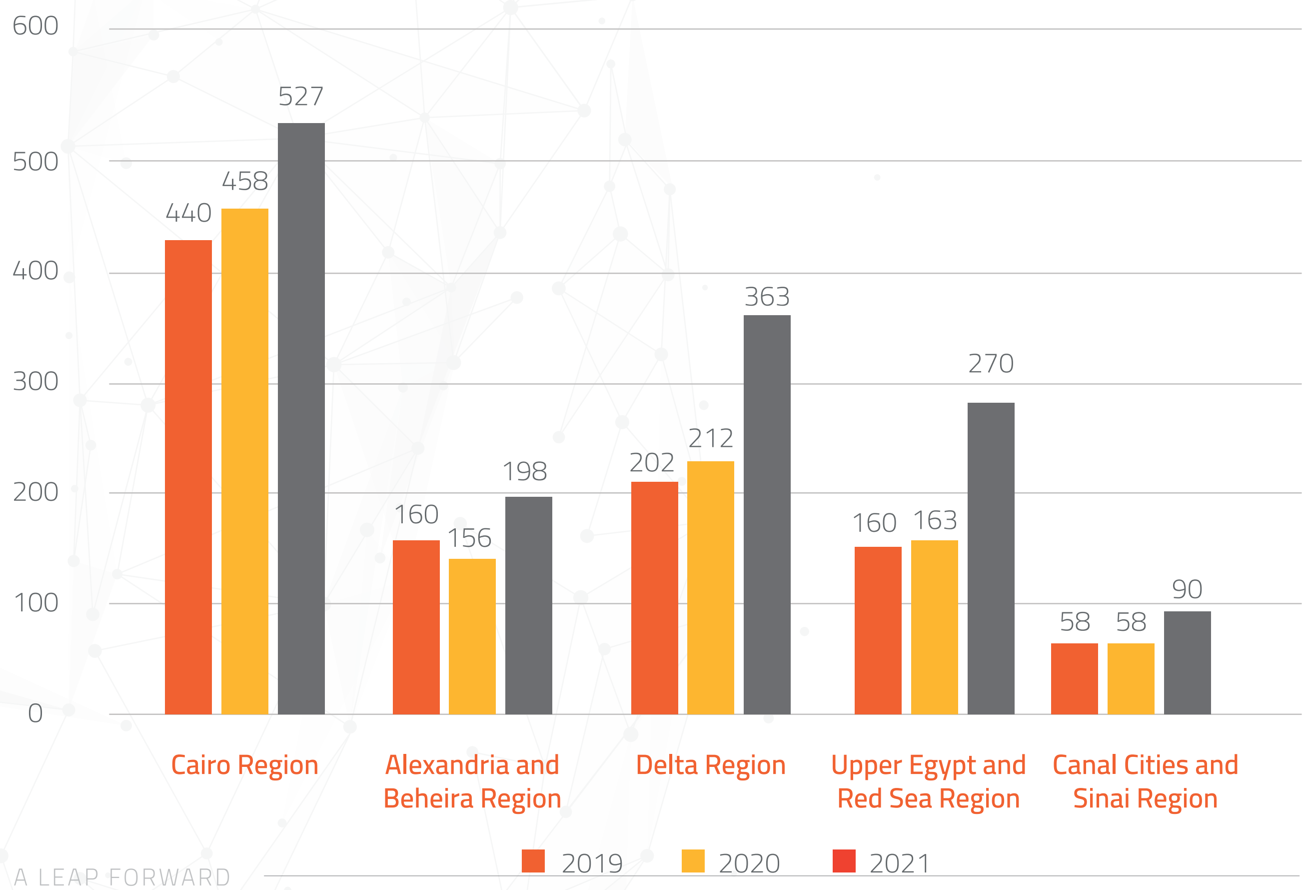
the BdC ATM service profile.

Guided by our ESG Strategy, Egypt Vision 2030, and the SDG's we increased our ATMs geographical areas. To guarantee accessibility and inclusivity, we not only target areas with high populations but also low ATM penetration.

ATM Geographical Distribution

Region	2019	2020	2021	%
Cairo	440	458	527	20%
Alexandria and Beheira	160	156	198	24%
Delta	202	212	363	80%
Upper Egypt and Red Sea	160	163	270	69%
Canal Cities and Sinai	58	58	90	55%
Total	**1020**	**1047**	**1448**	**42%**

ATM Network 2019:2021



Dedicated to sustainable business decisions, we reinforce our inclusion efforts by supporting the financial-wellbeing of underrepresented segments. In turn, we participated in the Hayah Karima presidential initiative launched on the 2nd of January 2021, aiming to enhance the social, economic, and environmental levels of villages in need. BdC cooperated by installing ATMs in the selected villages as a part of its development.

Forward-looking Strategic Direction

BdC plans to expand the ATM network to reach 2050 ATMs by the end of 2022. This expansion will be based on thorough studies to cover all geographical areas to match existing as well as potential customers across Egypt. Furthermore, the Bank will improve ATMs network availability and uptime, enhance and improve ATMs' service profile by adding new services, amplifying existing services such as the Cardless deposit for accounts and credit cards, and facilitating ATMs use for people of determination.

Internet / Mobile Banking

We have developed a mobile banking infrastructure to provide various digital banking services. We perpetually upgrade our existing services while competitively striving to introduce innovative solutions.

2021 Highlights

Recently inaugurated Internet Banking services underwent enhancements to increase customer base and encourage inactive customers to use BdC's digital channels. Improving customer awareness is one of the key pillars to achieving this target. We launched social media marketing campaigns during Q1 and Q2 targeting all segments of customers in a simplified way through interesting content (educational videos & TV campaigns). We also created educational videos to educate customers on the available online banking services and how to employ them. Furthermore, in Q4, BdC Website Chatbot was introduced, allowing customers and noncustomers to contact the Bank and receive responses efficiently.

COVID-19 Resilience

COVID-19 has shown an increase in customers' tendency to use and rely on digital channels to safely, efficiently, and securely perform their day-to-day banking transactions. This new shift in consumer behavior led to the Bank's expansion and investment in digital channels to cater to the increase in customer demand and meet their expectations.

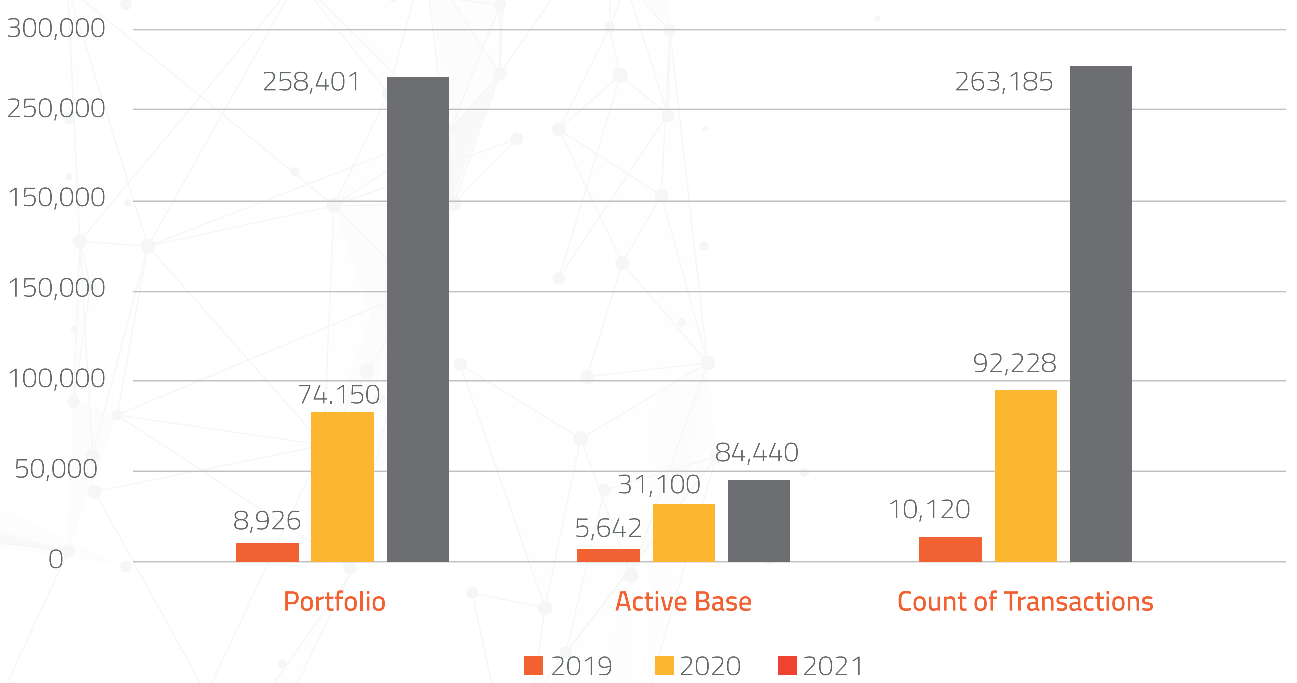
To cope with COVID-19 procedures, BdC launched online internet banking self-registration to enable customers to subscribe to Internet Banking without visiting branches as per CBE mandates. BdC educates customers on using digital channels utilizing educational videos published through Social Media and well-trained BdC staff either in contact center or in branch networks.

The below table illustrates post COVID-19 results,

Item	After COVID-19	During 2021
Average number of registrations /month	increased by 440% compared to figures before COVID-19	increase by 1245% compared to figures before COVID-19
Average number of transactions / month	increased by 443% compared to figures before COVID-19	increased by 1296% compared to figures before COVID-19

Internet Banking Figures

	2019	2020	2021
Portfolio	8,926	74,150	258,401
Active Base	5,642	31,100	84,440
Count of Transactions	10,120	92,228	263,185



Forward-looking Strategic Direction

In the future, we look to introduce a new omni channel platform, expand digital channels, upgrade IVR, and launch WhatsApp Conversational. We also intend to provide new internet banking services during the first half of 2022 such as donation service, mutual funds inquiry, debit and prepaid cards activation, and prepaid cards section.

Wallets

Merchant Wallets (QR Code)

Our Merchant wallets allow merchants to accept mobile payments from customers simply by scanning a QR code. This method permits ease and efficiency, thereby contributing to reducing cash transactions in the journey to a cashless society. Providing a secure way to pay for goods, merchants can also pay for goods from other merchants by utilizing the electronic units available in the merchant's wallet.

2021 Highlights

As we continuously upgrade and enhance our services, we experience rapid growth in acquisitions and transactions. To support customers during COVID-19, CBE mandated acquiring merchants without any digital payment acceptance method; we exceeded the targeted Merchant acquisition by 13%. Due to its achievement, the Bank was incentivized by the central bank to recognize these efforts.

Yearly Growth	2020 - 2021
Merchant Acquisition	360%
Transactions Count	558%
Transactions Amount	3800%

COVID-19 Resilience

We learned during the pandemic that the market has an emerging need for digital payments solutions that serves all segments, the waiving of the fees supported the service registration and usage and active ratio during the pandemic, and we were able to achieve our merchants' acquiring targets and increasing our penetration rate, and achieving CBE mandates by acquiring new merchants who are not having any digital payment acceptance method.

Forward-looking Strategic Direction

In the future, we look to increase the current Merchants base, the active ratio of merchants, and the portfolio of Payment acceptance transactions (M2M & P2M).

Individual Wallet (QaheraCash)

Banque du Caire has undertaken a comprehensive development process for payment services through the "Qahera Cash" wallet by adding new features to meet customer needs and provide new banking services to reach a more significant segment of customers. BdC plays a key role in achieving CBE's financial inclusion initiative through "Qahera Cash."

Qahera Cash application facilitated the below features:

Feature	Description
Service info	This feature allows In-App guidance, which complements customer education for the provided services.
Transaction history for 6 months	This feature allows subscribers to view last 6 months transactions.
XML Project	This is part of Financial inclusion mandates to include 4 reports for customers, accounts, cards and wallets, and these reports are in XML format.
Service Rating	This feature helps subscribers share their feedback, opinion, and overall experience through the application after each transaction.
Service Locator	This feature assists subscribers in using the "Geolocation feature" to track their locations and provide a list of close branches and ATMs when needed.
Self-Un-Registration	This portal allows mobile wallet users to make queries about any electronic wallets registered with their cell numbers as well as unsubscribe from the wallet for free without having to visit the branch of the service provider.

Through Qahera Cash, we enhanced loan installment payment and integrated Fawry Billers. We increased the agent network to save time and effort for customers to obtain money without visiting the Bank's branches. We also assisted in

availing different channels for "Cash in Cash out'' to preserve social distance and avoid direct and indirect connections from cash or point of sale terminals during the transaction process. Additionally, we added International Money Remittances to enable customers to receive remittances from abroad in Egyptian pounds. The remittance amount is credited to the wallet to be used 24/7 in ATM or Agent network withdrawals as well as in purchases at multiple merchant locations. Finally, we introduced Collection & Disbursement for microfinance institutions to provide credit disbursements and monthly payments to and from borrowers.

2021 Highlights

Due to the results emanating from the pandemic, we acquired knowledge of surging trends and practical approaches. In 2021, Qahera Cash was one of the fastest-growing wallets, boosting financial inclusion, with a 56% increase in customer base from 2020. Active customers increased by 178% in 2021 compared to 2020. The significant increase shows the value-added we provide our customers compared to competitors. Moreover, since the lockdown, the growth in person-to-person (P2P) transfers, in both value and volume, has experienced phenomenal double-digit growth. Banque Du Caire signed a Memorandum of Understanding (MOU) with Tamweely Microfinance to provide digital payment and collection services through "Qahera Cash App''. The new service enables beneficiaries to obtain their funding through the app and inquire about the loan installment and repayment value. The new agreement aims to endorse the Bank's efforts to expand digital payment services through Qahera Cash. Other strategic partnerships with influential entities such as Noon and Jumia were secured to ensure sustainable business in the long term. Digital banking initiatives during the reporting year included participation in the Meeza Social Media Campaign to boost digital payments, improving customer experience by adding new features to the App such as service info, transaction history for 6 months, Service Rating, and Service Locator, and the Active Participation in Cairo ICT 2021.
Banque du Caire's success is demonstrated in the following table:

Sales Figures	2021
No. of Wallet	780,369
% Change - Year on Year	48%
No. of Active customers (Transactions last 30 Days)	76,290
% Change - Year on Year	61%
No. of Transactions	1,626,659
% Change - Year on Year	96%
Value of transactions	731,366,548
% Change - Year on Year	315%

COVID-19 Resilience

2021 proved to be an arduous year for the Banking sector; however, we capitalized on gained insights and progressed by exploiting opportunities and ensuring preparedness for any situation. The pandemic impacted consumers' payment behavior in Egypt which was reflected in an increasing demand for e-payment solutions. As a result, Banque Du Caire took several actions to promote digital transactions, such as:

- Self-Registration: allowing customers to register and conduct all their transactions effectively and safely without visiting the branches, which expedited the digital transformation.
- Issuing electronic wallets free of charge.
- Waiving the fees of creating virtual cards (VCN) from the wallet.
- Waiving the fees of ATM Cash out.
- Canceling fees and commission applied to transfers between mobile wallets.

Additional efforts were exerted to increase brand awareness, speak the same customer language in campaigns, and educate customers on digital receipts such as SMS confirmation. We also increased staff capabilities, this included our branches network and BdC ambassadors to be fully informed on the transition to digital payments service information. Additionally, we initiated marketing activities to communicate with customers the benefits of Qahera Cash wallets and how to use them. We continue to extend the waiver of fees and commissions on mobile transfers, ATM withdrawals, and the issuance of electronic wallets and contactless cards to comply with CBE post-COVID-19 Mandates.
Other lessons drawn include our awareness of digital systems' imminence in scaling payments, social media campaigns effectiveness in engaging active customers, and the essentiality of waiving fees to go cashless.

Forward-looking Strategic Direction

Banque du Caire has set an ambitious and forward-looking plan to be the preferred wallet in the Egyptian market, increasing its client base by a 10% active ratio. We intend to enrich our wallet on different service streams and become the first wallet to provide digital lending and savings. Digital lending offers BdC opportunities to improve productivity, close more loans and increase revenue per loan with cheaper, faster, and automated services. Additionally, we look to diversify wallet services by adding governmental services through the wallet and delivering value to customers.

Digital Branch

BdC's first digital branch opened its doors to customers in November 2019 with a set of services catering to our valued customers' needs with the highest service levels.

We added to the digital branch service profile the first time to market services, like "Instant card issuance & Instant account opening" BdC took the lead by launching these services for the first time in the market.

In addition, BdC's digital branch allows its customers to perform their day-to-day transactions seamlessly without waiting in queues. Below is the set of services available to customers from the digital branch.

- Two fully functioning ATMs equipped with foreign currencies exchange (FX) servicing both, customers as well as non-customers. This service is available 24/ 7.
- Open new account and collect new debit card immediately in less than 15 Minutes.
- Cash deposits.
- Requesting a new check book, issuing new time deposits, new certificate deposits.
- Requesting online banking and Mobile Wallet access.
- Requesting new secured credit cards and loans immediately.
- Most retail banking services for all retail clients submitted via digital channels.

Since its launch, we have been onboarding new digital services into our digital branch and expanding our services profile to cater to emerging customer needs.
While we do not have an automated tool to consolidate the customers' feedback, we measure customers' satisfaction levels from the feedback received from our branches staff, call center, and complaints handling department. Since the branch opening, we have received zero complaints.

Apart from providing services, we are targeting the acquisition of new customers through the BdC digital branch, where we managed to acquire 281 new customers in 2021 and are targeting to exceed this number by 2022. Additionally, we are planning to open another digital branch with a new scope and different concept in 2022 and more branches to come.

03

MICROFINANCE

As BdC maintains the largest market share in Egypt, its microfinance segment has become a powerful medium for generating a positive impact on the community. We raise awareness about inclusion through our efforts and actions, aligned with our objective of providing equal opportunities for all.

The Department is led by a competent and experienced team that ensures efficiency and effectiveness of product procedures and ensures liquidity is available for financing activities and diversification of available products.

2021 Highlights

- Banque du Caire's microfinance sector **achieved revenues of EGP 1.3Bn**
- The microfinance portfolio amounted to **EGP 5.6Bn**
- The number of microfinance **clients reached 161,981**
- 33% of the microfinance **customer base is female.**
- About **103,000 new and renewed loans** were issued, with a value of about EGP 4.3Bn

In October 2021, Banque du Caire launched a new service provided for the first time in the financial sector in Egypt, allowing digital granting of micro-loans at the headquarters of clients' activities in less than an hour and without the need to visit a branch.

Banque du Caire is keen to improve and raise the efficiency of the services it provides in the field of microfinance and ensures the provision of services that comply with international best practices, the application of responsible financing rules, and the protection of customer rights with a focus on transparency and fair pricing. In April 2021, the Bank obtained a certificate of protection of customers' rights from the rating agency, Microfinanza. The evaluation was conducted by Smart Campaign, an internationally accredited and licensed body, making Banque du Caire the first Bank in Egypt and the

Middle East to obtain this certificate.

BdC's success in its microfinance activities is partially attributable to its compelling reach. There are 115 branches and agencies across Egypt that provide Banque du Caire's stellar microfinance products and services:

Cairo	Alexandria	Delta and Canal Cities	Upper Egypt and the Red Sea:
10 branches	**17** branches	**46** branches and agencies	**42** branches and agencies

Portfolio and Revenues:

Year	2019	2020	2021
Number of active customers	242,206	189,004	161,981
Microfinance Revenues and portfolio size (EGP)Total Segments			
Revenues	1,647,903,125	1,716,542,938	1,279,482,357
Total Portfolio	6,968,047,985	5,760,864,136	5,583,141,474

Partnerships

Three financing contracts were concluded with Egyptian Micro, Small and Medium Enterprises Development Agency (MSMEDA), amounting to EGP 650Mn, to re-lend it to financing clients. Notably, Banque du Caire obtained EGP 4Bn from the mentioned agency.

COVID-19 Resilience

Banque du Caire issued several initiatives aimed at helping customers overcome the adverse effects of the pandemic. In 2021, it launched an initiative that postpones installments for three months to all microfinance customers to protect the microfinance segment. In addition, the Bank issues loans through the tablet at the customer's premises, so the customer does not need to visit a branch to obtain a loan.

Business review 2021

Product Improvement 2021:

Despite the ongoing challenges and difficulties in 2021, BdC consistently made improvements to its products and services. The minimum long-term loan of the informal sector clients was reduced to suit the clients' desires. In addition, a new financing tranche was added for the official sector customers, with a maximum limit of EGP 400k.

Doubling the portfolio every four years:

The microfinance Division doubled the portfolio from EGP 2.3Bn in 2017 to EGP 5.5Bn in 2020, more than double in 4 years.

Targeted customers in 2021:

In 2021, we targeted new client segments to expand our reach and impact. Recent clients include those who want to obtain financing in excess of EGP 300k.

Forward-looking Strategic Direction

In 2022, BdC ardently plans to continue its growth by opening 30 new centers (hubs) specializing in microfinance in the most densely populated locations to increase accessibility. It also plans to increase the number of customers by about 45 thousand to reach a resultant portfolio growth of around EGP 2Bn.

Digital Impact

All 115 operating branches were transferred to the digital system, which led to a variety of positive impacts, including the disbursement of loans in less than an hour, and the elimination of the need for clients and guarantors to visit a branch, resulting in more convenience for the client and the guarantor and reduces branch congestion. Finally, it allowed reach to a category of customers far from the Bank's branches and increased the possibility of broader disbursement.

Micro Enterprises:

According to the CBE, a microfinance enterprise is defined as an enterprise whose capital does not exceed EGP 50k, and its profit or revenue does not exceed EGP 1Mn. Supporting micro-enterprises is one of the critical components of maintaining and enhancing sustainable finance. We provide products and services to accommodate the interests of micro-enterprises to strengthen their capabilities and drive growth. To support micro-enterprises, we offer efficient creditworthiness assessment in addition to our Time to Yes and Time to Cash which takes one day to process and appear in the customer account.

Additionally, we offer customers virtual wallets on their mobile and Meeza/ATM card through cross-selling. Our cost of credit stands at about 14% to 16% flat interest and admin fees at about 1% to 2%. One of the most critical microfinance initiatives is the digitalization of submission and acquisition of microfinance loans, which will mainly support the objective of financial inclusion to reach different segments in rural areas, launched in Q4 of 2021.

Microfinance Sectors

There are three main sectors receiving microfinance: commercial, services, industry, transport, and professional.

Main Sectors Receiving Microfinance

Main Industries	# of clients in 2019	of clients' growth rate Y-o-Y (%)	Total loans in 2019 (EGP) Mn	Total loans growth rate Y-o-Y (%)	# of clients in 2020	# of client's growth rate Y-o-Y (%)	Total loans in 2020 (EGP) Mn	Total loans growth rate Y-o-Y (%)	# of clients in 2021	# of client's growth rate Y-o-Y (%)	Total loans in 2019 (EGP) Mn	Total loans in 2021 (EGP) Mn
commercial sector	138,835	12%	4,387.7	55%	110,161	-21%	3,716.5	-15%	101,346	-8.00%	3,708.5	-0.21%
Services sector	34,552	14%	1,031.4	59%	26,279	-24%	852.1	-17%	19,302	-26.55%	711.7	-16.47%
Industry sector	23,857	7%	726.3	47%	18,139	-24%	581.9	-20%	13,326	-26.53%	480.5	-17.42%
Transport sector	15,468	50%	395.5	89%	12,767	-17%	300.0	-24%	11,925	-6.60%	376.0	25.33%
Profession sector	29,494	26%	427.2	47%	21,658	-27%	310.4	-27%	16,082	-25.75%	306.4	-1.30%

Microfinance Value by Geographical Location

Location	# of clients in 2019	# of client's growth rate Y-o-Y (%)	Total loans in 2019 (EGP) Mn	Total loans growth rate Y-o-Y (%)	# of clients in 2020 %	# of client's growth rate Y-o-Y (%)	Total loans in 2020 (EGP) Mn	Total loans growth rate Y-o-Y (%)	Total loans growth rate Y-o-Y (%)	# of clients in 2021	# of client's growth rate Y-o-Y (%)	Total loans in 2021 (EGP) Mn	Total loans growth rate Y-o-Y (%)
Greater Cairo	14,802	6%	523.8	45%	11,405	-23%	438.9	-16%	-16%	7,077	-37.95%	323.6	-26.26%
Alex	25,806	12%	967.5	51%	20,276	-21%	799.7	-17%	-6%	16,159	-20.30%	745.3	-6.80%
Suez and canal	6,076	22%	190.5	84%	5,363	-12%	180.0	-6%	-13%	6,715	25.21%	241.2	34.03%
Lower Egypt	66,931	18%	2,122.9	69%	54,572	-18%	1,845.3	-13%	-21%	48,084	-11.89%	1,839.0	-0.34%
Upper Egypt	128,591	15%	3,163.5	50%	97,388	-24%	2,496.9	-21%		83,946	-13.80%	2,433.9	-2.52%

ANNUAL REPORT 2021

Microfinance Value by Age Group

Location	# of clients in 2019	# of client's growth rate Y-o-Y (%)	Total loans in 2019 (EGP) Mn	Total loans growth rate Y-o-Y (%)	# of clients in 2020	# client's growth rate Y-o-Y (%)	Total loans in 2020 (EGP) Mn	clients in 2021	# client's growth rate Y-o-Y (%)	Total loans in 2021 (EGP) mn	Total loans growth rate Y-o-Y (%)
Micro Enterprises:											
Less than or equal to 30	55,905	9%	1,028.8	27%	38,161	-32%	702.3	32,330	-15.28%	806.1	14.78%
Greater than 30 to 40	80,319	14%	1,614.8	34%	62,141	-23%	1,250.6	54,401	-12.46%	1,685.1	34.74%
Above 40	91,088	10%	1,824.1	24%	73,686	-19%	1,491.1	66,989	-9.09%	2,083	39.70%

Non-Performing Loans

Banque du Caire supports customers if they default to pay installments by implementing the scheduling Policy. This policy is applied when the customer faces uncontrollable and unfavorable conditions and requests the scheduling policy. Applicable conditions are circumstances that the customer has no control over or prevailing market circumstances that affect the customer's payment ability.

The percentage of non-performing loans for Microfinance is as follows:

- 2019: 3.70% (+30)
- 2020: 9.66% (+30)

In 2021, we introduced new products, increased existing finance groups and categories, and transformed informal clients into formal clients. We look forward to elevating our progress with our extensive plans for the future.

04

FINANCIAL **INCLUSION**

Financial Inclusion is at the top of BdC's agenda. It aims to include the un-banked in the formal economy by providing them with solutions and services that cater to their needs and integrate them into the Banking system.

We have developed numerous services and initiatives to increase financial literacy and financial Inclusion in Egypt throughout the years. In 2021, our achievements included increasing awareness during our financial literacy sessions on using Electronic Channels such as ATMs, Internet banking, and mobile Wallet. We also increased our channels in rural areas to include QR-code for merchants and ATMs, especially in villages aligned with the Hayah Karima initiative. Moreover, we are aligning with CBE's newly released regulations to increase the percentage of financial Inclusion in Egypt. In addition, microloans are issued for the low-income segment to support them in obtaining higher income for their families and expanding their small projects.

We also launched a new savings account, "Waffar,'' enabling all segments to be included in banking with their national ID only. It also allowed the youth segment, ages 16 and up, to open an account without a guardian to facilitate their banking transactions and increase their awareness of financial services.

CBE Annual Events added two more events per year to reach a total of 6 events, in all of which BdC participates.

Event Name	Period
Int. Women world Day	8 to 31 Mar
Arab FI Day	1 to 30 Apr
Youth International Day	1 to 15 Aug
Farmer's National Day (New)	1 to 15 Sep
World Saving Day	15 to 31 Oct
Special Needs International day (New)	1 to 15 Dec

BdC participated in all events to perform below:

Offers included:

- Opening accounts without fees and minimum balance.
- Free issuance for Debit, Prepaid Cards, and Mobile wallets.
- Providing special offers for each event's potential segments.

Marketing:

- Marketing the event through social media such as Facebook and Instagram and press releases.
- E-channels (Website, ATMs, branch screens).
- SMS for customers and non-customers.
- Print and distribute FI CBE flyers and our products and services flyers.
- A press release with the event and the offer we provide.

Outdoor Activity:

- Outdoor existence at different locations all over Egypt to coincide with each event.
- Distributing giveaways to new customers.
- Coverage for the event (Photography & videography)
- Presenting financial awareness sessions organized by agencies for performing social activities.

We have developed numerous services and initiatives to increase financial literacy and financial Inclusion in Egypt throughout the years. In 2021

05

HUMAN **RESOURCES**

The Human Resources (HR) Group is responsible for hiring, recruiting, and training employees. Within its diverse functions, it ensures the fulfillment of the Bank's objectives in line with its strategy.

through enforcing appropriate policies concerning remuneration and benefits, diversity and inclusion, learning and skills development, channels of communication, and post-employment benefit plans.

2021 Highlights

- **32%** of the workforce was promoted
- **466** new hires were fresh graduates
- The budget for family medical services increased by **63%**
- The staff loan limit increased by **20%**
- Training hours increased by **52%**

Remuneration and Benefits

BdC's remuneration policy supports the achievement of its strategic objectives by aligning rewards with long-term sustainable performance. The Bank continues to increase annual salaries based on performance. In 2021, the budget for family medical services increased by 63%, and the Bank renewed its life insurance program for the fifth consecutive year, which covers all employees, with added new benefits, which is doubling the amount of compensation in the event of death by accident (God forbid) to 48 months instead of 24 months.

Additionally, the staff loan limit has increased by 20%, and for senior management positions monthly car allowance has been doubled. The Bank also takes into account many employee benefits and specific contribution plans on behalf of its employees. As of 2021 Banque du Caire implemented a new policy for the end-of-service remuneration system benefits 'End of Service Rewards Program' upon reaching retirement age.

A Comprehensive Total Reward Strategy is under design, and consequently, respective reward policies and practices will be reviewed and redesigned.

Diversity and Inclusion

BdC aims to attract, develop, and retain talented employees. The Bank builds inclusive teams with different skills to promote productivity and innovation. We endeavor to create a culture in which all individuals feel accepted, respected, and supported.
Throughout 2021, we continued our journey to embed diversity and inclusion in our culture and employee practices by supporting the advancement of women and members of other under-represented groups through targeted outreach to attract and hire, enhanced career planning, leadership development, exposure opportunities, and senior leader sponsorship.

Learning and Skills Development

We prioritize employee development and training for individual and organizational success. We enhance their skills and knowledge while equipping them with the needed information and instructions to perform their duties better. In 2021, we offered an extensive amount of training programs, including but not limited to Managerial and Supervisory Academy, Treasure Box (gamified eLearning platform), Fast Track, Credit Academy, Branches Academy, NAWAH - SME's Business School, Learning Bites, Book Fair, Setting a new model of certifying internal trainers, Specialized Certification Across different Functions, Enhancing the digital learning and encourage people through set certain KPI, Setting new model of Induction program, Booting e-learning with Franklin Covey, Emerging Leaders, Future Leaders.

Human Resources Management System

In 2021, the Bank continued to commit to digital transformation and took steps forward within the integration plan of the Human Resources Management System (HRMS). The plan consists of three phases with objectives ranging from goal management, payroll services, and career development to talent acquisition to improve the overall function and efficiency of the HR Department and produce better outcomes.

The HR Department works on improving skills, building knowledge, and setting behavioral requirements by embedding the Competency Model in the promotion and the Training Needs Analysis (TNA) cycles. In 2021, 2,749 employees were promoted, representing 32% of our workforce. Furthermore, the Bank hired 721 employees and 466 fresh graduates, which amounted to 65%.

Channels of Communication

To enhance communication between all organization members, BdC introduced a standardized and unified HR communication email to ensure healthy and effective communications, increase awareness, notify of events, and engage with employees. Our communication channels increase efficiency and aid in the achievement of strategic goals as they allow all members to align with organizational objectives.

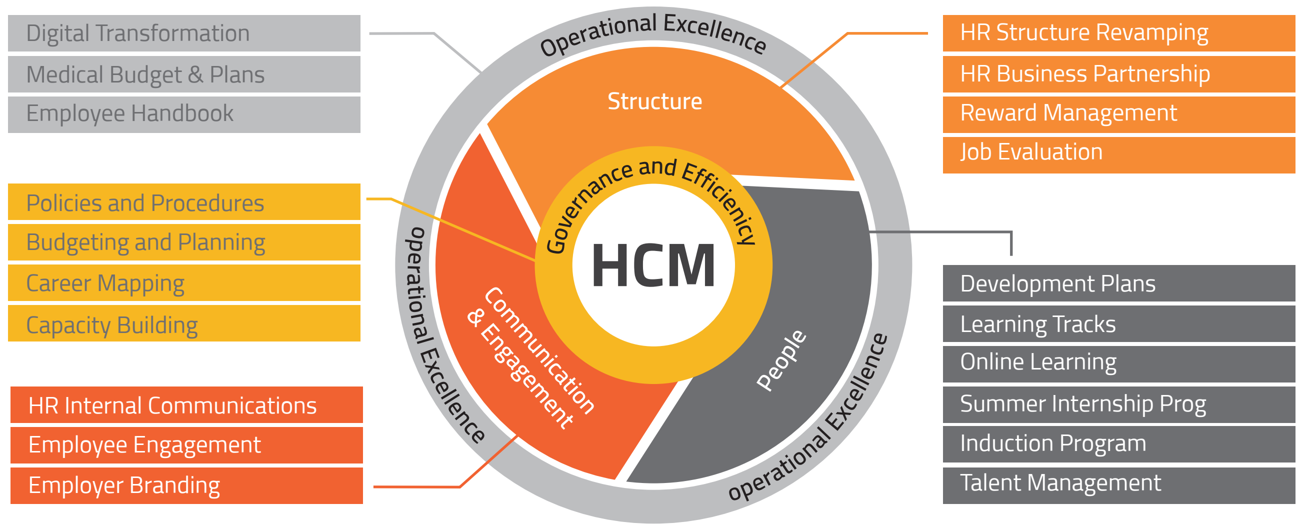
COVID-19 Resilience

In addition to preventive measures, we ensured the health of our staff by conducting PCR tests for suspected cases, hospitalizing critical cases, providing medication protocol, and vaccinating over 85% of employees. The Bank conducted a total of 1529 PCR tests for suspected cases among employees in 2021. Our preventative measures also instituted a reduction plan for the physical presence of staff on the Bank premises, reviewed every two weeks, with a standard capacity of 50-70% at every location.

Forward-looking Strategic Direction

Capitalizing on the main principle of BdC's Strategy 2022-2024, "Sustainable Growth, Efficiency, and Synergy," the HR strategy plays a vital enabling role. Human Capital Management is the core principle of HR's strategic pillars and work streams. The framework is built on governance and efficiency, people, communication and engagement, and structure in pursuance of operational excellence. The strategy has various and diverse layers, including BdC's move toward a digital transformation, updated budgeting and planning, employee engagement, reward management, development plans, induction programs, capacity building, and more.

HR Strategy Framework



06

CORPORATE **SHARED VALUE**

Banque du Caire (BdC) has always been a strong believer in the principle of collaboration, that the needs of many can only be solved by becoming change-makers. Our Corporate Social Responsibility (CSR) and SD strategy are a reflection of our dedication to becoming a beacon of positive change.

With our commitment to the United Nations SDGs, BdC's plethora of CSR projects encompass a variety of the 17 goals, focusing on **health, environmental, economic empowerment for youth and women, education, inclusion, and cultural preservation.**

	2021	
	Number of projects	Total Investments in EGP (mn)
Economic Empowerment	6	52,100,000
Health	12	+220,000,000
Sustainable Cities	4	8,000,000
Quality of Education	8	11,000,000
Community Development	4	+100,000,000
Environment	5	+2000,000
PWD	4	+1,200,000

Our Corporate Social Responsibility (CSR) and SD strategy are a reflection of our dedication to becoming a beacon of positive change

Health

More than 40% of BdC's CSV budget is spent on health to equip private and public hospitals with the needed equipment, raise their capacity, and aid them in providing quality treatment for patients. These hospitals include Al Qasr Al Einy, Banha, and Mansoura University Hospitals, and Ayady Al Mostaqbal Hospital for Cancer. The Bank also made donations to multiple large-scale entities, including Ahl Masr Hospital for burn victims and the Magdi Yacoub Heart Foundation. For the Foundation, BdC established a Cardiology extension with 31 patient rooms and a nursing area and provided specialized medical tools and devices, including follow-up monitors and cardiac care equipment.

At 57357 children's cancer treatment hospital, BdC enhanced the pathology unit and supported establishing the Art Medical Center. For Egypt Air Hospital, the Bank donated golf cars to transfer the patients internally. BdC also funded operations for 100 cases at Al Nas Hospital.

Women were provided with particular attention to ensure their well-being. Among the health initiatives dedicated to women is the financial support provided to Baheya for Breast Cancer Hospital and the EGP 100Mn donation to build the hospital that serves half a million women yearly. A donation was also made to the Red Crescent Foundation.
BdC supported other initiatives including organizing medical convoys to perform eye operations in cooperation with Rotary Egypt and the treatment of primary care cases in collaboration with the Orman Association.

Economic Empowerment

BdC strongly advocates for equity and inclusion, therefore, it participates in activities to support women's rights, poverty eradication, youth empowerment, and economic growth. Our initiatives include the completion of the second phase of the skills development project by collaborating with the Nidaa Foundation. In cooperation with the Orman Foundation, we established the microfinance loan project to finance 2000 small projects for youth and women. BdC also sponsors and supports traditional crafts in coordination with the Small and Medium Enterprises Development Authority through sponsoring the Bazaar Exhibition and Turathna Exhibition. In alignment with the Ministry of Youth and Sports, BdC created Daragtak Sehetak to help foster a healthier community. Also, the Bank sponsored the Orphan's Day ceremony and cooperated with Azza Fahmy Academy on a 5 years mega project to train people on heritage handcrafts.

Persons with Disability (PWD)

Building on the importance of inclusion, we continue to provide opportunities to the disabled. We pay great attention to people with special needs by providing them with a better life through cooperation with several charitable societies.

- El Hassan foundation to support people with disabilities (200 beneficiaries)
- The Village of Hope awareness event (1000 beneficiaries)
- SEED Project with Helm Foundation (500 beneficiaries)
- Braille Magazine

Community Development

Contribution to national development has never been more critical, and so Banque du Caire donated various funds to Tahya Masr and Osar el Shohadaa. The Bank also donated apartments to those in need.
On the cultural preservation front, we support the "I Speak Arabic" initiative to help introduce Egyptian values and culture to Egypt's diaspora in collaboration with the Ministry of Immigration. We also worked with the University of Fine Arts on the sustainable development awareness campaign.

Education

At BdC, we acknowledge that education is the main tool for success. We believe that if individuals are provided with quality education in their early years of life, they will acquire the needed skills and knowledge to lead a bright future. Our support to the educational sector has been imperative for its growth and development, and since education is essential for national development, we consistently contribute. We proudly sponsored outstanding students at Nile University, the Arab Academy for Science and Technology, King Salman International Universities, Zweil University, El Alamein International University, El Galala University and New Mansoura University; In collaboration with Misr El-kheir, a scholarship for an outstanding student was provided to encourage their continuous success.

Sustainable Cities

To produce resilient and sustainable cities while combating environmental burdens and social inequalities, we partake in initiatives to promote the prosperity of local villages. Our momentous project with Sonaa El Kheir included rehabilitating four ultra-poor villages with over 2,000 beneficiaries.

Protecting the Environment

To positively shape our environment and safeguard it from the threat of climate change and water scarcity while preserving its natural resources, we take action by implementing various initiatives as follows,

- Paper Saving: We continue the digital transition of our processes and products while adhering to environmentally sustainable practices as part of our ongoing digitization initiative, preserving paper consumption. All departments are asked to use double-sided printing for our paper-saving goal.
- Energy Saving: In terms of energy consumption, we use LED lighting in our premises and have used a VRV system as deemed fit.
- Water Waste Management: We install sensors on water taps and employ double flushing tanks to save water.
- Material Selection: We make an effort to reduce the use of non-environmentally friendly materials in new branch fit-out works.

Environmental Projects

bGreen initiative is an environmental project we created to help raise awareness regarding eco-friendliness to Egyptians. Through initiatives such as the below to help raise environmental awareness through workshops and summer camps, we have been building up a more prepared ecosystem for the environmental challenges we face on a global scale.

Banlastic:
- Beach Cleanups in the North Coast and Alexandria.

Greenish:
- Greenish Club at the Greek Campus (over 1500 Beneficiaries).

Go Clean:
- Recycling bins in more than 150 schools in Alexandria, Cairo, and Giza.

Eco-Fiesta:
- In partnership with Camps Les Eleves we raised awareness for children aged 7 to 15 in Almaza Bay to support the environment.

05

CORPORATE GOVERNANCE

5.1. Board of Directors
5.2. Executive Management
5.3. Internal Audit, Compliance and Legal

01

BOARD OF DIRECTORS

In pursuit of professional integrity with the purpose of adding value to its stakeholders, Banque du Caire makes use of a robust corporate governance framework, aligned with international best practices. The Bank ensures compliance with all Egyptian laws and regulatory requirements and holds its employees to the highest ethical standards.

The Bank safeguards the interests of all stakeholders including customers, shareholders, employees, and the communities in which it operates. Its commitment to integrity across all its operations is reflected in the Bank's institutional culture, spurring all employees to perform their duties with diligence. Additionally, by adhering to the highest ethical standards, Banque du Caire promotes a transparent, ethical, and corruption-free environment within Egypt's banking industry.

At Banque du Caire, the Board of Directors is the highest governance body. It is mainly responsible for defining the Bank's strategic goals, setting the ways to work to achieve them, supervising the performance of higher management's work, and ensuring the effectiveness of the control systems; the audit department, compliance department, and risk management team.

25%
of BoD are female

75%
are Non-executive directors

With reference to the Bank's Articles of Association and in accordance with the laws and regulations, as of 31 December 2021, the Board is composed of BdC's chairman and CEO, one executive director, and six non-executive directors, of which four are males and two are females. Non-executive Board members do not perform any executive duties or hold full-time or part-time positions within the Bank, in accordance with our corporate governance instructions. All members of our Board hold reputable banking and financial experience, yet their specializations vary, creating a well-rounded and diverse governing team. On 26th September 2021, the General Assembly of the Bank agreed that the Board members will serve for a period of three years.

Board of Directors

Name	Title	Director Since
Mr. Tarek Fayed	Chairman and CEO	1/1/2018
Mr. Bahaa El Shafei	Executive Vice Chairman	13/10/2021
Mr. Wael Ziada	Non-executive board member	26/9/2017
Mr. Ashraf Bakry	Non-executive board member	26/9/2017
Mrs. Amal Esmat	Non-executive board member	26/9/2017
Mr. Hisham Sanad	Non-executive board member	28/2/2018
Ms. Leila Mokaddem	Non-executive board member	31/3/2021
Mr. Hisham Hendi	Non-executive board member	31/3/2021

Board of Directors

Mr. Tarek Fayed

Holding the position of Chairman and CEO at Banque du Caire, with over 32 years of banking experience in a variety of fields, including but not limited to banking supervision, risk management, and corporate and investment banking.
Mr. Fayed is currently a board member of; the Egyptian Banking Institute, Social Fund for Mortgage Finance, Egyptian Stock Market, Union of Arab Banks, Credit Guarantee Company (CGC), Cairo Leasing Company (CLC) General Assembly Egyptian Holding Company for Aviation, and Federation of Egyptian Chambers of Commerce.
Prior to his tenure with Banque du Caire, Mr. Fayed spent 10 years working for the CBE, he has overseen several departments, including but not limited to off-site supervision, licensing, and macroprudential supervision. He shifted the supervisory framework from a compliance to a risk-based approach and introduced new supervisory tools, such as early warning and stress testing. He also participated in the introduction of a large range of prudential regulations including Basel Standards.
Additionally, he established Egypt's 1st financial stability report in 2016 and was also a part of the CBE negotiation team with the IMF to facilitate Egypt's economic reform program in 2016.
He represented the CBE in regional and international organizations; The Arab Monetary Fund Financial Stability Working Group, The Islamic Financial Services Board, African Trade and Development Bank, General Assembly of the Egyptian Electricity Authority, and he was a member of the National Committee of Refund of Funds. He also represented the CBE as a non-executive director for a number of financial institutions as part of its transformation; the Agricultural Bank of Egypt, United Bank, and Arab International Bank.
Prior to his tenure with the CBE, Mr. Fayed was the General Manager and Chief Risk Officer at the Arab International Bank in Cairo. Mr. Fayed worked at Samba Financial Group in Riyadh, KSA as the Audit Director.
Mr. Fayed also held a post at Citibank Egypt in both Cairo and Alexandria as Corporate Bank Head, where he navigated the corporate banking strategy in line with the Bank's overall growth plan and developed marketing plans for the segment to grow its market share.
Mr. Fayed holds a BA in Commerce from Ain Shams University, in addition to various certifications in Credit and Risk Management. He also led and attended numerous study tours and seminars with supervisory bodies and international institutions, such as the Federal Reserve, European Central Bank, Bank of England, Deutsche Bundesbank, and Bank for International Settlements.

Board of Directors

Mr. Bahaa El Shafei

Mr. Bahaa El Shafie has 30 years of banking experience in Corporate and Investment Banking. Throughout the last 10 years, El Shafie headed the Corporate and Investment Banking Division at QNB Al-Ahli (previously National Société Générale Bank). Besides managing the bank's large corporate portfolio, he managed the bank's Private Equity Portfolio in addition to Custody services and Mutual Funds. He was a leading member of several committees at QNB Al Ahli, including Management Committee, Assets and Liability Committee, Risk Review Committee, Recovery Committee as well as the Investment Committee.

Mr. El Shafie multidisciplinary background resulted in becoming the representative for QNB Al Ahli in a number of companies in various sectors, including tourism, petroleum, and asset management, where he was assigned as a member of the Board of Directors representing QNB Al Ahli. El Shafie had spent several years working as the Head of Project Finance and Structured Finance at QNB Al Ahli, during which he arranged and managed several Syndicated loans for mega projects in different economic sectors, including Petroleum and Petrochemicals, telecommunica-tions, Construction, as well as large National Projects that required coordination amongst multiple Egyptian and foreign banks and Multilateral Institutions.

El Shafie led his team in assuming several leading Agency and Security agency roles as well as leading the arrange-ment of almost all Syndicated transactions in the local market. He Structured and Managed the execution of complex transactions including mergers, acquisitions and leveraged buy-outs.

As an Executive Director and a core member of the committees at QNB Al Ahli, El Shafie has actively partici-pated in multiple financial mergers throughout his career, including the initial merger between National Société Générale Bank and Misr International Bank which was then followed by Qatar National Bank's acquisition of National Société Générale Bank.

During El Shafie's career, he managed to consolidate a range of certifications. After receiving a post-graduate degree in Investment Appraisal and Risk Management from Harvard University in Massachusetts, USA, El Shafie continued advancing his knowledge by having training courses - internally and externally - in the fields of Advanced Capital Market and Portfolio Management and Advanced Credit Analysis at the American University in Cairo, Derivatives and Options at SOGEMARC – Paris.

As El Shafie continues to stay well versed in the industry's on-goings, he most recently took part in the Future Leaders Program at the Egyptian Banking Institute, the Leadership Program at London Business School as well as the Executive Leadership Program at Harvard University - Harvard Business School to be exact - in the USA.

Board of Directors

Mr. Wael Ziada

Mr. Wael Ziada was appointed as a Non-Executive Board Member on 1 January 2018. Mr. Ziada has over two decades of experience in money markets in the Middle East and is currently the Founder and Executive Chairman of Zilla Capital for Investments, a regional private investment company and a board member of various entities, both financial and non-financial.

Prior to that, Mr. Ziada was the Executive Chairman and CEO of EFG Hermes Finance and a member of the Executive Committee of EFG Hermes Holding. He was responsible for the vision and the executive plan for EFG Hermes to venture into the field of non-bank financing to diversify revenue streams and lower dependence on volatile money market sectors.

He was also head of EFG Hermes' award-winning and internationally recognized research Division from 2008 to 2014. Under his leadership, the department underwent a significant turnaround that saw its coverage expanding to more than 12 countries with output expanding threefold and its services offered over digital platforms. He succeeded in assessing and promoting several initial public offerings, the most important of which were Vodafone Egypt, Emaar Malls Group, Talaat Mostafa Group, Telecom Egypt, Palm Hills for Real Estate Market-ing, the Arabian Cement Company, and the promotion of the first real estate investment fund in the Arab world—the Emirates Real Investment Trust (REIT).

He holds a BA in Economics from the American University in Cairo.

Board of Directors

Mr. Ashraf Bakri

Mr. Ashraf Bakry was appointed as an Independent Non-Executive Board Member in Banque du Caire on 1 January 2018. Mr. Bakry is the Vice President of Future Fit Operations in North Africa and the Middle East and a member of the NAME (North Africa and Middle East) Leadership Team. He has over 29 years of experience in both Supply Chain and General Management in Multinational Organizations.

He started an academic career in 1992 as a demonstrator in the Faculty of Engineering then moved a year later to join Procter and Gamble in 1993. He spent six years in various manufacturing assignments in Saudi Arabia as well as regional category international assignments, which involved working in the UK and France looking after a consolidation project in the Middle East, Africa, and Pakistan. Mr. Bakry moved back to Egypt in 1999 and joined Unilever Egypt as a Plant Manager. He joined the Unilever board in 2001 as the Supply Chain Director, then moved to General Management in 2006 to manage Levant and Iraq.

In January 2009, he joined the NAME board as NAME Supply Chain Vice President looking after the operations in the 20 countries spanning from UAE to Morocco.
In 2014, he was assigned as the Managing Director leading the Unilever business in the Mashreq region then in July 2021 moved to become the regional Future Fit Operations Vice President for North Africa and Middle East.
Mr. Bakry co-chairs the Industrial and Trade Committee in the American Chamber in Egypt. He was part of the Internal Trade Development Committee and the head of the Egyptian Cosmetics Export Council (Part of the Medical/Cosmetics Export Council).

ANNUAL REPORT 2021

Board of Directors

Mrs. Amal Esmat

Mrs. Amal Esmat joined Banque du Caire as a Non-Executive Board Member on 1 January 2018. Mrs. Esmat has more than 26 years of banking experience, mostly with Citigroup in the Middle East. In her latest assignment with Citi, she was the Middle East Regional Risk Management Head for Citigroup Global Markets Limited - Dubai from 2006 to 2016.
Prior to that, she was the deputy Regional Risk Management Head for the Middle East based in Bahrain from 2005 to 2006. Mrs. Esmat joined Citibank in Cairo in 1997 as a Relationship Manager in the Corporate Banking Team. In 2003, she joined the Risk Management Group under the Credit Risk Analytics Department Head for Citibank Egypt.

Prior to Citi, Mrs. Esmat worked for three years as a Project Finance Officer with the Export Development Bank of Egypt. Aside from her banking career, which focused mostly on Corporate Banking and Credit Risk Management, she conducted audits on numerous bank branches in Africa, the Middle East, North Africa, and London. Mrs. Esmat holds an MBA in International Banking and Finance from the University of Birmingham, UK, and a BSc in Chemical Engineering from Cairo University.

Board of Directors
Mr. Hisham Sanad

Mr. Hisham Sanad joined Banque du Caire as a Non-Executive Board Member in March 2018. Mr. Sanad's experience extends to over 32 years in the IT services sector and is supported by vast business and organizational planning expertise punctuated by expert knowledge of regional markets, various economic sectors, and services provided by the ICT sector. Mr. Sanad is currently the Chairman and CEO of Egabi Solutions. In mid-2006, he co-founded Egabi Group, a leading IT Solutions and Services Company with regional coverage across a number of subsidiaries and branches in Egypt, Saudi Arabia, and the UAE as well as a technical training company and a specialized company focused on the delivery of dedicated technology solutions and services to the Banking and Financial Services sector.

He is a Board Member of the Technology Development Fund (TDF), a former Board Member and Chairman of the Chamber of Information Technology and Communication, and a former Board Member of the Information Technology Industry Development Agency (ITIDA), the executive IT arm of the Ministry of Communications and Information Technology. Mr. Sanad is a member of the American Chamber of Commerce and a member of the Information and Communications Systems Division in the Chamber. He was the Managing Director of Raya Software and Raya Regional Services, the General Manager of Raya Integration, and the General Manager of Solutions and Technology Services (STS)
Mr. Sanad holds a BSc in Electronics and Communication Engineering from Ain Shams University. He graduated from the Strategic Executive Leadership Program at Harvard Business School, the USA in 2004.

Board of Directors
Mrs. Leila Mokaddem

Mrs. Leila Farah Mokaddem was appointed in January 2021 as Director-General Southern Africa of the African Development Bank (AfDB), covering 13 countries in the region. Prior to that, Mrs. Mokaddem was the Country Manager and Resident Representative of the AfDB in Morocco and in Egypt from 2014 to 2020.

She occupied the position of Regional Resident Representative in Dakar, Senegal, from 2011 to 2013. She started at the AfDB in 2002 as head of financial institutions, where she supported financing and capaciting financial institutions across Africa, including regional commercial banks and capital market development. She designed innovative financial solutions for Africa, including the African SME Guarantee Fund, AfDB trade finance Initiative, and the women in the business initiative. Mrs. Mokaddem Led the origination of and managed multi-billions investment portfolios in 35 African countries, in particular in the infrastructure and financial services sectors. Prior to AfDB, she was the long-term fiscal advisor to the IMF. She started her career at the Ministry of Economy of Tunisia and has an MBA degree in Finance and International trade, respectively. She was a Board member of the West Africa Development Bank and Microfinance Advans Holding, and is sitting on the Board of Afreximbank.

Board of Directors

Mr. Hisham Hendi

Mr. Hisham Hendi joined Banque du Caire as a Non-Executive Board Member in June 2021. Mr. Hendi is a Chief Executive Level Telecoms Expert with 17+ years of experience transforming and building profitable businesses for an FTSE100 and NASDAQ listed global telecom giant in the EMEA region.

He is currently the CEO of Vodacom Tanzania plc, a multinational telecommunication company, and is responsible for running all facets of the business. He is passionate about new emerging technologies and the opportunities they offer to improve people's lives. He focuses on mobile financial services, digital transformation, customer value, innovative solutions, and new ways of working to help businesses gain a competitive edge, improve organizational capability, and maximize performance.

Before moving to Tanzania, Mr. Hendi worked as Chief Commercial Officer for Vodacom International Business based in South Africa, where he led the design and implementation process of commercial strategies across all Vodacom African markets and served as a board member in Vodacom Tanzania and Vodacom Mozambique. In addition, Mr. Hendi worked in Vodafone Egypt for over eight years across different areas within the commercial business. Prior to heading to South Africa, he was leading consumer marketing.
Previously, he was in Vodafone Group in London, where he focused on growing partner networks' consumer revenue across 13 different markets in Latin America, Europe, and the Middle East. He is dedicated to creating unique and successful customer value propositions and establishing sustainable and highly responsive 'fit-for-purpose' operations that enable businesses to provide 'best-in-class' services to customers at optimal costs and realize business goals. His portfolio of successes includes turning Vodacom in Tanzania into a market leader and placing it in the Top 100 most valuable businesses in Africa. He regularly speaks on various business forums on behalf of the industry and sits as the Tanzania Mobile Network Operations Associations chairman.

Mr. Hendi holds a BA in Business Management, faculty of commerce (English Section) - Cairo University in Egypt. He is a graduate of 2 executive programs from IMD Business School in Switzerland and London Business School in the UK.

Duties of Board Members

Each member of the Board of Directors of the Bank is bound by the duties of diligence, loyalty, and adherence to institutional authority as specified in the relevant laws and regulations, including the corporate governance guidelines issued by the Central Bank of Egypt and the Corporate Governance Guide of Banque du Caire. Board members always work on the basis of clear information, in good faith, with the necessary care and attention, and in the interest of the Bank and all shareholders and work effectively to abide by their responsibilities toward the Bank.

Chairman of the Board

The Chairman of the Board assumes the duties of the Chief Executive Officer of the Bank in accordance with what has been approved by the Board of Directors. The Chairman of the Board is responsible for ensuring the smooth running of work appropriately and effectively that its members obtain complete and correct information in a timely manner, besides approving the agenda for each meeting of the Board of Directors. It also includes the duties of the Chairman of the Board as well as those stipulated in the Corporate Governance Manual of the Bank, encouraging all members of the Board to participate fully and effectively in the conduct of the affairs of the Board to ensure that it works in the interest of the Bank. In this context, the Board of Directors used to conduct a self-assessment through a form to be completed by the members of the Board, to measure the performance of the Chairman and its members with the above.

Secretary of the Board of Directors

The Secretary of the Board of Directors records, coordinates and keeps all the minutes of the Board's meetings, its records, books and reports submitted to and from the Board. It also secured the right to communicate and distribute information and coordinate among the members of the Board and between the Board and other stakeholders of the Bank, including the shareholders, the executive management and all employees.

Board and Committee Meetings in 2021

The provisions of the corporate governance manual of the Bank have been adhered to, including the meeting of the Board of Directors on a regular basis, at least once every two months, or upon invitation by its Chairman to convene, where the Board of Directors met 12 times in 2021. Banque du Caire's standing Board Committees met as follows: the Audit Committee met 8 times, the Corporate Governance and Nomination Committee met 4 times, the Risk Management Committee met 6 times, the Remuneration Committee met 4 times, Investment Policy Committee met 2 times, the Banking Information Systems and Technology Committee met 7 times. The Executive Committee met 18 times in 2021. In 2021 all of the Board of Directors' overall attendance was greater than 60%.

Name	Board Meeting
Mr. Tarek Fayed	12
Mr. Bahaa El Shafei	3
Mr. Wael Ziada	8
Mr. Ashraf Bakry	12
Mrs. Amal Esmat	12
Mr. Hisham Sanad	12
Mrs. Leila Mokaddem	10
Mr. Hisham Hendi	10
Total number of meetings	12

Board and Committee Meetings in 2021

Name	Non executive	Board	AC	RMC	RC	CGandN	IPC	BISandT
Mr. Tarek Fayed		12/12						
Mr. Bahaa El Shafei		3/12						
Mr. Wael Ziada	•	8/12	C		•	•		
Mr. Ashraf Bakri	•	12/12			C		•	•
Mrs. Amal Esmat	•	12/12	•	C		•		
Mr. Hisham Sanad	•	12/12	•	•	•		C	C
Mrs. Leila Mokaddem	•	10/12		•		C	•	•
Mr. Hisham Hendi	•	10/12						
Total number of meetings		12	8	6	4	4	2	7

AC | Audit Committee
RMC | Risk Management Committee
RM | Remuneration Committee
CGandN | Corporate Governance and Nomination Committee
IPC | Investment Policy Committee
BISandT | Banking Information Systems and Technology Committee

ANNUAL REPORT 2021

Board Committees

Audit Committee

The Audit Committee assists the board in fulfilling its oversight duties regarding the Bank's financial reporting process and internal control systems. It supervises Banque du Caire's internal audit process, compliance function, and external audit process. The Audit Committee consists of three independent non-executive directors. This committee met eight times in 2021.

Committee Members	
Mr. Wael Ziada	Chairman of the Committee
Mrs. Amal Esmat	Member of the committee
Mr. Hisham Sanad	Member of the committee

Risk Management Committee

The Risk Management Committee oversees the Bank's risk assessment and management functions, ensuring compliance with board-approved risk strategies and policies. The committee met six times in 2021.

Committee Members	
Mrs. Amal Esmat	Chairman of the Committee
Mr. Hisham Sanad	Member of the committee
Mrs. Leila Mokaddem	Member of the committee

Remuneration Committee

The Remuneration Committee advises the board on appropriate compensation for board members and executive officers. This committee ensures that Banque du Caire's compensation schemes are consistent with the Bank's strategic goals and that they enable the institution to recruit and retain top talent. The committee met four times in 2021.

Committee Members	
Mr. Ashraf Bakri	Chairman of the Committee
Mr. Hisham Hindi	Member of the committee
Mr. Wael Ziada	Member of the committee

Corporate Governance and Nomination Committee

This committee assists the board in its general governance oversight responsibilities and its effort to promote a culture of integrity and rigorous corporate governance within the Bank. Additionally, the committee assists in identifying and nominating candidates for director positions. The committee met four in 2021.

Committee Members	
Mrs. Leila Mokaddem	Chairman of the Committee
Mrs. Amal Esmat	Member of the committee
Mr. Wael Ziada	Member of the committee

Investment Policy Committee

The committee is responsible for following up on the implementation of the Bank's investment policy to achieve high returns by creating an investment portfolio with diversified asset classes. The committee met twice in 2021.

Committee Members	
Mr. Hisham Hindi	Chairman of the Committee
Mr. Ashraf Bakri	Member of the committee
Mrs. Leila Mokaddem	Member of the committee

Banking Information Systems and Technology Committee

The committee oversees the development of digital banking services, monitoring their operational efficiency and accuracy. Additionally, the committee seeks to avoid risks and ensure uninterrupted availability of the services as well as data protection. The committee met seven times in 2021.

Committee Members	
Mr. Hisham Hindi	Chairman of the Committee
Mr. Ashraf Bakri	Member of the committee
Mr. Hisham Sanad	Member of the committee

02

EXECUTIVE **MANAGEMENT**

The executive management of Banque du Caire is fully aware of its role related to governance through its absolute compliance with implementing the legislative requirements and the instructions of the Board of Directors in a way that contributes to strengthening the presence of supervisory activities in various banking operations and activities. In addition, the Bank's CEO is the head of the crisis management team, and the team also includes members from the various departments of the Bank.

According to the Governance Instruction Manual, executive management's role is to:

- Responsible for the day-to-day supervision of the Bank's business, for example, but not limited to, the head of the financial department, the head of the compliance department, the head of the Risk Department and the official of the internal audit department, the head of operations of the Bank and other heads of sectors and general managers of the bank .

- Executive management personnel must have the experience, knowledge and capabilities necessary to exercise good management and leadership for employees, as the executive management is primarily responsible for the Bank's performance before the Board.

- The executive management, each within the limits of his competence, must follow up the performance of the directors of the Bank's departments and divisions in relation to the Bank's activities and operations and follow up their consistency with the work procedures and policies set by the board. Also, the executive management is responsible – under the supervision of the board – for setting up a control system Effective internal affairs at the Bank level, taking into account the need for more than one individual to participate in making important decisions to ensure the objectivity of the decision and to avoid conflict of interests.

- Management must ensure that employees at the Bank level understand and adhere to strategies, objectives and policies

The Board of Directors supervises the work of the executive management and the extent of its consistency with the policies of the Board, as this is an important part of the system of checks and balances that must be available in an effective governance system.

Executive Committee

The Executive Committee oversees Banque du Caire's corporate and investment portfolio with the aim of ensuring quality and the effective allocation of funds in line with overarching strategic goals. The committee met eighteen times in 2021.

Name	Title
Mr. Tarek Fayed	Chairman and Chief Executive Officer
Mr. Bahaa El Shafei	Executive Vice Chairman
Ms. Hala El Kasar	Chief Risk Officer
Mr. Mohamed Aly	Treasurer
Mr. Mohamed Ibrahim	Chief Financial Officer

ANNUAL REPORT 2021

Executive Management

Mr. Tarek Fayed

Mr. Tarek Fayed holds the position of Chairman and CEO at Banque du Caire, with more than 32 years of banking experience in a variety of fields, including but not limited to banking supervision, risk management, corporate and investment banking.

Mr. Fayed is currently a board member of the Egyptian Banking Institute, Social Fund for Mortgage Finance, Egyptian Stock Market, Union of Arab Banks, Credit Guarantee Company (CGC), Cairo Leasing Company (CLC) General Assembly Egyptian Holding Company for Aviation and Federation of Egyptian Chambers of Commerce.

Prior to his tenure with Banque du Caire, Mr. Fayed spent 10 years working for the CBE, he has overseen several departments, including but not limited to off-site supervision, licensing and, macroprudential supervision. He managed to shift the supervisory framework from a compliance to a risk-based approach and introduced new supervisory tools, such as early warning and stress testing. He also participated in the introduction of a large range of prudential regulations including Basel Standards. Additionally, he established Egypt's 1st financial stability report in 2016 and was also a part of the CBE negotiation team with the IMF to facilitate Egypt's economic reform program in 2016.

He represented the CBE in regional and international organizations; The Arab Monetary Fund Financial Stability Working Group, The Islamic Financial Services Board, African Trade and Development Bank, General Assembly of the Egyptian Electricity Authority, and he was a member of the National Committee of Refund of Funds. He also represented the CBE as a non-executive director for a number of financial institutions as part of their transformation; the Agricultural Bank of Egypt, United Bank, and Arab International Bank.

Prior to his tenure with the CBE, Mr. Fayed was the General Manager and Chief Risk Officer at the Arab International Bank in Cairo. Mr. Fayed worked at Samba Financial Group in Riyadh, KSA as the Audit Director

Mr. Fayed also held a post at Citibank Egypt in both Cairo and Alexandria as Corporate Bank Head where he navigated the corporate banking strategy in line with the Bank's overall growth plan and developed marketing plans for the segment to grow its market share.

Mr. Fayed holds a BA in Commerce from Ain Shams University, in addition to various certifications in Credit and Risk Management. He also led and attended numerous study tours and seminars with supervisory bodies and international institutions, such as the Federal Reserve, European Central Bank, Bank of England, Deutsche Bundesbank, and Bank for International Settlements.

Executive Management
Mr. Bahaa El Shafei

Mr. Bahaa El Shafie enjoys ample banking experience, extending over more than thirty years in the field of large companies credit and investment.
Throughout the last ten years, Mr. Bahaa El Shafie has filled the post of President of the Credit and Investment Sector at (Qatar National Bank – QNB) (Ex-National Societe Generale Bank), further assuming Presidency and Management of Large Companies Credit Portfolio at the Bank.

Mr. El Shafei has also assumed management of the Bank Investment Portfolio, the Investment Funds, and the Custodian Department. He has also filled the membership of several committees at (Qatar National Bank). He acted as a member at the (Credit Committee), the (Assets and Liabilities Management Committee), the (Credit Risks Committee), and the (Investment Committee).
Mr. El Shafei has represented (Qatar National Bank) as a member of the Board of Directors of several tourism, hotel, petroleum, and asset management companies.
Mr. El Shafei has worked for several years as President of (Project Financing and Structural Funding) at (Qatar National Bank), during which he arranged and managed several large joint loans for greater projects in the various Sectors of the Economy in Egypt, including the Petroleum, Petrochemicals, Communications, Building Materials Sectors, and such other huge national projects, which necessitated coordination among several Egyptian and Foreign Banks.

Mr. El Shafei has assumed leadership of the teamwork of several agencies, including the Principal Coordinator, the Financing Agent, the Security Agent, the Local Agent of Foreign Banks, and others for several huge joint loans.
He participated as a Member of the Executive Management having assumed the acquisition and merger of (Misr International Bank) with the (National Societe Generale Bank) and the acquisition of the (National Societe Generale Bank) by (Qatar National Bank).

During his career, he passed several specialized training courses in the fields of credit, investment, risks, and leaders qualification, the most important of which was the (Credit Course) and the (Investment Portfolio Management Course) at the American University in Cairo and a specialized course in the (Investment Risks Assessment) at Harvard University in the United States of America.
These courses comprised the Future Leaders Program at the Egyptian Banking Institute, the Leaders Qualification Program at London Business School, the Executive Leaders Qualification Program at Harvard University in the United States of America, and other several courses at the (Societe Generale Bank) in France.

Executive Management
Mrs. Hala El Kasar

Ms. Hala El-Kasar joined Banque du Caire as Head of Credit Risk in 2010, subsequently assuming the position of Chief Risk Officer in 2012. She is a member of various committees at the Bank, such as the Executive Committee, ALCO, and other credit/risk committees. Ms. El-Kasar has held non-executive board member positions at Nile Holding Company for Investment and Misr Insurance Holding as an independent non-executive board member. Currently, she is a non-executive board member at The Egyptian Credit Bureau "I-Score".

Ms. El-Kasar has over 27 years of banking experience, spanning corporate banking, credit risk management, enterprise risk management, and most recently InfoSec. Previously, she spent two years at Abu Dhabi Islamic Bank in Egypt as the Head of Credit Risk and Portfolio Management and six years at the Arab Banking Corporation Egypt as the Credit and Risk Management Division Head. Prior to that, she spent eight years at Mashreq Bank Egypt, mostly as a Corporate Relationship Manager.

Ms. El-Kasar holds a BA in Economics with a minor in Business Administration from the American University in Cairo and is a holder of Harvard Business School Executive Leadership Certification from Harvard University.

Executive Management

Mr. Mohamed Aly

Mr. Mohamed Aly joined Banque du Caire in September 2018 as the Head of Treasury and Capital Markets Group capitalizing on his 27 years of experience in covering international markets as well as the Egyptian market. He is also a member of the Executive, ALCO, and Investment Committees at Banque du Caire. He is currently a member of the American Chamber of Commerce in Egypt and the Interarab Cambist Association (ICA).

Additionally, he is the Vice Chairman and Board member of ACI Egypt. Moreover, he is an instructor in the Egyptian Banking Institute (EBI)

Prior to joining the Bank, Mr. Aly was the Head of Capital Markets at QNB Alahli.

Prior to QNB Alahli, he was the Head of Capital Markets at National Société Générale Bank in Cairo and held a position in the dealing room at the Bank of Commerce and Development in Cairo. During his professional experience, Mr. Aly attended numerous seminars and workshops at leading international investment houses in Europe and the Gulf covering various banking and finance topics. Moreover, he is certified from Harvard Business School – Boston USA For the Executive Leadership Program in fall 2019. Mr. Aly holds a BA in Business Administration from Ain Shams University.

Executive Management

Mr Mohamed Ibrahim

Mr. Mohamed Ibrahim is currently Chief Financial Officer at Banque du Caire, where he leads on finance. His previous roles with the Bank include Financial Controller and Deputy CFO.

Ibrahim brings a diversified skill set to his position, with over 21 years of experience across financial control, financial planning and analysis, and bank operations at multiple international and local banks and a solid record of improving business performance. Prior to joining Banque du Caire, he served as Financial Controller and Vice President at Attijariwafa Bank, from 2017 to 2018.

Prior to this, Ibrahim held an array of roles at Barclays Bank Egypt spanning ten years. He joined Barclays in 2008 as Assistant Vice President and Retail Business Planning and Analysis Manager, leading a team of financial analysts and developing financial strategies. His later roles include Vice President, Head of Accounting and Financial Regulatory Reporting, and Head of Business Planning.
Prior to that, Ibrahim spent seven years with Citibank Egypt, where he last served as Business Planning Assistant Manager under the Global Consumer Group. Mr. Ibrahim is a Certified Management Accountant and holds a Bachelor of Commerce in Accounting from Ain Shams University.

Remunerations of Board Members and Executive Management

Based on Company Law No. 159/1981 and its amendments, the Bank has set a special policy for determining the remunerations of Board members in accordance with the provisions of the aforementioned law. A mechanism has been established to determine the remunerations of the Board members, which are presented annually to the general assembly for approval, with reference to the non-executive members of the Board not receiving any remuneration.

03

INTERNAL AUDIT, **COMPLIANCE AND LEGAL**

1- Internal Audit Group

BdC's Internal Audit Group (IAG) provides independent and objective assurance and consulting services designed to add value and improve BdC's operations.
The Internal Audit Group helps BdC accomplish its strategic objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes.

The IAG ensures that all of the Bank's operations are conducted in line with the highest ethical and legal standards, as it continues to be an integral part of the Bank's control structure. While achieving its objectives, IAG ensures BdC is adhering to and complying with national and international laws, regulations, international standards, and best industry practices. Under the direct supervision of the Audit Committee and the Chairman. The Group's responsibilities include ensuring operations are conducted transparently and sustainability in implementing the Bank's strategy.

By providing risk-based assurance, advice, and insight to all departments across the Bank, the Group develops, updates, and reports on internal policies and procedures in accordance with global best practices. Providing key information and recommendations aims to improve the adequacy and effectiveness of the Bank's internal control systems, operational framework, risk, and governance. With reliable and valuable input from IAG, this system enables management to respond to emerging threats, make strategic decisions, and efficiently formulate the Bank's long-term strategy. Furthermore, the Group follows up on the raised gaps and recommendations to ensure proper actions are taken by management to mitigate the risks encountered while taking up daily operations.

Due to the Group's efforts, management can make key decisions regarding the Bank's strategy, the risk control system, and any policies and regulations that directly affect the Bank or its stakeholders. Furthermore, IAG is in charge of conducting fraud investigations and providing guidance and recommendations on how to reduce fraud risk.

The Group strives to continuously improve the effectiveness of governance, risk management, and control processes while also ensuring that the Bank follows proper execution, documentation, and compliance. The Internal Audit Group is able to successfully carry out its responsibilities because of its team of highly qualified professionals with diverse skill sets

Banque du Caire intends to take active steps to improve its internal audit functions over the next three years as it works to modernize the Bank ranging from generalist auditors to financial sector specializations. These skills provide them with the tools they need to conduct analytical reviews and assessments across all operations and ensure that the Bank meets its strategic objectives.

Internal Audit Group maintains a Quality Assurance and Improvement Program that covers all aspects of its activities to ensure conformance with the Group's manual, standards, and Code of Ethics. The program also aims to foster best practices and enhance the Group's staff awareness of the latest trends and developments in the audit industry.

2021 Highlights

In 2021, the Group continued to strengthen its audit and inspection competencies while also pursuing the Bank's objective of aligning its internal structures with international governance and compliance requirements. Following the newly adapted Internal Audit Risk-Based approach, the Group developed and accepted an updated version of Internal Audit Manuals.

The IAG also implemented an effective and dynamic annual plan in keeping with the Bank's internal transformation objective. The plan was reviewed regularly throughout the year to respond to changing benchmarks and developing risks, both within the Bank and in the outside world. The IAG employed qualified people throughout the year to help with the implementation of the new audit approach, and many of them have completed or are enrolled in professional certificates such as CIA, CISA, and CFE.

The Bank also successfully monitored its risk management system over the year, assuring the effectiveness of the Bank's risk assessment objectives as well as recognizing and assessing risks that developed throughout the year. The Group was also entrusted with reviewing a number of key functions within the Bank, including monitoring the efficiency of control systems, compliance with relevant rules, resource use, computer system utilization, and credit portfolio quality.

To promote an influential control culture throughout the Bank, the team conducted regular field inspections, investigations, and other audit responsibilities as required by the Board of Directors, Audit Committee, and Executive Management. The Group also worked to keep all employees informed and trained on global best governance practices and how to follow the Bank's integrity principles and government regulations governing financial institutions.

The IAG collaborated with oversight bodies, such as external auditors, to determine the most efficient and effective frameworks to help the Bank meet its internal restructuring agenda.

COVID-19 Resilience

As a result of the pandemic, we have learned the extent of our ability to effectively perform most audit duties remotely along with the technology enhancements to accommodate the entire workforce working remotely by digitization of processes.

Moreover, it reaffirmed the importance of being adaptable in responding to new risks, the importance of business continuity and disaster recovery planning, as well as the gravity of strong communication from leadership and between employees.

Forward-looking Strategic Direction

Banque du Caire intends to take active steps to improve its internal audit functions over the next three years as it works to modernize the Bank. Along with the Bank's digitalization strategy, this will include the development of a risk-based methodology framework to govern the entire function, as well as a support IT-Audit Division. The IAG is always on the lookout for young and talented individuals, who can help with the implementation of the new audit approach and ensure proper succession planning. As part of its efforts to build capacity across various fraud detection techniques and improve the Bank's overall control and risk culture, the Bank will encourage its audit staff to pursue additional qualifications, including CIA, CISA, CFE, CQA, and credit course training programs. In addition, the Group will implement the integrated assurance program by strengthening relationships and coordination among various control departments, improving its internal administrative function, and building on its track record of industry success. as well as risk culture. In addition, the Group will implement the integrated assurance program by strengthening relationships and coordination among various control departments, improving its internal administrative function, and building on its track record of industry success.

As the Bank adapts to ongoing conditions, the Internal Audit function will have an essential role in supporting the Crisis Management Team, reassessing risk categories, measuring the efficiency and effectiveness of productivity, and prioritizing audit plans even through periods of remote work to ensure business continuity.

INTERNAL AUDIT, **COMPLIANCE AND LEGAL**

2- Compliance

The Compliance Group at Banque du Caire is guided by a structured and comprehensive set of frameworks that support the Bank's overall strategy of streamlining functions and effectively managing risk. The Group's framework, policies, and procedures determine the Bank's ability to identify, evaluate, recommend, and report a spectrum of compliance-related risks, which could include operational and financial losses, internal system failures, or reputational damage as a result of failing to comply with applicable laws and regulations. Banque du Caire constantly updates and adds new policies to the Group's framework to ensure alignment with international best practices.

The Compliance Group is an independent function that is primarily responsible for reporting disciplinary issues across the Bank's diverse scope of activities regularly to the Audit Committee and directly to the CEO and Chairman. The Compliance Group collaborates with the Internal Audit and Risk Departments to ensure that all business lines are operating following CBE regulations and the Banque du Caire's Compliance Charter. By preparing periodic quarterly reports to ensure that the organization is operating within the appropriate compliance space and is aware of any changes that arise, the Group allows the Bank to protect itself against a wide range of risks.

Banque du Caire's Compliance Charter, which outlines the Bank's compliance framework and policies, is a critical tool in the Bank's compliance arsenal. The charter establishes the structure of Banque du Caire's compliance space, ensuring that the Bank's policies and frameworks are consistently implemented and monitored across all functions. Anti-Money Laundering and Terrorism Financing (AML) is one of the Compliance Group's key mandates, given the sheer size of the Bank's transactions across regional and international markets. The Compliance Group has established a rigorous monitoring process that pays close attention to relevant watchlists and sanctioned countries lists for all cross-border transactions. The Compliance Group also ensures that the Bank complies with the Foreign Account Tax and Compliance Act (FATCA), ensuring that all accounts comply with US Internal Revenue Service regulations (IRS).

Banque du Caire constantly updates and adds new policies to the Group's framework to ensure alignment with international best practices

2021 Highlights

Referring to the increasing importance of the control role inside banks, the Compliance function of Banque du Caire remained complementary in its role in supporting the Bank's different lines of business to achieve the Banks' strategy and goals.

In this regard, the Compliance Department takes the necessary measures to ensure that adequate internal guidelines are developed and implemented. As a result, no significant incidents occurred during the year. Moreover, strategy, policies, and processes for Risk Management are reviewed and adjusted annually regarding the external environment. The Compliance Department and HR Department are collectively responsible for ensuring that employees have attended and completed compliance training programs, compliant with regulations.

COVID-19 Resilience

As a result of COVID-19 we learned the importance of considering the long-term absence of half of our staff to minimize and control business disruptions. Additionally, we ensure backup with proper delegation, if needed, for key staff members. Alongside that, we became proficient in effective communication across all key persons to ensure business continuity.

Forward-looking Strategic Direction

The Compliance Group will continue to work with the Risk Management Group on policy development, BdC's compliance business plan, and investing in the Bank's staff's education regarding adhering to compliance and regulatory frameworks and policies to the highest standards. The Compliance Group will work to create an environment with a robust corporate governance and compliance framework that protects the Bank from potential risks and liabilities. Simultaneously, it will work to keep the frameworks that guide the Bank consistently up to date to accommodate regulatory requirements, particularly those resulting from the national drive towards digitalization and financial intermediation. We will continue to assess the Group's internal structures to ensure we align with the Bank's overarching strategy and risk appetite

We have developed numerous services and initiatives to increase financial literacy and financial Inclusion in Egypt throughout the years. In 2021

INTERNAL AUDIT, COMPLIANCE AND LEGAL

3- Legal

Banque du Caire maintains a well-developed and business-oriented legal team that serves the Bank's business needs and expansion plans while navigating the legal and regulatory environment to protect the Bank's rights.

The Division assists the departments and employees in legal and regulatory matters in accordance with local laws, legislations, and directives. It remains a core pillar of the Bank's ongoing transformation strategy. The Division provides quick and precise legal counsel to executive management, other divisions, and branches. This is through its 12 distinct departments, which include litigation, execution, attachments, investigation, advisory, contracts, estates and taxes, asset registration, legal support for real estate financing, small and medium loans, and international legal affairs, as well as the technical office and administrative secretariat. The Division's team of 110 attorneys and 69 administrative personnel, all of whom are highly qualified and have extensive knowledge of the Egyptian banking sector, enable the Bank to meet its legal obligations, resulting in successful operations and a smooth transition into digitized operations, as part of the Bank's ongoing digital expansion plan.

Furthermore, the Division is responsible for representing BdC before any legal, judicial, governmental, and non-governmental bodies. In addition to preparing mechanism responses for all inquiries made by any division or individual.

For the Bank's employees to have adequate legal and regulatory knowledge relevant to their work, the Division provides training to all BdCs' employees. Additionally, the Legal Division drafts and executes legal contracts and reviews and updates the Bank's regulatory paperwork in line with the latest developments in the Egyptian banking sector.

2021 Highlights

The Division completed all tasks successfully during the year, including resolving bank-related disputes and ensuring that all bank divisions adhere to internal and external regulatory policies. Furthermore, it settled old debts which had been a part of the Bank's portfolio for several years. Also, the Division was critical in the implementation of the Bank's transformation strategy while navigating the COVID-19 pandemic by providing legal support to enhance the implementation and performance of the digital signature process and all products related to it.

In 2021, the Division dedicated a team to adopt and review CBE regulations, focusing on mortgage finance. Moreover, periodic additions and amendments to the internal policies of the Bank were modified to ensure compliance with all laws and directives applicable to Banque du Caire.

Forward-looking Strategic Direction

The Division played a crucial role in initiating an 'online litigation process,' facilitating all legal and regulatory requirements per the Egyptian Ministry of Justice to aid the Bank's transformation strategy. Furthermore, the team applies different scenarios concerning short-term and long-term objectives to provide innovative legal solutions.
Furthermore, in 2022 the Division is looking to improve the effectiveness of the process procedures based on local and international best practices as well as ensure that all of the Bank's branches and departments are aligned and prepared to execute the new strategy. This will improve our legal Group relationships with our Bank's clients and align the Group's objectives.

06

RISK **MANAGEMENT**

6.1. Risk Management

A LEAP FORWARD

01

RISK **MANAGEMENT**

The Bank's risk management framework and governance structure are intended to provide comprehensive controls and uninterrupted management of the major risks undertaken or faced through the Bank's business activities; and thus, ensuring compliance to legal and regulatory requirements and safe-guarding the integrity of financial reporting.

The Bank's risk management framework is based on a risk strategy and its risk appetite and supported by a set of policies and methods. The framework aims to safeguard the Bank's desired risk profile and steer risk management processes in line with the Bank's risk appetite.

Set and monitored by the tone at the top, Risk Governance is well established in BdC to ensure adequate oversight and execution of controls, monitoring and reporting as featured hereafter in this chapter.

Risk Governance

Risk Management oversight at Banque du Caire is established through two major levels:

- Risk Committee composed of independent non-executive board members in charge of overseeing risk activities.
- Risk Management Group composed of dedicated officers, each in charge of specific risk(s).

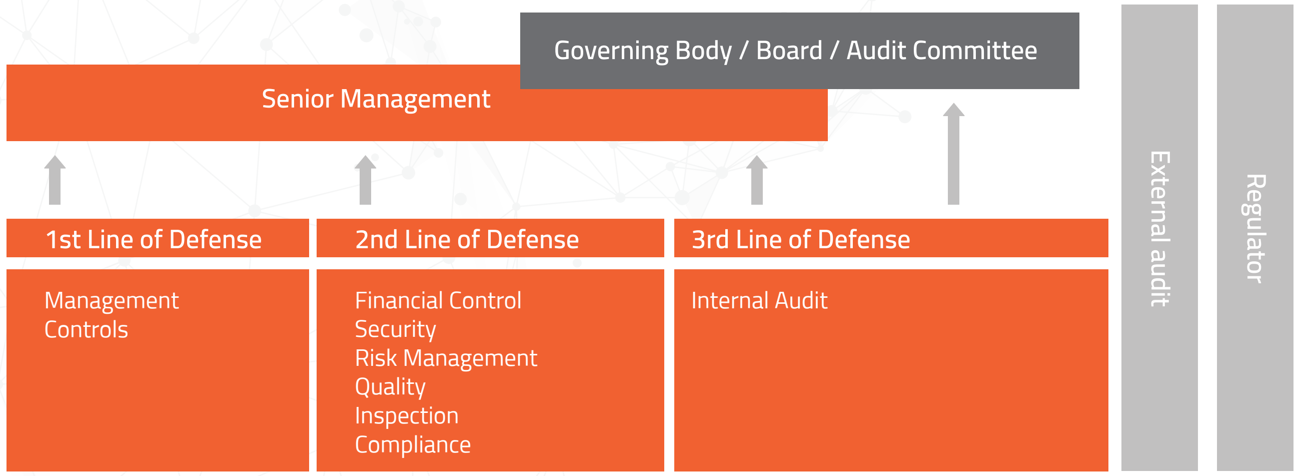
The Risk Management Group is composed of Credit Risk, Market Risk and Treasury Middle Office, Operational Risk, Information Security, Retail Risk, Enterprise Risk Management, Credit Administration and Investigation; all of which are a highly skilled team of risk officers that perform a broad spectrum of risk analysis.
The Group is collectively responsible for implementing the outlined Risk Management Strategy and the abiding frameworks and policies, as set by the board and executive management. The Group reports key risk indicators (KRIs) to the Risk Committee. These include the overall risk profile, limits, concentrations, and thresholds. The Group is responsible for promoting the overarching risk culture across all banking functions.

ANNUAL REPORT 2021

The Bank aims to maintain an optimal balance and steadiness between growth and developmental objectives with respect to risk targets, to efficiently allocate resources, and to maintain continuous improvements

Three Lines of Defense Model

To create a robust control environment to manage risks, the Bank uses the activity-based three lines of defense model. The model delineates management accountabilities and responsibilities for risk management and the control environment. The model underpins our approach to risk management by clarifying responsibility and encouraging collaboration, as well as enabling efficient coordination of risk and control activities. The three lines of defense are summarized below:



1st line of defense functions	Functions in charge include all business lines, and the Bank's supporting functions such as legal, operations, and HR	They own and manage risks and are responsible for implementing and monitoring controls, as well as to identify, record, report, and manage risks while ensuring that these risks are in line with the Bank's risk appetite.
2nd line of defense functions	This line of defense namely includes Risk Management, Finance, and Compliance	They support the risk management framework and its implementation, including challenging and reviewing first line management of risks and controls, oversight of the risk profile, and independent escalation of issues.
3rd line of defense functions	This line of defense namely includes Risk Management, Finance, and Compliance	The audit function undertakes a risk-based audit program to provide assurance that risks are identified and key controls to mitigate these risks are well-designed and working effectively. The Audit Department reports independently to the Board's Audit Committee on the effectiveness of controls, along with recommendations for any improvements deemed necessary.

Risks Drivers

BdC's risk drivers are identified as external and internal. They include, but are not limited to:

External Drivers:	Internal Drivers:
▪ Economic conditions	▪ Strategy execution challenges
▪ Regulatory and government policies	▪ Business decisions
▪ Competitor and market development	▪ Process or execution error
▪ Emerging Technology	▪ Internal and external fraud
▪ Natural disasters	▪ IT security breaches
	▪ Competency of personnel

Risk Appetite

Risk appetite is defined within the Bank as the level of risk that the Bank is prepared to accept or tolerate in pursuing its strategy. The Bank's Risk Appetite Framework (RAF) details the risk parameters within the Bank which are expressed on a ranging scale from High Appetite to No Appetite and designating the behaviors and outcomes that the Bank is seeking for each of BdC's risks. BdC is exposed to a broad spectrum of financial and non-financial risks, as indicated in this report.
The RAF approach includes policies, processes, controls, and systems through which risk appetite is established, communicated, and monitored. It equally outlines the roles, responsibilities and accountability of the officers and groups overseeing the implementation and monitoring of the RAF.

The risk appetite is articulated through a comprehensive set of metrics. Thresholds are established to measure the performance of the business against its risk appetite. The articulation of risk appetite is also linked to the results of a comprehensive risk assessment, which is periodically performed during ICAAP. The Bank also uses stress testing and scenario analysis to formulate risk appetite, especially in liquidity and capital adequacy management, as presented hereafter in this chapter.

Risk Identification, Evaluation and Mitigation

Banque du Caire believes that effective risk management requires:

- Accountability: including identification and escalation of risks by all individuals in the organization.
- Ownership: risk characterization, assessment, management, mitigation, and monitoring within each business line.

The Risk Management Group at Banque du Caire is primarily responsible for identifying, measuring, controlling, and reporting risk exposures that could negatively impact BdC. Aided by BdC's digital transformation, risk governance is amplified through data analytics and reporting, allowing the bank to assess and respond to risk by leveraging internal and external data. Preceding appropriate control measures, identifying risk types is the pivotal first step in the process.
Risk Group encourages a holistic approach to the management of risk. It sets the tone and fosters a sound risk culture by

embedding risk accountability across the various functions. Enterprise Risk Management is responsible for setting the foundations for establishing prudent risk management processes to identify, authorize, take, measure, monitor, control, and mitigate all material risks arising from business activities in a timely manner and to ensure that risks are within the risk appetite and limits.

Banque du Caire utilizes the ICAAP to inform the board of the Bank's risks annually, how the Bank is going to tackle and mitigate these risks, and the appropriate level of capital and liquidity levels required in line with the Bank's risk appetite. By employing ICAAP, the Bank ensures that it operates under a rigorous set of measures that align with its risk strategy. Additionally, the Risk Group manages emerging, specialized, and information technology risk stemming from the Bank's comprehensive regulatory policies and frameworks that are in line with international standards including ISO 31000 for Risk Management, ISO 27005 for Information Security Risk Assessment Management, and the COBIT framework.

Stress Testing

Risks are addressed through regular and rigorous stress testing scenarios to assess the Bank's ability to withstand losses. When assessing the Bank's capital needs, the Bank considers the impact of economic cycles and its sensitivity to other external risks and factors. Capital requirements are calculated in line with CBE and Basel Requirements. Results of stress testing are incorporated into capital adequacy planning, long term strategy and other business activities.

The Bank defines specific thresholds for the monitoring of stress scenarios and establishes limits to allow proper comparison of the risk measurement results and the Bank's tolerance level.

Stress Testing analysis is conducted under different reports and with variant frequency, mainly on an annual basis and/or based on emerging market changes.

Risks Categories and Mitigation Actions

Risk	Mitigation Action
Credit Risk Credit risk remains one of the most significant risk factors a financial institution can face. It is the risk of financial loss arising from the inability or unwillingness of a customer or counterparty to meet an obligation. This includes direct credit risk, which is the risk of default of on-balance sheet credit exposure, and contingent credit risk, which is the risk of default of off-balance-sheet credit exposure. Due to the materiality of credit risk, BdC has established an appropriate credit risk	BdC implements a well-structured credit rating framework, utilizing the Obligor Risk Rating (ORR) system to assign credit ratings to borrowers based on a comprehensive evaluation process. Maintaining a tight and consistent evaluation process allows BdC to proactively manage credit risk and accurately assign a risk rating reflecting creditworthiness and a probability of default based on financial indicators, qualitative assessments, and macroeconomic analysis. BdC's risk rating system complies with the standards set by the Basel Committee, which warrants regular

Risk	Mitigation Action
environment that implements a solid measurement and monitoring process, ensuring adequate control over credit risk. The Credit Risk Management function of the Bank is primarily responsible for measuring, monitoring, managing, and limiting risks associated with credit across the Bank's various lines of business and operational functions, namely corporates, SMEs, FIs, NBFIs, retail, and microfinance. The parameters and methodologies that the Bank utilizes to assess the materiality level of credit risk are highly dependent on the type of asset and its associated risk management and collection processes.	reviews of creditworthiness for clients with credit facilities. The Bank also applies an Early Warning Signals (EWS) system, which enables the Bank to take corrective action before the client's position becomes irretrievable and to improve the Bank's ability to recover in the case of default. A multitude of financial and non-financial performance indicators are the basis of BdC's EWS, and these indicators cover a wide spectrum of industries to help better determine the appropriate course of action for every case. BdC acknowledges that independence and integrity are the binding pillars of successful risk management across any institution. Over the years, the Bank has continuously developed and tailored credit policies and practices that are designed to preserve the approval and decision-making processes. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio review parameters, and guidelines for the management of distressed exposures.
Market Risk Market risk is the risk resulting from abnormal movements in market prices as a result of many reasons that affect the expected cash flows and the required rate of return on investment, whether the influencing causes are in the country itself or in other countries that have close relations with the country concerned. Market Risk Management is primarily responsible for managing, measuring, and monitoring all positions exposed to market risks to ensure that the necessary limits are set to reduce and limit those risks.	BdC utilizes various mitigation and prevention measures to tackle the multitude of market-associated risks the Bank faces across its operations, such as interest rates risk, currency and exchange rates risk, volatility risk, and investment risk. The Treasury Middle Office (TMO) monitors and controls the entirety of the Treasury group's positions daily, as well as monitoring prices and CBE reserve ratios to ensure that BdC is in line with the CBE's updated policy changes and regulatory requirements.

Risk	Mitigation Action
Liquidity Risk The liquidity risk function's primary objective is to provide assessment, measurement, monitoring, and control of liquidity risk across the Bank. At an aggregate level, BdC's goal is to maintain sufficient funding in amount and tenor to ensure the Bank can meet all payment obligations and to provide an appropriate amount of cash and high-quality liquid assets, even in times of stress.	The Bank monitors capital adequacy in meeting its short-term and long-term obligations while examining the effects of various scenarios on the Bank's liquidity positions.
Interest Rate Risk in the Banking Book (IRRBB) The primary responsibility of the IRRBB function is to monitor, assess, and control potential interest rate risk that arises from adverse market movements; it is imperative to accurately monitor the associated interest rate risk due to its material impact on BdC's financial position.	The Bank monitors and assesses new transactions monthly to measure the impact and ensure that CBE's limits are abided by.
Cybersecurity Risk The Bank's ability to protect customer assets is a key area BdC strives to manage efficiently. Cybersecurity threats are a dynamic and ever-evolving area of risk; therefore, the Bank invests heavily in an array of technological resources that protect and maintain its digital infrastructure and confidential assets. BdC's cybersecurity defense is designed to protect the Bank from malicious cybersecurity attacks by unauthorized parties attempting to gain access to confidential information, destroy data, disrupt or degrade service, and sabotage	BdC's Information Security Sector has identified key areas of focus and tailored a Cyber Security framework to the unique requirements supporting the Bank's digitalization strategy. The framework serves as the foundation for cyber security controls enforcement within the Bank's environment including people, processes, and technologies used. It includes cyber security general and technical principles, and roles and responsibilities across BdC. Information Security Sector performs Capability Maturity Model Integration (CMMI) to assess control improvements and develop security controls that decrease risks and strengthen the overall security posture. Based on the CMMI security review outcomes,

Risk	Mitigation Action
systems, or cause other damage. Continuing to understand and invest in the digital risk environment is a key priority for BdC to further enhance the Bank's technological defense against all potential cyber threats and malicious attacks.	a medium-term strategy was developed, including BdC's information security vision, mission, critical success criteria factors, and reinforcement controls implementation roadmap. The strategy adopted rationale is on CBE's framework and NIST. Information security policies and standards are updated in line with the CBE cyber security framework. They have adopted the Information Security Management System (ISMS), aligned with ISO/IEC 27001:2021, for establishing, implementing, operating, monitoring, reviewing, maintaining, and improving information security within the context of the organization's overall business activities and the risks it faces. In addition, BdC continues to strengthen information security by reinforcing the visibility of its Security Operations Center(SoC) on all banks' infrastructure. BdC SoC runs on 24x7 365 days monitoring mode to detect and immediately respond to any internal or external threat.
Outsource Risk (Third-Party) Outsource or third-party risk is the risk associated with transactions that occur through third-party vendors the Bank deals with. The Bank monitors the relationships with all third-party vendors to ensure the continued sustainability of the business and to avoid any negative impact on business performance.	BdC has developed a comprehensive third-party management program to ensure clear reporting and accountability chains, appropriate classification and optimization of vendor portfolios, managing transitions among third-party vendors, and monitoring the relationship between the Bank and these vendors. BdC has developed a new Operational risk strategy that aims to shift managing operational risks to real-time risk detection and identification with lower action time through GRC transformation, risk assessment, reporting & data analytics, Operational Risk Management (ORM) policy updates to ensure operational

Risk	Mitigation Action
	excellence and business process resilience along with managing emerging risks (digital transformation, technology, and data CIA (confidentiality, integrity, and availability). The Bank took a comprehensive approach to ORM due to the inherent nature of operational risk within the Bank's functions. The Bank aims to automate and integrate all operational risk frameworks (Loss database – KRI – RCSA – Fraud – ORAP – IT Risk – BCP – Risk culture) in 360 view platform to enhance the process of identifying, mitigating, and preventing fraudulent acts, business interruptions, cybersecurity attacks, non-conformant employee behavior, non-compliance with applicable laws and regulations, or failure of vendors to perform their agreements. Such events have a direct impact on the Bank's operations and ability to deliver products and services to our stakeholders. Moreover, the Bank has developed a structured Key Risk indicators process that integrates effectively with ORM tools. KRIs are predefined metrics used to monitor identified risk exposures over time and measure the amount of exposure to a given risk or set of risks, as well as the effectiveness of any controls that have been implemented to reduce or mitigate risk exposure. Banque du Caire's ORM framework is fully integrated across all functions of the Bank to oversee the monitoring, self-assessment, and independent processes of material operational risks. Additionally, the Bank works to boost the risk culture among all employees to further enhance the process of identifying risks and how to effectively manage them.
Outsource Risk (Third-Party) Outsource or third-party risk is the risk associated with transactions that occur through third-party vendors the Bank deals with. The Bank monitors the relationships with all third-party vendors to ensure the continued sustainability of the business and to avoid any negative impact on business performance.	

Business Continuity

Business Continuity Management (BCM) is an integral part of BdC's Risk Management Policy. BCM objective t is to ensure the uninterrupted availability of all key business resources required to support essential or critical business activities, particularly, but not limited to:

- Minimize interruption to critical business operations;
- Limit financial loss;
- Simplify the decision-making process in the event of a disaster;
- Continue to serve customers and counterparties in the financial markets;
- Mitigate the negative effects that disruption can have on the Bank's reputation, operations, liquidity, credit quality, its market position, and its ability to remain in compliance with applicable laws and regulations;
- Ensure controlled continuity and normal operations.

BdC has ensured the continuity of business in its head office functions in case of emergency, break-down, and disruptions that may occur, noting that branches have a reciprocal plan to be followed in case of disaster.
Furthermore, the Bank has set forth a Business Continuity Plan project on all critical functions. The plan is initiated by defining three key objectives to achieve:

- Perform Business Impact Analysis (BIA) exercise;
- Develop Business Continuity Plan for the concerned department, as per BIA;
- Develop IT Disaster Recovery Plan by the IT department.

COVID-19 Resilience

COVID-19 introduced a proliferation of complex risks. The robustness of Risk Management System allowed the Bank swiftly to adapt and resolve the compound impacts brought on by the crisis. It also prevented further risks to bear subsequent business disruptions.

At the forefront of risks was workplace health and safety. The pandemic heightened the need for additional procedures to guarantee the Bank's resilience. Under the business continuity department, a plan was set and the following measures were deployed to safeguard operations' continuation while ensuring staff safety and wellbeing. The plan considered:

- Identifying high risk cases such as chronic diseases, pregnancy cases
- Implementing, communicating, and updating a staff reduction plan across the Bank's departments and branches every 2 weeks by splitting teams into onsite and work from home and/or vacations.
- Setting protocol and procedures to be followed in the event of a positive/suspected case in any of the Bank's premises.
- Ensuring all precautionary measures are considered in all bank's premises;

During the crisis, the BdC's Early Warning Process played a crucial role in monitoring and measuring the risks arising from the pandemic by developing a specific key risk indicator to track the number of confirmed COVID-19 cases across the Bank. This KRI the Bank assisted in measuring the occurred impacts of the pandemic on the Bank and allowed it to take appropriate actions prior to reaching the KRI threshold.
On the credit portfolio level, BdC's risk profiling and appetite were constantly reviewed and updated to adapt and reflect the evolving status of the business environment and risk level of existing and potential lending activities.

2021 Highlights

The COVID-19 disruption carried its weights to 2021, and despite that after-effect started to mildly subside, the banking sector remained one of most challenged sectors by nature of its central role to the economy. At Banque du Caire, maintained a proactive approach to risk management, putting the risk function at the center of the Bank's operations. The following highlights shed the light on key measures:

- Revised plan to align risk management measures to evolving international benchmarks after the COVID-19 disruptions.
- Development of the EWS policy on both portfolio and client levels.
- Reshaping all the Retail MIS reports and implementing 24/7 cards fraud monitoring.
- Applying an updated framework during 2021 that meets the regulator & Basel requirements related to the new standardized approach for operational risk capital calculations.

Operational Risk Division revisited the functions' risk assessment to reexamine internal controls in light of the newly established improvements resulting from risk and control Self-assessment (RCSA) and results of KRIs process and related data collection.

Forward-looking Strategic Direction

The Bank aims to maintain an optimal balance and steadiness between growth and developmental objectives with respect to risk targets, to efficiently allocate resources, and to maintain continuous improvements.

Enhanced monitoring and reporting tools are planned for 2022. This shall include:

- Credit control monitoring tool.
- Credit utilization monitoring tool.
- Archiving solution, MIS and BI analytical tool.
- Obligors /facilities document automation.
- IFRS 9 Strategic Solution
- Loan origination system, workflow system, market risk systems and fraud detection system.
- ISO 22301 for business continuity management and disaster recovery.
- Digital library for key risk indicators, risks, processes, procedures, control, CBE circulars, and regulations.

BdC believes that the implementation of these new projects will strengthen risk response, propelling the Bank towards a more ambitious future. Furthermore, are currently developing an Environmental & Social Risk Management (ESRM) system with the objective of advancing Environmental, Social and Governance (ESG). performance as the foundation to pursue our business growth.

Finally, by leveraging the Bank's digital strategy in 2022, the Bank will establish further improvement to the Governance, Risk & Compliance (GRC) implementation process by enhancing automation and integration of all operational risk frameworks and tools.

07

SUBSIDIARIES

7. 1. Cairo Bank Uganda Limited (CBU)
7. 2. Cairo Leasing Corporation (CLC)

01

CAIRO BANK UGANDA LIMITED

Cairo Bank Uganda

Cairo Bank Uganda Limited (CBU), formerly Cairo International Bank, Uganda, supports businesses in the Ugandan economy while providing Banque du Caire's clients with a strategic entry point into the COMESA market.

Cairo Bank Uganda

CBU is a commercial bank operating in Uganda, traditionally focused on the SME and retail segments. It serves a growing customer base of more than 15,500 clients, who include local and Egyptian companies and individuals looking for investment opportunities in Uganda and in need of banking services. The Bank operates out of 7 branches and presently employs 150 qualified and highly experienced competent employees with a strategy to attract, retain, and grow good talent in the market. The Bank was incorporated on 11th July 1994. Banque du Caire holds a 100% stake in Cairo Bank Uganda Limited, having bought the remaining shares held by Banque Misr and the National Bank of Egypt.

1.5.1. Bank of Uganda New Mandates

Bank of Uganda (BoU) issued new capital guidelines which require the Bank to hold capital buffers in the form of capital conservation and countercyclical buffers of 2.5% each, effectively making the minimum capital requirement 15% and 17% for Tier I and Tier II, respectively.
BoU circulated proposals on increased paid-up share capital for supervised financial institutions from UGX 25Bn to UGX 150Bn for stakeholder consultations in August 2021. BoU has yet to announce the timeline requirements for banks. However, CBU will require an additional UGX 85.8Bn to comply with BoU's final pronouncement.

1.5.2. CBU's 2021 Highlights

The Bank's performance in 2021 was as per budget with a loss of UGX 2.45Bn against a budget of UGX 3.87Bn. However, the Bank was able to roll out the EMV compliant ATM card and complete the Internet Banking and Mobile banking project.

Interest income on loans and advances for 2021 closed the year at UGX 26.6Bn, an increase from 23.9Bn or 11.2% compared with 2020. YTD performance was impacted by the effects of a full-blown second lockdown which has impacted private sector credit and increased the potential for credit risk. The Bank focused more on short-term working capital solutions and selective disbursements.

Fixed income is 180% better than budget and UGX 3.7Bn better compared to 2020 on account of increased deployment of available liquidity into long-term investment securities. This was a deliberate Management decision to optimize available liquidity into higher returning risk-free investment securities. The UGX 5Bn capital injection in June 2021 that was deployed in the government paper also contributed to the favorable position and partly compensated against risks in interest income. Dropping rates at the short end continue to impact the yields on government paper.

Interbank placements YTD income at UGX 0.7Bn is 53% below budget and UGX 0.3Bn down compared to 2020 due drop in CBR/overnight rates at the short end. The subdued demand for foreign currency placements in the local market and low returns from foreign placements has contributed to the adverse variance against the budget.

At a Trading Loss line,the Bank is UGX 0.4Bn within budget, but the adverse variances have significantly impacted this position on loan interest income and cost of funds. The focus for 2022 is to mitigate the credit risk and its further impact on the bottom line, focusing on driving transaction volumes and trade finance-related fees. This shall positively impact the top line as well as the trading loss position.

YTD operating revenue at UGX 30.2Bn below budget and flat compared to 2020. The below budget performance is on account of low entry balance sheet momentum and reduction in the YTD loans and advances base, which has impacted interest income, decreasing yields at the short end of government securities and above budget interest expense. However, management's decision to deploy available liquidity in long-term investments in securities amounted to UGX 41Bn . The business has clear strategic initiatives in place to close the gap on loan interest income as well as focus more on driving transaction volumes, trade finance and FX to manage risks on funded income.

Net interest Income is UGX 16Bn below budget and UGX 0.6Bn down compared to 2020. The below budget performance is largely on account of subdued credit demand due to weak economic growth occasioned by COVID-19 which has exacerbated credit risk aversion amongst lenders and selective credit disbursements. The cumulative budget performance in fixed deposits explains the adverse variance of UGX 1.3Bn on interest expense that has impacted net interest income. ALCO scaled down on sourcing expensive fixed deposits and focused on cheap CASA mobilization..

Interest expense at UGX 10.6Bn is 14% above budget and 47% higher compared to 2020 largely on account of over 10% growth in the deposit base. The adverse performance is on the account of historical adverse Central Bank quarterly ratings, Bank's positioning in the market and loss making position, limited branch network and products which has impacted the ability of the Bank to source for cheap deposits thus relying on fixed deposits as the main source of funding. A decision was made to exit/reprice some expensive deposits and focus more on cheap deposit mobilization through several strategies to bring down the funding costs.

Non Funded Income is UGX 0.4Bn above budget and UGX 0.8Bn up compared to 2020. The spreads on FX are still muted due to low aggregate demand for the dollar which has impacted YTD momentum in the FX space. The Trade Finance sales team was set up and resourced in 2021.

The Total Shareholders equity as of 31 December 2021 stands at UGX 56.7Bn. With the qualifying Tier 1 capital of UGX 43.1Bn, the Bank continues to meet the minimum regulatory ratios for both Tier 1/RIWAC and total Capital/RIWAC. As of 31 December 2021, the ratios closed at 23.2% and 23.9% for Tier 1 and Tier 2 capital, respectively.

COVID-19 Resilience

To strengthen CBU's business continuity plan, it will require constant active job rotations and regular stress tests for various possible scenarios, focusing on widening the scope of stress tests on the strategic and credit risk to predict the possible impact of concentration on the bottom line. Furthermore, continuously enhancing loan underwriting and monitoring processes.

Digitizing and automating the Bank's process has become an important aspect, due to this CBU concentrated on enhancing ATM functionalities and optimizing internet banking platforms. Moreover, we learned the importance of considering the long-term absence of half our staff, hence critical and specialized roles must have at least a backup resource who can do the job so as to avoid reliance on one staff.

Forward-Looking Strategic Direction

CBU's strategy is to focus on growing the deposits and loans (minimum of 20% year on year), reduce the cost to income ratio, and ensure break-even in 2022. the Bank intends to grow its customer base in the target segment i.e. SME and retail. It will also partner with SME associations in the country as a gateway to their members and work with the Egyptian embassy to refer businesses setting up in Uganda. The aim is to provide products that suit their needs as well as excellent customer service.

In addition, the Bank is increasing its digital products and moving toward automation to drive efficiency and grow transaction volumes. The Bank will leverage existing platforms, i.e. internet banking, mobile banking, and cards, and explore new partnerships with Fintechs to provide more products e.g, digital accounts, collection products for schools, SACCOS, and investment clubs.

Furthermore, the Bank expects to increase its reach through agency banking by partnering with ABC Company with 20,000 agents and is integrated with 21 banks and MDI, to enhance deposit mobilization.

Due to COVID-19 the Bank with the guidelines from the Bank of Uganda allowed restrictions to a number of customers. In order to manage credit risk, the Bank has increased its monitoring and recovery efforts to mitigate this risk. Further risk management, controls, and compliance remain critical areas for the Bank.

ANNUAL REPORT 2021

02

CAIRO LEASING **CORPORATION (CLC)**

كايـرو للتـأجيـر التمويـلـي
CAIRO LEASING CORPORATION

Banque du Caire established CLC as a wholly-owned subsidiary in March 2018 to provide customized leasing products and services to the Bank's corporate clients for various assets, including real estate, plants and machinery, transportation fleets, IT systems, and others.

The company was formed to complement Banque du Caire's corporate banking activities, allowing the Bank to strengthen its position in Egypt's fast-growing leasing market. CLC employs a fine-tuned operational model that promotes sound credit decisions and the development of innovative solutions, and it does so with the help of a team of experienced professionals. CLC has had a positive reception in the market since its inception, and it has expanded its client base to include some of Egypt's most prominent companies across key sectors. CLC leverages Banque du Caire's reputation as one of Egypt's longest-standing and most established banks to expand its client reach and capitalize on the synergies between the two organizations. With the Bank's support, CLC is able to capitalize on its resources to generate the maximum value for its stakeholders while pursuing its strategic business objectives.

2021 Highlights

- Total paid-in capital increased by **50 MN** to reach 250 MN By end of 2021
-Total Leasing Revenue Reached **273MN**
- Net income attributable to shareholders EGP **45 MN**
- Average **ROE 16.29%**
- Total Leased Assets reached **4,200 MN**

CLC has expanded and developed its business domains in the Egyptian market by leveraging its expertise in providing financial solutions for different sectors, in-depth understanding of commercial distribution, and sophisticated financial know-how to provide solutions to our clients and management. Our employees demonstrated their capabilities through efforts, including improving operational productivity and promoting diversity which reflects in the company's overall performance.
CLC continued to gain a stronger foothold in the Egyptian corporate leasing market in its fourth year of operations by fine-tuning its business model and client service offering. Despite the unprecedented challenges posed by the COVID-19 pandemic, the company maintained a well-balanced portfolio and built strong relationships with large and mid-sized corporate clients. Management concentrated its efforts on new business strategies at the end of FY 2021, including the "mass market and deep relationship with clients" strategy, which focuses on the flow of unique business needs for clients in response to changes in their business models and structural changes in various industries. As a result of these efforts, gross leased assets value reached EGP 2.4Bn, total leasing revenues amounted to EGP 273Mn; net income attributable to shareholders reached EGP 45.3Mn, and average ROE stood at 16.3%.

CLC established a new Division related to the business sector specialized in business networks outside of Cairo. It has started preparing the new operating core system to be activated in the first quarter of 2022. Such a step will increase company productivity and security, thereby increasing efficiency for clients.

In December 2021, it obtained the final license to add the factoring activity, which is set to be fully operational during the first quarter of 2022. Its efforts throughout the year resulted in a significant boost in its financial performance. CLC is enjoying a well-balanced portfolio distributed among different sectors. The total leasing portfolio at the end of FY 2021 increased by 42% to reach EGP 4.2Bn, increasing net profit by almost 38% vs FY 2020. As it maintains its growth, many new customers in ever-increasing parts of CLC's market share position the company among the big 5 companies in the leasing sector in terms of total booked contracts during FY 2021.
We continued flourishing despite the COVID-19 pandemic as it brought on a lot of uncertainty and forced the world to adjust to a new norm. Despite those challenges, we succeeded in remaining open by raising our safety standards and maintaining social distance.
In support of our continued growth, in 2021, we hired a total of 7 employees. 3 of which were entry-level, in line with our ongoing plan to build our generation at CLC. 2 were a replacement; 1 was in preparation for the launch of the Factoring, and finally, 1 was to help support the Operations department. At CLC, we believe that a workforce that is competent, well trained, properly motivated, and bound together by mutual trust and common objectives is necessary to ensure our desired organizational success. Each employee contributes directly to CLC's growth and success. Accordingly, and based on an initial training needs assessment, we succeeded in the completion of the following:

Factoring Training: 2 attended in preparation for the launch of the new line of business (Factoring).

Money Laundry Training: As per the FRA Regulations and as per the training plan, we trained 9 of our employees.

Corporate Governance Training: 1 attended the workshop.

Forward-Looking Strategic Direction

CLC's future looks promising, as we are moving closer to commencing a new phase, adamant about making swift progress in implementing our ambitious plans for the company. The company will continue to receive total backing and support from BdC to achieve the financial group concept. CLC will continue to fulfill its commitment to pursue sustainable operations while driving continuous value to all business partners. It focuses on facilitating integrated management by consolidating overlapping functions within the company. We improved operational efficiency by utilizing our new IT system and focusing on creating new added value. We will introduce new products to cater to our customer's needs as we look forward to being granted the license to operate as a fully-fledged, non-banking financial services company in the near future by becoming a Factoring service provider in the market. Considering the wealth of resources, systems, and processes reposed within CLC, it is determined to become a leader while simultaneously benchmarking the industry with superior performance levels.

By optimizing the Bank's finances to maximize profitability and returns for shareholders, the Division serves as the financial backbone of the institution.

ANNUAL REPORT 2021

08

FINANCIAL STATEMENT

A LEAP FORWARD

ANNUAL REPORT 2021

Contents	Page
Auditor's Report	1-2
Separate financial position as at 31 December 2021	3
Separate income statement for the year ended 31 December 2021	4
Separate statement of comprehensive income for the year ended 31 December 2021	5
Separate statement of cash flows for the year ended 31 December 2021	6-7
Separate statement of changes in equity for the year ended 31 December 2021	8
Notes to the separate financial statements for the year ended 31 December 2021	9-93

A LEAP FORWARD

Translation
Originally issued in Arabic

BDO Khaled & Co.	KPMG Hazem Hassan	Accountability State Authority
Public Accountants & Advisers	Public Accountants & Consultants	Central Department of Banking Supervision

AUDITORS' REPORT

To the shareholders of Banque Du Caire (S.A.E)

Report on the Separate Financial Statements

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

Management's Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate 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 separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

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

Translation
Originally issued in Arabic

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Banque Du Caire (S.A.E) as of December 31, 2021 and of its separate financial performance and its separate cash flows for the year then ended, in accordance with the rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations related to the preparation of these separate financial statements.

Report on Legal and Other Regulatory Requirements

The Bank maintains proper books of accounts, which include all that is required by law and by the statutes of the Bank, the separate financial statements are in agreement thereto.

The financial information included in the Board of Directors' report which is prepared according to Law No. 159 of 1981 and its executive regulations and their amendments, are in agreement with the Bank's accounting records within the limit that such information is recorded therein.

Auditors

BDO Khaled & Co. Public Accountants & Advisors BDO

ENAS El sherif

Ahmed Maher Tahoun	Salah El Din Mosaad El Missary	Enas Abdallah El Sherif
Member of the Egyptian Society of Accountants and Auditors	Financial Regulator Authority No. 364	Member of the Egyptian Society of Accountants and Auditors
Accountability State Authority register No. 1634	**KPMG Hazem Hassan**	**Accountability State Authority**
Accountants and Auditors register No. 16937	Public Accountants & Consultants	
Central Bank register No. 518		
BDO Khaled &Co.		

KPMG Hazem Hassan
Public Accountants and Consultants
13

Cairo, 14 March 2022

Separate Financial Position

As at 31 December 2021

(All amounts - EGP' 000)

	Note No.	31/12/2021	31/12/ 2020
Assets			
Cash and balances at Central Bank	(15)	19,061,965	12,907,004
Due from banks	(16)	33,321,650	24,956,044
Loans and advances to banks	(17)	3,113,441	967,952
Loans and advances to customers	(18)	98,676,603	85,020,463
Financial derivatives	(19)	1,479	2,571
Financial investments			
At fair value through other comprehensive income	(20)	47,696,882	52,715,894
At amortized cost	(20)	42,615,351	20,720,233
At fair value through profit and loss	(20)	58,103	52,909
Investments in subsidiaries and associates	(21)	876,102	594,283
Intangible assets	(22)	177,869	138,886
Other assets	(23)	7,759,488	5,567,430
Deferred tax assets	(30)	383,234	370,637
Fixed assets	(24)	1,610,910	1,312,441
Total assets		**255,353,077**	**205,326,747**
Liabilities and Equity			
Liabilities			
Due to banks	(25)	17,623,787	13,416,826
Customers' deposits	(26)	198,278,073	162,777,351
Financial derivatives	(19)	6,078	3,430
Other loans	(27)	11,697,507	6,768,131
Other liabilities	(28)	5,984,553	2,608,215
Other provisions	(29)	668,433	584,546
Current income tax payable		118,003	184,179
Deferred tax liabilities	(30)	173,183	155,120
Retirement benefit liabilities	(31)	1,389,618	1,246,565
Total liabilities		**235,939,235**	**187,744,363**
Equity			
Issued and paid up capital	(32)	5,250,000	5,250,000
Capital increased amount	(32)	4,750,000	--
Reserves	(33)	2,938,879	3,255,348
Difference between present value and face value for subordinated deposit		2,409,893	2,721,627
Net profit for the year and retained earnings	(33)	4,065,070	6,355,409
Total equity		**19,413,842**	**17,582,384**
Total liabilities and equity		**255,353,077**	**205,326,747**

The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.
Auditors' report (attached).

Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

Separate Income Statement

For the year ended 31 December 2021

(All amounts - EGP' 000)

	Note No.	31/12/2021	31/12/ 2020
Interest and similar income	(6)	22,996,537	20,514,893
Interest and similar expense	(6)	(12,526,901)	(10,461,386)
Net interest income		**10,469,636**	**10,053,507**
Fee and commission income	(7)	2,139,524	1,688,099
Fee and commission expense	(7)	(154,954)	(84,498)
Net fee and commission income		**1,984,570**	**1,603,601**
Net interest, fee and commission income		**12,454,206**	**11,657,108**
Dividend income	(8)	104,196	61,799
Net trading income	(9)	23,834	25,091
Gains (Losses) from financial investments	(20)	233,575	138,005
(Charged) reversed of expected credit losses	(12)	(1,499,858)	(2,388,081)
Administrative expenses	(10)	(5,608,287)	(4,805,116)
Other operating revenues (expenses)	(11)	97,741	160,670
Profit before income tax for the year		**5,805,407**	**4,849,476**
Income tax expense	(13)	(2,174,582)	(1,694,161)
Net profit for the year		**3,630,825**	**3,155,315**
The basic / weighted earnings per share	**(14)**	**1.05**	**1.06**

The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim

Chairman & CEO
Tarek Fayed

Separate Statement Of Comprehensive Income

for the year ended 31 December 2021

(All amounts - EGP' 000)

		31/12/ 2021	31/12/2020
Net profit for the year	**(1)**	**3,630,825**	**3,155,315**
Amount transferred to retained earnings (net of tax)	(2)	26,378	866
Items not reclassified in profit and loss			
Net change-movement in fair value reserve for equity instruments at fair value through other comprehensive income		166,181	(46,992)
Items reclassified to profit and loss			
Net change in fair value reserve for debts instruments at fair value through other comprehensive income		(480,680)	132,652
Total other comprehensive income items for the year, net of tax	**(3)**	**(314,499)**	**85,660**
Total comprehensive income for the year, net of tax	**(1+2+3)**	**3,342,704**	**3,241,841**

The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Separate Statement Of Cash Flows

For the year ended 31 December 2021

(All amounts - EGP' 000)

	Note No.	31/12/2021	31/12/2020
Cash flows from operating activities			
profit before income tax		5,805,407	4,849,476
Adjustments to reconcile net profit to cash flows from operating activities			
Depreciation		285,763	217,444
Amortization	(22)	78,235	32,307
Expected credit losses charged	(12)	1,499,858	2,388,081
Other provisions charged	(29)	237,568	151,319
Impairment for other assets formed	(23)	1,230	61,642
Other provisions no longer required	(23,29)	(100,064)	(125,999)
Gains from the sale of fixed assets	(11)	(3,432)	(157)
Foreign currency translation differences of other provisions	(29)	(2,217)	(3,532)
Utilized provisions other than loans provision	(29)	(73,453)	(52,475)
Proceeds from other provisions other than loans provisions	(29)	21,649	72
(Loss) reverse Impairment for associates companies	(20)	(9,565)	19,837
Dividends income	(8)	(104,196)	(61,799)
Foreign currency translation differences sovereign debt instruments provision	(33)	(1,247)	(4,419)
(Reverse) of valuation differences of investment at fair value through profit and loss	(9)	(5,194)	(4,797)
(Reverse) of gain from selling of debt instruments at fair value through OCI	(20)	(168,955)	(82,451)
Amortization of premium/discount of issuing financial investments	(20)	365,489	525,226
Operating profit before changes in assets and liabilities provided from operating activities		**7,826,876**	**7,909,775**
Net (Increase) Decrease in assets			
Due from banks		(10,323,654)	(2,186,565)
Loans and advances to banks	(17)	(2,156,982)	(494,208)
Loans and advances to customers		(15,226,960)	(13,291,718)
Financial derivatives	(19)	1,092	(2,568)
Other assets	(23)	(2,192,884)	(1,740,252)
Net Increase (Decrease) in liabilities			
Due to banks	(25)	4,206,961	5,133,491
Customers' deposits	(26)	35,500,722	11,790,046
Financial derivatives	(19)	2,648	(1,560)
Other liabilities		2,943,525	(1,626,152)
Retirement benefit liabilities	(31)	143,053	162,992
Income tax paid		(1,800,741)	(1,410,962)
Net cash flow provided from operating activities		**18,923,656**	**4,242,319**
Cash flows from investing activities			
Payments to purchase fixed assets and preparation of branches	(24)	(587,116)	(497,359)
Proceeds from the sale of fixed assets		3,522	218
Proceeds from the sale of financial investments at fair value through OCI	(20)	155,537,571	150,817,979
Payments for purchases of financial investments at fair value through OCI		(153,562,613)	(160,513,912)
Proceeds from the redemption of financial investments at amortized cost	(20)	3,704,258	5,200,401
Payments for purchases of financial investments at amortized cost	(20)	(25,597,907)	(6,969,161)
Payments for investments in subsidiaries and associates		(272,254)	(71,417)
Payments to purchase intangible assets	(22)	(117,218)	(131,315)
Dividends received		103,952	61,797
Net cash flows (used in) investing activities		**(20,787,805)**	**(12,102,769)**

Separate Statement Of Cash Flows

For the year ended 31 December 2021

(All amounts - EGP' 000)

	Note No.	31/12/2021	31/12/2020
Cash flows from financing activities			
Proceeds from other loans		4,635,384	2,316,376
Payments for other loans		(17,742)	(25,788)
Dividends Paid		(5,834,942)	(2,050,480)
Subordinated deposit Bank Misr		--	3,000,000
Amounts paid for capital increase		4,750,000	--
Net cash flows provided from financing activities		**3,532,700**	**3,240,108**
Net increase (decrease) in cash and cash equivalent during the year		1,668,551	(4,620,342)
Beginning balance of cash and cash equivalent		31,679,981	36,300,323
Cash and cash equivalent at the end of the year		**33,348,532**	**31,679,981**
Cash and cash equivalent are represented in the following:			
Cash and balances at the Central Bank		19,061,965	12,907,004
Due from banks		33,325,402	24,965,378
Treasury bills and other governmental notes		23,787,601	35,374,774
Balances at the central bank within the mandatory reserve ratio		(12,726,021)	(9,368,285)
Due from banks with maturity more than 3 months		(6,960,350)	--
Treasury bills and other governmental notes (with maturity more than 3 months)		(23,140,065)	(32,198,890)
Total cash and cash equivalent	**(35)**	**33,348,532**	**31,679,981**

The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Separate Statement Of Changes In Equity

For the year ended 31 December 2021

(All amounts - EGP' 000)

	Note No.	Issued and paid up capital	Capital Increased Amount	Reserves	Difference between the present value and Face value for sub-ordinated deposit	Net profit for the year and retained earnings	Total
Balance as at 31 December 2019		**2,250,000**	**3,000,000**	**2,309,361**	**1,316,854**	**6,126,280**	**15,002,495**
Dividends for the year 2019		--	--	--	--	(545,480)	(545,480)
Transferred to Capital		3,000,000	(3,000,000)	--	--	--	--
Distributions to shareholders		--	--	--	--	(1,505,000)	(1,505,000)
Transferred to legal reserve		--	--	197,310	--	(197,310)	--
Transferred to general banking risk reserve		--	--	677,409	--	(677,409)	--
Transferred to capital reserve		--	--	1,853	--	(1,853)	--
Expected Credit Loss on debt instruments at fair value through OCI		--	--	(16,245)	--	--	(16,245)
Difference between the present value and face value for subordinated time deposit		--	--	--	1,404,773	--	1,404,773
Net Change in other comprehensive income		--	--	85,660	--	866	86,526
Net profit for the year ended 31 December 2020		--	--	--	--	3,155,315	3,155,315
Balance as at 31 December 2020		**5,250,000**	**--**	**3,255,348**	**2,721,627**	**6,355,409**	**17,582,384**
Dividends		--	--	--	--	(5,871,378)	(5,871,378)
Capital increased amount		--	4,750,000	--	--	--	4,750,000
Transferred to legal reserve		--	--	157,758	--	(157,758)	--
Transferred from general banking risk reserve		--	--	(81,751)	--	81,751	--
Transferred to capital reserve		--	--	157	--	(157)	--
Expected Credit Loss on debt instruments at fair value through OCI		--	--	(78,134)	--	--	(78,134)
Difference between the present value and face value for subordinated time deposit		--	--	--	(311,734)	--	(311,734)
Net Change in other comprehensive income		--	--	(314,499)	--	26,378	(288,121)
Net profit for the year ended 31 December 2021		--	--	--	--	3,630,825	3,630,825
Balance as at 31 December 2021	**(32,33)**	**5,250,000**	**4,750,000**	**2,938,879**	**2,409,893**	**4,065,070**	**19,413,842**

The accompanying notes from (1) to (41) are an integral part of these separate financial statements and are to be read therewith.

Notes To The Separate Financial Statements

For the year ended 31 December 2021

(All amounts stated in the notes are in thousands of Egyptian pounds unless otherwise stated)

1. General Information:

Banque Du Caire S.A.E. was established as a commercial bank on 17 May 1952 under the provisions of the National Commercial Law for 1883 that was later replaced by the Commercial Law No. 17 for 1999 on 17 May 1999.

The address of its registered head office is as follows: 6 Dr. Moustafa Abo Zahra Street, Nasr City, behind Accountability State Authority, Cairo, Egypt.

Banque Du Caire offers its banking services that related to its activity in Egypt through 246 branches, offices and units. The Bank employees 8,794 employees at the statements preparation date for the year ended 31 December 2021.

On May 2007, Bank Misr acquired all shares of Banque Due Caire, and its ownership has transferred to bank Misr on Egyptian Stock Exchange.

On May 2009 the Minister of Finance approved selling 5 shares stock to Misr for Investment and Misr Abu Dhabi for Real State. As a result, the bank became subject to Egyptian Companies Law No. 159 of 1981 and its Executive Regulations.

On March 28, 2010, the amendment of the Bank's Articles of Association was approved for Law 159 of 1981 in the Office of Investment Documentation under the Registration Document No. 176 of 2010 and its impact by commercial registration on 30 March 2010.

On May 2010, Banque misr established Misr Financial Investment Company with 99.999% of its contribution share capital to act as its investment arm.

On June 2010, Banque misr transferred some of long term investments (including Banque Du Caire) to Misr Financial Investment Company.

On 19 December 2010, Banque Du Caire's Extraordinary General Assembly approved transferring Banque Du Caire's ownership to Misr Financial Investment Company.

On 27 June 2010 Extraordinary General Assembly approved amendment on article of association (article 42) amending the fiscal year to start on 1st of January instead of 1st of July and ends on 31 December instead of 30 June of the following year.

On 15 December 2016 Extraordinary General Assembly approved amendment on article of association (article 6) which increase bank's capital by the value of retained earnings amounting by EGP 650 million, and determine the bank's authorized capital by EGP 10 billion, and determine the bank's issued capital by EGP 2,250 billion divided into 562,500 thousand shares with a par value of EGP 4 each and the bank's shareholders structure became as follows:

Misr Financial Investment company	562,499,985 shares
Banque Misr	8 shares
Misr Abu Dhabi for Real Estate company	7 shares

On 29 December 2016 article 6 capital increase has been amended in the commercial register and at investment prospectus latest publication number 43396 issued on 30 January 2017 amending article7.

On 15 July 2018, Extraordinary General Assembly approved to amend article 6 to add Banque Misr instead of Misr Investment Company.

On 19 December 2019, the Extraordinary General Assembly of "Misr Financial Investments SAE" approved by the Financial Supervisory Authority on 11 Feb 2020 By noting in the Commercial Register on February 20, 2020 that the company name has been changed to "Misr Capital SAE." without any change in other data.

On 22 September 2019, Central Bank in Egypt approved amendment on article of association (article 6) which related to increase of Issued Capital and Shareholders Structure.

On 22 September 2019, Extraordinary General Assembly approved on Capital Increase by 3 Billion EGP to increase from EGP 2.250 billion to EGP 5.250 billion, all of the increase related to Banque Misr.

- Article of association (6) became as follows:

"The authorized Capital amounted to EGP 10 Billion, and The issued Capital amounted to EGP 5.250 Billion distributed to 1,312,500 Thousand share with Face Value EGP 4 per each and Bank's shareholders structure as follows:

Banque Misr	750,000,008 shares
Misr Capital company	562,499,985 shares
Misr Abu Dhabi for Real Estate company	7 shares

- Capital increase has been amended in the commercial register at 2 Feb 2020.
- On 4 October 2020 article 6 has been amended in investment prospectus as follows: -
- determined the bank's authorized capital by EGP 10 billion, and determine the bank's issued capital by EGP 5,250 billion divided into 2,625,000 thousand shares with a par value of EGP 2 each and the bank's shareholders structure became as follows: -

Name	No. of shares	Face value by EGP
Banque Misr	1,500,000,016	3,000,000,032
Misr Capital	1,124,999,970	2,249,999,940
Misr Abu Dhabi for Real Estate company	14	28
Total	**2,625,000,000**	**5,250,000,000**

The Board of Directors approved the separate financial statements for the year ended 31 December 2021 on 10/03/2022.

2. Summary of significant accounting policies:

Following are the significant accounting policies applied in the preparation of Separate financial statements. These policies have been consistently applied for all years presented unless otherwise stated.

2.1 Basis of preparing separate financial statements:

The separate financial statements have been prepared accordance with the instructions of the central bank of Egypt (CBE), approved by the board of directors on16 December 2008 with the addition of the requirements of IFRS 9 Financial Instruments in accordance with the instructions issued by the Central Bank of Egypt on 28 January 2018 and issued the final instructions for the preparation of the financial statements of banks in accordance with the requirements of International Financial Reporting Standard No. 9 on 26 February 2019,the separate financial statements have been prepared in accordance with provision of relevant local law.

The Bank applied the instructions of the Central Bank of Egypt (CBE) rules IFRS 9 "Financial Instruments'' starting from January 01, 2019, the following summarize the main accounting policies changes resulted from applying the required instructions also, the disclosure of significant judgments and estimates related with impairment in value at financial risk management disclosures

The consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules, the affiliated companies 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 of the type of activity,

The investments in subsidiaries and associates are presented in the Bank's separate financial statements and accounted for at cost less impairment losses. The Bank's separate financial statements are read in therewith consolidated financial statements as at and to obtain complete information on the Bank's financial position and the results of its operations, its cash flows and changes in its ownership rights.

The financial statements at December 31, 2018 have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008 and starting from January 01, 2019, the financial statements have been prepared according to Central Bank of Egypt (CBE) instructions dated on February 26, 2019 to prepare financial statements according to IFRS 9 "Financial Instruments''.

The accounting policies set out below have been changed by the management to comply with the adoption of mentioned instructions.

2.2 Accountancy for Investments in subsidiaries and associates:

Investments in subsidiaries and associates are accounted for using the cost method; which represent the bank direct ownership shares and not based on financial results and not on net assets of the invested in companies And the consolidated financial statements provide a wider understanding for the consolidated financial position, business results and the consolidated cash flows for the bank and its subsidiaries (The Group), including the bank's share in the net assets of its associate companies.

2.2.1 Subsidiary Companies:

Subsidiaries are entities (including Special Purpose Entities / SPEs) over which the bank exercises a direct or indirect control over its financial and operating policies to obtain benefits from its activities. The Bank usually has a shareholding of more than half of its voting rights, and with existence and effect of future voting rights that can be exercised or transferred at the present time are taken into consideration when evaluating whether the Bank has the ability to control the Company.

2.2.2 Associate Companies:

Associates are entities over which the bank exercises a direct or indirect significant influence without reaching the extent of control. Normally the bank holds ownership equities ranging between 20% and 50% of the voting rights.
Purchase method of accounting has been applied for the bank's acquisition of subsidiaries and associates when initial recognized (on the date of acquisition); the acquisition date is the date on which the acquirer obtains control or significant influence of acquire "subsidiary or associate''. According to the purchase method, the investments in subsidiaries and associates are initially recognized at cost (which may be incorporated goodwill). The acquisition cost represents the fair value of the consideration given in addition to the other acquisition related costs.

In business combination achieved in stages, and business combination achieved through more than one transaction, is then dealing with every transaction of such transactions that separately on the basis of the acquisition consideration and fair value information at the date of each transition until the date where the control is achieved.

Investments in subsidiaries and associates are accounted for using the cost method; According to this method, the investments are recognized at an acquisition cost, including any goodwill, and any subsequent impairment losses in the value are deducted from it. The income of the bank from the distribution of profits of the subsidiary and Associate companies is recorded in the income statement when the companies have approved the distribution of these profits and the bank's right to collect them is proven.

2.3 Segment reports

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

2.4 Foreign currencies translation

2.4.1 Functional and presentation currency

Bank's financial statements are presented in Egyptian pounds, which is the bank's functional and presentation currency.

2.4.2 Transactions and balances denominated in foreign currencies

- The bank holds its accounts in Egyptian pounds. Transactions in foreign currencies during the financial period are recorded using the prevailing exchange rates at the date transactions. Monetary assets and liabilities in foreign currencies are re-translated at the end of the period using the prevailing exchange rates at that date.
- Foreign exchange gains and losses resulting from settlement of such transactions and as well as the differences resulting from the re-evaluation are recognized in the income statements under the following items:
  - Net trading income for assets / liabilities classified for trading purpose.
  - Other operating revenue (expenses) for the remaining items.

- Changes in the fair value of the financial instruments with monetary nature in foreign currencies, classified as financial investments at fair value through other comprehensive income (debt instruments), are analyzed into evaluation differences resulting from changes in the amortized cost of the instrument, differences resulting from the changes in the prevailing exchange rates and differences resulting from the changes in the instrument's fair value. The evaluation differences resulting from the changes in the amortized cost are recognized in the income statement within "Interest and similar income". The differences relating to changes in exchange rates are recognized in "other operating income (expenses). "Differences resulting from changes in fair value are recognized under "fair value reserve – financial investments at fair value through other comprehensive income" in the shareholders' equity.
- The translation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held in fair value through profits and losses, while translation differences resulting from equity instruments classified as financial investments at fair value through other comprehensive income are recognized with "fair value reserve- financial investments at fair value through other comprehensive income " under the shareholders' equity

2.5 Financial Assets and liabilities

2.5.1 Recognition and initial measurement

The Bank recognizes financial assets and liabilities on the date that the Bank becomes a party to the contractual terms of the financial instrument.

The financial asset or liability is initially measured at fair value. Those that are not subsequently measured at fair value through profit or loss are measured at fair value plus transaction cost that is directly attributable to the acquisition or issue.

2.5.2 Classification

A. Financial assets

- On initial recognition, the Bank classifies financial assets into financial assets at amortized cost, financial assets at fair value through other comprehensive income or at fair value through profit or loss.
- The financial asset is measured at amortized cost if both of the following conditions are met and have not been allocated by the management of the Bank upon initial recognition at fair value through profit or loss:
  - The financial asset is retained in a business model whose objective is only to maintain the financial asset for the collection of the contractual cash flows.
  - The contractual terms of the financial asset, on specific dates, result in contractual cash flows of the asset that are only the principal of the financial instrument and the proceeds.
- The debt instrument is measured at fair value through other comprehensive income and was not allocated at initial recognition at fair value through profit or loss if both of the following conditions are met:
  - The financial asset is held in a business model whose objective is to collect contractual cash flows and sell the financial asset.
  - The contractual terms of the financial asset, on specific dates, result in contractual cash flows of the asset that are not only the principal of the debt and the return.
- Other financial assets are classified as investments at fair value through profit or loss.

In addition, at initial recognition, the Bank may allocate irreversibly a financial asset as measured at fair value through profit or loss, although it meets the criteria for classification as a financial asset at cost or at fair value through other comprehensive income, if doing so would prevent or substantially reduce the inconsistency that may arise in accounting measurement.

Business model assessment

Debt instruments and equity instruments are classified and measured as follows:

Financial instrument	Methods of measurement according to business model		
	Amortized cost	Fair value	
		Through other comprehensive income	Through profit and loss
Equity instruments	N/A	One-time option upon first recognition it is not reversed	Regular treatment of equity instruments
Debt instruments	Business model Assets held for collection Contractual cash flows	Business model Assets held for collection Contractual cash flows and sale	Business model Assets held for trading

- The Bank prepares, documents and approves Business Models in accordance with the requirements of IFRS 9 and reflects the Bank's strategy for managing financial assets and cash flows as follows:

Financial assets	Business model	Basic characteristics
Financial assets at amortized cost	Business model financial assets held for collection contractual cash flows	The objective of the business model is to retain financial assets to collect the contractual cash flows of the principal amount of the investment and the proceeds A sale is an exceptional event for the purpose of this model and under the terms of the criterion of a deterioration in the creditworthiness of the issuer of the financial instrument Less sales in terms of rotating and value. The Bank performs clear and reliable documentation of the rationale for each sale and its compliance with the requirements of the Standard.

Financial assets	Business model	Basic characteristics
Financial assets at fair value through other comprehensive income	Business model of financial assets held for the collection of contractual cash flows and sales	Both the collection of contractual cash flows and sales are complementary to the objective of the model. Sales are relatively high (in terms of turnover and value) compared to the business model held for the collection of contractual cash flows
Financial assets at fair value through profit and loss	Other business models include (trading - management of financial assets at fair value - maximizing cash flows by selling)	The objective of the business model is not to retain the financial asset for the collection of contractual or retained cash flows for the collection of contractual cash flows and sales. Collecting contractual cash flows is an incidental event for the objective of the model Management of financial assets at fair value through profit or loss to avoid inconsistencies in accounting measurement.

- **The Bank assesses the objective of the business model at the portfolio level where the financial asset is retained as reflecting the way the business is managed and the manner in which the management is provided. The information to be taken into account when evaluating the objective of the business model is as follows:**
  - The documented policies and objectives of the portfolio and the implementation of these policies in practice. In particular, whether the management strategy focuses only on the collection of the contractual cash flows of the asset and main taining a specific interest rate to meet the maturities of the financial assets with the maturity dates of the liabilities that finance these assets or generate cash flows through the sale of these assets.
  - How to evaluate and report on portfolio performance to senior management.
  - Risks affecting the performance of the business model, including the nature of the financial assets held within that model and the manner in which these risks are managed.
  - How to determine the performance assessment of business managers (fair value, return on portfolio, or both).
  - The periodically, value and timing of sales in prior periods, the reasons for such transactions, and expectations regarding future selling activities. However, information on sales activities is not taken into account separately, but as part of a com prehensive assessment of how the Bank's objective of managing financial assets and how to generate cash flows is achieved.
  - Financial assets held for trading or managed and their fair value performance are measured at fair value through profit or loss as they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.

- Assess whether the contractual cash flows of the asset represent payments that are limited to the principal amount of the instrument and the proceeds.

For the purpose of this valuation, the Bank defines the original amount of the financial instrument as the fair value of the financial asset at initial recognition. The return is defined as the time value of money and the credit risk associated with the original amount over a specified period of time and other basic lending risk and costs (such as liquidity risk and administrative costs) as well as profit margin.

To assess whether the contractual cash flows of an asset are payments that are limited only to the asset of the financial instrument and the yield, the Bank takes into consideration the contractual terms of the instrument. This includes assessing whether the financial asset includes contractual terms that may change the timing or amount of contractual cash flows, thereby not meeting that requirement. In order to conduct such an assessment, the Bank shall consider:

- Potential events that may change the amount and timing of cash flows.
- Leverage characteristics (interest rate, maturity, currency type).
- Terms of accelerated payment and term extension.
- Conditions that may limit the ability of the Bank to claim cash flows from certain assets.
- Features that may be adjusted against the time value of money (re-setting the interest rate Periodicity).

Financial liabilities

- When the initial recognition of the Bank classifies its financial liabilities to financial liabilities at amortized cost, financial liabilities at fair value through profit and loss, based on the objective of the business model of the Bank
- All financial liabilities are recognized initially at fair value at the date on which the Bank becomes a party to the contractual terms of the financial instrument.
- Financial liabilities classified at amortized cost are subsequently measured at amortized cost using the effective interest rate.
- The financial liabilities are measured at fair value through profit and loss are subsequently carried at fair value and recognized the change in the fair value of the change in the degree of the Bank's credit rating in the statement of other comprehensive income while the remaining amount of the change is displayed in the fair value in the statement of profits and losses.

2.5.3. Disposal

A- Financial Assets

- The financial asset is derecognized when the contractual right to receive cash flows from the financial asset expires or when the Bank has transferred the right to receive the contractual cash flows in a transaction in which the risks and rewards of ownership are transferred substantially to another party.
- When a financial asset is derecognized, the difference between the carrying amount of the asset (or the carrying amount of the portion of the asset disposed of) and the aggregate of the consideration received (including any new asset acquired less any new obligation incurred) is recognized in P/L and Consolidated gains or losses previously recognized in the fair value reserve for financial investments at fair value through other comprehensive income.
- any cumulative gain or loss recognized in other comprehensive income related to investment in equity instruments designated as investments at fair value through Other comprehensive income statement is not recognized in profit or loss when the asset is derecognized so that the differences relating to it are transferred directly to retained earnings. Any share created or retained from the asset eligible for disposal (meeting the exclusionary terms) is recognized as a separate asset or liability.
- When the Bank enters into transactions by which it transfers assets previously recognized in the statement of financial position but retains substantially all or all of the risks and rewards associated with the transferred asset or part thereof. In such circumstances,

the transferred asset is not excluded.

- For transactions where the Bank neither substantially retains substantially all the risks and rewards associated with ownership of the asset and retains control over the asset, the Bank continues to recognize the asset within its continuing association with the financial asset. The Bank's continuing correlation with the financial asset is determined by the extent to which the Bank is exposed to changes in the value of the transferred asset.
- In some transactions, the Bank retains the obligation to service the transferred asset against a commission, at which point the transferred asset is derecognized if it meets the exclusion criteria. An asset or liability for a service contract is recognized if the commission is greater than the appropriate amount (asset) or less than the appropriate amount (obligation) to perform the service.

B- Financial liabilities

- The Bank will derecognize the financial obligations when the contract is disposed of, canceled or terminated.

2-5-4 Amercements to financial Assets and financial liabilities

A- Financial Assets

- If the terms of a financial asset are adjusted, the Bank assesses whether the cash flows of the asset being modified are materially different. If the cash flows are materially different, the contractual rights to the cash flows from the original financial asset are considered to have expired and the original financial asset is derecognized. A new financial asset is recognized at fair value and the resulting value is recognized as a result of adjustment of the total carrying amount as profit or loss in profit or loss. If the amendment is due to financial difficulties for the borrower, the profits are deferred and presented with the compound of impairment losses while the losses are recognized in the statement of profit and loss.
- If the cash flows of the asset recognized at amortized cost are not materially different, the adjustment does not result in the disposal of the financial asset

B- Financial liabilities

The Bank adjusts its financial liability when its terms of reference are modified and the cash flows of the modified obligation are substantially different. In this case, a new financial liability is recognized based on the modified terms at fair value. The difference between the carrying amount of the old financial obligation and the new financial liability is recognized on the adjusted terms in the statement of profit and loss.

Off setting Financial Assets and Financial liabilities

Financial assets and liabilities are offset in case the bank has a legal right in force to undertake the offsetting of the recognized amounts and it intends to settle the amounts on a net basis or to receive the asset and settle the liability simultaneously.

Agreements for purchasing treasury bills with commitment to resell and the agreements for selling treasury bills with commitment to repurchase are presented based on the net basis in the balance sheet within the item of accrued expenses.

2.5.5. Fair value measurement

- The Bank determines the fair value on the basis that it is the price to be acquired for the sale of an asset or to be paid for the transfer of an obligation in an orderly transaction between the market participants on the measurement date, taking into account when measuring fair value, the characteristics of the asset or liability, the characteristics are taken into consideration when pricing the asset and / or liability at the measurement date. These characteristics include the condition and location of the asset and the restrictions on the sale or use of the asset to market participants.
- The Bank uses the market approach to determine the fair value of financial assets and liabilities as this approach uses prices and other relevant information arising from market transactions involving assets, liabilities or a group of assets and liabilities that are identical or comparable. The Bank may therefore use valuation techniques consistent with the market approach, such as market multipliers derived from comparable groups. The choice of the appropriate multiplier within the range would therefore require the use of personal judgment, taking into account the quantitative and qualitative factors of the measurement.
- When the market cannot be relied upon in determining the fair value of a financial asset or a financial liability, the Bank uses the income method to determine the fair value by which future amounts such as cash flows or income and expenses are transferred to a current amount (discounted) Current market about future amounts.
- Where the fair value of a financial asset or a financial liability cannot be relied upon, the Bank uses the cost approach to determine the fair value to reflect the amount currently being requested to replace the asset in its current condition (the current replacement cost) to reflect the fair value The cost borne by the market participant as a buyer of an alternative asset has a similar benefit since the market participant as a buyer will not pay in the original more than the amount for which the benefit is exchanged for the asset.

The valuation techniques used in determining the fair value of a financial instrument include:

- Declared prices of similar assets or liabilities in active markets.
- Interest rate swaps by calculating the present value of expected future cash flows based on the observed yield curves.

- The fair value of future currency exchange contracts using the present value of the expected cash flow value using the future exchange rate of the currency in question.
- Analysis of cash flows discounted in determining the fair value of other financial instruments.

2.6. Financial derivative instruments and hedge accounting

- Derivatives are recognized at fair value at the date of entering into the derivative contract and are subsequently re-measured at their fair value. Fair value is obtained from quoted market prices in active markets, recent market transactions or valuation techniques such as discounted cash flow models and option pricing models, as appropriate. All derivatives are stated as assets if their fair value is positive or included in liabilities if their fair value is negative.

Derivative contracts are not separated when the derivative is linked to a financial asset and the derivatives contract is therefore fully classified with the associated financial asset.

The method of recognition of gains and losses 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 allocates certain derivatives as any of the following:

1. Fair value hedges of recognized assets and liabilities or commitments (fair value hedges).
2. Hedges of the expected future cash flows attributable to a recognized asset or liability, or attributable to a forecasted transaction (cash flow hedges).
3. Net investment in foreign operations (net investment coverage).

- Hedge accounting is used for derivatives designated for this purpose if they qualify for accounting as hedging instruments.
- At the inception of the transaction, the Bank documents reliably the relationship between hedged items and hedging instruments, as well as the objectives of risk management and strategy from entering into various hedge transactions. The Bank also establishes, at the inception of the hedge, on an ongoing basis, the underlying documentation to assess whether the derivatives used in hedge transactions are effective in meeting changes in the fair value or cash flows of the hedged item.

2.6.1. Fair value hedges

- Changes in the fair value of designated derivatives eligible for fair value hedges are recognized in the statement of profit and loss with any changes in the fair value attributable to the risk of the underlying asset or liability.
- The effect of effective changes in fair value of interest rate swaps and related hedged items is recognized under "net income from return". While the effect of effective changes in the fair value of future currency contracts is recognized under 'Net instrument income at fair value through profit or loss.
- The effect of ineffectiveness in all contracts and related hedged items in the previous paragraph is recognized under "Net income of financial instruments at fair value through profit or loss' '
- If coverage no longer meets the hedge accounting requirements, the adjustment to the carrying amount of the hedged item that is accounted for in the amortized cost method is amortized by taking it to profit and loss over the period to maturity. Recognition of equity is continued through adjustments to the carrying amount of the hedged equity instrument until it is derecognized.

2-6-2 Cash flow coverage

- The other comprehensive income statement recognizes the effective portion of changes in the fair value of designated derivatives eligible for cash flow hedges. Gains and losses relating to the ineffective portion of the statement of profit and loss are recognized immediately in "Net income of financial instruments at fair value through profit or loss".
- Amounts accumulated in the other comprehensive income statement are carried to the income statement in the same period in which the hedged item has an impact on profit or loss. Gains or losses relating to the effective portion of currency swaps and options are taken to "net income of financial instruments at fair value through profit or loss".
- When a hedging instrument is due or sold, or if coverage no longer meets the conditions for hedge accounting, gains or losses accumulated in other comprehensive income at that time are recognized in other comprehensive income and recognized in the income statement when the transaction is ultimately recognized Predicted. If the forecast transaction is no longer expected to occur, then the gain or loss accumulated in other comprehensive income is immediately carried to the statement of profit and loss.

2.6.3. Net investment coverage

Is recognized in the other comprehensive income statement as the gain or loss from the hedging instrument relating to the effective portion of the hedge, while the gain or loss is recognized immediately in profit or loss in respect of the ineffective portion. Gains or losses accumulated in the other comprehensive income statement are carried to the income statement on disposal of foreign operations.

2-6-4 Derivatives not eligible for hedge accounting

- Gains and losses on "net income of financial instruments at fair value through profit or loss' ' are recognized in changes in the fair value of derivatives that are not eligible for hedge accounting, and are recognized in profit or loss as "net income from financial instruments at fair value through profit or loss' 'And losses arising from changes in fair value of derivatives managed in connection with financial assets and liabilities at fair value through profit or loss.

2.7. Net income of financial instruments at fair value through profit or loss

Net income of financial instruments at fair value through profit or loss represents gains and losses on assets and liabilities at fair value through profit or loss and includes changes in fair value whether realized or unrealized, interest, dividends and differences in exchange rate.

2.8. Loans and Debts

Loans and advances represent non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, with the exception of:

- Assets which the bank intends to sell immediately or in the short term, in which case. They are classified as assets held for trading or assets classified at inception at fair value through profit or loss.
- Assets classified as available for sale at initial recognition.
- Assets for which the bank will not be able to substantially recover all of value of its initial investment, for reasons other than creditworthiness deterioration.

2.9. Interest Income and Expenses

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

The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset has been classified as nonperforming or impairment then related, interest income is not recognized and it is allocated in marginal records off-balance sheet and it is recognized as income on monetary bases according to the following:

- When they are collected and after receiving all past due installments for consumption loans mortgage loans, and small loans business loans, the interest will be recognized as revenues when it's collected and that is after the full recovery of the overdue.
- Regarding to corporate loans, the cash basis is also followed, as the return calculated later in accordance with the terms of the loan scheduling contract is higher against the recognition of unearned interest on credit balances until 25% of the scheduling installments are paid, with a minimum regularity of one year. In the case of the client continues in regularity, the interest is recognized in the revenue which is calculated on the balance of the existing loan (return on the balance of the regular scheduling) without the marginal return. Before scheduling, which is not included in revenue until after paying the full balance that appears in the loan in the budget before scheduling

2.10. Fees and Commission Income

Fees due from servicing the loan or facility which is measured by amortized cost shall be recognized in the income when performing the service, while the fee and commission income related to non-performing or impaired loans shall not be recognized, as it shall be on off-balance sheet of the financial statements. Then it shall be recognized within the income pursuant to the cash basis when the interest income is recognized according to item (2-9). As for fees, which represent an integral part of the actual return of the financial assets in general, they shall be treated as an amendment to the effective interest rate Commitment fees on loans shall be postponed, if there is a probability that these loans will be withdrawn, taking into account that these fees which the bank receives are a compensation for the constant intervention to acquire the financial instrument. Then they shall be recognized by amending the effective interest rate on the loan. When the period of commitment expires without the loan being issued by the bank, these fees shall be recognized within the income at the expiry of the commitment's validity.

Fees on debt instruments measured at fair value shall be recognized within revenue at the initial recognition. Fees on the promotion of the syndicated loans shall be recognized within revenue when the promotion process is completed and the bank does not retain any portion of the loan or if the bank retains a portion for itself earning of the actual rate return which is available to other participants as well.

Fees and commission resulting from negotiations or the participation in negotiations on a transaction in favor of a third party shall be recognized within the income statement- such as the arrangement of the acquisition of shares or other financial instruments, or the acquisition or selling of premises- when the specific transaction is completed. The administrative consultations fees and other services are normally recognized based on the distribution over time relative to the service performance period. However, the financial planning management fees and conservation services fees, which are provided for long period of time, are recognized over the period during which the service is performed.

2.11. Dividend Income

Dividends are recognized in the income statement when decision is taken by the competent authority of declaring the right of collection.

2.12. Purchase agreements aligned with resale and sale agreements aligned with repurchase

Securities sold subject to repurchase agreements are presented within assets in addition to purchased treasury bills with a commitment to resale on the balance sheet, and the commitment (purchase and resale agreements) is presented with the commitment to repurchase on the balance sheet. the difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

2.13. Impairment of financial assets

Impairment losses are recognized for the expected credit losses of the following financial instruments that are not measured at fair value through profit or loss:

- Financial assets that represent debt instruments.
- Due debts.
- Financial guarantee contracts.
- Loan commitments and similar debt instruments commitment
- Impairment losses on investments in equity instruments are not recognized.

Debt instruments related to retail banking and small and micro finance

The Bank consolidates debt instruments related to retail banking products and micro and small enterprises on the basis of groups with similar credit risk based on the type of banking product.

The Bank classifies debt instruments within the Retail Banking Group or micro and small enterprises into three stages based on the following quantitative and qualitative criteria:

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
Financial Instruments Low Credit Risk	Basic Selector (Quantitative Criteria) There is no Past due	Additional Limiter (Qualitative Criteria) Scope of risk accepted	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)
Financial instruments have significant increase in credit risk			Delay within 30 days from the due date of contractual installments	If the Borrower encounters one or more of the following events: - The Borrower has applied for the conversion of short-term to long-term repayments due to adverse effects related to the borrower's cash flows. - The bank canceled one of the direct facilities by the bank due to the high credit risk of the borrower. - Extension of the time limit granted for payment at the request of the borrower. - Recurring previous arrears during the previous 12 months. - Negative future economic changes that affect the borrower's future cash flows		
Impaired financial instruments					When the borrower delays more than 90 days from the payment of his contractual installments	N/A

Debt instruments related to medium enterprises and projects

The Bank aggregates debt instruments relating to medium-sized enterprises and enterprises based on similar credit risk groups on the basis of the Borrower Client Unit.

The Bank classifies customers within each group into three stages based on the following quantitative and qualitative criteria:

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)
Financial Instruments Low Credit Risk	There is no Past due	Scope of risk accepted				
Financial instruments have significant increase in credit risk			Delay within 40 days from the due date of contractual installments	If the borrower is on the checklist and / or the financial instrument you experience one or more of the following events: - Significant increase in the interest rate on the financial asset as a result of increased credit risk. - Significant negative changes in the activity or financial or economic conditions in which the borrower operates. - Request rescheduling. - Significant negative changes in actual or expected operating results or cash flows. - Negative future economic changes that affect the borrower's future cash flows. - Early signs of cash flow / liquidity problems such as delays in service of creditors / business loans.		

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)	Basic Selector (Quantitative Criteria)	Additional Limiter (Qualitative Criteria)
Impaired financial instruments					When the borrower delays more than 90 days from the payment of his contractual installments*	When the borrower is unable to meet one or more of the following criteria, indicating that the borrower is experiencing significant financial difficulty. - The death or incapacity of the borrower. - The borrower's financial default. - Initiate scheduling as a result of the deterioration of the borrower's credit capacity. - Non-compliance with financial commitments. - Disappearance of the active market for the financial asset or one of the borrower's financial instruments due to financial difficulties. - Granting lenders privileges related to the financial difficulty of the borrower, which was not granted under normal circumstances. - The possibility that the borrower will enter bankruptcy or restructuring due to financial difficulties. - If the borrower's financial assets are purchased at a significant discount that reflects the credit losses incurred.

* According to the circular issued by Central Bank of Egypt on December 14, 2021 regarding the temporary amendment of the treatment of non-performing loans to small and medium companies, according to the instructions of IFRS9:

Customers are included in the stage 3 in the event of non-compliance with the contractual terms, in the event that there are dues equal or more than 180 continuous days (instead of 90 days according to the current instructions).

- The financial assets created or acquired by the Bank are classified as having a higher credit risk rating than the Bank's low risk financial assets on initial recognition at stage 2 directly.
- **2-13-1 Measurement of expected credit losses**

The Bank evaluates debt portfolios on a quarterly basis at the portfolio level for all financial assets of Retails, corporate, and SMEs on annual basis with respect to the financial assets of institutions classified as a follow-up to control their credit risk. On a periodic basis, the criteria used to determine the significant increase in credit risk are reviewed and monitored periodically by the credit risk management.

The Bank assesses at each reporting date the impairment loss for financial instruments at an amount equal to the expected credit losses over the life of the financial instrument except for the following cases where the provision for impairment losses is estimated at an amount equal to the expected credit losses over the twelve months:

1) A debt instrument that has been identified as having a low credit risk at the date of the financial statements (debt instruments in the stage1).
2) Other financial instruments Credit risk at the reporting date has not increased significantly since the initial recognition (debt instruments in the stage1).

The Bank considers the expected credit losses to be a probable probability estimate of the expected credit losses, which are measured as follows:

- The expected credit losses on financial assets are measured at the stage one based on the present value of the gross deficit calculated based on the historical probability of default scenarios adjusted by the average forecast of macroeconomic indicators for the future twelve months multiplied by the value at default, taking into account the expected recovery rates when calculating the average Loss for each group of debt instruments with similar credit risk. Given the expected credit losses taking into account the amount and timing of payments, the credit losses arise even if the enterprise expects to pay in full but later after debt becomes payable under contractual terms. The expected credit losses over the twelve months are considered to be part of the expected credit losses over a lifetime arising from the defaulting events of a financial instrument and the potential within twelve months after the date of the financial statements.
- The expected credit loss of financial assets in the stage two is measured based on the present value of the total deficit calculated based on the historical probability of default scenarios adjusted by the average forecasts of the macroeconomic indicators for the life of the financial asset multiplied by the value at default, taking in consideration the weighting of the expected recovery rates in calculating the loss rate for each group of debt instruments with similar credit risk.
- Impaired financial assets at the reporting date are measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows.
- In calculating the specific loss rates, the Bank calculates the expected recovery rates from the present value of expected cash flows either from cash and in kind guarantees or historical or anticipated future repayment rates as follows:
- The Stage One: only the value of cash collaterals and their equivalents represented in cash and other financial instruments that can be converted into cash easily in a short period of time (3 months or less) and without any change (loss) in their value as a result of credit risks are considered.

-Stages two and three: only the types of guarantees are considered in accordance with the rules issued by the Central Bank of Egypt in June 2005 regarding the bases for assessing the creditworthiness of customers and the formation of provisions, while the value of these guarantees is calculated according to what is stated in the rules for preparing financial statements for banks and the basis for recognition and measurement issued by the bank. The Central Bank of Egypt on December 16, 2008.

- For debt instruments held by banks operating outside Egypt, the probability of failure is determined on the basis of the credit rating of the head office of the bank operating outside Egypt and no more than the credit rating of the head office country taking into consideration the central bank instructions for countries risks. The loss rate is 45% at least.

- For the instruments held by the banks operating in Egypt, the probability of failure is calculated on the basis of the classification of the bank by the external international rating institutions. The branches of the Egyptian banks abroad are treated as the main center. The branches of the foreign banks operating in Egypt, The loss rate is calculated at 45% at least.
- For debt instruments issued by non-banks, the probability of failure is calculated on the basis of the rating of the issuer of the financial instrument by the external international rating institutions and no more than the credit rating of the issuing country in the case of external entities. The loss rate is calculated at 45% at least.
- Impairment provision on financial assets recognized in the financial position is deducted from the value of the financial asset at the time the statement of financial position is prepared, while the provision for impairment relating to loan commitments, financial guarantee contracts and contingent liabilities is recognized under other provisions of the financial position obligations.
- For financial guarantee contracts, the Bank estimates the expected credit loss on the basis of the difference between the expected payments to the guarantee holder less any other amounts that the Bank expects to recover.

Upgrading from the stage 2 to the stage 1

The bank shall not transfer the financial asset from the stage2 to the stage1 until all the quantitative and qualitative elements of the initial stage have been met and the total cash receipts from the financial asset are equal to or greater than the total amount of the installments due to the financial asset, if any the accrued interest as there has been continues 3 months. From continuing to meet the conditions.

Upgrading from the stage3 to the stage2

- The bank does not transfer the financial asset from the stage three to the stage two unless all of the following conditions are met:

1. Completion of all quantitative and qualitative elements of the stage two.
2. Repayment of 25% of the balances of the outstanding financial assets, including unearned suspended interest according to circumstances.
3. Regularity in paying for at least 12 consecutive months.

The period of recognition of the financial asset within the last category of the stage2

The period of recognition (classification) of the financial asset within the last category of the stage2 shall not exceed nine months from the date of its conversion to that stage.

2-13-2 Restructured financial assets:
If the terms of a financial asset are renegotiated or modified or a new financial asset replaced by a current financial asset due to the financial difficulties of the borrower, an assessment is made as to whether the financial asset should be derecognized and the expected credit losses are measured as follows:

- If the restructuring will not lead to the disposal of the current asset, the expected cash flows from the adjusted financial asset are used when calculating the cash deficit in the current asset. The expected credit losses are calculated on the life of the instrument.
- If the restructuring will result in the disposal of the present asset, the expected fair value of the new asset is treated as final cash flows from the current financial asset when derecognized. This value is used to calculate the cash deficit from the current financial asset, which is deducted from the expected date of derecognition of the asset at the reporting date using the original effective interest rate of the current financial asset.

Presentation of the expected credit loss provisions in the statement of financial position

The provision for credit losses is presented in the statement of financial position as follows:

- Financial assets measured at amortized cost as a deduction from the total book value of the assets.
- Commitments for loans and financial guarantee contracts: Generally, as a provision.
- When the financial instrument includes both the used and non-used of the permitted amount of the instrument, and the Bank cannot determine the expected credit losses of the unused portion separately, the Bank presents a provision for collective loss to the used and non-used. The aggregate amount is presented as a deduction from the total book value of the user and any increase in the loss provision is shown on the total amount of the used as a provision for the unused portion.
- Debt instruments at fair value through other comprehensive income A provision for impairment is not recognized in the statement of financial position because the book value of such assets is their fair value. However, the provision for impairment is disclosed and recognized in the fair value reserve.

2-13-3 Debt Write Off:
Debt is written off (partly or fully) when there is no realistic possibility of repayment of that debt. In general, when the Bank determines that the borrower does not have the assets, resources or sources of income that can generate sufficient cash flows to repay the debts that will be liquidated, however, the impaired financial assets may remain subject to follow-up in light of the Bank's actions to recover the amounts due. Impairment allowance is charged the expected credit losses provision that are amortized whether or not they are provisioned. Any expected credit losses is deducted from any previously written off loans.

2-13-4 Financial assets at amortized cost
At the end of each financial period, the Bank assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset (or a group of financial assets) is impaired and impairment losses are incurred when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (the loss event) and the loss event affects the future cash flows of the financial asset (Or group of financial assets) that can be reliably estimated.

Indicators used by the Bank to determine the existence of objective evidence of impairment losses include:

- Significant financial difficulties facing the borrower or the debtor.
- Violation of the terms of the loan agreement such as non-payment.
- Predict the bankruptcy of the borrower or enter into a liquidation or re-structuring of the financing granted to him.
- The borrower's competitive situation deteriorated.
- The Bank, for economic or legal reasons related to the borrower's financial difficulties, grants him privileges
- or concessions that the Bank may not agree to grant under normal circumstances.
- Decline in the value of the guarantee.
- Deterioration of the borrower's credit situation.

An objective evidence of impairment of a group of financial assets is the existence of clear data indicating a measurable decrease in the expected future cash flows from this group since its initial recognition, although it is not possible to determine the decline for each asset individually, for example an increase in the number of defaults for a banking product.
The Bank assesses the period of confirmation of loss, the period between the occurrence of loss and the identification of each specific portfolio.

The Bank first assesses whether there is objective evidence of impairment of each financial asset alone if it is of individual importance, as is the estimation at the aggregate or individual level of financial assets that are not individually significant. In this regard, the following shall be considered:

- If the Bank finds that there is no objective evidence that a financial asset has been impaired, whether individually significant or not, then the asset is included in the financial asset having similar credit risk characteristics and is evaluated together to estimate impairment in value at rates Historical failure.
- If the Bank finds that there is objective evidence that a single financial asset is impaired, it is considered to estimate its impairment. If the result of the study is a loss of impairment, the asset is not included in the group for which impairment losses are calculated on a consolidated basis. If the previous study shows that there is no impairment loss in the value of the asset individually, the asset is then included in the group.
- The amount of impairment loss provision is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows discounted using the original effective yield rate of the financial asset. The carrying amount of an asset is reduced using the allowance for impairment losses and the impairment loss on credit losses and the reversal of impairment losses are recognized as a separate item in the income statement.
- In addition to the impairment charge recognized in the income statement as mentioned in the previous paragraph, the bank is also committed to applied to calculate the provisions required for impairment of these loans and advances as Assets at credit risk measured at amortized cost - including credit related commitments (Contingent Liabilities) - on the basis of credit rating ratios determined by the Central Bank of Egypt. If the provision for impairment losses calculated in accordance with these ratios is increased for the purpose of preparing the financial statements of the Bank, the excess shall be deducted as a general reserve for bank risk within equity in respect of retained earnings. This reserve is Periodically adjusted to increase or decrease as appropriate. This reserve is not available for distribution except with the approval of the Central Bank of Egypt. Note (33-a) shows movement at the expense of general bank risk reserve during the financial period.
- If the loan or investment is held to maturity and carries a variable interest rate, then the discount rate used to measure any impairment loss is the effective yield rate in accordance with the contract at the date that objective evidence of impairment of the asset is determined. For practical purposes, the Bank may measure impairment losses on the fair value of the instrument using quoted market prices.
- For financial assets that are secured, when calculating the present value of expected future cash flows from a financial asset, the expected cash flows that may result from the sale and sale of the collateral and after deducting related expenses are taken into account.
- For the purpose of estimating impairment at a aggregate level, financial assets are grouped into similar groups in terms of credit risk characteristics, on the basis of the Bank's internal rating process, taking into consideration the type of asset, industry, geographical location, type of collateral, arrears position and other relevant factors. These characteristics are related to the estimated future cash flows of groups of these assets as an indication of the ability of debtors to pay the amounts due under the contractual terms of the assets under consideration.
- When estimating the impairment of group of financial assets based on historical default rates The estimated future cash flows of the Group are estimated on the basis of the contractual cash flows of the Bank's assets and the historical loss of assets with credit risk characteristics similar to the assets held by the Bank. The amount of historical losses is adjusted based on current data to reflect the impact of the current conditions that were not available during the period during which the historical losses were determined, as well as to eliminate the effects of the conditions that existed in historical period and are no longer present.
- The Bank ensures that changes in the cash flows of a group of financial assets reflect changes in relevant reliable data from period to period (such as changes in unemployment rates, real estate prices, repayment position and any other factors indicating changes in the probability of loss in the group) The Bank conducts a periodically review of the method and assumptions used to estimate future cash flows.

- The carrying amount of financial assets at amortized cost is reduced by the amount of impairment losses for all financial assets measured at amortized cost which recognized at preparing financial position. While the impairment Losses related to Loans Commitments, Financial guarantees Contracts and Contingent Liabilities have been recognized in Other Provisions Item in Financial Position Liabilities.

2.14. Investment Properties

The investment properties represent lands and buildings owned by the Bank In order to obtain rental returns or capital appreciation and therefore does not include real estate assets which the bank operates through or those that have been ceded to the bank as settlement of debts and it are treated as fixed assets and the bank applies cost value method in the way applies with other similar fixed assets

2.15. Intangible Assets (Computer Software)

- Software developing and maintenance fees are recognized as expense in the income statement when paid and it is recognized as intangible asset as expenses related to specific programs under the bank's control and it is expected to realize economic gains for more than 1 year
- Developing which leads to improvement and increase in the original IT program are recognized as expenses and it is added to the IT program cost IT programs costs- recognized as an asset- are amortized through the period of expected benefit in no more than 3 years percent 33.3%.

2.16. Fixed assets

- the historical cost includes the charges directly related to acquisition of fixed assets items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the bank and the cost of the item can be measured reliably.
- All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred and fixed assets includes Lands and premises represents mainly of land and buildings related to head office, branches and offices.
- Land shall not be subject to depreciation, while depreciation of other fixed assets shall be calculated using the straight-line method to allocate the cost over the uszzzeful life Fixed assets depreciation percentage represented as follow:

Additions fixed assets from 24 Nov 2019 are depreciation rate as follow:				
Buildings & Constructions	5%	20 year	2%	50 year
Furniture	20%	5 year		
Machinery & Equipment	20%	5 year		
Vehicles	25%	4 year	20%	5 year
Integrated Automated systems	20%	5 year		
Fixtures & fittings	33.3%	3 year	16.7%	6 year
Fixtures &fittings rental	33.3%	3 year	16.7%	6 year

- The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date. Assets that are subject to amortization are reviewed for determining the extent of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
- The recoverable amount is the greater of its value in use or the net salable value of the asset. Gains and losses on disposals are determined by comparing proceeds from sale with its carrying amount. These are included in other operating revenues (expenses) in the income statement.

2.17. Other assets:

This item includes the other assets have not been classified within the specific assets of the financial position, such as the accrued

revenues, prepaid expenses including the overpayment taxes (excluding tax liabilities Payments under purchase of fixed assets, and the deferred balance for losses of the first day and not yet amortized, and current and non-current assets that have been transferred to the Bank to meet debt Deduction for impairment losses), Insurance and covenants, gold bullion, commemorative coins, accounts under settlement, and balances not classified in any of the specified assets.

- The majority of other assets are measured at cost and where objective evidence of impairment exists in the value of the asset, the value of the loss for each asset is measured separately between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows discounted at the current market rate of assets Similar whichever is higher. The carrying amount of the asset is immediately recognized and the amount of the loss is recognized in the income statement under other operating income (expenses) If the impairment loss decreases in any subsequent period and the impairment can be objectively related to an event occurring after the impairment loss is recognized, the recognized impairment loss To the income statement provided that such de-recognition does not result in a carrying amount of the asset at the date of the reversal of the impairment loss that exceeds the amount to which the asset could have been had such impairment losses not been recognized.

With respect to the assets to which the bank is entitled to pay debts, the following shall be considered:

- In accordance with the Law of the Central Bank, it is prohibited for banks to deal in movable or real estate by buying, selling or barter other than the property designated for the management of the bank's business or recreation for workers and movable or property owned by the bank for a third-party debt recognized from the date of the write-down (i.e. the date of amortization) within assets owned by the Bank to meet debts and the Bank shall act accordingly as follows:
- Within one year from the date of the devolution of ownership to the movable.
- Within five years from the date of the devolution of property in relation to the property.
- The Board of Directors of the Central Bank of Egypt may extend the period if circumstances so require and may exempt some banks from this prohibition according to the nature of their activity.
- The assets acquired by the Bank are recognized as debts in accordance with the value of the Bank, which is the value of the debts that the Bank has decided to waive for these assets. If there is objective evidence that an impairment loss has occurred in the asset at a subsequent date of impairment, the loss per asset is measured separately by the difference between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows from the asset's use discounted at the current market rate of similar assets Top. The carrying amount of the asset is reduced through the use of an impairment account and the loss is recognized in the income statement under "other operating income (expense)". If the impairment loss is reduced in any subsequent period and it is possible to associate that decrease objectively with an event occurring after the impairment loss is recognized, then the impairment loss previously recognized is recognized in the income statement provided that such a recovery does not result in the impairment loss The asset could have been made to it if such impairment losses had not been recognized.
- In light of the nature of the movable or immovable property of the Bank and subject to the provisions of the said Article, the movable or real estate shall be classified according to the Bank's plan or the nature of the expected benefit thereof within the fixed assets, real estate investments, shares and bonds or other assets available for sale as the case may be. Accordingly, the bases for the measurement of fixed assets, investment properties, shares and bonds are applied to assets acquired by the Bank in fulfillment of debts and classified under any of these terms.
- For other assets not included in any of these classifications and other assets available for sale are measured at cost or fair value determined by the Bank's authorized experts - less the selling costs - whichever is lower. The differences arising from the valuation of these assets are recognized in the income statement under " Other operating expenses), taking into account the disposal of such assets within the year specified in accordance with the provisions of the law. If these assets are not disposed of within the year specified in the Law of the Central Bank, the general bank risk reserve is increased by 10% of the value of these assets annually. The net income and expenses of the assets owned by the Bank are recognized in the income statement under "other operating income (expenses)".

2.18. Impairment of non-financial assets

- Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life except goodwill are not subject to amortization and are tested annually for impairment.
- An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, the net realizable value represents the net selling value of the asset or its utilization value which is greater. For the purposes of estimation impairment, assets shall be linked to at the smallest available cash unit. Non-financial assets that have been impaired shall be reviewed to assess a reversal of the impairment to the income statement at each reporting date.

2.19. Lease

- All leasing contracts shall be considered operational leasing ones.

2.19.1. Lease

Operating lease payments less any discounts granted to lessee is recognized as expenses in the income statement using the straight-line method over the contract term.

2.19.2. Leasing out

Operating lease assets are accounted for at the fixed assets caption in the balance sheet and depreciated over the asset expected useful life using the same method applicable to similar assets. The lease rent income less any discount granted to the lessee will be recognized in the income statement using the straight-line method over the contract term.

2.20. Cash and cash equivalent

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

2.21. Other provision

- Provisions for restricting costs and legal claims are recognized when: the bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
- When there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determine taking into consideration the group of obligations as a whole, a provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.
- Provisions no longer required are reversed in other operating income (expense).
- Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from financial statement date using the appropriate rate in accordance with the terms of settlement ignoring the tax effect which reflects the time value of money. If the settlement term is less than one year, the provision is recognized using the present value unless time consideration has a significant effect.

2.22. Financial collateral contracts

These are contracts issued by the bank to guarantee loans or debit current accounts presented to banks' clients by other parties and in this case the bank is required to pay certain compensations to beneficiary against losses occurred due to delay in payments at maturity date according to the debt conditions. These guarantees are paid to banks, institutions and others on behalf of banks clients. They are initially recognized at fair value in the balance sheet at the date of granting the guarantee reflecting the guarantee fees some time later. bank commitment is measured initially by the amount of guarantee (after deducting calculated amortized recognized for guarantee fees in the income statement by using straight line method through the life of the guarantee) or the best estimate for requested payments to settle any financial obligation resulted from this guarantee which ever higher Estimates are based on previous experience of similar transactions, historical losses and it is supported by the management opinion .Any increase in obligation related to that guarantee is recognized at the income statement under other operating income (expenses)

2.23. Employee benefits

2.23.1 Employee benefits - Short Term

Represented in salaries, wages social insurance, paid annual vacations bonus if due within 12 months from the end of the fiscal period as well as non-financial benefits such as medical care, housing, transportation providing free goods and services for current employees

Employee benefits - Short Term's recognized in the income statement as expenses for the relevant period

2.23.2 Early Retirement Benefits

The benefits of early Retirement are the compensation payable to employees referred to early retirement. The Bank recognizes such compensation as a liability and expense only when the Bank is demonstrably committed to performing any of the following:

A. Termination of the employment of an employee or group employees prior to the normal retirement date or
B. The compensation of early Retirement as a result of an offer to encourage voluntary employment.

The Bank is demonstrably committed to pay termination only when there is a detailed system for termination of service and there is no actual possibility to withdraw this system.

The detailed system includes the following as a minimum:

A. The position and work of the employees whose services will be ended and their approximate number.
B. The compensation of the Retirement for each category or job.
C. The date of the system will be applied, the implementation must occur as soon as possible, and the year of completion of the implementation should be such that material changes to the system are excluded

2.23.3 Post-employment benefits - Medical Care

The bank provides medical care benefit to retired employees, where of this benefit condition of being in service until retirement age or to complete the minimum requirement of being in service and it is calculated as determined benefit system

- The commitment to the health care system for retirees is the current value of health care obligation in the history of financial statements after the necessary adjustments are made to oblige
- Retired employees medical care obligation is annually calculated (expected future cash flows) through Actuarial in the project unit credit method Retired employees medical care obligation current value is determined by deducting expected cash flows in respect to interest rate of government bonds in the same currency of benefits and in almost the same maturity dates.
- auctorial profit(loss) resulting from amendments, changes of auctorial expectations are recognized in the income statement for profits or loss exceeding 10% of the system assets or 10% of the estimated benefits determined at the year before which ever higher, where this increase in profit or loss is recognized in the income statement through the expected average remaining working period.

Previous service costs are recognized in the income statement as administrative expenses unless changes in the retirement policy indicates that employees should spent a certain vesting period in service, in this case the previous service cost are amortized in straight line method in their due period.

2.23.4. Retirement Benefit:

The benefits of the pension are represented in the Bank's share in the social benefits of its employees, which are paid by the Bank to the General Authority for Social Insurance in accordance with the Social Insurance Law No. 79 for the year 1975 and its amendments shares are paid for each period and they are recognized in the income statement as salaries and wages under administrative expenses for the period employees in service
The bank share is paid as a determined subscription. Accordingly, there is no additional liability to the bank other than its share in social insurance which is due to pay for the social insurance authority.

2.24. Income tax

- Income tax on the profit or loss for the period includes the tax of the current period, deferred tax, and is recognized in the income statement. Except when they relate to items that are recognized directly in equity, in which case the tax is also recognized in equity.
- The income tax shall be recognized based on the net profit subject to tax through the application of the applicable tax rates at the date of preparing the balance sheet, in addition to the tax adjustments related to previous years.
- Deferred tax arising from temporary timing differences between the book value of assets and liabilities calculated according to the accounting principles, as well as its values shall be recognized according to the tax principles.
- The deferred tax value is based on the expected method to achieve or resolve asset values or obligations and use applicable tax prices, tax obligations are recognized for all temporary tax differences, while deferred tax assets are recognized for temporary tax differences, when a profit is likely to be achieved.
- The deferred tax shall be decreased with the portion from which the expected taxable benefit will not be achieved over the coming years. In case of the increase of the expected taxable benefits, the deferred tax assets shall be increased within the limit of previous reduction in the value of deferred tax assets Deferred tax assets and liabilities are offset if the bank has a legal right that permits it to offset current tax assets and liabilities and when deferred income taxes are due to the same tax administration.

2.25. Borrowing

Loans obtained by the bank shall be recognized at inception at fair value minus the cost of the loan obtaining. Subsequently, the loans shall be measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective interest rate shall be recognized to the income statement.

2.26. Capital

2.26.1. Capital shares and its cost

The issuance expenses, directly attributable to the issuance of new shares or shares against the acquisition of an entity, or the issuance of options shall be presented as a deduction from the shareholders' equity in net proceeds after taxes.

2.26.2. Dividends distribution to the shareholders of the bank

Dividends shall be recognized through deducting the same from shareholders' equity in the period where the General Assembly meeting shareholder approves these dividends. They include the employees' share in profits and the remuneration of the board of directors prescribed by the article of association of the bank and the law, not recognize any commitment to the bank towards employees and members of the board of directors in retained earnings only when they are decided to distribute.

2.27. Custody Activity

The bank has a custodian activity were it manage assets related to individuals or custody purpose or retirement fund and it is not recognized at the financial position as it is not a bank asset or profit

2.28. Subordinated Deposits (deposits advanced from Central Bank of Egypt and Banque Misr)

The deposit is recognized at current value, calculated by using a discount rate equal to the interest rate on government bonds that approximates the deposit term at the date of entry into force of the deposit. The difference between the face value of the deposit and its present value within the ownership rights is defined as face value difference from the present value of the subordinated deposit. The deposit shall be paid at the end of each financial period to the face value at the maturity date, (face value on the date of its maturity).

2.29. Comparatives

Comparative figures for financial assets and liabilities are reclassified to comply with the current period financial statements presentation.

3. Financial risk management

The bank is exposed to a variety of financial risks, while it practices its business and activities, and the acceptance of risk is considered the basis of financial business. Some risk aspects or a combination of risk are analyzed, assessed, and managed. The bank targets to achieve adequate balance between the risk and return, and to minimize likely adverse impacts on its financial performance. The most important types of risk are credit risk, market risk, liquidity risk and other operating risks. Market risk includes the risk of foreign exchange rates, interest rates and the other pricing risks.

The bank has developed risk management policies to define, analyze and control risk, and set, control and comply with its limits through a variety of reliable methods and up to date information systems. The bank conducts regular reviews and amendments of the risk management policies in order to reflect changes in the markets, products, and services, as well as the best up to date applications.

Risk management is carried out by Risk Management Division in the light of the policies approved by the Board of Directors. Risk division identifies, assesses, and hedges against the financial risk in close collaboration with the different operating units of the bank. The board of directors provides written principles for risk management as a whole, in addition to written policies, which cover defined risk areas such as credit risk, foreign exchange risk, interest- rate risk, and the use of derivatives and non-derivatives financial instruments. In addition, Risk division is responsible for the periodically review of risk management and control environment independently.

A. Credit Risk

The Bank is exposed to credit risk, which is the risk that a party will fail to meet its obligations. The credit risk is the most important risk to the Bank, so management carefully manages exposure to that risk. Credit risk is mainly the lending activities that result in loans, facilities and investment activities that involve the Bank's assets on debt instruments. Credit risk is also found in off-market financial instruments such as loan commitments. Credit risk management and control processes are concentrated in the Credit Risk Management Team, which reports to the Board of Directors, senior management and heads of activity units on a regular basis.
The credit risk group establishes requirements at the bank level to identify, evaluate, monitor and report on credit risk, while business / support units are responsible for credit risk in their units while integrating business strategies with the Bank's risk to recover.

Credit risk policies and procedures have been developed to provide control over credit portfolios by Periodicity assessing borrowers' credit position and setting the maximum risk limit for a specific borrower. Risks to individual and / or group exposures are monitored Periodicity on a portfolio-by-portfolio basis. The Bank's credit policy provides detailed guidelines for effective credit risk management, where best market practices and instructions issued by emergency entities are reviewed and updated from time to time based on regulatory experience.
Credit policy is designed to ensure that risk management strategies and objectives are fully identified, including:

- Strengthen and improve the Bank's ability to measure and reduce credit risk on a prudent basis to reduce credit losses.
- Strengthen and improve credit portfolio management procedures.
- Strengthen and improve the Bank's procedures for early identification of problem areas.
- Adherence to regulatory and industry best practices for credit risk management.

The policy addresses all activities and functions related to credit procedures covering coverage criteria. It contains the Bank's risk tolerance criteria and includes guidance on target markets (companies, businesses, SMEs and high solvency). The policy also defines the type of borrowers / industries to be desired. Some of the criteria relate to specific products and are monitored by the individual credit policy. Other sections generally include credit quality criteria, purpose and terms of facilities, unsolicited loans, credit analysis, risk concentration, repayment ability, compliance with laws and regulations, expected losses and documentation.

B. Portfolio Control

The portfolio is managed through portfolio diversification on purpose, industry / business sectors, ratings and geographical areas to avoid over-risking to specific economic sectors / credit products, which may be affected by adverse developments in the economy. In general, the Bank uses criteria for borrowers and business sectors to minimize risk concentration. The Bank's operations are concentrated in the Egypt, which reduces the risks of currency exchange, although geographical concentration remains present but acceptable and within the Bank's risk tolerance.

Personal loan portfolio is diversified where relatively small risks are adopted for a large number of customers based on the bank's salary conversion or the existence of specific risk guarantees on the products / employees

A.1. Credit risk measurement

Loan Facilities to Banks and Customers

To measure credit risk related to loans and facilities to banks and customers, the Bank considers the following three components:

- Probability of default by the customer or third parties in meeting their contractual obligations.
- The current status of the direct facilities and the future development of the indirect facilities likely to result in the Bank's resulting exposure at default.
- Loss given default

The Bank assesses the probability of delay at each customer level using internal rating methods for detailed classification of different categories of clients. These methods have been developed internally and statistical analyzes are taken into account with the professional judgment of the credit officer to reach an appropriate merit rating. The Bank's customers are divided into four categories of merit and reflect the merit structure The following table shows the probability of delay for each category of merit. This means that credit centers are transferred between categories of merit according to the change in the assessment of the probability of delay. If necessary, the Bank periodically assesses the performance of the rating methods and their ability to predict delays.

▪ Bank's internal rating categories:

Rating of the Central Bank of Egypt	Credit rating according to the rating of the Central Bank of Egypt	Bank internal rating	Percentage allocation according to classification
Good debts	1	A+	0%
Good debts	2	A	1%
Good debts	2	B+	1%
Good debts	2	B	1%
Good debts	2	B-	1%
Good debts	3	C+	1%
Good debts	3	C	1%
Good debts	3	C-	1%
Good debts	4	D+	2%
Good debts	5	D	2%
Good debts	5	D-	2%
Normal watch-list	6	E+	3%
Normal watch-list	6	E	5%
Special watch-list	7	PE-	20%
Non-performing loan	8	NPE-	Cash flow
Non-performing loan	9	F	Cash flow
Non-performing loan	10	Z	Cash flow

These ratings have been reviewed and approved by management and the amount of provision for impairment of loans is determined in accordance with the expected cash flows for each individual customer.

The failure center depends on the amounts that the bank expects to be in place when the delay occurs. For- example, for a loan, this is the face value. For commitments, the Bank shall include all amounts withdrawn in addition to the other amounts expected to have been drawn up to the date of delay, if any.

The default loss or sharp loss represents the Bank's estimate of the extent of the loss when the debt is claimed if the delay occurs. The expression is The debt loss ratio, and certainly different depending on the type of debtor, the priority of the claim, the availability of collateral or other means of credit coverage.

The management reports are issued for monitoring and follow-up on a monthly, quarterly, semi-annual and annual basis. These reports are comprehensive and wide-ranging and address various topics including:

- Portfolio quality, industry focus and major risks.
- Concentration of the product, credit control and concentration of shares held by the Bank as collateral.
- Follow-up of defaults, details of customer provisions and movement of the provision.

The retail portfolio consists of loans, credit cards, housing loans and car rentals.

Individuals are assessed based on predefined standards to assess their qualification for each of the products listed above. Customers' default loans are classified as non-performing loans based on the number of days of arrears (at the portfolio level).

The bulk of the retail loan portfolio is personal loans and is granted on the basis of the transfer of the salaries of the borrower's to the bank and they are employees listed on the list of approved employers, mainly government employees. The main criterion for borrowing in this portfolio includes employers for the duration of the service and the predefined debt service rate. Products, Minimum Salary, Accredited Residential Loans and Car Rentals are generally guaranteed as the relevant assets are owned by the bank and are leased to the customers and thus greatly reduced the risk.

The Bank has developed a point-based scorecard for applications and a point-based scoring system for Internet behavior and external data to evaluate, monitor and track customer loans as this procedure is expected to make the credit risk management process more efficient and effective.

Corporate and commercial loans are not operational and provisions are made in the following cases:

- If the repayment of the original loan amount and interest payment was delayed for more than 90 days after the due date.
- If the overdraft exceeds the approved limit for more than 90 days or the current overdraft has been inactive for more than 180 days

Non-performing loan scores are transferred to non-performing scores (substandard, doubtful and loss) based on, in which the number of days of default and / or credit quality decline.

To determine whether the Company›s risk assessment is low, the Bank determines whether there is any observable data indicating a decrease in the expected future cash flows. This evidence may include an indication that there are negative changes in the borrower's payment position. Management uses estimates based on historical experience with respect to loan losses that have credit risk characteristics, ie amount and timing - similar, when estimating cash flows. The methodology and assumptions used in estimating both future cash flows are reviewed regularly for differences between actual and estimated losses.

Personal loan assets are considered to be inactive and a provision for defaults in excess of 90 days after the due date is avoided.

Amounts resulting from expected credit losses - significant increase in credit risk
In determining whether the risk of default on financial instruments has increased substantially since their initial recognition, the Bank considers reasonable and supportive information that is available at no undue cost or effort. This includes quantitative and qualitative information and analysis based on the Bank's past experience and expert credit assessment, including future information.

Credit risk ratings

The Bank allocates a credit score for each risk based on the various data used to predict default risk and the application of judgments and estimates based on experience. Credit risk ratings are determined using quantitative and qualitative factors indicating default risk. These factors vary depending on the nature of the risk and the nature of the borrower.

Credit risk ratings are determined, and are calibrated so that the risk of default increases when risk is lower than the difference between credit ratings 2 and 1, such as when the difference in default risk is between credit ratings 8, 9.

The credit risk rating of each company is determined on initial recognition based on information available about the borrower. Exposures

are subject to constant monitoring. This may result in the transfer of exposure to a different degree of credit risk. Exposure monitoring requires the use of the following data.

Corporate exposures	Retail exposures
Information is obtained during the yearly review of files - such as audited financial statements, management accounts, client, estimated budgets and projections. Examples of areas requiring specific concentration include gross profit margin, leverage rates, debt service coverage, and commitment to commitments, quality management, and changes in senior management.	Information obtained internally and customer behavior - such as the use of credit card facilities.
Data from reference credit agencies, press articles or changes in external ratings.	Solvency measures
Current bonds, and default rate swaps in the borrower, when available.	External data from reference credit agencies, including default information.
Actual and projected significant change in the borrower's political, regulatory and technical environment or commercial activities.	

- Set a schedule of default conditions

Credit risk ratings are the main approach to determining default conditions. The Bank collects and analyzes its credit risk and performance information by product and borrower and also by credit risk rating.

The Bank uses statistical models to analyze the data obtained and make estimates of the probability of default over the remaining life of the financial instrument and how it is expected to change as a result of time.

The analysis involves identifying and calibrating the relationship between changes in default rates and macroeconomic factors. For most exposures, key macroeconomic factors include oil price growth rate, GDP growth, government spending, stock price index and unemployment.

Based on economic data, and taking into account a variety of actual external information and forecasts, the Bank prepares its conceptualization of the "baseline" of the future direction of the economic changes in question and a range of other potential forecast scenarios.

- Determine whether credit risk has increased significantly

Identification controls vary as to whether credit risk has increased significantly by portfolio and includes quantitative changes in probability of default and qualitative factors, including the probability of default on the portfolio.

Using estimates made by its experts and based on past experience, the Bank can determine that credit risk has increased substantially based on certain qualitative indicators of this, and that its impact has not been fully reflected in quantitative analyzes on a regular basis.

With regard to the probability of default on the portfolio, the Bank believes that the substantial increase in credit risk occurred 30 days after the date of default. The days of default are determined by making after the days of late since the earliest past due date on which the full payment has not been received.

The Bank monitors the effectiveness of controls used to identify significant increases in credit risk by undertaking regular reviews to ensure that:

- Controls are able to identify significant increases in credit risk before defaulting.
- The controls are inconsistent with the point in time when assets become overdue for 30 days.
- Lack of guaranteed fluctuations in the allowance for losses from the switch between 12-month default (stage 1) and lifetime default (stage 2).
- Definition of default

The following criteria are used to determine if a borrower is defaulting:

- The borrower has a 90-day (or more) default.
- Has an obligation for which the Bank has withheld interest.
- Has an obligation (s) that are normally restructured with a loss to the Bank.
- Has an obligation classified as non-operating by the Bank.

- Has an obligation that the bank has written off in whole or in part.

In assessing whether a borrower is defaulting, the Bank considers indicators:
- Quality - like any breach of pledges.
- Quantity - such as the case of late payment, and non-payment of any other obligations to the same issuer to the bank.
- Based on internally generated data obtained from external sources.
- The input to the assessment is whether the financial instrument is defaulted and its significance varies over time to reflect changes in circumstances.
- The definition of default is very much in line with the definition applied by the Bank for statutory capital purposes.

- Inclusion of future information

The Bank includes the future information in its assessment whether the credit losses of any instrument have increased significantly since the initial recognition and measurement of the expected credit losses. Based on various actual information and projections, the concept of the "basic situation'' of the future direction of the economic variables involved and a range of other potential projections is readily envisaged. This requires the preparation of two or more additional scenarios and a study of the possibilities for each outcome. External information includes economic data and forecasts published by rating agencies.

The "base case'' represents the most likely outcome and is consistent with the information used by the Bank for other purposes such as strategic planning and budgeting. Other perceptions represent the most optimistic and pessimistic results. Periodicity, the Bank conducts stress tests for the most severe shocks in order to determine the criteria for determining the best perceptions.

The Bank identifies and documents the principal drivers of credit risk and credit losses for each portfolio. Using historical data analysis, it estimates the relationship between macroeconomic factors, credit risk and credit losses. These economic scenarios used include a set of the following key indicators:

- GDP growth
- Government spending
- Unemployment rates.
- Stock price index.

The projected relationship between key indices, default and loss rates in the various portfolios of financial assets has been developed on the basis of historical data analysis over the past 10 to 15 years.

- Measuring expected credit losses

The basic inputs to measure expected credit losses represent the structure of the terms of the following variables:
- The probability of default.
- Loss ratio on default.
- Exposure when defaulting on payment.

The above indicators are generally extracted from internally generated statistical models and other historical data, and adjusted to reflect future information, as described above.

The probability of default estimates are estimates at a given date that are calculated using statistical classification models and are evaluated using classification tools associated with various other party categories and exposures. These statistical models are determined according to aggregated data. Market data can also be used, both internally and externally, that include quantitative and qualitative factors. And when available to get the probability of default to big companies. In the event that the counterparty or exposures move between the rating classes, this could lead to a change in the estimate of the PD in question.

The default loss ratio represents the amount of potential loss in the event of a default. The Bank estimates indicators of the history of claims recovery rates from troubled parties. The loss-on-default ratio models take into account the structure of the loss-on-default ratio, taking into account the structure, collateral, and collateral recovery costs that are an integral part of the financial asset. For secured retail loans, the value / type of the asset is a key indicator for determining the percentage of loss when defaulting. Estimates of the percentage of loss when defaulting are based on different economic scenarios, and are calculated on the basis of discounted cash flows using the actual commission rate as a discount factor.

Exposure at default is the expected exposure in case of default. The bank extracts "exposure when defaulted'' from the current exposures to the counterparty and possible changes in the current amount allowed under the contract, including amortization. Exposure to failure to represent a financial asset represents its total carrying value. For loan obligations and financial guarantees, "exposure on default'' includes the amount withdrawn and possible future amounts that can be drawn down under the contract and that are estimated based on historical data and future expectations. For some financial assets, exposure is determined when default is made by evaluating a set of results of potential exposures at different times using visualizations and statistical methods.

As described above, and provided that the default probability is used for a maximum period of 12 months in relation to financial assets whose credit risk has not increased substantially, the bank measures the expected credit risk after taking into account the risk of default

over the maximum contractual period (including extension options for the entity The borrower) whose range is exposed to credit risk even if, for risk management purposes, the bank has considered a longer period. The maximum contractual period extends to the date on which the bank is entitled to request a down payment or termination of the loan or guarantee obligation.

For open accounts and credit card facilities, which include both the loan and the component of the undrawn commitment, the bank will foresee expected credit losses over a period longer than the maximum contractual period if the bank's ability to request repayment or cancel the undrawn commitment does not limit the bank's exposure to credit risk During the contracted notification period. These facilities do not have specific terms or repayment periods, and are managed on a collective basis. The bank can, but this contractual right will not be implemented during the usual daily management, but only when the bank becomes aware, it can immediately cancel it with any increase in credit risk at the facilitation level. This longer period is estimated after taking into consideration the credit risk management measures that the bank expects to take and which will reduce the expected credit risks. This includes reducing the limits, canceling the facility and / or converting the remaining balance of the loan into a loan with specific payment terms.

Debt instruments

Concerning debt instruments, the bank uses the external foreign rating or equivalent rating to manage credit Risk If such ratings are not available, then the bank applies similar methods to those applied to credit customers and these investments in securities has been obtained better credit quality and at the same time provide an available source to meet financing requirements

.

A-2 Risk Limit control and Mitigation Policies

The bank manages, mitigates, and controls credit risk concentration at the level of debtor, groups, industries, and countries.

- The bank structures the levels of credit risk tolerance by placing limits for the risk tolerance in relation to each borrower or a class of borrowers, and at the level of economic activities and geographical sectors. Such risk shall be constantly monitored and controlled and shall be subject to reviews on an annual basis or more frequently if necessary. Limits of credit risk at the level of borrower/ the group / producer, the sector and the country shall be quarterly approved by the board of directors.
- Also credit risk exposure is managed by the yearly analysis of the present as well as the possible borrower's ability on fulfilling their obligations and also by amendment of the lending limits if appropriate.

The following are some means of mitigating risk:

Collaterals

The bank employs a range of policies and controls to mitigate credit risk. Among the methods implemented is to obtain collateral against the extended funds.

The bank has set guiding rules for defined types of acceptable collaterals.

Among the main types of collaterals to loans and advances are the following:
- Mortgage
- Mortgage of business assets such as equipment and goods.
- Mortgage of financial instruments such as debt instruments and equity.

Usually corporate lending is for a longer term and secured whereas credit facilities extended to individuals are unsecured. To reduce credit loss to its minimum, the bank seeks to get additional collaterals from the concerned parties as soon as indicators of a loan or facility impairment appear ,The collaterals taken as collateral for assets other than loans and facilities are determined by the nature of the instrument, and debt instruments and treasury bills are usually unsecured, with the exception of sets of financial instruments covered by similar assets and instruments that are secured by a portfolio of financial instruments.

- Derivatives

The Bank maintains prudent control over the net open positions of the derivatives, the difference between the purchase and sale contracts at the level of value and duration. The amount of credit risk at any given time is determined by the fair value of the instrument that is beneficial to the Bank, a positive fair value asset that is a fraction of the contractual / default value used to express the size of the existing instruments. This credit risk is managed as part of the total lending limit granted to the client with the expected risk due to changes in the market. Collateral against credit risk on these instruments is normally not obtained except for amounts requested by the Bank as marginal deposits from third parties.

The risk of settlement arises in situations where payment is made by cash, equity instruments or other securities or in exchange for the expectation of cash, equity instruments or other securities and daily settlement limits are set for each of the other parties to cover the risk of consolidated settlement arising from bank transactions any day.

Credit related commitments

- The main reason for credit related commitments is to ensure availability of funds upon client's request. Also the financial guarantees contract bears the same loans credit risk. Letters of credit that bank issued instead of its clients to grant a third party the right to withdraw a certain value according to terms and conditions usually guaranteed with goods traded so it bear a less risk degree that direct loan.
- Credit related commitments represent the unused portion from approved limit, financial guarantees contracts or letters of credit. The bank bear expected losses with amount of total unused commitments and that is for credit risk resulted from grant credit. Although the more viable loss actually is less than unused commitments and that is for credit related commitments is grant for clients with specific credit nature. Bank is observing the commitments until maturity and that is for the long-term commitments have more credit risk degrees than short-term commitments.

A-3 Provisioning policy (Measurement of expected credit losses)

The Bank's policies require the identification of three stages of classifying financial assets measured at amortized cost, loan commitments and financial guarantees as well as debt instruments at fair value through other comprehensive income in accordance with changes in credit quality since initial recognition and thereafter measuring the impairment losses (expected credit losses) as follows:

The un-impaired financial asset is classified at initial recognition in the (stage1) and credit risk is monitored continuously by the Bank's credit risk management.

In the case of a significant increase in credit risk since the initial recognition, the financial asset is transferred to the (stage2) and the financial asset is not considered at this stage (the expected credit loss over the life of the asset without impairment).

In case of indications of impairment of the financial asset, it is transferred to the (stage3). The Bank relies on the following indicators to determine whether there is objective evidence of impairment:

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

The following table illustrates the proportional distribution of loans and credit facilities reported in the financial position for each of the four internal ratings of the Bank and their relevant impairment losses:

	31 December 2021	31 December 2020
Bank's Assessment	Loans and advances (%)	Loans and advances (%)
1- Stage 1	79.07%	74.63%
2- Stage 2	16.64%	21.25%
3- Stage 3	4.29%	4.12%
Total	100%	100 %

A-4 The General Model for Measurement of Banking Risk

In addition to the four-creditworthiness ratings shown in (note no. A-1), the management also prepares ratings in the form of more detailed subgroups, which are in line with the requirements of the Central Bank of Egypt. Assets exposed to credit risk shall be rated in these subgroups pursuant to detailed rules and terms, which depend largely on customer related information, business and activities, financial position and performance of payments thereof.

According to Central Bank of Egypt adjusted rules starting from first year which the bank commit to apply this rules, the bank calculates the provision required for the impairment of these assets exposed to credit risk which impairment value has been solely estimated

including credit related commitments using cash flow discounted method and for the group of asset that the impairment has been estimated as a group, the impairment calculated by historical default rates method. In case the impairment loss provision required according to ORR issued from Central Bank of Egypt exceeds the provisions as required according to adjusted rules by Central Bank of Egypt, that excess shall be debited to retained earnings and carried to the general reserve for banking risk in the shareholders' equity section. Such reserves shall be regularly adjusted, by any increase or decrease so that the reserve shall always be equal to the amount of increase between the two provisions. Such reserve shall not be subject to distribution, note (A-33) shows the "general banking risk reserve'' movement during the period. Following is an indication of corporate credit worthiness categories according to internal rating principles, compared to the rating principles of the Central Bank of Egypt, and of the required provision percentages for the impairment of assets exposed to credit risk:

CBE Rating	Rating's meaning	Provision Ratio required' According (CBE)(ORR)	Internal Rating According (CBE)(ORR)	Meaning of internal
1	Low risk	0%	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Marginally acceptable risk	3%	2	Regular follow up
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

A.5 The Maximum Limit for Credit Risk before Collaterals and Segregated interest and provisions

Credit risk exposures of financial position items:

	31 December 2021	31 December 2020
Cash and balances with Central Bank	12,726,021	9,368,285
Due from banks	33,325,402	24,965,378
Loans and advances to banks	3,132,376	975,390
Loans and advances to customers:		
Retail:-		
-Overdraft accounts	1,348,188	1,870,004
-Credit cards	683,774	575,750
-personal loans	39,283,285	35,115,676
-Mortgage loans	2,692,670	2,529,771
Corporate:		
- Overdraft accounts	31,845,136	22,410,002
-Direct loans	15,763,251	15,480,117
-Syndicated loans	14,347,454	13,710,080
-Discount document	635,301	125,456
Financial derivatives	1,479	2,571
Financial investments at fair value through other comprehensive income		
-Debt instruments	45,737,549	51,072,174
Financial investments at amortized cost		
-Debt instruments	42,615,351	20,720,233
Other assets *	3,742,713	2,210,594
Total	**247,879,950**	**201,131,481**

The previous table represents the loans without taking into consideration Expected Credit Loss as disclosed in notes (15), (16), (17), (18), (19) and (20)

* The above – mentioned other assets represents in accrued revenues.

ANNUAL REPORT 2021

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

	31 December 2021			
Due from banks	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Credit rating				
Good debts	30,815,052	2,510,350	--	33,325,402
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**30,815,052**	**2,510,350**	**--**	**33,325,402**
ECL Provision	--	(3,752)	--	(3,752)
Net carrying amount	**30,815,052**	**2,506,598**	**--**	**33,321,650**

	31 December 2020			
Due from banks	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Credit rating				
Good debts	22,598,247	2,367,131	--	24,965,378
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**22,598,247**	**2,367,131**	**--**	**24,965,378**
ECL Provision	(6)	(9,328)	--	(9,334)
Net carrying amount	**22,598,241**	**2,357,803**	**--**	**24,956,044**

Treasury bills	31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	16,024,966	7,762,635	--	23,787,601
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**16,024,966**	**7,762,635**	**--**	**23,787,601**
ECL Provision	--	(51,604)	--	(51,604)
Net carrying amount	**16,024,966**	**7,711,031**	**--**	**23,735,997**

Treasury bills	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	27,766,706	7,608,068	--	35,374,774
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**27,766,706**	**7,608,068**	**--**	**35,374,774**
ECL Provision	--	(106,970)	--	(106,970)
Net carrying amount	**27,766,706**	**7,501,098**	**--**	**35,267,804**

ANNUAL REPORT 2021

Governmental Treasury bonds	31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	57,708,845	3,006,578	--	60,715,423
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**57,708,845**	**3,006,578**	**--**	**60,715,423**
ECL Provision	--	(81,410)	--	(81,410)
Net carrying amount	**57,708,845**	**2,925,168**	**--**	**60,634,013**

Governmental Treasury bonds	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	30,483,672	3,338,878	--	33,822,550
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**30,483,672**	**3,338,878**	**--**	**33,822,550**
ECL Provision	--	(105,707)	--	(105,707)
Net carrying amount	**30,483,672**	**3,233,171**	**--**	**33,716,843**

Corporate bonds	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
Credit rating				
Good debts	3,849,876	--	--	3,849,876
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**3,849,876**	**--**	**--**	**3,849,876**
ECL Provision	(4,348)	--	--	(4,348)
Net carrying amount	**3,845,528**	**--**	**--**	**3,845,528**

Corporate bonds	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	2,595,083	--	--	2,595,083
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**2,595,083**	**--**	**--**	**2,595,083**
ECL Provision	(2,819)	--	--	(2,819)
Net carrying amount	**2,592,264**	**--**	**--**	**2,592,264**

Loans and advances to Banks	31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	834,950	2,297,426	--	3,132,376
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**834,950**	**2,297,426**	**--**	**3,132,376**
ECL Provision	(2,611)	(16,324)	--	(18,935)
Net carrying amount	**832,339**	**2,281,102**	**--**	**3,113,441**

	31 December 2020			
Loans and advances to Banks	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	Total
Credit rating				
Good debts	314,642	660,748	--	975,390
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	**314,642**	**660,748**	**--**	**975,390**
ECL Provision	(1,301)	(6,137)	--	(7,438)
Net carrying amount	**313,341**	**654,611**	**--**	**967,952**

Loans and advances to Retail	31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	40,732,649	1,108,635	--	41,841,284
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	2,166,633	2,166,633
Total	**40,732,649**	**1,108,635**	**2,166,633**	**44,007,917**
ECL Provision	(255,859)	(30,539)	(1,608,866)	(1,895,264)
Net carrying amount	**40,476,790**	**1,078,096**	**557,767**	**42,112,653**

Loans and advances to Retail	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	37,668,795	801,320	--	38,470,115
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	1,621,086	1,621,086
Total	**37,668,795**	**801,320**	**1,621,086**	**40,091,201**
ECL Provision	(305,002)	(50,413)	(1,197,026)	(1,552,441)
Net carrying amount	**37,363,793**	**750,907**	**424,060**	**38,538,760**

Loans and advances to large & medium Corporate	31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	41,004,287	10,297,820	--	51,302,107
Normal watch-list	--	--	--	--
Special watch-list	--	2,397,052	--	2,397,052
Non-performing loan	--	--	2,195,302	2,195,302
Total	**41,004,287**	**12,694,872**	**2,195,302**	**55,894,461**
ECL Provision	(272,152)	(3,387,500)	(2,040,355)	(5,700,007)
Net carrying amount	**40,732,135**	**9,307,372**	**154,947**	**50,194,454**

Loans and advances to large & medium Corporate	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	27,676,964	15,979,932	--	43,656,896
Normal watch-list	--	--	--	--
Special watch-list	--	770,879	--	770,879
Non-performing loan	--	--	1,884,854	1,884,854
Total	**27,676,964**	**16,750,811**	**1,884,854**	**46,312,629**
ECL Provision	(266,185)	(2,865,666)	(1,819,252)	(4,951,103)
Net carrying amount	**27,410,779**	**13,885,145**	**65,602**	**41,361,526**

Loans and advances to Small Corporate	31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	4,196,687	2,156,045	--	6,352,732
Normal watch-list	--	--	--	--
Special watch-list	--	--	15,628	15,628
Non-performing loan	--	--	328,321	328,321
Total	**4,196,687**	**2,156,045**	**343,949**	**6,696,681**
ECL Provision	(11,165)	(169,814)	(120,362)	(301,341)
Net carrying amount	**4,185,522**	**1,986,231**	**223,587**	**6,395,340**

Loans and advances to Small Corporate	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Credit rating				
Good debts	3,587,218	1,504,137	--	5,091,355
Normal watch-list	--	--	--	--
Special watch-list	--	2,475	127,772	130,247
Non-performing loan	--	--	191,424	191,424
Total	**3,587,218**	**1,506,612**	**319,196**	**5,413,026**
ECL Provision	(41,750)	(124,481)	(114,979)	(281,210)
Net carrying amount	**3,545,468**	**1,382,131**	**204,217**	**5,131,816**

ANNUAL REPORT 2021

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

Due from banks	31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
ECL Provision at January 01, 2021	6	9,328	--	9,334
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	(6)	(5,562)	--	(5,568)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	--	(14)	--	(14)
Balance at the end of the year	**--**	**3,752**	**--**	**3,752**

Due from banks	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
ECL Provision at January 01, 2020	15	7,737	--	7,752
New financial assets purchased or issued	15	9,728	--	9,743
Financial assets have been matured or derecognized	(15)	(7,737)	--	(7,752)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	(9)	(400)	--	(409)
Balance at the end of the year	**6**	**9,328**	**--**	**9,334**

Treasury bills	31 December 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision at January 01, 2021	--	106,970	--	106,970
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(54,256)	--	(54,256)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(1,110)	--	(1,110)
Balance at the end of the year	**--**	**51,604**	**--**	**51,604**

Treasury bills	31 December 2020 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision at January 01, 2020	--	111,516	--	111,516
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(2,676)	--	(2,676)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(1,870)	--	(1,870)
Balance at the end of the year	**--**	**106,970**	**--**	**106,970**

Government Treasury Bonds	31 December 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision at January 01, 2021	--	105,707	--	105,707
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(24,160)	--	(24,160)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(137)	--	(137)
Balance at the end of the year	**--**	**81,410**	**--**	**81,410**

Government Treasury Bonds	31 December 2020 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision at January 01, 2020	--	119,950	--	119,950
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(11,694)	--	(11,694)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(2,549)	--	(2,549)
Balance at the end of the year	**--**	**105,707**	**--**	**105,707**

Corporate Bonds	31 December 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision at January 01, 2021	2,819	--	--	2,819
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	1,529	--	--	1,529
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the year	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	**4,348**	**--**	**--**	**4,348**

Corporate Bonds	31 December 2020 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision at January 01, 2020	275	--	--	275
New financial assets purchased or issued	2,544	--	--	2,544
Financial assets have been matured or derecognized	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of default and loss in the case of default and the exposure at default	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
Loans written-off during the year	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	**2,819**	**--**	**--**	**2,819**

Loans and advances to banks	31 December 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision at January 01, 2021	1,301	6,137	--	7,438
New financial assets purchased or issued	1,309	10,184	--	11,493
Financial assets have been matured or derecognized	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	1	3	--	4
Balance at the end of the year	**2,611**	**16,324**	**--**	**18,935**

Loans and advances to banks	31 December 2020 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision at January 01, 2020	993	175	--	1,168
New financial assets purchased or issued	350	5,983	--	6,333
Financial assets have been matured or derecognized	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	(42)	(21)	--	(63)
Balance at the end of the year	**1,301**	**6,137**	**--**	**7,438**

Loans and advances to retail	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
ECL Provision at January 01, 2021	305,002	50,413	1,197,026	1,552,441
New financial assets purchased or issued	80,957	3,798	51,875	136,630
Financial assets have been matured or derecognized	(69,518)	(29,557)	(648,743)	(747,818)
Transfer to stage 1	1,462	(1,202)	(260)	--
Transfer to stage 2	(23,269)	23,550	(281)	--
Transfer to stage 3	(782,389)	(273,478)	1,055,867	--
Changes	743,614	257,015	(46,618)	954,011
Balance at the end of the year	**255,859**	**30,539**	**1,608,866**	**1,895,264**

Loans and advances to retail	31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
ECL Provision at January 01, 2020	200,723	10,998	528,497	740,218
New financial assets purchased or issued	88,820	11,728	132,548	233,096
Financial assets have been matured or derecognized	(38,881)	(1,733)	(153,555)	(194,169)
Transfer to stage 1	3,144	(2,726)	(418)	--
Transfer to stage 2	(22,493)	22,687	(194)	--
Transfer to stage 3	(501,177)	(88,563)	589,740	--
Changes	563,595	85,341	(22,120)	626,816
Precaution ECL	11,271	12,681	122,528	146,480
Balance at the end of the year	305,002	50,413	1,197,026	1,552,441

Loans and advances to large &medium corporate	31 December 2021			
	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
ECL Provision at January 01, 2021	266,185	2,865,666	1,819,252	4,951,103
New financial assets purchased or issued	139,139	1,480,793	263,699	1,883,631
Financial assets have been matured or derecognized	(545,789)	(445,629)	(137,985)	(1,129,403)
Transfer to stage 1	453,713	(453,713)	--	--
Transfer to stage 2	(37,703)	37,703	--	--
Transfer to stage 3	(226)	(95,542)	95,768	--
Loans written-off during the year	--	--	(32)	(32)
Proceeds from written –off	--	--	654	654
Foreign exchange translation differences	(3,167)	(1,778)	(1,001)	(5,946)
Balance at the end of the year	**272,152**	**3,387,500**	**2,040,355**	**5,700,007**

Loans and advances to large &medium corporate	31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
	12-Months	Life time	Life time	
ECL Provision at January 01, 2020	160,167	1,608,697	1,904,983	3,673,847
New financial assets purchased or issued	154,873	1,453,731	10,732	1,619,336
Financial assets have been matured or derecognized	(39,451)	(167,758)	(53,454)	(260,663)
Transfer to stage 1	15,092	(15,092)	--	--
Transfer to stage 2	(14,412)	14,412	--	--
Transfer to stage 3	(278)	--	278	--
Loans written-off during the year	--	--	(39,054)	(39,054)
Proceeds from written –off	--	--	1,841	1,841
Foreign exchange translation differences	(9,806)	(28,324)	(6,074)	(44,204)
Balance at the end of the year	**266,185**	**2,865,666**	**1,819,252**	**4,951,103**

Loans and advances to small corporate	31 December 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision at January 01, 2021	41,750	124,481	114,979	281,210
New financial assets purchased or issued	8,780	97,800	58,013	164,593
Financial assets have been matured or derecognized	(41,146)	(55,035)	(29,424)	(125,605)
Transfer to stage 1	12,344	(11,141)	(1,203)	--
Transfer to stage 2	(8,728)	35,157	(26,429)	--
Transfer to stage 3	(1,835)	(21,448)	23,283	--
Loans written-off during the year	--	--	(18,857)	(18,857)
Proceeds from written –off	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	**11,165**	**169,814**	**120,362**	**301,341**

Loans and advances to small corporate	31 December 2020 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
ECL Provision at January 01, 2020	1,728	1,048	136,895	139,671
New financial assets purchased or issued	41,063	120,135	39,379	200,577
Financial assets have been matured or derecognized	(1,195)	(3,857)	(53,986)	(59,038)
Transfer to stage 1	848	(5)	(843)	--
Transfer to stage 2	(683)	675	8	--
Transfer to stage 3	(11)	6,485	(6,474)	--
Loans written-off during the year	--	--	--	--
Proceeds from written –off	--	--	--	--
Foreign exchange translation differences	--	--	-	--
Balance at the end of the year	**41,750**	**124,481**	**114,979**	**281,210**

ANNUAL REPORT 2021

The following table provides summary of expected credit losses (ECL) at the end of the year:

Items	31 December 2021 Stage 1 12-Months	Stage 2 Life time	Stage 3 Life time	Total
Due from banks	--	3,752	--	3,752
Treasury bills	--	51,604	--	51,604
Governmental treasury bonds	--	81,410	--	81,410
Corporate bonds	4,348	--	--	4,348
Loans and advances to banks	2,611	16,324	--	18,935
Loans and advances to retail	255,859	30,539	1,608,866	1,895,264
Loans and advances to large & medium corporate	272,152	3,387,500	2,040,355	5,700,007
Loans and advances to small corporate	11,165	169,814	120,362	301,341
Expected credit losses Provision for contingent liabilities-corporate	79,671	155,118	5,154	239,943
Expected credit losses Provision for contingent liabilities-SMEs	5,463	15,181	456	21,100
Expected credit losses Provision for contingent liabilities-Due from Banks	1,333	2,019	--	3,352
Balance at the end of the year	**632,602**	**3,913,261**	**3,775,193**	**8,321,056**

Items	31 December 2020			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Due from banks	6	9,328	--	9,334
Treasury bills	--	106,970	--	106,970
Governmental treasury bonds	--	105,707	--	105,707
Corporate bonds	2,819	--	--	2,819
Loans and advances to banks	1,301	6,137	--	7,438
Loans and advances to retail	305,002	50,413	1,197,026	1.552,441
Loans and advances to large &medium corporate	266,185	2,865,666	1,819,252	4,951,103
Loans and advances to small corporate	41,750	124,481	114,979	281,210
Expected credit losses Provision for contingent liabilities-corporate	52,715	45,208	6,098	104,021
Expected credit losses Provision for contingent liabilities-SMEs	4,889	3,276	15,397	23,562
Expected credit losses Provision for contingent liabilities-Due from Banks	546	820	--	1,366
Balance at the end of the year	**675,213**	**3,318,006**	**3,152,752**	**7,145,971**

Off balance sheet items exposed to credit risk

	31 December 2021	31 December 2020
Non-revocable credit related commitments for loans and other liabilities	6,310,005	3,833,987
Letter of credit	5,479,002	4,597,761
Letters of guarantee	17,387,069	14,225,511
Accepted draft	3,817,900	1,596,839
Total	**32,993,976**	**24,254,098**

- The first table (A/5) represents the maximum limit of exposure as at 31 December 2021 and as at 31 December 2020, without taking into consideration any financial guarantees.
- As illustrated in the previous table 43.00% of the maximum limit exposed to credit risk arises from loans and advances to customers including the discounted documents (45.65% :31 December 2020), where investments in debt instrument measured at fair value through OCI and amortized cost represent 35.64% (35.69% :31 December 2020)
- The management has confidence in its abilities to continue of controlling and maintaining the minimum limit of credit risk resulted from loans, facilities, and debt instruments portfolios based on the following:
- 58.35% of the loans and advances portfolio are considered to be neither past due nor impaired (70.03%: 31 December 2020).
- 4.56% of loans and advances portfolio individually impaired (4.27%: 31 December 2020).
- Loans and advances that are not impaired represent 95.44 % from total loans portfolio (Dec 2020: 95.73%) including past due loans but not impaired represent 37.09% from total loans portfolio (Dec 2020: 25.70%).

A-6 Loans and advances

The following is the position of loans and advances' balances as regarding credit worthiness:

	31 December 2021		31 December 2020	
	Loans and advances to customers	Loans and advances to banks	Loans and advances to customers	Loans and advances to banks
Neither past due nor impaired	62,202,768	3,132,376	64,297,138	975,390
With past due but not impaired	39,534,800	--	23,600,718	--
Individually impairment	4,861,491	--	3,919,000	--
Total	**106,599,059**	**3,132,376**	**91,816,856**	**975,390**
(Less):Expected Credit loss provision	(7,896,612)	(18,935)	(6,784,754)	(7,438)
(Less):Suspended interest	--	--	(652)	--
(Less):Unearned discount of documents	(25,844)	--	(10,987)	--
Net	**98,676,603**	**3,113,441**	**85,020,463**	**967,952**

- Total Expected Credit Loss provision of loans and advances to customers amounted EGP 7,896,612 thousands as at 31 December 2021 of which EGP 3,769,583 thousands represents impairment of retail loans (Stage 3) and the balance of EGP 4,127,029 thousands represents the provision of ECL (Stage 1 and Stage 2); (31 December 2020: ECL provision of loans and advances amounted EGP 6,784,754 thousands of which EGP 3,131,257 thousands represents impairment of retail loans and the balance of EGP 3,653,497 thousands represents the provision of ECL (Stage 1 and Stage 2)

Additional information on provision for ECL of loans and advances is provided in notes (18).

During the current accounting year loans and facilities to customers and banks increased by 18.25%.

Loans and advances Neither past due nor impaired

The creditworthiness of the loans and advances portfolio with no past dues or impairment is assessed with reference to the internal assessment adopted by the bank.

31 December 2021									
	Retail				Corporate				
Grade \ Product type	Over drafts	Credit cards	Personal loans	Mortgage loans	Over drafts	Direct loans	Syndicated loans	Total Loans and advances to customers	Loans and advances to banks
1 Good debts	1,348,188	656,236	37,014,450	2,651,175	735,913	3,163,975	3,357,821	48,927,758	3,132,376
2 Normal watch-list	--	--	--	--	147,903	3,459,688	9,145,432	12,753,023	--
3 Special watch-list	--	--	--	--	521,987	--	--	521,987	--
Total	**1,348,188**	**656,236**	**37,014,450**	**2,651,175**	**1,405,803**	**6,623,663**	**12,503,253**	**62,202,768**	**3,132,376**

31 December 2020									
	Retail				Corporate				
Grade \ Product type	Over drafts	Credit cards	Personal loans	Mortgage loans	Over drafts	Direct loans	Syndicated loans	Total Loans and advances to customers	Loans and advances to banks
1 Good debts	1,870,004	539,338	33,352,827	2,486,311	2,292,880	4,832,237	3,205,923	48,579,520	975,390
2 Normal watch-list	--	--	--	--	1,867,531	7,309,166	6,534,748	15,711,445	--
3 Special watch-list	--	--	--	--	6,173	--	--	6,173	--
Total	**1,870,004**	**539,338**	**33,352,827**	**2,486,311**	**4,166,584**	**12,141,403**	**9,740,671**	**64,297,138**	**975,390**

Loans and advances past due but not impaired

- These are loans and advances with delays up to 90 days but are not considered impaired unless there is another information to the contrary, a loans and facilities to customers with past dues but not impaired and the fair value of their collaterals are represented in following:

	Corporate			
31 December 2021	Overdrafts	Direct loans	Syndicated loans	Total Loans and advances to customers
Past dues up to 30 days	19,752,313	8,225,186	789,418	28,766,917
Past dues more than 30 to 60 days	3,390,019	213,782	--	3,603,801
Past dues more than 60 to 90 days	2,715,044	105,638	--	2,820,682
Past due more than 90 days	2,693,635	594,982	1,054,783	4,343,400
Total	**28,551,011**	**9,139,588**	**1,844,201**	**39,534,800**

	Corporate			
31 December 2020	Overdrafts	Direct loans	Syndicated loans	Total Loans and advances to customers
Past dues up to 30 days	9,264,721	2,632,568	2,731,055	14,628,344
Past dues more than 30 to 60 days	2,609,875	330,684	69,263	3,009,822
Past dues more than 60 to 90 days	703,188	62,828	--	766,016
Past dues more than 90 days	3,714,811	312,634	1,169,091	5,196,536
Total	**16,292,595**	**3,338,714**	**3,969,409**	**23,600,718**

Individually impaired loans

- The loans and advances which are subject to impairment on an individual basis, before taking into consideration expected cash flow from the collateral amounted to EGP 4,861,491 thousand as at 31 December 2021 (31 Dec 2020: EGP 3,919,000 thousand).
- Herein below, is the analysis of the gross value of loans and advances subject to impairment on individual basis including the fair value of collaterals the bank has obtained against these loans:

31 December 2021	Retail				Corporate			
	Overdrafts	Credit cards	Personal loans	Mortgages Loans	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans	--	27,538	2,268,835	41,495	2,523,623	--	--	4,861,491

The fair value of collaterals held by the Bank against above loans is totaled EGP 652,432 thousand

31 December 2020	Retail				Corporate			
	Over-drafts	Credit cards	Personal loans	Mortgages loans	Overdraft	Direct loans	Syndicated loans	Total
Individually impaired loans	--	36,412	1,762,849	43,460	2,076,279	--	--	3,919,000

The fair value of collaterals held by the Bank against above loans is totaled EGP 250,639 thousand.

At the initial recognition of loans and advances, the fair value of collaterals is evaluated based on the same financial assets evaluation method used and in subsequent periods, the fair value is updated by the market prices or the similar assets' prices.

All collaterals held by the Bank against loans and advances that are subject to impairment represent Checks and order bills equal to their related booked debts.

Loans and advances restructured

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies is based on indications or criteria of credit performance of the borrower that is based on the personal judgment of the management, which indicate that payment will most likely continue, these policies are subject to continuous review. Restructuring is commonly applied to long-term loans, especially customers financing loans.

Loans, which have been subject to Renegotiation, have reached EGP 3,952,173 thousand as at 31 December 2021 (31 December 2020 EGP 5,811,433 thousand)

Loans and advances to customers

	31 December 2021	31 December 2020
Corporate		
- Overdraft loans	**135,665**	**277,896**
- Direct loans	**251,034**	**64,744**
- Syndicated loans	3,540,671	5,463,931
Retail		
- Personal loans	24,803	4,862
Total	**3,952,173**	**5,811,433**

A-7 Debt instruments, treasury bills and other governmental notes

The following table represents an analysis of debt instruments and treasury bills and other governmental notes at the end of financial year, based on the assessment Evaluation agencies:

Rating	Net Treasury bills at FVTOCI	Bonds at FVTOCI	Zero Coupon Bonds	Bonds at amortized cost	Other investment at amortized cost	Total	Year
B+	23,787,601	21,949,948	954,702	41,604,536	56,113	88,352,900	31 December 2021
B+	35,374,774	15,697,400	--	20,664,120	56,113	71,792,407	31 December 2020

A-8 Acquisition of collaterals

- Acquired assets are classified under the "Other Assets" item in the financial position; the accounting policy disclosed in Note 2 is followed in the first recognition and subsequent measurement. These assets are sold or used for the purposes of the Bank whenever practicable and in accordance with the legal periods set by the Central Bank of Egypt to dispose acquired assets.

A-9 The concentration of financial assets' risks exposed to credit risk Geographical sectors:

The following is breakdown of the bank's credit exposure at their book values categorized by geographical region at the end of the year. The bank has allocated the risks to the geographical segments based on regions of the bank's clients

	Arab Republic of Egypt			Out of Arab Republic of Egypt	Total
	Cairo	Alex and Delta – Sinai	Upper Egypt		
Loans and advances to banks	--	--	--	3,132,376	3,132,376
Loans and advances to customers					
Retail :					
-Overdraft	513,503	719,649	115,036	--	1,348,188
-Credit cards	468,222	159,391	56,161	--	683,774
-Personal loans	13,972,864	15,511,554	9,798,867	--	39,283,285
-Mortgages loans	2,077,682	208,790	406,198	--	2,692,670
Corporate:					
- Overdraft	24,246,014	6,450,186	1,148,936	--	31,845,136
-Direct loans	14,071,257	1,189,773	502,221	--	15,763,251
-Syndicated loans	12,450,504	1,107,532	789,418	--	14,347,454
Discounted documents	538,661	96,640	--	--	635,301
Financial derivatives	1,479	--	--	--	1,479
Financial investment at fair value through other comprehensive income					
-Debt instrument	21,949,948	--	--	--	21,949,948
-Treasury bills and other governmental notes	23,787,601	--	--	--	23,787,601
Financial investment at amortized cost					
-Debt instrument	42,615,351	--	--	--	42,615,351
Other assets*	3,440,493	187,669	114,551	--	3,742,713
Total at 31 December 2021	**160,133,579**	**25,631,184**	**12,931,388**	**3,132,376**	**201,828,527**
Total at 31 December 2020	**133,487,354**	**20,899,234**	**11,593,161**	**818,069**	**166,797,818**

*The above - mentioned other assets represents in accrued revenues.

Business segment

	Financial institutions	Manufacturing	Real Estate	Whole-sale and retail trade	Government sector	Other activities	Individual	Total
Loans and advances to banks	3,132,376	--	--	--	--	--	--	3,132,376
Loans and advances to customers								
Retail:								
- Overdrafts	--	--	--	--	--	--	1,348,188	1,348,188
- Credit cards	--	--	--	--	--	--	683,774	683,774
- Personal loans	--	--	--	--	--	--	39,283,285	39,283,285
- Mortgages loans	--	--	2,692,670	--	--	--	--	2,692,670
Corporate:								
- Overdrafts	--	1,012,749	197,130	4,814,389	3,356,236	22,464,632	--	31,845,136
- Direct loans	--	671,326	2,385,907	457,520	1,569,847	10,678,651	--	15,763,251
- Syndicated loans	--	4,085,424	1,821,415	240,000	5,771,812	2,428,803	--	14,347,454
Discount documents	--	513,324	--	--	--	--	121,977	635,301
Financial derivatives	--	--	--	--	--	1,479	--	1,479
Financial investment at fair value through other comprehensive income								
-Debt instruments	3,849,876	--	--	--	18,100,072	--	--	21,949,948
-Treasury bills and other governmental notes	--	--	--	--	23,787,601	--	--	23,787,601
Financial investments at amortized cost								
-Debt instruments	--	--	--	--	42,615,351	--	--	42,615,351
- Other assets*	--	--	--	--	--	3,742,713	--	3,742,713
Total as at 30 September 2021	**6,982,252**	**6,282,823**	**7,097,122**	**5,511,909**	**95,200,919**	**39,316,278**	**41,437,224**	**201,828,527**
Total as at 31 December 2020	**3,570,473**	**7,806,679**	**6,999,153**	**4,200,705**	**79,163,127**	**27,471,855**	**37,585,826**	**166,797,818**

* Other assets listed are represented in accrued revenues in which have categorized as other activities due to the unavailability of data required to be distributed properly.

B. Market risk

The Bank exposed to Market risk which is represented as fluctuations in fair value or future cash flow provided from changes in Market prices, the market risk produces from open positions for interest rates, currency and equity products, as each is subject to public and private movements in the market. And changes in the level of sensitivity to market rates or to prices, such as rates of return, exchange rates and prices of equity instruments. The bank separates exposures to market risk into trading or non-trading portfolios.

Trading portfolios include positions arising from dealing with clients directly or with the market. Non-trading portfolios include positions that primarily arise from the interest rate for assets and liabilities related to retail transactions, and these portfolios include foreign currencies Risks from financial investments at amortized cost, and also equity instruments Risks from financial investments designated as fair value through other comprehensive income

B.1. Market risk measurement techniques
As part of the management of market risk, the Bank undertakes various hedging strategies and enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt instrument and loans to which the fair value option has been applied.

The following are the most important measurement techniques used to control market risk

Value at Risk

The Bank applies a "Value at Risk' ' methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions the board of directors sets limits for value at risk which the bank can accept for trading and non-trading separately.

Value at risk is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (10 Days). Before it could be closing open positions and it's also assumed that the market movement during the holding period will follow the same pattern of movement that occurred during the previous ten days. The Bank assesses the historical movements in the market prices based on volatilities and correlations data for the past five years.

And the bank applies those historical changes in rates, prices and indicators, directly to the current centers - this method is known as historical simulation, and the actual outputs are monitored regularly to measure the integrity of the assumptions and factors used to calculate the value at risk.

The use of this method does not prevent the loss from exceeding these limits in the event of greater movements in the market. As the value at risk is considered an essential part of the bank's system in controlling market risk, the Board of Directors sets annual limits for the value at risk for both trading and non-trading operations and is divided into activity units, and the actual values at risk are compared to the objective limits by the bank and its review Daily by the bank's risk management. The quality of the value-at-risk model is continuously monitored through reinforcement tests of the value-at-risk results of the trading portfolio, and the results of those tests are reported to senior management and the board of directors.

Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. The stress tests are designed to be suitable for the activity is tailored using standard analyzes for specific scenarios. The stress tests carried out by the bank's risk management department include stress testing Risk factors, as a set of sharp moves is applied to each risk category and the pressures of developing markets are tested, as developing markets are subject to for sharp movements and a special stress test, it includes possible events affecting certain centers or regions, such as what may be produced in a region due to liberation Restrictions on a currency. Senior management and the Board of Directors review the stress test results.

B.2. Summary of value at risk VAR as per the risk type

	12 months till the end of current year 2021			12 months till the end of compared year 2020		
	Average	High	Low	Average	High	Low
Foreign exchange risk	3,983	41,344	649	6,206	28,291	432
VAR	3,983	41,344	649	6,206	28,291	432

B.3. The risk of fluctuations in foreign exchange rates
The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows and the board of directors have set limits of foreign currencies in total value for each position at the end of the day and during the day, which are monitored on the spot The following table includes the book value of financial instruments distributed into its component currencies' and translated to EGP

31 December 2021	EGP	USD	Euro	GBP	Other Currency	Total
Financial Assets						
Cash and balances at Central Bank of Egypt	16,272,559	2,276,854	278,162	38,647	195,743	19,061,965
Due from banks	12,959,550	19,541,585	437,156	230,713	152,646	33,321,650
Loans and advances to banks	--	3,113,441	--	--	--	3,113,441
Loans and advances to customers	91,960,505	6,361,824	353,938	5	331	98,676,603
Financial Derivatives	1,479	--	--	--	--	1,479
Financial investments						
At fair value through profit and loss	58,103	--	--	--	--	58,103
At fair value through other comprehensive income	36,515,583	10,303,675	877,545	--	79	47,696,882
At amortized cost	42,615,351	--	--	--	--	42,615,351
Investments in subsidiaries and associates	638,291	237,811	--	--	--	876,102
Total financial Assets	**201,021,421**	**41,835,190**	**1,946,801**	**269,365**	**348,799**	**245,421,576**
Financial liabilities						
Due to banks	3,487,010	13,652,453	483,324	374	626	17,623,787
Customers' deposits	175,480,725	21,002,005	1,394,843	268,624	131,876	198,278,073
Financial derivatives	6,078	--	--	--	--	6,078
Other loans	4,302,800	7,394,707	--	--	--	11,697,507
Total financial Liabilities	**183,276,613**	**42,049,165**	**1,878,167**	**268,998**	**132,502**	**227,605,445**
Net Financial Assets in Financial position	**17,744,808**	**(213,975)**	**68,634**	**367**	**216,297**	**17,816,131**
31 December 2020						
Total financial assets	**159,607,541**	**36,253,599**	**1,651,868**	**252,922**	**171,423**	**197,937,353**
Total financial liabilities	**144,669,673**	**36,295,799**	**1,624,149**	**252,555**	**123,562**	**182,965,738**
Net Financial assets in Financial position	**14,937,868**	**(42,200)**	**27,719**	**367**	**47,861**	**14,971,615**

B.4. Interest rate risk

The bank is exposed to the impact of the fluctuations in the levels of interest rates prevailing in the market; include the cash flow risk of interest rate represented in the fluctuations of future cash flow of a financial instrument due to changes in the interest rate of the mentioned instrument. Whereas the interest rates fair value risk is the risk of fluctuations in the value of the financial instrument due to changes in interest rates in the market. The interest margin may rise due to these changes but still the profits may decrease if unexpected movements occur. The board of directors set limits for the level of difference in the re-pricing of interest rate that the bank can maintain and bank's management monitors this daily.

The following table summarizes the extent of the bank's exposure to the risk of fluctuations in interest rates that includes the book value of financial instruments distributed based on the price of repricing dates or maturity dates whichever is sooner:

31 December 2021	Up to 1 month	More than One month to three Months	More than Three months to one year	More than one year to three year	More than three years	Due in next day	Non-bearing interest	Total
Financial Assets								
Cash and balances with Central Bank	--	--	--	--	--	--	19,061,965	19,061,965
Due from banks	24,097,150	8,710,350	--	--	--	--	517,902	33,325,402
Loans and advances to banks	314,334	663,424	1,722,409	290,759	--	141,450	--	3,132,376
Loans and advances to customers	1,396,009	22,775,241	10,825,493	13,178,935	27,254,832	31,168,549	--	106,599,059
Financial Derivatives	--	--	2	1,477	--	--	--	1,479
Financial Investments:-								
- At fair value through profit and loss	58,103	--	--	--	--	--	--	58,103
- At fair value through other comprehensive income	891,420	8,249,413	23,091,868	10,513,317	4,307,642	--	1,959,333	49,012,993
- At amortized cost	49,995	1,117,294	6,308,762	32,238,055	3,046,542	--	--	42,760,648
Total financial assets	**26,807,011**	**41,515,722**	**41,948,534**	**56,222,543**	**34,609,016**	**31,309,999**	**21,539,200**	**253,952,025**

B-4 Interest rate risk - Continued

31 December 2021	Up to1 month	More than One month to three Months	More than Three months to one year	More than one year to three year	More than three years	Due in next day	Non-bearing interest	Total
Financial liabilities								
Due to banks	4,047,398	10,574,681	2,356,621	--	--	--	645,087	17,623,787
Customer's deposits	24,234,415	29,065,078	35,165,944	70,146,519	12,359,513	25,058,189	2,248,415	198,278,073
Financial Derivatives	1,207	2,218	2,621	32	--	--	--	6,078
Other loans	551,666	4,614,312	640,574	1,759,078	4,131,877	--	--	11,697,507
Total financial liabilities	28,834,686	44,256,289	38,165,760	71,905,629	16,491,390	25,058,189	2,893,502	227,605,445
Total interest re-pricing gap	(2,027,675)	(2,740,567)	3,782,774	(15,683,086)	18,117,626	6,251,810	18,645,698	26,346,580
As at 31 December 2020								
Total financial assets	**28,946,464**	**31,948,397**	**39,500,980**	**33,477,975**	**34,189,658**	**23,064,979**	**14,759,917**	**205,888,370**
Total financial liabilities	**23,127,288**	**43,062,085**	**26,305,873**	**51,050,319**	**12,947,836**	**23,803,415**	**2,668,922**	**182,965,738**
Total interest re-pricing gap	**5,819,176**	**(11,113,688)**	**13,195,107**	**(17,572,344)**	**21,241,822**	**(738,436)**	**12,090,995**	**22,922,632**

C. liquidity Risk

Liquidity risk occurs when the Bank does not have sufficient financial resources to meet its obligations arising from its financial liabilities as they fall due or to replace funds when they are withdrawn. Consequently, the bank may fail to meet obligations to repay depositors and fulfill lending commitments.

C-1 Liquidity risk management

Monitoring liquidity risk includes the following:

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

Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those assets projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Risk Management Department also monitors unmatched medium-term assets, the level and type of un-drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees

C.2 Funding approach

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

C.3 Non-derivative cash flows

The following table presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities, measured by the remaining contractual maturities and the amounts in the table represent the undiscounted contractual cash flows, while the bank manages the liquidity risk on the basis of the expected undiscounted cash flows, not contractual.

31 December 2021	Up to1 month	More than One to three-Months	More than Three months-to one year	More than One year to three years	Over three-Years	Total
Financial liabilities						
Due to banks	4,215,369	10,617,431	2,684,826	249,059	161,832	17,928,517
Customer's deposits	32,777,560	22,977,861	40,135,066	86,286,044	37,487,183	219,663,714
Other loans	115,783	268,895	1,625,828	4,383,151	6,607,741	13,001,398
Total liabilities according to (contractual maturity dates)	**37,108,712**	**33,864,187**	**44,445,720**	**90,918,254**	**44,256,756**	**250,593,629**
Total assets according to (contractual maturity dates)	**54,768,553**	**21,094,648**	**61,943,551**	**94,198,890**	**75,581,738**	**307,587,380**

31 December 2020	Up to1 month	More than One to three-Months	More than Three monthsto one year	More than One year to three years	Over three-Years	Total
Financial liabilities						
Due to banks	1,589,895	11,211,918	846,407	21,877	21,874	13,691,971
Customer's deposits	29,657,725	14,760,219	34,867,247	69,593,262	31,212,011	180,090,464
Other loans	102,991	85,054	473,988	1,696,509	4,852,976	7,211,518
Total liabilities according to (contractual maturity dates)	**31,350,611**	**26,057,191**	**36,187,642**	**71,311,648**	**36,086,861**	**200,993,953**
Total assets according to (contractual maturity dates)	**46,784,000**	**17,364,991**	**51,667,085**	**63,720,056**	**66,087,335**	**245,623,467**

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

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

D. Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the financial position at their fair value:

	Book Value		Fair Value	
	Current year 31 December 2021	Compared year 31 December 2020	Current year 31 December 2021	Compared year 31 December 2020
Financial Assets				
Due from banks	33,325,402	24,965,378	33,423,866	25,005,450
Loans to banks	3,132,376	975,390	3,132,376	975,390
Loans to customers				
- Retail	44,007,917	40,091,201	44,007,872	40,091,201
- Corporate Entities	62,591,142	51,725,655	62,591,142	51,725,655
Financial Investments				
- At amortized cost	42,760,648	20,720,233	42,885,945	20,901,830
Financial liabilities				
Due to banks	17,623,787	13,416,826	17,651,781	13,461,335
Customer deposits:				
- Retail	121,949,192	111,041,833	135,698,045	123,396,238
- Corporate Entities	76,328,881	51,735,518	76,367,344	51,748,348
Other loans	11,697,507	6,768,131	11,697,507	6,768,131

D-1 Financial instruments measured at fair value

Classified financial assets are measured as financial assets for the purpose of trading at fair value, with differences in fair value being included in the income statement within the net income from trading. "Also, debt instruments classified as financial assets at fair value through other comprehensive income are measured at fair value with fair value included The fair value of other comprehensive income statement is included in the fair value reserve.

For investments in equity instruments are restricted stock measuring Stock Exchange securities at fair value, according to the prices of the stated stock exchange in the history of separate financial statements As for the shares of unrestricted stock exchange "with the exception of investment strategy are assessed in one of the accepted technical methods discounted cash flow method, multiples value method and the inclusion of Valuation differences in other comprehensive income are included Fair value reserve; for strategic investments, the nominal cost or value is the fair value of those investments.

D-2 Financial instruments not measured at fair value

Financial investments at amortized cost

Financial investments at amortized cost include governmental securities and not quoted in active market. The fair value of

these governmental securities at amortized cost and listed is disclosed based on its quoted price at the end of each financial period.

E. Capital management

Capital adequacy Standard had been prepared based on Basel II requirements, and Central Bank of Egypt Board of Directors had approved in its meeting held on December 18, 2012, which had been issued on December 24, 2012 and in accordance with the instructions of the Central Bank of Egypt for the capital adequacy ratio (Basel II) issued during May 2019, For capital management purposes, the Bank's capital includes total equity as reported in the statement of financial position plus some other elements that are managed as capital. The bank manages its capital to ensure that the following objectives are achieved:

- Compliance with the legally imposed capital requirements in Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for sharehold ers and other parties dealing with the Bank.
- Maintaining a strong capital base to enhance growth of the Bank's operations.

Capital adequacy and uses are reviewed by the bank's management in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt. Data is submitted and filed with the Central Bank of Egypt on a quarterly basis. The Central Bank of Egypt requires the Bank to comply with the following:

- Maintaining EGP 5 Billion as a minimum requirement for the issued and paid-up capital.
- Maintaining realization the ratio between total value of the capital elements, and the risk-weighted aver age of the bank's as sets and contingent liabilities. Minimum level of capital adequacy ratio reached 12.50% after adding capital conservation buffer and Domestic Systemically Important Banks.

The numerator in the capital adequacy ratio according to Basel II comprise the following 2 tiers:

Tier 1: basic capital which comprises:

(1) Issued and paid up capital (net of treasury stock)
(2) Retained earnings (Retained losses)
(3) the outstanding reserves that the law and statute of the bank stipulate or the Central Bank of Egypt instructions for their formation after the distribution of profits (other than general reserve for banking risks & special reserve), less: any goodwill previously recognized and any carried forward losses, plus: the carrying amount of other comprehensive income Whether positive or negative.

(4) The additional basic capital consists of (Preferential stocks not accumulated, quarterly interim profits / (losses), minority interest, the difference between the nominal value and the present value of the subordinate deposit loan)
(5) Items that are deducted from the tier 1 of the capital base (exclusions from financial and non-financial companies, investment funds, support loans granted to the bank to external parties, intangible assets, net future profits resulting from securitization operations, pension benefits, and deferred tax assets are excluded)

Tier 2: subordinated capital which comprises:

(1) Equivalent amount of the loans provision for debt instrument / Loans and credit facilities at stage one which does not exceed 1.25% from the total credit risk-weighted average of assets and contingent liabilities with credit Risk weights.
(2) Loans (subordinated deposits) within the prescribed percentage (50% of the first tranche after exclusions), the present value will be entered in full, provided that its consumption is taken into account at 20% of its value in each of the last five years for it.
(3) 45% from increase in fair value above the carrying amount of investments in subsidiaries and associates and 45% from special reserve.

The Denomination the capital adequacy ratio:

- Credit risk: The credit centers are listed after excluding the allocations required for the stage two and three and they are weighted according to the weight of the risks associated with each credit center, which reflects the credit risks associated with it, and taking into account the guarantees. The same treatment is used for amounts outside the statement of financial position after making adjustments to reflect the incidental nature and possible losses of these amounts
- Market risk:
- Banks must apply the standard method when calculating the capital requirement necessary to meet market risks through the cumulative construction of calculating the capital requirements for each type of market risk and then collect them to reach the total

capital requirements needed to meet market risk as a whole in accordance with the central bank model.

- Banks must determine their investment in the trading portfolio when calculating the capital requirement necessary to meet market risks.
- Financial instruments held for trading purposes must be free from any conditions that impede their circulation and be fully capable of covering them.
- Operational risk: the bank maintains a capital to meet operating risks equal to 15% of the bank's average gross profit based on financial statements for the last three years

The following table summarizes the components of the basic and supporting capital and the ratios of the capital adequacy criterion according to Basel II.

1-The capital adequacy ratio	31 December 2021	31 December 2020
Tier 1 capital (Basic & additional capital)		
Issued and paid up capital	5,250,000	5,250,000
Capital increased amount	4,750,000	--
General reserve	187,291	187,291
Legal reserve	1,043,974	884,602
Other reserves	711,549	711,392
General risk reserve	68,481	68,481
Retained earnings	479,328	3,245,099
Profit for the year	3,632,868	3,188,371
Non-controlling interest	6,163	4,959
Difference between present value and face value for subordinated deposit	2,409,893	2,721,627
Total other comprehensive income items, accumulated	196,395	506,837
Total deductions from tier 1 capital common equity	(1,265,399)	(1,126,113)
Total tier 1 capital	**17,470,543**	**15,642,546**
Tier 2 capital (subordinated capital)		
Equal banking risk provisions	642,712	683,773
Subordinate deposits	3,533,109	2,750,336
45% of translation reserve	20,291	23,553
45% of the Increase in fair value than book value for financial investments in associates and subsidiaries companies	10,142	1,095
Total Tier 2	**4,206,254**	**3,458,757**
Total capital base after deductions	**21,676,797**	**19,101,303**
Risk weighted assets and contingent liabilities		
Total credit risk	123,861,409	99,713,048
Total market risk	1,303,525	1,309,013
Total operational risk	17,478,494	15,035,898
Total risk weighted assets and contingent liabilities	**142,643,428**	**116,057,959**
Capital adequacy ratio (%)	**15.20%**	**16.46%**

The capital adequacy ratio prepared based on consolidated Financial statements

Leverage Ratio:

The Board of Directors of the Central Bank of Egypt issued, in its meeting on July 7, 2015, a decision approving the supervisory instructions for leverage, with the banks committing to the minimum prescribed percentage of (3%) as a binding supervisory ratio starting from 2018, in preparation for consideration of their consideration within the first pillar One of the decisions of Basel (the minimum capital adequacy standard) with the aim of preserving the strength and safety of the banking system and keeping abreast of international best practices in this regard.
The leverage reflects the relationship between the tier one of capital used in the capital adequacy standard (after exclusions), and the bank's assets (both on balance sheet and off balance sheet) are not weighted by risk weights.

Ratio components

(A) The numerator components:

The numerator of the ratio consists of the tier 1 of capital (after exclusions) used to extend the capital adequacy standard currently applied in accordance with the Central Bank of Egypt instructions.

(B) components of the denominator

The denominator of the ratio consists of all the assets of the bank inside and outside the budget according to the financial statements, which is called "bank exposures'' and includes the following total:

1- Exposures within the financial statements after deducting some of the exclusions, the tier one of the capital base
2- Exposures resulting from derivative contracts
3- Exposures resulting from securities financing operations
4- Extra budgetary exposure (weighted by conversion factors)

The tables below summarize the leverage financial ratio:

2- Leverage Ratio	31 December 2021	31 December 2020
Total tier 1 capital after deductions	**17,470,543**	**15,642,546**
Total on-balance sheet exposure	254,774,130	204,417,485
Total off balance sheet exposure	20,717,444	12,204,326
Total on and off balance sheet exposure	**275,491,574**	**216,621,811**
Leverage (%)	**6.34%**	**7.22%**

- According to letter of CBE on 11 Jan 2017, the board of directors of CBE's accepted on 28 December 2016 for the following decision:

The bank applied the elimination of CBE subordinated deposits as well as the shareholders of the Bank in an exceptional manner with recognizing the difference in owner equity under the name "Different between the present value and Face value for subordinated deposit'' and the deposit at the end of each financial period so that the value to the face value on the date of maturity and so on the above mentioned differences.

4. Significant accounting estimates and assumptions

The application of the accounting policies disclosed in Note No. (3) requires the bank to use the provisions of estimates and assumptions about the book values of some assets and liabilities that other sources are unable to provide. These estimates and their accompanying assumptions depend on historical experience and other related factors. Actual results may differ from these estimates. Assumptions and estimates are reviewed on an ongoing basis and accounting changes and accounting estimates are recognized either in the period during which the change occurs if their impact is limited to that period only, or in the period in which the change and future periods occur if the change in the accounting estimate affects both the current and subsequent periods. The following is a summary of the most important assumptions related to the future and unconfirmed sources of information at the end of the financial period, which are of great risk to lead to a fundamental adjustment to the book values of assets and liabilities during the next financial period.

a. Impairment losses for loans and advances (Expected credit loss)

- The Bank reviews the portfolio of loans and advances at least quarterly; The Bank uses discretionary judgment on determining whether it is necessary to record impairment loss in the income statement. The Bank has to identify if there is objective evidence indicating a decline in the expected future cash flows from loan portfolio before identifying any decline on individual basis.
- This evidence include data indicating negative changes in a borrower's portfolio ability to repay to the Bank or local or economic circumstances related to default. On scheduling future cash flows the management uses the past experience to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio.
- The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on experience

b. Fair value of derivatives

- The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (as models) are used to determine fair values, they are validated and Periodicity reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. The financial derivatives at the end of the current financial period or the end of the previous year are not considered of relative importance for the items of the financial position list on these dates.

c. Investments at amortized cost

- Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified at Amortized cost as its business model to held the asset to collect Contractual cash flows

d. Income taxes

- The bank's profits subject to income tax therefor the bank uses essential estimations to determine the total tax burden for income. as there's difficult to determine the final tax for some transactions so the bank records tax liability as per according to probability of arising additional tax while tax examination. When there is a discrepancy between the final result of the Tax Authority and the amounts previously recorded, then these discrepancies will affect the income tax and deferred tax provision for the period, in which the discrepancy has been identified.

5. Segment analysis

A. Segment activity

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

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

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

Retail:
Includes current account, saving accounts, deposits, credit card, personal loans, and mortgage loans activities,

Other activities:
Includes other banking operations, such money management
By geographical segment

	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Assets & Liabilities according to geographical segments at 31 December 2021				
Geographical Segments Assets	215,799,574	27,099,131	12,454,372	255,353,077
Geographical Segments Liabilities	144,746,501	70,807,569	20,385,165	235,939,235
Geographical segments of other items				
Depreciation at 31 December 2021				**363,998**
profit before tax				5,805,407
Tax				(2,174,582)
Net profit for the year				**3,630,825**

	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Assets & Liabilities according to geographical segments at 31 December 2020				
Geographical Segments Assets	171,961,127	22,112,635	11,252,985	205,326,747
Geographical Segments Liabilities	106,759,612	62,735,604	18,249,147	187,744,363
Geographical segments of other items				
Depreciation at 31 December 2020				**249,751**
profit before tax				4,849,476
Tax				(1,694,161)
Net profit for the year				**3,155,315**

6- Net interest income

	31 December 2021	31 December 2020
Interest and similar income:		
Loans and advances :		
- banks	40,574	24,043
- customers	11,617,384	10,994,162
Total	**11,657,958**	**11,018,205**
Deposits and current accounts	1,330,154	1,635,545
Investments in debt instrument at fair value through other comprehensive income and amortized cost	10,008,425	7,861,143
Total	**22,996,537**	**20,514,893**
Interest and similar expense:		
Deposits and current accounts:		
- banks	(375,217)	(320,083)
- customers	(11,885,600)	(9,959,774)
Total	**(12,260,817)**	**(10,279,857)**
Other Loans	(266,084)	(181,529)
Total	**(12,526,901)**	**(10,461,386)**
Net Interest income	10,469,636	10,053,507

7- Net fee and commission income

	31 December 2021	31 December 2020
Fees and commissions revenues:		
Fees and commissions related to credit	1,328,134	977,371
Trust and custody fee	22,915	16,387
Other fees	788,475	694,341
	2,139,524	**1,688,099**
Fees and commissions expenses		
Brokerage service	(144)	(6,231)
Other fees	(154,810)	(78,267)
Total	**(154,954)**	**(84,498)**
Net income from Fee and commissions	1,984,570	1,603,601

8- Dividend income

	31 December 2021	31 December 2020
Securities at fair value through other comprehensive income	62,700	37,508
Subsidiaries and Associate companies	41,496	24,291
Total	**104,196**	**61,799**

9- Net trading income

	31 December 2021	31 December 2020
Debt instruments for trading	22,379	16,163
Valuation Differences in investment at fair value through profit and loss	5,194	4,801
Valuation Differences in Currency Swap Contracts	(3,739)	4,127
Total	**23,834**	**25,091**

10- Administrative expense

	31 December 2021	31 December 2020
Employees cost		
Wages and salaries*	(2,741,595)	(2,393,020)
Social insurance	(142,106)	(118,937)
Other retirement benefit (Note 31)	(306,575)	(286,282)
	(3,190,276)	(2,798,239)
Other administrative expenses	(2,418,011)	(2,006,877)
Total	**(5,608,287)**	**(4,805,116)**

*The current year and comparative figures includes EGP 15,000 thousand representing the Bank's share in the contributions of the Bank's Special Insurance fund (3,750 thousand every three months).

11- Other operating revenues (expenses)

	31 December 2021	31 December 2020
Gains of translated monetary assets and liabilities in foreign currencies other than classified as held for trading items	214,439	235,410
Gains of sale property and equipment	3,432	157
Other provisions reversed (note : 23&29)	100,064	125,999
Other provisions charged (note : 23&29)	(238,798)	(212,961)
Other	18,604	12,065
Total	**97,741**	**160,670**

12- (charged) reversed of expected credit losses

	31 December 2021	31 December 2020
Loans and advances to customers	(1,570,820)	(2,391,583)
Due from Banks	5,568	(1,991)
Financial investments at fair value through OCI	76,887	11,826
Loans and advances to banks	(11,493)	(6,333)
Total	**(1,499,858)**	**(2,388,081)**

13- Income tax expense

	31 December 2021	31 December 2020
Current tax	(2,165,167)	(1,675,081)
Deferred tax (Note 30)	(9,415)	(19,080)
Total	**(2,174,582)**	**(1,694,161)**
Profit before income tax	5,805,407	4,849,476
Tax Rate	22,50%	22,50%
Income tax calculated on accounting profit	1,306,217	1,091,132
Expenses are not deductible	868,365	603,029
Net tax	**2,174,582**	**1,694,161**
Effective tax rate	**37.46%**	**34.93%**

14- The basic / weighted earnings per share

The earnings per share is calculated by dividing the profit of shareholder equity by weighted average of common stock issued during the year.

	31 December 2021	31 December 2020
Net profit for the year attributable to distribution	2,762,825	2,636,315
The Common / weighted average number of shares	2,625,000	2,493,852
Earnings per share basic/weighted	1.05	1.06

15- Cash and balances at Central Bank

	31 December 2021	31 December 2020
Cash*	6,335,944	3,538,719
Balances at Central Bank within the mandatory reserve ratio	12,726,021	9,368,285
Total	**19,061,965**	**12,907,004**
Non-interest bearing balances	19,061,965	12,907,004

*The Cash balance include foreign currencies banknote for exports amounted to EGP 873 million as of 31 December 2021 (31 December 2020: EGP zero million).

16- Due from Banks

	31 December 2021	31 December 2020
Current Accounts	517,901	209,194
Deposits	32,807,501	24,756,184
ECL provision for due from banks	(3,752)	(9,334)
Net	**33,321,650**	**24,956,044**
Central Bank of Egypt	16,391,387	8,188,470
Local Banks	13,165,787	12,824,165
Foreign Banks	3,768,228	3,952,743
ECL provision for due from banks	(3,752)	(9,334)
Net	**33,321,650**	**24,956,044**
Non-interest bearing balances	517,901	209,194
Balances with fixed interest	32,807,501	24,756,184
ECL provision for due from banks	(3,752)	(9,334)
Total	**33,321,650**	**24,956,044**
Current balances	33,321,650	24,956,044

An analysis of the movement in the ECL provision for Due from banks during the year.

	31 December 2021	31 December 2020
Balance at the beginning of the year	**9,334**	**7,752**
(reversed) charged ECL during year	(5,568)	1,991
Foreign currencies translation differences of provisions during year	(14)	(409)
Balance at the end of the year	**3,752**	**9,334**

ANNUAL REPORT 2021

17- Loans and advances to banks

	31 December 2021	31 December 2020
Term Loans	3,132,376	975,390
Total	**3,132,376**	**975,390**
Less: Expected credit loss provision	(18,935)	(7,438)
Net loans and advances to banks	**3,113,441**	**967,952**
Current balances	2,841,617	--
Non-Current balances	290,759	975,390
Total	**3,132,376**	**975,390**

An analysis of the movement on the ECL provision for loans and advances to banks during the year:

	31 December 2021	31 December 2020
Balance at the beginning of the year	**7,438**	**1,168**
Charged ECL during year	11,493	6,333
Foreign currencies translation differences of provisions during the year	4	(63)
Balance at the end of the year	**18,935**	**7,438**

18- Loans and advances to customers

	31 December 2021	31 December 2020
Retail		
Overdraft accounts	1,348,188	1,870,004
Credit cards	683,774	575,750
Personal loans	39,283,285	35,115,676
Mortgage loans	2,692,670	2,529,771
Total	**44,007,917**	**40,091,201**
Corporate including small loans for economic activities		
Overdraft accounts	31,845,136	22,410,002
Direct loans	15,763,251	15,480,117
Syndicated loans	14,347,454	13,710,080
Discount documents	635,301	125,456
Total	**62,591,142**	**51,725,655**
Total loans and advances to customers	**106,599,059**	**91,816,856**
Expected credit loss provision	(7,896,612)	(6,784,754)
suspended interest	--	(652)
Unearned discount of documents	(25,844)	(10,987)
Net loans and advances to customers	**98,676,603**	**85,020,463**
Total is distributed as follow:-		
Current balances	38,688,406	30,863,820
Non-current balances	67,910,653	60,953,036
Total	**106,599,059**	**91,816,856**

An analysis of the movement on the ECL provision for loans and advances to customers during the year:

	31 December 2021	31 December 2020
Balance at the beginning of the year	**6,784,754**	**4,553,736**
Expected credit loss charged during the year	1,570,820	2,391,583
provision utilized from written off during financial year	(496,238)	(137,021)
Proceeds from written off debts during the year	43,222	20,662
Foreign currencies translation of provisions differences during year	(5,946)	(44,206)
Balance at the end of the year	**7,896,612**	**6,784,754**

	31 December 2021			31 December 2020		
	Corporate	Retail	Total	Corporate	Retail	Total
Balance at the beginning of the year	**5,232,313**	**1,552,441**	**6,784,754**	**3,813,519**	**740,217**	**4,553,736**
Expected credit loss charged during the year	793,216	777,604	1,570,820	1,500,211	891,372	2,391,583
Provision utilized from written off during financial year	(18,889)	(477,349)	(496,238)	(39,054)	(97,967)	(137,021)
Proceeds from written off debts during the year	654	42,568	43,222	1,841	18,821	20,662
Foreign currencies translation differences of provisions during the year	(5,946)	--	(5,946)	(44,204)	(2)	(44,206)
Balance at the end of the year	**6,001,348**	**1,895,264**	**7,896,612**	**5,232,313**	**1,552,441**	**6,784,754**

19- Financial derivatives

	31 December 2021		
	Contractual amount / default	Asset	Liabilities
Derivatives held for trading			
Currency forwards	277,067	1,479	6,078
Currency swaps	--	--	--
Total	**277,067**	**1,479**	**6,078**

	31 December 2020		
	Contractual amount / default	Asset	Liabilities
Derivatives held for trading			
Currency forwards	194,806	2,571	2,265
Currency swaps	76,795	--	1,165
Total	**271,601**	**2,571**	**3,430**

20- Financial investment

Financial investments at fair value through other comprehensive income	31 December 2021	31 December 2020
a) Debt Instruments		
- Listed debt instruments (at fair value-Stage2)	21,949,948	15,697,400
b) Treasury bills unlisted		
- Treasury bills at fair value – local currency (Stage 2)*	16,024,966	27,853,923
- Treasury bills– foreign currency	7,762,635	7,520,851
Total Treasury bills at fair value	**23,787,601**	**35,374,774**
c) Equity instruments		
- Listed instruments (at fair value-Stage1)	1,327,745	1,054,448
- Unlisted instruments (cost)**	431,100	395,175
d) Investment Certificates		
- Unlisted Certificate – recoverable amount (at fair value-Stage1)	200,488	194,097
Total financial investments at fair value through other comprehensive income (1)	**47,696,882**	**52,715,894**
Financial investments at amortized cost		
a) Debt Instruments-at amortized cost		
- Listed debt instruments	42,559,238	20,664,120
- Unlisted debt instruments ***	56,113	56,113
Total financial investments at amortized cost (2)	**42,615,351**	**20,720,233**
Financial investments at fair value through profit and loss		
Investment Certificates		
- Unlisted Certificate – recoverable amount (at fair value-Stage1)	58,103	52,909
Total financial investments at fair value through profit and loss (3)	**58,103**	**52,909**
Total financial investments (1)+(2)+(3)	**90,370,336**	**73,489,036**
Current balances	35,082,866	40,217,989
Non-current balances	55,287,470	33,271,047
Total	**90,370,336**	**73,489,036**
Fixed interest debt instruments	84,001,638	69,464,058
floating interest debt instruments	3,396,560	2,328,349
Without interest debt instruments	954,702	--
Total	**88,352,900**	**71,792,407**

* Treasury bills at fair value – local currency includes mortgaged treasury bills for Central Bank of Egypt due to Mortgage, Machines and equipment and its face value amounted to EGP 1,948,075 thousands as of 31 December 2021 (31 December 2020: EGP 1,964,275 thousands).

** The following are the financial investments - unlisted equity instruments that are measured at cost:

	31 December 2021	31 December 2020
African export – import bank	314,343	278,432
Misr – Europe Bank	84,218	84,218
Arab Financial services company	2,420	2,420
Credit guarantee company	1,364	1,364
Taba Tourism development Co.	2,250	2,250
I-Score company	1,848	1,848
Misr for central clearing	137	113
Arab trade financing program –ATFP	11,028	11,028
Other companies	13,492	13,502
Total	**431,100**	**395,175**

African export – import bank

The bank is unlisted.
The main purpose of establishing the bank is funding and facilitating the trading business between African countries and the rest of the world countries, which makes it difficult to find similar listed banks.
The bank owns a small share in African export – import bank (3%), which restrains the bank from reaching accurate and detailed information to reach fair value of the investment.
The bank achieves positive net profit and net equity according to its financial statements, which are reflecting the absence of any indicators of impairment in the investment value.

Egypt – Europe Bank

The bank is unlisted
The main purpose of establishing the bank is to organize the trade with middle Europe countries and Egypt, the bank has only one branch that makes it difficult to find similar listed banks.
The bank owns a small share in Egypt Europe bank (10%), which restrains the bank from reaching accurate and detailed information to reach fair value of the investment.
The Net equity for the bank is Positive according to its financial statement, which is reflecting the absence of any indicators of impairment in the investment value.

Arab trade financing program – ATFP

Arab trade financing program is unlisted.
Arab trade financing program aims to enhance and develops Arab trading, in addition to improve the competitive abilities of Arab exporters. This goal has been achieved by provide funding in the form of credit lines for exporters and importers to the member's countries through local organizations that has been designated by the central bank or any other concerned organization in Arab countries.
The bank owns a small share in Arab trade financing program (0.33%), which restrains the bank from reaching accurate and detailed information to reach fair value of the investment.
The bank achieves positive net profit and net equity according to its financial statements, which are reflecting the absence of any indicators of impairment in the investment value.

*** Amount paid to the ministry of finance prepaid for the purchase of treasury bonds, in accordance with the presidential decision No, 1112 for year 1974 which stated that 5% from distribution net profit to the public sector should be invested in governmental bonds or deposit it in an account in the ministry of finance, it was deposited in an account in the ministry of finance with 3.5% interest annual, executing of this decision.

A LEAP FORWARD

The following movements on financial investments through the year:

	Financial investments at fair value through other comprehensive income	Financial investments at amortized cost	Total
Balance of 1/1/2021	**52,715,894**	**20,720,233**	**73,436,127**
Additions	150,843,627	25,597,907	176,441,534
Disposals (sales / redemption)	(155,537,571)	(3,704,258)	(159,241,829)
Translation differences resulting from monetary assets	(75,912)	--	(75,912)
Net changes in the fair value	117,802	--	117,802
Amortization of (premium) and discount of issuance	(366,958)	1,469	(365,489)
Balance as at 31 December 2021	**47,696,882**	**42,615,351**	**90,312,233**
	Financial investments at fair value through other comprehensive income	Financial investments at amortized cost	Total
Balance of 1/1/2020	**40,738,519**	**18,943,019**	**59,681,538**
Additions	163,333,518	6,969,161	170,302,679
Disposals (sales / redemption)	(151,063,584)	(5,200,401)	(156,263,985)
Translation differences resulting from monetary assets	(84,331)	--	(84,331)
Net changes in the fair value	325,452	--	325,452
Amortization of (premium) and discount of issuance	(533,680)	8,454	(525,226)
Balance as at 31 December 2020	**52,715,894**	**20,720,233**	**73,436,127**

Gains (losses) on financial investments

	31 December 2021	31 December 2020
Transferred from FV reserve resulting from selling financial investments	--	1,211
Gain from selling Treasury bills	53,970	74,180
Gain from selling debt instruments at fair value through OCI	168,955	82,451
Reverse (loss) impairment of associates	9,565	(19,837)
Gain from selling of associates	1,085	--
Total	**233,575**	**138,005**

21- Investment in Subsidiary and Associate Companies

31 December 2021 Company	Currency	Country of residence	year	Assets	Liabilities	Revenues	Profit/ (Loss)	Share %	Value of the investment in EGP
Cairo Bank Uganda	USHS	Uganda	12/2021	1,022,747	767,692	131,958	(10,710)	99.99	237,811
Cairo leasing	EGP	Egypt	12/2021	2,515,439	2,207,253	888,056	45,312	97.99	244,998
Digital and electronic payments company	EGP	Egypt	12/2021	198,343	7,207	--	(8,864)	99.99	200,000
Guards company for Security and guarding	EGP	Egypt	12/2021	20,658	9,788	41,861	3,124	40	2,880
Nile Holding Company for Development and Investment	EGP	Egypt	12/2021	257,053	976	9,391	750	33.33	50,000
Financial Sector Mutual Fund	EGP	Egypt	12/2021	151,929	4,777	30,581	20,682	46.28	68,093
Egy Serv for Postal Services	EGP	Egypt	12/2021	161,570	79,452	373,028	36,450	40	72,320
Port Said National Company for food security *	EGP	Egypt	2017	--	--	--	--	--	--
Total				**4,327,739**	**3,077,145**	**1,474,875**	**86,744**	**--**	**876,102**

31 December 2020 Company	Currency	Country of residence	Year	Assets	Liabilities	Revenues	Profit/ (Loss)	Share %	Value of the investment in EGP
Cairo Bank Uganda	USHS	Uganda	12/2020	942,156	705,530	115,640	(11,469)	99,99	215,515
Cairo leasing	EGP	Egypt	12/2020	1,799,796	1,551,833	527,919	32,919	97.99	195,999
Guards company for Security and guarding	EGP	Egypt	12/2020	11,112	5,019	32,856	1,293	40	1,920
Nile Holding Company for Development and Investment	EGP	Egypt	12/2020	244,335	1,182	14,203	6,096	33.33	50,000
Financial Sector Mutual Fund	EGP	Egypt	12/2020	132,724	6,244	11,646	(27,871)	46,28	58,529
Egy Serv for Postal Services	EGP	Egypt	12/2020	162,411	79,982	312,013	33,316	40	72,320
Port Said National Company for food security **	EGP	Egypt	2017	3,213	660	--	7	34	--
Total				**3,295,747**	**2,350,450**	**1,014,277**	**34,291**	**--**	**594,283**

* Investments have been sold.
** Investments have been considered impaired in prior years.

-The following table shows the structure of subsidiaries & associates shareholders at 31 December 2021:

Company	Cairo Bank Uganda	Cairo leasing	Guards company for security and guarding	Nile Holding Company	Financial Sector Mutual Fund	Egy Serv for Postal Services	Digital and electronic payments company
	%	%	%	%	%	%	%
Bank Du Caire	99.99	97.99	40	33.33	46.28	40	99.99
National Bank of Egypt	--	--	--	33.33	--	40	--
Banque Misr	--	--	--	33.34	--	--	--
Misr Insurance Co.	--	--	--	--	24.26	--	--
Misr Life Insurance Co.	--	--	--	--	29.46	--	--
National Security Sector	--	--	30	--	--	--	--
Insurance Fund for employee at banque du caire	--	2	30	--	--	--	--
Other (Individuals and Corporate)	0.01	0.01	--	--	--	20	0.01
Total	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**	**100 %**

22- Intangible Assets

Intangible assets represent the Bank's computer software programs as following:

	31 December 2021	31 December 2020
Beginning balance of the year		
Cost	282,795	151,480
Accumulated amortization	(143,909)	(111,602)
Net book value at the beginning of the year	**138,886**	**39,878**
Additions during the year	117,218	131,315
Amortization for the year	(78,235)	(32,307)
Net book value at the end of the year	**177,869**	**138,886**

23- Other Assets

	31 December 2021	31 December 2020
Accrued revenues	3,742,713	2,210,594
Prepaid expenses	356,004	302,774
Advanced payments under purchase of fixed assets	1,697,568	1,093,498
Assets reverted to the bank in settlement of debts.	6,835	6,835
Insurance and custodies	34,125	24,027
Clearing transactions	443,190	228,366
Tax authority	184,994	177,722
Other debit balances	1,512,059	1,736,482
Impairment Provision for other assets	(218,000)	(212,868)
Total	**7,759,488**	**5,567,430**

An analysis of the movement on impairment provision for other assets during the year as following:

	31 December 2021	31 December 2020
Balance at the beginning of the year	**212,868**	**153,078**
Impairment charged at income statement of the year	1,230	61,642
Reversed during the year	(404)	--
Provision utilized during the year	(1,286)	(1,852)
Proceeds during the year	5,592	--
Balance at the end of year	**218,000**	**212,868**

ANNUAL REPORT 2021

24- Fixed assets

	Land	Buildings & Constructions	Integrated automated systems	Vehicles	Machinery & Equipment	Furniture	Fixtures & fittings	Fixtures & fittings rental	Total
Balances at 01/01/2020									
Cost	271,313	441,461	823,462	55,360	50,889	144,257	302,637	72,154	2,161,533
Accumulated depreciation	--	(348,588)	(470,073)	(32,952)	(41,077)	(89,993)	(130,188)	(13,899)	(1,126,770)
Net book value	**271,313**	**92,873**	**353,389**	**22,408**	**9,812**	**54,264**	**172,449**	**58,255**	**1,034,763**
Additions	20,928	93,968	117,782	--	21,709	48,172	102,233	92,567	497,359
Disposals	--	(309)	(4,404)	(159)	--	(72)	(29)	--	(4,973)
Disposals' accumulated depreciation	--	309	4,404	111	--	72	16	--	4,912
Depreciation	--	(13,680)	(98,832)	(8,971)	(4,420)	(20,248)	(47,825)	(25,644)	(219,620)
Net book value at 31 December 2020	**292,241**	**173,161**	**372,339**	**13,389**	**27,101**	**82,188**	**226,844**	**125,178**	**1,312,441**
Balances at 01/01/2021									
Cost	292,241	535,120	936,840	55,201	72,598	192,357	404,841	164,721	2,653,919
Accumulated depreciation	--	(361,959)	(564,501)	(41,812)	(45,497)	(110,169)	(177,997)	(39,543)	(1,341,478)
Net book value	**292,241**	**173,161**	**372,339**	**13,389**	**27,101**	**82,188**	**226,844**	**125,178**	**1,312,441**
Net book value at 01/01/2021	292,241	173,161	372,339	13,389	27,101	82,188	226,844	125,178	1,312,441
Additions	13,413	67,509	198,016	2,393	1,970	56,323	195,729	53,351	588,704
adjustments	--	--	--	--	--	--	(1,588)	--	(1,588)
Transfers*	8,056	(8,056)	--	--	--	1,372	(1,372)	--	--
Disposals	--	(181)	(14,528)	(1,157)	(982)	(2,347)	(155)	--	(19,350)
Disposals' accumulated depreciation	--	181	14,476	1,132	982	2,334	155	--	19,260
Transfers' accumulated depreciation	--	--	--	--	--	(23)	23	--	--
adjustments	--	--	--	--	--	--	543	--	543
Depreciation	--	(14,958)	(127,042)	(7,351)	(7,444)	(29,979)	(66,380)	(35,946)	(289,100)
Net book value at 31 December 2021	**313,710**	**217,656**	**443,261**	**8,406**	**21,627**	**109,868**	**353,799**	**142,583**	**1,610,910**
Balances at 31 December 2021									
Cost	313,710	594,392	1,120,328	56,437	73,586	247,705	597,455	218,072	3,221,685
Accumulated depreciation	--	(376,736)	(677,067)	(48,031)	(51,959)	(137,837)	(243,656)	(75,489)	(1,610,775)
Net book value at 31 December 2021	**313,710**	**217,656**	**443,261**	**8,406**	**21,627**	**109,868**	**353,799**	**142,583**	**1,610,910**

* Represents transfers among categories.
Fixed assets include specifically (land & buildings) unregistered assets by an amount EGP 358,087 thousand, legal procedures are being undertaken to register them.
The cost of depreciation includes amount by 2,794 thousand EGP this value was charged to the deferred revenue account, and represents the cost of depreciation of the gifted asset to the bank.

25- Due to Banks

	31 December 2021	31 December 2020
Current accounts	645,087	346,080
Deposits	16,978,700	13,070,746
Total	**17,623,787**	**13,416,826**
Central Bank of Egypt	1,681,015	1,751,111
Local Banks	4,714,441	1,410,176
Foreign Banks	11,228,331	10,255,539
Total	**17,623,787**	**13,416,826**
Non-interest bearing balances	645,087	346,080
Balances with Fixed interest	16,978,700	13,070,746
Total	**17,623,787**	**13,416,826**
Current balances	17,623,787	13,416,826

26- Customers' deposits

	31 December 2021	31 December 2020
Demand deposits	27,127,246	20,807,395
Term and notice deposits	59,605,205	37,374,398
certificates of Savings and deposits	73,912,837	65,251,596
Saving deposits	35,384,369	37,021,117
Other deposits	2,248,416	2,322,845
Total	**198,278,073**	**162,777,351**
Corporate deposits	76,328,881	51,735,518
Retail deposits	121,949,192	111,041,833
Total	**198,278,073**	**162,777,351**
Non-interest bearing balances	23,992,482	19,522,411
Balances with fixed interest	174,285,591	143,254,940
Total	**198,278,073**	**162,777,351**

27- Other loans

	Currency	31 December 2021	31 December 2020
The Medium, Small and Micro Enterprise Development Agency Loan	EGP	1,712,693	1,584,291
Arabic Trade financing program	US Dollar	7,858	23,598
Arab economic development fund loan-Kuwait	US Dollar	785,835	471,963
Green for growth fund	US Dollar	157,167	364,733
European bank for investments	US Dollar	1,571,670	1,573,210
European bank for reconstruction and development	US Dollar	785,835	--
African Export Import Bank (Afreximbank)	US Dollar	3,143,340	--
P.V of CBE subordinated deposit*	EGP	944,926	803,509
P.V of Banque Misr subordinated deposit**	EGP	1,645,181	1,474,864
Green for growth fund (subordinated loan)	US Dollar	471,501	--
Sanad fund for MSME (subordinated loan)	US Dollar	471,501	471,963
Total		**11,697,507**	**6,768,131**
Current balances		539,206	504,223
Non- current balances		11,158,301	6,263,908
Total		**11,697,507**	**6,768,131**

* Banque Du Caire has been granted a subordinated deposit from CBE by amount EGP 2 Billion for 10 years without any interest or commission to meet the requirements of capital adequacy standard from 23/8/2016 due to 22/8/2026.
** Banque Du Caire has been granted a subordinated deposit from Banque Misr by amount EGP 3 Billion for 7 years from 30/06/2020 due to 29/06/2027 to support the bank's capital base.

28- Other Liabilities

	31 December 2021	31 December 2020
Accrued interest	988,098	765,513
Prepaid revenues	128,375	126,507
Accrued expenses	268,395	228,938
Clearing transactions	1,983,551	304,719
Tax authority	654,740	512,461
Creditors banknote- export foreign currencies	468,725	--
Creditors	100,170	131,482
Other credit balances	1,392,499	538,595
Total	**5,984,553**	**2,608,215**

29- Other Provisions

	31 December 2021	31 December 2020
Balance at the beginning of year	**584,546**	**615,161**
Foreign currency exchange differences	(2,217)	(3,532)
Provision charged to income statement during the year	237,568	151,319
Reversed during the year	(99,660)	(125,999)
Utilized during the year	(73,453)	(52,475)
Proceed during the year	21,649	72
Balance at the end of the year	**668,433**	**584,546**
Other provisions details:	**31 December 2021**	**31 December 2020**
Provision for operation risks	6,716	7,469
Provision for legal claims	209,455	255,235
Provision for other claims	81,317	24,299
Provision for tax claims	106,550	168,594
Expected credit losses Provision for contingent liabilities-corporate	239,943	104,021
Expected credit losses Provision for contingent liabilities-SMEs	21,100	23,562
Expected credit losses Provision for contingent liabilities-Due from Banks	3,352	1,366
Total	**668,433**	**584,546**

30- Deferred income tax

Deferred income tax was fully recognized on the temporary difference according to the obligation method using tax rate 22.5%. Clearing is made between deferred assets and liabilities if the bank has legal rights to make clearing between deferred tax assets and liabilities if they both have to be settled with the same tax administration.

Deferred tax assets (liabilities)

Deferred tax assets and liabilities resulting from temporary differences attributable to the following:

	Deferred tax assets	Deferred tax liabilities
	31 December 2021	31 December 2021
Fixed assets	--	(173,183)
provisions (other than ECL provision for loan)	383,234	--
Total deferred tax assets (liabilities)	**383,234**	**(173,183)**
Net deferred tax assets (liabilities)	**210,051**	**--**

Movement during the year

	31 December 2021	31 December 2021
Balance at the beginning of year	370,637	(155,120)
Additions/exclusions	12,597	(18,063)
Balance at the end of year	383,234	(173,183)

Unrecognized deferred taxes assets (before tax)

Unrecognized deferred taxes assets for these items:	31 December 2021	31 December 2020
Expected Credit Loss provision other than 80%	1,583,109	1,358,438
Other provisions	434,401	382,721
Total	**2,017,510**	**1,741,159**

31- Retirement benefit liabilities

	31 December 2021	31 December 2020
Liabilities included in the financial position		
Medical benefits after retirement	1,389,618	1,246,565
Recognized in income statement		
Medical benefits after retirement	306,575	286,282
Amount recognized in financial position represented in		
Present value of unfinanced liabilities	1,903,109	1,843,140
Unrecognized auctorial losses	(513,491)	(596,575)
Balance included in financial position	1,389,618	1,246,565
Liabilities movement during the year		
Beginning balance of year	**1,246,565**	**1,083,573**
Current service cost	37,450	32,566
Interest cost	251,580	226,585
Recognized auctorial losses	17,545	27,131
Paid benefits	(163,522)	(123,290)
Ending balance of year in financial position statement	**1,389,618**	**1,246,565**
Amount recognized in income statement represented in		
Current service cost	37,450	32,566
Interest cost	251,580	226,585
Recognized auctorial losses	**17,545**	**27,131**
Ending balance (included in the cost of employees note 10)	**306,575**	**286,282**

32- Issued and paid up capital

A) Issued and Paid Capital

The Bank's authorized capital amounted to EGP 10 billion. The issued and paid up capital amounted to EGP 5,250 billion divided into 2,625,000 thousand shares with a par value of EGP 2 each share.

B) Amounts paid under capital increase

- On 11 July 2021, Banque du Caire extraordinary general assembly convened and approved to:

Amending the text of Article Six of the bank's basic articles, which relates to the bank's authorized, issued capital and the structure of bank's shareholders.

-Increasing the authorized capital from EGP 10 billion to EGP 20 billion.

-Increasing the bank's issued and paid-up capital by EGP 4,750 billion, to become after the increase EGP 10 billion instead of EGP 5,250 billion, and the legal procedures are being completed and registration in the commercial register is underway.

33- Reserves and retained earnings

Reserves	31 December 2021	31 December 2020
General reserve	184,253	184,253
General Banking Risk Reserve*	600,453	682,204
Legal reserve	1,041,015	883,257
Capital reserve	272,619	272,462
Regular reserve	438,930	438,930
Fair value reserve – financial investments at fair value through other comprehensive income	195,766	510,265
Expected credit loss for Debt instrument at fair value through other comprehensive income	137,362	215,496
General risk reserve**	68,481	68,481
Total reserve	**2,938,879**	**3,255,348**

* General Banking Risk Reserve at 31 December 2021 consists of EGP 4,795 thousand, represented of reserve formed for Assets reverted to the bank in settlement of debts and hadn't been sale for 5 years, and amount to EGP 595,658 thousand represent the difference between Expected Credit Loss for Loans and Contingent Liabilities and to Obligors Risk Rating Percentages as per Central Bank of Egypt, knowing that the balance of this difference amounted to EGP 1,153,329 on 31 December 2021, and therefore an amount of EGP 557,671 must be transferred from the retained earnings account through the approval of the profit distribution project.

** Formed according to the Central Bank's instructions issued in 26 February 2019.

Movement through the year at reserves

A- General banking risk reserves

	31 December 2021	31 December 2020
Beginning balance for the year	**682,204**	**4,795**
Transferred from retained earnings	--	677,409
Transferred to retained earnings	(81,751)	--
Ending balance at the end of the year	**600,453**	**682,204**

B- Legal reserves

	31 December 2021	31 December 2020
Beginning balance for the year	**883,257**	**685,947**
Transferred from profit during the previous year	157,758	197,310
Ending balance at the end of the year	**1,041,015**	**883,257**

In accordance with the Bank's Articles of Association and Law No. 159 of 1981, 5% of the net profit for the year is reserved for the statutory reserve until the balance reaches 50% of the capital, which is a non-distributable reserve.

C- Fair value reserve – financial investment at fair value through other comprehensive income:

	31 December 2021	31 December 2020
Beginning balance for the year	510,265	424,605
Net change in fair value for financial investments (after tax)	(314,499)	85,660
Ending balance at the end of the year	**195,766**	**510,265**

D- Expected credit loss – Debt instrument at fair value through other comprehensive income:

	31 December 2021	31 December 2020
Beginning balance for the year	215,496	231,741
(Reversed) of expected credit losses for the year	(76,887)	(11,826)
Foreign currency exchange	(1,247)	(4,419)
Ending balance at the end of the year	**137,362**	**215,496**

The movement in retained earnings is as follows:

	31 December 2021	31 December 2020
Beginning balance for the year	**6,355,409**	**6,126,280**
Net profits for the year	3.630,825	3,155,315
Transferred from fair value reserve for equity instrument	26,378	866
Paid dividends	(5,839,000)	(2,050,480)
Transferred from (to) general banking risk reserves	81,751	(677,409)
Transferred to legal reserve	(157,758)	(197,310)
Transferred to capital reserve	(157)	(1,853)
Banking Sector Development Fund	(32,378)	--
Ending balance at the end of the year	**4,065,070**	**6,355,409**

34- Dividends

Dividends are not recorded nor deducted from retained earnings as a financial liability until it is approved by the shareholder's general assembly at the end of the financial year proposed dividend to the shareholder's and also employees shares and board of director's bonus will be presented to the general assembly, which will be held to approve end of financial year after which it will be deducted from shareholder's equity under retained earnings for the year through dividends.

35- Cash and cash equivalent

For the presentation of the cash flow statement, cash and cash equivalents include the following balance with maturities of no more than three months from the acquisition date.

	31 December 2021	31 December 2020
Cash and balances with the Central Bank	6,335,944	3,538,719
Due from banks	26,365,052	24,965,378
Treasury bills and other governmental notes	647,536	3,175,884
Total	**33,348,532**	**31,679,981**

36- Contingent Liabilities and Commitments

A) Legal Claims:
There are a number of existing legal cases filed against defaulters to recover all bank rights, there are a number of existing legal cases filed against the bank as of 31 December 2021 where no provision was allocated for this purpose, as there are no expected losses.

B) Capital commitments
The bank capital commitments amounted to EGP 901,959 thousand which are represented in purchases of fixed assets and intangible assets and the management have enough confidence of making enough profits and availability of finance to cover those commitments. Also, the commitments related to financial investments were not yet required to pay until year end including an amount of EGP 735,639 thousand related to financial investments at fair value through other comprehensive income.

C) Commitments related to loans, guarantees, and facilities

	31 December 2021	31 December 2020
Loans commitments	6,310,005	3,833,987
Accepted Documentation	1,821,278	1,163,585
Letters of credit (import)	3,823,628	2,687,252
Letters of credit (export)	170,024	139,798
Letters of guarantee	14,808,533	12,669,891
Total	**26,933,468**	**20,494,513**

37- Related party transactions and Associate and subsidiary companies.

- Our transaction with Banque Misr (Major Shareholder related party)

	31 December 2021	31 December 2020
Due from banks		
Current accounts	542	507
Deposits	3,231,634	3,000,000
Other assets		
Other	22,372	22,432
Accrued revenues	8,938	3,438
Due to banks		
Deposits	785,835	--
Other liabilities		
Accrued Interest	249	--
Other loan		
P.V of Banque Misr subordinated deposit	1,645,181	1,474,864
Owner equity		
Difference between the present value and face value for subordinated deposit	1,354,819	1,525,136

- Our transaction with Cairo Bank Uganda (subsidiary company):

Due to banks	31 December 2021	31 December 2020
Current accounts	40,817	84,254

- Our transaction with Cairo Leasing company (subsidiary company):

	31 December 2021	31 December 2020
Loans and advances to customers		
Corporate loans (Over drafts)	59,025	52,680
Corporate loans (Direct)	1,013,494	697,402
Other assets		
Accrued revenues	4,465	3,530
Customers' deposits		
Current accounts	46,914	21,353
Deposits	25,000	25,000

- Our transaction with Digital and electronic payments company (subsidiary company):

	31 December 2021	31 December 2020
Customers' deposits		
Current accounts	152,227	--
Other assets		
Others	3,026	--

- Our transaction with Guards company for Security and guarding (Associate company):

	31 December 2021	31 December 2020
Customer deposits		
Current accounts	3,370	1
Loans and advanced to customers		
Corporate loans (Over drafts)	1,005	--

-Our transaction with International Postal Services company – Egy serv. (Associate company):

	31 December 2021	31 December 2020
Customers deposits	228	180
Current account		
Other liabilities		
Accrued Interest	399	127

-Our transaction with Nile Holding Company for Development and Investment (Associate company):

	31 December 2021	31 December 2020
Customers deposits	71	56
Current account		

38- Banque Du Caire Mutual Funds

A- Banque Du Caire first fund (with accumulated return)

The fund is one of investment activities licensed for the Bank under Capital Market Law No. 95 for the year 1992 and its executive regulations; the fund is managed by Hermes Funds Management Company.

This fund consists of 20 million Certificates amounted to EGP 200 million with face value of EGP 100 each according to the approval from the Capital Market Authority (CMA) on 30 October 1997.

According to Banque du caire first fund's holder meeting dated 13 March 2007 and the approval of the Capital Market Authority the face value was amended to EGP 10 instead of EGP 100 each, the amendments have been effective from June 2007.

The number of outstanding certificates as of 31 December 2021 was 669,857 certificate with a redeemable value of EGP 118.36 each. 500,000 Certificates were allocated to the Bank in the initial offering until 31 December 2021 with total amount of EGP 59,815,000 which should be held by the Bank till the end of the Fund's year as required by laws, it appears as investments in unlisted equity instruments within financial investments at fair value through other comprehensive income on the same date.

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 383,750 for year ended 31 December 2021 (31 December 2020: EGP 363,165) which is presented under the item of "other fees and commissions income'' in the income statement.

B- Banque Du Caire second fund (Money Market Fund) – daily

Banque Du Caire S.A.E. established the second accumulated daily return fund in Egyptian pound as one of its licensed banking activities under license No. 526 issued by the Egyptian Financial Supervisory Authority on 18 June 2009 according to the capital market regulations law No. 95 for 1992 and its executive regulations. The Fund is managed by Belton for funds Management Company.

The number of certificates in the initial offering amounted to 10 million certificates with a face value of EGP 10 per certificate, the documents in the portfolio of other comprehensive income according to what was allocated during the year from the initial launch of the fund until 31 December 2021 numbered 1,984,302 documents with a book value of EGP 69,553,000. The documents in the trading portfolio according to what was allocated during the year from the initial launch of the fund until 31 December 2021 numbered 1,657,633 certificate with a book value of EGP 58,102,722.

The number of outstanding certificates as of 31 December 2021 was 117,344,030 certificate with a redeemable value of EGP 35.03 each.

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 14,621,013 for year ended 31 December 2021 (31 December 2020: EGP 11,879,495) which is presented under the item of "other fees and commissions income'' in the income statement.

C- Principal Bank for Development & Agricultural Credit and Banque du Caire Fund with accumulated return according to Islamic Sharia (Al Wefak)

The Fund is one of the investments activity licensed for the bank under Capital Market Law No. 95 for the year 1992 and its executive regulations.

HC Securities manage the Fund. Which was replaced by CI Assets Management as of 1/4/2021 The number of certificates was 5 million certificate amounted to EGP 50 million with face value EGP 10 each according to the approval No. 625 dated 6 Jan 2011 from the Capital Market Authority (CMA), the fund's year is 25 years from the date of the license.

The number of outstanding certificates as of 31 December 2021 was 948,420 certificate with a redeemable value of EGP 16.30 each. 250,000 Certificates were allocated to the Bank in the initial offering until 31 December 2021 with total amount of EGP 4,091,790 which should be held by the Bank till the end of the Fund's year as required by law, It appears as investments in unlisted equity instruments within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 36,925 for year ended 31 December 2021 (31 December 2020: EGP 35,674) which is presented under the item of "other fees and commissions income'' in the income statement.

D- Banque Du Caire Fund for debt instruments (Fixed)
On 8 May 2012 Bank Du Caire's Board of Directors approved to establish Banque Du Caire Fixed Income Fund, and the approval of Central Bank of Egypt was on 15 August 2012, it was decided that subscription offering year is two month starting from 4 December 2012. The fund is managed by CI Asset Management Company.

The fund consists of 1 million certificates amounted to EGP 100 million with a face value of EGP100 per certificate each.

The number of outstanding certificates as of 31 December 2021 was 88,328 certificate with a redeemable value of EGP 273,63 each. 50,000 Certificates were allocated to the Bank in the initial offering until 31 December 2021 with total amount of EGP 13,741,000 which should be held by the Bank till the end of the Fund's year as required by law, it appears as investments in unlisted equity instruments within financial investments at fair value through other comprehensive income on the same date.

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 155,160 for year ended 31 December 2021 (31 December 2020: EGP 144,458) which is presented under the item of "other fees and commissions income'' in the income statement.

39- Important Events
- The coronavirus ("COVID-19') has spread across various geographies globally, causing disruption to business and economic activities.
- COVID-19 has brought about uncertainties in the global economic environment. Banque du Caire is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.
- Based on the uncertainties caused by COVID-19 and the following actions taken by the state regarding the co- existence procedures, Banque du Caire is closely monitoring the loan portfolio considering the relevant impact of COVID-19 on the qualitative and quantitative factors where determining the significant increase in Credit Risk is specifically for the exposures of the mostly affected different economic sectors.
- Accordingly, Banque du Caire is continuing its internal protective action started in Q1 2020 by enhancing the level of provisions as a mitigation plan for the COVID-19 impact on the loan portfolio. Further precautionary actions might be taken progressively in the light of the pandemic is not over yet.
- On 4/5/2021 Banque du Caire established the digital and electronic payments Company, after obtaining approvals from the regulatory authorities, the percentage of Banque du Caire's share reached 99.99% as the company hasn't issued any financial statements so far.
- On 11 July 2021, Banque du Caire extraordinary general assembly convened and approved to:
- Article 6 of association for the bank's basic articles has been amended, which related to the bank's authorized, issued capital, and the bank's shareholders structure.
- Increasing the authorized capital.
- Increasing the bank's issued and paid-up capital.
- and the legal procedures are being completed and registration in the commercial register is underway.
- On 11 July 2021, Banque du Caire general assembly approved on pay dividends for the bank's shareholders from the retained earnings.

40- Tax position
40-1 Income tax
Years from beginning of the activity till 2016

the final settlement for those years have been done, with the exception of years 1991/1992 where the tax due to the bank were paid by paying the tax differences for years 1991/1992 according to the judgement number 49 for the year 2008 by the amount of 77 million EGP and the bank paid this amount and recorded it on debit account waiting the results of the raised lawsuit and the case is still pending before the administrative judiciary court.
- **Years 2017 and 2018**
  - under inspection.
- **Years 2019 and 2020**
  - The two tax return has been submitted on its time in addition to paid the due tax and awaiting the inspection.

40-2 Stamp Duty

- Periods from beginning of the activity till 31 July 2006
The Bank's branches and departments have been inspected, and the inspection resulted in claims, some of which have been paid, while other claims remain in dispute and are pending before the administrative judiciary court and have not yet been decided upon.
- Periods from 01 August 2006 till 31 December 2019
The full settlement for those period has been done, except for the period from 01 January 2010 till 31 March 2013, it was also paid, but it is still a matter of dispute and it is considered before the administrative judiciary court and has not been decided yet.
- Year 2020:
under inspection.

40-3 Salary tax
- Periods from beginning of the activity till 2018
Payment and settlement have been done for that period with the exception of referring some items to the administrative judiciary court for the period from 2005 to 2014, and they have not been decided upon yet, and also have been paid.
- Year 2019:
under inspection.
- Year 2020:
The bank pays the tax monthly and submits the tax returns on the legal times.

40-4 Sales tax & Vat
- Periods from 2002 to 2015
The years have been inspected and the bank paid the due tax and challenged the incoming claims in the legal deadlines and the dispute is still pending before the administrative judiciary court.

- Periods from 2016 till December 2021
Our Bank hedges at discretionary items which may be subject to tax and till the registration from our bank on it, as our bank is not addressed to the sales tax and registration in it was by mistake, where the banking activities not binding to register of VAT system in accordance with article No.33 of exemptions items existing in provisions of Law 67 for 2016, noting that our bank is committed to paying the reverse tax return and submitting a zero value-added tax endorsement.

40-5 Real estate tax
- Our bank hedges the real estate tax estimated on all the real estate owned by the bank including assets reverted to the bank since 01 July 2013 till 31 December 2021.

41- Translation
- These financial statements are a translation into English from the original Arabic statements.

The original Arabic statements are the official financial statements.

Glossary and Abbreviations

Currency		
	Bn	Billion
	Mn	Million
	k	Thousand
	US$ / USD	United States Dollar
	GBP	British Pound
	SAR	Saudi Arabian Riyal
A		
	ACH	Automated Clearing House
	AI	Artificial Intelligence
	ALCO	Assets and liabilities Committee
	ALM	Asset and Liability Management
	AML	Anti-Money Laundering and Terrorism Financing
	ATM	Automated Teller Machine
	AUC	Assets under Custody
	AUMs	Assets Under Management
B		
	BCP	Business Continuity Plan
	BdC	Banque du Caire
	BI	Business Intelligence
	BIA	Business Impact Analysis
	BR	Bank Reconciliation
	BoD	Board of Directors
	BPM	Business Process Management
C		
	CASA	Current Account and Savings Account
	CBE	Central Bank of Egypt
	CBR	Central Bank Rate
	CBU	Cairo Bank Uganda Limited
	CCO	Chief Commercial Officer
	CCR	Central Credit Registry
	CDs	Certificate of Deposits
	CEO	Chief Executive Officer
	CFE	Certified Fraud Examiner
	CIA	Certified Internal Auditor
	CISA	Certified Information Systems Auditor
	CLC	Cairo Leasing Company
	CMMI	Capability Maturity Model Integration
	COP	Communication on Progress
	COVID-19	Coronavirus
	CRM	Customer Relationship Management
	CRO	Chief Risk Officer
	CSR	Corporate Social Responsibility
	CQA	Certified Quality Auditor
	CVP	Customer Value Proposition

ANNUAL REPORT 2021

Currency		
D		
	DFI	Development Financial Institution
E		
	EEC	Export Excellence Center
	EGX	Egyptian Exchange
	EMV	Europay, Mastercard, and Visa
	ENR	End Net Revenue
	ERM	Enterprise Risk Management
	ESG	Environmental, Social, and Governance
	ESRM	Environmental and Social Risk Management system
	EWS	Early Warning Signals
F		
	FATCA	Foreign Account Tax Compliance Act
	FAQs	Frequently Asked Questions
	FCY	Foreign Currency
	FDs	Fixed Deposits
	FI	Financial Institutions
	FISP	Financial Institutions Structured Products
	FTP	Fund Transfer Pricing
	FX	Foreign Exchange
	FY	Fiscal Year
G		
	GCC	Gulf Cooperation Council
	GDP	Gross Domestic Product
	GRC	Governance, Risk & Compliance
H		
	HCM	Human Capital Management
	HNWI	High Net Worth Individuals
	HO	Head Office
	HR	Human Resources
	HRMS	Human Resources Management System
I		
	IB M	Institutional Business in Millions
	ICAAP	Internal Capital Adequacy Assessment Process
	IDCs	Institutional Deposits Corporation
	IPN	Instant Payment Network
	IR	Investor Relations
	IRS	Interest Rate Swap
	IRRBB	Interest Rate Risk in the Banking Book
	ISMS	Information Security Management System
	IT	Information Technology
	IVR	Interactive Voice Response
K		
	KPIs	Key Performance Indicators
	KRI	Key Risk Indicator
	KYC system	Know your Customer

Currency		
L		
	LCY	Local Currency
	LIBOR	London Interbank Offer Rate
M		
	M2M	
	MBOs	
	MCDR	Misr for Central Clearing, Depository and Registry
	MDIs	Microfinance Deposit Taking Institutions
	MDR	Merchant Discount Rate
	MFIs	Microfinance Institutions
	MIS	Management Information System
	ML	Machine Learning
	MFF	Mortgage Finance Fund
	MOU	Memorandum of Understanding
	MSCI	Morgan Stanley Capital International
	MSME	Micro, Small, and Medium Enterprises
	MSMEDA	Egyptian Micro, Small and Medium Enterprises Development Agency
	MVPs	Minimum Viable Product
N		
	NBFI	Non-bank Financial Institutions
	NIM	Net Interest Margin
	NIST	National Institute of Standards and Technology
	NGO	Non-Governmental Organization
	NTB	
	NPL	Non-Performing Loan
O		
	OCR	Optical character recognition
	ORAP	Operational Risk Assessment Process
	ORM	Operational Risk Management
	ORR	Obligor Risk Rating
P		
	P2M	
	P2P	Person-to-Person
	PaaS	Platform as a Service
	P&L	Profit and Loss Statement
	PCR test	Polymerase Chain Reaction Test
	PMO	Project Management Office
	POS	Point of Sale
R		
	RAF	Risk Appetite Framework
	RCSA	Risk Control Self-Assessment
	RIWAC	Risk Weighted Average Capital
	RMs	Relationship Managers
	ROI	Return on Investment
	RPA	Robotics Process Automation
S		

Currency		
	SAF	Strategic Architecture Forum
	SaaS	Software as a Service
	SACCO	Savings and Credit Cooperative Organization
	SD	Sustainable Development
	SDGs	Sustainable Development Goals
	SLA	Service-level Agreement
	SME	Small and Medium-Sized Enterprises
	SMS	Short Message (or Messaging) Service
	SOC	Security Operation Center
	SSP	Securities and Custody Services
	SWIFT	Society for Worldwide Interbank Financial Telecommunication
T		
	TAT	Turn Around Time
	TCM	Treasury and Capital Markets Group
	TDs	Time Deposits
	TMO	Treasury Middle Office
	TNA	Training Need Analysis
	TRX	Transaction Services
U		
	UAE	United Arab Emirates
	UGX	Ugandan Shilling
	UNEP-FI PRB	United Nations Environment Programme-Finance Initiative: Principles for Responsible Banking
	UNGC	United Nations Global Compact
	UPAS	Usance Payable at Sight
V		
	VCN	Virtual Card Number
	VPN	Virtual Private Network
	VHNW	Very High Net Worth
Y		
	Y-o-Y	Year on Year
	YTD	Year to Date

Head office:
6 Dr. Mostafa Abu Zahra St, - Nasr City, Cairo, Egypt

General department for legal affairs:
271 port said st. El Saida zeinab- Cairo –Egypt
Tel: +20222646401 / +20222648401
P.O. Box: 9022
Postal Code: 11371

https://www.bdc.com.eg/