

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

**FINANCIAL STATEMENTS  
For the Year Ended 31 December 2023  
AND AUDITORS' REPORT**



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**FOR THE YEAR ENDED 31 December 2023**  
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## **AUDITORS' REPORT**

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

#### **Report on the financial statements**

We have audited the accompanying financial statements of Abu Dhabi Commercial Bank – Egypt (S.A.E), which comprise the statement of financial position as at 31 December 2023, and the statements of income, other comprehensive income, change in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

### Opinion

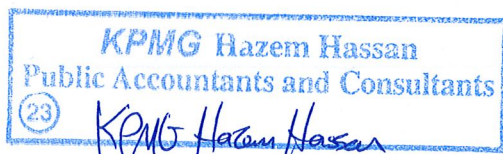
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the bank as of December 31, 2023 and of its financial performance and its cash flows for the year then ended in accordance with central bank of Egypt's rules, pertaining to the preparation and presentation & the financial statements, issued on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations relating to the preparation of these financial statements.

### Report on Other Legal and Regulatory Requirements

According to the information and explanations given to us during the financial year ended December 31, 2023, no contravention of the Central Bank, Banking Sector Law No. 194 of 2020.

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

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



KPMG Hazem Hassan  
Public Accountants & Consultants

Auditors



MOORE Egypt  
Public Accountants & Consultants

Cairo, February 5, 2024

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**ABU DHABI COMMERCIAL BANK– EGYPT (S.A.E)****Statement of Financial Position As OF December 31, 2023**

<i>In Egyptian Pound</i>	Note	31 December 2023	31 December 2022
<b>Assets</b>			
Cash and due from Central Bank of Egypt	(6)	11 476 534 067	11 957 062 397
Due from banks	(7)	16 497 324 011	11 823 057 068
Treasury bills at fair value through other comprehensive income	(8)	25 890 525 144	23 511 576 216
Loans and advances to customers	(9)	35 943 119 007	29 781 734 796
<b>Investments :</b>			
- At Amortized Cost	(10)	78 570 493	96 210 105
- At fair value through other comprehensive income	(11)	5 859 956 794	7 206 940 908
Investments in associates	(12)	100	100
Deferred Tax Assets	(15)	100 457 328	83 747 817
Intangible assets	(13)	61 088 294	35 077 156
Other assets	(14)	1 632 619 406	1 178 656 317
Property and equipment	(16)	523 901 345	496 447 239
<b>Total assets</b>		<b>98 064 095 989</b>	<b>86 170 510 119</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Due to banks	(17)	90 888 620	2 406 440 698
Customers' deposits	(18)	86 635 033 597	75 492 440 836
Other liabilities	(19)	1 948 690 802	1 114 597 018
Other provisions	(20)	156 517 712	103 165 953
<b>Total liabilities</b>		<b>88 831 130 731</b>	<b>79 116 644 505</b>
<b>Shareholders' equity</b>			
Paid-in capital	(21)	5 250 000 000	5 000 000 001
Reserves	(21)	1 205 428 396	1 048 196 262
Retained earnings	(21)	2 777 536 862	1 005 669 351
<b>Total shareholders' equity</b>		<b>9 232 965 258</b>	<b>7 053 865 614</b>
<b>Total liabilities and shareholders' equity</b>		<b>98 064 095 989</b>	<b>86 170 510 119</b>

- 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 year ended December 31, 2023**

<i>In Egyptian Pound</i>	Note	31 December 2023	31 December 2022
Interest income on loans and similar revenues	(24)	12 376 666 030	7 670 334 755
Interest expense and similar charges	(24)	(7 800 647 088)	(4 782 909 653)
<b>Net interest income</b>		<b>4 576 018 942</b>	<b>2 887 425 102</b>
Fees and Commissions income		677 520 875	501 790 694
Fees and Commissions expenses		(33 462 433)	(22 389 377)
<b>Net fees and commissions income</b>		<b>644 058 442</b>	<b>479 401 317</b>
Dividends income	(25)	2 531 111	1 323 360
Net trading income	(26)	1 043 318	-
Gains from financial investments	(27)	16 226 991	21 208 610
Expected credit losses impairment	(28)	(690 770 272)	(637 583 866)
Administrative expenses	(29)	(1 267 821 433)	(928 048 910)
Other operating expenses	(30)	(179 412 757)	(157 969 367)
<b>Profit for the year before income tax</b>		<b>3 101 874 342</b>	<b>1 665 756 246</b>
Income tax expenses	(15)	(1 054 737 750)	(600 542 512)
<b>Net profit for the year</b>		<b>2 047 136 592</b>	<b>1 065 213 734</b>
<b>Earnings per share (EGP)</b>	(31)	<b>1.90</b>	<b>1.05</b>

- 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 year ended December 31, 2023**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Net profit for the year</b>	<b>2 047 136 592</b>	<b>1 065 213 734</b>
<b>Items that are not reclassified to profit or loss</b>		
Net change in the fair value of investments in equity instruments at fair value through other comprehensive income	79 221 582	-
Income tax related to items that are not reclassified to profit or loss	(17 824 856)	-
<b>Items that may be reclassified to profit or loss</b>		
Net change in the fair value of investments at fair value through other comprehensive income	177 835 288	(300 340 178)
Income tax related to items that may be reclassified to profit or loss	( 40 012 940)	67 576 540
Expected credit losses on debt instruments at fair value through other comprehensive income	3 391 892	22 339 601
<b>Total other comprehensive income for the year, net after tax</b>	<b>202 610 966</b>	<b>(210 424 037)</b>
<b>Total comprehensive income for the year, net after tax</b>	<b>2 249 747 558</b>	<b>854 789 697</b>

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



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

### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY For The year ended 31 December 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>
<b>Year ended 31 December 2022</b>									
<b>Balance as at January 1, 2022 before distribution</b>	<b>1 474 814 253</b>	<b>3 525 185 748</b>	<b>263 787 540</b>	<b>11 504 993</b>	<b>89 220 084</b>	<b>308 044 899</b>	<b>15 750 553</b>	<b>725 127 275</b>	<b>6 413 435 345</b>
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	-	-	-	-	-	353 364 084	-	(353 364 084)	-
Net of change in fair value of financial investments through OCI	-	-	-	-	-	-	(278 000 577)	-	(278 000 577)
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	(3 525 185 748)	-	-	-	-	-	-	-
Net profit for the Year December 31 2022	-	-	-	-	-	-	-	1 065 213 734	1 065 213 734
<b>Balance as at 31 December 2022</b>	<b>5 000 000 001</b>	<b>-</b>	<b>311 089 891</b>	<b>11 504 993</b>	<b>326 442 419</b>	<b>661 408 983</b>	<b>(262 250 024)</b>	<b>1 005 669 351</b>	<b>7 053 865 614</b>
<b>Year ended 31 December 2023</b>									
<b>Balance as at January 1, 2023 before distribution</b>	<b>5 000 000 001</b>	<b>-</b>	<b>311 089 891</b>	<b>11 504 993</b>	<b>326 442 419</b>	<b>661 408 983</b>	<b>(262 250 024)</b>	<b>1 005 669 351</b>	<b>7 053 865 614</b>
Profit distribution (Staff & BOD members) - 2022	-	-	-	-	-	-	-	(118 521 373)	(118 521 373)
Bonus 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)
Transfer from General Risk Reserve	-	-	-	-	-	(255 624 907)	-	255 624 907	-
Net of change in fair value of financial investments through OCI	-	-	-	-	-	-	257 056 870	-	257 056 870
Disposal Loss financial Assets Fair value through OCI	-	-	-	-	-	-	-	(1 491)	(1 491)
Paid under capital increase	249 999 999	(249 999 999)	-	-	-	-	-	-	-
Net profit for the Year December 31 2023	-	-	-	-	-	-	-	2 047 136 592	2 047 136 592
<b>Balance as at December 31 2023</b>	<b>5 250 000 000</b>	<b>-</b>	<b>412 135 842</b>	<b>11 504 993</b>	<b>381 196 639</b>	<b>405 784 076</b>	<b>(5 193 154)</b>	<b>2 777 536 862</b>	<b>9 232 965 258</b>

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

<i>In Egyptian Pound</i>	<b>Note</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b><u>Cash flow from operating activities</u></b>			
Net profit for the Year before tax		3 101 874 342	1 665 756 246
<b><u>Adjustments to reconcile net profit to cash flow from operating activities</u></b>			
Depreciation and amortization	(13,16)	107 754 968	113 683 757
Reversed charged during the Year-other provisions	(20,30)	89 229 728	55 426 503
Reversed charged during the Year-due from banks	(7,28)	( 271 519)	4 085 343
Foreign revaluation differences for other provisions	(20)	2 591 512	3 341 650
Gain on sale of fixed assets	(30)	(36 500 730)	(70 650 607)
Dividends payable	(25)	(2 531 111)	(1 323 360)
<b>Operating profit before changes in assets and liabilities from operating ctivities</b>		<b>3 262 147 190</b>	<b>1 770 319 532</b>
<b><u>Cash flow from operating activities</u></b>			
Change in due from banks	(7)	1 069 978 419	(1 352 787 169)
Change in due from Central Bank of Egypt within reserve percentage	(6)	667 455 149	(7 657 799 409)
Change in treasury bills and other governmental notes	(8)	138 626 504	(13 842 552 366)
Change in loans and advances to banks	(9)	(6 162 626 021)	(8 547 573 644)
Change in other assets	(14)	9 564 647	(320 024 916)
Change in due to bank	(17)	(2315 552 078)	2 260 909 937
Change in customers' deposits	(18)	11 142 592 761	34 382 704 201
Change in used from other provisions	(20)	(38 469 481)	(11 302 389)
Change in other liabilities	(19)	1 839 644 719	1 409 231 343
Change in income tax paid		(935 072 391)	(452 674 093)
<b>Net cash flow provided from operating activities</b>		<b>8 678 289 418</b>	<b>7 638 451 027</b>

<i>In Egyptian Pound</i>	Note	31 December 2023	31 December 2022
<b><u>Cash flow from investing activities</u></b>			
Payments to purchase fixed assets and establishments of branches		(631 247 217)	(481 703 911)
Proceeds from sale of fixed assets		42 999 999	79 067 089
Retrieval of financial investments - Amortized cost	(10)	17 905 000	546 251 000
Purchase of financial investment Amortized cost, net investment Fair Value through OCI and in associates	(10, 11)	1 506 333 606	(2 561 133 036)
Reversed charged during the Year provision at fair value through OCI		2 481 072	26 316 198
Dividends received	(25)	2 531 111	1 323 360
<b>Net cash flow provided from (used in) investing activities</b>		<b>941 003 571</b>	<b>(2 389 879 300)</b>
<b><u>Cash flow from financing activities</u></b>			
Refund part of the BOD remuneration		-	15 446 896
Dividends paid		(125 092 327)	(161 167 813)
<b>Net cash flow (used in) financing activities</b>		<b>(125 092 327)</b>	<b>(145 720 917)</b>
<b>Net (decrease) increase in cash and cash equivalents during the Year</b>		<b>9 494 200 662</b>	<b>5 102 850 810</b>
Cash and cash equivalents at the beginning of the Year		9 993 404 997	4 890 554 187
<b>Cash and cash equivalents at the end of the Year</b>		<b>19 487 605 659</b>	<b>9 993 404 997</b>
<b><u>For the purpose of preparing the statement of cash flow, the cash and cash equivalent comprise of the following</u></b>			
Cash and due from Central Bank of Egypt	(6)	11 476 534 067	11 957 062 397
Due from banks	(7)	16 501 816 207	11 827 820 783
Treasury bills and other governmental notes	(8)	28 914 626 131	25 489 952 635
Due from Central Bank within reserve percentage		(10 985 647 374)	(11 653 102 523)
Due from banks (over 3 months maturity)		(1 239 122 241)	(2309 100 660)
Treasury bills and other governmental notes (over 3 months maturity)		(25 180 601 131)	(25 319 227 635)
<b>Cash and cash equivalents at the end of the Year</b>		<b>19 487 605 659</b>	<b>9 993 404 997</b>

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

**Proposed Profits appropriation Statement**
**For The Year Ended 31 December 2023**

In Egyptian Pound	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Net profit for the year based on the income statement</b>	<b>2 047 136 592</b>	<b>1 065 213 734</b>
<b><u>Deduct:</u></b>		
Gain from sale of fixed assets transferred to Capital reserve according to the statue of law *	(28 288 066)	(54 754 220)
General Banking Reserve (Change in Loans and Advances Reserve)	-	(350 321 388)
Transferred to Retained earnings (Change in Assets Revert to the bank Reserve)	(1 351 557)	(3 042 696)
Add:		
General Banking Reserve (Change in Loans and Advances Reserve)	256 976 464	-
<b>Distributable net profit</b>	<b>2 274 473 433</b>	<b>657 095 430</b>
Add:		
Retained earnings as at beginning of the Year	474 776 854	279 434 776
Refund part of the B.O.D. remuneration	-	15 446 896
Deduct		
Disposal Loss financial Assets Fair value through OCI - Equity	( 1 491)	(1 061 971)
<b>Total</b>	<b>2 749 248 796</b>	<b>950 915 131</b>
<b><u>Distributed as follows:</u></b>		
Legal reserves	201 884 853	101 045 951
Shareholders 1st Dividend **	262 500 000	250 000 000
Employees share	227 447 343	106 521 373
B.O.D. remuneration	18 000 000	12 000 000
Banking Support and Development Fund ***	22 744 734	6 570 953
Retained earnings as at end of the Year	2 016 671 866	474 776 854
<b>Total</b>	<b>2 749 248 796</b>	<b>950 915 131</b>

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

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

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

## **1- Background**

Abu Dhabi Commercial Bank - Egypt provides retail, corporate and investment banking services in Arab Republic of Egypt and abroad through 50 branches and employs 1227 employees as at 31 December 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, 50 branches and 193 ATM, the bank is unlisted on Egyptian stock exchange since March 25, 2020.

Board of Directors dated January 24, 2024 approved the adoption of the Financial Statements for Year Ended December 31, 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 presented, unless otherwise disclosed.

### **A- Basis of preparation**

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

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

**B- Changes in accounting policies :**

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

**Classification of financial assets and the financial liabilities:**

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

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

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

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

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

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

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

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

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

**Business model evaluation:**

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

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

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

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

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

**Impairment of financial assets:**

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

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

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

**Stage 1 : Expected Credit Loss for 12 months**

The first stage includes financial assets at initial recognition that do not involve a significant increase in credit risk since the first recognition or involve relatively low credit risk.

For these assets ,expected credit losses over 12 months are recognized and interest is calculated on the total carrying amount of the assets) excluding provision for credit ( .12-month expected credit losses are the expected credit losses that may result from potential failures within 12 months after the reporting date.

**Stage 2: Lifetime credit loss - no credit impairment**

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

**Stage 3 : Lifetime expected credit loss - impairment of credit**

The third stage includes financial assets with objective evidence of impairment at the date of the financial statements: For these assets, expected lifetime credit losses are recognized.

According to the instructions of the Central Bank of Egypt on February 26, 2019 ,the IFRS 9 As of 01 January 2019, the Bank has measured the effect of applying the standard in accordance with the above instructions.



## **C- Investments in subsidiaries and associates**

### **C-1 Investments in subsidiaries**

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

### **C-2 Investments in associates**

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

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

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

## **D-Segment reporting**

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

## **E- Foreign currency translation**

### **E-1 Functional Currency**

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

### **E-2 Transactions and balances in foreign currencies**

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

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

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

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

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

the valuation differences measured at fair value of equity instruments through other comprehensive income in other comprehensive income items of property rights Ben d reserve the fair value of financial investments at fair value through other comprehensive income .

## **F- Financial assets**

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

### **F-1 Financial assets at amortized cost:**

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

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

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

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

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

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

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

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

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

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

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

**The characteristics of the business model are as follows:**

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

**G- Treasury bills through other comprehensive income**

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

**H- Loans and Advances**

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

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

**I- Financial investments at amortized cost**

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

**J- Financial investments through other comprehensive income**

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

**K-Financial assets at fair value through profit or loss**

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

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

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

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

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

**The following applies to financial assets:**

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

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

#### **L- Offsetting of financial instruments**

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Treasury bills, Repos and reverse Repos agreements are netted on the balance sheet and disclosed under treasury bills and other governmental securities.

#### **M- Derivative financial instruments and hedge accounting**

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

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

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

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

**O-Interest income and expense**

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

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

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



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

#### **P- Fees and commission income**

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

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

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

**Q-Dividend income**

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

**R- Purchase and resale agreements and sale and repurchase agreements**

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

**S- Impairment of financial assets**

The bank reviews for all financial assets with the exception of financial assets that are measured at fair value through profit or loss to estimate the extent of the impairment value as described below.

Financial assets at the date of the financial statements are classified into three stages:

- Stage 1** : financial assets that did not witness a substantial increase in credit risk since the date of initial recognition, and credit loss is expected to have a 12 - month account.
- Stage 2** : Financial assets that have experienced a significant increase in credit risk since the initial recognition or date of recognition, and the expected credit loss is calculated over the life of the asset.
- Stage 3** : Financial assets that have suffered impairment and require the expected credit loss over the life of the asset based on the difference between the carrying amount of the instrument and the present value of expected future cash flows.

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

- A low-risk financial instrument is classified at initial recognition in the first stage and credit risk is monitored on an ongoing basis by the Bank's credit risk department .
- If it is determined that there has been a significant increase in credit risk since the initial recognition ,the financial instrument is transferred to the second stage where it is not yet considered impaired at this stage.
- If there is any indication that the value of a financial instrument will be impaired, it will be transferred to the third stage.
- Financial assets created or acquired by the Bank are classified as having a higher credit risk rate than the Bank's low risk financial assets at the time of initial recognition of the second Stage ,and therefore the expected credit losses are measured based on the expected credit losses over the life of the asset.
  
- Substantial increase in the credit risk:  
The Bank considers that the financial instrument has seen a significant increase in credit risk when one or more of the following quantitative and qualitative criteria ,as well as factors relating to default are met.
  
- Quantitative standards:  
When the probability of failure during the remaining life of the instrument increases from the date of the financial position compared to the probability of failure during the remaining life expectancy at initial recognition in accordance with the risk structure acceptable to the bank.
  
- Qualitative standards:  
Bank retail loans and small and micro businesses  
If the borrower encounters one or more of the following:
  - The borrower has applied to convert the short-term to long-term repayments due to the negative effects of the borrower's cash flows .
  - Recurring previous arrears during the previous 12 months.
  - Negative future economic changes that affect the borrower' s future cash flows .

**Institutional and Medium Enterprise Loans:**

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

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

- **Stop payment:**

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

**Progression between stages (1,2,3):****Progress between the second stage to the first stage:**

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

**Progress from stage 3 to stage 2:**

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

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

**T- Investment property**

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

**U- Intangible assets****Computer Software**

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

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

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

**V- Fixed assets**

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

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

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

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

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

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

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

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

#### **W- Impairment of non-financial assets**

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

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

**X- Finance Leases**

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

**X-1 Leasing**

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

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

**X-2 Leasing out**

Lease assets are accounted for in the fixed assets caption in the balance sheet and are depreciated over the assets expected useful life using the same method applicable to similar assets.

Rent revenues are recognized based on the rate of return of the lease contract in addition to an amount similar to the depreciation cost for the period, the difference between the rent revenue recognized in the income statement and total trade receivables (lease) until the end of the lease contract which is used to perform clearance with the net book value for the leased assets, maintenance and insurance expenses are charged to the income statement when incurred to the extent not endured by the lessee.

When objective evidence is obtained that the bank will not be able to collect all capital leases due balances then these balances will be reduced to the estimated recoverable values.

Operating lease asset are accounted for in the fixed assets caption in the balance sheet and is depreciated over the asset's expected useful life using the same method applicable to similar assets, the lease rent income less any discount granted to the lessee will be recognized to the income statement using the straight line method over the contract term.

**Y- Cash and cash equivalents**

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

**Z- Other provisions**

Provisions for restructuring costs and legal claims are recognized when the bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determined, taking into consideration the group of obligations as a whole, a provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.

refund other provisions whose purpose is totally or partially negligible under the item other operating income (expenses).

**AA- Employees' benefits****AA-1 Pension benefits obligations**

The bank manages a retirement benefit plan based on a defined contribution plan, Represents commitments on the bank defined contribution plan, retirement regulations where the bank pays fixed contribution amount to a separate entity and there is no legal or imperative to pay further contribution, if the entity has not established sufficient assets to pay all the employees benefits related to their service whether in current or previous periods.

Regarding the defined contribution plans, the bank pays contributions according to the retirements insurance regulations in the public and private sectors on a contractual basis either mandatory or voluntary and the bank has no further obligations following the payment of contributions, these shall be contributions recognized within the employees' benefits expenses when maturing.



**AA-2 End of service benefits obligation**

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

**BB- Income tax**

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

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

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

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

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

**CC- Borrowings**

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

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

**DD- Capital****DD-1 Capital cost**

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

**DD-2 Dividends**

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

**EE- Fiduciary activities**

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

**FF- Comparative figures**

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

**GG- Subsequent Events to the date of the financial statements**

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

Two types of events may be identified:

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

### **3- Financial risk management**

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

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

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

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

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

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

#### **A- Credit risk**

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

**A-1 Credit risk measurement****Loans and advances to banks and customers**

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

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

**Bank's internal rating grades**

<b>Rating description</b>	<b><u>Rating</u></b>
Performing loans	1
Regular watching	2
Watch list	3
Non-performing loans	4

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

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

The bank uses external ratings such as Standard and Poor rating, or its equivalent for managing the credit risk and if these measurements weren't available, other methods like those applied on credit customers are used, Investments in securities and bills are

considered a way of having better credit quality and an available source to face future finance requirements.

## **A-2 Limiting and preventing risks policies**

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

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

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

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

Collaterals: -

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

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

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

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

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

### A-3 Impairment and provisioning policies

The internal rating systems described in note (A/1) focus more on credit-quality at the inception of lending and investment activities, Otherwise, impairment provisions recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below, Due to the different methodologies applied, despite different methods are applied there was no material impact for potential credit loss in the financial statement by the amount of loss estimated using expected loss model used as at 31 December 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, 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-3 General module to measure banking general risk**

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

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

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

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

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

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

<i>In Egyptian pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Treasury bills and other governmental securities through OCI	28 914 626 131	25 489 952 635
<b>Customers loans and advances</b>		
<b>Retail loans:</b>		
Overdraft Accounts	36 071 513	79 312 969
Personal loans	7 794 558 402	7 542 748 469
Real Estate Finance loans	171 809 192	187 398 433
Credit cards	278 027 181	132 846 176
<b>Corporate loans:</b>		
Overdraft Accounts	7 648 044 372	7 349 330 807
Syndicated loans	1 883 195 181	1 697 796 455
Direct loans	19 792 578 421	13 933 642 414
Discounted commercial bills	186 568 312	481 308 617
<b>Financial investments:</b>		
Debt instruments at amortized cost	78 570 493	96 210 105
Debt instruments at fair value through other comprehensive income	5 754 642 995	7 201 265 267
<b>Total</b>	<b>72 538 692 193</b>	<b>64 191 812 347</b>
<b><u>Credit risk exposures of off balance sheet items</u></b>		
Credit commitments (Irrevocable)	143 261 832	320 863 486
Letters of guarantees	11 406 814 307	7 463 344 582
Letters of guarantees based on other banks requests	12 705 757 330	9 276 319 622
Letters of credit	1 110 950 653	1 459 438 708
Other financial liabilities	556 394 000	607 064 896
<b>Total</b>	<b>25 923 178 122</b>	<b>19 127 031 294</b>

The above table represents the maximum limit for credit risk as of 31 December 2023, without taking into considerations any collateral for balance-sheet items.

As shown in the preceding table, 52 % of the total maximum limit exposed to credit risk resulted from loans and advances to customers and banks, while 48 % 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 including accrued revenues according to the evaluation stages:

**31 December 2023**

<i>In Egyptian pound</i>	The first stage	The second stage	The third stage	Total
Due from banks	2 089 242 505	-	-	2 089 242 505
Financial investments	7 264 883 383	-	-	7 264 883 383
Loans and facilities - corporate	23 521 260 662	4 096 349 843	1 889 768 073	29 507 378 578
Loans and facilities - retail	7 400 419 381	659 281 527	356 640 492	8 416 341 400
Contingent liabilities	22 341 558 987	1 440 410 515	19 239 288	23 801 208 790
Loan commitments and facilities	12 130 632 848	3 407 635	5 323 959	12 139 364 442
<b>Total</b>	<b>74 747 997 766</b>	<b>6 199 449 520</b>	<b>2 270 971 812</b>	<b>83 218 419 098</b>

**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	20 098 683 128	1 641 682 927	1 637 697 342	23 378 063 397
Loans and facilities - retail	6 959 694 984	1 002 722 939	97 265 010	8 059 682 933
Contingent liabilities	16 880 978 222	27 584 229	5 880 223	16 914 442 674
Loan commitments and facilities	320 862 486	-	-	320 862 486
<b>Total</b>	<b>52 496 580 763</b>	<b>2 671 990 095</b>	<b>1 740 842 575</b>	<b>56 909 413 433</b>

**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)

**31 December 2023**

<i>In Egyptian pound</i>	The first stage	The second stage	The third stage	Total
Due from banks	4 492 196	-	-	4 492 196
Financial investments	37 595 771	-	-	37 595 771
Loans and facilities - corporate	99 184 365	105 805 203	1 283 083 877	1 488 073 445
Loans and facilities - retail	13 766 051	41 060 280	217 112 934	271 939 265
Contingent liabilities	32 756 431	8 900 758	8 685 652	50 342 841
Loan commitments and facilities	16 833 854	87 141	2 198 687	19 119 682
<b>Total</b>	<b>204 628 668</b>	<b>155 853 382</b>	<b>1 511 081 150</b>	<b>1 871 563 200</b>

**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>	<b>31 December 2023</b>	<b>31 December 2023</b>	
Loan provision (regular / irregular)	1 760 012 710	1 940 669 740	(180 657 030)
Provision Contingent liabilities - Customer	33 455 823	236 753 066	(203 297 243)
	<b>1 793 468 533</b>	<b>2 177 422 806</b>	<b>(383 954 273)</b>

**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	768 651	-	-	768 651
<b>Total</b>	<b>137 878 520</b>	<b>161 051 161</b>	<b>1 309 878 499</b>	<b>1 608 808 180</b>

**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>	<b>31 December 2022</b>	<b>31 December 2022</b>	
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)
	<b>1 560 855 645</b>	<b>2 201 786 382</b>	<b>(640 930 737)</b>

**A-5-3 Movement of expected credit losses in accordance with the requirements of IFRS9**

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

**31 December 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	-	-	-	-	(271 519)	4 492 196
Loans and facilities - corporate clients	(9)	1 418 632 468	252 047 410	6 584 301	(257 985 460)	68 794 726	-	1 488 073 445
Loans and facilities - retail clients	(9)	117 538 029	442 386 273	37 406 454	(325 391 491)	-	-	271 939 265
<b>Total provision for expected credit losses (1)</b>		<b>1 540 934 212</b>	<b>694 433 683</b>	<b>43 990 755</b>	<b>(583 376 951)</b>	<b>68 794 726</b>	<b>(271 519)</b>	<b>1 764 504 906</b>

	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	-	-	-	5 872 964	(3 391 892)	37 595 771
<b>Total provision for expected credit losses (2)</b>		<b>35 114 699</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 872 964</b>	<b>(3 391 892)</b>	<b>37 595 771</b>

	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	15 878 697	-	(117 986)	2 591 512	-	50 342 841
Loan commitments and facilities	(20)	768 651	18 351 031	-	-	-	-	19 119 682
<b>Total provision for expected credit losses (3)</b>		<b>32 759 269</b>	<b>34 229 728</b>	<b>-</b>	<b>(117 986)</b>	<b>2 591 512</b>	<b>-</b>	<b>69 462 523</b>
<b>Total expected credit losses (1 + 2 + 3)</b>		<b>1 608 808 180</b>	<b>728 663 411</b>	<b>43 990 755</b>	<b>(583 494 937)</b>	<b>77 259 202</b>	<b>(3 663 411)</b>	<b>1 871 563 200</b>

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:

- 21.5 % of the loans and advances portfolio is classified at the highest two ratings in the internal rating.
- 89.4% 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 2.5 Bn which represent 6.7 % and the provision formed and interest in suspense amount EGP 1.7 Bn represent 68 % of it.
- The bank applies a more conservative way in granting loans and advances to customers during the year.

#### **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>	<b>31/12/2023</b>	<b>31/12/2022</b>
Neither past dues nor impaired	<b>32,858,759,396</b>	<b>26,254,760,982</b>
Past dues but not impaired	<b>2,392,664,596</b>	<b>2,661,311,495</b>
Past dues are subjected to impairment	<b>2,539,428,582</b>	<b>2,488,311,863</b>
<b>Total</b>	<b>37,790,852,574</b>	<b>31,404,384,340</b>
<b>(Less):</b>		
Unearned revenue and discount	<b>9,433,424</b>	<b>(4,860,957)</b>
Impairment loss provision	<b>1,760,012,710</b>	<b>(1,536,170,497)</b>
Interest in suspense	<b>78,287,433</b>	<b>(81,618,090)</b>
<b>Net</b>	<b>35,943,119,007</b>	<b>29,781,734,796</b>

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

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

**A-6 Loans and advances neither having past due nor subject to impairment**
**31 December 2023**

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>					<u>Total</u>
	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Discounted Commercial Papers</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Total Corporate</u>	
In Egyptian Pound											
1-Performing loans	36 071 513	230 739 546	7 203 470 190	160 657 564	<b>7 630 938 813</b>	186 568 312	7 648 044 372	1 452 679 960	14 358 509 021	<b>23 645 801 665</b>	<b>31 276 740 478</b>
2-Regular follow up	-	-	-	-	-	-	-	189 588 111	1 117 917 936	<b>1 307 506 047</b>	<b>1 307 506 047</b>
3-Watch list	-	-	-	-	-	-	-	-	274 512 871	<b>274 512 871</b>	<b>274 512 871</b>
<b>Total</b>	<b>36 071 513</b>	<b>230 739 546</b>	<b>7 203 470 190</b>	<b>160 657 564</b>	<b>7 630 938 813</b>	<b>186 568 312</b>	<b>7 648 044 372</b>	<b>1 642 268 071</b>	<b>15 750 939 829</b>	<b>25 227 820 584</b>	<b>32 858 759 396</b>

**31 December 2022**

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

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

**Loans and advances having past due and not subject to impairment**

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

**31 December 2023**

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>				
	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Total Corporate</u>	<u>Total</u>
In Egyptian Pound										
Past due from 1 day to 30 days	-	19 096 795	51 897 809	7 155 506	78 150 110	-	-	2 314 514 486	2 314 514 486	2 392 664 596
<b>Total</b>	<b>-</b>	<b>19 096 796</b>	<b>51 897 809</b>	<b>7 155 506</b>	<b>78 150 110</b>	<b>-</b>	<b>-</b>	<b>2 314 514 486</b>	<b>2 314 514 486</b>	<b>2 392 664 596</b>

**31 December 2022**

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>				
	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Total Corporate</u>	<u>Total</u>
In Egyptian Pound										
Past due from 1 day to 30 days	-	-	89 419 583	13 776 299	103 195 882	-	-	2 558 115 613	2 558 115 613	2 661 311 495
<b>Total</b>	<b>-</b>	<b>-</b>	<b>89 419 583</b>	<b>13 776 299</b>	<b>103 195 882</b>	<b>-</b>	<b>-</b>	<b>2 558 115 613</b>	<b>2 558 115 613</b>	<b>2 661 311 495</b>

**Notes to Condensed Interim Financial Statements for Year Ended December 31, 2023**
**Loans and advances subject to individual impairment**

Loans and advances subject to individual impairment regardless any cash flows from collaterals amounted to EGP 2 352 267 792

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

**31 December 2023**

<u>Valuation</u>	<u>Retail</u>					<u>Corporate</u>					
	<u>Overdraft Accounts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Real Estate Finance</u>	<u>Total Retail</u>	<u>Overdraft Accounts</u>	<u>Syndicated loans</u>	<u>Direct loan</u>	<u>Net loans and advances</u>	<u>Total Corporate</u>	<u>Total</u>
In Egyptian Pound											
Balance	-	28 190 839	539 190 404	3 996 122	571 377 365	-	240 927 110	1 727 124 107	-	1 968 051 217	2 539 428 582
Fair value of collaterals	-	-	-	-	-	-	69 783 001	117 377 789	-	187 160 790	187 160 790

**31 December 2022**

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

**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 CAA1	28 914 626 131	-	2 156 057 554	<b>31 070 683 685</b>
<b>Total</b>	<b>28 914 626 131</b>	<b>-</b>	<b>2 156 057 554</b>	<b>31 070 683 685</b>



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

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

<i>In Egyptian Pound</i>	<u>Cairo</u>	<u>Alexandria, Delta and Canal</u>	<u>Upper Egypt &amp; Red Sea</u>	<u>Total</u>
Treasury bills and other governmental notes	28 914 626 131	-	-	28 914 626 131
<b>Loans and advances to customers:</b>				
<b>Retail:</b>				
Overdraft Accounts	9 943 881	25 114 406	1 013 226	36 071 513
Personal loans	4 424 577 354	2 822 633 694	547 347 354	7 794 558 402
Real Estate Finance loans	144 605 917	27 203 275	-	171 809 192
Credit cards	191 685 890	69 151 738	17 189 553	278 027 181
<b>Corporate:</b>				
Overdraft Accounts	5 304 652 254	2 297 183 170	46 208 948	7 648 044 372
Syndicated loans	1 348 317 617	534 877 564	-	1 883 195 181
Direct loans	15 341 756 862	4 362 679 679	88 141 880	19 792 578 421
Discounted commercial bills	186 568 312	-	-	186 568 312
<b>Other Financial investments</b>				
Debt instruments at amortized cost	78 570 493	-	-	78 570 493
Debt instruments at fair value through other comprehensive income	5 754 642 995	-	-	5 754 642 995
<b>Total at the end of the Year Ended 31 December 2023</b>	<b>61 699 947 706</b>	<b>10 138 843 526</b>	<b>699 900 961</b>	<b>72 538 692 193</b>

**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	-	-	28 914 626	-	-	28 914 626
<b>Financial assets held for trading</b>						
Debt instruments	-	-	-	-	-	-
Loans and advances to customers	10 839 851	5 886 329	2 115 361	10 668 846	8 280 466	37 790 853
<b>Financial investments</b>						
Debt instruments at amortized cost	-	-	78 570	-	-	78 570
Debt instruments at fair value through other comprehensive income	-	-	2 156 058	3 598 585	-	5 754 643
<b>Total as at Year Ended 31 December 2023</b>	<b>10 839 851</b>	<b>5 886 329</b>	<b>33 264 615</b>	<b>14 267 430</b>	<b>8 280 466</b>	<b>72 538 692</b>

**B- Market risk**

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

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

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

**B-1 Market risk measurement techniques**

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

**- Value at Risk**

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

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

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

### - Stress Testing

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

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

### B-2 VAR summary

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

In Egyptian Pounds

#### 31 December 2023

	Average	Maximum	Minimum
Foreign exchange risk	1,538,284	1,661,421	1,394,354
Interest rate risk	38,163,874	52,265,069	30,581,574
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>	<b>EGP</b>	<b>USD</b>	<b>Euro</b>	<b>GBP</b>	<b>Other currencies</b>	<b>Total</b>
<b>Financial assets</b>						
Cash and due from central banks	11 295 531	153 039	24 674	1 826	1 464	11 476 534
Due from banks	8 825 194	7 385 386	214 000	11 469	61 275	16 497 324
Treasury bills and other governmental notes	22 686 682	3 135 650	68 193	-	-	25 890 525
Loans and advances to customers	32 851 238	2 934 826	156 686	221	148	35 943 119
<b>Financial investments</b>						
- Amortized cost	78 570	-	-	-	-	78 570
- At fair value through other comprehensive income	5 503 213	356 744	-	-	-	5 859 957
Intangible assets	61 088	-	-	-	-	61 088
Other financial assets	2 219 410	37 197	371	-	-	2 256 978
<b>Total financial assets</b>	<b>83 520 926</b>	<b>14 002 842</b>	<b>463 924</b>	<b>13 516</b>	<b>62 887</b>	<b>98 064 095</b>
<b>Financial liabilities</b>						
Due to banks	4 650	85 652	423	-	163	90 888
Customer's deposits	72 459 236	13 662 193	468 141	13 107	32 356	86 635 033
Other financial liabilities and deferred tax	1 743 233	203 511	1 947	-	-	1 948 691
Other provisions	156 518	-	-	-	-	156 518
Total share holder's equity	9 195 769	37 196	-	-	-	9 232 965
<b>Total financial liabilities</b>	<b>83 559 406</b>	<b>13 988 552</b>	<b>470 511</b>	<b>13 107</b>	<b>32 519</b>	<b>98 064 095</b>
<b>Net financial position</b>	<b>( 38 480)</b>	<b>14 290</b>	<b>( 6 587)</b>	<b>409</b>	<b>30 368</b>	<b>-</b>
<b>Purchasing</b>						
<b>Net financial position</b>	<b>( 38 480)</b>	<b>14 290</b>	<b>( 6 587)</b>	<b>409</b>	<b>30 368</b>	<b>-</b>
Loan Commitments – Irrevocable	143 262	-	-	-	-	143 262
Letters of credit	12 551	173 205	2 477	-	-	188 233
Letters of guarantees	9 415 871	644 031	34 435	-	265 661	10 359 998
Letters of guarantees based on other banks requests	661 011	933 216	11 017 177	-	94 353	12 705 757
Other financial liabilities	556 394	-	-	-	-	556 394
<b>Total</b>	<b>10 789 089</b>	<b>1 750 452</b>	<b>11 054 089</b>	<b>-</b>	<b>360 014</b>	<b>23 953 644</b>

**Notes to Condensed Interim Financial Statements for Year Ended December 31, 2023**
**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>						
<b>Financial assets</b>						
Cash and due from central banks	-	-	-	-	11 476 534	11 476 534
Due from banks	932 033	4 579 643	-	-	10 985 648	16 497 324
Treasury bills and other governmental notes	1 034 936	4 776 218	20 079 371	-	-	25 890 525
Loans and advances to customers	8 286 758	4 944 141	9 882 361	12 631 389	198 470	35 943 119
<b>Financial investments</b>						
- Amortized cost	-	-	78 570	-	-	78 570
- At fair value through other comprehensive income	707 123	27 391	836 482	4 183 647	105 314	5 859 957
Intangible assets	-	-	-	-	61 088	61 088
Other financial assets	-	-	-	-	2 256 978	2 256 978
<b>Total financial assets</b>	<b>10 960 850</b>	<b>14 327 393</b>	<b>30 876 784</b>	<b>16 815 036</b>	<b>25 084 032</b>	<b>98 064 095</b>
<b>Financial liabilities</b>						
Due to banks	-	-	-	-	90 888	90 888
Customer’s deposits	6 557 442	15 016 947	38 904 007	21 106 383	5 050 254	86 635 033
Share holder’s equity	-	-	-	-	9 232 965	9 232 965
Other financial liabilities	-	-	-	-	2 105 209	2 105 209
<b>Total financial liabilities</b>	<b>6 557 442</b>	<b>15 016 947</b>	<b>38 904 007</b>	<b>21 106 383</b>	<b>16 479 316</b>	<b>98 064 095</b>
<b>Interest re-pricing gap</b>	<b>4 403 408</b>	<b>( 689 554)</b>	<b>(8 027 223)</b>	<b>(4 291 347)</b>	<b>8 604 716</b>	<b>-</b>

**C- Liquidity risk**

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

**- Liquidity risk management process**

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

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

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

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

**- Funding approach**

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

**D- Fair value of financial assets and liabilities**

**D-1 Financial instruments not measured at fair value**

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

<u>In thousand Egyptian pound</u>	<b>31/12/2023</b>		<b>31/12/2022</b>	
	<b><u>Book value</u></b>	<b><u>Fair value</u></b>	<b><u>Book value</u></b>	<b><u>Fair value</u></b>
<b><u>Financial assets</u></b>				
Loans and advances to customers				
-Retail	8,280,466	8,280,466	7,942,306	7,942,306
-Corporate	29,510,386	29,510,386	23,462,078	23,462,078
Financial Statement at amortized cost	78,570	78,570	96,210	96,210
<b><u>Financial liabilities</u></b>				
Due to banks	90,889	90,889	2,406,441	2,406,441
Customer's deposits				
-Retail	14,312,355	14,312,355	11,132,954	11,132,954
-Corporate	72,322,679	72,322,679	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 31 December 2023.

**Capital adequacy ratio as per Basel II requirements**

<i>In thousand Egyptian pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b><u>Capital</u></b>		
<b>Tier I Capital</b>		
<b><u>Core capital after deductions</u></b>		
Share capital (net of treasury stocks)	5 250 000	5 000 000
IFRS9 risk reserve	804 838	649 037
Retained earnings	730 400	885 247
Total cumulative other comprehensive income after control adjustments	( 5 193)	( 262 250)
<b><u>Additional Going Concern</u></b>		
Quarterly interim profit / (losses)	2 047 137	-
<b><u>Deduct from Common Equity</u></b>		
(-) Deduct 100% from net of Intangible assets(Other than goodwill)	( 61 088)	( 35 077)
Deferred tax Assets	( 117 165)	( 98 955)
(-) Deduct total the fair value for investment FVOCI Which have been reclassified to Amortized cost investments	-	( 211)
<b>Total Tier I</b>	<b>8 648 929</b>	<b>6 137 791</b>
<b>Tier 2 Capital (subordinated capital)</b>		
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)	204 629	137 879
<b>Total Tier 2 capital</b>	<b>204 629</b>	<b>137 879</b>
<b>Total capital based after deductions</b>	<b>8 853 558</b>	<b>6 275 670</b>
Total Assets and potential liabilities weighted by credit risk	47 752 282	39 849 226
Capital requirements for operating risk	2 342 072	2 341 411
<b>Total Assets and potential liabilities weighted by credit, market and operating risk</b>	<b>50 094 354</b>	<b>42 190 637</b>
<b>Capital adequacy ratio (%)</b>	<b>17.67%</b>	<b>14.87%</b>

**Leverage Ratio**

<i>In Thousand Egyptian Pounds</i>		<b>31 December 2023</b>	<b>31 December 2022</b>
<b>First</b>	<b>Tier 1 capital after Exclusions</b>	<b>8 648 929</b>	<b>6 137 791</b>
<b>Second</b>	<b>On-Off balance sheet exposures items</b>		
<b>1</b>	<b><u>Exposures on-balance sheet and financial derivatives and securities finance</u></b>		
	Cash and due from Central Bank of Egypt (CBE)	20 721 502	19 742 294
	Due from Banks	7 256 849	3 738 630
	Treasury bills and other Government securities	25 927 717	27 452 121
	REPO	( 37 192)	( 43 718)
	Financial investments Fair Value through OCI	5 859 957	3 310 116
	Financial investments Amortized Cost	78 570	96 210
	Loans and credit facilities to customers	37 790 852	31 404 384
	Fixed Assets (after deducting depreciation and impairment losses)	523 901	496 447
	Other assets	1 326 612	1 297 981
	Deducted amounts from exposures (after deducting Tier I Exclusions for capital base)	(1 825 315)	( 134 032)
	<b>Total on-balance sheet exposures items after deducting after Tier I Exclusions for capital base.</b>	<b>97 623 453</b>	<b>87 360 433</b>
<b>2</b>	<b><u>Exposures off-balance sheet</u></b>		
	<b><u>Contingent liabilities (1)</u></b>		
	Letters of Credit - Import	37 647	27 187
	Letters of Credit - Export	67 965	49 487
	Letters of Guarantees	5 179 999	3 559 371
	Letters of Guarantees according to foreign banks	6 352 879	4 638 160
	Accepted papers	37 065	91 877
	Re-discounted Commercial paper	170 332	44 137
	<b><u>Commitments (2)</u></b>		
	Operating lease commitments	556 394	607 065
	Loan commitments to clients/banks (unutilized part) within original maturity	671 845	928 897
	<b>Total Exposures off-balance sheet</b>	<b>13 074 126</b>	<b>9 946 181</b>
	<b>Total On-Off balance sheet exposures items (1) + (2)</b>	<b>110 697 579</b>	<b>97 306 614</b>
	<b>Leverage financial ratio</b>	<b>7.81%</b>	<b>6.31%</b>

**4- Significant accounting estimates and assumptions**

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

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

The Bank reviews its loan portfolios to assess impairment on quarterly basis at least, In determining whether impairment loss should be recorded in the income statement, The bank has to identify if there is objective evidence indicating a decline in the expected future cash flows from loan portfolio before identifying any decline on individual basis, This evidence include data indicating negative changes in a borrower's portfolio ability to repay to the bank or local or economic circumstances related to default of bank assets, Upon scheduling future cash flows the management use estimates based on prior loss experience to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio. The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any differences between the estimated loss and actual loss based on experience.

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

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

**C - Impairment of Financial investment at amortized cost**

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

**5- A-Segment analysis**

In Egyptian Pound

	<u>Corporate</u>	<u>Retail</u>	<u>Treasury &amp; Financial Institutions</u>	<u>Total</u>
<b><u>Revenues and expenses according to business segment</u></b>				
Segment revenues	8 140 126 627	4 515 925 379	6 095 620 118	18 751 672 124
Segment expenses	(6 646 305 787)	(4 042 385 268)	(4 961 106 726)	(15 649 797 782)
<b>Profit for the Year before taxes</b>	<b>1 493 820 840</b>	<b>473 540 110</b>	<b>1 134 513 392</b>	<b>3 101 874 342</b>
Taxes	(457 055 834)	(234 517 581)	(363 164 334)	(1054 737 750)
<b>Profit for the Year</b>	<b>1 036 765 005</b>	<b>239 022 529</b>	<b>771 349 058</b>	<b>2 047 136 592</b>
<b><u>Assets and Liabilities according to business segment</u></b>				
Total assets	32 824 311 944	8 790 223 319	56 449 560 723	98 064 095 985
Total liabilities	50 307 593 359	31 399 292 949	16 357 209 678	98 064 095 987
<b><u>Other business segment items</u></b>				
Depreciations	30 693 360	73 141 882	3 919 724	107 754 965
Expedcted Credit Loss	286 277 138	442 386 273	(3 663 411)	725 000 000

**B-Geographic analysis**

In Egyptian Pound

	<u>Greater Cairo</u>	<u>Alex and Delta and Canal</u>	<u>Upper Egypt &amp; Red Sea</u>	<u>Total</u>
<b><u>Geographical analysis of revenues and expenses</u></b>				
Geographical sector revenues	12 567 409 558	3 462 215 535	284 655 970	16 314 281 063
Geographical sector expenses	(9 994 133 433)	(2 970 350 633)	(246 722 655)	(13 211 206 721)
<b>Profit for the Year before taxes</b>	<b>2 573 276 125</b>	<b>491 864 902</b>	<b>37 933 315</b>	<b>3 103 074 342</b>
Taxes	(933 567 250)	(113 634 864)	(8 735 636)	(1055 937 750)
<b>Profit for the Year before taxes</b>	<b>1 639 708 875</b>	<b>378 230 038</b>	<b>29 197 679</b>	<b>2 047 136 592</b>
<b><u>Assets and Liabilities</u></b>				
Total assets	87 299 506 174	10 082 380 181	682 209 631	98 064 095 986
Total liabilities	77 750 246 820	19 187 369 537	1 126 479 629	98 064 095 986
<b><u>Other Geographical sector items</u></b>				
Depreciations	90 921 862	12 909 673	3 923 430	107 754 965
Expedcted Credit Loss	516 013 010	195 491 867	13 495 123	725 000 000

**Notes to Condensed Interim Financial Statements for Year Ended December 31, 2023**
**6- Cash and due from Central Bank of Egypt**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Cash on hand	490 886 693	303 959 874
Due from Central Bank of Egypt within reserve ratio	10 985 647 374	11 653 102 523
	<b>11 476 534 067</b>	<b>11 957 062 397</b>

**7- Due from banks**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b><u>The Central Bank of Egypt</u></b>		
Current accounts	66 845 357	30 222 787
Time Deposits	9 178 122 241	8 058 968 033
	<b>9 244 967 598</b>	<b>8 089 190 820</b>
<b><u>Local Banks</u></b>		
Current accounts	90 686 731	66 725 559
Time Deposits	800 000 000	3 043 438 200
	<b>890 686 731</b>	<b>3 110 163 759</b>
<b><u>Foreign Banks</u></b>		
Current accounts	265 804 978	82 417 778
Time Deposits	6 100 356 900	546 048 426
	<b>6 366 161 878</b>	<b>628 466 204</b>
<b>Total due from banks</b>	<b>16 501 816 207</b>	<b>11 827 820 783</b>
Expect credit loss provision	(4 492 196)	(4 763 715)
<b>Net due from banks</b>	<b>16 497 324 011</b>	<b>11 823 057 068</b>
Non-interest bearing balances	423 337 066	179 366 124
Interest bearing balances	16 078 479 141	11 648 454 659
Expect credit loss provision	(4 492 196)	(4 763 715)
	<b>16 497 324 011</b>	<b>11 823 057 068</b>

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

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b><u>Treasury bills</u></b>		
Treasury bills maturing to 91 days	3 734 025 000	170 725 000
Treasury bills maturing from 92 to 182 days	6 566 625 000	5 302 675 000
Treasury bills maturing greater than 182 to 364 days	18 651 168 050	20 060 271 100
	<b>28 951 818 050</b>	<b>25 533 671 100</b>
<b><u>(Less):</u></b>		
Unearned interest	(2 966 355 933)	(1 825 671 939)
REPO *	(37 191 919)	(43 718 465)
	<b>25 948 270 198</b>	<b>23 664 280 696</b>
Net change in fair value	(57 745 054)	(152 704 480)
<b>Net of Treasury bills after change in fair value</b>	<b>25 890 525 144</b>	<b>23 511 576 216</b>

**\* REPO**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Against the the amount granted by the Central Bank of Egypt within the mortgage finance initiative for low-income people	37 191 919	39 742 649
Against the the amount granted by the Central Bank of Egypt within SMEs initiative	-	3 975 816
	<b>37 191 919</b>	<b>43 718 465</b>

**9- Loans and advances to customers and banks**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Discounted commercial bills	186 568 312	481 308 617
Customers loans	37 604 284 262	30 923 075 723
	<b>37 790 852 574</b>	<b>31 404 384 340</b>
<b>(Less):</b>		
Prepaid Revenue	(9 433 424)	(4 860 957)
Expect credit loss provision	(1 760 012 710)	(1 536 170 497)
Interest in suspense	(78 287 433)	(81 618 090)
	<b>(1 847 733 567)</b>	<b>(1 622 649 544)</b>
	<b>35 943 119 007</b>	<b>29 781 734 796</b>

**9-1 Loans and Advances to customers**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b><u>Retail</u></b>		
Overdraft Accounts	36 071 513	79 312 969
Personal loans	7 794 558 402	7 542 748 469
Credit cards	278 027 181	132 846 176
Real Estate Finance loans	171 809 192	187 398 433
<b>Total (1)</b>	<b>8 280 466 288</b>	<b>7 942 306 047</b>
<b><u>Corporate</u></b>		
Overdraft Accounts	7 648 044 372	7 349 330 807
Syndicated loans	1 883 195 181	1 697 796 455
Direct loans	19 792 578 421	13 933 642 414
Discounted commercial bills	186 568 312	481 308 617
<b>Total (2)</b>	<b>29 510 386 286</b>	<b>23 462 078 293</b>
<b>Total loans and Advances to customers (1+2)</b>	<b>37 790 852 574</b>	<b>31 404 384 340</b>
<b>(Deduct):</b>		
Prepaid Revenue	(9 433 424)	(4 860 957)
Expect credit loss provision	(1 760 012 710)	(1 536 170 497)
Interest in suspense	(78 287 433)	(81 618 090)
<b>Net</b>	<b>35 943 119 007</b>	<b>29 781 734 796</b>

**9-2 Expect credit loss provision**

In Egyptian Pound	31 December 2023	31 December 2022
<b>Provision balance at the beginning of the Year</b>	<b>1 536 170 497</b>	<b>969 211 017</b>
Expect credit loss	694 433 683	611 158 922
Proceeds from loans previously written off	43 990 755	43 372 403
Foreign currencies revaluation differences	68 794 726	100 406 419
	<b>2 343 389 661</b>	<b>1 724 148 761</b>
Amounts written off during the Year	(583 376 951)	(187 978 264)
<b>ECL provisions at the end of the Year</b>	<b>1 760 012 710</b>	<b>1 536 170 497</b>

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

31 December 2023

**Retail**

In Egyptian Pound	Credit cards	Personal loans	Real Estate Finance loans	Total
<b>Balance at the beginning of the Year</b>	<b>5 430 396</b>	<b>99 445 773</b>	<b>12 661 860</b>	<b>117 538 029</b>
Expect credit loss	10 873 059	441 901 430	(10 388 216)	442 386 273
Proceeds from loans previously written off	2 153 038	35 218 130	35 286	37 406 454
Provisions used	(6 292 920)	(318 775 267)	( 323 304)	(325 391 491)
<b>Balance at the end of the Year</b>	<b>12 163 573</b>	<b>257 790 066</b>	<b>1 985 626</b>	<b>271 939 265</b>

**Corporate**

In Egyptian Pound	Overdraft Accounts	Direct loans	Syndicated loans	Total
<b>Balance at the beginning of the Year</b>	<b>1 141 429 856</b>	<b>107 875 011</b>	<b>169 327 601</b>	<b>1 418 632 468</b>
Expect credit loss	236 315 722	19 508 766	(3 777 078)	252 047 410
Proceeds from loans previously written off	6 584 301	-	-	6 584 301
Foreign currencies revaluation differences	55 352 147	5 231 258	8 211 321	68 794 726
Provisions used	(257 985 460)	-	-	(257 985 460)
<b>Balance at the end of the Year</b>	<b>1 181 696 566</b>	<b>132 615 035</b>	<b>173 761 844</b>	<b>1 488 073 445</b>

31 December 2022

**Retail**

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

**Corporate**

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



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

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Quoted governmental debt instruments	78 570 493	96 210 105
<b>Total governmental debt instruments</b>	<b>78 570 493</b>	<b>96 210 105</b>

**Movement of treasury bonds at amortized cost**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Balance at the beginning of the Year</b>	<b>96 210 105</b>	<b>641 223 070</b>
Net amortization(issuing discount & issuing premium)	53 987	787 916
Retrieval – Treasury Bonds & Financial Investments	(17 905 000)	( 546 251 000)
Net change in fair value	211 401	450 119
<b>Balance at the end of the Year</b>	<b>78 570 493</b>	<b>96 210 105</b>

**11- Financial investments at fair value through other comprehensive income**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Governmental debt instruments	2 156 057 554	3 916 518 608
Non governmental debt instruments	3 598 585 441	3 284 746 659
	<b>5 754 642 995</b>	<b>7 201 265 267</b>
Unearned interest of governmental debit instruments	-	(19 693 382)
	<b>5 754 642 995</b>	<b>7 181 571 885</b>
Unquoted equity instruments	<b>105 313 799</b>	25 369 023
<b>Total</b>	<b>105 313 799</b>	<b>25 369 023</b>
<b>Financial investments at fair value through other comprehensive income</b>	<b>5 859 956 794</b>	<b>7 206 940 908</b>
<b>Current balances</b>	5 754 642 995	7 181 571 885
<b>Non-current balances</b>	105 313 799	25 369 023
	<b>5 859 956 794</b>	<b>7 206 940 908</b>

**Financial investments at fair value through other comprehensive income**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Balance at the beginning of the Year</b>	<b>7 206 940 908</b>	<b>4 808 194 852</b>
Net amortization(issuing discount & issuing premium)	60 718 724	136 591 254
Buy – Treasury Bonds & Financial Investments	1 710 700 083	2 766 815 371
Retrieval – Treasury Bonds & Financial Investments	(3 344 879 434)	(408 768 433)
Net change in fair value	159 404 971	(160 537 093)
Foreign currencies revaluation differences	67 071 542	64 644 957
<b>Balance at the end of the Year</b>	<b>5 859 956 794</b>	<b>7 206 940 908</b>

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

 \* **Associates**

	31 December 2023	31 December 2022
EL Fouadeya Development Company	100	100
	<b>100</b>	<b>100</b>

* <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%	12 270 172	16 081 599	3 668 000	-	( 155 949)	12/31/2022	Egypt

**Notes to Condensed Interim Financial Statements for Year Ended December 31, 2023**
**13- Intangible assets**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Computer program</b>		
<b>Net balance at beginning of the Year</b>	<b>35 077 156</b>	<b>44 175 274</b>
Additions	<b>63 299 386</b>	<b>22 991 328</b>
<b>Total</b>	<b>98 376 542</b>	<b>67 166 602</b>
Amortization during the Year	<b>(37 288 248)</b>	<b>(32 089 446)</b>
<b>Net</b>	<b>61 088 294</b>	<b>35 077 156</b>

**14- Other assets**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Accrued revenues	484 260 701	556 543 312
Prepaid expenses	114 128 495	49 754 310
Down payments to purchase of fixed assets	895 526 503	431 998 769
Assets reverted to the bank in settlement of debts *	49 362 586	51 445 450
Deposits held with others and custody	8 560 371	7 500 909
Other debit balances **	80 780 750	81 413 567
	<b>1 632 619 406</b>	<b>1 178 656 317</b>

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

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Buildings and flat units reverted to bank in settlement of debt of customers	49 362 586	51 445 450
	<b>49 362 586</b>	<b>51 445 450</b>

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

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Amounts related to the ATM, visa accounts and the electronic wallet	54 680 415	65 095 601
Others	26 100 335	16 317 966
	<b>80 780 750</b>	<b>81 413 567</b>

**15-A Deferred Tax**
**31 December 2023**

<i>In Egyptian Pound</i>	<u>Assets</u>	<u>Liabilities</u>	<u>Total</u>
Deferred Tax Assets	117 165 261	-	117 165 261
Deferred Tax (Fixed assets depreciation)	-	(16 707 933)	(16 707 933)
<b>Total Deferred Tax Assets (Liabilities)</b>	<b>117 165 261</b>	<b>(16 707 933)</b>	<b>100 457 328</b>

**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)
<b>Total Deferred Tax Assets (Liabilities)</b>	<b>98 955 750</b>	<b>(15 207 933)</b>	<b>83 747 817</b>

**15-B Income tax expenses**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Corporate Tax Expenses	307 444 250	187 548 590
Treasury bills and bonds revenues taxes	763 787 170	516 817 336
Dividend tax	215 841	132 336
Deferred tax - Liabilities	1 500 000	(5 000 000)
Deferred tax - Asset	(18 209 511)	(98 955 750)
	<b>1 054 737 750</b>	<b>600 542 512</b>

**16- Property and equipment**

31 December 2023

<i>In Egyptian Pound</i>	<u>Land</u>	<u>Buildings and constructions</u>	<u>Integrated automated systems</u>	<u>Vehicles</u>	<u>Tools and equipment</u>	<u>Leasehold fixtures</u>	<u>Furniture</u>	<u>Other fixtures</u>	<u>Total</u>
Cost at the beginning of the Year	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 Year	-	-	43 508 974	723 799	3 656 840	53 569 936	2 960 546	-	104 420 095
Disposals	-	(8 745 000)	-	-	-	(2 439 975)	-	-	(11 184 975)
Cost as at 31 December 2023	316 146 523	35 170 303	276 241 538	4 300 800	79 317 803	263 892 277	27 057 524	9 987 731	1 012 114 499
Accumulated depreciation at the beginning of the Year	-	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 Year	-	804 472	39 138 842	671 000	4 555 078	24 003 775	1 293 553	-	70 466 720
Disposals accumulated depreciation	-	(2 302 851)	-	-	-	(2 382 855)	-	-	(4 685 706)
Accumulated depreciation as at 31 December 2023	-	13 025 768	182 214 259	2 179 313	74 359 342	187 646 259	18 800 482	9 987 731	488 213 154
Net book value as at 31 December 2023	316 146 523	22 144 535	94 027 279	2 121 487	4 958 461	76 246 018	8 257 042	-	523 901 345

**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 Year	-	56 956 468	212 652 685	1 520 001	74 747 924	184 517 823	20 520 888	9 987 731	560 903 520
Additions during the Year	316 146 523	-	21 745 679	2 057 000	1 889 943	37 278 234	3 576 090	-	382 693 469
Disposals	-	(13 041 165)	(1 665 800)	-	( 976 904)	(9 033 741)	-	-	(24 717 610)
<b>Cost as at 31 December 2022</b>	<b>316 146 523</b>	<b>43 915 303</b>	<b>232 732 564</b>	<b>3 577 001</b>	<b>75 660 963</b>	<b>212 762 316</b>	<b>24 096 978</b>	<b>9 987 731</b>	<b>918 879 379</b>
<b>Accumulated depreciation at the beginning of the Year</b>	<b>-</b>	<b>18 312 822</b>	<b>106 770 755</b>	<b>871 596</b>	<b>57 127 649</b>	<b>148 186 910</b>	<b>16 038 474</b>	<b>9 987 731</b>	<b>357 295 937</b>
Depreciation for the Year	-	992 988	37 970 462	636 717	13 653 519	26 872 170	1 468 455	-	81 594 311
Disposals accumulated depreciation	-	(4 781 663)	(1 665 800)	-	( 976 904)	(9 033 741)	-	-	(16 458 108)
<b>Accumulated depreciation as at 31 December 2022</b>	<b>-</b>	<b>14 524 147</b>	<b>143 075 417</b>	<b>1 508 313</b>	<b>69 804 264</b>	<b>166 025 339</b>	<b>17 506 929</b>	<b>9 987 731</b>	<b>422 432 140</b>
<b>Net book value as at 31 December 2022</b>	<b>316 146 523</b>	<b>29 391 156</b>	<b>89 657 147</b>	<b>2 068 688</b>	<b>5 856 699</b>	<b>46 736 977</b>	<b>6 590 049</b>	<b>-</b>	<b>496 447 239</b>

**17- Due to banks**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Local banks</b>		
Current accounts	17 087 280	1 668
	<b>17 087 280</b>	<b>1 668</b>
<b>Foreign banks</b>		
Current accounts	73 801 340	301 401 030
Time deposits	-	2 105 038 000
	<b>73 801 340</b>	<b>2 406 439 030</b>
	<b>90 888 620</b>	<b>2 406 440 698</b>
Non-interest bearing balances	90 888 620	301 402 698
Interest bearing balances	-	2 105 038 000
	<b>90 888 620</b>	<b>2 406 440 698</b>

**18- Customers' deposits**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Demand deposits	19 644 008 261	16 787 849 586
Time and callable deposits	55 518 442 015	49 247 167 346
Saving and deposit certificates	9 442 201 518	7 643 381 191
Saving deposits	1 105 734 387	1 244 368 406
Other deposits	924 647 416	569 674 307
<b>Total Customers' deposits</b>	<b>86 635 033 597</b>	<b>75 492 440 836</b>
Corporate & SMEs deposits	72 322 678 710	64 359 486 314
Retail deposits	14 312 354 887	11 132 954 522
	<b>86 635 033 597</b>	<b>75 492 440 836</b>
Non-interest bearing balances	5 050 253 900	3 293 401 662
Interest bearing balances	81 584 779 697	72 199 039 174
	<b>86 635 033 597</b>	<b>75 492 440 836</b>



## 19- Other liabilities

<i>In Egyptian Pound</i>	31 December 2023	31 December 2022
Accrued interest	637 458 485	353 397 912
Unearned revenue	-	41 772
Accrued expenses	147 765 994	83 597 590
Creditors	39 750 524	5 355 570
Other credit balances *	1 123 715 799	672 204 174
	<b>1 948 690 802</b>	<b>1 114 597 018</b>

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

<i>in Egyptian pounds</i>	31 December 2023	31 December 2022
Stamp duty	19 044 829	16 635 345
Treasury bills taxes	255 692 719	266 945 126
Income Corporate Tax	316 146 448	168 519 170
Taxes under settlement	8 640 555	2 379 351
Staff Taxes and Insurance	15 576 373	12 124 199
Amount of contractors Insurance being held until paid Social Insurance	7 917 445	3 054 759
Amounts collected from insurance companies under settlement	24 905 725	17 797 737
Clearance cheques (Are to be settled in next day)	439 919 630	152 446 638
Letters of credit deductibles	448 915	794 016
ATM suspense amounts	382 599	6 869 101
Coupons of Certificates Deposits accrued did not paid to their owners	-	158 623
Amounts paid under debts settlements of some customers	-	830 225
Banking Support and Development Fund	15 305 596	8 734 642
Other Amounts	19 734 965	14 915 242
	<b>1 123 715 799</b>	<b>672 204 174</b>

**20- Other provisions**
**31 December 2023**

<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 ended
Provision for potential claims **	64 564 418	55 000 000	-	(38 308 495)	-	81 255 923
Contingent liabilities provision	31 990 618	15 878 697	2 591 512	( 117 986)	-	50 342 841
Other provisions *	5 842 266	-	-	( 43 000)	-	5 799 266
Loans commitment provisions	768 651	18 351 031	-	-	-	19 119 682
<b>Total Provisions</b>	<b>103 165 953</b>	<b>89 229 728</b>	<b>2 591 512</b>	<b>(38 469 481)</b>	<b>-</b>	<b>156 517 712</b>

**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 ended
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
<b>Total Provisions</b>	<b>55 700 189</b>	<b>55 426 503</b>	<b>3 341 650</b>	<b>(12 645 577)</b>	<b>1 343 188</b>	<b>103 165 953</b>

\*The other provisions balance as at 31 December 2023 is as follows

Banking risk provision	1 394 000
Operational risk provision	535 515
Assets revert to the bank provision	3 869 751
	<b>5 799 266</b>

\*\*The provision for potential claims balance as at 31 December 2023 is as follows:

Tax provision	69 944 145
Legal claims provision	11 311 778
Provisions for leave balances	-
	<b>81 255 923</b>

**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 Two Hundred and Fifty Million Pounds as at December 31, 2023 distributed among 937,500 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 , and the Financial Regulatory Authority approval issued at 20 August 2023 and the annotation in the commercial register on 31 August 2023 and published in the investment gazette dated 24 August 2023 and the annotation in the banks register at CBE on 27 September 2023.

**31 December 2023**

<i>In Egyptian pound</i>	<u>Number of shares</u>	<u>Ordinary shares value</u>	<u>Total</u>
<b>Balance at the beginning of the Year</b>	892 857 143	5 000 000 001	5 000 000 001
Changes during the Year	44 642 857	249 999 999	249 999 999
<b>Balance at the end of the Year</b>	<b>937 500 000</b>	<b>5 250 000 000</b>	<b>5 250 000 000</b>

**31 December 2022**

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

**C- Reserves**

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

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

The reserves balance comprises of the following as at December 31 , 2023:

<i>In Egyptian pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
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	405 784 076	661 408 983
Fair value reserve – Investment through OCI	(5 193 154)	(262 250 024)
<b>Balance at the end of the Year</b>	<b>1 205 428 396</b>	<b>1 048 196 262</b>

The changes in the reserves are represented in the following:

**A- Legal Reserve**

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

**B- Capital Reserve**

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

**C- General banking risk reserve**

<i>In Egyptian pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Balance at the beginning of the Year</b>	<b>661 408 983</b>	<b>308 044 899</b>
Transferred from (to) Retained earnings	(255 624 907)	353 364 084
<b>Balance at the end of the Year</b>	<b>405 784 076</b>	<b>661 408 983</b>

**D- Fair value reserve – Investment through OCI**

<i>In Egyptian pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Balance at the beginning of the Year</b>	<b>(262 250 024)</b>	<b>15 750 553</b>
Net change in the fair value	254 575 798	(304 316 775)
Expected Credit loss impact	(3 391 892)	22 339 601
Expected Credit loss impact Foreign currencies revaluation differences	5 872 964	3 976 597
<b>Balance at the end of the Year</b>	<b>(5 193 154)</b>	<b>(262 250 024)</b>

**F- Retained earnings**

<i>In Egyptian pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b><u>Movement on retained earnings</u></b>		
<b>Balance at the beginning of the Year</b>	<b>1 005 669 351</b>	<b>725 127 275</b>
- 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)
- Transferred to the Banking System Support and Development Fund	(6 570 954)	(4 402 515)
<b>Retained earnings</b>	<b>474 776 854</b>	<b>279 434 776</b>
Net profit for the Year	2 047 136 592	1 065 213 734
-Transferred to General Banking Risk reserve	256 976 464	(350 321 388)
-Transferred to General Banking Risk reserve (Assets revert to the bank)	(1 351 557)	(3 042 696)
- Refund part of the BOD remuneration	-	15 446 896
- Disposal Loss financial Assets Fair value through OCI - Equity	(1 491)	(1 061 971)
<b>Balance at the end of the Year</b>	<b>2 777 536 862</b>	<b>1 005 669 351</b>

**Notes to Condensed Interim Financial Statements for Year Ended December 31, 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>	<b>31 December 2023</b>	<b>31 December 2022</b>
Cash and due from Central Bank of Egypt (Note no 6)	490 886 693	303 959 874
Due from banks (Note no 7)	15 262 693 966	9 518 720 123
Treasury bills and the governmental notes (Note no 8)	3 734 025 000	170 725 000
	<b>19 487 605 659</b>	<b>9 993 404 997</b>

**23- Contingent liabilities and commitments**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Loan Commitments – Irrevocable	143 261 832	320 863 486
Letter of guarantee	10 359 997 649	7 118 740 504
Letters of guarantees based on other banks requests	12 705 757 330	9 276 319 622
Letter of credit	188 233 082	135 934 752
Other contingent liabilities	556 393 777	607 064 896
	<b>23 953 643 670</b>	<b>17 458 923 260</b>

**24- Net interest income**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b><u>Loans interest and similar revenues</u></b>		
Loans, facilities and deposits at banks		
Deposits at banks	2 063 800 353	1 335 254 254
Loans and facilities to clients	5 765 518 127	3 502 565 452
<b>Total loans &amp; banks</b>	<b>7 829 318 480</b>	<b>4 837 819 706</b>
Treasury bills	3 547 818 301	2 066 498 636
Investment in available for sale and held to maturity debt instruments	999 529 249	766 016 413
<b>Total Debt instruments</b>	<b>4 547 347 550</b>	<b>2 832 515 049</b>
<b>Total Loans interest and similar revenues</b>	<b>12 376 666 030</b>	<b>7 670 334 755</b>
<b><u>Interest expense and similar charges</u></b>		
Deposits and current accounts:		
To banks	(11 385 516)	(22 575 320)
To clients	(7 788 383 369)	(4 759 200 546)
Other Loans & REPO	( 878 203)	(1 133 787)
<b>Total Interest expense and similar charges</b>	<b>(7 800 647 088)</b>	<b>(4 782 909 653)</b>
<b>Net interest income</b>	<b>4 576 018 942</b>	<b>2 887 425 102</b>

**25- Dividends income**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Financial securities through OCI	2 531 111	1 323 360
	<b>2 531 111</b>	<b>1 323 360</b>

**26- Net trading income**

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

**27- Gains from financial investments**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Gains on sale of treasury bills	7 529 241	20 979 916
Gain on Sale of debt instruments through OCI	8 697 750	228 694
	<b>16 226 991</b>	<b>21 208 610</b>

**28- Charge of impairment for expected credit losses**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Loans and advances - Impairment charge	694 433 683	611 158 922
Due from banks - Impairment charge	( 271 519)	4 085 343
Financial investments at fair value through OCI - Impairment charge (reverse)	(3 391 892)	22 339 601
	<b>690 770 272</b>	<b>637 583 866</b>

**29- Administrative expenses**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Labor cost</b>		
Wages and salaries	516 799 052	409 852 171
Social insurance	28 142 374	23 449 191
<b>Total Labor cost</b>	<b>544 941 426</b>	<b>433 301 362</b>
Other administrative expenses*	722 880 007	494 747 548
	<b>1 267 821 433</b>	<b>928 048 910</b>

\* Other administrative expenses

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Depreciation and amortization	107 754 965	113 683 759
Subscriptions	72 192 646	38 309 051
Taxes and fees	138 689 499	94 365 751
Repair and maintenance	217 046 318	92 249 293
Insurance	13 823 095	6 837 897
Advertising	13 095 627	19 866 355
Security and cleaning	33 173 408	21 836 318
Electricity water mail swifts & Gas	22 006 833	19 998 045
Hospitality	6 905 139	3 234 186
Stationary & Prints	6 359 438	4 175 452
Expenses and commissions for sales and customer service representatives	48 373 548	52 812 624
Community Contribution and Donations	8 959 724	9 131 257
Others	34 499 767	18 247 560
	<b>722 880 007</b>	<b>494 747 548</b>

**30- Other operating revenues (expenses)**

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
Gains from revaluation of assets and liabilities in foreign currencies and foreign exchange earnings	37 956 459	(33 296 785)
Gains from sale of fixed assets	36 500 730	70 650 607
Other provision formed	(89 229 728)	(55 426 503)
Assets rent expense	(161 890 117)	(138 822 852)
Gains from assets reverted to the bank	(2 750 101)	(1 073 834)
	<b>(179 412 757)</b>	<b>(157 969 367)</b>

**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>	<b>31 December 2023</b>	<b>31 December 2022</b>
Net profit for the Year	2 047 136 592	1 065 213 734
<b>Deduct:</b> Employees share	(227 447 343)	(106 521 373)
<b>Deduct:</b> B.O.D. remuneration	(18 000 000)	(12 000 000)
<b>Deduct:</b> Banking Support and Development Fund distributed net profit	(22 744 734)	(6 570 954)
	<b>1 778 944 515</b>	<b>940 121 407</b>
Weighted average number of shares	<b>937 500 000</b>	<b>892 857 143</b>
<b>Earnings per share</b>	<b>1.90</b>	<b>1.05</b>

**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>	<b>Commitments</b>	<b>Amount Paid</b>	<b>Unclaimed / unpaid amount</b>
Obligations for leases	556 393 777	-	556 393 777
	<b>556 393 777</b>	<b>-</b>	<b>556 393 777</b>

**33- Effective average interest rates during the Year**

The average interest rates on assets 17.15 and liabilities 12.23 during the Year.

**34- Transactions with related parties**

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

<i>In Egyptian Pound</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b><u>Nature of transactions</u></b>		
Due from banks	59 422 104	39 755 985
Due to banks	61 458 825	444 607 873
Contingent liabilities and commitment	6 897 970 976	6 064 338 909



### **35- Tax status**

#### **First: Corporate income tax**

##### **Years from establishment till 2018**

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

##### **Year 2019**

- The bank was inspected and receive a result with an amount of 172.6 MEGP and appealed against it and the result expected to increase the due tax to 7.5 MEGP in addition to separate tax pool with amount of 3 MEGP was fully paid.

##### **Year 2020/2022**

- The bank submitted the tax return and pay all due tax on legal dates and not requested to inspection yet and It is expected that the due tax will be 45 MEGP as well as a tax on separate tax pool with an amount of 5 M EGP, the amount fully provisioned.

- The Effective tax rate for the year 2023 reached 34%

#### **Second: Stamp duty tax**

##### **Years from establishment till 2020**

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

##### **Years 2021/2022**

- The bank submitted the tax return and pay all due tax on legal dates and not requested to inspection yet and it is expected that the due tax will be 10 MEGP the amount fully provisioned.

#### **Third Second: Payroll tax**

##### **Years from establishment till 2020**

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

##### **Years 2021 till 2022**

- The bank has been inspected and notified with due tax 8.2 MEGP was fully paid and it's expected a delay of EGP 2.03 MEGP the amount fully provisioned

### **36- Comparative figures**

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