

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

**Condensed interim Financial Statements
For the period ended 30 June 2023
AND Limited Auditors' Report**



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Translation of report originally issued in Arabic

Report on Limited Review of condensed Interim Financial Statements

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

Introduction


We have performed a limited review for the accompanying condensed interim financial statements of Abu Dhabi Commercial Bank – Egypt (S.A.E) which comprise of the condensed statement of financial position as of June 30, 2023 and the related condensed statements of income, comprehensive income, change in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with the basis of recognition and measurement in accordance with the Central Bank of Egypt's rules issued on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in accordance with the Central Bank of Egypt's rules issued on May 3, 2020 related to the issuance of the condensed interim financial statements and the prevailing Egyptian laws related to the preparation of the condensed interim financial statements. Our responsibility is to express a conclusion on these condensed interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our limited review, nothing has come to our attention that cause us to believe that accompanying condensed interim financial statements do not present fairly, in all material respects, the financial position of the bank as of June 30, 2023 and of its financial performance and its cash flows for the six months period then ended in accordance with the bases of recognition and measurement issued by the central bank of Egypt's rules issued on December 16, 2008 as amended by the regulation issued on February 26, 2019 and in accordance with the Central Bank of Egypt's rules issued on May 3, 2020 related to the issuance of the condensed interim financial statements and the prevailing Egyptian laws related to the preparation of the condensed interim financial statements.



KPMG Hazem Hassan
Public Accountants & Consultants
KPMG Hazem Hassan
Public Accountants & Consultants

Auditors



MOORE Egypt
Public Accountants & Consultants

Cairo, July 31, 2023

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

Statement of Financial Position As OF June 30, 2023

<i>In Egyptian Pound</i>	Note	30 June 2023	31 December 2022
Assets			
Cash and due from Central Bank of Egypt	(6)	10 172 243 610	11 957 062 397
Due from banks	(7)	14 763 997 946	11 823 057 068
Treasury bills at fair value through other comprehensive income	(8)	19 485 103 831	23 511 576 216
Loans and advances to customers	(9)	30 882 521 771	29 781 734 796
Investments :			
- At Amortized Cost	(10)	93 159 768	96 210 105
- At fair value through other comprehensive income	(11)	6 145 719 854	7 206 940 908
Investments in associates	(12)	100	100
Deferred Tax Assets	(15)	83 747 817	83 747 817
Intangible assets	(13)	26 637 436	35 077 156
Other assets	(14)	1 447 790 975	1 178 656 317
Property and equipment	(16)	517 706 193	496 447 239
Total assets		83 618 629 301	86 170 510 119
Liabilities and shareholders' equity			
Liabilities			
Due to banks	(17)	78 177 402	2 406 440 698
Customers' deposits	(18)	73 763 240 762	75 492 440 836
Other liabilities	(19)	1 999 794 892	1 114 597 018
Other provisions	(20)	110 876 496	103 165 953
Total liabilities		75 952 089 552	79 116 644 505
Shareholders' equity			
Paid-in capital	(21)	5 000 000 001	5 000 000 001
Amounts paid under capital increase		249 999 999	-
Reserves	(21)	1 124 930 766	1 048 196 262
Retained earnings	(21)	1 291 608 983	1 005 669 351
Total shareholders' equity		7 666 539 749	7 053 865 614
Total liabilities and shareholders' equity		83 618 629 301	86 170 510 119

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

Managing Director and CEO

Ihab Elsewerky

Chairman

Mohamed Dhaen Al Hamli

Income Statement for Period June 30, 2023

<i>In Egyptian Pound</i>	Note	30 June 2023	30 June 2022	Period from 1 April 2023 to 30 June 2023	Period from 1 April 2022 to 30 June 2022
Interest income on loans and similar revenues	(24)	5 604 531 427	2 829 183 635	2 936 184 259	1 554 840 583
Interest expense and similar charges	(24)	(3 612 968 795)	(1 676 057 352)	(1 884 264 198)	(915 408 486)
Net interest income		1 991 562 632	1 153 126 283	1 051 920 061	639 432 097
Fees and Commissions income		343 470 781	254 516 774	162 460 242	120 856 774
Fees and Commissions expenses		(10 037 005)	(11 624 282)	(5 715 152)	(5 086 205)
Net fees and commissions income		333 433 776	242 892 492	156 745 090	115 770 569
Dividends income	(25)	2 000 135	1 323 360	1 785 714	1 323 360
Net trading income	(26)	1 043 318	-	1 043 318	-
Gains from financial investments	(27)	12 568 450	12 867 845	8 159 800	4 317 352
Expected credit losses impairment	(28)	(329 500 329)	(215 542 615)	(145 132 219)	(136 795 953)
Administrative expenses	(29)	(552 845 775)	(426 846 480)	(280 621 038)	(216 659 650)
Other operating expenses	(30)	(54 302 618)	1 113 304	(12 953 828)	(38 280 387)
Profit for the Period before income tax		1 403 959 589	768 934 189	780 946 898	369 107 388
Income tax expenses	(15)	(587 127 460)	(262 057 712)	(313 222 037)	(148 426 117)
Net profit for the Period		816 832 129	506 876 477	467 724 861	220 681 271
Earnings per share (EGP)	(31)	0.80	0.50	0.48	0.21

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

Statement of Other Comprehensive Income for Period June 30, 2023

<i>In Egyptian Pound</i>	30 June 2023	30 June 2022	Period from 1 April 2023 to 30 June 2023	Period from 1 April 2022 to 30 June 2022
Net profit for the Period	816 832 129	506 876 477	467 724 861	220 681 271
Items that may be reclassified to profit or loss				
Net change in the fair value of investments at fair value through other comprehensive income	(79 065 667)	(190 845 724)	(10 249 408)	(151 310 652)
Income tax related to items that may be reclassified to profit or loss	17 789 775	42 940 288	2 306 117	34 044 897
Expected credit losses on debt instruments at fair value through other comprehensive income	15 261 813	(4 089 884)	3 950 240	(1 761 052)
Total other comprehensive income for the Period, net after tax	(46 014 079)	(151 995 320)	(3 993 051)	(119 026 807)
Total comprehensive income for the Period, net after tax	770 818 050	354 881 157	463 731 810	101 654 464

- 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 Period 30 June 2023

<i>In Egyptian Pound</i>	<u>Paid-in capital</u>	<u>Paid under capital increase</u>	<u>Legal Reserve</u>	<u>General Reserve</u>	<u>Capital Reserve</u>	<u>General banking risk reserve</u>	<u>Fair value reserve – Investment through OCI</u>	<u>Retained earnings</u>	<u>Total</u>
Period 30 June 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	-	-	-	-	-	77 506 383	-	(77 506 383)	-
Net of change in fair value of financial investments through OCI	-	-	-	-	-	-	(190 845 724)	-	(190 845 724)
Losses on the sale of financial assets	-	-	-	-	-	-	-	(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	(3525 185 748)	-	-	-	-	-	-	-
Net profit for the Period June 30 2022	-	-	-	-	-	-	-	506 876 477	506 876 477
Balance as at 30 June 2022	5 000 000 001	-	311 089 891	11 504 993	326 442 419	385 551 282	(175 095 171)	723 189 795	6 582 683 210
Period 30 June 2023									
Balance as at January 1, 2023 before distribution	5 000 000 001	-	311 089 891	11 504 993	326 442 419	661 408 983	(262 250 024)	1 005 669 351	7 053 865 614
Profit distribution (Staff & BOD members) - 2022	-	-	-	-	-	-	-	(118 521 373)	(118 521 373)
Bouns Share from Profit distribution (shareholders) - 2022	-	249 999 999	-	-	-	-	-	(249 999 999)	-
Transfer to legal reserve	-	-	101 045 951	-	-	-	-	(101 045 951)	-
Transfer to capital reserve	-	-	-	-	54 754 220	-	-	(54 754 220)	-
Banking Support and Development Fund	-	-	-	-	-	-	-	(6 570 954)	(6 570 954)
Net of change in fair value of financial investments through OCI	-	-	-	-	-	-	(79 065 667)	-	(79 065 667)
Net profit for the Period June 30 2023	-	-	-	-	-	-	-	816 832 129	816 832 129
Balance as at June 30 2023	5 000 000 001	249 999 999	412 135 842	11 504 993	381 196 639	661 408 983	(341 315 691)	1 291 608 983	7 666 539 749

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

<i>In Egyptian Pound</i>	Note	30 June 2023	30 June 2022
Cash flow from operating activities			
Net profit for the Period before tax		1 403 959 589	768 934 189
Depreciation and amortization	(13,16)	55 067 447	54 466 989
Reversed charged during the Period-other provisions	(20,30)	32 499 672	24 168 144
Reversed charged during the Period-due from banks	(7,28)	(4 634 928)	2 340 613
Foreign revaluation differences for other provisions	(20)	2 535 113	988 121
Gain on sale of fixed assets	(30)	(36 500 730)	(70 650 607)
Dividends payable	(25)	(2 000 135)	(1 323 360)
Operating profit before changes in assets and liabilities from operating activities		1 450 926 028	778 924 089
<u>Cash flow from operating activities</u>			
Change in due from banks	(7)	1 186 554 489	(9 067 198 353)
Change in due from Central Bank of Egypt within reserve percentage	(6)	2 002 298 570	788 621 366
Change in treasury bills and other governmental notes	(8)	5 261 541 143	(3 372 310 276)
Change in loans and advances to banks	(9)	(1 097 110 725)	(4 720 976 389)
Change in other assets	(14)	(81 482 985)	(106 050 827)
Change in due to bank	(17)	(2328 263 296)	(92 891 178)
Change in customers' deposits	(18)	(1729 200 074)	16 075 748 716
Change in used from other provisions	(20)	(27 324 242)	(9 980 082)
Change in other liabilities	(19)	489 262 098	85 340 091
Change in income tax paid		(491 968 646)	(191 216 516)
Net cash flow provided from operating activities		4 635 232 360	168 010 641

<i>In Egyptian Pound</i>	Note	30 June 2023	30 June 2022
<u>Cash flow from investing activities</u>			
Payments to purchase fixed assets and establishments of branches		(262 037 625)	(398 286 090)
Proceeds from sale of fixed assets		43 000 000	79 067 089
Retrieval of financial investments - Amortized cost	(10)	3 205 000	203 700 000
Purchase of financial investment Amortized cost, net investment Fair Value through OCI and in associates	(10, 11)	1 088 917 899	(298 815 366)
Reversed charged during the Period provision at fair value through OCI		(9 385 220)	4 089 884
Dividends received	(25)	2 000 135	1 323 360
Net cash flow provided from (used in) investing activities		865 700 189	(408 921 123)
<u>Cash flow from financing activities</u>			
Refund part of the BOD remuneration		-	15 446 896
Dividends paid		(125 092 327)	(161 167 813)
Net cash flow (used in) financing activities		(125 092 327)	(145 720 917)
Net (decrease) increase in cash and cash equivalents during the Period		5 375 840 222	(386 631 399)
Cash and cash equivalents at the beginning of the Period		9 993 404 997	4 890 554 188
Cash and cash equivalents at the end of the Period		15 369 245 219	4 503 922 789
<u>For the purpose of preparing the statement of cash flow, the cash and cash equivalent comprise of the following</u>			
Cash and due from Central Bank of Egypt	(6)	10 172 243 610	3 468 204 949
Due from banks	(7)	14 764 126 733	11 211 736 432
Treasury bills and other governmental notes	(8)	21 263 911 492	17 903 160 544
Due from Central Bank within reserve percentage		(9 650 803 953)	(3 206 681 748)
Due from banks (over 3 months maturity)		(1 122 546 171)	(10023 511 844)
Treasury bills and other governmental notes (over 3 months maturity)		(20 057 686 492)	(14 848 985 544)
Cash and cash equivalents at the end of the Period		15 369 245 219	4 503 922 789

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

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 1167 employees as at 30 June 2023.
- 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 160 ATMs, the bank is delisted on Egyptian stock exchange since March 25, 2020.
- The extraordinary general assembly dated January 13, 2007 decided to change the bank's name to Union National Bank – Egypt from Alexandria Commercial and Maritime Bank and it was annotated in the Bank's Commercial Register.
- The extraordinary general assembly dated June 1, 2020 decided to change the bank's name to Abu Dhabi Commercial Bank - Egypt instead of Union National Bank - Egypt, and this was indicated in the bank's commercial register on July 26, 2020.
- Board of Directors dated May 26, 2023 approved the adoption of the Condensed Interim Financial Statements for period ended June 30, 2023.

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 and period presented, unless otherwise disclosed.

A- Basis of preparation

The financial statements are prepared in accordance with Egyptian Accounting Standards issued during 2006 and its amendments and in accordance with Central Bank of Egypt instructions approved by its Board of Directors as at December 16, 2008 As well as the accompanying explanatory instructions issued in April 2009 and in conformity with the mentioned standards, and after releasing the instructions of the Central Bank of Egypt to prepare the financial statements of banks in accordance with the requirements of IFRS 9 "Financial Instruments" issued by the

Central Bank of Egypt on 26 February 2019 to be effective from January ,1 2019 , Management has adjusted certain policies to comply with these instructions the following notes details the changes in accounting policies.

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

The accounting policies used when preparing the condensed periodic financial statements are consistent with those used in preparing the financial statements for the year ending on December 31, 2022.

3- Financial risk management

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

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

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

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

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

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

A-3 Impairment and provisioning policies

The internal rating systems described in note (A/1) focus more on credit-quality at the inception of lending and investment activities, Otherwise, impairment provisions recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below, Due to the different methodologies applied, despite different methods are applied

there was no material impact for potential credit loss in the financial statement by the amount of loss estimated using expected loss model used as at 30 June 2023 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.

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

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

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

Impairment loss provision is formed based on group of similar assets using the historical experience available, personal judgment and statistical methods.

A-4 General module to measure banking general risk

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

Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, 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.

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:

- 23.8 % of the loans and advances portfolio is classified at the highest two ratings in the internal rating.
- 92.6 % 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 1,8 Bn which represent 5.4 % and the provision formed and interest in suspense amount EGP 1,2 Bn represent 69.8 % of it.

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

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

<i>In Egyptian pound</i>	30 June 2023	31 December 2022
Treasury bills and other governmental securities through OCI	21 263 911 492	25 489 952 635
Customers loans and advances		
Retail loans:		
Overdraft Accounts	51 194 181	79 312 969
Personal loans	7 345 384 020	7 542 748 469
Real Estate Finance loans	176 428 114	187 398 433
Credit cards	170 157 176	132 846 176
Corporate loans:		
Overdraft Accounts	6 875 709 386	7 349 330 807
Syndicated loans	2 063 209 851	1 697 796 455
Direct loans	15 801 635 226	13 933 642 414
Discounted commercial bills	-	481 308 617
Financial investments:		
Debt instruments at amortized cost	93 159 768	96 210 105
Debt instruments at fair value through other comprehensive income	6 120 421 498	7 201 265 267
Total	59 961 210 712	64 191 812 347
<u>Credit risk exposures of off balance sheet items</u>		
Credit commitments (Irrevocable)	371 658 263	320 863 486
Letters of guarantees	9 293 871 219	7 463 344 582
Letters of guarantees based on other banks requests	11 923 435 688	9 276 319 622
Letters of credit	1 167 177 141	1 459 438 708
Other financial liabilities	556 393 777	607 064 896
Total	23 312 536 088	19 127 031 294

The above table represents the maximum limit for credit risk as of 30 June 2023, without taking into considerations any collateral for balance-sheet items.

As shown in the preceding table, 54 % 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:

30 June 2023

<i>In Egyptian pound</i>	The first stage	The second stage	The third stage	Total
Due from banks	1 633 662 028	-	-	1 633 662 028
Financial investments	6 648 444 043	-	-	6 648 444 043
Loans and facilities - corporate	19 954 902 173	3 032 452 473	1 753 199 817	24 740 554 463
Loans and facilities - retail	6 570 936 189	782 638 493	389 588 809	7 743 163 491
Contingent liabilities	20 243 950 474	780 374 805	7 631 811	21 031 957 090
Loan commitments and facilities - corporate clients	13 260 783 338	58 051 822	-	13 318 835 160
Total	68 312 678 245	4 653 517 593	2 150 420 437	75 116 616 275

31 December 2022

<i>In Egyptian pound</i>	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

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 .Financial Instruments" issued by the Central Bank of Egypt on February 26, 2019" (9)

30 June 2023

<i>In Egyptian pound</i>	The first stage	The second stage	The third stage	Total
Due from banks	128 787	-	-	128 787
Financial investments	25 729 479	-	-	25 729 479
Loans and facilities - corporate	79 441 723	117 477 745	1 145 873 569	1 342 793 037
Loans and facilities - retail	13 802 048	30 227 737	131 570 564	175 600 349
Contingent liabilities	26 010 981	5 793 152	5 894 807	37 698 940
Loan commitments and facilities - corporate clients	13 007 342	87 772	-	13 095 114
Total	158 120 360	153 586 406	1 283 338 940	1 595 045 706

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

<i>In Egyptian pound</i>	30 June 2023	30 June 2023	
Loan provision (regular / irregular)	1 518 393 386	1 960 262 565	(441 869 179)
Provision Contingent liabilities - Customer	24 457 232	181 871 086	(157 413 854)
	1 542 850 618	2 142 133 651	(599 283 033)

31 December 2022

<i>In Egyptian pound</i>	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

<i>In Egyptian pound</i>	31 December 2022	31 December 2022	
Loan provision (regular / irregular)	1 536 170 497	2 045 402 940	(509 232 443)
Provision Contingent liabilities - Customer	24 685 148	156 383 442	(131 698 294)
	1 560 855 645	2 201 786 382	(640 930 737)

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.

30 June 2023

	Note	Balance at the beginning of the Period	Provision for impairment losses	refund of loans previously written off	Amounts written off during the Period	Foreign currencies revaluation differences	Negated the purpose	Balance at the end of the Period
Due from banks	(7)	4 763 715	-	-	-	-	(4 634 928)	128 787
Loans and facilities - corporate clients	(9)	1 418 632 468	106 260 538	1 245 630	(252 182 369)	68 836 770	-	1 342 793 037
Loans and facilities - retail clients	(9)	117 538 029	243 136 532	16 003 946	(201 078 158)	-	-	175 600 349
Total provision for expected credit losses (1)		1 540 934 212	349 397 070	17 249 576	(453 260 527)	68 836 770	(4 634 928)	1 518 522 173

	Note	Balance at the beginning of the Period	Provision for impairment losses	refund of loans previously written off	Amounts written off during the Period	Foreign currencies revaluation differences	Negated the purpose	Balance at the end of the Period
Financial investments at fair value through other comprehensive income statement	(21)	35 114 699	-	-	-	5 876 593	(15 261 813)	25 729 479
Total provision for expected credit losses (2)		35 114 699	-	-	-	5 876 593	(15 261 813)	25 729 479

	Note	Balance at the beginning of the Period	Provision for impairment losses	refund of loans previously written off	Amounts written off during the Period	Foreign currencies revaluation differences	Negated the purpose	Balance at the end of the Period
Contingent liabilities	(20)	31 990 618	3 173 209	-	-	2 535 113	-	37 698 940
Loan commitments and facilities - corporate clients	(20)	768 651	12 326 463	-	-	-	-	13 095 114
Total provision for expected credit losses (3)		32 759 269	15 499 672	-	-	2 535 113	-	50 794 054
Total expected credit losses (1 + 2 + 3)		1 608 808 180	364 896 742	17 249 576	(453 260 527)	77 248 476	(19 896 741)	1 595 045 706

A-6 Loans and advances

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

Loans and advances to customers

<i>In Egyptian Pound</i>	30/06/2023	31/12/2022
Neither past dues nor impaired	28 925 659 640	25 436 425 786
Past dues but not impaired	1 505 774 280	3 840 182 938
Past dues are subjected to impairment	2 052 284 034	2 127 775 616
Total	32 483 717 954	31 404 384 340
<u>(Less):</u>		
Prepaid Revenue	(4 512 444)	(4 860 957)
Expected credit loss provision	(1 518 393 386)	(1 536 170 497)
Interest in suspense	(78 290 353)	(81 618 090)
Net	30 882 521 771	29 781 734 796

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

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

A-6 Loans and advances neither having past due nor subject to impairment
30 June 2023

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>					
In Egyptian Pound	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Discounted Commercial Papers</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Total Corporate</u>	<u>Total</u>
1-Performing loans	51 194 181	123 960 222	5 630 893 976	143 734 481	5 949 782 860		6 875 709 386	1 654 202 864	13 026 650 877	21 556 563 127	27 506 345 987
2-Regular follow up	-	-	-	-	-	-	-	157 877 441	1 137 573 581	1 295 451 022	1 295 451 022
3-Watch list	-	-	-	-	-	-	-	-	123 862 631	123 862 631	123 862 631
Total	51 194 181	123 960 222	5 630 893 976	143 734 481	5 949 782 860		6 875 709 386	1 812 080 305	14 288 087 089	22 975 876 780	28 925 659 640

31 December 2022

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>					
In Egyptian Pound	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Discounted Commercial Papers</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Total Corporate</u>	<u>Total</u>
1-Performing loans	79 312 969	99 019 784	5 913 372 595	156 959 689	6 248 665 038	481 308 617	7 349 330 807	1 274 209 836	8 346 538 844	17 451 388 104	23 700 053 142
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	99 019 784	5 913 372 595	156 959 689	6 248 665 038	481 308 617	7 349 330 807	1 488 556 342	9 868 564 982	19 187 760 748	25 436 425 786

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:

30 June 2023

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>				
In Egyptian Pound	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Total Corporate</u>	<u>Total</u>
Past due from 1 day to 30 days	-	19 655 164	1 054 135 031	28 188 848	1 101 979 043	-	-	11 492 721	11 492 721	1 113 471 764
Past due from 31 day to 60 days	-	6 463 623	256 619 491	2 027 458	265 110 572	-	-	-	-	265 110 572
Past due from 61 day to 90 days	-	3 473 712	122 755 736	962 496	127 191 944	-	-	-	-	127 191 944
Total	-	29 592 499	1 433 510 258	31 178 802	1 494 281 559	-	-	11 492 721	11 492 721	1 505 774 280

31 December 2022

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>				
In Egyptian Pound	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Total Corporate</u>	<u>Total</u>
Past due from 1 day to 30 days	-	15 802 271	888 606 124	20 228 769	924 637 164	-	-	2 555 009 527	2 555 009 527	3 479 646 691
Past due from 31 day to 60 days	-	3 752 804	269 015 319	1 380 865	274 148 988	-	-	-	-	274 148 988
Past due from 61 day to 90 days	-	2 023 454	84 076 871	286 935	86 387 259	-	-	-	-	86 387 259
Total	-	21 578 528	1 241 698 314	21 896 569	1 285 173 411	-	-	2 555 009 527	2 555 009 527	3 840 182 938

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

Notes to Condensed Interim Financial Statements for Period Ended June 30, 2023

Loans and advances subject to individual impairment

Loans and advances subject to individual impairment regardless any cash flows from collaterals amounted to EGP 1 917 070 058

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:

30 June 2023

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>					
In Egyptian Pound	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Net loans and advances</u>	<u>Total Corporate</u>	<u>Total</u>
Balance	-	16 604 455	280 979 786	1 514 831	299 099 072	-	251 129 546	1 502 055 416	-	1 753 184 962	2 052 284 034
Fair value of collaterals	-	-	-	-	-	-	69 783 001	65 430 976	-	135 213 977	135 213 977

31 December 2022

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>					
In Egyptian Pound	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Net loans and advances</u>	<u>Total Corporate</u>	<u>Total</u>
Balance	-	12 247 863	387 677 560	8 542 175	408 467 598	-	209 240 113	1 510 067 905	-	1 719 308 018	2 127 775 616
Fair value of collaterals	-	-	-	-	-	-	69 783 001	73 698 106	-	143 481 106	143 481 106

A -7 Debt instruments, treasury bills and other governmental notes , Based on credit rating

In Egyptian Pound	<u>Treasury bills and other governmental notes</u>	<u>Financial assets held for trading</u>	<u>Other Financial Investments At fair value through other comprehensive income</u>	<u>Total</u>
Classification of B3	21 263 911 492	-	3 074 118 618	24 338 030 110
Total	21 263 911 492	-	3 074 118 618	24 338 030 110

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

Notes to Condensed Interim Financial Statements for Period Ended June 30, 2023

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

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

<i>In Egyptian Pound</i>	Cairo	Alexandria, Delta and Canal	Upper Egypt & Red Sea	Total
Treasury bills and other governmental notes	21 263 911 492	-	-	21 263 911 492
Loans and advances to customers:				
Retail:				
Overdraft Accounts	12 405 738	36 588 663	2 199 780	51 194 181
Personal loans	3 984 446 194	2 748 549 588	612 388 238	7 345 384 020
Real Estate Finance loans	148 491 574	27 936 540	-	176 428 114
Credit cards	114 521 724	40 883 785	14 751 667	170 157 176
Corporate:				
Overdraft Accounts	4 844 091 636	1 999 613 515	32 004 235	6 875 709 386
Syndicated loans	1 416 586 990	646 622 861	-	2 063 209 851
Direct loans	12 152 373 476	3 536 303 671	112 958 079	15 801 635 226
Discounted commercial bills	-	-	-	-
Other Financial investments				
Debt instruments at amortized cost	93 159 768	-	-	93 159 768
Debt instruments at fair value through other comprehensive income	6 120 421 498	-	-	6 120 421 498
Total at the end of the period	50 150 410 090	9 036 498 623	774 301 999	59 961 210 712

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

Notes to Condensed Interim Financial Statements for Period Ended June 30, 2023

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

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

In thousand Egyptian pound	<u>Manufacturing institutions</u>	<u>Trading activity</u>	<u>Governmental sector/General</u>	<u>Others</u>	<u>Retail</u>	<u>Total</u>
Treasury bills and other governmental notes	-	-	21 263 911	-	-	21 263 911
Financial assets held for trading						
Debt instruments	-	-	-	-	-	-
Loans and advances to customers	9 022 408	5 420 941	1 459 857	8 837 349	7 743 163	32 483 718
Financial investments						
Debt instruments at amortized cost	-	-	93 160	-	-	93 160
Debt instruments at fair value through other comprehensive income	-	-	3 074 119	3 046 303	-	6 120 422
Total at the end of the period	9 022 408	5 420 941	25 891 047	11 883 652	7 743 163	59 961 211

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:

30 June 2023

	Average	Maximum	Minimum
Foreign exchange risk	5,961,154	13,505,455	969,121
Interest rate risk	45,988,450	48,992,611	43,175,907
Equity instruments risk	-	-	-

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	-	-	-

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

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

B-3 The risk of fluctuation in foreign exchange rates

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

<i>In thousand Egyptian pound</i>	EGP	USD	Euro	GBP	Other currencies	Total
<u>Financial assets</u>						
Cash and due from central banks	10 014 311	140 450	14 568	1 816	1 098	10 172 243
Due from banks	9 760 587	4 874 892	98 681	12 220	17 618	14 763 998
Treasury bills and other governmental notes	16 362 704	3 055 064	67 336	-	-	19 485 104
Loans and advances to customers	27 328 975	3 238 682	314 480	256	129	30 882 522
<u>Financial investments</u>						
- Amortized cost	93 160	-	-	-	-	93 160
- At fair value through other comprehensive income	5 847 947	297 773	-	-	-	6 145 720
Fixed and intangible assets	26 637	-	-	-	-	26 637
Other financial assets	2 029 161	19 811	273	-	-	2 049 245
Total financial assets	71 463 482	11 626 672	495 338	14 292	18 845	83 618 629
<u>Financial liabilities</u>						
Due to banks	11 522	66 483	-	-	172	78 177
Customer's deposits	61 669 308	11 579 259	491 076	14 204	9 394	73 763 241
Other financial liabilities and deferred tax	1 922 737	73 240	3 818	-	-	1 999 795
Other provisions	104 085	6 791	-	-	-	110 876
Total share holder's equity	7 682 173	(15 633)	-	-	-	7 666 540
Total financial liabilities	71 389 825	11 710 140	494 894	14 204	9 566	83 618 629
Net financial position	73 657	(83 468)	444	88	9 279	-
<u>Purchasing</u>	-	-	-	-	-	-
Net financial position	73 657	(83 468)	444	88	9 279	-
Loan Commitments – Irrevocable	357 738	13 920	-	-	-	371 658
Letters of credit	66 128	100 223	39 054	-	12 834	218 239
Letters of guarantees	8 252 924	606 430	30 929	-	-	8 890 283
Letters of guarantees based on other banks requests	594 040	677 091	10 605 363	-	46 943	11 923 437
Other financial liabilities	556 394	-	-	-	-	556 394
Total	9 827 224	1 397 664	10 675 346	-	59 777	21 960 011

B-4 Interest rate risk

The bank is exposed to the impact of the fluctuation in interest rate prevailing in the market; this risk is defined as “cash flows interest rate risk” which is the risk of fluctuation in the future cash flows of a financial instrument due to changes in interest rates of the instrument. Fair value interest rate risk is the risk of fluctuation in the fair market value of a financial instrument due to changes in market interest rates. Yield margins may increase as a result of such changes but it may cause profits to decrease when unexpected movements occur.

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

	<u>Up to one month</u>	<u>More than one month till three months</u>	<u>More than three month till one Period</u>	<u>More than one Period till five Periods</u>	<u>Financial Assets and Liabilities non interest bearing</u>	<u>Total</u>
<i>In thousand Egyptian pound</i>						
<u>Financial assets</u>						
Cash and due from central banks	-	-	-	-	10 172 243	10 172 243
Due from banks	3 490 597	1 622 597	-	-	9 650 804	14 763 998
Treasury bills and other governmental notes	734 938	2 860 518	15 889 648	-	-	19 485 104
Loans and advances to customers	8 448 867	4 259 677	7 905 347	10 070 161	198 470	30 882 522
<u>Financial investments</u>						
- Amortized cost	-	-	14 671	78 489	-	93 160
- At fair value through other comprehensive income	194 745	-	2 188 099	3 737 578	25 298	6 145 720
Intangible assets	-	-	-	-	83 748	83 748
Other financial assets	-	-	-	-	1 992 134	1 992 134
Total financial assets	12 869 147	8 742 792	25 997 765	13 886 228	22 122 697	83 618 629
<u>Financial liabilities</u>						
Due to banks	-	-	-	-	78 177	78 177
Customer’s deposits	7 315 430	3 416 196	39 931 143	19 131 944	3 968 528	73 763 241
Share holder’s equity	-	-	-	-	7 666 540	7 666 540
Other financial liabilities	-	-	-	-	2 110 671	2 110 671
Total financial liabilities	7 315 430	3 416 196	39 931 143	19 131 944	13 823 916	83 618 629
Interest re-pricing gap	5 553 717	5 326 596	(13 933 378)	(5 245 716)	8 298 781	-

C- Liquidity risk

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

- Liquidity risk management process

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

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

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

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

- Funding approach

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

D- Fair value of financial assets and liabilities

D-1 Financial instruments not measured at fair value

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

<u>In thousand Egyptian pound</u>	30/06/2023		31/12/2022	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
<u>Financial assets</u>				
Loans and advances to customers				
-Retail	7,743,163	7,743,163	7,942,306	7,942,306
-Corporate	24,740,554	24,740,554	23,462,078	23,462,078
Financial Investments at amortized cost	93,160	93,160	96,210	96,210
<u>Financial liabilities</u>				
Due to banks	78,177	78,177	2,406,441	2,406,441
Customer's deposits				
-Retail	12,289,570	12,289,570	11,132,954	11,132,954
-Corporate	61,473,671	61,473,671	64,359,486	64,359,486

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 30 June 2023.

Capital adequacy ratio as per Basel II requirements
In thousand Egyptian pound
Capital
Tier I Capital
Core capital after deductions

	30 June 2023	31 December 2022
Share capital (net of treasury stocks)	5 250 000	5 000 000
IFRS9 risk reserve	804 837	649 037
Retained earnings	474 777	(54 828)
Total cumulative other comprehensive income after control adjustments	(341 316)	(262 250)

Additional Going Concern

Quarterly interim profit / (losses)	816 832	1 065 214
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Deduct from Common Equity

(-) Deduct 100% from net of Intangible assets (Other than goodwill)	(26 637)	(35 077)
Deferred tax Assets	(98 956)	(98 955)
(-) Deduct total the fair value for investment FVOCI Which have been reclassified to Amortized cost investments	(89)	(211)

Total Tier I	6 879 448	6 262 930
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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)	158 120	137 879
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Total Tier 2 capital	158 120	137 879
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Total capital based after deductions	7 037 568	6 400 809
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Total Assets and potential liabilities weighted by credit risk	43 457 033	39 849 226
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Capital requirements for market risk	-	-
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Capital requirements for operating risk	2 341 411	2 341 411
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Total Assets and potential liabilities weighted by credit, market and operating risk	45 798 444	42 190 637
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Capital adequacy ratio (%)	15.37%	15.17%
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ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)
Notes to Condensed Interim Financial Statements for Period Ended June 30, 2023
Leverage Ratio

<i>In Thousand Egyptian Pounds</i>		30 June 2023	31 December 2022
First	Tier 1 capital after Exclusions	6 879 448	6 262 930
Second	On-Off balance sheet exposures items		
1	<u>Exposures on-balance sheet and financial derivatives and securities finance</u>		
	Cash and due from Central Bank of Egypt (CBE)	20 459 716	19 742 294
	Due from Banks	3 955 214	3 738 630
	Treasury bills and other Government securities	19 523 554	27 452 121
	REPO	(38 450)	(43 718)
	Financial investments Fair Value through OCI	6 145 721	3 310 116
	Financial investments Amortized Cost	93 160	96 210
	Loans and credit facilities to customers	32 483 718	31 404 384
	Fixed Assets (after deducting depreciation and impairment losses)	517 706	496 447
	Other assets	1 558 176	1 297 981
	Deducted amounts from exposures (after deducting Tier I Exclusions for capital base)	(1 550 743)	(134 032)
	Total on-balance sheet exposures items after deducting after Tier I Exclusions for capital base.	83 147 772	87 360 433
2	<u>Exposures off-balance sheet</u>		
	<u>Contingent liabilities (1)</u>		
	Letters of Credit - Import	38 837	27 187
	Letters of Credit - Export	-	49 487
	Letters of Guarantees	4 445 142	3 559 371
	Letters of Guarantees according to foreign banks	5 961 718	4 638 160
	Accepted papers	17 631	91 877
	Re-discounted Commercial paper	6 419	44 137
	<u>Commitments (2)</u>		
	Operating lease commitments	556 394	607 065
	Loan commitments to clients/banks (unutilized part) within original maturity	1 108 905	928 897
	Total Exposures off-balance sheet	12 135 046	9 946 181
	Total On-Off balance sheet exposures items (1) + (2)	95 282 818	97 306 614
	Leverage financial ratio	7.22%	6.44%

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 includes 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 uses 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 determines 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 a high degree of judgment; in return, the bank assesses the intention and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity except for certain circumstances (selling an insignificant amount of held-to-maturity investments near to maturity date), then all held to maturity investment portfolio should be reclassified as available for sale, which will be measured at fair value instead of amortized cost. In addition, the bank should cease classifying investments as held to maturity caption.

5- A-Segment analysis

In Egyptian Pound

	<u>Corporate</u>	<u>Retail</u>	<u>Treasury & Financial Institutions</u>	<u>Total</u>
<u>Revenues and expenses according to business segment</u>				
Segment revenues	3 757 375 282	2 164 447 328	2 765 003 687	8 686 826 297
Segment expenses	(3 025 934 345)	(1 931 692 573)	(2 325 239 790)	(7 282 866 708)
Profit for the Period before taxes	731 440 937	232 754 755	439 763 897	1 403 959 589
Taxes	(300 057 714)	(113 113 263)	(173 956 483)	(587 127 460)
Profit for the Period	431 383 223	119 641 492	265 807 414	816 832 129
<u>Assets and Liabilities according to business segment</u>				
Total assets	24 540 633 682	8 339 549 826	50 738 445 793	83 618 629 301
Total liabilities	43 107 112 691	27 838 676 825	12 672 839 785	83 618 629 301
<u>Other business segment items</u>				
Depreciations	(14 585 789)	(37 317 523)	(3 164 136)	(55 067 447)
Expedcted Credit Loss	(121 760 210)	(243 136 531)	19 896 741	(345 000 000)

B-Geographic analysis

In Egyptian Pound

	<u>Greater Cairo</u>	<u>Alex and Delta and Canal</u>	<u>Upper Egypt & Red Sea</u>	<u>Total</u>
<u>Geographical analysis of revenues and expenses</u>				
Geographical sector revenues	5 717 810 543	1 630 836 569	136 444 749	7 485 091 861
Geographical sector expenses	(4 626 766 949)	(1 337 314 619)	(117 050 704)	(6 081 132 272)
Profit for the Period before taxes	1 091 043 594	293 521 950	19 394 045	1 403 959 589
Taxes	(515 111 611)	(67 526 246)	(4 489 603)	(587 127 460)
Profit for the Period before taxes	575 931 983	225 995 704	14 904 442	816 832 129
<u>Assets and Liabilities</u>				
Total assets	73 853 926 545	9 000 734 121	763 968 635	83 618 629 301
Total liabilities	65 150 549 460	17 439 804 957	1 028 274 884	83 618 629 301
<u>Other Geographical sector items</u>				
Depreciations	(46 193 269)	(6 456 150)	(2 418 028)	(55 067 447)
Expedcted Credit Loss	(234 793 120)	(101 508 975)	(8 697 905)	(345 000 000)

ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)
Notes to Condensed Interim Financial Statements for Period Ended June 30, 2023
6- Cash and due from Central Bank of Egypt

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Cash on hand	521 439 657	303 959 874
Due from Central Bank of Egypt within reserve ratio	9 650 803 953	11 653 102 523
	10 172 243 610	11 957 062 397

7- Due from banks

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
<u>The Central Bank of Egypt</u>		
Current accounts	46 366 397	30 222 787
Time Deposits	10 762 546 171	8 058 968 033
	10 808 912 568	8 089 190 820
<u>Local Banks</u>		
Current accounts	120 716 541	66 725 559
Time Deposits	1 900 159 350	3 043 438 200
	2 020 875 891	3 110 163 759
<u>Foreign Banks</u>		
Current accounts	120 690 244	82 417 778
Time Deposits	1 813 648 030	546 048 426
	1 934 338 274	628 466 204
Total due from banks	14 764 126 733	11 827 820 783
Expect credit loss provision	(128 787)	(4 763 715)
Net due from banks	14 763 997 946	11 823 057 068
Non-interest bearing balances	287 773 182	179 366 124
Interest bearing balances	14 476 353 551	11 648 454 659
Expect credit loss provision	(128 787)	(4 763 715)
	14 763 997 946	11 823 057 068

8- Treasury bills at fair value through other comprehensive income

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
<u>Treasury bills</u>		
Treasury bills maturing to 91 days	1 206 225 000	170 725 000
Treasury bills maturing from 92 to 182 days	2 427 200 000	5 302 675 000
Treasury bills maturing grater than 182 to 364 days	17 668 936 150	20 060 271 100
	21 302 361 150	25 533 671 100
<u>(Less):</u>		
Unearned interest	(1 528 571 226)	(1 825 671 939)
REPO *	(38 449 658)	(43 718 465)
	19 735 340 266	23 664 280 696
Net change in fair value	(250 236 435)	(152 704 480)
Net of Treasury bills after change in fair value	19 485 103 831	23 511 576 216

*** REPO**

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Against the the amount granted by the Central Bank of Egypt within the mortgage finance initiative for low-income people	38 449 658	39 742 649
Against the the amount granted by the Central Bank of Egypt within SMEs initiative	-	3 975 816
	38 449 658	43 718 465

9- Loans and advances to customers and banks

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Discounted commercial bills	-	481 308 617
Customers loans	32 483 717 954	30 923 075 723
	32 483 717 954	31 404 384 340
(Less):		
Prepaid Revenue	(4 512 444)	(4 860 957)
Expect credit loss provision	(1 518 393 386)	(1 536 170 497)
Interest in suspense	(78 290 353)	(81 618 090)
	(1 601 196 183)	(1 622 649 544)
	30 882 521 771	29 781 734 796

9-1 Loans and Advances to customers

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
<u>Retail</u>		
Overdraft Accounts	51 194 181	79 312 969
Personal loans	7 345 384 020	7 542 748 469
Credit cards	170 157 176	132 846 176
Real Estate Finance loans	176 428 114	187 398 433
Total (1)	7 743 163 491	7 942 306 047
<u>Corporate</u>		
Overdraft Accounts	6 875 709 386	7 349 330 807
Syndicated loans	2 063 209 851	1 697 796 455
Direct loans	15 801 635 226	13 933 642 414
Discounted commercial bills	-	481 308 617
Total (2)	24 740 554 463	23 462 078 293
Total loans and Advances to customers (1+2)	32 483 717 954	31 404 384 340
(Deduct):		
Prepaid Revenue	(4 512 444)	(4 860 957)
Expect credit loss provision	(1 518 393 386)	(1 536 170 497)
Interest in suspense	(78 290 353)	(81 618 090)
Net	30 882 521 771	29 781 734 796

9-2 Expect credit loss provision

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Provision balance at the beginning of the Period	1 536 170 497	969 211 017
Expect credit loss	349 397 070	611 158 922
Proceeds from loans previously written off	17 249 576	43 372 403
Foreign currencies revaluation differences	68 836 770	100 406 419
	1 971 653 913	1 724 148 761
Amounts written off during the Period	(453 260 527)	(187 978 264)
ECL provisions at the end of the Period	1 518 393 386	1 536 170 497

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

30 June 2023

Retail

<i>In Egyptian Pound</i>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance loans</u>	<u>Total</u>
Balance at the beginning of the Period	5 430 396	99 445 773	12 661 860	117 538 029
Expect credit loss	7 297 415	246 304 927	(10 465 810)	243 136 532
Proceeds from loans previously written off	457 847	15 519 009	27 090	16 003 946
Provisions used	(3 514 569)	(197 245 800)	(317 789)	(201 078 158)
Balance at the end of the Period	9 671 089	164 023 909	1 905 351	175 600 349

Corporate

<i>In Egyptian Pound</i>	<u>Overdraft Accounts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Total</u>
Balance at the beginning of the Period	1 141 429 856	107 875 011	169 327 601	1 418 632 468
Expect credit loss	103 668 747	21 635 820	(19 044 029)	106 260 538
Proceeds from loans previously written off	1 245 630	-	-	1 245 630
Foreign currencies revaluation differences	55 385 976	5 234 455	8 216 339	68 836 770
Provisions used	(252 182 369)	-	-	(252 182 369)
Balance at the end of the Period	1 049 547 840	134 745 286	158 499 911	1 342 793 037

31 December 2022

Retail

<i>In Egyptian Pound</i>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance loans</u>	<u>Total</u>
Balance at the beginning of the Period	1 736 284	153 081 988	9 474 083	164 292 355
Expect credit loss	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 Period	5 430 396	99 445 773	12 661 860	117 538 029

Corporate

<i>In Egyptian Pound</i>	<u>Overdraft Accounts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Total</u>
Balance at the beginning of the Period	435 677 985	257 016 870	112 223 807	804 918 662
Expect credit loss	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 Period	1 141 429 856	107 875 011	169 327 601	1 418 632 468

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

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Quoted governmental debt instruments	93 159 768	96 210 105
Total governmental debt instruments	93 159 768	96 210 105

Movement of treasury bonds at amortized cost

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Balance at the beginning of the Period	96 210 105	641 223 070
Net amortization(issuing discount & issuing premium)	32 119	787 916
Retrieval – Treasury Bonds & Financial Investments	(3 205 000)	(546 251 000)
Net change in fair value	122 544	450 119
Balance at the end of the Period	93 159 768	96 210 105

11- Financial investments at fair value through other comprehensive income

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Governmental debt instruments	3 074 118 618	3 916 518 608
Non governmental debt instruments	3 046 302 880	3 284 746 659
	6 120 421 498	7 201 265 267
Unearned interest of governmental debit instruments	-	(19 693 382)
	6 120 421 498	7 181 571 885
Unquoted equity instruments	25 298 356	25 369 023
Total	25 298 356	25 369 023
Financial investments at fair value through other comprehensive income	6 145 719 854	7 206 940 908
Current balances	6 120 421 498	7 181 571 885
Non-current balances	25 298 356	25 369 023
	6 145 719 854	7 206 940 908

Financial investments at fair value through other comprehensive income

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Balance at the beginning of the Period / Year	7 206 940 908	4 808 194 852
Net amortization(issuing discount & issuing premium)	37 640 372	136 591 254
Buy – Treasury Bonds & Financial Investments	544 972 183	2 766 815 371
Retrieval – Treasury Bonds & Financial Investments	(1738 678 120)	(408 768 433)
Net change in fair value	27 728 964	(160 537 093)
Foreign currencies revaluation differences	67 115 547	64 644 957
Balance at the end of the Period / Year	6 145 719 854	7 206 940 908

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

Notes to Condensed Interim Financial Statements for Period Ended June 30, 2023

12-	<u>Investments in associates</u>	30 June 2023	31 December 2022
	Unquoted equity instrument *	100	100
	Total Investments in associates	100	100

* **Associates**

	30 June 2023	31 December 2022
EL Fouadeya Development Company	100	100
	100	100

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

Notes to Condensed Interim Financial Statements for Period Ended June 30, 2023
13- Intangible assets

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Computer program		
Net balance at beginning of the Period	35 077 156	44 175 274
Additions	10 093 690	22 991 328
Total	45 170 846	67 166 602
Amortization during the Period	(18 533 410)	(32 089 446)
Net	26 637 436	35 077 156

14- Other assets

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Accrued revenues	583 117 546	556 543 312
Prepaid expenses	73 593 683	49 754 310
Down payments to purchase of fixed assets	619 650 441	431 998 769
Assets reverted to the bank in settlement of debts *	50 530 450	51 445 450
Deposits held with others and custody	7 491 640	7 500 909
Other debit balances **	113 407 215	81 413 567
	1 447 790 975	1 178 656 317

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

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Buildings and flat units reverted to bank in settlement of debt of customers	50 530 450	51 445 450
	50 530 450	51 445 450

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

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Amounts related to the ATM, visa accounts, visa installments, and the electronic wallet	90 117 098	65 095 601
Others	23 290 117	16 317 966
	113 407 215	81 413 567

15-A Deferred Tax
30 June 2023

<i>In Egyptian Pound</i>	<u>Assets</u>	<u>Liabilities</u>	<u>Total</u>
Deferred Tax Assets	98 955 750	-	98 955 750
Deferred Tax Liabilities (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 2022

<i>In Egyptian Pound</i>	<u>Assets</u>	<u>Liabilities</u>	<u>Total</u>
Deferred Tax Assets	98 955 750	-	98 955 750
Deferred Tax Liabilities (Fixed assets depreciation)	-	(15 207 933)	(15 207 933)
Total Deferred Tax Assets (Liabilities)	98 955 750	(15 207 933)	83 747 817

15-B Income tax expenses

<i>In Egyptian Pound</i>	30 June 2023	30 June 2022
Corporate Tax Expenses	249 900 000	74 800 000
Treasury bills and bonds revenues taxes	337 038 168	189 125 376
Dividend tax	189 292	132 336
Deferred tax - Expenses	-	(2 000 000)
	587 127 460	262 057 712

16- Property and equipment
30 June 2023

	<u>Land</u>	<u>Buildings and constructions</u>	<u>Integrated automated systems</u>	<u>Vehicles</u>	<u>Tools and equipment</u>	<u>Leasehold fixtures</u>	<u>Furniture</u>	<u>Other fixtures</u>	<u>Total</u>
<i>In Egyptian Pound</i>									
Cost at the beginning of the Period	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
Additions during the Period	-	-	6 974 434	-	1 632 806	53 159 224	2 525 797	-	64 292 261
Disposals	-	(8 745 000)	-	-	-	(2 439 975)	-	-	(11 184 975)
Cost as at 30 June 2023	316 146 523	35 170 303	239 706 998	3 577 001	77 293 769	263 481 565	26 622 775	9 987 731	971 986 665
Accumulated depreciation at the beginning of the Period	-	14 524 147	143 075 417	1 508 313	69 804 264	166 025 339	17 506 929	9 987 731	422 432 140
Depreciation for the Period	-	452 769	21 563 527	335 500	2 889 361	10 651 945	640 935	-	36 534 037
Disposals accumulated depreciation	-	(2 302 850)	-	-	-	(2 382 855)	-	-	(4 685 705)
Accumulated depreciation as at 30 June 2023	-	12 674 066	164 638 944	1 843 813	72 693 625	174 294 429	18 147 864	9 987 731	454 280 472
Net book value as at 30 June 2023	316 146 523	22 496 237	75 068 054	1 733 188	4 600 144	89 187 136	8 474 911	-	517 706 193

16- Property and equipment

31 December 2022

<i>In Egyptian Pound</i>	<u>Land</u>	<u>Buildings and constructions</u>	<u>Integrated automated systems</u>	<u>Vehicles</u>	<u>Tools and equipment</u>	<u>Leasehold fixtures</u>	<u>Furniture</u>	<u>Other fixtures</u>	<u>Total</u>
Cost at the beginning of the Period	-	56 956 468	212 652 685	1 520 001	74 747 924	184 517 823	20 520 888	9 987 731	560 903 520
Additions during the Period	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 Period	-	18 312 822	106 770 755	871 596	57 127 649	148 186 910	16 038 474	9 987 731	357 295 937
Depreciation for the Period	-	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

17- Due to banks

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Local banks		
Current accounts	3 525 229	1 668
	3 525 229	1 668
Foreign banks		
Current accounts	74 652 173	301 401 030
Time deposits	-	2 105 038 000
	74 652 173	2 406 439 030
	78 177 402	2 406 440 698
Non-interest bearing balances	78 177 402	301 402 698
Interest bearing balances	-	2 105 038 000
	78 177 402	2 406 440 698

18- Customers' deposits

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Demand deposits	16 220 135 722	16 787 849 586
Time and callable deposits	47 317 597 398	49 247 167 762
Saving and deposit certificates	8 341 220 207	7 643 381 191
Saving deposits	1 268 974 987	1 244 368 406
Other deposits	615 312 508	569 674 307
Total Customers' deposits	73 763 240 822	75 492 441 252
Interest in Advance on USD deposits for retail	(60)	(416)
Net Customers' deposits	73 763 240 762	75 492 440 836
Corporate & SMEs deposits	61 473 671 182	64 359 486 314
Retail deposits	12 289 569 580	11 132 954 522
	73 763 240 762	75 492 440 836
Non-interest bearing balances	3 968 528 279	3 293 401 662
Interest bearing balances	69 794 712 483	72 199 039 174
	73 763 240 762	75 492 440 836

19- Other liabilities

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Accrued interest	1 017 066 533	353 397 912
Unearned revenue	40 860	41 772
Accrued expenses	104 781 017	83 597 590
Creditors	9 840 821	5 355 570
Other credit balances *	868 065 661	672 204 174
	1 999 794 892	1 114 597 018

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

<i>in Egyptian pounds</i>	30 June 2023	31 December 2022
Stamp duty	18 861 367	16 635 345
Treasury bills taxes	272 020 913	266 945 126
Income Corporate Tax	258 602 198	168 519 170
Taxes under settlement	2 133 144	2 379 351
Staff Taxes and Insurance	13 790 566	12 124 199
Amount of contractors Insurance being held until paid Social Insurance	3 094 086	3 054 759
Amounts collected from insurance companies under settlement	2 267 451	17 797 737
Clearance cheques (Are to be settled in next day)	248 021 355	152 446 638
Letters of credit deductibles	776 614	794 016
ATM suspense amounts	963 641	6 869 101
Coupons of Certificates Deposits accrued did not paid to their owners	158 623	158 623
Amounts paid under debts settlements of some customers	794 675	830 225
Banking Support and Development Fund	15 305 596	8 734 642
Other Amounts	31 275 432	14 915 242
	868 065 661	672 204 174

20- Other provisions
30 June 2023

<i>In Egyptian Pound</i>	Balance at the beginning of the Period	Charged during the Period	Foreign currencies revaluation differences	Utilized during the Period	Refunds from utilized provisions previously	Balance at Period end
Provision for potential claims **	64 564 418	17 000 000	-	(27 324 242)	-	54 240 176
Contingent liabilities provision	31 990 618	3 173 209	2 535 113	-	-	37 698 940
Other provisions *	5 842 266	-	-	-	-	5 842 266
Loans commitment provisions	768 651	12 326 463	-	-	-	13 095 114
	103 165 953	32 499 672	2 535 113	(27 324 242)	-	110 876 496

31 December 2022

<i>In Egyptian Pound</i>	Balance at the beginning of the Year	Charged during the Year	Foreign currencies revaluation differences	Utilized during the Year	Refunds from utilized provisions previously	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
Total Provisions	55 700 189	55 426 503	3 341 650	(12 645 577)	1 343 188	103 165 953

*The other provisions balance as at 30 June 2023 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 30 June 2023 is as follows:

Tax disputes provision	45 928 397
Legal claims provision	8 311 778
Provisions for leave balances	-
	54 240 175

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 June 30, 2022 distributed among 892,857 shares with par value of LE 5.60.

the extra ordinary general assembly dated 16 March 2023 approved the increase in the Issued and paid-up capital from EGP 5 billion to EGP 5,250 billion that by distributing one bonus shares for every 20 original shares owned by shareholder from net profit of year ended 31-12-2022 , The necessary procedures are being taken with the relevant administrative authorities to amend the Articles of Association and marking the increase in the issued and paid-up capital.

30 June 2023

<i>In Egyptian pound</i>	<u>Number of shares</u>	<u>Ordinary shares value</u>	<u>Total</u>
Balance at the beginning of the Period	892 857 143	5 000 000 001	5 000 000 001
Balance at the end of the Period	892 857 143	5 000 000 001	5 000 000 001

31 December 2022

<i>In Egyptian pound</i>	<u>Number of shares</u>	<u>Ordinary shares value</u>	<u>Total</u>
Balance at the beginning of the 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

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 June 30 , 2023:

<i>In Egyptian pound</i>	30 June 2023	31 December 2022
Legal reserve formed in accordance with the bank's article of association	412 135 842	311 089 891
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	381 196 639	326 442 419
General banking risk reserve	661 408 983	661 408 983
Revaluation differences for available for sale investments	(341 315 691)	(262 250 024)
Balance at the end of the Period / year	1 124 930 766	1 048 196 262

The changes in the reserves are represented in the following:

A- Legal Reserve

<i>In Egyptian pound</i>	30 June 2023	31 December 2022
Balance at the beginning of the Period / Year	311 089 891	263 787 540
Changes during the Period / Year	101 045 951	47 302 351
Balance at the end of the Period / Year	412 135 842	311 089 891

B- Capital Reserve

<i>In Egyptian pound</i>	30 June 2023	31 December 2022
Balance at the beginning of the Period / Year	326 442 419	89 220 084
Changes during the Period / Year	54 754 220	237 222 335
Balance at the end of the Period / Year	381 196 639	326 442 419

C- General banking risk reserve

<i>In Egyptian pound</i>	30 June 2023	31 December 2022
Balance at the beginning of the Period / Year	661 408 983	308 044 899
Transferred from general risk reserve	-	353 364 084
Balance at the end of the Period / Year	661 408 983	661 408 983

D- Fair value reserve – Investment through OCI

<i>In Egyptian pound</i>	30 June 2023	31 December 2022
Balance at the beginning of the Period / Year	(262 250 024)	15 750 553
Net change in the fair value	(69 680 447)	(304 316 775)
Expected Credit loss impact	(15 261 813)	22 339 601
Expected Credit loss impact Foreign currencies revaluation differences	5 876 593	3 976 597
Balance at the end of the Period / Year	(341 315 691)	(262 250 024)

F- Retained earnings

<i>In Egyptian pound</i>	30 June 2023	31 December 2022
<u>Movement on retained earnings</u>		
Balance at the beginning of the Period / Year	1 005 669 351	725 127 275
- Transferred to legal reserve	(101 045 951)	(47 302 351)
- Employees share in the profit	(106 521 373)	(71 024 585)
- Board of directors remuneration	(12 000 000)	(12 000 000)
- Transferred to Capital reserve	(54 754 220)	(237 222 335)
- Dividend shareholders	(249 999 999)	(73 740 713)
-Transformer of the Banking System Support and Development Fund	(6 570 954)	(4 402 515)
Retained earnings	474 776 854	279 434 776
Net profit for the Period / Year	816 832 129	1 065 213 734
-Transferred to General Banking Risk reserve	-	(350 321 388)
-Transferred to General Banking Risk reserve (Assets revert to the bank)	-	(3 042 696)
- 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 Period / Year	1 291 608 983	1 005 669 351

Notes to Condensed Interim Financial Statements for Period Ended June 30, 2023
22- Cash and cash equivalents

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

<i>In Egyptian Pound</i>	30 June 2023	31 March 2022
Cash and due from Central Bank of Egypt (Note no 6)	521 439 657	261 523 201
Due from banks (Note no 7)	13 641 580 562	1 188 224 588
Treasury bills and the governmental notes (Note no 8)	1 206 225 000	3 054 175 000
	15 369 245 219	4 503 922 789

23- Contingent liabilities and commitments

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
Loan Commitments – Irrevocable	371 658 263	320 863 486
Letter of guarantee	8 890 282 892	7 118 740 504
Letters of guarantees based on other banks requests	11 923 436 688	9 276 319 622
Letter of credit	218 239 188	135 934 752
Other contingent liabilities	556 393 777	607 064 896
	21 960 010 808	17 458 923 260

24- Net interest income

<i>In Egyptian Pound</i>	30 June 2023	31 March 2022
<u>Loans interest and similar revenues</u>		
Loans, facilities and deposits at banks		
Deposits at banks	976 802 491	353 416 907
Loans and facilities to clients	2 600 550 845	1 462 268 347
Total loans & banks	3 577 353 336	1 815 685 254
Treasury bills	1 520 799 716	673 584 779
Investment in available for sale and held to maturity debt instruments	506 378 375	339 913 602
Total Debt instruments	2 027 178 091	1 013 498 381
Total Loans interest and similar revenues	5 604 531 427	2 829 183 635
<u>Interest expense and similar charges</u>		
Deposits and current accounts:		
To banks	(11 216 283)	(708 805)
To clients	(3 601 302 372)	(1 674 747 830)
Other Loans & REPO	(450 140)	(600 717)
Total Interest expense and similar charges	(3 612 968 795)	(1 676 057 352)
Net interest income	1 991 562 632	1 153 126 283

25- Dividends income

<i>In Egyptian Pound</i>	30 June 2023	31 March 2022
Financial securities through OCI	2 000 135	1 323 360
	2 000 135	1 323 360

26- Net trading income

<i>In Egyptian Pound</i>	30 June 2023	31 March 2022
Gains from debt and equity instruments At fair value through profit and loss	1 043 318	-
	1 043 318	-

27- Gains from financial investments

<i>In Egyptian Pound</i>	30 June 2023	31 March 2022
Gains on sale of treasury bills	3 870 700	12 867 845
Gain on Sale of debt instruments through OCI	8 697 750	-
	12 568 450	12 867 845

28- Charge of impairment for expected credit losses

<i>In Egyptian Pound</i>	30 June 2023	31 March 2022
Loans and advances - Impairment charge	349 397 070	209 112 118
Due from banks - Impairment charge	(4 634 928)	2 340 613
Financial investments at fair value through OCI - Impairment charge (reverse)	(15 261 813)	4 089 884
	329 500 329	215 542 615

29- Administrative expenses

<i>In Egyptian Pound</i>	30 June 2023	31 March 2022
Labor cost		
Wages and salaries	238 236 283	197 270 711
Social insurance	13 980 082	11 579 020
Total Labor cost	252 216 365	208 849 731
Other administrative expenses*	300 629 410	217 996 749
	552 845 775	426 846 480

* Other administrative expenses

<i>In Egyptian Pound</i>	30 June 2023	31 March 2022
Depreciation and amortization	55 067 447	54 466 990
Subscriptions	34 581 345	15 352 289
Taxes and fees	56 594 144	40 905 895
Repair and maintenance	73 368 599	37 785 966
Insurance	5 031 167	3 331 009
Advertising	3 085 553	8 745 931
Security and cleaning	15 457 696	10 993 927
Electricity water mail swifts & Gas	9 680 842	8 936 216
Hospitality	4 908 771	1 686 512
Stationary & Prints	3 433 562	1 532 397
Expenses and commissions for sales and customer service representatives	21 850 732	21 868 134
Community Contribution and Donations	3 464 149	3 263 305
Others	14 105 403	9 128 178
	300 629 410	217 996 749

30- Other operating revenues (expenses)

<i>In Egyptian Pound</i>	30 June 2023	31 March 2022
Gains from revaluation of assets and liabilities in foreign currencies and foreign exchange earnings	21 143 526	22 323 403
Gains from sale of fixed assets	36 500 730	70 650 607
Other provision formed	(32 499 671)	(24 168 144)
Assets rent expense	(79 144 374)	(66 849 571)
Gains from assets reverted to the bank	(302 829)	(842 991)
	(54 302 618)	1 113 304

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.

<i>In Egyptian Pound</i>	30 June 2023	31 March 2022
Net profit for the Period	816 832 129	506 876 477
Deduct: Employees share	(81 683 213)	(50 687 648)
Deduct: B.O.D. remuneration	(16 000 000)	(7 685 800)
Deduct: Banking Support and Development Fund	(1 732 392)	(1 338 039)
distributed net profit	717 416 524	447 164 990
Weighted average number of shares	892 857 143	892 857 143
Earnings per share	0.80	0.50

32- Capital commitments

The uncalled capital commitments related to the financial investments at the balance sheet date amounted to EGP 556,393,777 as follows:

<i>In Egyptian Pound</i>	Commitments	Amount Paid	Unclaimed / unpaid amount
Obligations for leases	556 393 777	-	556 393 777
	556 393 777	-	556 393 777

Notes to Condensed Interim Financial Statements for Period Ended June 30, 2023**33- Effective average interest rates during the Period**

The average interest rates on assets 16.1% and liabilities 11.5% during the Period.

34- Transactions with related parties

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

<i>In Egyptian Pound</i>	30 June 2023	31 December 2022
<u>Nature of transactions</u>		
Due from banks	15 126 660	39 755 985
Due to banks	49 649 844	444 607 873
Contingent liabilities and commitment	7 662 485 848	6 064 338 909

35- Tax status

First : Corporate income tax

Years from establishment till 2018

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

Year 2019

- Year 2019 under inspection and according to the opinion of the tax consultant, the expected inspection result in a tax differences of approximately EGP 10 million and in addition to EGP 5 million tax on independent pool, provision was fully formed.

Year 2020/2022

- The bank submitted the tax return for these years and not inspected till date and according to the opinion of the tax consultant, the expected inspection result in a tax differences of approximately EGP 30 million in addition to EGP 15 million tax on independent pool, provision is created sequentially.

The tax rate for the period ended 30 June 2023 reached 41.8 %

Second : Stamp duty tax

Years till December 2020

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

Year 2021/2022

Not Investigated yet and according to the opinion of the tax consultant, the expected inspection result in a tax differences of approximately EGP 10 million, was fully formed.

Third : Payroll Tax

Years from establishment till 2020

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

Year 2021\2022

Not inspected yet and according to the opinion of the tax consultant, the expected inspection result in a tax differences of approximately EGP 10 million, was fully formed.

36-Comparative figures

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