Translation of financial statements
Originally issued in Arabic

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

FINANCIAL STATEMENTS
For the Year Ended 31 December 2022
AND AUDITORS' REPORT

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2022
AND AUDITORS' REPORT

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KPMG Hazem Hassan
Public Accountants & Consultants

MOORE Egypt

Translation of report originally issued in Arabic

AUDITORS' REPORT

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

Report on the financial statements

We have audited the accompanying financial statements of Abu Dhabi Commercial Bank – Egypt (S.A.E), which comprise the statement of financial position as at 31 December 2022, and the statements of income, other comprehensive income, change in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

KPMG Hazem Hassan
Public Accountants & Consultants

MOORE Egypt

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the bank as of December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations relating to the preparation of these financial statements.

Report on Other Legal and Regulatory Requirements

According to the information and explanations given to us during the financial year ended December 31, 2022, no contravention of the Central Bank, Banking Sector Law No. 194 of 2020.

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

The financial information included in the Board of Directors' report Which is prepared according to Law No. 159 of 1981 and its executive regulations and their amendments is in agreement with the books of the bank insofar as such information is recorded therein.

Auditors

KPMG Hazem Hassan
Public Accountants and Consultants

KPMG Hazem Hassan

KPMG Hazem Hassan
Public Accountants & Consultants

Ali M Hozien

Moore Egypt
Public Accountants & Consultants

مور ايجيبت محاسبون قانونيون ومستشارون
MOORE Egypt
Moore Egypt - Public Accountants & Consultants

Cairo, February 12, 2023

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

Statement of Financial Position As OF December 31, 2022

Translation of financial statements Originally issued in Arabic

In Egyptian Pound	Note	31 December 2022	31 December 2021
Assets			
Cash and due from Central Bank of Egypt	(6)	11 957 062 397	4 192 587 117
Due from banks	(7)	11 823 057 068	5 648 905 303
Treasury bills at fair value through other comprehensive income	(8)	23 511 576 216	10 813 514 066
Loans and advances to customers	(9)	29 781 734 796	21 222 172 434
Investments :			
- At Amortized Cost	(10)	96 210 105	641 223 070
- At fair value through other comprehensive income	(11)	7 206 940 908	4 808 194 852
Investments in associates	(12)	100	100
Deferred Tax Assets	(15)	83 747 817	-
Intangible assets	(13)	35 077 156	44 175 274
Other assets	(14)	1 178 656 317	781 781 820
Property and equipment	(16)	496 447 239	203 607 583
Total assets		**86 170 510 119**	**48 356 161 619**
Liabilities and shareholders' equity			
Liabilities			
Due to banks	(17)	2 406 440 698	145 530 761
Customers' deposits	(18)	75 492 440 836	41 109 736 634
Other liabilities	(19)	1 114 597 018	611 550 757
Other provisions	(20)	103 165 953	55 700 189
Deferred tax liabilities	(15)	-	20 207 933
Total liabilities		**79 116 644 505**	**41 942 726 274**
Shareholders' equity			
Paid-in capital	(21)	5 000 000 001	1 474 814 253
Amounts paid under capital increase		-	3 525 185 748
Reserves	(21)	1 043 480 088	688 308 069
Retained earnings	(21)	1 010 385 525	725 127 275
Total shareholders' equity		**7 053 865 614**	**6 413 435 345**
Total liabilities and shareholders' equity		**86 170 510 119**	**48 356 161 619**

- The accompanying notes from (1) to (36) are an integral part of these Financial Statements and read with it.
- Auditors' report attached.

Managing Director and CEO

Ihab Elsewerky

Chairman

Mohamed Dhaen Al Hamli

Income Statement for year ended December 31, 2022

Translation of financial statements
Originally issued in Arabic

In Egyptian Pound	Note	31 December 2022	31 December 2021
Interest income on loans and similar revenues	(24)	7 670 334 755	4 272 486 072
Interest expense and similar charges	(24)	(4 782 909 653)	(2 519 149 059)
Net interest income		**2 887 425 102**	**1 753 337 013**
Fees and Commissions income		501 790 694	317 213 609
Fees and Commissions expenses		(22 389 377)	(25 252 782)
Net fees and commissions income		**479 401 317**	**291 960 827**
Dividends income	(25)	1 323 360	2 602 855
Net trading income	(26)	–	1 752 008
Gains from financial investments	(27)	21 208 610	7 511 169
Expected credit losses impairment	(28)	(637 583 866)	(465 502 103)
Administrative expenses	(29)	(928 048 910)	(781 435 798)
Other operating expenses	(30)	(157 969 367)	251 950 148
Profit for the year before income tax		**1 665 756 246**	**1 062 176 119**
Income tax expenses	(15)	(600 542 512)	(351 930 272)
Net profit for the year		**1 065 213 734**	**710 245 847**
Earnings per share (EGP)	(31)	**1.05**	**2.36**

– The accompanying notes from (1) to (36) are an integral part of these Financial Statements and read with it.

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

Statement of Other Comprehensive Income for year ended December 31, 2022

In Egyptian Pound	31 December 2022	31 December 2021
Net profit for the Year	**1 065 213 734**	**710 245 847**
Items that are not reclassified to profit or loss		
Net change in the fair value of investments in equity instruments at fair value through other comprehensive income	–	(54 546 234
Income tax related to items that are not reclassified to profit or loss	–	12 272 903
Items that may be reclassified to profit or loss		
Net change in the fair value of investments at fair value through other comprehensive income	(300 340 178)	(33 185 465
Income tax related to items that may be reclassified to profit or loss	67 576 540	5 403 756
Expected credit losses on debt instruments at fair value through other comprehensive income	22 339 601	(9 168 772
Total other comprehensive income for the Year, net after tax	**(210 424 037)**	**(79 223 812**
Total comprehensive income for the Year, net after tax	**854 789 697**	**631 022 035**

– The accompanying notes from (1) to (36) are an integral part of these Financial Statements and read with it.

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY For The year ended 31 December 2022

In Egyptian Pound	Paid–in capital	Paid under capital increase	Treasury Stock	Legal Reserve	General Reserve	Capital Reserve	General banking risk reserve	Fair value reserve – Investment through OCI	Asset Held For Sale reserve	Retained earnings	Total
Year Ended 31 December 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	–	–	–	–	–	–	32 772 045	–	–	(32 772 045)	–
Transfer to General Risk Reserve	–	–	–	–	–	–	–	(96 900 471)	–	–	(96 900 471)
Net of change in fair value of financial investments through OCI	–	–	–	–	–	–	–	–	(8 582 971)	–	(8 582 971)
Asset Held For Sale reserve	–	–	–	–	–	–	–	–	4 411 259	(4 770 314)	(359 055)
Treasury Stocks	–	–	82 535 470	–	–	–	–	–	–	–	82 535 470
Net profit for the year ended December 31, 2021	–	2 787 778 621	–	–	–	–	–	–	–	710 245 847	3 498 024 468
Balance as at 31 December 2021	**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**
Year Ended 31 Decmber 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	–	–	–	–	–	–	348 647 910	–	–	(348 647 910)	–
Net of change in fair value of financial investments through OCI	–	–	–	–	–	–	–	(278 000 577)	–	–	(278 000 577)
Disposal Loss financial Assets Fair value through OCI	–	–	–	–	–	–	–	–	–	(1 061 971)	(1 061 971)
Refund part of the BOD remuneration	–	–	–	–	–	–	–	–	–	15 446 896	15 446 896
Paid under capital increase	3 525 185 748	(3 525 185 748)	–	–	–	–	–	–	–	–	–
Net profit for the year ended December 31, 2022	–	–	–	–	–	–	–	–	–	1 065 213 734	1 065 213 734
Balance as at December 31, 2022	**5 000 000 001**	–	–	**311 089 891**	**11 504 993**	**326 442 419**	**656 692 809**	**(262 250 024)**	–	**1 010 385 525**	**7 053 865 614**

- The accompanying notes from (1) to (36) are an integral part of these Financial Statements and read with it.

In Egyptian Pound	Note	31 December 2022	31 December 2021
Cash flow from operating activities			
Net profit for the Year before tax		1 665 756 246	1 062 176 119
Adjustments to reconcile net profit to cash flow from operating activities		–	–
Depreciation and amortization	(13,16)	113 683 757	110 280 941
Reversed charged during the Year–other provisions	(20,30)	55 426 503	23 765 471
Reversed charged during the Year–due from banks	(7,28)	4 085 343	(155 821)
Foreign revaluation differences for other provisions	(20)	3 341 650	(243 435)
Gain on sale of fixed assets	(30)	(70 650 607)	(306 093 335)
Dividends payable	(25)	(1 323 360)	(2 602 855)
Operating profit before changes in assets and liabilities from operating activities		**1 770 319 532**	**887 127 085**
Cash flow from operating activities			
Change in due from banks	(7)	(1 352 787 169)	(463 977 421)
Change in due from Central Bank of Egypt within reserve percentage	(6)	(7 657 799 409)	(2 273 374 411)
Change in treasury bills and other governmental notes	(8)	(13 842 552 366)	(2 203 326 015)
Financial assets at amortized cost	(10)	–	1 497 639
Change in loans and advances to banks	(9)	(8 547 573 644)	(4 682 988 174)
Change in other assets	(14)	(320 024 916)	(79 859 159)
Change in due to bank	(17)	2 260 909 937	(742 352 038)
Change in customers' deposits	(18)	34 382 704 201	12 025 327 416
Change in used from other provisions	(20)	(11 302 389)	(48 765 507)
Change in other liabilities	(19)	1 409 231 343	321 084 738
Change in income tax paid		(452 674 093)	(253 943 965)
Net cash flow provided from operating activities		**7 638 451 027**	**2 486 450 188**

In Egyptian Pound	Note	31 December 2022	31 December 2021
Cash flow from investing activities			
Payments to purchase fixed assets and establishments of branches		(481 703 911)	(441 203 763)
Proceeds from sale of fixed assets		79 067 089	517 434 899
Retrieval of financial investments – Amortized cost	(10)	546 251 000	1 684 732 202
Purchase of financial investment Amortized cost, net investment Fair Value through OCI and in associates	(10, 11)	(2 561 133 036)	(2 587 710 701)
Reversed charged during the Year provision at fair value through OCI		26 316 198	(9 168 772)
Dividends received	(25)	1 323 360	2 602 855
Net cash flow (used in) investing activities		**(2 389 879 300)**	**(833 313 280)**
Cash flow from financing activities			
Treasury Stocks		–	82 535 470
Paid under capital increase		–	2 787 778 621
Proceeds from other loans		–	(787 560 650)
Refund part of the BOD remuneration		15 446 896	–
Dividends paid		(161 167 813)	(66 531 864)
Net cash flow (used in) provided from financing activities		**(145 720 917)**	**2 016 221 577**
Net (decrease) increase in cash and cash equivalents during the year		**5 102 850 810**	**3 669 358 485**
Cash and cash equivalents at the beginning of the year		4 890 554 187	1 221 195 702
Cash and cash equivalents at the end of the year		**9 993 404 997**	**4 890 554 187**
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)	11 957 062 397	4 192 587 117
Due from banks	(7)	11 827 820 783	5 649 583 675
Treasury bills and other governmental notes	(8)	25 489 952 635	11 476 675 268
Due from Central Bank within reserve percentage		(11 653 102 523)	(3 995 303 114)
Due from banks (over 3 months maturity)		(2 309 100 660)	(956 313 491)
Treasury bills and other governmental notes (over 3 months maturity)		(25 319 227 635)	(11 476 675 268)
Cash and cash equivalents at the end of the year		**9 993 404 997**	**4 890 554 187**

– The accompanying notes from (1) to (36) are an integral part of these Financial Statements and read with it.

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

Proposed Profits appropriation Statement

For The year Ended 31 December 2022

In Egyptian Pound	31 December 2022	31 December 2021
Net profit for the year based on the income statement	**1 065 213 734**	**710 245 847**
Deduct:		
Gain from sale of fixed assets transferred to capitalized reserve according to the statue of law *	(54 754 220)	(237 222 335)
General Banking Reserve (Change in Loans and Advances Reserve)	(345 605 214)	(31 785 412)
Transferred to Retained earnings (Change in Assets Revert to the bank Reserve)	(3 042 696)	(986 633)
Distributable net profit	**661 811 604**	**440 251 467**
Add: Retained earnings as at beginning of the Year	279 434 776	52 423 787
Refund part of the B.O.D. remuneration	15 446 896	–
Deduct Disposal loss Assets held for sale	(1 061 971)	(4 770 314)
Total	**955 631 305**	**487 904 940**
Distributed as follows:		
Legal reserves	101 045 951	47 302 351
Shareholders 1st Dividend **	250 000 000	73 740 713
Employees share	106 521 373	71 024 585
B.O.D. remuneration	12 000 000	12 000 000
Banking Support and Development Fund ***	6 618 116	4 402 515
Retained earnings as at end of the Year	479 445 865	279 434 776
Total	**955 631 305**	**487 904 940**

* Fixed Assets disposal gain was eliminated and transferred to the capital reserve after deducting tax in accordance with the provisions of the law.

** Distributing one bonus shares for every 20 original shares owned by shareholder at the rate 5% of paid-up capital

*** Aligning to Central Bank and Banking Sector Law No. 194 Year 2020, Article No (178) which includes establishment of a Banking Support and Development Fund, Considering a percentage not exceeding (1%) of the annual net profits as an amount of fund resources.

1- Background

Abu Dhabi Commercial Bank - Egypt provides retail, corporate and investment banking services in Arab Republic of Egypt and abroad through 49 branches and employs 1182 employees as at 31 December 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, 49 branches and 154 ATM, the bank is unlisted on Egyptian stock exchange since March 25, 2020.

Board of Directors dated January 25, 2023 approved the adoption of the Financial Statements for Year Ended December 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.

B- Changes in accounting policies :

The following is a summary of key changes in the Bank's accounting policies resulting from the implementation those instructions .

Classification of financial assets and the financial liabilities:

Upon initial recognition ,financial assets are classified as: at amortized cost ,fair value through other comprehensive income or fair value through profit and loss.

The financial assets are classified in accordance with the business model which is managed these financial assets and its contractual cash flows

A financial asset is measured at amortized cost if it meets the following conditions and is not measured at fair value through profit or loss.

- The asset is retained within a business model that aims to retain assets for contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows on specific dates that are only principal and interest payments on the principal amount payable.

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

- The asset is held within a business model that has been achieved through the collection of contractual cash flows and the sale of financial assets
- The contractual terms of the financial assets give rise to cash flows on specific dates that are only principal and interest payments on the principal amount payable.

When the first recognition of the investment in equity is held by the trading ,the bank may choose irrevocably measure changes in subsequent fair value in other comprehensive income items are made this choice on the basis of each investment separately.

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

In addition ,upon initial recognition ,the bank may irrevocably identify a financial asset that meets the requirements to be measured at amortized cost or at fair value through other comprehensive income ,at fair value through profit or loss ,if doing so would be canceled or reduced in an appropriate manner. Significant accounting mismatches that may otherwise arise.

Business model evaluation:

The bank conducted assessment of the objective of the business model which the asset is held at the portfolio level because this reflects the best way of business administration and to provide information to management .Information considered includes:

- The stated policies and objectives of the portfolio and the mechanism of operation of these policies in practice ,especially to determine whether the management strategy focuses on earning contractual interest income or matching the duration of financial assets with the duration of financial obligations that finance those assets or achieving cash flows through the sale of assets:
- How to evaluate the performance of the portfolio and report to the management of the bank
- Risks affecting the performance of the business model and financial assets held by the business model of this and how to manage these risks
- The number of deals, volume and timing of sales in previous periods ,the reasons for these sales and their expectations regarding future sales activity . However ,Rather, it is considered part of a comprehensive assessment of how to achieve the bank's stated goal of managing financial assets and how to achieve cash flows.

Financial assets held for trading or whose performance are valued at fair value are measured at fair value through profit or loss as they are not held to collect only contractual cash flows and are not held to collect contractual cash flows with the sale of financial assets.

Evaluate whether contractual cash flows are payments of principal and interest:

For the purpose of this valuation ,the principal amount is defined as the fair value of the financial asset at initial recognition ,interest is defined as the material consideration for the time value of money and credit risk associated with the principal amount repayable over a period of time and for other underlying lending risks and costs) such as liquidity risk and administrative costs as well as profit margin In assessing whether contractual cash flows are payments of principal and interest , the bank takes into account the contractual terms of the instrument .This includes an assessment of whether the financial asset contains contractual terms that may change the time and amount of contractual cash flows, as this condition will not be met.

Impairment of financial assets:

It replaces the International Standard for Financial Reporting No .9 " in accordance with the instructions of the Central Bank issued on 26 February 2019 " model loss achieved given instructions Bank Central issued December 16, 2008 on the model credit loss expected as a form of decay applies in the new value of all financial assets, as well as some links Loan pledges and financial guarantee contracts.

Under IFRS 9, credit losses are recognized more early than in accordance with the Central Bank directives of 16 December 2008.

The Bank has a three - stages approach to measure the expected credit losses from financial assets installed at amortized cost and debt instruments at fair value through other comprehensive income are moving assets between the following three stages based on the change in credit quality since the first recognition.

Stage 1 : Expected Credit Loss for 12 months

The first stage includes financial assets at initial recognition that do not involve a significant increase in credit risk since the first recognition or involve relatively low credit risk.
For these assets ,expected credit losses over 12 months are recognized and interest is calculated on the total carrying amount of the assets) excluding provision for credit (.12-month expected credit losses are the expected credit losses that may result from potential failures within 12 months after the reporting date.

Stage 2: Lifetime credit loss - no credit impairment

The second stage includes financial assets with a significant increase in credit risk since the initial recognition, but no objective evidence of impairment .Lifetime expected credit losses are recognized for these assets but interest is still charged to the total carrying amount of the asset .Lifetime credit loss is the expected credit loss resulting from all possible failures over the life of the financial instrument

Stage 3 : Lifetime expected credit loss - impairment of credit

The third stage includes financial assets with objective evidence of impairment at the date of the financial statements: For these assets, expected lifetime credit losses are recognized.
According to the instructions of the Central Bank of Egypt on February 26, 2019 ,the IFRS 9 As of 01 January 2019, the Bank has measured the effect of applying the standard in accordance with the above instructions.

C- Investments in subsidiaries and associates

C-1 Investments in subsidiaries

Investments in subsidiaries are investments in entities with specific purposes (Special Purpose Entities / SPE's) which the bank has control. Control is presumed to exist when the parent owns, directly or indirectly the ability to influence its financial and operating policies. Usually the bank owns in subsidiaries more than half of the voting power of the investee, taking into consideration future potential voting rights that can be exercised or converted now when evaluating if the bank has the ability to control the company.

C-2 Investments in associates

- Entities over which Bank exercises significant influence directly or indirectly without exercising control or joint control over that entity. Usually significant influence exists where the bank holds 20% to 50% of voting power in the investee. Purchase method is applied to account for acquisitions of investees by the bank. Acquisition cost is measured at fair value or equivalent assets to buy or issued equity instruments and/or liabilities charged to the bank and/or obligations the bank accepts on behalf of the acquired company, at the date of exchange.

  In addition to any costs directly supports the acquisition transaction, while net assets including contingent liabilities that can be determined at its fair value in at the acquisition date, regardless of any minority rights. The increase of acquisition cost above the fair value to the bank's share represents the goodwill, but if the acquisition cost declines below the fair value for the net assets concerned, therefore the difference of recorded directly in the income statement in other revenues (expenses) caption.

- Investments in associates measured at owners' equities method in the financial statements of the bank and dividends are recorded when approved, deducted from the fair value of the assets.

D- Segment reporting

A business segment is a group of assets and operations related to providing products or services subject to risks and returns that differ from those that are related to other business segments and geographical segment which provide products or services within the same economic environment subject to specific risks and benefits that differ from those geographical segments which operate in different economic environments.

E- Foreign currency translation

E-1 Functional Currency

The bank's financial statements are published in Egyptian pound which is the currency used in the bank's transactions and publishing.

E-2 Transactions and balances in foreign currencies

The bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies are translated into Egyptian pound during the accounting period using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of each period at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement of such transactions and valuation differences are recognized in the income statement under the following items:

- Net trading income of the assets / liabilities held for trading or net income of financial instruments classified at inception by fair value through profit and loss to assets / liabilities for trading.
- The other comprehensive income property rights for investments in equity instruments by fair value through comprehensive income
- Other operating revenues (expenses) for the remaining assets and liabilities.

Changes in the fair value of investments in debt instrument, which represent monetary financial instruments, denominated in foreign currencies and classified as available for sale assets are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument.

Valuation differences relating to changes in the amortized cost are recognized in the income statement in the return on loans and similar income and differences in exchange rates are changed in other operating income (expenses), Other comprehensive income is recognized in equity as the remaining changes in fair value in the fair value reserve for investments. At fair value through other comprehensive income .

Valuation differences arising on the measurement of non-monetary items at fair value include gains and losses arising from changes in exchange rates used to translate those items and then recognition of the statement of income with total valuation differences arising from the measurement of equity instruments classified at fair value through profit or loss. while the recognition of the total resulting from the valuation differences measured at fair value of equity instruments through other comprehensive income in other comprehensive income items of property rights Ben d reserve the fair value of financial investments at fair value through other comprehensive income .

F- Financial assets

The Bank classify the financial assets between the following groups: financial assets are measured at amortized cost ,financial assets at fair value through other comprehensive income ,financial assets at fair value through profit and loss. The classification is based generally to the business model ,which is managed by financial assets and cash flows and contractual .

F-1 Financial assets at amortized cost:

The financial asset is held within the business model of financial assets held to collect contractual cash flows.

The objective of the business model is to retain financial assets to collect contractual cash flows represented by the principal of the investment amount and returns.

The sale is an exceptional incidental event in relation to the objective of this model and under the conditions of the Standard:

- A deterioration in the credit capacity of the issuer of the financial instrument.
- Less sales in terms of periodicity and value.
- Clear and certified documentation of the justification for each sale and its compliance with the requirements of the standard.

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

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

Both cash and contract collection and sale complement each other to achieve the objective of the model.

Sales are high in terms of cyclicality and value compared to the business model held to collect contractual cash flows.

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

Retains the financial asset ,among other business models include trading, management of financial assets on the basis of fair value ,maximizing cash flows through the sale.

The objective of the business model is not to retain the financial asset to collect the contractual cash flows or retained by the collection of contractual cash flows and sale collection of contractual cash flows occurred sideways for the goal of the model.

The characteristics of the business model are as follows:

- Structuring a set of activities designed to extract specific outputs.
- It represents a complete framework for a specific activity (inputs - activities –output) .
- A single business model can include sub-business models.

G-Treasury bills through other comprehensive income

Treasury bills are recognized at the purchase price at nominal value and the discount for the issue that represents the unearned interest on these balances is shown on credit balances and other liabilities. Treasury bills are shown in the balance sheet excluding the outstanding balance of proceeds measured at amortized cost using the effective yield rate.

H-Loans and Advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the bank intends to sell immediately or in the short term, which is classified as held for trading, or those that the bank upon initial recognition designates as at fair value through profit or loss.
- Those that the bank upon initial recognition designates as available for sale.
- Those for which the holder may not recover substantially all of its initial investment, for any reason other than credit deterioration.

I- Financial investments at amortized cost

Held to maturity financial investments are non-derivative financial assets which carry fixed or determinable payments, fixed maturity date and where the bank has the intention and the ability to hold to maturity.

J- Financial investments through other comprehensive income

Financial investments through other comprehensive income are non-derivatives financial assets that are intended to be held for unspecified period of time and may be sold to provide liquidity or due to changes in shares prices, foreign exchange currencies, or interest rate, and measured the listed with fair value, and due to Inactive market and low of share percent its measured with cost due to cannot be measured at fair value recognition with the subsequent changes in fair value through other comprehensive income.

K- Financial assets at fair value through profit or loss

This category consists of financial assets held for trading, these financial instruments are classified as held for trading if they are acquired or incurred principally for the purpose of selling in the short term or if it is part of financial instruments portfolio that are managed together and there is evidence resulted from recent actual transaction that profit can be recognized in the short term.

Derivatives are classified as held for trading unless it's classified as hedging instruments.

Financial assets are classified up on recognition at fair value through profit or loss in the following circumstances:

- This decreases the discrepancy arising if the derivative in concern is recognized as held for trading while its underlying financial instrument is measured at amortized cost for loans and advances, due from banks and issued debt instruments.
- When managing some investments, like investments in equity instruments and measured at fair value according to the investment policy or risk management and conducting reports to the top management on that basis. These investments are then recognized at fair value through profit or loss.
- Financial instruments like debt instruments, including one or more embedded derivatives which materially affects the cash flow, these instruments are recognized at fair value through profit or loss.
- Profit and loss from change in fair value in financial derivatives managed in conjunction with assets/liabilities initially recognized at "fair value through profit and loss" booked in income statement under "net income from financial assets classified upon recognition at fair value through profit of loss".

- Any financial derivative from the financial instruments measured at fair value through profit or loss is not reclassified during holding it or till validity, as well as any financial instrument are not reclassified transferred from the fair value through profit or loss portfolio if this instrument is designated upon recognition as a fair value instrument through profit or loss.

The following applies to financial assets:

- Purchases or sales of financial assets at fair value through profit and loss, held to maturity financial investments, and available for sale financial investments are recognized at the trade date which is the date the bank is committed to purchase or sell the financial asset.
- Financial assets that are not classified at fair value through profit and loss at initial recognition are recognized at fair value plus transaction cost, while the financial assets classified as at fair value through profit and loss are initially recognized at fair value only and the transaction cost is recognized in the income statement under "net trading income".
- Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or when the bank transfer all asset risks and rewards to another party, while a financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.
- Available for sale financial investments and financial assets designated at fair value through profit and loss are subsequently measured at fair value, while loans and receivables and held to maturity investments are measured subsequently at amortized cost.
- Gains and losses arising from changes in fair value of financial assets designated at fair value through profit and loss are recorded in income statement during the period it occurred, while gains and losses arising from changes in fair value of available for sale financial investments are recognized in equity until the financial asset is derecognized, or impaired at this time, the cumulative gain or loss previously recognized in equity should be recognized in profit or loss.
- Interest income related to monetary assets classified as available for sale is recognized based on the amortized cost method in the income statement, Dividends related to available for sale equity instruments are recognized in the income statement when they are declared.
- The fair values of quoted investments in active markets are based on current bid prices, If there is no active market for a financial asset, the bank establishes fair value using valuation techniques, These include the use of recent arm’s length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants, if the bank could not assess the value of the equity classified as available for sale, these instruments should be valued at cost after deduct any impairment expense.

- It is possible to include instruments issued by the same entity or with the same characteristics within more than one item according to the business model (models) applied by the bank.
- It is possible to perform reclassifications of debt instruments listed in the various items according to the bank's business model (models) provided that the reclassification process takes place in the fiscal year following the fiscal year during which the business model (models) was expedited, and the approval of the bank must be obtained. The Central Bank of Egypt in the cases of reclassification and the accounting effect thereof with the interim or annual financial statements submitted to the Central Bank of Egypt, explaining the reasons for the reclassifications and the amendments made to the business model (models) applied to the bank.
- In case that the equity instruments recognized within the financial assets at fair value through other comprehensive income are disposed of or their recognition is canceled, the balance of the change in fair values is not carried over to profits and losses, but rather they are directly transferred to retained earnings within equity.
- In case that debt instruments recognized in financial assets at fair value through other comprehensive income are disposed or derecognized, the cumulative balance of the change in fair value registered in the other comprehensive income is transferred to the statement of profit and loss.

L- Offsetting of financial instruments

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.
Treasury bills, Repos and reverse Repos agreements are netted on the balance sheet and disclosed under treasury bills and other governmental securities.

M- Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value, Fair values are obtained from quoted market prices in active markets, or according to the recent market deals, or the revaluation techniques including discounted cash flow models and options pricing models, as appropriate, Derivatives are recognized as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

N- The recognition of the first day deferred profit and loss

For the instruments measured at fair value, the best indicator on the fair value of the instruments at the date of transaction is transaction price (fair value of the return delivered or received) unless the fair value for the instrument at the same date can be known referring to the transaction prices in the published markets or using the valuation models, When the bank enters transactions that some of them are due after long period of time, their fair values are assessed using valuation models their inputs may not always be published market prices or rates, the initial recognition of this financial instrument is made using the transaction price which represent the best indicator of the fair value despite that the value from the valuation model may be different, the different between the transaction price and the value resulted from the model known as " first day profit and loss" is not recognized immediately in the profits and losses and classified as other assets in case of loss or other liabilities in case of profit.

The timing of recognition of deferred profit and loss is determined separately for every case, and that's by amortizing it over the transaction period or until the fair value of the instrument can be determined using published market inputs, or at the transaction reconciliation and the instrument is valuated later by fair value, the future changes in fair value are recognized immediately in the income statement.

O- Interest income and expense

Interest income and expense of all interest or bearing financial instruments, except these classified at inception at fair value through profit and loss shall be recognized in the income statement under "interest income on loans and similar income" item or "interest expenses on deposits and similar charges" by using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period, The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, a shorter period when appropriate to reach the net carrying amount of the financial asset or liability, When calculating the effective interest rate, the bank estimates cash flows considering all contractual terms of the financial instrument (for example, accelerate - prepayment options) not to consider the future credit losses.

The method of calculation includes all fees paid or received by and between parties of the contract that are an integral part of the effective interest rate, transaction costs include all other premiums or discounts, when loans or debts are classified as non-performing or impaired, related interest income are not recognized but rather, are carried off balance sheet in statistical records and are recognized under revenues according to cash basis as per the following:

- When collected and after recovery of all past dues for retail loans, personal loans, small and medium business loans, mortgage loans for personal housing and small loans for businesses.
- For loans granted to corporate, interest income is recognized on cash basis after the bank collects 25 % of the scheduling installments and after the installments continued to be regular for at least one year, If the client continued to be regular the return on the loan balance is classified as revenues (return on regular scheduling instrument balance) before margin return before scheduling that are not classified as revenues unless full payment of the loan balance in the financial position before scheduling.

P- Fees and commission income

Fees and commissions related to loan and advances are recognized as income when the service is rendered, Fees and commission income related to non-performing or impaired loans or debts are suspended and are carried off balance sheet and are recognized under income according to the cash basis when interest income is recognized in accordance with note (2 –H) above, Fees which represent part of the financial asset's effective rate are recognized as an adjustment to the effective interest rate, Recognition of revenue related to commitment fees is postponed due to a probability that this loan will be withdrawn, as commitment fees represent compensation for the continuing interferes to own the financial asset, subsequently it's recognized as adjustments to the effective interest rate of the loan, If the commitment period passed without issuing the loan, commitment fees is recognized as income at the end of the commitment period, Fees and commission related to instruments debts measured by fair value is recognized as income at initial recognition, Fees on the promotion of the syndicated loans shall be recognized within revenue when promotion process is completed and the bank does not retain an portion of the loan or if the bank retains a portion for itself earning the actual rate return which is available to other participants as well.

Fees and commissions arising from negotiation, or participating in negotiation to the favor of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized as income when the transaction is completed.

The administrative consultations fees and other services are normally recognized based on the distribution overtime relative to the service performance period. However, the financial planning management fees and conservation services fees, which are provided for long periods of time, are recognized over the period during which the service is performed.

Q-Dividend income

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

R-Purchase and resale agreements and sale and repurchase agreements

The financial instruments sold under repurchase agreements within the assets of the balances of treasury bills and other governmental notes in the balance sheet. Whereas, the liability (purchase and resale agreements) is deducted from the treasury bills and other governmental notes in the balance sheet. The difference between the sell price and repurchase price is recognized as a return over the period of the agreement by applying the effective interest rate method.

S- Impairment of financial assets

The bank reviews for all financial assets with the exception of financial assets that are measured at fair value through profit or loss to estimate the extent of the impairment value as described below.
Financial assets at the date of the financial statements are classified into three stages:

-**Stage 1 :** financial assets that did not witnessed a substantial increase in credit risk since the date of initial recognition, and credit loss is expected to have a 12 - month account.

-**Stage 2 :** Financial assets that have experienced a significant increase in credit risk since the initial recognition or date of recognition, and the expected credit loss is calculated over the life of the asset.

-**Stage 3 :** Financial assets that have suffered impairment and require the expected credit loss over the life of the asset based on the difference between the carrying amount of the instrument and the present value of expected future cash flows.

The measurement of credit losses and impairment losses in value relating to financial tools as follows:

- A low-risk financial instrument is classified at initial recognition in the first stage and credit risk is monitored on an ongoing basis by the Bank's credit risk department .
- If it is determined that there has been a significant increase in credit risk since the initial recognition ,the financial instrument is transferred to the second stage where it is not yet considered impaired at this stage.
- If there is any indication that the value of a financial instrument will be impaired, it will be transferred to the third stage.
- Financial assets created or acquired by the Bank are classified as having a higher credit risk rate than the Bank's low risk financial assets at the time of initial recognition of the second Stage ,and therefore the expected credit losses are measured based on the expected credit losses over the life of the asset.

- Substantial increase in the credit risk:

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

- Quantitative standards:

  When the probability of failure during the remaining life of the instrument increases from the date of the financial position compared to the probability of failure during the remaining life expectancy at initial recognition in accordance with the risk structure acceptable to the bank.

- Qualitative standards:

  Bank retail loans and small and micro businesses

  If the borrower encounters one or more of the following:

  - The borrower has applied to convert the short-term to long-term repayments due to the negative effects of the borrower's cash flows .
  - Recurring previous arrears during the previous 12 months.
  - Negative future economic changes that affect the borrower' s future cash flows .

Institutional and Medium Enterprise Loans:

If the borrower is on the checklist and / or financial instrument and has experienced one or more of the following events:

- Significant increase in the rate of return on the financial asset as a result of increased credit risk.
- Significant negative changes in the activity and material or economic conditions in which the borrower operates.
- Request for scheduling due to difficulties the borrower faces.
- Significant negative changes in actual or expected operating results or cash flows.
- Future economic changes affecting the borrower's future cash flows.
- Early signs of cash flow / liquidity problems such as delays in service of creditors / commercial loans .
- The cancellation of a direct facility by the Bank due to the high credit risk of the borrower.

- Stop payment:

  The loans and facilities of institutions, medium, small and micro enterprises, and retail banking are included in the second stage if the non-payment period is more than (30) days at most and less than (90) days.

Progression between stages (1,2,3):

Progress between the second stage to the first stage:

The financial asset is not transferred from the second stage to the first stage until all the quantitative and qualitative elements of the first stage have been met and the arrears of the financial asset and the returns have been paid.

Progress from stage 3 to stage 2:

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

- Completing all quantitative and qualitative elements of the second stage.
- Repayment of 25 % of the due balance of financial assets, including set aside / marginal returns .
- Regular repayment for at least 12 months.

T- Investment property

Investment property represents land and buildings owned by the bank and used to earn rental income or increase capital, Investment property doesn't include properties used by the bank during its normal course of operation or assets reverted to the bank in settlement of debts, the accounting policy for investment property is the same as for fixed assets.

U- Intangible assets

Computer Software

The expenses, related to development or maintenance of computer software, shall be recognized as expense in income statement, when incurred, the expenses connected directly with specific software and which are subject to the bank's control and expected to generate economic benefits exceeding their cost for a period more than one year, shall be recognized as an intangible asset, the direct expenses include staff cost of software development, in addition to an adequate share of related expenses.

The expenses which lead to increase or expansion of computer software beyond their original specifications are recognized as a development cost and shall be added to the original software cost.

The computer software cost recognized as an asset shall be amortized over the expected useful life which is not more than three years.

V- Fixed assets

The land and buildings are mainly represented in all head office, branches and offices. fixed assets shall be disclosed at historical cost net of accumulated depreciation and impairment losses, the historical cost includes the expenses directly attributable to acquisition of fixed asset items.

Subsequent expenditures shall be recognized within the book value of the outstanding asset or as an independent asset, as appropriate, when the generation of future economic benefits to the bank from the concerned asset and the reliable determination of its cost become possible. Any maintenance and fixing expenses, during the period in which they are incurred, shall be carried to other operating expenses.

Land shall not be subject to depreciation, while depreciation of other fixed assets shall be calculated using the straight-line method to spread the cost in a way that makes residual value be distributed over the useful life of the asset as follows:

	Depreciation rate
Buildings and Constructions	2%
Integrated Automated Systems	20%
Vehicles	20%
Tools and Equipment	20%
Furniture	10%
Intangible assets	33,33%

The branches preparation expenses are depreciated over 5 years or the rent period whichever is lower.

The residual value and useful life of the fixed assets shall be reviewed on each reporting date and shall be adjusted whenever required. Depreciated assets shall be reviewed for purposes of determining the extent of impairment when an event or a change in conditions suggesting that the book value may not be redeemable occurs. Consequently, the book value of the asset shall be reduced immediately to the asset's net realizable value in case of the increase of the book value over the net realizable value.

The recoverable amount is the higher of the asset’s fair value less costs to sell or value in use.

Gains and losses on disposals are determined by comparing proceeds with asset carrying amount, these gain and losses are included in other operating income (expenses) in the income statement.

W- Impairment of non-financial assets

Assets having no fixed useful life except for goodwill shall not be amortized, and their impairment shall be tested at least annually, The impairment of amortized assets is studied to determine if there are events or changes in the circumstances indicating that the book value may not be recoverable.

The impairment loss is recognized by the excess amount of book value over the realizable value, the recoverable value represents net realizable value of the asset or the usage amount whichever is higher, For the purpose of estimating the impairment, the asset is grouped with the smallest cash generating unit, At each balance sheet date, non-financial assets with impairment has to be reviewed to determine if there is impairment reversal made to the income statement.

X- Finance Leases

The accounting treatment for the finance lease is in accordance with law 95 of year 1995 regarding finance leases, if the contract entitles the lessee to purchase the asset at a specified date and amount, and the contract term is more than 75% of the asset's expected useful life, then this lease is considered finance lease, Other than that the lease has to be considered operating lease.

X-1 Leasing

Finance lease contracts recognize rent as expense in the period it occurred, including maintenance cost related to the leased assets, if the bank decides to exercise the rights to purchase the leased assets, the related costs of this right will be capitalized over the fixed asset and depreciated over the assets' remaining expected useful life in accordance with similar assets.

Operating lease payments to the lesser less any discounts granted to lessee are recognized as expenses in the income statement using the straight line method over the contract term.

X-2 Leasing out

Lease assets are accounted for in the fixed assets caption in the balance sheet and are depreciated over the assets expected useful life using the same method applicable to similar assets.
Rent revenues are recognized based on the rate of return of the lease contract in addition to an amount similar to the depreciation cost for the period, the difference between the rent revenue recognized in the income statement and total trade receivables (lease) until the end of the lease contract which is used to perform clearance with the net book value for the leased assets, maintenance and insurance expenses are charged to the income statement when incurred to the extent not endured by the lessee.
When objective evidence is obtained that the bank will not be able to collect all capital leases due balances then these balances will be reduced to the estimated recoverable values.
Operating lease asset are accounted for in the fixed assets caption in the balance sheet and is depreciated over the asset's expected useful life using the same method applicable to similar assets, the lease rent income less any discount granted to the lessee will be recognized to the income statement using the straight line method over the contract term.

Y- Cash and cash equivalents

For the purposes of the cash flow statement presentation, cash and cash equivalents include balances due within three months from date of acquisition, cash and balances due from the Central Bank of Egypt other than the mandatory reserve, and current accounts with banks and treasury bills and other governmental securities.
The bank uses the indirect method in preparing the cash flows statement.

Z- Other provisions

Provisions for restructuring costs and legal claims are recognized when the bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.
Where there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determined, taking into consideration the group of obligations as a whole, a provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.
refund other provisions whose purpose is totally or partially negligible under the item other operating income (expenses).

AA- Employees' benefits

AA-1 Pension benefits obligations

The bank manages a retirement benefit plan based on a defined contribution plan,
Represents commitments on the bank defined contribution plan, retirement regulations where the bank pays fixed contribution amount to a separate entity and there is no legal or imperative to pay further contribution, if the entity has not established sufficient assets to pay all the employees benefits related to their service whether in current or previous periods.
Regarding the defined contribution plans, the bank pays contributions according to the retirements insurance regulations in the public and private sectors on a contractual basis either mandatory or voluntary and the bank has no further obligations following the payment of contributions, these shall be contributions recognized within the employees' benefits expenses when maturing.

AA-2 End of service benefits obligation

The bank provides health care benefits to retirees after the end of service term, usually such benefits are given conditional on the employee remains in the service until retirement age, and completes a minimum period of service.

BB- Income tax

The income tax on the year's profit or loss includes both the current and deferred taxes, Income tax is recognized in the income statement except for income taxes related to shareholders' equity items that are recognized directly in the shareholder's equity in the balance sheet,

The income tax shall be recognized on the net taxable income, using the effective tax rate at the balance sheet date, in addition to prior year's tax adjustments.

Deferred tax arising from temporary differences resulting from between book value of assets and liabilities. Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period which the liability is settled or asset is realized based on tax rates enacted or substantively enacted by the end of the reporting year. Calculated according to the accounting principles and its value according to tax principles.

Deferred tax assets are recognized whenever there is probability to make taxable income at the future can be offset by the deferred tax.

Deferred tax assets to be reduced by the portion which can't be utilized at upcoming years; and in case of increase the expected future benefits deferred tax assets should be increase again within the limit of reduced amount.

CC- Borrowings

Borrowings are initially recognized at the fair value, less cost of acquiring the loan.

After initial recognition, loans and borrowings are subsequently measured at amortized cost. The difference between proceeds and the amount to be paid over the borrowing period using effective interest rate shall be recognized in income statement.

DD- Capital

DD-1 Capital cost

Issuance cost that directly related to the issuance of new shares or the issuance of shares related to acquisition or share options is deducted from shareholders' equity net of tax proceeds.

DD-2 Dividends

Dividends are recognized as a deduction of shareholders’ equity when declared by the General Assembly of shareholders, those dividends include employees’ share in the profits and the Board of Directors’ remuneration as prescribed by the articles of association and law.

EE- Fiduciary activities

The bank practice custody activities that result in ownerships or management of assets on behalf of individuals, trusts, and retirement benefit plans and other institutions. These assets and profits arising thereon are excluded from the bank’s financial statements, as they are not assets or profits of the bank.

FF- Comparative figures

The comparative figures shall be reclassified, when necessary, to be in conformity with the changes to presentation used in the current period.

GG- Subsequent Events to the date of the financial statements

The subsequent events to the date of the financial statements are those that occur between the date of the financial statements and the date of approving the issue of the financial statements, whether those events are in the interest of the entity or not. Two types of events may be identified:

- Events provide additional evidence of cases that existed on the date of the financial statements and require an adjustment to those lists.
- Events that refer to cases that arose after the date of the financial statements and do not require an amendment to those lists and may require disclosure.

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- Credit risk

The bank is exposed to the credit risk which is the risk resulting from failure of a counterparty to meet its contractual obligations towards the bank, credit risk is considered to be the most significant risks for the bank's operations, the bank's management carefully manages its exposure to credit risk, Credit risks is represented in the lending and investments activities that results in loans and advances granted, and possessing debt instruments among the bank's assets, The credit risk is also found in off balance sheet financial instruments, like loan commitment, The managing and monitoring process on credit risk is centralized at credit risk team management at credit risk department that prepare reports to Board of Directors and Head units on regular basis.

A-1 Credit risk measurement

Loans and advances to banks and customers

To measure the credit risk related to loans and facilities for banks and customers, the bank considers the following: -

- Probability of default for customers or others for settling their contractual obligations is based on the historical default rate for each homogeneous group which has similar credit characteristics (related to corporate on industrial basis and related to consumable loans on the product basis), This rate on corporate loans with credit rating is applicable from 1 - 7 and all consumable loans, Loans related to corporate loans with credit rating from 8 - 10, the present value for cash flows which are expected to be acquired from these loans is applied.
- The current position and probable future development are used to predict the exposure at default balance as the bank assumed that the total balance is exposed to default.
- Loss given default:
  Loss given default or severe loss represents the bank's expectations of the extent of the loss at reclaiming the debt, as the bank expects that the loss will be about 100% of the balance.
- The bank evaluates the probability of delay on customer level using internal policies to classify the credit rating for the different customers' categories, these policies are updated internally taking into consideration financial analysis and statistical analysis for each customer category in addition to the personal judgment of the credit officer to reach the appropriate credit rating, the customers of the bank were divided into four rating grades.
- The following table shows the rating classification which reflects the range of expected defaults or payment delays, by which the credit centers may transfer from one rating to another depending on the change in the expected degree of default, the customer's rating and the rating process are reviewed when necessary, the bank evaluates the rating process and their expectations regarding the customers' defaults.

Bank's internal rating grades

Rating description	**Rating**
Performing loans	1
Regular watching	2
Watch list	3
Non-performing loans	4

- **Debt instruments, treasury bills and other bills**

  The same methods used for credit customers are used for debt instruments and treasury bills.

  The bank uses external ratings such as Standard and Poor rating, or its equivalent for managing the credit risk and if these measurements weren't available, other methods like those applied on credit customers are used, Investments in securities and bills are considered a way of having better credit quality and an available source to face future finance requirements.

A-2 Limiting and preventing risks policies

The bank manages and controls credit concentrations at the borrowers' level, groups of borrowers' level, industries level and countries level,

The bank manages the credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single borrower, or a group of borrowers, and to the geographical and industry segments, such risks are monitored on a regular basis and subject to an annual or more frequent review, when considered necessary, the credit limit is approved at loan grade / caption level by the board of directors when it exceeds a certain limit.

Credit limit is classified for every borrower including banks by subsidiary limits including values on and off the financial position and the daily risk limit of trading items as forward foreign exchange contracts, actual values are compared to daily limits, managing the risk of exposure to credit risk is made using the periodical analysis of the existing or potential borrower's ability to face their liabilities and amending the borrowing limit when considered necessary.

The following are other controls used by the bank to limit the credit risk: -

Collaterals: -

The bank uses different methods to limit its credit risk, one of these methods is accepting collaterals against loans and advances granted by the bank, the bank formulated specific rules and guidelines for the types of collaterals that can be accepted, the major types of collateral against loans and advances are:

- Real estate.
- Business assets, such as machines and goods.
- Financial instruments, such as debt and equity instruments.

The bank is keen to obtain the appropriate guarantees against corporate entities of long term finance and corporate loans, while individual credit facilities are generally unsecured.

In addition, in order to minimize the credit loss that the bank may incur to minimum, the bank seeks additional collaterals from all counterparties when impairment indicators are noticed for loans or advances.

The bank determines the type of collaterals held as securities for financial assets with an exception to loans and advances classified according to the nature of the instrument, generally, debt securities and treasury bills are unsecured, except for asset-backed securities and similar instruments are secured by a financial instrument portfolio.

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 December 2022 for the purpose of compliance to the rules of the CBE in note (A/4).

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	**31/12/2022**		**31/12/2021**	
	Loans advances %	**Impairment loss provision %**	**Loans advances %**	**Impairment loss provision %**
Performing loans	**86.6**	**4.9**	**84.8**	**6.6**
Regular watching	**4.1**	**3.9**	**5.1**	**1.9**
Watch list	**1.4**	**4.4**	**3.9**	**30.2**
Non-performing loans	**7.9**	**86.8**	**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-3 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, it's 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 are as follows:-

CBE classification	Description	Required provision percentage	Internal classification	Description
1	Low risk	Zero	1	Performing debts
2	Average risk	1	1	Performing debts
3	Satisfactory risk	1	1	Performing debts
4	Reasonable risk	2	1	Performing debts
5	Acceptable risk	2	1	Performing debts
6	Marginal acceptable risk	3	2	Regular follow up
7	Watch list	5	3	Special follow up
8	Sub standard	20	4	Non performing debts
9	Doubtful	50	4	Non performing debts
10	Bad debt	100	4	Non performing debts

A-5 Maximum limits for credit risk before collaterals through OCI

Balance sheet items exposed to credit risks

In Egyptian pound	31 December 2022	31 December 2021
Treasury bills and other governmental securities through OCI	25 489 952 635	11 476 675 268
Customers loans and advances		
Retail loans:		
Overdraft Accounts	79 312 969	108 542 687
Personal loans	7 542 748 469	7 020 431 192
Real Estate Finance loans	187 398 433	196 280 110
Credit cards	132 846 176	59 395 009
Corporate loans:		
Overdraft Accounts	7 349 330 807	4 430 732 523
Syndicated loans	1 697 796 455	1 770 149 952
Direct loans	13 933 642 414	8 205 940 481
Discounted commercial bills	481 308 617	499 366 709
Financial investments:		
Debt instruments at amortized cost	96 210 105	641 223 070
Debt instruments at fair value through other comprehensive income	7 201 265 267	4 957 027 684
Total	**64 191 812 347**	**39 365 764 685**
Credit risk exposures of off balance sheet items		
Credit commitments (Irrevocable)	320 863 486	372 309 558
Letters of guarantees	7 463 344 582	4 008 252 978
Letters of guarantees based on other banks requests	9 276 319 622	5 272 430 178
Letters of credit	1 459 438 708	981 156 136
Other financial liabilities	607 064 896	556 084 935
Total	**19 127 031 294**	**11 190 233 785**

The above table represents the maximum limit for credit risk as of 31 December 2022, without taking into considerations any collateral for balance-sheet items.

As shown in the preceding table, 53 % of the total maximum limit exposed to credit risk resulted from loans and advances to customers and banks, while 46 % represents investments in debt instruments.

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

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, Financial assets are classified at the date of the financial statements into three stages to measure the expected credit losses from those financial assets, based on the change in credit quality since their first recognition within three stages. We review the following financial assets distributed according to the evaluation stages:

	31 December 2022			
In Egyptian pound	The first stage	The second stage	The third stage	Total
Due from banks	1 950 024 135	-	-	1 950 024 135
Financial investments	6 286 337 808	-	-	6 286 337 808
Loans and facilities - corporate	20 102 332 371	1 640 434 133	1 719 311 789	23 462 078 293
Loans and facilities - retail	6 851 594 887	994 170 348	96 540 812	7 942 306 047
Contingent liabilities	16 880 978 222	27 584 229	5 880 223	16 914 442 674
Loan commitments and facilities - corporate clients	320 862 486	-	-	320 862 486
Total	**52 392 129 909**	**2 662 188 710**	**1 821 732 824**	**56 876 051 443**

	31 December 2021			
In Egyptian pound	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

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 December 2022			
In Egyptian pound	The first stage	The second stage	The third stage	Total
Due from banks	4 763 715	-	-	4 763 715
Financial investments	35 114 699	-	-	35 114 699
Loans and facilities - corporate	31 552 320	138 337 694	1 248 742 454	1 418 632 468
Loans and facilities - retail	43 104 115	18 415 039	56 018 875	117 538 029
Contingent liabilities	22 575 020	4 298 428	5 117 170	31 990 618
Loan commitments and facilities - corporate clients	768 651	-	-	768 651
Total	**137 878 520**	**161 051 161**	**1 309 878 499**	**1 608 808 180**

Impairment provision of loans and contingent liabilities without the unused portion of the facility limits	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
In Egyptian pound	**31 December 2022**	**31 December 2022**	
Loan provision (regular / irregular)	1 536 170 497	2 045 402 940	(509 232 443)
Provision Contingent liabilities	31 990 618	158 972 738	(126 982 120)
	1 568 161 115	**2 204 375 678**	**(636 214 563)**

	31 December 2021			
In Egyptian pound	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 without the unused portion of the facility limits	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
In Egyptian pound	**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-5-3 Movement of expected credit losses in accordance with the requirements of IFRS9

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 December 2022

	Note	Balance at the beginning of the Year	Provision for impairment losses	refund of loans previously written off	Amounts written off during the Year	Foreign currencies revaluation differences	Negated the purpose	Balance at the end of the Year
Due from banks	(7)	678 372	4 085 343	-	-	-	-	4 763 715
Loans and facilities - corporate clients	(9)	804 918 662	559 276 191	5 973 954	(51 942 758)	100 406 419	-	1 418 632 468
Loans and facilities - retail clients	(9)	164 292 355	51 882 731	37 398 449	(136 035 506)	-	-	117 538 029
Total provision for expected credit losses (1)		**969 889 389**	**615 244 265**	**43 372 403**	**(187 978 264)**	**100 406 419**	-	**1 540 934 212**

	Note	Balance at the beginning of the Year	Provision for impairment losses	refund of loans previously written off	Amounts written off during the Year	Foreign currencies revaluation differences	Negated the purpose	Balance at the end of the Year
Financial investments at fair value through other comprehensive income statement	(21)	8 798 501	22 339 601	-	-	3 976 597	-	35 114 699
Total provision for expected credit losses (2)		**8 798 501**	**22 339 601**	-	-	**3 976 597**	-	**35 114 699**

	Note	Balance at the beginning of the Year	Provision for impairment losses	refund of loans previously written off	Amounts written off during the Year	Foreign currencies revaluation differences	Negated the purpose	Balance at the end of the Year
Contingent liabilities	(20)	16 551 433	13 186 389	540 000	(1 628 854)	3 341 650	-	31 990 618
Loan commitments and facilities - corporate clients	(20)	328 537	440 114	-	-	-	-	768 651
Total provision for expected credit losses (3)		**16 879 970**	**13 626 503**	**540 000**	**(1 628 854)**	**3 341 650**	-	**32 759 269**
Total expected credit losses (1 + 2 + 3)		**995 567 860**	**651 210 369**	**43 912 403**	**(189 607 118)**	**107 724 666**	-	**1 608 808 180**

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:

- 24.3% of the loans and advances portfolio is classified at the highest two ratings in the internal rating.
- 83.6% 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 1,7 Bn which represent 5.5 % and the provision formed and interest in suspense amount EGP 1.3 Bn represent 77.7% of it.
- The bank applies a more conservative way in granting loans and advances to customers during the period.

A-6 Loans and advances

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

Loans and advances to customers

In Egyptian Pound	**31/12/2022**	**31/12/2021**
Neither past dues nor impaired	**26,254,760,982**	**18,128,146,748**
Past dues but not impaired	**2,661,311,495**	**2,791,755,658**
Past dues are subjected to impairment	**2,488,311,863**	**1,370,936,257**
Total	**31,404,384,340**	**22,290,838,663**
(Less):		
Unearned revenue and discount	**(4,860,957)**	**(7,655,264)**
Impairment loss provision	**(1,536,170,497)**	**(969,211,017)**
Interest in suspense	**(81,618,090)**	**(91,799,948)**
Net	**29,781,734,796**	**21,222,172,434**

Note (9) include additional information regarding impairment loss provision 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.

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

31 December 2022

Valuation	Retail					Corporate					
In Egyptian Pound	Overdraft Accounts	Credit cards	Personal loans	Real Estate Finance	Total Retail	Discounted Commercial Papers	Overdraft Accounts	Syndicated loans	Direct loan	Total Corporate	Total
1-Performing loans	79 312 969	114 822 055	6 712 560 750	163 410 546	**7 070 106 320**	481 308 617	7 349 330 807	1 274 209 836	8 343 432 758	**17 448 282 018**	**24 518 388 338**
2-Regular follow up	–	–	–	–	–	–	–	10 841 973	1 292 860 520	**1 303 702 493**	**1 303 702 493**
3-Watch list	–	–	–	–	–	–	–	203 504 533	229 165 618	**432 670 151**	**432 670 151**
Total	**79 312 969**	**114 822 055**	**6 712 560 750**	**163 410 546**	**7 070 106 320**	**481 308 617**	**7 349 330 807**	**1 488 556 342**	**9 865 458 896**	**19 184 654 662**	**26 254 760 982**

31 December 2021

Valuation	Retail					Corporate					
In Egyptian Pound	Overdraft Accounts	Credit cards	Personal loans	Real Estate Finance	Total Retail	Discounted Commercial Papers	Overdraft Accounts	Syndicated loans	Direct loan	Total Corporate	Total
1-Performing loans	108 542 687	51 156 850	6 240 148 049	173 270 301	**6 573 117 887**	499 366 709	4 430 732 523	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**	**499 366 709**	**4 430 732 523**	**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 December 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	-	-	89 419 583	13 776 299	**103 195 882**	-	-	2 558 115 613	**2 558 115 613**	**2 661 311 495**
Total	-	-	**89 419 583**	**13 776 299**	**103 195 882**	-	-	**2 558 115 613**	**2 558 115 613**	**2 661 311 495**

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**

Loans and advances subject to individual impairment

Loans and advances subject to individual impairment regardless any cash flows from collaterals amounted to EGP 2 344 830 756

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 December 2022

Valuation	Retail					Corporate					
In Egyptian Pound	Overdraft Accounts	Credit cards	Personal loans	Real Estate Finance	Total Retail	Overdraft Accounts	Syndicated loans	Direct loan	Net loans and advances	Total Corporate	Total
Balance	–	18 024 121	740 768 136	10 211 588	**769 003 845**	–	209 240 113	1 510 067 905	–	**1 719 308 018**	**2 488 311 863**
Fair value of collaterals	–	–	–	–	–	–	**69 783 001**	**73 698 106**	–	**143 481 106**	**143 481 106**

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	Net loans and advances	Total Corporate	Total
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**

A -7 Debt instruments, treasury bills and other governmental notes , Based on Moody's rating agency Moodys for credit rating

In Egyptian Pound	Treasury bills and other governmental notes	Financial assets held for trading	Other Financial Investments At fair value through other comprehensive income	Total
Classification of B2	25 489 952 635	-	3 916 518 608	**29 406 471 243**
Classification of A1 to Aa3	-	-	3 284 746 659	**3 284 746 659**
Total	**25 489 952 635**	-	**7 201 265 267**	**32 691 217 902**

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 Year:

In Egyptian Pound	Cairo	Alexandria, Delta and Canal	Upper Egypt & Red Sea	Total
Treasury bills and other governmental notes	25 489 952 635	–	–	25 489 952 635
Loans and advances to customers:				
Retail:				
Overdraft Accounts	24 666 181	50 681 195	3 965 593	79 312 969
Personal loans	3 968 695 775	2 921 362 968	652 689 726	7 542 748 469
Real Estate Finance loans	158 644 980	28 753 453	–	187 398 433
Credit cards	83 537 769	37 560 463	11 747 944	132 846 176
Corporate:				
Overdraft Accounts	5 478 847 159	1 818 080 036	52 403 612	7 349 330 807
Syndicated loans	1 105 936 614	591 859 841	–	1 697 796 455
Direct loans	10 458 622 538	3 419 071 462	55 948 414	13 933 642 414
Discounted commercial bills	481 308 617	–	–	481 308 617
Other Financial investments				
Debt instruments at amortized cost	96 210 105	–	–	96 210 105
Debt instruments at fair value through other comprehensive income	7 201 265 267	–	–	7 201 265 267
Total as at 31 December 2022	**54 547 687 640**	**8 867 369 418**	**776 755 289**	**64 191 812 347**

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	Manufacturing institutions	Trading activity	Governmental sector/General	Others	Retail	Total
Treasury bills and other governmental notes	–	–	25 489 953	–	–	25 489 953
Financial assets held for trading						
Debt instruments	–	–	–	–	–	–
Loans and advances to customers	8 570 129	4 943 763	2 081 572	7 866 614	7 942 306	31 404 384
Financial investments						
Debt instruments at amortized cost	–	–	96 210	–	–	96 210
Debt instruments at fair value through other comprehensive income	–	–	3 916 519	3 284 747	–	7 201 266
Total as at 31 December 2022	**8 570 129**	**4 943 763**	**31 584 255**	**11 151 361**	**7 942 306**	**64 191 813**

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 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 December 2022

	Average	**Maximum**	**Minimum**
Foreign exchange risk	2,974,885	6,869,964	515,921
Interest rate risk	64,530,103	70,106,917	61,069,931
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:

In thousand Egyptian pound	EGP	USD	Euro	GBP	Other currencies	Total
Financial assets						
Cash and due from central banks	11 881 181	64 752	8 188	1 832	1 110	11 957 063
Due from banks	7 066 725	4 662 135	25 046	12 586	56 565	11 823 057
Treasury bills and other governmental notes	20 890 371	2 569 105	52 100	-	-	23 511 576
Loans and advances to customers	26 521 596	2 944 957	314 956	134	92	29 781 735
Financial investments						
- Amortized cost	96 210	-	-	-	-	96 210
- At fair value through other comprehensive income	6 934 295	272 646	-	-	-	7 206 941
Fixed and intangible assets	35 077	-	-	-	-	35 077
Other financial assets	1 728 751	29 879	188	-	33	1 758 851
Total financial assets	**75 154 206**	**10 543 474**	**400 478**	**14 552**	**57 800**	**86 170 510**
Financial liabilities						
Due to banks	394 008	1 993 192	17 537	-	1 704	2 406 441
Customer's deposits	66 536 215	8 512 044	377 159	14 012	53 011	75 492 441
Other financial liabilities and deferred tax	1 006 619	105 944	2 034	-	-	1 114 597
Other provisions	93 494	5 439	4 233	-	-	103 166
Total share holder's equity	7 053 865	-	-	-	-	7 053 865
Total financial liabilities	**75 084 201**	**10 616 619**	**400 963**	**14 012**	**54 715**	**86 170 510**
Net financial position	**70 005**	**(73 145)**	**(485)**	**540**	**3 085**	-
Purchasing	-	-	-	-	-	-
Net financial position	**70 005**	**(73 145)**	**(485)**	**540**	**3 085**	-
Loan Commitments – Irrevocable	312 664	8 199	-	-	-	320 864
Letters of credit	1 335	79 922	54 072	-	606	135 935
Letters of guarantees	6 475 315	620 961	22 465	-	-	7 118 740
Other financial liabilities	607 065	-	-	-	-	607 065
Total	**7 396 379**	**709 082**	**76 537**	-	**606**	**8 182 604**

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

The table below summarizes the bank’s exposure to interest rate risks including the financial instruments at carrying amounts classified according to its maturities

In thousand Egyptian pound	Up to one month	More than one month till three months	More than three month till one year	More than one year till five years	Financial Assets and Liabilities non interest bearing	Total
Financial assets						
Cash and due from central banks	–	–	–	–	11 957 063	11 957 063
Due from banks	9 705 744	1 677 553	260 397	–	179 363	11 823 057
Treasury bills and other governmental notes	2 236 913	4 211 135	17 014 757	48 771	–	23 511 576
Loans and advances to customers	9 780 622	3 777 735	5 398 860	10 631 315	193 203	29 781 735
Financial investments						
– Amortized cost	–	3 194	93 016	–	–	96 210
– At fair value through other comprehensive income	28 364	748 223	1 900 230	4 504 755	25 369	7 206 941
Investments in associates	–		–	–	83 748	83 748
Intangible assets	–	–	–	–	35 077	35 077
Other financial assets	–	–	–	–	1 675 103	1 675 103
Total financial assets	**21 751 642**	**10 417 840**	**24 667 260**	**15 184 841**	**14 148 926**	**86 170 510**
Financial liabilities						
Due to banks	2 105 040	–	–	–	301 401	2 406 441
Customer’s deposits	9 091 674	7 151 702	33 464 341	18 722 956	7 061 768	75 492 441
Share holder’s equity	–	–	–	–	7 053 865	7 053 865
Other financial liabilities	–	–	–	–	1 217 763	1 217 763
Total financial liabilities	**11 196 714**	**7 151 702**	**33 464 341**	**18 722 956**	**15 634 797**	**86 170 510**
Interest re-pricing gap	**10 554 929**	**3 266 138**	**(8 797 081)**	**(3 538 116)**	**(1 485 871)**	–

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 are 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.

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:

	31/12/2022		31/12/2021	
In thousand Egyptian pound	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial assets				
Loans and advances to customers				
-Retail	7,942,306	7,942,306	7,384,649	7,384,649
-Corporate	23,462,078	23,462,078	14,906,190	14,906,190
Financial Statement at amortized cost	96,210	96,210	641,223	641,223
Financial liabilities				
Due to banks	2,406,441	2,406,441	145,531	145,531
Customer's deposits				
-Retail	11,132,954	11,132,954	10,409,172	10,409,172
-Corporate	64,359,486	64,359,486	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.

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 December 2022.

Capital adequacy ratio as per Basel II requirements

In thousand Egyptian pound	31 December 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	649 037	649 037
Retained earnings	(54 828)	279 435
Total cumulative other comprehensive income after control adjustments	(262 250)	15 750
Additional Going Concern		
Quarterly interim profit / (losses)	1 065 214	-
Deduct from Common Equity		
(-) Deduct 100% from net of Intangible assets(Other than goodwill)	(35 077)	(44 175)
Deferred tax Assets	(98 955)	-
(-) Deduct total the fair value for investment FVOCI Which have been reclassified to Amortized cost investments	(211)	(662)
Total Tier I	**6 262 930**	**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)	137 879	85 343
Total Tier 2 capital	**137 879**	**85 343**
Total capital based after deductions	**6 400 809**	**5 984 728**
Total Assets and potential liabilities weighted by credit risk	39 849 226	25 074 181
Capital requirements for operating risk	2 341 411	2 400 803
Total Assets and potential liabilities weighted by credit, market and operating risk	**42 190 637**	**27 474 984**
Capital adequacy ratio (%)	**15.2%**	**21.8%**

Leverage Ratio

	In Thousand Egyptian Pounds	31 December 2022	31 December 2021
First	**Tier 1 capital after Exclusions**	**6 262 930**	**5 899 385**
Second	**On–Off balance sheet exposures items**		
1	**Exposures on–balance sheet and financial derivatives and securities finance**		
	Cash and due from Central Bank of Egypt (CBE)	19 742 294	8 568 846
	Due from Banks	3 738 630	1 273 325
	Treasury bills and other Government securities	27 452 121	10 868 384
	REPO	(43 718)	(54 871)
	Financial investments Fair Value through OCI	3 310 116	4 984 531
	Financial investments Amortized Cost	96 210	641 223
	Loans and credit facilities to customers	31 404 384	22 290 839
	Fixed Assets (after deducting depreciation and impairment losses)	496 447	203 608
	Other assets	1 297 981	783 842
	Deducted amounts from exposures (after deducting Tier I Exclusions for capital base)	(134 032)	(946 601)
	Total on–balance sheet exposures items after deducting after Tier I Exclusions for capital base.	**87 360 433**	**48 613 126**
2	**Exposures off–balance sheet**		
	Contingent liabilities (1)		
	Letters of Credit – Import	27 187	71 293
	Letters of Credit – Export	49 487	–
	Letters of Guarantees	3 559 371	1 912 974
	Letters of Guarantees according to foreign banks	4 638 160	2 636 215
	Accepted papers	91 877	148 391
	Re–discounted Commercial paper	44 137	75 391
	Commitments (2)		
	Operating lease commitments	607 065	556 085
	Loan commitments to clients/banks (unutilized part) within original maturity	928 897	500 401
	Total Exposures off–balance sheet	**9 946 181**	**5 900 750**
	Total On–Off balance sheet exposures items (1) + (2)	**97 306 614**	**54 513 876**
	Leverage financial ratio	**6.44%**	**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

	Corporate	Retail	Treasury & Financial Institutions	Total
Revenues and expenses according to business segment				
Segment revenues	5 637 653 481	4 000 576 524	10 307 983 832	19 946 213 837
Segment expenses	(5 158 697 273)	(3 394 813 992)	(9 726 946 326)	(18 280 457 591)
Profit for the year before taxes	**478 956 208**	**605 762 532**	**581 037 506**	**1 665 756 246**
Taxes	(133 545 768)	(138 631 293)	(328 365 451)	(600 542 512)
Profit for the year	**345 410 440**	**467 131 239**	**252 672 055**	**1 065 213 734**
Assets and Liabilities according to business segment				
Total assets	26 979 632 979	8 317 980 456	50 872 896 684	86 170 510 119
Total liabilities	41 956 799 602	30 028 667 373	14 185 043 144	86 170 510 119
Other business segment items				
Depreciations	(42 029 216)	(64 103 143)	(7 551 400)	(113 683 759)
Expedcted Credit Loss	(572 902 694)	(51 882 731)	(26 424 944)	(651 210 369)

B-Geographic analysis

In Egyptian Pound

	Greater Cairo	Alex and Delta and Canal	Upper Egypt & Red Sea	Total
Geographical analysis of revenues and expenses				
Geographical sector revenues	7 752 830 964	2 328 739 561	237 723 996	10 319 294 521
Geographical sector expenses	(6 509 670 517)	(1 939 343 834)	(204 523 924)	(8 653 538 275)
Profit for the year before taxes	**1 243 160 447**	**389 395 727**	**33 200 072**	**1 665 756 246**
Taxes	(502 324 963)	(90 491 346)	(7 726 203)	(600 542 512)
Profit for the year before taxes	**740 835 484**	**298 904 381**	**25 473 869**	**1 065 213 734**
Assets and Liabilities				
Total assets	76 084 499 358	9 261 404 004	824 606 757	86 170 510 119
Total liabilities	71 829 163 364	13 480 240 338	861 106 417	86 170 510 119
Other Geographical sector items				
Depreciations	(90 838 677)	(15 829 937)	(7 015 145)	(113 683 759)
Expedcted Credit Loss	(581 577 172)	(63 940 163)	(5 693 034)	(651 210 369)

6- **Cash and due from Central Bank of Egypt**

In Egyptian Pound	31 December 2022	31 December 2021
Cash on hand	303 959 874	197 284 003
Due from Central Bank of Egypt within reserve ratio	11 653 102 523	3 995 303 114
	11 957 062 397	**4 192 587 117**

7- **Due from banks**

In Egyptian Pound	31 December 2022	31 December 2021
The Central Bank of Egypt		
Current accounts	30 222 787	19 945 562
Time Deposits	8 058 968 033	4 356 313 491
	8 089 190 820	**4 376 259 053**
Local Banks		
Current accounts	66 725 559	24 517 595
Time Deposits	3 043 438 200	1 047 900 600
	3 110 163 759	**1 072 418 195**
Foreign Banks		
Current accounts	82 417 778	43 739 427
Time Deposits	546 048 426	157 167 000
	628 466 204	**200 906 427**
Total due from banks	**11 827 820 783**	**5 649 583 675**
Expect crdit loss provision	(4 763 715)	(678 372)
Net due from banks	**11 823 057 068**	**5 648 905 303**
Non-interest bearing balances	179 366 124	88 202 584
Interest bearing balances	11 648 454 659	5 561 381 091
Expect credit loss provision	(4 763 715)	(678 372)
	11 823 057 068	**5 648 905 303**

8- **Treasury bills at fair value through other comprehensive income**

In Egyptian Pound	31 December 2022	31 December 2021
Treasury bills		
Treasury bills maturing to 91 days	170 725 000	-
Treasury bills maturing from 92 to 182 days	5 302 675 000	75 000 000
Treasury bills maturing grater than 182 to 364 days	20 060 271 100	11 456 545 830
	25 533 671 100	**11 531 545 830**
(Less):		
Unearned interest	(1 825 671 939)	(654 686 523)
REPO *	(43 718 465)	(54 870 562)
	23 664 280 696	**10 821 988 745**
Net change in fair value	**(152 704 480)**	**(8 474 679)**
Net of Treasury bills after change in fair value	**23 511 576 216**	**10 813 514 066**

* **REPO**

In Egyptian Pound	31 December 2022	31 December 2021
Against the the amount granted by the Central Bank of Egypt within the mortgage finance initiative for low-income people	39 742 649	42 232 421
Against the the amount granted by the Central Bank of Egypt within SMEs initiative	3 975 816	12 638 141
	43 718 465	**54 870 562**

9- Loans and advances to customers and banks

In Egyptian Pound	31 December 2022	31 December 2021
Discounted commercial bills	481 308 617	499 366 709
Customers loans	30 923 075 723	21 791 471 954
	31 404 384 340	**22 290 838 663**
(Less):		
Unearned discount on discounted commercial bills	(4 860 957)	(7 655 264)
Expect credit loss provision	(1 536 170 497)	(969 211 017)
Interest in suspense	(81 618 090)	(91 799 948)
	(1 622 649 544)	**(1 068 666 229)**
	29 781 734 796	**21 222 172 434**

9-1 Loans and Advances to customers

In Egyptian Pound	31 December 2022	31 December 2021
Retail		
Overdraft Accounts	79 312 969	108 542 687
Personal loans	7 542 748 469	7 020 431 192
Credit cards	132 846 176	59 395 009
Real Estate Finance loans	187 398 433	196 280 110
Total (1)	**7 942 306 047**	**7 384 648 998**
Corporate		
Overdraft Accounts	7 349 330 807	4 430 732 523
Syndicated loans	1 697 796 455	1 770 149 952
Direct loans	13 933 642 414	8 205 940 481
Discounted commercial bills	481 308 617	499 366 709
Total (2)	**23 462 078 293**	**14 906 189 665**
Total loans and Advances to customers (1+2)	**31 404 384 340**	**22 290 838 663**
(Deduct):		
prepaid revenue	(4 860 957)	(7 655 264)
Expect credit loss provision	(1 536 170 497)	(969 211 017)
Interest in suspense	(81 618 090)	(91 799 948)
Net	**29 781 734 796**	**21 222 172 434**

9-2 **Expect credit loss provision**

In Egyptian Pound	31 December 2022	31 December 2021
Provision balance at the beginning of the year ended	**969 211 017**	**746 766 354**
Expect credit loss	611 158 922	474 869 937
Proceeds from loans previously written off	43 372 403	34 818 002
Foreign currencies revaluation differences	100 406 419	(305 300)
	1 724 148 761	**1 256 148 993**
Amounts written off during the year ended	(187 978 264)	(286 937 976)
ECL provisions at the end of the year ended	**1 536 170 497**	**969 211 017**

Classification of Expect credit loss provision of loans and facilities to customers

31 December 2022

Retail

In Egyptian Pound	Credit cards	Personal loans	Real Estate Finance loans	Total
Balance at the beginning of the year ended	**1 736 284**	**153 081 988**	**9 474 083**	**164 292 355**
Expect credit loss	6 930 020	46 580 628	(1 627 917)	51 882 731
Proceeds from loans previously written off	628 606	31 718 892	5 050 951	37 398 449
Provisions used	(3 864 514)	(131 935 735)	(235 257)	(136 035 506)
Balance at the end of the year ended	**5 430 396**	**99 445 773**	**12 661 860**	**117 538 029**

Corporate

In Egyptian Pound	Overdraft Accounts	Direct loans	Syndicated loans	Total
Balance at the beginning of the year ended	**435 677 985**	**257 016 870**	**112 223 807**	**804 918 662**
Expect credit loss	697 373 735	(181 202 420)	43 104 876	559 276 191
Proceeds from loans previously written off	5 973 954	-	-	5 973 954
Foreign currencies revaluation differences	54 346 940	32 060 561	13 998 918	100 406 419
Provisions used	(51 942 758)	-	-	(51 942 758)
Balance at the end of the year ended	**1 141 429 856**	**107 875 011**	**169 327 601**	**1 418 632 468**

31 December 2021

Retail

In Egyptian Pound	Credit cards	Personal loans	Real Estate Finance loans	Total
Balance at the beginning of the year ended	**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 ended	**1 736 284**	**153 081 988**	**9 474 083**	**164 292 355**

Corporate

In Egyptian Pound	Overdraft Accounts	Direct loans	Syndicated loans	Total
Balance at the beginning of the year ended	**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 ended	**435 677 985**	**257 016 870**	**112 223 807**	**804 918 662**

Financial investments

10- Financial assets at amortized cost

Governmental debt instruments

In Egyptian Pound	31 December 2022	31 December 2021
Quoted governmental debt instruments	96 210 105	641 223 070
Total governmental debt instruments	**96 210 105**	**641 223 070**

Movement of treasury bonds at amortized cost

In Egyptian Pound	31 December 2022	31 December 2021
Balance at the beginning of the year	**641 223 070**	**2 219 313 235**
Net amortization(issuing discount & issuing premium)	787 916	458 936
Retrieval – Treasury Bonds & Financial Investments	(546 251 000)	(1 580 890 762)
Net change in fair value	450 119	2 213 194
Expect credit loss provision	-	43 241
Foreign currencies revaluation differences	-	(500)
Balance	**96 210 105**	**641 137 344**
Unearned Income	-	85 726
Balance at the end of the year	**96 210 105**	**641 223 070**

11- Financial investments at fair value through other comprehensive income

In Egyptian Pound	31 December 2022	31 December 2021
Quoted governmental debt instruments at fair value	3 916 518 608	3 857 801 387
Quoted Non governmental debt instruments at fair value	3 284 746 659	1 099 226 297
	7 201 265 267	**4 957 027 684**
Unearned interest of governmental debit instruments	(19 693 382)	(176 337 300)
	7 181 571 885	**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	**7 206 940 908**	**4 808 194 852**
Current balances	7 181 571 885	4 780 690 384
Non-current balances	25 369 023	27 504 468
	7 206 940 908	**4 808 194 852**

Financial investments at fair value through other comprehensive income

In Egyptian Pound	31 December 2022	31 December 2021
Balance at the beginning of the year	**4 808 194 852**	**2 297 305 057**
Net amortization(issuing discount & issuing premium)	136 591 254	(67 240 372)
Buy – Treasury Bonds & Financial Investments	2 766 815 371	3 265 915 311
Retrieval – Treasury Bonds & Financial Investments	(408 768 433)	(608 266 859)
Net change in fair value	(160 537 093)	(76 318 728)
Foreign currencies revaluation differences	64 644 957	(3 199 557)
Balance at the end of the year	**7 206 940 908**	**4 808 194 852**

Financial assets at fair value through profit or loss

12- **Investments in associates ****

	31 December 2022	31 December 2021
Unquoted equity instrument	100	100
Total Investments in associates	**100**	**100**

Associates

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

**

Company Name	Contribution Percentage	Assets	Liabilities	Paid in Capital	Income	Net profit /(loss)	Last financial statement date	Headquarter country
EL Fouadeya Development Company	25%	12 259 001	15 914 479	3 668 000	-	(129 079)	31/12/2021	Egypt

13- Intangible assets

In Egyptian Pound	31 December 2022	31 December 2021
Computer program		
Net balance at beginning of the year	44 175 274	43 341 135
Additions	22 991 328	23 165 736
Total	67 166 602	66 506 871
Amortization during the year	(32 089 446)	(22 331 597)
Net	35 077 156	44 175 274

14- Other assets

In Egyptian Pound	31 December 2022	31 December 2021
Accrued revenues	556 543 312	297 230 144
Prepaid expenses	49 754 310	32 109 762
Down payments to purchase of fixed assets	431 998 769	356 136 635
Assets reverted to the bank in settlement of debts *	51 445 450	51 116 301
Deposits held with others and custody	7 500 909	4 887 095
Other debit balances **	81 413 567	40 301 883
	1 178 656 317	**781 781 820**

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

In Egyptian Pound	31 December 2022	31 December 2021
Buildings and flat units reverted to bank in settlement of debt of customers	51 445 450	51 116 301
	51 445 450	**51 116 301**

** **The other debit balances include the following:**

In Egyptian Pound	31 December 2022	31 December 2021
Amount related to ATM , prepaid and VISA cards	65 095 601	29 228 150
Others	16 317 966	11 073 733
	81 413 567	**40 301 883**

15-A Deferred Tax

31 December 2022

In Egyptian Pound	Assets	Liabilities	Total
Deferred Tax (Provision)	98 955 750	-	98 955 750
Deferred Tax (Fixed assets depreciation)	-	(15 207 933)	(15 207 933)
Total Deferred Tax Assets (Liabilities)	**98 955 750**	**(15 207 933)**	**83 747 817**

31 December 2021

In Egyptian Pound	Assets	Liabilities	Total
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

In Egyptian Pound	31 December 2022	31 December 2021
Corporate Tax Expenses	187 548 590	38 500 000
Treasury bills and bonds revenues taxes	516 817 336	315 961 276
Dividend tax	132 336	260 286
Deferred tax - Expenses	(5 000 000)	(2 791 290)
Deferred tax Asset - Expenses\(Revenue)	(98 955 750)	-
	600 542 512	**351 930 272**

16- Property and equipment

31 December 2022

In Egyptian Pound	Land	Buildings and constructions	Integrated automated systems	Vehicles	Tools and equipment	Leasehold fixtures	Furniture	Other fixtures	Total
Cost at the beginning of the year	-	56 956 468	212 652 685	1 520 001	74 747 924	184 517 823	20 520 888	9 987 731	560 903 520
Additions during the year	316 146 523	-	21 745 679	2 057 000	1 889 943	37 278 234	3 576 090	-	382 693 469
Disposals	-	(13 041 165)	(1 665 800)	-	(976 904)	(9 033 741)	-	-	(24 717 610)
Cost as at 31 December 2022	316 146 523	43 915 303	232 732 564	3 577 001	75 660 963	212 762 316	24 096 978	9 987 731	918 879 379
Accumulated depreciation at the beginning of the year	-	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 year	-	992 988	37 970 462	636 717	13 653 519	26 872 170	1 468 455	-	81 594 311
Disposals accumulated depreciation	-	(4 781 663)	(1 665 800)	-	(976 904)	(9 033 741)	-	-	(16 458 108)
Accumulated depreciation as at 31 December 2022	-	14 524 147	143 075 417	1 508 313	69 804 264	166 025 339	17 506 929	9 987 731	422 432 140
Net book value as at 31 December 2022	316 146 523	29 391 156	89 657 147	2 068 688	5 856 699	46 736 977	6 590 049	-	496 447 239

16- Property and equipment

31 December 2021

In Egyptian Pound	Land	Buildings and constructions	Integrated automated systems	Vehicles	Tools and equipment	Leasehold fixtures	Furniture	Other fixtures	Total
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 December 2021	-	56 956 468	212 652 685	1 520 001	74 747 924	184 517 823	20 520 888	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 December 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 December 2021	-	38 643 646	105 881 930	648 405	17 620 275	36 330 913	4 482 414	-	203 607 583

17- Due to banks

In Egyptian Pound	31 December 2022	31 December 2021
Local banks		
Current accounts	1 668	1 059
	1 668	**1 059**
Foreign banks		
Current accounts	301 401 030	145 529 702
Time deposits	2 105 038 000	-
	2 406 439 030	**145 529 702**
	2 406 440 698	**145 530 761**
Non-interest bearing balances	301 402 698	145 530 761
Interest bearing balances	2 105 038 000	-
	2 406 440 698	**145 530 761**

18- Customers' deposits

In Egyptian Pound	31 December 2022	31 December 2021
Demand deposits	16 787 849 586	11 448 124 020
Time and callable deposits	49 247 167 762	21 308 652 067
Saving and deposit certificates	7 643 381 191	6 091 835 684
Saving deposits	1 244 368 406	1 981 509 893
Other deposits	569 674 307	281 675 026
Total Customers' deposits	**75 492 441 252**	**41 111 796 690**
Interest in Advance on USD deposits for retail	(416)	(2 060 056)
Net Customers' deposits	**75 492 440 836**	**41 109 736 634**
Corporate & SMEs deposits	64 359 486 314	30 700 564 179
Retail deposits	11 132 954 522	10 409 172 455
	75 492 440 836	**41 109 736 634**
Non-interest bearing balances	3 293 401 662	2 255 232 480
Interest bearing balances	72 199 039 174	38 854 504 154
	75 492 440 836	**41 109 736 634**

19- Other liabilities

In Egyptian Pound	31 December 2022	31 December 2021
Accrued interest	353 397 912	150 574 424
Unearned revenue	41 772	10 238 156
Accrued expenses	83 597 590	67 295 830
Creditors	5 355 570	18 631 555
Other credit balances *	672 204 174	364 810 792
	1 114 597 018	**611 550 757**

* **The other credit balances includes the following:**

in Egyptian pounds	31 December 2022	31 December 2021
Stamp duty	16 635 345	13 189 162
Treasury bills taxes	266 945 126	136 890 284
Income Corporate Tax	168 519 170	47 500 000
Taxes under settlement	2 379 351	1 576 788
Staff Taxes and Insurance	12 124 199	12 576 187
Amount of contractors Insurance being held until paid Social Insurance	3 054 759	2 666 086
Amounts collected from insurance companies under settlement	17 797 737	11 400 336
Clearance cheques (Are to be settled in next day)	152 446 638	117 144 953
Letters of credit deductibles	794 016	840 800
ATM suspense amounts	6 869 101	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
Banking Support and Development Fund	8 734 642	4 332 127
Other Amounts	14 915 242	8 475 270
	672 204 174	**364 810 792**

20- Other provisions

31 December 2022

In Egyptian Pound	Balance at the beginning of the year	Charged during the year	Foreign currencies revaluation differences	Utilized during the year	Refunds from utilized provisions previously	Negated the purpose	Balance at year end
Provision for potential claims **	**32 997 953**	41 800 000	–	(11 016 723)	783 188	–	**64 564 418**
Contingent liabilities provision	**16 551 433**	13 186 389	3 341 650	(1 628 854)	540 000	–	**31 990 618**
Other provisions *	**5 822 266**	–	–	–	20 000	–	**5 842 266**
Loans commitment provisions	**328 537**	440 114	–	–	–	–	**768 651**
	55 700 189	**55 426 503**	**3 341 650**	**(12 645 577)**	**1 343 188**	–	**103 165 953**

31 December 2021

In Egyptian Pound	Balance at the beginning of the year	Charged during the year	Foreign currencies revaluation differences	Utilized during the year	Refunds from utilized provisions previously	Negated the purpose	Balance at year 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 December 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 December 2022 is as follows:

Tax disputes provision	56 009 220
Legal claims provision	8 555 198
Provisions for leave balances	–
	64 564 418

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 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 December 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 dated 30 January 2022 the annotation in the banks

31 December 2022

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

31 December 2021

In Egyptian pound	Number of shares	Ordinary shares value	Total
Balance at the beginning of the year	263 359 688	1 474 814 253	1 474 814 253
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 December 31 , 2022:

In Egyptian pound	31 December 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	656 692 809	308 044 899
Revaluation differences for available for sale investments	(262 250 024)	15 750 553
Balance at the end of the Year	**1 043 480 088**	**688 308 069**

The changes in the reserves are represented in the following:

A– Legal Reserve

In Egyptian pound	31 December 2022	31 December 2021
Balance at the beginning of the year	**263 787 540**	**216 236 225**
Changes during the year	47 302 351	47 551 315
Balance at the end of the Year	**311 089 891**	**263 787 540**

B– Capital Reserve

In Egyptian pound	31 December 2022	31 December 2021
Balance at the beginning of the year	**89 220 084**	**74 167 937**
Changes during the year	237 222 335	15 052 147
Balance at the end of the Year	**326 442 419**	**89 220 084**

C– General banking risk reserve

In Egyptian pound	31 December 2022	31 December 2021
Balance at the beginning of the year	**308 044 899**	**275 272 854**
Transferred from retained earnings	348 647 910	32 772 045
Balance at the end of the Year	**656 692 809**	**308 044 899**

D– Fair value reserve – Investment through OCI

In Egyptian pound	31 December 2022	31 December 2021
Balance at the beginning of the year	**15 750 553**	**112 651 024**
Net change in the fair value	(300 340 178)	(87 731 699)
Expected Credit loss imapct	22 339 601	(9 168 772)
Balance at the end of the Year	**(262 250 024)**	**15 750 553**

E– Asset Held For Sale reserve

In Egyptian pound	31 December 2022	31 December 2021
Balance at the beginning of the year	–	**4 171 712**
Change in fair value of Orient Takaful Insurance Company	–	(4 171 712)
Balance at the end of the Year	–	–

F– Retained earnings

In Egyptian pound	31 December 2022	31 December 2021
Movement on retained earnings		
Balance at the beginning of the 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 year	1 065 213 734	710 245 847
–Transferred to General Banking Risk reserve	(345 605 214)	(31 785 412)
–Transferred to General Banking Risk reserve (Assets revert to the bank)	(3 042 696)	(986 633)
– Transferred to Asset Held For Sale reserve and disposal loss	–	(4 770 314)
– Refund part of the BOD remuneration	15 446 896	–
– Disposal Loss financial Assets Fair value through OCI – Equity	(1 061 971)	–
Balance at the end of the Year	**1 010 385 525**	**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.

In Egyptian Pound	31 December 2022	31 December 2021
Cash and due from Central Bank of Egypt (Note no 6)	303 959 874	197 284 003
Due from banks (Note no 7)	9 518 720 123	4 693 270 184
Treasury bills and the governmental notes (Note no 8)	170 725 000	–
	9 993 404 997	**4 890 554 187**

23- Contingent liabilities and commitments

In Egyptian Pound	31 December 2022	31 December 2021
Loan Commitments – Irrevocable	320 863 486	372 309 558
Letter of guarantee	7 118 740 463	3 825 947 096
Letter of credit	135 935 042	356 466 615
Other contingent liabilities	607 064 896	556 084 935
	8 182 603 887	**5 110 808 204**

24- Net interest income

In Egyptian Pound	31 December 2022	31 December 2021
Loans interest and similar revenues		
Loans, facilities and deposits at banks		
Deposits at banks	1 335 254 254	234 665 640
Loans and facilities to clients	3 502 565 452	2 336 621 675
Total loans & banks	**4 837 819 706**	**2 571 287 315**
Treasury bills	2 066 498 636	1 079 875 623
Investment in available for sale and held to maturity debt instruments	766 016 413	621 323 134
Total Debt instruments	**2 832 515 049**	**1 701 198 757**
Total Loans interest and similar revenues	**7 670 334 755**	**4 272 486 072**
Interest expense and similar charges		
Deposits and current accounts:		
To banks	(22 575 320)	(17 106 945)
To clients	(4 759 200 546)	(2 497 175 020)
Other Loans & REPO	(1 133 787)	(4 867 094)
Total Interest expense and similar charges	**(4 782 909 653)**	**(2 519 149 059)**
Net interest income	**2 887 425 102**	**1 753 337 013**

25- Dividends income

In Egyptian Pound	31 December 2022	31 December 2021
Financial securities through OCI	1 323 360	2 602 855
	1 323 360	**2 602 855**

26- Net trading income

In Egyptian Pound	31 December 2022	31 December 2021
Revaluation differences of Debt instruments & equity instruments	-	(16 898)
Dividends from debt instruments for investements through profit and loss	-	74 646
Gains /(Losses) from debt and equity instruments at amortized cost	-	1 694 260
	-	**1 752 008**

27- Gains from financial investments

In Egyptian Pound	31 December 2022	31 December 2021
Gains on sale of treasury bills	20 979 916	7 511 169
Gain on Sale of debt instruments through OCI	228 694	-
	21 208 610	**7 511 169**

28- Charge of impairment for expected credit losses

In Egyptian Pound	31 December 2022	31 December 2021
Loans and advances - Impairment charge	611 158 922	474 869 937
Due from banks - Impairment charge	4 085 343	(155 821)
Financial investments at amortized cost - Impairment charge (reverse)	-	(43 241)
Financial investments at fair value through OCI - Impairment charge (reverse)	22 339 601	(9 168 772)
	637 583 866	**465 502 103**

29- Administrative expenses

In Egyptian Pound	31 December 2022	31 December 2021
Labor cost		
Wages and salaries	409 852 171	345 338 924
Social insurance	23 449 191	19 477 584
Total Labor cost	**433 301 362**	**364 816 508**
Other administrative expenses*	494 747 548	416 619 290
	928 048 910	**781 435 798**

* Other administrative expenses

In Egyptian Pound	31 December 2022	31 December 2021
Depreciation and amortization	113 683 759	110 280 941
Subscriptions	38 309 051	31 883 726
Taxes and fees	94 365 751	72 771 356
Repair and maintenance	92 249 293	64 641 282
Insurance	6 837 897	5 253 975
Advertising	19 866 355	12 874 445
Security and cleaning	21 836 318	22 590 936
Electricity water mail swifts & Gas	19 998 045	19 395 224
Hospitality	3 234 186	2 242 534
Stationary & Prints	4 175 452	2 058 924
Expenses and commissions for sales and customer service representatives	52 812 624	48 888 320
Community Contribution and Donations	9 131 257	5 000 000
Others	18 247 560	18 737 627
	494 747 548	**416 619 290**

30- Other operating revenues (expenses)

In Egyptian Pound	31 December 2022	31 December 2021
Gains from revaluation of assets and liabilities in foreign currencies and foreign exchange earnings	(33 296 785)	41 122 567
Gains from sale of fixed assets	70 650 607	306 093 335
Other provision formed	(55 426 503)	(23 765 471)
Assets rent expense	(138 822 852)	(70 390 429)
Gains from assets reverted to the bank	(1 073 834)	(1 109 854)
	(157 969 367)	**251 950 148**

31- Earnings 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.

	In Egyptian Pound	31 December 2022	31 December 2021
	Net profit for the year	1 065 213 734	710 245 847
Deduct:	Employees share	(106 521 373)	(71 024 585)
Deduct:	B.O.D. remuneration	(12 000 000)	(12 000 000)
Deduct:	Banking Support and Development Fund	(6 618 116)	(4 402 515)
	distributed net profit	**940 074 245**	**622 818 747**
	Weighted average number of shares	**892 857 143**	**263 359 688**
	Earnings per share	**1.05**	**2.36**

32- Capital commitments

The uncalled capital commitments related to the financial investments at the balance sheet date amounted to EGP 607,064,896 as follows:

In Egyptian Pound	Commitments	Amount Paid	Unclaimed / unpaid amount
Obligations for leases	607 064 896	-	607 064 896
	607 064 896	-	**607 064 896**

33- Effective average interest rates during the Year

The average interest rates on assets 12.7٪ and liabilities 9.3٪. during the year.

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:-

In Egyptian Pound	31 December 2022	31 December 2021
Nature of transactions		
Due from banks	39 755 985	6 488 104
Due to banks	444 607 873	-
Contingent liabilities and commitment	6 064 338 909	3 850 545 766

35- Tax status

First: Corporate income tax

Years from establishment till 2008

- The Bank has been inspected by the Egyptian Tax Authority for the years stated above and all due tax was fully paid.
-

Year 2009/2018

- The Bank has been inspected during this period and the due tax was fully paid after the agreement with the tax authority except the delay penalties with an amount of 25 M EGP In this regard, the bank submitted a request to waive the delay fee, to become 15 M EGP to be paid before the end of February 2023.

Year 2019/2021

- The bank submitted the tax return, and the years not inspected till date. It is expected that the due tax from the inspection will be 14 M EGP, as well as a tax on separate tax pool with an amount of 4 M EGP, the amount fully provisioned.

  - The Effective tax rate for the year 2022 reached 36.1%

Second: Stamp duty tax

Years from 2002 till 2020

- The bank has been inspected by the Egyptian tax authority according to law No 111 FY 1980 and its amendments and the due tax was fully paid except delay penalties related to El Horreya branch with an amount of 184 K EGP in addition to delay penalties FY 2016/2020 with an amount of 5.6 M EGP the bank submitted a request to waive the delay fees and expected to be paid before the end of February 2023.

Years 2021/2022

- The bank not inspected till date and as per the tax consultant the bank allocate provision with amount of 8 M EGP during this period.

Third: Payroll tax

Years from 1981 till 1998

- The Egyptian Tax Authority inspected the Bank for the years stated above. The final tax settlement according to the Appeal Committee and Disputes Committee was fully paid. in addition to delay penalties of 2.5 million Egyptian pounds for the years from 1999 to 2005, the incentive to bypass the delay penalties was used in light of Law No#174 of 2018, and the balance was settled and the payable due balance become 103 thousand Egyptian pounds.

Years 2006 till 2019

- The bank has been inspected by the Egyptian tax authority and the tax due was 19.2 M EGP was fully paid in addition to delay penalties 27 M EGP the bank submitted a request to waive the delay fee, to become 9.5 M EGP to be paid before the end of February 2023.

Year 2020

- The Bank inspected by the Egyptian tax authority and the due tax was 1.3 M EGP was fully paid in addition to delay penalties 800 K EGP will be paid.
-

Year 2021

- The bank not inspected till date and as per the tax consultant the bank allocate provision with amount of 8 M EGP during this period.

36- Comparative figures

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