

Translation of financial statements
Originally issued in Arabic

Abu Dhabi Commercial Bank – EGYPT (S.A.E)

**Condensed interim Financial Statements
For the period ended 31 March 2022
AND Limited Auditors' Report**



Abu Dhabi Commercial Bank – EGYPT (S.A.E)

**Condensed interim Financial Statements
For the period ended 31 March 2022
AND Limited Auditors' Report**

Table of Contents	Page
Limited Auditor's report	3
Financial Statements and notes Index	4
Statement of Financial Position as at March 31, 2022	5
Income Statement for the year ended March 31, 2022	6
Statement of Other Comprehensive Income March 31, 2022	7
Statement of Changes in Shareholders' Equity for the year ended March 31, 2022	8
Statement of Cash Flows for the year ended March 31, 2022	9-10
Notes to the Condensed interim Financial Statements for the period ended March 31, 2022	11-57



Hazem Hassan
Public Accountants & Consultants



MOORE Egypt

Translation of report originally issued in Arabic

Report on Limited Review of condensed Interim Financial Statements

To the Board of Directors of Abu Dhabi Commercial Bank – Egypt (S.A.E)

Introduction

We have performed a limited review for the accompanying condensed interim financial statements of Abu Dhabi Commercial Bank – Egypt (S.A.E) which comprise of the condensed statement of financial position as of March 31, 2022 and the related condensed statements of income, comprehensive income, change in equity and cash flows for the three-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with the basis of recognition and measurement in accordance with the Central Bank of Egypt's rules issued on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in accordance with the Central Bank of Egypt's rules issued on May 3, 2020 related to the issuance of the condensed interim financial statements and the prevailing Egyptian laws related to the preparation of the condensed interim financial statements. Our responsibility is to express a conclusion on these condensed interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with the Egyptian standard on review engagements (2410) "Limited Review of Interim Financial Statement Performed by the Independent Auditor of the Entity". A limited review of condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the bank and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that cause us to believe that accompanying condensed interim financial statements do not present fairly, in all material respects, the financial position of the bank as of March 31, 2022 and of its financial performance and its cash flows for the three months then ended in accordance with the bases of recognition and measurement issued by the central bank of Egypt's rules issued on December 16, 2008 as amended by the regulation issued on February 26, 2019 and in accordance with the Central Bank of Egypt's rules issued on May 3, 2020 related to the issuance of the condensed interim financial statements and the prevailing Egyptian laws related to the preparation of the condensed interim financial statements.



Public Accountants & Consultants

Auditors



Public Accountants & Consultants

Cairo, May 18, 2022

Table of Contents

#	<u>Description</u>	Page
1	Financial Position	5
2	Income Statement	6
3	The other comprehensive income statement	7
4	Statement Of Changes In Shareholders' Equity	8
5	Cash flows	9
6	Continued the statement of cash flows	10
7	Policy A-5	15
8	Policy A -6	20
9	Policy A-7	23
10	Policy A-8	24
11	Policy A-9	25
12	Policy B	26
13	Policy B-4	29
14	Capital adequacy - Basel II	33
15	Leverage Ratio	34
16	Note 5	36
17	Notes 6 7 8	37
18	Notes 9	38
19	Note 10	40
20	Notes 11	41
21	Notes 12	42
22	Note 13 14	43
23	Notes 15	44
24	Notes 16	45
25	Continued Note 16	46
26	Note 17 18	47
27	Note 19	48
28	Notes 20	49
29	Notes 21	50
30	Notes 22 23 24	22
31	Notes 25 26 27 28 29	53
32	Notes 30 31 32	54
33	Note 33 34	55
34	Note 35	56
35	Note 36	57

Statement of Financial Position As OF March 31, 2022

Translation of financial statements
Originally issued in Arabic

<i>In Egyptian Pound</i>	<i>Note</i>	<i>31 March 2022</i>	<i>31 December 2021</i>
<u>Assets</u>			
Cash and due from Central Bank of Egypt	(6)	4 845 957 356	4 192 587 117
Due from banks	(7)	4 865 688 628	5 648 905 303
Treasury bills at fair value through other comprehensive income	(8)	11 661 890 335	10 813 514 066
Loans and advances to customers	(9)	24 585 574 987	21 222 172 434
<u>Investments :</u>			
- At Amortized Cost	(10)	438 087 135	641 223 070
- At fair value through other comprehensive income	(11)	4 798 996 507	4 808 194 852
Investments in associates	(12)	100	100
Intangible assets	(13)	37 329 243	44 175 274
Other assets	(14)	1 183 058 360	781 781 820
Fixed assets (net of depreciation)	(16)	191 563 903	203 607 583
Total assets		52 608 146 554	48 356 161 619
<u>Liabilities and shareholders' equity</u>			
<u>Liabilities</u>			
Due to banks	(17)	526 727 040	145 530 761
Customers' deposits	(18)	44 711 579 840	41 109 736 634
Other liabilities	(19)	794 004 664	611 550 757
Other provisions	(20)	57 761 382	55 700 189
Deferred tax liabilities	(15)	20 207 933	20 207 933
Total liabilities		46 110 280 859	41 942 726 274
<u>Shareholders' equity</u>			
Paid-in capital	(21)	5 000 000 001	1 474 814 253
Amounts paid under capital increase		-	3 525 185 748
Reserves	(21)	1 030 934 810	688 308 069
Retained earnings	(21)	466 930 884	725 127 275
Total shareholders' equity		6 497 865 695	6 413 435 345
Total liabilities and shareholders' equity		52 608 146 554	48 356 161 619

- The accompanying notes from (1) to (36) are an integral part of these condensed interim Financial Statements.
- Limited Auditors' report attached.

Managing Director and CEO

Ihab Elsewerky

Chairman

Mohamed Dhaen Al Hamli

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

INCOME STATEMENT for Period ended March 31, 2022

<i>In Egyptian Pound</i>	Note	31 March 2022	31 March 2021
Interest income on loans and similar revenues	(24)	1 274 343 052	915 040 985
Interest expense and similar charges	(24)	(760 648 866)	(545 658 384)
Net interest income		513 694 186	369 382 601
Fees and Commissions income		133 660 000	64 328 455
Fees and Commissions expenses		(6 538 077)	(3 760 454)
Net fees and commissions income		127 121 923	60 568 001
Dividends income	(25)	–	221 903
Net trading income	(26)	–	51 845
Gains from financial investments	(27)	8 550 493	3 072 012
Expected credit losses	(28)	(78 746 662)	(44 673 337)
Administrative expenses	(29)	(210 186 830)	(178 738 765)
Other operating expenses	(30)	39 393 691	28 850 057
Profit for the period before income tax		399 826 801	238 734 317
Income tax expenses	(15)	(113 631 595)	(68 665 616)
Net profit for the period		286 195 206	170 068 701
Earnings per share (EGP)	(31)	0.29	0.56

– The accompanying notes from (1) to (36) are an integral part of these condensed interim Financial Statements.

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)
Statement of Other Comprehensive Income for period ended March 31, 2022

<i>In Egyptian Pound</i>	31 March 2022	31 March 2021
Net profit for the period	286 195 206	170 068 701
Items that may be reclassified to profit or loss		
Net change in the fair value of investments at fair value through other comprehensive income	(39 535 072)	(43 044 539)
Income tax related to items that may be reclassified to profit or loss	8 895 391	9 685 021
Expected credit losses on debt instruments at fair value through other comprehensive income	(2 328 832)	(8 894 373)
Total other comprehensive income for the period, net after tax	(32 968 513)	(42 253 891)
Total comprehensive income for the period, net after tax	253 226 693	127 814 810

– The accompanying notes from (1) to (36) are an integral part of these condensed interim Financial Statements.

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY For The period Ended 31 March 2022

<i>In Egyptian Pound</i>	<u>Paid-up capital</u>	<u>Paid under capital increase</u>	<u>Treasury Stock</u>	<u>Legal Reserve</u>	<u>General Reserve</u>	<u>Capital Reserve</u>	<u>General banking risk reserve</u>	<u>Fair value reserve – Investment through OCI</u>	<u>Asset Held For Sale reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Period Ended 31 Mar 2021											
Balance as at January 1, 2021 before distribution	1 474 814 253	–	(82 535 470)	216 236 225	11 504 993	74 167 937	275 272 854	112 651 024	4 171 712	918 966 240	3 005 249 768
Profit distribution (Staff & BOD members) – 2020	–	–	–	–	–	–	–	–	–	(62 199 737)	(62 199 737)
Profit distribution (shareholders) – 2020	–	737 407 127	–	–	–	–	–	–	–	(737 407 127)	–
Paid under capital increase	–	–	–	47 551 315	–	–	–	–	–	(47 551 315)	–
Transfer to legal reserve	–	–	–	–	–	15 052 147	–	–	–	(15 052 147)	–
Transfer to capital reserve	–	–	–	–	–	–	–	–	–	(4 332 127)	(4 332 127)
Banking Support and Development Fund	–	–	–	–	–	–	163 950 060	–	–	(163 950 060)	–
Transfer to General Risk Reserve	–	–	–	–	–	–	–	(51 938 912)	–	–	(51 938 912)
Net of change in fair value of financial investments through OCI	–	–	–	–	–	–	–	–	(8 582 971)	–	(8 582 971)
Asset Held For Sale reserve	–	–	82 535 470	–	–	–	–	–	–	–	82 535 470
Treasury Stocks	–	2 785 416 724	–	–	–	–	–	–	–	–	2 785 416 724
Net profit for the period ended March 31, 2021	–	–	–	–	–	–	–	–	–	170 068 701	170 068 701
Balance as at 31 Mar 2021	1 474 814 253	3 522 823 851		263 787 540	11 504 993	89 220 084	439 222 914	60 712 112	(4 411 259)	58 542 428	5 916 216 916
Period Ended 31 Mar 2022											
Balance as at January 1, 2022 before distribution	1 474 814 253	3 525 185 748	–	263 787 540	11 504 993	89 220 084	308 044 899	15 750 553	–	725 127 275	6 413 435 345
Profit distribution (Staff & BOD members) – 2021	–	–	–	–	–	–	–	–	–	(83 024 585)	(83 024 585)
Profit distribution (shareholders) – 2021	–	–	–	–	–	–	–	–	–	(73 740 713)	(73 740 713)
Transfer to legal reserve	–	–	–	47 302 351	–	–	–	–	–	(47 302 351)	–
Transfer to capital reserve	–	–	–	–	–	237 222 335	–	–	–	(237 222 335)	–
Banking Support and Development Fund	–	–	–	–	–	–	–	–	–	(4 402 515)	(4 402 515)
Transfer to General Risk Reserve	–	–	–	–	–	–	97 637 127	–	–	(97 637 127)	–
Net of change in fair value of financial investments through OCI	–	–	–	–	–	–	–	(39 535 072)	–	–	(39 535 072)
Disposal Loss financial Assets Fair value through OCI	–	–	–	–	–	–	–	–	–	(1 061 971)	(1 061 971)
Paid under capital increase	3 525 185 748	(3 525 185 748)	–	–	–	–	–	–	–	–	–
Net profit for the period ended Mar 31, 2022	–	–	–	–	–	–	–	–	–	286 195 206	286 195 206
Balance as at Mar 31 2022	5 000 000 001	–	–	311 089 891	11 504 993	326 442 419	405 682 026	(23 784 519)	–	466 930 884	6 497 865 695

– The accompanying notes from (1) to (36) are an integral part of these condensed interim Financial Statements.

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)**STATEMENT OF CASH FLOWS For The period Ended March 31, 2022**

<i>In Egyptian Pound</i>	Note	31 March 2022	31 March 2021
Cash flow from operating activities			
Net profit for the period before tax		399 826 801	238 734 317
Adjustments to reconcile net profit to cash flow from operating activities			
Depreciation and amortization	(16,13)	26 604 862	27 095 000
Reversed charged during the period–other provisions	(20)	9 463 500	2 686 393
Reversed charged during the period–due from banks	(7)	109 719	(86 664)
Foreign revaluation differences for other provisions	(20)	948 921	(143 624)
Gain on sale of fixed assets	(20)	(70 650 607)	(24 155 978)
Dividends payable	(25)	–	(221 903)
Operating profit before changes in assets and liabilities from operating activities		366 303 196	243 907 541
Cash flow from operating activities			
Change in due from banks	(7)	706 313 491	(230 020 858)
Change in due from Central Bank of Egypt within reserve percentage	(6)	(590 482 041)	(892 110 647)
Change in treasury bills and other governmental notes	(8)	(597 982 531)	1 304 792 148
Financial Investments through P&L	(13)	–	11 184
Change in loans and advances to banks	(9)	(3 350 543 028)	(2 495 764 906)
Change in other assets	(14)	(50 477 942)	(105 703 303)
Change in due to bank	(17)	381 196 279	(652 361 774)
Change in customers' deposits	(18)	3 601 843 205	3 510 338 173
Change in used from other provisions	(20)	(8 351 228)	190 638
Change in other liabilities	(19)	279 980 384	106 422 202
Change in income tax paid		(111 428 200)	(52 222 222)
Net cash flow provided from (used in) operating activities		626 371 585	737 478 176

<i>In Egyptian Pound</i>	Note	31 March 2022	31 March 2021
Cash flow from investing activities			
Payments to purchase fixed assets and establishments of branches		(366 773 251)	(22 064 015)
Proceeds from sale of fixed assets		78 910 109	29 899 999
Retrieval of financial investments – Amortized cost	(10)	203 700 000	301 062 262
Purchase of financial investment – Amortized cost, net investment Fair Value through OCI and in associates	(13 12)	(19 699 730)	(715 804 511)
Reversed charged during the period–provision at fair value through OCI		2 328 832	(8 894 373)
Dividends received	(25)	–	221 903
Net cash flow (used in) provided from investing activities		(101 534 040)	(415 578 735)
Cash flow from financing activities			
Treasury Stocks		–	82 535 470
Paid under capital increase		–	2 785 416 724
Proceeds from other loans		–	(786 605 000)
Dividends paid		(161 167 813)	(66 531 864)
Net cash flow (used in) provided from financing activities		(161 167 813)	2 014 815 330
Net (decrease) increase in cash and cash equivalents during the period		363 669 732	2 336 714 771
Cash and cash equivalents at the beginning of the period		4 890 554 188	1 221 195 703
Cash and cash equivalents at the end of the period		5 254 223 920	3 557 910 474
For the purpose of preparing the statement of cash flow, the cash and cash equivalent comprise of the following			
Cash and due from Central Bank of Egypt	(6)	4 845 957 356	2 856 919 570
Due from banks	(7)	4 866 476 719	4 037 387 182
Treasury bills and other governmental notes	(8)	12 452 232 800	7 968 557 105
Due from Central Bank within reserve percentage		(4585 785 155)	(2614 039 350)
Due from banks (over 3 months maturity)		(250 000 000)	(722 356 928)
Treasury bills and other governmental notes (over 3 months maturity)		(12074 657 800)	(7968 557 105)
Cash and cash equivalents at the end of the period		5 254 223 920	3 557 910 474

– The accompanying notes from (1) to (36) are an integral part of these condensed interim Financial Statements.

Abu Dhabi Commercial Bank - Egypt (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS 31 March 2022

1- Background

Abu Dhabi Commercial Bank- Egypt provides retail, corporate and investment banking services in Arab Republic of Egypt and abroad through 46 branches and employs 1149 employees as at 31 March 2022.

Abu Dhabi Commercial Bank – Egypt (Union National Bank – Egypt formerly) which acquired (Alexandria Commercial and Maritime Bank formerly) is an Egyptian Joint Stock Company as a commercial Bank established in pursuance of Ministerial Decree no, 262 of 1981, published in the Official Gazette in September 12,1981 and in accordance with the provisions of Investment Law No, 43 for the year 1974 and its amendments, which was superseded by Law No, 230 for the Year 1989, cancelled by the Law No, 8 for the year 1997 concerning Investment Guarantees and Incentives. The Bank provides all banking services related to its activity and operates through its Giza - Head office, 46 branches and 94 ATMs, the bank is delisted on Egyptian stock exchange since March 25, 2020.

Board of Directors dated May 12, 2022 approved the adoption of the Condensed Interim Financial Statements for period ended March 31, 2022.

2- Summary of significant accounting policies

The following are the most important accounting policies used in preparing these financial statements. These policies have been consistently followed for all the years presented, unless otherwise disclosed.

A- Basis of preparation

The financial statements are prepared in accordance with Egyptian Accounting Standards issued during 2006 and its amendments and in accordance with Central Bank of Egypt instructions approved by its Board of Directors as at December 16, 2008 As well as the accompanying explanatory instructions issued in April 2009 and in conformity with the mentioned standards, and after releasing the instructions of the Central Bank of Egypt to prepare the financial statements of banks in accordance with the requirements of IFRS 9 “Financial Instruments” issued by the Central Bank of Egypt on 26 February 2019 to be effective from January ,1 2019 , Management has adjusted certain policies to comply with these instructions the following notes details the changes in accounting policies.

These financial statements were prepared according to the related local laws.

The accounting policies used when preparing the condensed periodic financial statements are consistent with those used in preparing the financial statements for the fiscal year ending on December 31, 2021.

3- Financial risk management

The bank is exposed to various financial risks, Since the basis of financial activity is to accept risks; some risks or group of risks are analyzed, evaluated and managed all together, Therefore the bank aims to achieve an appropriate balance between the risk and return and to reduce the probable adverse effects on the bank's financial performance,

The most important types of risks are credit risk, market risk, liquidity risk and other operating risks, the market risk comprises foreign currency exchange rates, interest rate risk and other price risks,

The risk management policies have been placed to determine and analyze the risks and to set limits to the risk and monitor them through reliable methods and updated systems,

The bank regularly reviews the risk management policies and systems and amends them in order to reflect the changes in market, products and services and the best updated applications,

Those risks are managed by risk department in the light of policies approved by Board of Directors,

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

A-3 Impairment and provisioning policies

The internal rating systems described in note (A/1) focus more on credit-quality at the inception of lending and investment activities, Otherwise, impairment provisions recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below, Due to the different methodologies applied, despite different methods are applied there was no material impact for potential credit loss in the financial statement by the amount of loss estimated using expected loss model used as at 31 March 2022 for the purpose of compliance to the rules of the CBE in note (A/4).

Abu Dhabi Commercial Bank - Egypt (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS 31 March 2022

The impairment loss provision appeared in the balance sheet at the end of the period is derived from the four internal rating grades, However, the majority of the impairment provision comes from the last two ratings, the table below shows the percentage of in-balance sheet items relating to loans and advances and the related impairment loss provision for each rating: -

Bank's rating	31/3/2022		31/12/2021	
	Loans advances %	Impairment loss provision %	Loans advances %	Impairment loss provision %
Performing loans	86.7	6.6	84.8	6.6
Regular watching	4.4	3.5	5.1	1.9
Watch list	2.7	29.1	3.9	30.2
Non-performing loans	6.2	60.5	6.2	61.3
	100	100	100	100

The bank's internal rating helps management to determine whether objective evidence of impairment exists under EAS (26) based on the following criteria set out by the bank:

- Payment delinquency of debtor or loan beneficiary,
- Breach of loan agreement such as a default in payment,
- Possibility of bankruptcy or entering liquidation procedures or financial restructures of granted credit,
- Deterioration of the borrower's competitive position,
- Due to economical or legal reasons, the bank agrees to grant the borrower additional benefits that would not normally be granted in normal circumstances,
- The impairment of the value of collateral,
- Deterioration of customer credit status.

The bank policies require the review of all financial assets that exceed defined relative importance at least annually or more when necessary, the impairment loss is determined on individual basis by assessing the realized loss at the reporting date on each individual case & to be applied individually to all account that have relative importance, Valuation usually includes the outstanding collateral, the related enforcements on these collaterals and the expected collections from those accounts, Impairment loss provision is formed based on group of similar assets using the historical experience available, personal judgment and statistical methods,

A-4 General module to measure banking general risk

In addition to the four categories of credit rating indicated in note (A/1) the management makes more detailed groups in accordance with the Central Bank of Egypt (CBE) requirements,

Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, its activities, financial position and payment performance,

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

The rating categories based on internal evaluation techniques and their comparative figures used by the Central Bank of Egypt and the required provisions percentage for impairment of the assets exposed to credit risk .

The management is confident of its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from the portfolio of loans and advances, and debt instruments as follows:

- 31.8% of the loans and advances portfolio is classified at the highest two ratings in the internal rating.
- 82.2% of the loans and advances portfolio having no past due or impairment indicators.
- Mortgage loans, which represent a significant part of the portfolio, are covered by guarantees.
- Loans and advances that have been evaluated on an individual basis of total amount EGP 930 M which represent 3.6 % and the provision formed and interest in suspense amount EGP 585 M represent 63% of it.

The bank applies a more conservative way in granting loans and advances to customers during the period.

A-5 Maximum limits for credit risk before collaterals
Balance sheet items exposed to credit risks

<i>In Egyptian pound</i>	31 March 2022	31 December 2021
Treasury bills and other governmental securities	12 452 232 800	11 476 675 268
Customers loans and advances		
Retail loans:		
Overdraft Accounts	129 496 438	108 542 687
Personal loans	7 340 359 728	7 020 431 192
Real Estate Finance loans	194 204 359	196 280 110
Credit cards	74 044 269	59 395 009
Corporate loans:		
Overdraft Accounts	5 225 956 977	4 430 732 523
Syndicated loans	1 841 767 640	1 770 149 952
Direct loans	8 970 311 387	8 205 940 481
Discounted commercial bills	1 941 819 763	499 366 709
Financial investments:		
Debt instruments at amortized cost	438 087 135	641 223 070
Debt instruments at fair value through other comprehensive income	4 911 340 256	4 957 027 684
Total	43 519 620 752	39 365 764 686
<u>Credit risk exposures of off balance sheet items</u>		
Credit commitments	332 442 164	372 309 558
Letters of guarantees	5 147 023 658	4 008 252 978
Letters of guarantees based on other banks requests	6 370 939 541	5 272 430 178
Letters of credit	2 236 143 277	981 156 136
Other financial liabilities	629 414 110	556 084 935
Total	14 715 962 750	11 190 233 785

The above table represents the maximum limit for credit risk as of 31 March 2021, without taking into considerations any collateral for balance-sheet items.

As shown in the preceding table, 55 % of the total maximum limit exposed to credit risk resulted from loans and advances to customers and banks, while 41 % represents investments in debt instruments.

A-5-1 Items at credit risk in accordance with the requirements of IFRS9 – IFRS 9

According to the instructions of the Central Bank of Egypt to prepare financial statements for banks in accordance with the requirements of the International Standard for
.Financial Reports (9) “Financial Instruments” issued by the Central Bank of Egypt on February 26, 2019

31 March 2022

<i>In Egyptian pound</i>	The first stage	The second stage	The third stage	Total
Due from banks	578 985 761	–	–	578 985 761
Financial investments	2 911 153 411	–	–	2 911 153 411
Loans and facilities – corporate	15 039 727 135	1 998 144 970	941 983 662	17 979 855 767
Loans and facilities – retail	6 810 938 350	762 997 726	164 168 718	7 738 104 794
Contingent liabilities	12 419 584 510	493 683 324	9 509 077	12 922 776 911
Loan commitments and facilities – corporate clients	332 442 164	–	–	332 442 164
Total	38 092 831 331	3 254 826 020	1 115 661 457	42 463 318 808

31 December 2021

<i>In Egyptian pound</i>	The first stage	The second stage	The third stage	Total
Due from banks	506 393 938	–	–	506 393 938
Financial investments	2 693 073 232	–	–	2 693 073 232
Loans and facilities – corporate	12 270 020 966	1 854 020 760	782 147 939	14 906 189 665
Loans and facilities – retail	6 496 888 343	723 007 905	164 752 750	7 384 648 998
Contingent liabilities	9 643 392 636	25 724 104	9 509 077	9 678 625 817
Loan commitments and facilities – corporate clients	372 309 558	–	–	372 309 558
Total	31 982 078 672	2 602 752 769	956 409 766	35 541 241 208

A-5-2 Expected credit losses in accordance with the requirements of IFRS9 – IFRS 9

According to the instructions of the Central Bank of Egypt to prepare financial statements for banks in accordance with the requirements of the International Standard for Financial Reports (9) “Financial Instruments” issued by the Central Bank of Egypt on February 26, 2019

31 March 2022				
<i>In Egyptian pound</i>	The first stage	The second stage	The third stage	Total
Due from banks	788 091	–	–	788 091
Financial investments	11 127 333	–	–	11 127 333
Loans and facilities – corporate	15 512 284	366 466 602	513 662 827	895 641 713
Loans and facilities – retail	56 120 810	19 196 654	74 830 710	150 148 174
Contingent liabilities	13 525 624	1 463 558	7 533 068	22 522 250
Loan commitments and facilities – corporate clients	310 141	–	–	310 141
Total	97 384 283	387 126 814	596 026 605	1 080 537 702

Impairment provision of loans and contingent liabilities	The provision for impairment is in accordance with the requirements of IFRS9	Provision for impairment in accordance with the basis of creditworthiness	The difference between risk rating and IFRS 9
---	--	---	---

<i>In Egyptian pound</i>	31 March 2022	31 March 2022	
Loan provision (regular / irregular)	1 045 789 887	1 276 826 750	231 036 863
Provision Contingent liabilities	22 522 250	179 731 864	157 209 614
	1 068 312 137	1 456 558 614	388 246 477

31 December 2021				
<i>In Egyptian pound</i>	The first stage	The second stage	The third stage	Total
Due from banks	678 372	–	–	678 372
Financial investments	8 798 501	–	–	8 798 501
Loans and facilities – corporate	11 746 369	334 531 982	458 640 311	804 918 662
Loans and facilities – retail	55 038 255	19 088 407	90 165 693	164 292 355
Contingent liabilities	8 752 880	352 061	7 446 492	16 551 433
Loan commitments and facilities – corporate clients	328 537	–	–	328 537
Total	85 342 914	353 972 450	556 252 496	995 567 860

Impairment provision of loans and contingent liabilities	The provision for impairment is in accordance with the requirements of IFRS9	Provision for impairment in accordance with the basis of creditworthiness	The difference between risk rating and IFRS 9
---	--	---	---

<i>In Egyptian pound</i>	31 December 2021	31 December 2021	
Loan provision (regular / irregular)	969 211 017	1 187 390 467	218 179 450
Provision Contingent liabilities	16 551 433	88 981 332	72 429 899
	985 762 450	1 276 371 799	290 609 349

A-5-2 Movement of expected credit losses in accordance with the requirements of IFRS9 – IFRS 9

According to the instructions of the Central Bank of Egypt to prepare financial statements for banks in accordance with the requirements of the International Standard for Financial Reports (9) “Financial Instruments” issued by the Central Bank of Egypt on February 26, 2019.

31 March 2022

	Note	Balance at the beginning of the period	Provision for impairment losses	refund of loans previously written off	Amounts written off during the period	Foreign currencies revaluation differences	Negated the purpose	Balance at the end of the period
Due from banks	(7)	678 372	109 719	–	–	–	–	788 091
Loans and facilities – corporate clients	(9)	804 918 662	62 631 356	124 775	(21 686)	27 988 606		895 641 713
Loans and facilities – retail clients	(9)	164 292 355	13 676 755	18 724 265	(46 545 201)	–	–	150 148 174
Total provision for expected credit losses (1)		969 889 389	76 417 830	18 849 040	(46 566 887)	27 988 606	–	1 046 577 978

	Note	Balance at the beginning of the period	Provision for impairment losses	refund of loans previously written off	Amounts written off during the period	Foreign currencies revaluation differences	Negated the purpose	Balance at the end of the period
Financial investments at fair value through other comprehensive income statement	(21)	8 798 501	2 328 832	–	–	–	–	11 127 333
Total provision for expected credit losses (2)		8 798 501	2 328 832	–	–	–	–	11 127 333

	Note	Balance at the beginning of the period	Provision for impairment losses	refund of loans previously written off	Amounts written off during the period	Foreign currencies revaluation differences	Negated the purpose	Balance at the end of the period
Contingent liabilities	(20)	16 551 433	4 481 896	540 000	–	948 921	–	22 522 250
Loan commitments and facilities – corporate clients	(20)	328 537	–	–	–	–	(18 396)	310 141
Total provision for expected credit losses (3)		16 879 970	4 481 896	540 000	–	948 921	(18 396)	22 832 391
Total expected credit losses (1 + 2 + 3)		995 567 860	83 228 558	19 389 040	(46 566 887)	28 937 527	(18 396)	1 080 537 702

Abu Dhabi Commercial Bank - Egypt (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS 31 March 2022

A-6 Loans and advances

Loans and advances are summarized according to their credit rating as follows: -

Loans and advances to customers

<i>In Egyptian Pound</i>	31/3/2022	31/12/2021
Neither past dues nor impaired	21 150 038 795	18 128 146 748
Past dues but not impaired	2 982 204 065	2 791 755 658
Past dues are subjected to impairment	1 585 717 701	1 370 936 257
Total	25 717 960 561	22 290 838 663
<u>(Less):</u>		
Unearned revenue and discount	(9 562 505)	(7 655 264)
Expected Credit Loss	(1 045 789 887)	(969 211 017)
Interest in suspense	(77 033 182)	(91 799 948)
Net	24 585 574 987	21 222 172 434

Note (9) include additional information regarding Expected Credit Loss on loans and advances to customers and banks.

The credit quality of the loans and advances portfolio that are neither having past due nor subject to impairment are evaluated by the internal rating of the bank.

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

Notes to condensed interim Financial Statements for the period ended March 31, 2022

A-6 Loans and advances neither having past due nor subject to impairment

31 March 2022

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>				<u>Total</u>
	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Total Corporate</u>	
In Egyptian Pound										
1-Performing loans	129 496 438	62 890 888	6 561 200 171	169 489 286	6 923 076 783	7 167 776 740	1 421 835 604	3 813 917 944	12 403 530 288	19 326 607 071
2-Regular follow up	–	–	–	–	–	–	259 851 875	864 556 552	1 124 408 427	1 124 408 427
3-Watch list	–	–	–	–	–	–	–	699 023 297	699 023 297	699 023 297
Total	129 496 438	62 890 888	6 561 200 171	169 489 286	6 923 076 783	7 167 776 740	1 681 687 479	5 377 497 793	14 226 962 012	21 150 038 795

31 December 2021

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>				<u>Total</u>
	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Total Corporate</u>	
In Egyptian Pound										
1-Performing loans	108 542 687	51 156 850	6 240 148 049	173 270 301	6 573 117 887	4 930 099 232	1 410 853 752	3 200 628 994	9 541 581 978	16 114 699 865
2-Regular follow up	–	–	–	–	–	–	221 624 014	923 659 774	1 145 283 788	1 145 283 788
3-Watch list	–	–	–	–	–	–	–	868 163 095	868 163 095	868 163 095
Total	108 542 687	51 156 850	6 240 148 049	173 270 301	6 573 117 887	4 930 099 232	1 632 477 766	4 992 451 863	11 555 028 861	18 128 146 748

The non performing segments of secured loans are not subject to impairment after considering the collectability of the guarantees.

Loans and advances having past due and not subject to impairment

Loans and advances having past due up till 30 days and are not subject to impairment, unless there is information to the contrary. Loans and advances having past due and not subject to impairment are as follows:

31 March 2022										
Valuation	Retail					Corporate				
In Egyptian Pound	Overdraft Accounts	Credit cards	Personal loans	Real Estate Finance	Total Retail	Overdraft Accounts	Syndicated loans	Direct loan	Total Corporate	Total
Past due less than 30 days	-	-	147 325 539	11 661 983	158 987 522	-	-	2 823 216 543	2 823 216 543	2 982 204 065
Total	-	-	147 325 539	11 661 983	158 987 522	-	-	2 823 216 543	2 823 216 543	2 982 204 065

31 December 2021										
Valuation	Retail					Corporate				
In Egyptian Pound	Overdraft Accounts	Credit cards	Personal loans	Real Estate Finance	Total Retail	Overdraft Accounts	Syndicated loans	Direct loan	Total Corporate	Total
Past due less than 30 days	-	-	198 538 739	7 999 219	206 537 958	-	-	2 585 217 700	2 585 217 700	2 791 755 658
Total	-	-	198 538 739	7 999 219	206 537 958	-	-	2 585 217 700	2 585 217 700	2 791 755 658

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

Notes to condensed interim Financial Statements for the period ended March 31, 2022

Loans and advances subject to individual impairment

Loans and advances subject to individual impairment regardless any cash flows from collaterals amounted to LE 1 484 130 661

The breakdown of the total loans and advances subject to individual impairment including fair value of collaterals obtained by the bank in respect of loans granted are as follows:

31 March 2022

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>					
In Egyptian Pound	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Net loans and advances</u>	<u>Total Corporate</u>	<u>Total</u>
Balance	–	11 153 381	631 834 018	13 053 090	656 040 489	–	160 080 161	769 597 051	–	929 677 212	1 585 717 701
Fair value of collaterals	–	–	–	–	–	–	51 510 207	50 076 833	–	101 587 040	101 587 040

31 December 2021

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>					
In Egyptian Pound	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Net loans and advances</u>	<u>Total Corporate</u>	<u>Total</u>
Balance	–	8 238 159	581 744 404	15 010 590	604 993 153	–	137 672 186	628 270 918	–	765 943 104	1 370 936 257
Fair value of collaterals	–	–	–	–	–	–	44 325 294	40 749 135	–	85 074 429	85 074 429

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

Notes to condensed interim Financial Statements for the period ended March 31, 2022

A -7 Debt instruments, treasury bills and other governmental notes

In Egyptian Pound	Treasury bills and other governmental notes	Financial assets held for trading	Other Financial Investments	Total
Classification of B2	12 452 232 800	–	3 971 632 499	16 423 865 299
Total	12 452 232 800	–	3 971 632 499	16 423 865 299

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

Notes to condensed interim Financial Statements for the period ended March 31, 2022

A-8 Concentration of risks of financial assets exposed to credit risk

The following table provides a breakdown of the bank's significant credit risk concentration at their carrying amounts, distributed by geographical sector as at the end of the period:

<i>In Egyptian Pound</i>	Cairo	Alexandria, Delta and Canal	Upper Egypt & Red Sea	Total
Treasury bills and other governmental notes	12 452 232 800	–	–	12 452 232 800
Loans and advances to customers:				
Retail:				
Overdraft Accounts	62 270 762	60 433 877	6 791 799	129 496 438
Personal loans	3 660 606 556	3 033 848 083	645 905 089	7 340 359 728
Real Estate Finance loans	163 481 144	29 924 177	799 038	194 204 359
Credit cards	38 875 915	27 203 160	7 965 194	74 044 269
Corporate:				
Overdraft Accounts	3 952 038 251	1 243 482 220	30 436 506	5 225 956 977
Syndicated loans	1 335 816 599	505 951 041	–	1 841 767 640
Direct loans	5 682 092 133	3 227 586 993	60 632 261	8 970 311 387
Discounted commercial bills	455 390 257	1 486 429 506	–	1 941 819 763
Other Financial investments				
Debt instruments at amortized cost	438 087 135	–	–	438 087 135
Debt instruments at fair value through other comprehensive income	4 911 340 256	–	–	4 911 340 256
Total as at 31 March 2022	33 152 231 808	9 614 859 057	752 529 887	43 519 620 752

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

Notes to condensed interim Financial Statements for the period ended March 31, 2022

A-9 Concentration of risks of financial assets exposed to credit risk

The following table provides a breakdown of the most significant credit risk limits at their carrying amounts categorized according to the customer's line of business:

In thousand Egyptian pound	<u>Financial institutions</u>	<u>Manufacturing institutions</u>	<u>Trading activity</u>	<u>Governmental sector/General</u>	<u>Others</u>	<u>Retail</u>	<u>Total</u>
Treasury bills and other governmental notes	–	–	–	12 452 233	–	–	12 452 233
Financial assets held for trading							
Debt instruments	–	–	–	–	–	–	–
Loans and advances to customers	195 972	6 263 738	4 629 245	2 019 387	4 871 513	7 738 105	25 717 960
Financial investments							
Debt instruments at amortized cost	–	–	–	438 087	–	–	438 087
Debt instruments at fair value through other comprehensive income	–	–	–	3 971 632	939 708	–	4 911 340
Total as at 31 March 2022	195 972	6 263 738	4 629 245	18 881 339	5 811 221	7 738 105	43 519 620

Abu Dhabi Commercial Bank - Egypt (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS 31 March 2022

B- Market risk

The bank is exposed to market risks that the fair value or future cash flows of the financial instruments will fluctuate due to changes in market prices, Market risks emerges from open markets unsealed to interest rate, currency, and equity instruments; each is exposed to general and specific market movements and changes in sensitivity levels of market rates or prices such as interest rates, foreign exchange rates and equity instrument prices. The bank classifies its exposure to market risk into trading and non-trading portfolios.

The bank market risk department is responsible for managing the market risks arising from trading and non-trading activities.

Trading portfolios include transactions where the bank directly deals with clients or with the market; while non-trading portfolios primarily arise from managing assets and liabilities interest rate related to retail transactions. Non-trading portfolios also includes foreign currency exchange risk and equity instruments risks arising from the available-for-sale investments.

B-1 Market risk measurement techniques

As part of market risk management, the bank undertakes various hedging strategies as well as entering into fixed interest rate swap agreements. The significant measurement techniques used to control market risk are outlined below.

- Value at Risk

The bank applies a 'value at risk' methodology (VAR) for trading and non-trading portfolios to estimate the market risk of outstanding positions and the maximum expected losses based on a number of scenarios for various changes in market conditions. The board of director sets limits for the value at risk that may be classified separately by the bank as for trading and non-trading portfolios and the process is daily monitored by the risk management department.

Value at risk is a statistical expectation of the expected losses on the current portfolio resulting from adverse market movements. It represents the 'maximum' loss the bank is expected to incur. When using a specified confidence level, there is statistical probability that the actual losses exceed the estimated VAR. The VAR module assumes that there is a specified holding period (1 day) before closing the opened position. It also assumes that market movements during the holding period will be consistent with the previous day pattern The bank assesses the past movement based on data from previous periods, and applies these historical changes in rates, prices and indicators directly to its current positions this approach is known as

Abu Dhabi Commercial Bank - Egypt (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS 31 March 2022

historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.

The quality of the value at risk model is continuously monitored through assurance tests to the VAR results for trading portfolio and results are reported to the top management and board of directors,

- Stress Testing

Stress testing provides an indication of the expected losses that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios. The stress testing carried out by the bank market risk department includes: risk factor stress testing where sharp movements are applied to each risk category, emerging market stress test where emerging market are subject to sharp movements, and special stress test including possible material stress events affecting specific locations or regions, for example the stress outcome to a region applying a free currency rate.

The results of the stress testing are reviewed by top management and board of directors.

B-2 VAR summary

The total value at risk for trading in addition to the active and listed shares for non-trading according to the type of risk as at:

In Egyptian Pounds

31 March 2022

	Average	Maximum	Minimum
Foreign exchange risk	341 259	495 760	224 771
Interest rate risk	38 485 237	39 796 517	37 533 069
Equity instruments risk	-	-	-

31 December 2021

	Average	Maximum	Minimum
Foreign exchange risk	45 795	86 206	4 031
Interest rate risk	32 984 907	34 749 750	30 939 161
Equity instruments risk	-	-	-

The increase in VAR especially the interest rate risk is directly proportional to the increase in market interest rates volatility in the global financial markets.

The above three VAR results are calculated independently from the underlying positions and historical market movements with a simple way without using complex quantitative techniques. The aggregate of the trading and non-trading VAR results does not represent the bank's value at risk due to correlations between risk types and portfolio types and their various resulted effects.

B-3 The risk of fluctuation in foreign exchange rates

The bank is exposed to the risk of fluctuations in foreign exchange rates on the financial position and cash flows, and the Board of Directors has set limits for foreign currencies by the total value of each of the centers at the end of the day as well as during the day that is monitored at the moment. The following table summarizes the extent of the bank's exposure to the risk of fluctuations in the foreign exchange rate

At the end of the financial position, the following table includes the book value of the financial instruments distributed in the currencies that make up them:

<i>In thousand Egyptian pound</i>	EGP	USD	Euro	GBP	Other currencies	Total
Financial assets						
Cash and due from central banks	4 768 219	48 932	26 913	379	1 514	4 845 957
Due from banks	3 948 275	888 720	12 244	10 679	5 771	4 865 689
Treasury bills and other governmental notes	9 812 728	1 828 948	20 214	–	–	11 661 890
Loans and advances to customers	20 554 665	3 936 747	94 012	90	62	24 585 576
Financial investments						
– Amortized cost	438 087	–	–	–	–	438 087
– At fair value through other comprehensive income	4 648 875	150 121	–	–	–	4 798 996
Fixed and intangible assets	37 329	–	–	–	–	37 329
Other financial assets	1 368 458	6 033	132	–	–	1 374 623
Total financial assets	45 576 636	6 859 501	153 515	11 148	7 347	52 608 147
Financial liabilities						
Due to banks	15 530	508 387	2 759	–	51	526 727
Customer's deposits	38 190 923	6 361 312	141 490	11 084	6 772	44 711 581
Other financial liabilities	806 405	7 423	384	–	–	814 212
Other provisions	51 304	3 989	2 468	–	–	57 761
Total share holder's equity	6 497 866	–	–	–	–	6 497 866
Total financial liabilities	45 562 028	6 881 111	147 101	11 084	6 823	52 608 147
Net financial position	14 609	(21 610)	6 414	64	524	–
Purchasing	–	–	–	–	–	–
Net financial position	14 609	(21 610)	6 414	64	524	–
Loan Commitments – Irrevocable	268 371	64 071	–	–	–	332 442
Letters of credit	–	973 218	282 988	2 516	8 957	1 267 679
Letters of guarantees	4 553 513	301 169	22 811	–	–	4 877 493
Other financial liabilities	629 414	–	–	–	–	629 414
Total	5 451 298	1 338 458	305 799	2 516	8 957	7 107 028

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

Notes to condensed interim Financial Statements for the period ended March 31, 2022

B-4 Interest rate risk

The bank is exposed to the impact of the fluctuation in interest rate prevailing in the market; this risk is defined as “cash flows interest rate risk” which is the risk of fluctuation in the future cash flows of a financial instrument due to changes in interest rates of the instrument. Fair value interest rate risk is the risk of fluctuation in the fair market value of a financial instrument due to changes in market interest rates. Yield margins may increase as a result of such changes but it may cause profits to decrease when unexpected movements occur. The table below summarizes the bank’s exposure to interest rate risks including the financial instruments at carrying amounts classified according to its maturities

	<u>Up to one month</u>	<u>1–3 months</u>	<u>3–12 months</u>	<u>1–5 periods</u>	<u>Financial Non– interest bearing</u>	<u>Total</u>
<i>In thousand Egyptian pound</i>						
Financial assets						
Cash and due from central banks	–	–	–	–	4 845 957	4 845 957
Due from banks	4 202 229	578 668	–	–	84 792	4 865 689
Treasury bills and other governmental notes	490	1 113 328	10 548 072	–	–	11 661 890
Loans and advances to customers	7 124 244	3 891 926	5 040 276	8 098 067	431 063	24 585 576
Financial investments						
– Amortized cost	–	–	345 199	92 888	–	438 087
– At fair value through other comprehensive income	–	–	1 421 146	3 352 481	25 369	4 798 996
Intangible assets	–	–	–	–	37 329	37 329
Other financial assets	–	–	–	–	1 183 059	1 183 059
Fixed assets	–	–	–	–	191 564	191 564
Total financial assets	11 326 963	5 583 922	17 354 693	11 543 436	6 799 133	52 608 147
Financial liabilities						
Due to banks	438 343	–	–	–	88 384	526 727
Customer’s deposits	12 571 950	8 120 580	4 623 847	15 788 894	3 606 309	44 711 580
Share holder’s equity	–	–	–	–	6 497 866	6 497 866
Other financial liabilities	–	–	–	–	871 974	871 974
Total financial liabilities	13 010 293	8 120 580	4 623 847	15 788 894	11 064 533	52 608 147
Interest re–pricing gap	(1 683 330)	(2 536 658)	12 730 846	(4 245 458)	(4 265 400)	–

Abu Dhabi Commercial Bank - Egypt (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS 31 March 2022

C- Liquidity risk

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

- Liquidity risk management process

The bank's liquidity risk monitoring process carried out by the bank's assets and liabilities management includes:

- Daily funding is managed by monitoring future cash expenditure to ensure that all requirements can be met when due. This includes availability of liquidity as they become due or to be lent to customers. The bank maintains an active presence in global money markets to ensure achievement of such objective.
- The bank maintains a portfolio of highly marketable securities that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flows.
- Monitoring liquidity ratios in relation with internal requirements and Central Bank of Egypt requirements.
- Managing loans concentration and maturities.

For monitoring and reporting purposes, the bank calculates the expected cash flows for the next day, week and month which are the primary periods for liquidity management, the starting point to calculate these projections is analyzing the financial liabilities maturities and expected financial assets collections.

Assets and liabilities management monitors the mismatch between medium term assets, the value and nature of the unutilized portion of loans commitments, overdraft utilizations, and the impact of contingent liabilities such as letters of guarantees and letters of credit.

- Funding approach

Liquidity Sources are regularly reviewed by independent team in the bank Assets and liabilities management for the purpose of maintaining a wide diversification by currency geography source of products and maturities.

Abu Dhabi Commercial Bank - Egypt (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS 31 March 2022

D- Fair value of financial assets and liabilities

D-1 Financial instruments not measured at fair value

The table below summarizes the carrying amounts and fair values for those financial assets and liabilities not presented in the bank's balance sheet at their fair value:

<u>In thousand Egyptian pound</u>	31/3/2022		31/12/2021	
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>	<u>Fair value</u>
<u>Financial assets</u>				
Loans and advances to customers				
-Retail	7 738 108	7 738 108	7 384 649	7 384 649
-Corporate	17 979 856	17 979 856	14 906 190	14 906 190
Financial Statement at amortized cost	438 087	438 087	641 223	641 223
<u>Financial liabilities</u>				
Due to banks	526 727	526 727	145 531	145 531
Customer's deposits				
-Retail	10 549 804	10 549 804	10 409 172	10 409 172
-Corporate	34 162 776	34 162 776	30 700 564	30 700 564

E- Capital management

The bank's objectives behind capital management, which include items in addition to equity section reported in the balance sheet, are represented in the following:

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

Capital adequacy and uses are reviewed daily in accordance with the regulatory authority's requirements (Central Bank of Egypt) by the bank's management through models based on Basel Committee on Banking Supervision; these data are submitted to the Central Bank of Egypt on quarterly basis.

CBE requires the following from the bank:

- Maintaining LE 5 billion as a minimum requirement for the issued and paid up capital.
- Maintaining a percentage of 12.50 % or more between capital elements and risk-weighted asset and contingent liability elements.

The Bank is recognized as a single group that includes the Bank in all its branches at home and abroad and all other financial companies in which owned its or related parties hold more than 50% of the shareholders' equity or any percentage that enables it to control.

Abu Dhabi Commercial Bank - Egypt (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS 31 March 2022

F- Capital management (continue)

The numerator of the capital adequacy comprises the following 2 tiers:

Tier 1:

Core capital: it is the basic capital which comprises paid up capital (after deducting the carrying amount of the treasury stocks) and retained earnings and reserves resulting from dividends except the general banking risks reserve, any previously recognized goodwill and any accumulated deficit are to be deducted.

Additional capital: it is carried forward profit & loss and minority rights and difference between nominal value and fair value for subordinated loan.

Tier 2:

It includes 45% of each of (foreign exchange reserve, value reserve for financial investments in Associates companies), subordinated loan and impairment provisions against debt instruments, facilities and contingent obligations for the first stage, with no more than 1.25% of the trade credit of the contingent assets and liabilities weighted by risk. When applying the standard method.

When calculating the total numerator of capital adequacy, continued capital after deductions should not be less than 4.5 % from total credit risk, operating risk and market risk. And tier I capital should not be less than 8.50 % from total credit risk, operating risk and market risk; and subordinated loan should not exceed 50% of tier 1.

The bank has complied with all local capital requirements during the last two years. The following schedule summarizes the components of Tier I capital, Tier II capital and capital adequacy ratio as of 31 March 2022.

Capital adequacy ratio as per Basel II requirements

<i>In thousand Egyptian pound</i>	31 March 2022	31 December 2021
Capital		
Tier I Capital		
Core capital after deductions		
Share capital (net of treasury stocks)	5 000 000	5 000 000
IFRS9 risk reserve	649 036	649 037
Retained earnings	(24 231)	15 750
Total cumulative other comprehensive income after control adjustments	180 736	279 435
<u>Additional Going Concern</u>		
Quarterly interim profit	286 195	–
<u>Deduct from Common Equity</u>		
(–) Deduct 100% from net of Intangible assets(Other than goodwill)	(37 329)	(44 175)
(–) Deduct total the fair value for investment FVOCI Which have been reclassified to Amortized cost investments	(378)	(662)
Total core capital after deductions	6 054 029	5 899 385
Total Tier I	6 054 029	5 899 385
Tier 2 Capital (subordinated capital)		
Provision for performing loans, facilities & Off BS within 1.25% of total credit risk for assets and weighted average potential liabilities when applying standardize approach amount for financial investments (FVOCI, Amortized cost and in subsidiaries and associates)	97 384	85 343
Total Tier 2 capital	97 384	85 343
Total capital based after deductions	6 151 413	5 984 728
Total Assets and potential liabilities weighted by credit risk	28 800 756	25 074 181
Capital requirements for operating risk	1 016 433	2 400 803
Total Assets and potential liabilities weighted by credit, market and operating risk	29 817 189	27 474 984
Capital adequacy ratio (%)	20.63%	21.8%

Leverage Ratio

	<i>In Thousand Egyptian Pounds</i>	31 March 2022	31 December 2021
First	Tier 1 capital after Exclusions	6 054 029	5 899 385
Second	On–Off balance sheet exposures items		
1	<u>Exposures on–balance sheet and financial derivatives and securities finance</u>		
	Cash and due from Central Bank of Egypt (CBE)	7 637 873	8 568 846
	Due from Banks	2 074 562	1 273 325
	Treasury bills and other Government securities	11 746 039	10 868 384
	REPO	(51 925)	(54 871)
	Financial investments Fair Value through OCI	4 936 710	4 984 531
	Financial investments Amortized Cost	438 087	641 223
	Loans and credit facilities to customers	25 717 960	22 290 839
	Fixed Assets (after deducting depreciation and impairment losses)	191 564	203 608
	Other assets	1 221 515	783 842
	Deducted amounts from exposures (after deducting Tier I Exclusions for capital base)	(1 011 486)	(946 601)
	Total on–balance sheet exposures items after deducting after Tier I Exclusions for capital base.	52 900 899	48 613 126
2	<u>Exposures off–balance sheet</u>		
	<u>Contingent liabilities (1)</u>		
	Import L/Cs	253 536	71 293
	L/Gs	2 438 747	1 912 974
	L/Gs according to foreign banks	3 185 470	2 636 215
	Accepted papers	282 146	148 391
	Re–discounted Commercial paper	124 520	75 391
	<u>Commitments (2)</u>		
	Operating lease commitments	629 414	556 085
	Loan commitments to clients/banks (unutilized part) within original maturity	66 488	500 401
	Total Exposures off–balance sheet	6 980 321	5 900 750
	Total On–Off balance sheet exposures items (1) + (2)	59 881 220	54 513 876
	Leverage financial ratio	10.11%	10.82%

4- Significant accounting estimates and assumptions

The bank applies estimates and assumptions that affect the amounts of assets and liabilities disclosed in the next financial period. Estimates and assumptions are continuously assessed based on past experience and other factors including the expectations of future events that are believed to be reasonable in light of the available circumstances and information.

A - Impairment losses for loans and advances (expected credit losses)

The Bank reviews its loan portfolios to assess impairment on quarterly basis at least, In determining whether impairment loss should be recorded 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 of bank assets, Upon scheduling future cash flows the management use estimates based on prior loss 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 differences between the estimated loss and actual loss based on experience,

B - Impairment of investments in equity instruments at fair value through other comprehensive income

The bank determine the impairment loss relating to available for sale equity investments when there is a significant or prolonged decline in the fair value below its cost, A judgment is required to determine that the decline is significant or prolonged, In making this judgment the bank evaluates among other factors the usual volatility of the share price, In addition impairment loss may be recognized when there is evidence of deterioration in the investee financial condition or operating /finance cash flow industry or sector performance, or in changes in technology.

C - Impairment of Financial investment at amortized cost

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

5- A-Segment analysis
In Egyptian Pound

	<u>Corporate</u>	<u>Retail</u>	<u>Treasury & Financial Institutions</u>	<u>Total</u>
<u>Revenues and expenses according to business segment</u>				
Segment revenues	752 708 733	956 586 969	1 587 071 082	3 296 366 784
Segment expenses	(716 975 618)	(875 895 608)	(1 303 668 757)	(2 896 539 983)
Profit for the period before taxes	35 733 115	80 691 361	283 402 325	399 826 801
Taxes	(10 858 362)	(18 771 010)	(84 002 223)	(113 631 595)
Profit for the period after taxes	24 874 753	61 920 351	199 400 102	286 195 206
<u>Assets and Liabilities according to business segment</u>				
Segment assets	15 737 252 794	8 174 090 589	28 696 803 171	52 608 146 554
Total assets	15 737 252 794	8 174 090 589	28 696 803 171	52 608 146 554
Segment liabilities	19 161 282 939	24 623 840 296	8 823 023 219	52 608 146 454
Total liabilities	19 161 282 939	24 623 840 296	8 823 023 219	52 608 146 454
<u>Other business segment items</u>				
Depreciations	(9 206 015)	(17 398 848)	–	(26 604 863)
Impairment	(62 631 356)	(13 676 755)	(2 438 551)	(78 746 662)

B-Geographic analysis
In Egyptian Pound

	<u>Greater Cairo</u>	<u>Alex and Delta and Canal</u>	<u>Upper Egypt & Red Sea</u>	<u>Total</u>
<u>Geographical analysis of revenues and expenses</u>				
Geographical sector revenues	11 970 192 182	467 273 272	182 667 289	12 620 132 743
Geographical sector expenses	(7 902 517 570)	(4 204 524 471)	(113 263 901)	(12 220 305 942)
Profit (Loass) for the period before taxes	4 067 674 612	(3737 251 199)	69 403 388	399 826 801
Taxes	(918 055 986)	840 296 317	(35 871 926)	(113 631 595)
Profit (Loss) for the period after taxes	3 149 618 626	(2896 954 882)	33 531 462	286 195 206
<u>Assets and Liabilities</u>				
Geographical sector assets	42 868 882 897	8 980 066 721	759 196 836	52 608 146 454
Total assets	42 868 882 897	8 980 066 721	759 196 836	52 608 146 454
Geographical sector liabilities	39 892 486 678	11 856 281 938	859 377 738	52 608 146 354
Total liabilities	39 892 486 678	11 856 281 938	859 377 738	52 608 146 354
<u>Other Geographical sector items</u>				
Depreciations	(11 688 771)	(11 989 645)	(2 926 447)	(26 604 863)
Impairment	(62 871 074)	(13 004 512)	(2 871 076)	(78 746 662)

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

Notes to condensed interim Financial Statements for the period ended March 31, 2022

6- Cash and due from Central Bank of Egypt

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Cash on hand	260 172 201	197 284 003
Due from Central Bank of Egypt within reserve ratio	4 585 785 155	3 995 303 114
	4 845 957 356	4 192 587 117

7- Due from banks

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
<u>The Central Bank of Egypt</u>		
Current accounts	13 247 806	19 945 562
Time Deposits	2 778 667 817	4 356 313 491
	2 791 915 623	4 376 259 053
<u>Local Banks</u>		
Current accounts	38 273 542	24 517 595
Time Deposits	1 710 000 000	1 047 900 600
	1 748 273 542	1 072 418 195
<u>Foreign Banks</u>		
Current accounts	34 058 754	43 739 427
Time Deposits	292 228 800	157 167 000
	326 287 554	200 906 427
Total due from banks	4 866 476 719	5 649 583 675
Expect credit loss provision	(788 091)	(678 372)
Net due from banks	4 865 688 628	5 648 905 303
Non-interest bearing balances	85 580 102	88 202 584
Interest bearing balances	4 780 896 617	5 561 381 091
Expect credit loss provision	(788 091)	(678 372)
	4 865 688 628	5 648 905 303

8- Treasury bills at fair value through other comprehensive income

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
<u>Treasury bills</u>		
Treasury bills maturing to 91 days	377 575 000	–
Treasury bills maturing from 92 to 182 days	823 275 000	75 000 000
Treasury bills maturing greater than 182 to 364 days	11 303 309 570	11 456 545 830
	12 504 159 570	11 531 545 830
<u>(Less):</u>		
Unearned interest	(767 275 920)	(654 686 523)
REPO *	(51 926 770)	(54 870 562)
	11 684 956 880	10 821 988 745
Net change in fair value	(23 066 545)	(8 474 679)
Net of Treasury bills after change in fair value	11 661 890 335	10 813 514 066

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
* Against the the amount granted by the Central Bank of Egypt within the mortgage finance initiative for low-income people	41 603 110	42 232 421
Against the the amount granted by the Central Bank of Egypt within SMEs initiative	10 323 660	12 638 141
	51 926 770	54 870 563

9– Loans and advances to customers and banks

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Discounted commercial bills	1 941 819 763	499 366 709
Customers loans	23 776 140 798	21 791 471 954
	25 717 960 561	22 290 838 663
(Less):		
Unearned discount on discounted commercial bills	(9 562 505)	(7 655 264)
Expect credit loss	(1045 789 887)	(969 211 017)
Interest in suspense	(77 033 182)	(91 799 948)
	(1 132 385 574)	(1068 666 229)
	24 585 574 987	21 222 172 434

9-1 Loans and Advances to customers

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
<u>Retail</u>		
Overdraft Accounts	129 496 438	108 542 687
Personal loans	7 340 359 728	7 020 431 192
Credit cards	74 044 269	59 395 009
Real Estate Finance loans	194 204 359	196 280 110
Total (1)	7 738 104 794	7 384 648 998
<u>Corporate</u>		
Overdraft Accounts	5 225 956 977	4 430 732 523
Syndicated loans	1 841 767 640	1 770 149 952
Direct loans	8 970 311 387	8 205 940 481
Discounted commercial bills	1 941 819 763	499 366 709
Total (2)	17 979 855 767	14 906 189 665
Total loans and Advances to customers (1+2)	25 717 960 561	22 290 838 663
(Deduct):		
prepaid revenue	(9 562 505)	(7 655 264)
Expect credit loss provision	(1045 789 887)	(969 211 017)
Interest in suspense	(77 033 182)	(91 799 948)
Net	24 585 574 987	21 222 172 434

9-2 Expect credit loss provision (performing /non-performing)

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Provision balance at the beginning of the period \ year	969 211 017	746 766 354
Expect credit loss	76 308 111	474 869 937
Proceeds from loans previously written off	18 849 040	34 818 002
Foreign currencies revaluation differences	27 988 606	(305 300)
	1 092 356 774	1 256 148 993
Amounts written off during the period	(46 566 887)	(286 937 976)
ECL provisions at the end of the period \ yaer	1 045 789 887	969 211 017

Classification of impairment loss provision of loans and facilities to customers

31 March 2022

Retail

<i>In Egyptian Pound</i>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance loans</u>	<u>Total</u>
Balance at the beginning of the period	1 736 284	153 081 988	9 474 083	164 292 355
Expect credit loss	1 403 540	11 676 779	596 436	13 676 755
Proceeds from loans previously written off	140 754	15 077 320	3 506 191	18 724 265
Provisions used	(355 057)	(46 119 946)	(70 198)	(46 545 201)
Balance at the end of the period	2 925 521	133 716 141	13 506 512	150 148 174

Corporate

<i>In Egyptian Pound</i>	<u>Overdraft Accounts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Total</u>
Balance at the beginning of the period	435 677 985	257 016 870	112 223 807	804 918 662
Expect credit loss	23 578 477	19 308 402	19 744 477	62 631 356
Proceeds from loans previously written off	124 775	–	–	124 775
Foreign currencies revaluation differences	15 149 381	8 936 982	3 902 243	27 988 606
Provisions used	(21 686)	–	–	(21 686)
Balance at the end of the period	474 508 932	285 262 254	135 870 527	895 641 713

31 December 2021

Retail

<i>In Egyptian Pound</i>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance loans</u>	<u>Total</u>
Balance at the beginning of the year	1 508 640	157 531 326	5 006 857	164 046 823
Expect credit loss	3 458 348	84 207 958	4 467 226	92 133 532
Proceeds from loans previously written off	303 102	30 337 340	–	30 640 442
Provisions used	(3 533 806)	(118 994 636)	–	(122 528 442)
Balance at the end of the year	1 736 284	153 081 988	9 474 083	164 292 355

Corporate

<i>In Egyptian Pound</i>	<u>Overdraft Accounts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Total</u>
Balance at the beginning of the year	452 771 769	22 955 993	106 991 769	582 719 531
Expect credit loss	143 303 599	234 061 532	5 371 274	382 736 405
Proceeds from loans previously written off	4 177 560	–	–	4 177 560
Foreign currencies revaluation differences	(165 409)	(655)	(139 236)	(305 300)
Provisions used	(164 409 534)	–	–	(164 409 534)
Balance at the end of the year	435 677 985	257 016 870	112 223 807	804 918 662

Financial investments
10– Financial assets at amortized cost
Governmental debt instruments

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Quoted governmental debt instruments	438 087 135	641 223 070
Total governmental debt instruments	438 087 135	641 223 070

Movement of treasury bonds at amortized cost

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Balance at the beginning of the period \ year	641 223 070	2 219 313 235
Net amortization(issuing discount & issuing premium)	280 243	458 936
Retrieval – Treasury Bonds & Financial Investments	(203 700 000)	(1580 890 762)
Net change in fair value	283 822	2 213 194
Expect credit loss	–	43 241
Foreign currencies revaluation differences	–	(500)
Balance	438 087 135	641 137 344
Unearned Income	–	85 726
Balance at the end of the period \ year	438 087 135	641 223 070

11– Financial investments at fair value through other comprehensive income

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Quoted governmental debt instruments at fair value	3 971 632 499	3 857 801 387
Quoted Non governmental debt instruments at fair value	939 707 757	1 099 226 297
	4 911 340 256	4 957 027 684
Unearned returns after years of government	(137 712 772)	(176 337 300)
	4 773 627 484	4 780 690 384
Unquoted equity instruments	25 369 023	27 504 468
Total	25 369 023	27 504 468
Financial investments at fair value through other comprehensive income	4 798 996 507	4 808 194 852
Current balances	4 773 627 484	4 780 690 384
Non–current balances	25 369 023	27 504 468
	4 798 996 507	4 808 194 852

Financial investments at fair value through other comprehensive income

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Balance at the beginning of the period \ year	4 808 194 852	2 297 305 057
Net amortization(issuing discount & issuing premium)	23 982 285	(67 240 372)
Buy – Treasury Bonds & Financial Investments	157 182 566	3 265 915 311
Retrieval – Treasury Bonds & Financial Investments	(162 807 336)	(608 266 859)
Net change in fair value	(27 555 860)	(76 318 728)
Foreign currencies revaluation differences	–	(3 199 557)
Balance at the end of the period \ year	4 798 996 507	4 808 194 852

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

Notes to condensed interim Financial Statements for the period ended March 31, 2022

Financial assets at fair value through profit or loss

12– <u>Investments in associates</u>	31 March 2022	31 December 2021
Unquoted equity instrument *	100	100
Total Investments in associates	100	100

*** Associates**

	31 March 2022	31 December 2021
EL Fouadeya Development Company	100	100
	100	100

* <u>Company Name</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Paid in Capital</u>	<u>Income</u>	<u>Net profit /(loss)</u>	<u>Last financial statement date</u>	<u>Headquarter country</u>
EL Fouadeya Development Company	12 237 769	15 748 855	3 668 000	–	(115 313)	31 December 2020	Egypt

13– Intangible assets

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Computer program		
Net balance at beginning of the period \ year	44 175 274	43 341 135
Additions	200 453	23 165 736
Total	44 375 727	66 506 871
Amortization (during the period \ year)	(7 046 484)	(22 331 597)
Net	37 329 243	44 175 274

14– Other assets

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Accrued revenues	326 019 347	297 230 144
Prepaid expenses	49 340 760	32 109 762
Down payments to purchase of fixed assets	706 935 233	356 136 635
Assets reverted to the bank in settlement of debts *	50 586 093	51 116 301
Deposits and imprest	4 790 024	4 887 095
Other debit balances **	45 386 903	40 301 883
	1 183 058 360	781 781 820

The nature and analysis of the assets reverted to the bank is as follows:

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Buildings and flat units reverted to bank in settlement of debt of customers	50 586 093	51 116 301
	50 586 093	51 116 301

Other debit balances:

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
ATM outstanding balances	19 774 130	14 786 599
Others	25 612 773	25 515 284
	45 386 903	40 301 883

15-A Deferred Tax Liabilities

31 March 2022

<i>In Egyptian Pound</i>	<u>Assets</u>	<u>Liabilities</u>	<u>Total</u>
Deferred Tax (Provision)		–	
Deferred Tax (Fixed assets depreciation)	–	(20 207 933)	(20 207 933)
Total Deferred Tax Assets (Liabilities)	–	(20 207 933)	(20 207 933)

31 December 2021

<i>In Egyptian Pound</i>	<u>Assets</u>	<u>Liabilities</u>	<u>Total</u>
Deferred Tax (Provision)		–	
Deferred Tax (Fixed assets depreciation)	–	(20 207 933)	(20 207 933)
Total Deferred Tax Assets (Liabilities)	–	(20 207 933)	(20 207 933)

15-B Income tax expenses

<i>In Egyptian Pound</i>	31 March 2022	31 March 2021
Corporate Tax Expenses	29 800 000	3 500 000
Treasury bills and bonds revenues taxes	83 831 595	65 143 426
Dividend tax	–	22 190
	113 631 595	68 665 616

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

Notes to condensed interim Financial Statements for the period ended March 31, 2022

16– Fixed assets – Net
31 March 2022

<i>In Egyptian Pound</i>	<u>Land</u>	<u>Buildings and constructions</u>	<u>Integrated automated systems</u>	<u>Vehicles</u>	<u>Tools And equipment</u>	<u>Leasehold fixtures</u>	<u>Furniture</u>	<u>Other fixtures</u>	<u>Total</u>
Cost at the beginning of the period	-	56 956 468	212 652 685	1 520 001	74 747 924	184 517 822	20 520 889	9 987 731	560 903 520
Additions during the period	-	-	2 001 050	2 056 999	115 345	10 857 012	743 794	-	15 774 200
Disposals	-	(13 041 165)	-	-	-	(4 149 995)	-	-	(17 191 160)
Cost as at 31/03/2022	-	43 915 303	214 653 735	3 577 000	74 863 269	191 224 839	21 264 683	9 987 731	559 486 560
Accumulated depreciation at the beginning of the period	-	18 312 822	106 770 755	871 596	57 127 649	148 186 910	16 038 474	9 987 731	357 295 937
Depreciation for the period	-	248 247	9 015 993	133 467	3 297 473	6 560 810	302 388	-	19 558 378
Disposals accumulated depreciation	-	(4 781 663)	-	-	-	(4 149 995)	-	-	(8 931 658)
Accumulated depreciation as at 31/03/2022	-	13 779 406	115 786 748	1 005 063	60 425 122	150 597 725	16 340 862	9 987 731	367 922 657
Net book value as at 31/03/2022	-	30 135 897	98 866 987	2 571 937	14 438 147	40 627 114	4 923 821	-	191 563 903

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

Notes to condensed interim Financial Statements for the period ended March 31, 2022

16– Fixed assets – Net

31 December 2021

<i>In Egyptian Pound</i>	<u>Land</u>	<u>Buildings and constructions</u>	<u>Integrated automated systems</u>	<u>Vehicles</u>	<u>Tools And equipment</u>	<u>Leasehold fixtures</u>	<u>Furniture</u>	<u>Other fixtures</u>	<u>Total</u>
Cost at the beginning of the year	52 021 263	174 722 341	146 290 554	1 520 001	96 680 210	274 972 736	35 839 141	9 987 731	792 033 977
Additions during the year	-	-	66 362 131	-	3 562 475	19 752 407	3 973 683	-	93 650 696
Disposals	(52 021 263)	(117 765 873)	-	-	(25 494 761)	(110 207 320)	(19 291 936)	-	(324 781 153)
Cost as at 31/12/2021	-	56 956 468	212 652 685	1 520 001	74 747 924	184 517 822	20 520 889	9 987 731	560 903 520
Accumulated depreciation at the beginning of the year	-	27 019 489	81 305 984	389 988	63 094 404	177 289 995	21 353 354	9 987 731	380 440 945
Depreciation for the year	-	3 095 248	25 464 771	481 608	14 624 844	40 004 366	4 278 507	-	87 949 344
Disposals accumulated depreciation	-	(11 801 915)	-	-	(20 591 599)	(69 107 451)	(9 593 387)	-	(111 094 352)
Accumulated depreciation as at 31/12/2021	-	18 312 822	106 770 755	871 596	57 127 649	148 186 910	16 038 474	9 987 731	357 295 937
Net book value as at 31/12/2021	-	38 643 646	105 881 930	648 405	17 620 275	36 330 912	4 482 415	-	203 607 583

17– Due to banks

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
<u>Local banks</u>		
Current accounts	1 231	1 059
Time deposits	438 343 200	–
	438 344 431	1 059
<u>Foreign banks</u>		
Current accounts	88 382 609	145 529 702
	88 382 609	145 529 702
	526 727 040	145 530 761
Non–interest bearing balances	88 383 840	145 530 761
Interest bearing balances	438 343 200	–
	526 727 040	145 530 761

18– Customers' deposits

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Demand deposits	13 049 133 618	11 448 124 020
Time and callable deposits	22 855 650 498	21 308 652 067
Saving and deposit certificates	6 422 187 689	6 091 835 684
Saving deposits	1 804 876 777	1 981 509 893
Other deposits	580 858 879	281 675 026
Total Customer' Deposits	44 712 707 461	41 111 796 690
Interest in Advance on USD deposits for retail	(1 127 621)	(2 060 056)
Net Customer' Deposits	44 711 579 840	41 109 736 634
Corporate & SMEs deposits	34 162 776 135	30 700 564 179
Retail deposits	10 548 803 705	10 409 172 455
	44 711 579 840	41 109 736 634
Non–interest bearing balances	3 026 577 121	2 255 232 480
Interest bearing balances	41 685 002 719	38 854 504 154
	44 711 579 840	41 109 736 634

19– Other liabilities

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Accrued interest	159 957 694	150 574 424
Unearned revenue	1 106 059	10 238 156
Accrued expenses	71 432 913	67 295 830
Creditors	14 436 811	18 631 555
Other credit balances *	547 071 187	364 810 792
	794 004 664	611 550 757

* **Other credit balances:**

<i>in thousand Egyptian pounds</i>	31 March 2022	31 December 2021
Stamp duty	13 100 619	13 189 162
Treasury bills taxes	129 293 679	136 890 284
Income Corporate Tax	57 300 000	47 500 000
Taxes under settlement	2 041 551	1 576 788
Staff Taxes and Insurance	13 976 075	12 576 187
Amount of contractors Insurance being held until paid Social Insurance	2 707 349	2 666 086
Amounts discounted from retail customers until the paid to insurance companies	7 224 832	11 400 336
Clearance cheques (Are to be settled in next day)	219 230 768	117 144 953
Letters of credit deductibles	1 662 888	840 800
ATM suspense amounts	7 262 260	6 641 302
Coupons of Certificates Deposits accrued did not paid to their owners	158 623	158 623
Amounts paid under debts settlements of some customers	830 225	830 225
Payments under sold assets revert to the bank	–	588 649
Shareholders Dividend 2021	73 740 713	–
Banking Support and Development Fund	8 734 642	4 332 127
Other Amounts	9 806 963	8 475 270
	547 071 187	364 810 792

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

Notes to condensed interim Financial Statements for the period ended March 31, 2022

20– Other provisions
31 March 2022

<i>In Egyptian Pound</i>	Balance at the beginning of the period	Charged during the period	Foreign currencies revaluation differences	Utilized during the period	Refunds from utilized provisions previously	Negated the purpose	Balance at period end
Provision for potential claims **	32 997 953	5 000 000	–	(8 911 228)	–	–	29 086 725
Contingent liabilities provision	16 551 433	4 481 896	948 921	–	540 000	–	22 522 250
Other provisions *	5 822 266	–	–	–	20 000	–	5 842 266
Loans commitment provisions	328 537	–	–	–	–	(18 396)	310 141
	55 700 189	9 481 896	948 921	(8 911 228)	560 000	(18 396)	57 761 382

31 December 2021

<i>In Egyptian Pound</i>	Balance at the beginning of the period – Amended	Charged during the period	Foreign currencies revaluation differences	Utilized during the period	Refunds from utilized provisions previously	Negated the purpose	Balance at period end
Provision for potential claims	62 434 098	19 500 000	–	(48 936 145)	–	–	32 997 953
Contingent liabilities provision	11 175 360	5 428 870	(243 435)	–	190 638	–	16 551 433
Other provisions	5 842 266	–	–	(20 000)	–	–	5 822 266
Loans commitment provisions	1 491 936	–	–	–	–	(1 163 399)	328 537
Total Provisions	80 943 660	24 928 870	(243 435)	(48 956 145)	190 638	(1 163 399)	55 700 189

*The other provisions balance as at 31 March 2022 is as follows

Banking risk provision	1 394 000
Operational risk provision	578 515
Assets revert to the bank provision	3 869 751
	5 842 266

**The provision for potential claims balance as at 31 March 2022 is as follows:

Tax disputes provision	20 531 527
Legal claims provision	8 555 198
Provisions for leave balances	–
	29 086 725

21- Shareholders' equity
A- Authorized capital

The authorized capital amounted to EGP Ten billion the extra ordinary general assembly dated 12 March 2021 approved the increase in the authorized capital from EGP Five billion to EGP Ten billion and the acceptance from the head of the General Authority for Free Zones and Investment was dated 9 January 2022 the annotation in the commercial register on 12 January 2022 and published in the investment gazette in the issue number (1052/T/2022) dated 30 January 2022 the annotation in the banks register on 3 March 2022.

B- Issued and paid-up capital

The issued and paid-up capital amounted to EGP Five Billion as at March 31, 2022 distributed among 892,857 shares with par value of LE 5.60.

the extra ordinary general assembly dated 12 March 2021 approved the increase in the Issued and paid-up capital from EGP 1,474 billion to EGP Five billion and the acceptance from the head of the General Authority for Free Zones and Investment was dated 9 January 2022 the annotation in the commercial register on 12 January 2022 and published in the investment gazette in the issue number (1052/T/2022) dated 30 January 2022 the annotation in the banks register on 3 March 2022

31 March 2022

<i>In Egyptian pound</i>	<u>Number of shares</u>	<u>Ordinary shares value</u>	<u>Total</u>
Balance at the beginning of the period	263 359 688	1 474 814 253	1 474 814 253
Changes during the period	629 497 455	3 525 185 748	3 525 185 748
Balance at the end of the period	892 857 143	5 000 000 001	5 000 000 001

31 December 2021

<i>In Egyptian pound</i>	<u>Number of shares</u>	<u>Ordinary shares value</u>	<u>Total</u>
Balance at the beginning of the year	263 359 688	1 474 814 253	1 474 814 253
Changes during the year	–	–	–
Balance at the end of the year	263 359 688	1 474 814 253	1 474 814 253

c- Reserves

According to the bank's article of association 10% of the annual net profit is retained to form the legal reserve which ceases when the reserve balance reaches 50% of the issued capital.

Pursuant to the Central Bank of Egypt instructions the balance of the special reserve cannot be utilized without recourse to the Central Bank of Egypt

The reserves balance comprises of the following as at March 31 2022

<i>In Egyptian pound</i>	31 March 2022	31 December 2021
Legal reserve formed in accordance with the bank's article of association	311 089 891	263 787 540
General reserve to be used whenever in favor of the bank and the shareholders in accordance with the General Assembly approval	11 504 993	11 504 993
Capital reserve	326 442 419	89 220 084
General banking risk reserve	308 044 899	275 272 854
Revaluation differences for available for sale investments	(23 784 519)	15 750 553
General bank risk reserve transferred from retained earnings	97 637 127	32 772 045
Balance at the end of the period / Year	1 030 934 810	688 308 069

The changes in the reserves are represented in the following:

A– General banking risk reserve

<i>In Egyptian pound</i>	31 March 2022	31 December 2021
Balance at the beginning of the period \ year	308 044 899	275 272 854
Transferred from retained earnings	97 637 127	32 772 045
Balance at the end of the period / Year	405 682 026	308 044 899

B– Legal reserve

<i>In Egyptian pound</i>	31 March 2022	31 December 2021
Balance at the beginning of the period / Year	263 787 540	216 236 225
Transferred from the profit of the period	47 302 351	47 551 315
Balance at the end of the period / Year	311 089 891	263 787 540

C– Fair value reserve – Investment through OCI

<i>In Egyptian pound</i>	31 March 2022	31 December 2021
Balance at the beginning of the period \ year	15 750 553	112 651 024
Net change in the fair value	(41 863 904)	(87 731 699)
Expected Credit loss impact	2 328 832	(9 168 772)
Balance at the end of the period / Year	(23 784 519)	15 750 553

D– Asset Held For Sale reserve

<i>In Egyptian pound</i>	31 March 2022	31 December 2021
Balance at the beginning of the period \ year	–	4 171 712
Change in fair value of Orient Takaful Insurance Company	–	(4 171 712)
Balance at the end of the period / Year	–	–

F– Retained earnings

<i>In Egyptian pound</i>	31 March 2022	31 December 2021
<u>Movement on retained earnings</u>		
Balance at the beginning of the period \ year	725 127 275	918 966 240
– Transferred to legal reserve	(47 302 351)	(47 551 315)
– Employees share in the profit	(71 024 585)	(49 056 529)
– Board of directors remuneration	(12 000 000)	(13 143 208)
– Transferred to Capital reserve	(237 222 335)	(15 052 147)
– Dividend shareholders	(73 740 713)	(737 407 127)
–Transformer of the Banking System Support and Development Fund	(4 402 515)	(4 332 127)
Retained earnings	279 434 776	52 423 787
Net profit for the period \ year	286 195 206	710 245 847
–Transferred to General Banking Risk reserve	(97 637 127)	(31 785 412)
–Transferred to General Banking Risk reserve (Assets revert to the bank)	–	(986 633)
– Transferred to Asset Held For Sale reserve and disposal loss	–	(4 770 314)
– Disposal Loss financial Assets Fair value through OCI – Equity	(1 061 971)	–
Balance at the end of the period / Year	466 930 884	725 127 275

22– Cash and cash equivalents

For the purpose of presenting the cash flow statement cash and cash equivalents include the following balances maturing within less than 3 months from the date of acquisition.

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Cash and due from Central Bank of Egypt (Note no 6)	260 172 201	242 880 220
Due from banks (Note no 7)	4 616 476 719	3 315 030 254
Treasury bills and the governmental notes (Note no 11)	377 575 000	–
	5 254 223 920	3 557 910 474

23– Contingent liabilities and commitments

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Loan Commitments – Irrevocable	332 442 164	372 309 558
Letter of guarantee	4 877 492 502	3 825 947 096
Letter of credit	1 267 678 888	356 466 615
Other contingent liabilities	629 414 110	556 084 935
	7 107 027 664	5 110 808 204

24– Net income from revenue

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
<u>Loans interest and similar revenues</u>		
Loans, facilities and deposits at banks		
Deposits at banks	150 985 571	19 861 934
Loans and facilities to clients	675 691 458	534 726 704
Total loans & banks	826 677 029	554 588 638
Treasury bills	279 502 444	205 674 868
Investment in available for sale and held to maturity debt instruments	168 163 579	154 777 479
Total Debt instruments	447 666 023	360 452 347
Total	1 274 343 052	915 040 985

Interest expense and similar charges

Deposits and current accounts:		
To banks	(318 227)	(16 845 241)
To clients	(760 021 515)	(528 411 518)
Other Loans & REPO	(309 124)	(401 625)
Total	(760 648 866)	(545 658 384)
Net	513 694 186	369 382 601

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)

Notes to condensed interim Financial Statements for the period ended March 31, 2022

25– Dividends income

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Financial securities available for sale	–	221 903
	–	221 903

26– Net trading income

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Revaluation differences of Debt instruments & equity instruments	–	(6 590)
Dividends from debt instruments for trading	–	58 435
	–	51 845

27– Gains from financial investments

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Gains on sale of treasury bills and bonds	8 550 493	3 072 012
	8 550 493	3 072 012

28– Expected credit losses

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Loans and advances – Impairment charge	76 308 111	53 697 615
Due from banks – Impairment charge (reverse)	109 719	(86 664)
Financial investments at amortized cost – Impairment charge	–	(43 241)
Financial investments at fair value through OCI – Impairment charge (reverse)	2 328 832	(8 894 373)
	78 746 662	44 673 337

29– Administrative expenses

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Labor cost		
Wages and salaries	98 320 149	82 651 056
Social insurance	5 732 426	4 881 086
Total Labor cost	104 052 575	87 532 142
Other administrative expenses*	106 134 255	91 206 623
	210 186 830	178 738 765

* Other administrative expenses

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Depreciation and amortization	26 604 863	27 095 000
Subscriptions	7 093 275	6 520 746
Taxes and fees	20 213 951	13 090 313
Repair and maintenance	18 967 738	15 073 166
Insurance	1 586 771	1 000 912
Advertising	3 333 154	1 056 230
Security and cleaning	5 759 769	5 800 489
Electricity water mail swifts & Gas	4 420 772	4 618 108
Hospitality	663 618	674 979
Stationary & Prints	780 982	804 911
Expenses and commissions for sales and customer service	10 687 396	9 391 114
Community Contribution and Donations	1 068 500	2 000 000
Others	4 953 466	4 080 655
	106 134 255	91 206 623

30– Other operating revenues (expenses)

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
Gains from revaluation of assets and liabilities in foreign currencies and foreign exchange earnings	10 770 197	21 799 727
Gains from sale of fixed assets	70 650 607	24 155 978
Other provision formed	(9 463 500)	(2 686 392)
Assets rent expense	(32 251 622)	(14 912 402)
Gains from assets reverted to the bank	(311 991)	493 146
	39 393 691	28 850 057

31– Profit per share

The portion of the share in the profit is calculated by dividing the net profits of the shareholders of the bank by ordinary shares.

<i>In Egyptian Pound</i>	31 March 2022	31 March 2021
<i>Net profit for the period</i>	286 195 206	170 068 701
Deduct: Employees share	(28 619 521)	(17 006 870)
Deduct: B.O.D. remuneration	(977 012)	(4 793 970)
distributed net profit	256 598 673	148 267 861
Weighted average number of shares	892 857 143	263 359 688
profit per share	0.29	0.56

32– Capital commitments

The uncalled capital commitments related to the financial investments at the balance sheet date amounted to EGP 629 414 110 as follows:

<i>In Egyptian Pound</i>	Commitments	Amount Paid	Unclaimed / unpaid amount
Obligations for leases	629 414 110	–	629 414 110
	629 414 110	–	629 414 110

33– Effective average interest rates during the period

The average interest rates on assets 11.47% and liabilities 8.13% during the period.

34– Transactions with related parties

The bank deals with its related parties on the same basis as with other parties. In the balance sheet date the nature of these significant transactions and its balances represented in are as follows:-

<i>In Egyptian Pound</i>	31 March 2022	31 December 2021
<u>Nature of transactions</u>		
Due from banks	5 516 167	6 488 104
Contingent liabilities and commitment	4 333 316 455	3 850 545 766

Abu Dhabi Commercial Bank - Egypt (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS 31 March 2022

35- Tax status

First : Corporate income tax

Years from establishment till 2008

- The taxes due for this period were fully paid according to the appeal committees assessments and Dispute settlement committees

Year 2009/2018

- The bank was notified with a form 19 with a tax amounted of EGP 709 M ,appeal was conducted and currently pending for the decision of internal committee, and It issued its decision to re-inspection it to express its opinion on some points of disagreement in light of the documents submitted by the bank , A defense memorandum and a document portfolio were submitted, and the dispute was handled and concluded with the Egyptian tax authority, which resulted in a tax of EGP 20 M after effect the losses of the years 2007/2008 as well as tax on independent pool with an amount of EGP 14.5 M.
- As well as what is being calculated by the ETA in return for delay penalties in accordance with Article 110 and penalties for delay in accordance with Article 87 of Law 91 of 2005 and its amendments, which's estimated by the bank's tax consultant about 40 MEGP and it is expected to decrease the amount to be EGP 20 M.
- The bank paid an amount of 40 MEGP from the tax account for the years 2009/2018, thus the surplus amount for years 2007/2014 is EGP 5.5 M to be used for the result of penalties.

Year 2019/2021

- The bank submitted the tax return for these years and not inspected till date noting that the expected tax amount will be 9 MEGP from inspection in addition to 3 MEGP tax on independent pool.

The tax rate for the period ended reached 28.4%

Second : Tax on movable capitals

Years from establishment till 2004

- The taxes due for this period were fully paid according to the appeal committee decision.

Year 1/1/2005-30/6/2005

- The bank was notified with form 18 with a tax amounted EGP 132 thousand the bank objected in front of the internal committee, the litigation ended with an amount of EGP 84 thousand on its process to reconcile it to be credit balance 29 thousand.

Abu Dhabi Commercial Bank - Egypt (S.A.E)

NOTES TO THE FINANCIAL STATEMENTS 31 March 2022

Delay penalties from 1994/2002

- The delay penalties regarding the year 1994/2002 amounted of 24.7 MEGP the due amount was fully paid.

Third : Stamp duty tax

From 2002\2020

All branches were inspected in accordance with the regulations of law 111 for year 1980 and its amendments law 143 for year 2006.

After the tax authority inspection, the tax differences were fully paid in addition to delay penalties for Horreya branch year 2002 EGP 165 thousand and also for years 2016\2019 penalties EGP 5.6 M under formation.

Year 2021

Not Investigated yet, and provisions charged with 3 million EGP according to the opinion of the tax consultant.

Fourth : Payroll Tax

Years from 1981 till 1998

The taxes due for the period were fully paid according to the internal and appeal committees' decisions.

Years from 1999 till 2005

The taxes assessed by the internal committee amounted of 4.6 million EGP the bank object against it in front of internal committee, which's ended with a tax amount 2.3 MEGP it was fully paid during Q2-2013.

Years 2006 till 2019

The bank was notified with estimated tax differences with an amount of 106 MEGP the bank object against it in front of internal committee which's decided to re-inspect theses period which's ended with tax amount 19.5 MEGP and it was fully paid in addition to delay penalties 27 MEGP the bank object against it and in a continues process to allocate the needed provisions.

Year 2020\2021

Year 2020 under inspection and year 2021 not inspected yet, as per tax consultant a provision with EGP 6 M was fully formed.

36-Comparative figures

Comparative figures that are presented in the notes have been reclassified.