

Translation of financial statements originally issued in Arabic

Société Arabe Internationale De Banque
"S.A.E."
Financial Statements
for the nine months ended September 30, 2022
together with limited review report thereon

KPMG Hazem Hassan

Public Accountants & Consultants

KRESTON EGYPT

Public Accountants & Consultants

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Report on limited review of interim financial statements

To The board of Directors of Societe Arabe Internationale De Banque (S.A.E)

Introduction

We have performed a limited review for the accompanying interim financial statements of Societe Arabe Internationale De Banque (S.A.E) which comprise of the statement of financial position as of September 30, 2022 and the related statements of income, other comprehensive income, cash flows and changes in shareholders' equity statement for the nine-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

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

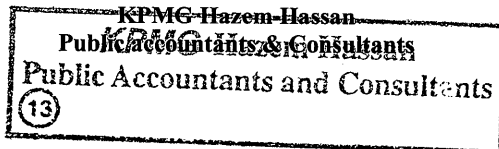
Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position Societe Arabe Internationale De Banque (S.A.E) as at September 30, 2022 and its financial performance and its cash flows for the nine-months period then ended in accordance with rules of preparation and presentation of the banks' financial statements, basis of recognition and measurement issued by Central Bank of Egypt on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations related to the preparation of these financial statements.

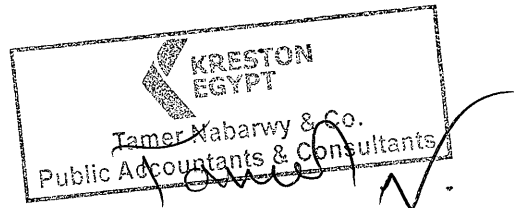
Cairo in November 14, 2022



Samy Abdelhafiz Ahmed Ibrahim
Financial Regulator Authority No. 377



Auditors



Tamer Mohamed Nabrawy
Financial Regulator Authority No. 389

Tamer Nabrawy & Co.
KRESTON EGYPT
Public accountants & Consultants

Société Arabe Internationale De Banque "S.A.E."
Statement of financial position
as of September 30, 2022

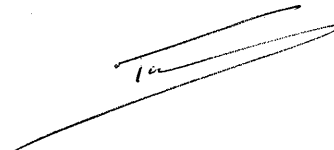
	Notes No.	<u>30/9/2022</u> USD	<u>31/12/2021</u> USD
<u>Assets :</u>			
Cash and balances with Central Bank of Egypt (CBE)	(15)	269,353,063	321,750,806
Due from banks	(16)	716,703,277	655,794,403
Treasury bills	(17)	768,844,654	525,580,659
Loans and advances to customers	(18)	1,994,665,487	2,065,802,919
<u>Financial investments:</u>			
- Classified as at fair value through profit or loss (FVTPL)	(19)	1,700,473	--
- Classified as at fair value through other comprehensive income (FVTOCI)	(19)	249,055,529	474,632,795
- Classified as at amortized cost (AC)	(19)	160,803,463	368,858,264
Investments in associates	(20)	7,379,463	8,836,550
Intangible assets	(21)	5,374,705	5,721,678
Other assets	(22)	74,427,179	78,449,259
Deferred tax assets	(29)	247,477	305,771
Fixed assets	(23)	33,162,236	28,431,487
Total assets		<u>4,281,717,006</u>	<u>4,534,164,591</u>
<u>Liabilities and equity:</u>			
<u>Liabilities:</u>			
Due to banks	(24)	135,317,127	76,242,723
Customers' deposits	(25)	3,670,447,443	3,960,748,713
Other loans	(26)	83,259,733	84,251,313
Other liabilities	(27)	64,827,741	61,049,155
Other provisions	(28)	2,966,190	1,384,341
Total liabilities		<u>3,956,818,234</u>	<u>4,183,676,245</u>
<u>Equity:</u>			
Issued and paid-up capital	(30)	157,500,000	150,000,000
Suspended under capital increase	(30)	--	7,500,000
Reserves	(31)	72,340,271	118,902,203
Retained earnings including net profit for the period / year	(31)	95,058,501	74,086,143
Total equity		<u>324,898,772</u>	<u>350,488,346</u>
Total liabilities and equity		<u>4,281,717,006</u>	<u>4,534,164,591</u>

- Limited review report attached.
- The accompanying notes are an integral part of these financial statements and are to be read therewith.

Mohamed Mokhtar
Chief Financial Officer



Tarek ALKholly
Chairman and Managing Director



Société Arabe Internationale De Banque "S.A.E."
Income Statement
For the nine months ended September 30, 2022

	Notes No.	Nine months		three months	
		<u>From 1/1/2022</u>	<u>From 1/1/2021</u>	<u>From 1/7/2022</u>	<u>From 1/7/2021</u>
		<u>To 30/9/2022</u>	<u>To 30/9/2021</u>	<u>To 30/9/2022</u>	<u>To 30/9/2021</u>
		USD	USD	USD	USD
Interest income from loans and similar income	(6)	283,015,013	299,563,906	98,326,505	101,765,019
Interest expense on deposits and similar expenses	(6)	(177,261,582)	(199,120,950)	(59,464,728)	(67,738,544)
Net interest income		105,753,431	100,442,956	38,861,777	34,026,475
Fees and commissions income	(7)	24,490,248	21,899,791	7,875,943	7,951,363
Fees and commissions expenses	(7)	(8,053,552)	(8,116,265)	(2,297,665)	(2,879,465)
Net fees and commissions income		16,436,696	13,783,526	5,578,278	5,071,898
Dividend income	(8)	276,436	282,651	3,800	54,881
Net trading income	(9)	9,960,225	4,941,360	2,425,932	1,597,376
Gains on financial investments	(19)	1,843,931	2,475,894	371,577	487,240
(charge) for expected credit losses	(12)	(15,244,826)	(14,567,692)	(7,595,329)	(5,409,808)
Administrative expenses	(10)	(75,809,443)	(73,759,914)	(24,061,830)	(24,440,086)
Other operating (expenses) income	(11)	(3,427,611)	384,534	(975,902)	601,739
Share in (losses) profits of associates	(20)	(904,350)	2,798,150	(86,181)	314,772
Profit before income tax		38,884,489	36,781,465	14,522,122	12,304,487
Income tax (expense)	(13)	(12,405,242)	(22,614,164)	(4,047,536)	(7,088,115)
Net profit for the period		26,479,247	14,167,301	10,474,586	5,216,372
Earnings per share (USD / share)	(14)	1.68	0.90		

- The accompanying notes are an integral part of these financial statements and are to be read therewith.

Société Arabe Internationale De Banque "S.A.E."
Statement of comprehensive income
For the nine months ended September 30, 2022

	Notes No.	Nine months		three months	
		<u>From 1/1/2022</u>	<u>From 1/1/2021</u>	<u>From 1/7/2022</u>	<u>From 1/7/2021</u>
		<u>To 30/9/2022</u>	<u>To 30/9/2021</u>	<u>To 30/9/2022</u>	<u>To 30/9/2021</u>
		USD	USD	USD	USD
Net profit for the period		26,479,247	14,167,301	10,474,586	5,216,372
<u>Other comprehensive income items that will not be reclassified to profit or loss:</u>					
Net changes in fair value of investments in equity instruments classified as at fair value through other comprehensive income	31/c	(5,977,831)	180,270	(713,592)	(4,943)
Items transferred to retained earnings - disposal of fair value reserve of equity instruments classified as at fair value through other comprehensive income	31/c	157,854	1,494,355	157,854	566,517
<u>Other comprehensive income items that may be reclassified to profit or loss:</u>					
Net changes in fair value of investments in debt instruments classified as at fair value through other comprehensive income	31/c	(40,884,945)	(16,779,101)	(9,593,215)	(7,864,678)
Expected credit losses for debt instruments classified as at fair value through other comprehensive income	31/c	(346,660)	(486,662)	(337,157)	(363,462)
Total other comprehensive income for the period		<u>(47,051,582)</u>	<u>(15,591,138)</u>	<u>(10,486,110)</u>	<u>(7,666,566)</u>
Total comprehensive income for the period		<u>(20,572,335)</u>	<u>(1,423,837)</u>	<u>(11,524)</u>	<u>(2,450,194)</u>

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Société Arabe Internationale De Banque "S.A.E."
Statement of cash flows
For the nine months ended September 30, 2022

	Notes No.	30/9/2022 USD	30/9/2021 USD
Cash flows from operating activities			
Profit for the period before tax		38,884,489	36,781,465
Adjustments to reconcile net profit to cash flows from operating activities			
Depreciation and amortization	(10)	5,806,706	5,317,445
Impairment charge for credit losses	(12)	15,244,826	14,567,692
Other provisions charged (reversed)	(11)	2,115,866	(1,683,677)
Other provisions (utilized)	(28)	(287,879)	(719,283)
Dividend income		(276,436)	(282,651)
Amortization of premium on issuing bonds classified as at FVTOCI and amortized cost	(19)	352,643	493,202
Amortization of discount on issuing bonds classified as at FVTOCI and amortized cost	(19)	(735,246)	(1,475,333)
(Gains) on financial investments	(19)	(1,843,931)	(2,475,894)
Share in (profits) losses of investments in associates	(20)	904,350	(2,798,150)
Tax settlements for treasury bonds capital gain		136,865	--
Foreign exchange translation differences (non-monetary transactions)		98,956,998	(723,943)
Operating profits before changes in assets and liabilities used in operating activities		159,259,251	47,000,873
Net (increase) decrease in assets and liabilities			
Due from banks		75,425,304	(23,341,774)
Treasury bills		50,113,707	18,849,784
Loans and advances to banks		--	10,374,336
Loans and advances to customers		43,719,529	(358,886,246)
Other assets		5,031,781	18,394,489
Due to banks		59,074,404	89,127,860
Customers' deposits		(290,301,270)	131,624,567
Financial assets at fair value through profit or loss (FVTPL)		(1,700,473)	--
Other liabilities		5,686,013	2,343,710
Income taxes paid		(14,254,375)	(26,070,940)
Net cash flows resulting from (used in) operating activities (1)		92,053,871	(90,583,341)
Cash flows from investing activities			
Payments for acquisition of fixed assets and preparation of branches		(10,083,156)	(4,859,740)
Payments for acquisition of intangible assets		(564,290)	(1,815,865)
Proceeds from disposal of financial investments other than financial assets at fair value through profit or loss (FVTPL)		313,078,738	380,939,680
Payments for purchase of financial investments other than financial assets at fair value through profit or loss (FVTPL)		(14,670,177)	(169,076,320)
Dividends received		276,436	282,651
Net cash flows resulting from investing activities (2)		288,037,551	205,470,406
Cash flows from financing activities			
Proceeds from other loans		16,000,000	10,074,567
Repayments of other loans		(13,347,825)	(14,410,540)
Dividend paid		(4,859,385)	(4,877,753)
Net cash flows (used in) financing activities (3)		(2,207,210)	(9,213,726)
Net increase in cash and cash equivalent during the period (1+2+3)		377,884,212	105,673,339
Cash and cash equivalent at the beginning of the period		616,535,213	387,456,432
Cash and cash equivalent at the end of the period		994,419,425	493,129,771
Cash and cash equivalents comprise the following :			
Cash and balances with Central Bank of Egypt (CBE)	(15)	269,353,063	356,203,503
Due from banks	(16)	716,888,009	443,370,631
Treasury bills	(17)	768,844,654	710,098,044
Due from Central Bank of Egypt within the mandatory reserve ratio	(15)	(255,841,160)	(336,318,601)
Due from banks with maturities more than 3 months		(30,000,000)	(50,000,000)
Treasury bills with maturity more than 3 months		(474,825,141)	(630,223,806)
Cash and cash equivalents at the end of the period	(32)	994,419,425	493,129,771

- The accompanying notes are an integral part of these financial statements and are to be read therewith.

Société Arabe Internationale De Banque "S.A.E."
Statement of changes in equity
For the nine months ended September 30, 2022

Notes No.	Issued and paid up capital	Suspended under capital increase	Legal reserve	General banking risk reserve	Special reserve	General reserve	Capital reserve	Fair value reserve/ financial assets at FVOCI	Retained earnings	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
	150,000,000	7,500,000	72,485,409	332,197	137,776	18,291,493	5,456,554	33,867,091	62,741,833	350,812,353
September 30, 2021										
Balance as of January 1, 2021										
Transferred to capital reserve	--	--	--	--	--	--	191,449	--	(191,449)	--
Transferred to legal reserve	--	--	2,024,941	--	--	--	--	--	(2,024,941)	--
Dividends of year 2020 profit	--	--	--	--	--	--	--	--	(4,877,753)	(4,877,753)
Items transferred to retained earnings - disposal of fair value reserve of equity instruments at FVOCI	--	--	--	--	--	--	--	--	(1,494,355)	(1,494,355)
Net change in items of other comprehensive income (OCI)	--	--	--	--	--	--	--	(15,591,138)	--	(15,591,138)
Net profit for the period	--	--	--	--	--	--	--	--	14,167,301	14,167,301
Balance as of September 30, 2021	150,000,000	7,500,000	74,510,350	332,197	137,776	18,291,493	5,648,003	18,275,953	68,320,636	343,016,408
September 30, 2022										
Balance as of January 1, 2022										
Transferred to legal reserve	150,000,000	7,500,000	74,510,350	332,197	137,776	18,291,493	5,648,003	19,982,384	74,086,143	350,488,346
Dividends of year 2021 profit	--	--	489,650	--	--	--	--	--	(489,650)	--
Capital increase	7,500,000	(7,500,000)	--	--	--	--	--	--	(4,859,385)	(4,859,385)
Items transferred to retained earnings - disposal of fair value reserve of equity instruments at FVOCI	--	--	--	--	--	--	--	--	--	--
Net change in items of other comprehensive income (OCI)	--	--	--	--	--	--	--	(47,051,582)	(157,854)	(157,854)
Net profit for the period	--	--	--	--	--	--	--	--	--	(47,051,582)
Balance as of September 30, 2022	157,500,000	--	75,000,000	332,197	137,776	18,291,493	5,648,003	(27,069,198)	95,058,501	324,898,772

-The accompanying notes are an integral part of these financial statements and are to be read therewith.

Société Arabe Internationale De Banque (S.A.E.)

Notes on the financial statements

For the nine months ended September 30, 2022

(All amounts in the notes are presented in US dollars unless otherwise stated)

1- General Information

Société Arabe Internationale de Banque (saib) - S.A.E., was established in accordance with Law No. 43 on 1974 of the Arab Republic of Egypt, recorded in the commercial register at No.97328, and recorded in the Central Bank of Egypt's register at No. 69 on September 12, 1976. The Head Office of the bank is located at 56 Gamaet El Dewal El Arabeya St, Giza. The Bank is listed in the Egyptian Exchange "EGX".

The Bank provides corporate and retail banking services and investment services in Egypt and abroad through the bank's Head Office and 38 branches. The bank has 1,672 employees as of September 30, 2022 (December 31, 2021: 1,628 employees).

The banks' financial statements have been authorized for issue by the board of directors on November 14, 2022.

2- Summary of the significant accounting policies applied

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies are consistently applied on all years presented, unless otherwise stated.

a- Basis for Preparation of Financial Statements

The financial statements are prepared in accordance with the rules for preparation of banks' financial statements and the basis for recognition and measurement approved by the Board of Directors of the Central Bank of Egypt on December 16, 2008, and in light of the relevant local laws and regulations. In addition, the requirements of IFRS 9 *Financial Instruments* also apply pursuant to the Central Bank of Egypt's instructions issued on January 28, 2018 for which the final rules for preparation of banks' financial statements have been issued on February 26, 2019. Referral to the Egyptian Accounting Standards are made where matters are not specifically addressed by the Central Bank of Egypt's rules.

b- Investments in associates

Associates are entities over which the bank, whether directly or indirectly, exercises significant influence but not control, or of which the bank holds 20% to 50% ownership in shares or voting rights in accordance with the law of the Central Bank of Egypt No. 194 of the year 2020.

The purchase method is used in accounting for the bank's acquisitions of entities. The acquisition cost is measured at the fair value of the consideration, or other assets, given by the bank for acquisition and/or the equity instruments issued, liabilities incurred by the bank, and/or liabilities assumed on behalf of the acquired entity at the date of exchange, plus any costs directly attributable to the acquisition. The net assets, including contingent liabilities, acquired are measured at the acquisition-date with fair value.

Investments in associates are subsequently accounted for, in the bank's financial statements, using the equity method under which the investment in any associate is initially recognized at cost, and the carrying amount of the investment increases or decreases thereafter to recognize the bank's share of the associate's profits or losses after the acquisition date. This share is reported within the "profits or losses from investments in associates" line-item in the income statement upon preparation of the financial statements. The carrying amount of the investment is also reduced by dividend distributions received the bank's associate.

c- Segment reporting

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

d- Foreign currency translation

Functional and presentation currency and foreign currency translation

- The bank's financial statements are presented in the US dollar currency, which is the bank's functional and presentation currency. The bank maintains its accounting records in US dollars. Transactions denominated in foreign currencies during the period / year are translated to US Dollar using the exchange rates prevailing at the date of the transaction. For the purposes of preparing the financial statements, monetary assets and liabilities denominated in currencies (other than the US dollar) are translated into the US dollar at the end of each reporting date using the exchange rates then prevailing, with foreign exchange gains or losses resulting from translation and settlement of such transactions and balances recognized in profit or loss in the income statement.
- As for investments in equity instruments (non-monetary in nature) designated as at fair value through other comprehensive income, differences arising from changes in exchange rates are recognized in other comprehensive income and accumulated in equity.
- Changes in the fair value of investments in debt instruments; which represent monetary financial instruments denominated in foreign currencies and classified as financial investments through other comprehensive income (FVOCI) are analyzed into differences resulting from changes in 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. Differences resulting from changes in amortized cost are recognized in the income statement and reported in "interest on loans and similar income" line-item, whereas differences resulting from changes in foreign exchange rates are recognized in the income statement. The remaining differences resulting from changes in fair value are recognized in other comprehensive income and accumulated in equity in the 'revaluation reserve of investments designated as at FVTOCI' line-item.
- Valuation differences arising on the measurement of non- monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total fair value changes arising on the measurement of equity instruments classified as at fair value through profit or loss (FVTPL) are recognized in the income statement, whereas total fair value changes arising on the measurement of equity instruments at FVOCI are recognized in other comprehensive income and accumulated directly in equity in "the revaluation reserve of investments designated as at FVTOCI".
- All amounts reported in the accompanying notes of the financial statements are in US dollar unless otherwise stated.

e- Financial assets and liabilities

Classification of financial assets and liabilities

- **Financial assets have been classified into the following three main categories:**

- Financial assets measured at amortized cost (AC)
- Financial assets measured at fair value through other comprehensive income (FVTOCI)
- Financial assets measured at fair value through profit or loss (FVTPL)

IFRS 9's classification is generally based on the bank's business models within which financial assets are held and managed and the contractual cash flows characteristics of the assets.

- A financial asset is classified and measured as at amortized cost if the following two conditions are met and the financial asset is not classified as at fair value through profit or loss:
 - 1- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
 - 2- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

- Debt instruments are measured in fair value through other comprehensive income (FVTOCI) only if they meet the following two conditions and are not classified as measured at fair value through profit or loss:
 - 1- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets.
 - 2- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).
- On initial recognition of an investment in an equity instrument that are not held for trading, the bank may make an irrevocable election to present subsequent changes in fair value of that equity investment in other comprehensive income. This election is made on an instrument-by-instrument basis.
- All other financial assets are classified as at fair value through profit or loss.
- In addition, the bank may make an irrevocable election to designate an investment in a debt instrument that meets either the amortized cost criteria or the FVTOCI criteria, upon initial recognition, as at fair value through profit or loss, if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch').

Business model assessment

The bank assesses the objective of the business model within which the asset is held at the portfolio level because this level best reflects how the business is managed and how information is reported to management. The information considered includes:

- The stated policies and objectives of the portfolio and the operational mechanism of those policies in practice. In particular, an assessment is made of whether the management strategy focuses on earning contractual interest income, matching the duration of financial assets with the duration of financial liabilities that finance those assets, or achieving cash flows through the sale of assets
- How performance of the portfolio is evaluated and reported to the bank's management
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed
- The frequency, value, and timing of sales transactions in prior years, the reasons for those sales, and expectations about future sales activity. Nevertheless, information about sales activity is not considered in isolation but as part of a comprehensive assessment of how the bank's stated objective of managing financial assets and realizing their cash flows is achieved.

Financial assets held for trading purposes or whose performance is assessed on a fair value basis are measured at fair value through profit or loss because they are neither held only to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

1- Both debt and equity instruments are classified and measured as follows:

Financial Instrument	Measurement basis according to business models		
	Amortized Cost	Fair Value	
		Through Other Comprehensive Income	Through Profit or Loss
Equity Instruments	Not applicable	A one-time irrevocable election on initial recognition	Default classification for equity instruments
Debt Instruments	Business model within which assets are held to collect contractual cash flows	Business model within which assets are held both to collect contractual cash flows and sell	Business model within which assets are held for trading

2- The bank prepares, documents, and approves the Business Model(s) in accordance with the requirements of the International Financial Reporting Standard IFRS 9 and in a way that reflects the bank's strategy established for managing its financial assets and their cash flows as follows:

Financial Asset	Business Model	Main Characteristics
Financial assets classified as at amortized cost (AC)	Business model within which financial assets are held to collect contractual cash flows	<ul style="list-style-type: none"> ▪ The objective of the business model is to hold financial assets to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. ▪ The sale is an exceptional and incidental event under the objective of this model and in accordance with the conditions set out in the standard when a deterioration occurs in the credit ability of the financial instrument's issuer. ▪ The least sales in terms of frequency and value. ▪ The bank clearly documents and approves the reasons for each sale transaction and the extent to which it is consistent with the requirements of the standard.
Financial assets classified as at fair value through other comprehensive income (FVTOCI)	Business model within which the financial assets are held to collect contractual cash flows and to sell	<ul style="list-style-type: none"> ▪ Both collection of contractual cash flows and sale integrate to achieve the model's objective. ▪ High turnover (in terms of sales frequency and value) compared to the business model of holding the assets to collect contractual cash flows.
Financial assets classified as at fair value through profit or loss (FVTPL)	Other business models which include (held for trading - managing financial assets on a fair value basis - maximizing cash flows through sale)	<ul style="list-style-type: none"> ▪ The objective of the business model is not to hold the financial asset to collect contractual cash flows or to collect contractual cash flows and sell. ▪ Collection of the contractual cash flows is an incidental event under the objective of the model. ▪ Managing financial assets on the basis of fair value through profit or loss is made to avoid an accounting mismatch. ▪ Criteria for classifying financial assets as at fair value through profit or loss should be met. <p>All the following conditions are met in respect of the financial assets that the bank classifies, upon acquisition, as at fair value through profit or loss:</p> <ul style="list-style-type: none"> - They are listed on a domestic or foreign stock exchange. - They are actively traded within the three months preceding the date of acquisition.

Assessment of whether the contractual cash flows of the asset are solely payments of principal and interest on the principal amount outstanding

For the purpose of this assessment, the bank defines the principal amount of the financial instrument as the fair value of the financial asset at initial recognition. Interest is defined as a consideration for the time value of money and the credit risk associated with holding the asset for a particular year of time. Interest can also include consideration for other basic lending risks and costs (e.g. liquidity risk and administrative costs) as well as a profit margin.

In order to assess whether the contractual cash flows of the asset are solely payments of principal and interest on the principal amount outstanding, the bank considers the contractual terms of the instrument. This includes an assessment of whether the financial asset contains contractual terms that may change the timing or amount of contractual cash flows rendering them unable to meet that requirement.

To make that assessment, the bank takes the following into account:

- Possible events that may change the amount and timing of cash flows.
- Leverage characteristics (rate of return, maturities, currency type...).
- Provisions for early repayment and term extensions.
- Conditions that may limit the bank's ability to claim cash flows from certain assets.
- Characteristics that may adjust the time value of money (repricing rate of return on an annual basis).
- The bank doesn't make reclassifications between groups of financial asset unless, and only when, the business model has changed. This occurs on a rarely, or infrequent and immaterial-basis, or when the credit worthiness of one of the debt instruments, classified as at amortized cost, deteriorates significantly.

Classification and measurement of financial assets and financial liabilities

The following table reports financial assets and financial liabilities according to the business model classification. The amounts reported are based on the net book value presented in the statement of financial position.

30/9/2022

	Amortized cost	Debt instruments at FVTOCI	Equity instruments at FVTOCI	Debt instruments at FVTPL	Total carrying amount
Financial assets					
Cash and balances with Central Bank of Egypt (CBE)	269,353,063	--	--	--	269,353,063
Due from banks	716,703,277	--	--	--	716,703,277
Treasury bills	--	758,918,558	--	9,926,096	768,844,654
Loans and advances to customers	1,994,665,487	--	--	--	1,994,665,487
Financial investments:					
- Classified as at FVTPL	--	--	--	1,700,473	1,700,473
- Classified as at FVTOCI	--	223,354,351	25,701,178	--	249,055,529
- Classified as at amortized cost (AC)	160,803,463	--	--	--	160,803,463
Other assets (accrued revenues)	23,798,428	--	--	--	23,798,428
Total financial assets	3,165,323,718	982,272,909	25,701,178	11,626,569	4,184,924,374
Financial liabilities					
Due to banks	135,317,127	--	--	--	135,317,127
Customers' deposits	3,670,447,443	--	--	--	3,670,447,443
Other loans	83,259,733	--	--	--	83,259,733
Other liabilities (accrued interest)	22,201,646	--	--	--	22,201,646
Total financial liabilities	3,911,225,949	--	--	--	3,911,225,949

	<u>31/12/2021</u>			
	<u>Amortized cost</u>	<u>Debt instruments at FVTOCI</u>	<u>Equity instruments at FVTOCI</u>	<u>Total carrying amount</u>
Financial assets				
Cash and balances with Central Bank of Egypt (CBE)	321,750,806	--	--	321,750,806
Due from banks	655,794,403	--	--	655,794,403
Treasury bills	--	525,580,659	--	525,580,659
Loans and advances to customers	2,065,802,919	--	--	2,065,802,919
Financial investments:				
- Classified as at FVTOCI	--	442,753,345	31,879,450	474,632,795
- Classified as at amortized cost (AC)	368,858,264	--	--	368,858,264
Other assets (accrued revenues)	43,250,036	--	--	43,250,036
Total financial assets	3,455,456,428	968,334,004	31,879,450	4,455,669,882
Financial liabilities				
Due to banks	76,242,723	--	--	76,242,723
Customers' deposits	3,960,748,713	--	--	3,960,748,713
Other loans	84,251,313	--	--	84,251,313
Other liabilities (accrued interest)	23,952,933	--	--	23,952,933
Total financial liabilities	4,145,195,682	--	--	4,145,195,682

Initial recognition and measurement:

- Financial assets and financial liabilities are initially recognized on the date on which the bank becomes a party to the contractual provisions of the financial instrument.
- A financial asset or financial liability is measured initially at fair value. Financial assets and financial liabilities other than those subsequently measured at fair value through profit or loss, are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of those assets and liabilities.

Classification:

Financial Assets

The bank classifies its financial assets between the following groups: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. This classification is generally based on the business model under which the financial assets are managed and their contractual cash flows.

e-1 Financial assets classified as at amortized cost

The financial asset is held within a business model under which financial assets are held to collect contractual cash flows.

- The objective of the business model is to hold the financial assets to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding
- Sale is an exceptional and incidental event in relation to the objective of this model and is made in accordance with the following criteria of the standard:

Deterioration in the credit ability of the issuer of the financial instrument.

The least sales in terms of frequency and value, where the objective from bank's business model at acquisition should not be directed toward disposal of these instruments prior to maturity dates except to the extent of the situations permitted by the standard (sales that are immaterial or infrequent or close to the maturity date)

A clear and reliable documentation should be made for the reasons of each sale transaction and the extent to which it complies with the requirements of the standard.

e-2 Financial assets classified as at fair value through other comprehensive income

- The financial asset is held within a business model under which financial assets are held to collect contractual cash flows and sell.
- Both collecting contractual cash flows and selling integrate to achieve the model objective.
- High sales (in terms of frequency and value) compared to the business model designated for collecting contractual cash flows.

e-3 Financial assets classified as at fair value through profit or loss

- The financial asset is held within other business models that include (trading - managing financial assets on a fair value basis - maximizing cash flows through selling).
- The objective of the business model is not to hold the financial asset for collecting contractual cash flows or for the collection of contractual cash flows and selling.
- Collecting contractual cash flows is incidental in relation to the objective of the model.
- Managing financial assets on a fair value basis through profit or loss to avoid an accounting mismatch (in compound financial instruments).

The characteristics of the business model are:

- Structuring of a range of activities designed to extract specific outputs.
- Represents a full framework for a specific activity (inputs, activities, outputs).
- A single business model can include sub-business models.
- Can include more than one function or department.

Financial Liabilities

- * On initial recognition, the bank classifies financial liabilities into financial liabilities subsequently measured at amortized cost, and financial liabilities subsequently measured at fair value through profit or loss based on the objective of the bank's business model.
- * All financial liabilities are recognized initially at fair value on the date in which the bank becomes a party to the contractual provisions of the financial instrument.
- * Financial liabilities classified as at amortized cost are subsequently measured at amortized cost using the effective interest rate method.
- * Financial liabilities classified as at fair value through profit or loss are subsequently measured at fair value with the resultant fair value changes recognized in profit or loss. However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss.

Reclassification:

- * Financial assets are not reclassified after initial recognition, except when - and only when - the bank changes the business model for managing these assets.
- * In all cases, no reclassification is made between financial liabilities classified as at fair value through profit or loss and financial liabilities classified as at amortized cost.

De-recognition:

Financial assets

- * A financial asset is derecognized when the contractual right to receive the cash flows from the asset expire, or when the bank transfers the right to the contractual cash flows in a transaction that transfers substantially all of the risks and rewards associated with ownership of the financial asset to another party.
- * When a financial asset in debt instrument is derecognized, recognize in income statement the difference between the carrying amount of the asset (or the carrying amount assigned to the part of the asset that is derecognized) and the sum of both the consideration received (including any new asset obtained less any new liability incurred) and any gains or losses previously recognized and accumulated in the revaluation reserve for debt investments classified as at fair value through other comprehensive income.
- * Starting from 1 January 2019 any gains or losses recognized in other comprehensive income and accumulated in equity, relating to investments in equity instruments that were designated as at fair value through other comprehensive income, are not reclassified subsequently to profit or loss upon de-recognition of the asset but are directly transferred to retained earnings. Any interest that has arisen from or has been retained in the original asset qualifying for de-recognition (that satisfies the de-recognition criteria) shall be recognized as a separate asset or liability.
- * When the bank enters into transactions whereby it transfers assets previously recognized in the statement of financial position but retains all or substantially all of the risks and rewards associated with the transferred asset or a part thereof, the transferred asset is not derecognized.
- * With respect to transactions in which the bank neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the bank continues to recognize the asset to the extent of its continuing involvement with the asset. The bank's continuing involvement with the financial asset is determined by the extent to which the bank is exposed to changes in the value of the transferred asset.
- * In some transactions, the bank retains an obligation to service a transferred asset in exchange for a commission, in which case, the transferred asset is derecognized if it satisfies the de-recognition criteria, and a servicing asset or liability is recognized from the servicing contract. If the servicing commission exceeds the compensation that is commensurate with the services performed, a servicing asset is recognized, whereas a servicing liability is recognized if the servicing commission is less than the compensation that is commensurate with the services performed.

Financial liabilities

- * A financial liability is derecognized by the bank when the obligation is discharged, cancelled, or if the contractual term of the liability has expired.

Modifications to financial assets and financial liabilities:

Financial assets

- * If the terms of a financial asset are modified, the bank assesses whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are considered expired and, the original financial asset is derecognized. In that case, a new financial asset is recognized at fair value, with gains or losses arising from adjustment to the carrying amount of the financial asset recognized in profit or loss. If, however, this adjustment occurred due to financial difficulties of the borrower, then any resulting gains are deferred and presented with the accumulated impairment losses whereas any resulting losses are recognized immediately in profit or loss.
- * If the cash flows of the modified asset, classified at amortized cost, are not substantially different, then the adjustment does not result in de-recognition of the financial asset.

Financial Liabilities

- * The bank adjusts a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognized at fair value based on the modified terms. The difference between the carrying amount of the old financial liability and the new financial liability (subject to the modified terms) is recognized in profit or loss.

f- Offsetting financial instruments

- Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the bank currently has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or realize the asset and settle the liability simultaneously.
- Agreements to buy treasury bills with an obligation to re-sell and agreements to sell treasury bills with an obligation to re-purchase are presented on a net basis in the statement of financial position within the "treasury bills" line-item.

g- Interest income and expense

Interest income and interest expense on all interest-bearing financial instruments, except for those classified as held for trading or those designated upon initial recognition as at fair value through profit or loss, are recognized within "Interest income from loans and similar income" and "Interest expense on deposits and similar expenses" line items in the income statement using the effective interest rate method.

The effective interest rate is a method of calculating the amortized cost of a debt instrument whether it is a financial asset or a financial liability and of allocating its interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter year, to the net carrying amount of the financial asset or financial liability on initial recognition. When calculating the effective interest rate, the bank estimates the future cash flows, considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, whereas transaction costs include all premiums or discounts.

When loans and receivables are classified as non-performing or credit-impaired (stage-3), as the case may be, interest income thereon ceases to be recognized in profit or loss and is rather recorded off-balance sheet as marginalized interest in statistical records. Interest income on these loans is recognized as revenue on a cash basis as follows:

- For retail loans, personal loans, small and medium business loans, Mortgage loans for personal housing and small loans for businesses, when interest income is collected and after recovery of all arrears.
- For corporate loans, the cash basis also applies. That is, interest income calculated thereafter in accordance with the rescheduling conditions is capitalized on the loan and deferred until the bank collects 25% of the rescheduled installments and payment of the scheduled installments continues for at least one year. If the customer continues to pay installments on their due dates, interest income including the deferred amount capitalized on the outstanding loan (interest income on the performing rescheduled amount) is recognized in profit or loss and reported within revenues. Interest income that is marginalized and reported off-balance sheet prior to the date when the loan was rescheduled is not recognized in profit or loss until the total balance of loan, prior to that date, is paid in full.
- Other operating losses are reported within other operating expenses - other.

h- Fees and commissions income

Fees and commissions for servicing a loan or facility that is measured at amortized cost are recognized as income as the service is provided. Recognition as income, however, ceases for fees and commissions on non-performing or credit-impaired loans or receivables (stage-3) and, instead, they are recorded off-balance sheet in statistical records. These fees and commissions are recognized as income on the cash basis that is, when interest income on these loans is recognized as income in accordance with the requirements disclosed in policy note No. (2-g). Fees that are considered integral part of the effective interest rate are generally accounted for as an adjustment to the effective interest rate.

Commitment fees received by the bank to originate a loan are deferred if it is probable that the bank will enter into a specific lending arrangement on the basis that these fees are regarded as a compensation for the bank's ongoing involvement with the acquisition of the financial instrument. These fees are recognized as an adjustment to the effective interest rate of the originated loan. If the commitment expires without the bank making the loan, the fees are recognized as income on expiry of the commitment year.

Fees on debt instruments that are measured at fair value through profit or loss are recognized as income on initial recognition. Loan syndication fees are recognized as income when the syndication has been completed and the bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate for comparable risks as other participants.

Fees and commissions that are earned on negotiation or co-negotiation of a transaction for another party, such as arrangements for the allotment of shares or other financial instruments, or the acquisition or sale of entities on behalf of that party, are recognized in profit or loss when the related transaction is completed. Income from fees for administrative consultancy and other services is usually recognized on a time proportionate basis over the year in which the service is rendered. Fees from financial planning management and custodian services performed for customers over long years are recognized as income over the year in which the service is performed.

i- Dividend Income

- Dividend income is recognized in the income statement when the bank's right to receive payment is established.

j- Purchase and resale agreements and sale and repurchase agreements (repos and reverse repos)

Agreements for sale of financial instruments with an obligation to repurchase are reported within assets as a deduction from the "treasury bills" line item in the statement of financial position, whereas the bank's obligation arising under agreements for the purchase of financial instruments with an obligation to resell, is reported as an addition to the "treasury bills" line item in the statement of financial position. Differences between the selling and repurchase price or between the purchase and reselling price is recognized as interest expense or interest income throughout the year of each agreement using the effective interest rate method.

k- Impairment of financial assets

The bank reviews all of its financial assets except for those that are measured at fair value through profit or loss to assess whether they have impaired as described below. Financial assets are classified at the reporting date in three stages:

- Stage one: financial assets that have not experienced significant increase in credit risk since initial recognition. A 12-month expected credit loss is recognized for financial assets at this stage.
- Stage two: financial assets that have experienced significant increase in credit risk since the initial recognition. Life-time expected credit loss is recognized for financial assets at this stage.
- Stage three: financial assets that are credit-impaired and for which objective evidence(s) is available indicating that they have impaired (non-performing). Life-time expected credit loss is also recognized for financial assets at this stage on the basis of the difference between the carrying amount of the instrument and the present value of expected future cash flows.

Impairment in the value of financial assets (expected credit losses) is measured as follows:

- A financial asset that has a low credit risk upon initial recognition is classified in stage one, and its credit risk is monitored on an ongoing basis by the bank's credit risk management.
- If it is determined that a significant increase in credit risk of the financial asset has occurred since initial recognition, the financial asset is transferred to stage two, and is not yet considered to be impaired at this stage.
- When indicators of impairment in the value of the financial asset exist, the asset is transferred to stage three.
- The bank classifies directly in stage 2 any purchased or originated financial assets whose credit risk on initial recognition is significantly higher as compared to the bank's ratings for financial assets with low credit risks. Accordingly, the expected credit losses for these assets are measured on the basis of lifetime expected credit losses throughout the life of the asset.

k-1 Significant increase in credit risk:

The bank considers that a significant increase in credit risk of a financial asset has occurred when one or more of the following quantitative and qualitative criteria, as well as, factors indicating default, are satisfied.

K-1-1 Quantitative criteria:

The bank considers the credit risk on a financial instrument has increased significantly since initial recognition if the probability of a default occurring on the financial instrument at the reporting date increased compared to the probability of a default occurring at the date of initial recognition of that instrument, within the bank's framework for acceptable risks.

K-1-2 Qualitative criteria:

Retail bank loans and small and micro enterprises

If the borrower encounters one or more of the following events:

- The borrower applied for transferring short-term to long-term repayments as a result of adverse effects related to the borrower's cash flow.
- Extend the year over which repayment is made at the request of the borrower.
- Repeated arrears during the previous 12 months.
- Future economic changes adversely affecting the borrower's future cash flows.

Loans for medium enterprises and projects

If the borrower is on the watch-list and/or if the financial instrument encountered 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 adverse changes in the business, financial, or economic conditions under which the borrower operates.
- Request for a restructuring or modification due to difficulties encountered by the borrower.
- An actual or expected significant deterioration in the 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 servicing creditors/commercial loans.
- Cancellation by the bank of one of its direct advances due to increase in the borrower's credit risk.

K-1-3 Default:

Starting from 1 January 2019, corporate loans and advances, loans and advances to medium and small-size enterprises, and micro-retail and retail banking loans and advances are included in stage-2 of the ECL model if they are more than 60 days past due (at most) and less than 90 days past due. This year (60 days) will be reduced by (10) days annually until it becomes (30) days within 3 years from the application date (noting that this year has been reduced to 30 days at most starting from 1 January 2022 until 31 December 2022).

K-2 Transitioning among stages:

Switching from stage two to stage one:

A financial asset shall not be transferred from stage two to stage one unless all the quantitative and qualitative factors of stage one are met, all arrears of the financial asset's principal and interest have been fully paid, and after 3 months have lapsed of regular payment and fulfilment of stage one criteria.

Switching from stage three to stage two:

A financial asset shall not be transferred from stage three to stage two until all the following conditions have been met:

- 1- Satisfaction of all quantitative and qualitative factors of stage two.
- 2- Repayment of 25% of the outstanding balance of the financial asset, after payment of the accrued interest whether segregated/ marginalized interest, as appropriate.
- 3- Regular payment for at least 12 months.

l- Intangible assets

l-1 Computer software

Expenditure on upgrade or maintenance of a computer software is recognized as an expense as incurred in profit or loss in the income statement. Costs directly incurred in connection with specific software is recognized as an intangible asset if they are controlled by the bank and it is probable that they will generate future economic benefits exceeding their cost for more than one year. Direct costs include the cost of staff involved in the software-upgrade in addition to a reasonable share of related overheads.

Expenditures incurred are recognized as upgrade costs and added to the original cost of the software if such expenditures will likely increase the efficiency or enhance the performance of the computers software beyond their original specifications.

Cost of the computer software, recognized as an asset, is amortized over a year of 5 years that is, the year over which benefits are expected to arise therefrom.

l-2 Other intangible assets

These are intangible assets, other than goodwill and computer software (for example, trademarks, licenses, benefits of rental contracts).

Other intangible assets are recognized at their acquisition cost and are amortized on a straight-line basis, or on the basis of the economic benefits expected to arise therefrom, over their estimated useful lives. Intangible assets with indefinite useful lives are not amortized but are annually tested for impairment with impairment loss (if any) recognized in profit or loss in the income statement.

m- Fixed assets

Land and buildings comprise mainly the head office premises and the bank's branches and offices. All items of property, plant, and equipment (fixed assets) are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. Repairs and maintenance expenses are recognized in profit or loss within "other operating expenses" line-item during the year in which they are incurred.

Land is not depreciated. Depreciation of other assets is charged so as to write off the cost of assets, less their residual values, over their estimated useful lives using the straight-line method. The estimated useful lives of the assets are described below:

Buildings and constructions	5%	20 years
Integrated automated systems	20%	5 years
Vehicles	20%	5 years
Fixtures and fittings	20%	5 years
Machinery and equipment	20%	5 years
Furniture	20%	5 years

At each reporting date, the residual values and useful lives of the assets are reviewed and adjusted, as appropriate. The carrying amounts of depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When the carrying amount of an asset exceeds its recoverable amount, that carrying amount is reduced immediately to its recoverable amount.

The recoverable amount of an asset is the higher of the asset's fair value-less costs of disposal, and value in use. Gains and losses on disposal of fixed assets are determined by comparing proceeds with the carrying amount. These gains or (losses) are recognized in profit or loss within "other operating income" or "other operating expenses" in the income statement.

n- Impairment of non-financial assets

Non-financial assets that have indefinite useful lives (except for goodwill) are not depreciated or amortized but are tested annually for impairment. Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

An impairment loss is recognized and the carrying amount of an asset is reduced to the extent that such carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value-less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each reporting date, non-financial assets (other than goodwill) that have previously suffered an impairment are reviewed for possible reversal of a previously recognized impairment loss. Any reversal of impairment losses are recognized immediately in profit or loss in the income statement to the extent that the reversal amount eliminates the impairment loss which has been recognized for the asset in prior years.

O- Lease contracts

Finance leases are accounted for in accordance with the rules for preparation of banks financial statements and bases of recognition and measurement approved by the Central Bank of Egypt's Board of Directors on 16 December 2008, if the lease contract entitles the lessee to purchase the asset at a specified date and specified amount, or if the net present value of total minimum lease payments is at least 90% of the fair value of the asset. Other lease contracts are considered operating leases.

o-1 The bank as a lessee

In accounting for financial leases, costs associated with leases, including maintenance cost of leased assets, are recognized as expenses in profit or loss in the income statement in the year during which they are incurred. If the bank decides to exercise its call option over the leased assets in a lease contract, the cost of this call option is capitalized as a fixed asset and depreciated over the expected remaining useful life of that asset on the same basis that is used for assets of a similar type.

Rental payments under operating leases (less any discounts obtained from the lessor) are recognized, on a straight-line basis over the term of the relevant lease, as expenses in profit or loss in the income statement.

p- Cash and cash equivalents

For the purposes of presenting the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition/placement. These include cash in hand and balances due from Central Bank of Egypt (other than those within the mandatory reserve ratio), due from banks and treasury bills.

q- Other provisions

Provisions for restructuring costs and legal claims are recognized when the bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits is required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of outflow for any one item may be small, a provision is recognized (if the other recognition criteria are met).

Provisions are fully or partly reversed to profit or loss in the income statement and reported in the "other operating income/expenses" line-item if it is no longer probable that an outflow of resources embodying economic benefits will be required to fully settle the obligation (or part thereof).

Where an obligation is expected to be settled within more than 12 months from the reporting date, the carrying amount of the provision is calculated at the present value of the cash flows estimated to settle the present obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability and for which future cash flow estimates have not been adjusted.

r- Financial guarantees

Financial guarantee contracts are those issued by the bank as security for loans payable/ or debit current accounts owed—by the bank's customers—to other entities. These contracts require the bank (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. These financial guarantees are presented to banks, financial institutions, and other parties on behalf of the bank's customers.

A financial guarantee contract is recognized as a liability and measured initially at its fair value (which may reflect a security fee) at the contract date. Financial guarantee contracts are measured subsequently at the higher of (i) the amount recognized initially less, where appropriate, cumulative amortization of the fee recognized in profit or loss on a straight-line basis over of term the guarantee, and (ii) the amount of the loss allowance determined in accordance with the ECL model for financial guarantees.

Any increase in liabilities resulting from financial-guarantee contracts is recognized in profit or loss within "other operating income/expenses" line-item in the income statement.

s- Income taxes

Income tax on the profit or loss for the year includes each of year tax and deferred tax and is recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

Income tax is recognized based on net taxable profit using the tax rates applicable at the reporting date in addition to tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the carrying amount of assets and liabilities are recognized in accordance with the principles of accounting and value according to the tax base, this is to determinate the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable at the reporting date.

Deferred tax assets of the Bank are recognized when there is a reliable probability to realize a profit subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will not result in tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

t- Borrowings

Loans received by the bank and classified as financial liabilities as at amortized cost are initially recognized at fair value less costs of obtaining the loan (i.e., transaction costs). The loan is subsequently measured at amortized cost, with the difference between the net proceeds received from the loan and the amount payable at maturity recognized in the income statement as an expense in profit or loss over the year of the borrowing using the effective interest rate.

u- Capital

u-1 Cost of capital

Transaction costs directly attributable to the issuance of new shares, the issuance of shares to effect a business combination, or the issuance of share options are reported as a deduction from equity, net of the related income tax effect.

u-2 Dividends

Dividend distributions are recognized as a liability and as a deduction from equity in the reporting year during which the General Assembly of the shareholders approves those distributions. Such distributions includes employees' profit share and the Board of Directors' remuneration stipulated by the articles of incorporation and the Law. The bank does not recognize any liability to employees and board members in its retained earnings until when distribution of those earnings are approved.

v- Fiduciary activities

The bank practices fiduciary activities that result in ownership or management of assets on behalf of individuals, trust, and retirement benefit plans and other institutions. These assets and income arising thereon are excluded from the bank's financial statements, as they are not assets of the bank.

w- Comparative figures

Comparative figures are reclassified, as necessary, to conform to the changes in the financial statements presentation for the current period.

x- Employee benefits

x-1 short-term employee benefits

Short-term employee benefits comprise wages, salaries, contributions to social insurance systems, paid annual leave, bonuses, and non-monetary benefits (such as medical care, housing, cars, and free or subsidized goods and services to current employees) expected to be settled wholly before 12 months after the end of the annual reporting year. Short-term employee benefits are expensed to profit or loss in the income statement in the year during which employees have rendered service entitling them to those benefits.

x-2 Retirement benefits

Benefits under the bank's pension scheme for its employees represent the bank's share in contributions payable to the General Authority for Social Insurance in accordance with the Social Insurance Law No. 79 of 1975 and its amendments.

During each reporting year, the bank pays its share to the General Authority for Social Insurance which is expensed in profit or loss and reported in the income statement as part of wages and salaries within the "administrative expenses" line-item in the year during which the bank's employees render their services.

The bank's obligation to pay benefits under the applicable pension scheme is accounted for as defined contribution plan and, therefore, no further liability arises on the bank with respect to its employees' pension scheme other than its obligation to make the specified contributions.

3- Financial risk management

The bank's activities expose it to a variety of financial risks. Taking risk is core to the financial business and an inevitable consequence of being in business. Analysis, evaluation, and management of some risks or a combination of risks are performed with the objective of balancing risk and return, as appropriate, and minimizing the potential adverse effects on the bank's financial performance. Of the most important types of risks are credit risk, market risk, liquidity risk, and other operational risks. Market risk includes the risk of foreign exchange rates, interest rate risk, and other price risks.

The bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to the limits using reliable and up-to-date information systems. The bank reviews its risk management policies and systems on a regular basis and adjusts them to reflect changes in markets, products, services, and best emerging applications.

Risk management is carried out by the risk management department in the light of policies adopted by the bank's Board of Directors. The risk management department identifies, evaluates, and addresses financial risks in close cooperation with the bank's various operational units. The Board of Directors provides written principles for the overall risk management, as well as, written policies covering specific risk areas such as credit risk, foreign exchange rates risk, interest rate risk, use of derivatives and non-derivative instruments. In addition, the risk management department is responsible for annual review of risk management and the control environment independently.

a- Credit risk

The bank is exposed to credit risk which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligations. The credit risk is the most important risk for the bank and, accordingly, management carefully manages the bank's exposure to that risk.

Credit risk mainly emerges from lending activities which result in the recognition of loans and credit facilities, and from investment activities which result in the recognition of debt instruments. Credit risk also arises from off-balance sheet financial instruments such as loan commitments. Management and control of credit risk rest with the risk management team of the risk management department who reports on a regular basis to the bank's Board of Directors, senior management, and heads of business units.

a-1 Credit risk measurement

Loans and advances to banks and customers

In measuring credit risk of loans and advances to banks and customers, the bank considers the following three components:

- The probability of default (PD) which is the likelihood of failure by the customer or counterparty on discharging its contractual obligations over a specified year.
- Exposure at default (ED) which is the bank's current exposure to the counterparty and its likely future development when a loan defaults, and from which the bank derives the exposure at default.
- Loss given default (LGD) which is the share of an asset that is lost if a borrower defaults.

The bank assesses the probability of default by customer (individual assessment) using internal credit rating methodologies tailored to the various categories of counterparty. These methodologies have been developed internally and take into account statistical analysis combined with credit officers' judgment to determine the credit risk rating of the counterparty(ies), as appropriate. Customers of the bank are segmented into four classes of credit risk rating. The credit risk rating scale used by the bank, shown by the following table, reflects the extent of a probability of default occurring for each of the four-class credit risk rating grades. Basically, this means that exposures migrate between classes of credit risk rating on the basis of change in the assessment of the probability of default. The credit risk rating methodologies are reviewed and developed, as necessary. The bank assesses, on a regular basis, the performance of the credit risk rating methodologies and the extent to which they are capable of predicting default events.

Bank's internal ratings scale

<u>Rating</u>	<u>Rating scale</u>
1	Performing loans
2	Regular watch list
3	Special watch list
4	Non-performing loans

Exposure at default depends on the amounts which the bank expects to be outstanding upon the occurrence of a potential default event. For example, for a loan, the exposure at default is the nominal value of the loan. For commitments to provide loans, the bank includes amounts already withdrawn in addition to other amounts that are expected to have been withdrawn by the date on which a potential default event is expected to occur.

Loss given default or loss severity represents the bank's expectation of the extent of loss upon claiming repayment should a default by the counterparty occur. This is expressed in terms of a loss percentage of debt which typically varies by type of counterparty, seniority of claim, and the extent to which collaterals or other credit enhancements are available.

Debt instruments, treasury and other bills

To manage credit risk for debt securities and other bills, the bank uses credit risk rating information supplied by independent external rating agencies such as Standard & Poor's ratings or their equivalents, where available. If such information is not available, the bank uses credit risk rating methods similar to those applied to its own credit customers. The investments in those securities and bills are regarded by the bank as a way to obtain a better credit quality and, at the same time, provide a readily available source to meet its funding requirements.

a-2 Risk limitation and mitigation policies

The bank manages, limits, and controls concentrations of credit risk wherever on the basis of individual counterparty (debtor), group of counterparties, industries, and countries.

The bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, as well as economic activities and geographical segments. Such risks are monitored on an ongoing basis and subject to annual (or more frequent) review, as necessary. Credit risk limits for individual borrower, group of borrowers, product, sector, and country are approved by the bank's Board of Directors on a quarterly basis.

The credit exposure to any borrower, including banks, is further divided into sub-limits covering on- and off-balance sheet exposures, and the daily risk limits in relation to the trading instruments such as forward foreign exchange contracts. Actual exposures against limits are monitored and compared daily.

Exposure to credit risk is also managed through regular analysis of the ability of potential borrowers to discharge their obligations and by changing the bank's lending limits, as appropriate.

Some specific limitation and mitigation measures are outlined below:

- Collaterals

The bank employs a range of policies and controls to limit credit risk. Among these policies and controls is the taking of collaterals against funds advanced. The bank sets guidelines for specific classes of acceptable collaterals. The principal types of collateral for loans and advances are:

- Real-estate mortgage.
- Mortgage of business' assets such as inventory and equipment.
- Mortgage of financial instruments such as debt and equity securities.
- Ministry of Finance guarantees that reduce credit risk.

Long-term finance and corporate lending are often secured whereas advances to customers (retail lending) are generally unsecured. To minimize credit loss, the bank will seek additional collaterals from the counterparty(ies) as soon as impairment indicators are noticed for an individual loan or advance.

Collaterals held as security for assets other than loans and advances is determined by the nature of the instrument (asset). Debt securities and treasury bills are generally unsecured, with the exception of asset-backed securities, and similar instruments which are secured by portfolios of financial instruments.

- Credit-related commitments

The primary purpose of these credit-related commitments is to ensure that funds are available upon a customer's request. Financial guarantee contracts, such as standby letters of guarantee and credit, carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the bank on behalf of a customer authorizing a third party to draw drafts on the bank up to the extent of specified amounts and under pre-specified terms and conditions – are generally secured by the underlying shipments of goods to which they relate and, therefore, carry less credit risk than a direct loan.

Commitments to extend credit (loan commitments) represent unused portion of the authorized credit limit of loans, guarantees, or letters of credit. With respect to credit risk on commitments to extend credit, the bank is exposed to a potential loss in an amount equal to the total of unused commitments. However, the likely amount of loss in reality is less than the total amount of unused commitments, as most of these commitments are contingent obligations on customers with specific credit quality standards. The bank monitors the term to maturity of its loan commitments because longer-term commitments generally have some degree of credit risk higher than short-term commitments.

a-3 Impairment and provisioning policies

The internal assessment methodologies described in note (a-1) above focus, to a great extent, on credit-quality mapping from initial recognition of the lending and investment activities. Otherwise, allowances for expected credit losses at each reporting date, are recognized, for financial reporting purposes, based on objective evidence indicating that impairment has been incurred, as what shall be disclosed hereinafter.

Allowance for the impairment loss (loss provision) reported in the statement of financial position at year-end is derived from each of the four internal credit risk rating grades. Nonetheless, the majority of the impairment provision comes from the bottom two grades. The table below shows the proportionate share of the bank's on-balance sheet loans and advances for each of the bank's internal credit risk rating grades:

<u>Bank's internal rating</u>	<u>30/9/2022</u>		<u>31/12/2021</u>	
	<u>Loans and advances to customers</u>	<u>Expected credit losses</u>	<u>Loans and advances to customers</u>	<u>Expected credit losses</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
1. Performing loans	69.45	9.38	66.47	10.00
2. Regular watch-list	25.33	16.34	27.15	15.57
3. Special watch-list	0.36	0.56	2.52	9.93
4. Non-performing loans	4.86	73.72	3.86	64.50
	100	100	100	100

The internal credit risk rating methodologies assists management to determine whether an objective evidence of impairment exists, based on the following criteria set out by the bank:

- Significant financial difficulties of the borrower or debtor.
- A breach of contract terms, such as a default or delinquency in interest or principal payments.
- It is becoming probable that the borrower will enter bankruptcy, liquidation proceedings, or financial re-organization.
- Deterioration of the competitive position of the borrower.
- The bank (lender), for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- Impairment in the value of collaterals.
- Deterioration in the creditworthiness of the borrower.

The bank's policy requires review of individual financial assets that are above specific materiality threshold at least annually, or more frequently whenever changes in circumstances provide objective evidence that a financial asset has impaired. Provisions for expected credit losses are determined for individually assessed accounts by an evaluation of impairment loss, at reporting date, on a case-by-case basis, where such an assessment is applied to all accounts that are individually material. The assessment normally encompasses evaluation of the collateral held including re-confirmation of its enforceability and the anticipated receipts for each individual account.

Provisions are also recognized based on a collective assessment of groups of financial assets a group of financial assets with similar credit risk characteristics by using management experience with historical loss rates, professional judgment, and statistical techniques.

a-4 Measurement model for general banking risks

In addition to the four grades of the bank's internal credit risk rating indicated in note (a-1) above, management classifies loans and advances into more detailed sub-categories to comply with the Central Bank of Egypt requirements. Assets exposed to credit risk in these categories are classified in accordance with detailed rules and conditions which heavily depend on information relevant to the customer, its activity, its financial position, and its repayment track-record.

The bank calculates the provision required for impairment loss on assets exposed to credit risk, including loan commitments, on the basis of rates specified by the Central Bank of Egypt. In case, the provision required for impairment loss under the Central Bank of Egypt's credit worthiness rules exceeds the provision required, for the purpose of preparing the bank's financial statements in accordance with the Egyptian Accounting Standards, such excess shall be debited to retained earnings and accumulated in the general banking risks reserve in equity. This reserve is always adjusted, on a regular basis, by any increase or decrease so that the reserve shall always equal the amount of increase between the two provisions. Such reserve is not available for distribution, and note (31-a) shows the movement on the general banking risks reserve during the reporting year.

Following is a statement of credit risk categories as per the bank's internal credit ratings compared with those of the Central Bank of Egypt. This statement also includes the percentages of provisions required for impairment loss on assets exposed to credit risk:

<u>CBE rating</u>	<u>Category description</u>	<u>Provision %</u>	<u>Bank's internal rating</u>	<u>Internal rating indication</u>
1	Low risks	0	1	Performing debts
2	Moderate risks	%1	1	Performing debts
3	Satisfactory risks	%1	1	Performing debts
4	Reasonable risks	%2	1	Performing debts
5	Acceptable risks	%2	1	Performing debts
6	Marginally acceptable risks	%3	2	Regular watch-list
7	Watch list	%5	3	Special watch-list
8	Substandard debts	%20	4	Non-performing debts
9	Doubtful debts	%50	4	Non-performing debts
10	Bad debts	%100	4	Non-performing debts

a-5 Maximum limit for credit risk

<u>Financial position items exposed to credit risk</u>	<u>30/9/2022</u> <u>USD</u>	<u>31/12/2021</u> <u>USD</u>
Due from banks (Net)	716,703,277	655,794,403
Treasury bills (Net)	768,844,654	525,580,659
Loans and advances to customers (Net)		
<u>Retail loans</u>		
Overdrafts	74,258,250	129,356,827
Credit cards	13,082,944	12,280,213
Personal loans	357,281,508	366,426,514
Mortgage loans	47,112,468	45,045,071
<u>Corporate loans (including small loans to economic businesses)</u>		
Overdrafts	613,300,783	559,700,985
Direct loans	342,636,794	376,071,581
Syndicated loans	544,553,808	574,723,453
Other loans	2,438,932	2,198,275
Total Loans and advances	1,994,665,487	2,065,802,919
Financial investments : (Net)		
- Debt instruments	385,858,287	811,611,609
Other assets	74,427,179	78,449,259
Total	3,940,498,884	4,137,238,849
<u>Off balance sheet items exposed to credit risk (Net)</u>		
Letters of credit	77,627,717	143,146,428
Letters of guarantee	202,605,568	160,949,555
Total	280,233,285	304,095,983

- The above table represents the bank's maximum exposure to credit risk as of September 30, 2022 and December 31, 2021, without taking account of any collaterals for the on-balance sheet items. Amounts shown above depend on the net carrying amounts reported in the bank's statement of financial position.
- As shown above, 50.71% of the bank's maximum exposure to credit risk results from loans and advances to banks and customers as of September 30, 2022 (December 31, 2021: 49.93%) whereas investments in debt instruments represent 9.81% as of September 30, 2022 (December 31, 2021: 19.62%).
- Management is confident in its ability to continue to control and sustain the bank's exposure to credit risk arising from both its loans and advances portfolio and debt securities at a minimum level based on the following:
 - 94.78% of the bank's portfolio of loans and advances to customers is categorized in the top two grades of the bank's internal rating (December 31, 2021: 93.62%).
 - 92.51% of the bank's portfolio of loans and advances to customers and banks neither has arrears nor impairment indicators (December 31, 2021: 93.93%).
- The bank has introduced a more stringent selection criteria for providing loans and advances during the current period ended September 30, 2022.
- More than 98.97% of the bank's investments in debt instruments and treasury bills represents financial obligations on the Egyptian Government as of September 30, 2022 (December 31, 2021: 99.63%).

The following table provides information on the quality of financial assets during the period:

	<u>30/9/2022</u>			
	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Due from banks				
Credit rating				
Performing debts	624,762,869	92,125,140	--	716,888,009
	624,762,869	92,125,140	--	716,888,009
Less: Expected credit losses	(109,077)	(75,655)	--	(184,732)
Carrying amount	624,653,792	92,049,485	--	716,703,277
Treasury bills				
Credit rating				
Performing debts	783,523,795	--	--	783,523,795
	783,523,795	--	--	783,523,795
Unearned interest	(14,694,661)	--	--	(14,694,661)
Fair value adjustments	15,520	--	--	15,520
Carrying amount	768,844,654	--	--	768,844,654
Loans and advances to customers				
Credit rating				
Performing debts	168,758,341	7,982,831	6,162,164	182,903,336
Regular watch-list	303,303,609	14,599,316	10,541,699	328,444,624
Non-performing debts	--	11,839,738	22,163,565	34,003,303
	472,061,950	34,421,885	38,867,428	545,351,263
Less: Expected credit losses	(6,480,361)	(3,322,684)	(17,109,421)	(26,912,466)
Less: Interest in suspense	(252)	--	(114,748)	(115,000)
Less: Interest in advance	(26,487,512)	(25,751)	(75,365)	(26,588,628)
Carrying amount	439,093,825	31,073,450	21,567,894	491,735,169
Loans and advances to corporates				
Credit rating				
Performing debts	1,269,441,271	11,634,067	683,440	1,281,758,778
Regular watch-list	144,750,957	58,286,843	3,074,741	206,112,541
Special watch-list	--	7,020,494	536,488	7,556,982
Non-performing debts	--	--	68,541,436	68,541,436
	1,414,192,228	76,941,404	72,836,105	1,563,969,737
Less: Unearned interest for discounted bills	(32,740)	--	--	(32,740)
Less: Expected credit losses	(10,109,654)	(3,061,213)	(44,974,134)	(58,145,001)
Less: Interest in suspense	--	--	(1,669,350)	(1,669,350)
Less: Interest in advance	(1,141,087)	(51,241)	--	(1,192,328)
Carrying amount	1,402,908,747	73,828,950	26,192,621	1,502,930,318
Debt instruments - at fair value through other comprehensive income				
Credit rating				
Performing debts	223,354,351	--	--	223,354,351
Carrying amount	223,354,351	--	--	223,354,351
Debt instruments - at amortized cost				
Credit rating				
Performing debts	161,017,776	--	--	161,017,776
Less: Expected credit losses	(214,313)	--	--	(214,313)
Carrying amount	160,803,463	--	--	160,803,463

	<u>31/12/2021</u>			
	<u>Stage 1</u> <u>12-month</u>	<u>Stage 2</u> <u>lifetime</u>	<u>Stage 3</u> <u>lifetime</u>	<u>Total</u>
Due from banks				
Credit rating				
Performing debts	625,693,388	30,277,950	--	655,971,338
	625,693,388	30,277,950	--	655,971,338
Less: Expected credit losses	(98,720)	(78,215)	--	(176,935)
Carrying amount	625,594,668	30,199,735	--	655,794,403
Treasury bills				
Credit rating				
Performing debts	541,502,928	--	--	541,502,928
	541,502,928	--	--	541,502,928
Unearned interest	(16,510,999)	--	--	(16,510,999)
Fair value adjustments	588,730	--	--	588,730
Carrying amount	525,580,659	--	--	525,580,659
Loans and advances to customers				
Credit rating				
Performing debts	179,527,772	1,263,401	491,484	181,282,657
Regular watch-list	366,165,535	8,910,470	11,466,848	386,542,853
Non-performing debts	1,439,102	5,752,951	14,059,770	21,251,823
	547,132,409	15,926,822	26,018,102	589,077,333
Less: Expected credit losses	(8,001,399)	(1,861,089)	(11,632,773)	(21,495,261)
Less: Interest in suspense	(324)	--	(143,103)	(143,427)
Less: Interest in advance	(14,161,747)	(44,832)	(123,454)	(14,330,033)
Carrying amount	524,968,939	14,020,901	14,118,772	553,108,612
Loans and advances to corporates				
Credit rating				
Performing debts	1,212,089,765	46,189,192	536,371	1,258,815,328
Regular watch-list	150,835,916	51,123,085	--	201,959,001
Special watch-list	--	47,092,357	7,546,094	54,638,451
Non-performing debts	--	--	62,406,074	62,406,074
	1,362,925,681	144,404,634	70,488,539	1,577,818,854
Less: Unearned interest for discounted bills	(673,740)	--	--	(673,740)
Less: Expected credit losses	(6,641,033)	(8,700,982)	(46,537,382)	(61,879,397)
Less: Interest in suspense	--	--	(2,076,506)	(2,076,506)
Less: Interest in advance	(494,201)	--	(703)	(494,904)
Carrying amount	1,355,116,707	135,703,652	21,873,948	1,512,694,307
Debt instruments - at fair value through other comprehensive income				
Credit rating				
Performing debts	442,753,345	--	--	442,753,345
Carrying amount	442,753,345	--	--	442,753,345
Debt instruments - at amortized cost				
Credit rating				
Performing debts	368,920,782	--	--	368,920,782
Less: Expected credit losses	(62,518)	--	--	(62,518)
Carrying amount	368,858,264	--	--	368,858,264

The following table shows changes in expected credit losses between the beginning and end of the period:

30/9/2022

	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Due from banks				
Expected credit losses as of January 1, 2022	98,721	78,214	--	176,935
Expected credit losses charged (reversed)	10,356	(2,559)	--	7,797
Balance at the end of the period	109,077	75,655	--	184,732
Treasury bills - at Fair value through other comprehensive income				
Expected credit losses as of January 1, 2022	1,427,172	--	--	1,427,172
Expected credit losses charged (reversed)	(316,900)	--	--	(316,900)
Balance at the end of the period	1,110,272	--	--	1,110,272
Loans and advances to customers				
Expected credit losses as of January 1, 2022	8,001,399	1,861,089	11,632,773	21,495,261
Expected credit losses charged (reversed)	2,676,797	3,149,037	8,334,039	14,159,873
Write-off during the period	--	--	(486,736)	(486,736)
Recoveries during the period	--	--	75,073	75,073
Foreign exchange translation differences	(4,197,835)	(1,687,442)	(2,445,728)	(8,331,005)
Balance at the end of the period	6,480,361	3,322,684	17,109,421	26,912,466
Loans and advances to corporates				
Expected credit losses as of January 1, 2022	6,641,033	8,700,982	46,537,382	61,879,397
Expected credit losses charged (reversed)	1,881,088	(5,588,192)	4,632,465	925,361
Write-off during the period	--	--	(658,093)	(658,093)
Foreign exchange translation differences	1,587,533	(51,577)	(5,537,620)	(4,001,664)
Balance at the end of the period	10,109,654	3,061,213	44,974,134	58,145,001
Debt instruments - at fair value through other comprehensive income				
Expected credit losses as of January 1, 2022	816,164	--	--	816,164
Expected credit losses charged (reversed)	(29,760)	--	--	(29,760)
Balance at the end of the period	786,404	--	--	786,404
Debt instruments - at amortized cost				
Expected credit losses as of January 1, 2022	62,518	--	--	62,518
Expected credit losses charged (reversed)	151,795	--	--	151,795
Balance at the end of the period	214,313	--	--	214,313

31/12/2021

	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Due from banks				
Expected credit losses as of January 1, 2021	98,621	129,007	--	227,628
Expected credit losses charged (reversed)	100	(50,792)	--	(50,692)
Foreign exchange translation differences	--	(1)	--	(1)
Balance at the end of the year	98,721	78,214	--	176,935
Treasury bills - at Fair value through other comprehensive income				
Expected credit losses as of January 1, 2021	1,588,815	--	--	1,588,815
Expected credit losses charged (reversed)	(161,643)	--	--	(161,643)
Balance at the end of the year	1,427,172	--	--	1,427,172
Loans and advances to banks				
Expected credit losses as of January 1, 2021	--	42,991	--	42,991
Expected credit losses charged (reversed)	--	(42,991)	--	(42,991)
Balance at the end of the year	--	--	--	--
Loans and advances to retail customers				
Expected credit losses as of January 1, 2021	5,198,241	302,158	2,353,129	7,853,528
Expected credit losses charged (reversed)	2,801,554	1,559,655	9,829,441	14,190,650
Write-off during the period year	--	--	(568,964)	(568,964)
Recoveries during the period year	--	--	23,507	23,507
Foreign exchange translation differences	1,604	(724)	(4,340)	(3,460)
Balance at the end of the year	8,001,399	1,861,089	11,632,773	21,495,261
Loans and advances to corporates				
Expected credit losses as of January 1, 2021	11,017,550	2,042,856	45,464,262	58,524,668
Expected credit losses charged (reversed)	(4,388,443)	6,671,248	3,560,522	5,843,327
Write-off during the year	--	(7,284)	(2,533,723)	(2,541,007)
Recoveries during the period year	--	--	14,459	14,459
Foreign exchange translation differences	11,926	(5,838)	31,862	37,950
Balance at the end of the year	6,641,033	8,700,982	46,537,382	61,879,397
Debt instruments - at fair value through other comprehensive income				
Expected credit losses as of January 1, 2021	970,482	--	--	970,482
Expected credit losses charged (reversed)	(154,318)	--	--	(154,318)
Balance at the end of the year	816,164	--	--	816,164
Debt instruments - at amortized cost				
Expected credit losses as of January 1, 2021	9,629	--	--	9,629
Expected credit losses charged (reversed)	52,889	--	--	52,889
Balance at the end of the year	62,518	--	--	62,518

a-6 Loans and advances

Loans and advances are summarized as per "CBE obligor risk rating" as follows:

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
	<u>Loans and advances</u>	<u>Loans and advances</u>
	<u>to customers</u>	<u>to customers</u>
Neither have arrears nor impaired	1,951,433,714	2,035,382,656
Have arrears but not impaired	55,342,547	47,855,754
Impaired	102,544,739	83,657,897
Total	2,109,321,000	2,166,896,307
Less :		
Expected credit losses	(79,965,034)	(75,195,742)
Segregated interest (in-suspense)	(1,784,350)	(2,219,933)
Interest in advance	(27,780,955)	(14,824,937)
Unearned interest for discounted bills	(32,740)	(673,740)
Net	1,999,757,921	2,073,981,955

- Total Expected credit losses for loans and advances to customers amounted to USD 85,057,467 as of September 30, 2022 (December 31, 2021: USD 83,374,658). Note (18) includes additional information on the Expected credit losses for loans and advances to customers.

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- Loans and advances which neither have arrears nor impaired

The credit quality of the loans and advances portfolio that neither have arrears nor impaired is assessed by reference to the bank's internal credit risk rating.

- Loans and advances to customers

Rating	30/9/2022							Total loans and advances to customers	
	USD								
	Retail			Corporate					
	Overdrafts	Credit cards	Personal loans	Mortgage loans	Overdrafts	Direct loans	Syndicated loans	Other loans	
1- Performing	22,128,913	2,243,071	74,798,972	72,113,213	547,136,079	250,799,200	481,624,946	1	1,450,844,395
2- Regular watch-list	52,981,368	7,649,217	248,041,244	--	54,112,106	88,905,573	41,361,073	--	493,050,581
3- Special watch-list	--	--	--	--	1,371,215	6,167,523	--	--	7,538,738
Total	75,110,281	9,892,288	322,840,216	72,113,213	602,619,400	345,872,296	522,986,019	2	1,951,433,714

- The non-performing loans secured by collaterals are not regarded as impaired after assessing that the collectability of the collaterals amounts is probable.

Rating	31/12/2021							Total loans and advances to customers	
	USD								
	Retail			Corporate					
	Overdrafts	Credit cards	Personal loans	Mortgage loans	Overdrafts	Direct loans	Syndicated loans	Other loans	
1- Performing	42,500,490	3,614,432	69,416,189	55,229,443	486,146,419	268,510,877	494,799,708	2	1,420,217,560
2- Regular watch-list	88,175,052	6,581,301	270,923,323	--	63,946,609	99,004,734	32,296,643	--	560,927,662
3- Special watch-list	--	--	--	--	9,046,685	7,850,257	37,340,492	--	54,237,434
Total	130,675,542	10,195,733	340,339,512	55,229,443	559,139,713	375,365,868	564,436,843	2	2,035,382,656

- **Loans and advances to customers that have arrears but are not impaired**

These are past due loans and advances up to 90 days but are not impaired unless other available information indicates otherwise. Loans and advances to customers which have arrears but not impaired comprise the following:

<u>30/9/2022</u>					
<u>USD</u>					
<u>Retail</u>					
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgage loans</u>	<u>Total</u>
Arrears up to 30 days	--	3,178,703	26,617,309	1,384,518	31,180,530
Arrears 30 - 60 days	--	--	--	188,329	188,329
Arrears 60 - 90 days	--	--	--	23,103	23,103
Total	--	3,178,703	26,617,309	1,595,950	31,391,962
Fair value of collaterals	--	310,397	11,291,601	--	11,601,998

<u>Corporate</u>					
	<u>Overdrafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Other loans</u>	<u>Total</u>
Arrears up to 30 days	5,245,828	122,286	13,136,572	636,725	19,141,411
Arrears 30 - 60 days	146,062	54,151	--	337,524	537,737
Arrears 60 - 90 days	331,486	3,164,103	--	775,848	4,271,437
Total	5,723,376	3,340,540	13,136,572	1,750,097	23,950,585
Fair value of collaterals	98,066	366,925	--	426,485	891,476

On initial recognition of loans and advances, the fair value of collaterals is assessed based on valuation techniques usually used for similar assets. In subsequent years, the fair value is updated to reflect market prices, or the prices of similar assets.

<u>31/12/2021</u>					
<u>USD</u>					
<u>Retail</u>					
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgage loans</u>	<u>Total</u>
Arrears up to 30 days	--	2,238,794	25,037,642	3,555,470	30,831,906
Arrears 30 - 60 days	--	--	--	512,681	512,681
Arrears 60 - 90 days	--	--	--	40,814	40,814
Total	--	2,238,794	25,037,642	4,108,965	31,385,401
Fair value of collaterals	--	127	10,512,614	--	10,512,741

<u>Corporate</u>					
	<u>Overdrafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Other loans</u>	<u>Total</u>
Arrears up to 30 days	2,215,753	3,500,858	--	653,565	6,370,176
Arrears 30 - 60 days	620,301	--	--	522,185	1,142,486
Arrears 60 - 90 days	98,260	4,754,373	3,566,538	538,520	8,957,691
Total	2,934,314	8,255,231	3,566,538	1,714,270	16,470,353
Fair value of collaterals	207,395	585,391	--	81,225	874,011

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- Loans and advances which are individually impaired
- Loans and advances to customers
- Loans and advances that are assessed to be individually impaired have a carrying amount of USD 102,544,739 as of September 30, 2022 excluding cash flows expected to be realized from their collaterals (December 31, 2021: USD 83,657,897).
- The following tables provide breakdowns of the total value of the loans and advances that are individually impaired:

	<u>30/9/2022</u>						<u>Total loans and advances</u>		
	<u>USD</u>								
	<u>Retail</u>			<u>Corporate</u>					
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgage loans</u>	<u>Overdrafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Other loans</u>	<u>Total loans and advances</u>
Loans and advances that are individually impaired	--	1,587,236	31,840,382	575,685	24,512,059	4,985,801	27,961,023	11,082,553	102,544,739
Fair value of collaterals	--	488,136	6,289,906	--	1,035,859	--	7,553,367	198,503	15,565,771
	<u>31/12/2021</u>						<u>Total loans and advances</u>		
	<u>USD</u>								
	<u>Retail</u>			<u>Corporate</u>					
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Mortgage loans</u>	<u>Overdrafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>	<u>Other loans</u>	<u>Total loans and advances</u>
Loans and advances that are individually impaired	--	837,977	19,663,688	750,157	20,711,919	1,514,189	27,961,023	12,218,944	83,657,897
Fair value of collaterals	--	--	3,656,954	--	997,879	--	8,270,544	33,022	12,958,399

- Restructured loans and facilities

Restructuring activities include extending payment arrangements, the implementation of forced management programs, and the modification and deferral of payment. Restructuring policies depend on indicators or criteria indicating that there are high probability of continued payment, based on the personal judgment of the management. These policies are subject to constant review. It is customary to apply restructuring to long-term loans, especially Retail loans.

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Retail		
Personal loans	1,101,812.22	--

a-7 Debt instruments and treasury bills

The following table provides analysis of debt Instruments and other governmental securities according to rating agencies at the end of the reporting period / year. This analysis is based on Standard & Poor's rating or its equivalent.

	<u>30/9/2022</u>	<u>31/12/2021</u>		<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>Investments in</u>	<u>Investments</u>		<u>Treasury</u>	<u>in financial</u>
	<u>financial</u>	<u>in financial</u>		<u>bills</u>	<u>securities</u>
	<u>securities</u>	<u>securities</u>		<u>USD</u>	<u>USD</u>
	<u>USD</u>	<u>USD</u>		<u>USD</u>	<u>USD</u>
AA- to AA+	11,950,797	5,042,300	Total	11,950,797	5,042,300
Less than A-	373,907,490	806,569,309	Treasury bills	525,580,659	806,569,309
	<u>768,844,654</u>	<u>811,611,609</u>	Total	<u>525,580,659</u>	<u>1,337,149,968</u>
	<u>385,858,287</u>	<u>1,337,149,968</u>		<u>525,580,659</u>	<u>1,337,149,968</u>

a-8 Foreclosure of collaterals

- During the current reporting period, the bank did not acquire any assets by foreclosure of collaterals.
- Assets acquired by foreclosure of collaterals are classified in the bank's statement of financial position among other assets and are sold, whenever sale is practicable.

a-9 Concentration of risks of financial assets subject to credit risk exposure

Geographical Sectors

The following table provides a breakdown of the carrying amounts of the bank's major significant credit exposures segmented by geographical sectors as of September 30, 2022. In preparing this table, the risk was allocated to the geographical sectors on the basis of geographical areas of the bank's customers.

<u>September 30, 2022</u>	<u>Cairo</u>	<u>Alexandria,</u>	<u>Upper</u>	<u>Other</u>	<u>Total</u>
		<u>Delta and Sinai</u>	<u>Egypt</u>	<u>governorates</u>	<u>(USD)</u>
Treasury bills	768,844,654	--	--	--	768,844,654
Loans and advances to customers	1,665,218,603	299,023,477	22,364,447	8,058,960	1,994,665,487
Financial investments					
-Debt instruments	272,701,667	--	--	113,156,620	385,858,287
Total as of 30/9/2022	<u>2,706,764,924</u>	<u>299,023,477</u>	<u>22,364,447</u>	<u>121,215,580</u>	<u>3,149,368,428</u>

<u>December 31, 2021</u>	<u>Cairo</u>	<u>Alexandria,</u>	<u>Upper</u>	<u>Other</u>	<u>Total</u>
		<u>Delta and Sinai</u>	<u>Egypt</u>	<u>governorates</u>	<u>(USD)</u>
Treasury bills	525,580,659	--	--	--	525,580,659
Loans and advances to customers	1,761,181,408	263,543,430	25,500,274	15,577,807	2,065,802,919
Financial investments					
-Debt instruments	665,312,219	--	--	146,299,390	811,611,609
Total as of 31/12/2021	<u>2,952,074,286</u>	<u>263,543,430</u>	<u>25,500,274</u>	<u>161,877,197</u>	<u>3,402,995,187</u>

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- Business segments

The following table provides a breakdown of the carrying amounts of the bank's major significant credit exposures segmented by the type of business in which the bank's customers are involved:

September 30, 2022	Financial Institutions	Industrial Institutions	Mortgage activities	Commercial activities	Governmental Sector	Other activities	Retail	Total (USD)
Treasury bills	--	--	--	--	768,844,654	--	--	768,844,654
Loans and advances to customers								
-Retail loans :								
Overdrafts	--	--	--	--	--	--	74,258,251	74,258,251
Credit cards	--	--	--	--	--	--	13,082,944	13,082,944
Personal loans	--	--	--	--	--	--	357,281,506	357,281,506
Mortgage loans	--	--	--	--	--	--	47,112,467	47,112,467
-Corporate loans :								
Overdrafts	51,404,246	278,694,887	917,321	92,950,861	--	189,366,208	--	613,333,523
Direct loans	102,806,466	38,978,173	13,382,783	22,834,740	--	164,601,893	--	342,604,055
Syndicated loans	12,379,651	39,919,967	7,955,870	338,197	--	483,960,125	--	544,553,810
Other loans	--	485,574	--	1,101,659	--	851,698	--	2,438,931
Financial Investments :								
-Debt Instruments	11,950,797	--	--	--	373,907,490	--	--	385,858,287
Total as of 30/9/2022	178,541,160	358,078,601	22,255,974	117,225,457	1,142,752,144	838,779,924	491,735,168	3,149,368,428
December 31, 2021								
Treasury bills	--	--	--	--	525,580,659	--	--	525,580,659
Loans and advances for customers								
-Retail loans :								
Overdrafts	--	--	--	--	--	--	129,356,858	129,356,858
Credit cards	--	--	--	--	--	--	12,280,243	12,280,243
Personal loans	--	--	--	--	--	--	366,426,544	366,426,544
Mortgage loans	--	--	--	--	--	--	45,045,101	45,045,101
-Corporate loans :								
Overdrafts	49,433,926	240,137,554	15,931,797	101,720,142	--	153,151,306	--	560,374,725
Direct loans	69,651,250	34,731,211	13,922,708	49,408,265	--	207,684,286	--	375,397,720
Syndicated loans	--	50,372,785	--	441,406	--	523,909,261	--	574,723,452
Other loans	--	637,412	251	802,091	--	758,522	--	2,198,276
Financial Investments :								
-Debt Instruments	5,042,300	--	--	--	806,569,309	--	--	811,611,609
Total as of 31/12/2021	124,127,476	325,878,962	29,854,756	152,371,904	1,332,149,968	885,503,375	553,108,746	3,402,995,187

b- Market Risk

The bank is exposed to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rate, currency, and equity products, all of which are exposed to general and specific market movements and changes in the level of sensitivity to market rates or prices, such as interest rates, foreign exchange rates, and equity prices. The bank deals with its exposures to market risk separately as those arising either from trading or non-trading portfolios.

Management of market risks whether arising from trading or non-trading activities rests with the bank's risk management department. These market risks are monitored by two separate teams and information about them are reported on a regular basis to the bank's Board of Directors and to the heads of business units.

Trading portfolios include those positions arising from the bank's direct deals with customers or the market whereas the non-trading portfolios primarily arise from interest rate management of the bank's assets and liabilities relating to retail transactions. These non-trading portfolios include foreign exchange risks and equity risks arising from investments classified as at amortized cost and as at fair value through other comprehensive income.

b-1 Methods of measuring market risk

As part of managing market risk, the bank undertakes several hedging strategies including entering into interest rate swap contracts to hedge the risk associated with long-term fixed-rate debt instruments and loans if the fair value option is applied. The following are the most important measurement methods used by the bank to control market risk.

Value at Risk (VaR)

The bank applies the "value at risk" methodology to assess market risk and estimate the maximum limit of potential loss arising from the bank's outstanding positions in its held-for-trading and non-held-for-trading portfolios, based on a number of assumptions for various changes in market conditions. The bank's Board of Directors sets limits for the acceptable amount of the bank's exposure to market risk which may arise separately from trading and non-trading activities. These limits are monitored by the bank's risk management department on a daily basis.

The value at risk is a statistically defined probability-based approach used to estimate the amount of potential loss on the current portfolio resulting from adverse movements in market conditions. This VaR number reflects 98% probability (i.e., a confidence level) that the bank's acceptable loss will not exceed the reported VaR, with 2 percent probability that actual loss may exceed this expected value at risk. The value at risk model estimates the potential loss in pre-taxation profit over a given holding year (ten days) before open positions can be closed. It is also assumed that market movements during that holding year would follow the same pattern of movement that occurred during the preceding 10 days. The bank estimates the previous pattern of movement in market conditions based on the bank's historical data for the preceding five years. The bank then applies such historical changes in rates, prices, and indicators directly to current positions – a method known as historical simulation. Actual outputs are monitored on a regular basis to measure the validity of assumptions and factors used to calculate the value at risk.

The use of such a method does not prevent actual loss from exceeding those limits in the event of larger market movements.

Since the value at risk is an essential part of the bank's system for controlling market risk, the Board of Directors sets limits on the value at risk for both trading and non-trading operations on an annual basis, and allocates them on business units. Actual values at risk are compared to those established limits, by the bank's risk management department which performs its review on a daily basis.

The quality of the value at risk model is continuously monitored through enhanced tests of the value at risk results of the trading portfolio, and the results of these tests are reported to the bank's top management and Board of Directors.

Stress tests

Stress tests indicate the magnitude of the potential loss that may arise from severely adverse conditions. Stress tests are designed in line with the business activities, and include a standard set of scenarios that the bank might experience.

Stress tests carried out by the bank's risk management department include testing the stress of changes in risk factors, where a range of sharp movements is applied to each risk category. These tests also include stress tests for developing markets that are subject to sharp movements, and special stress tests which include potential events affecting certain centers and regions, such as what may result in a region due to liberalization of restrictions on one currency. The bank's senior management and Board of Directors review the stress tests' results.

b-2 Summary of Value at Risk (VaR)

Total value at risk per risk type

(USD)

	<u>Nine months ended at 30/9/2022</u>			<u>The year ended 31/12/2021</u>		
	<u>Average</u>	<u>Higher</u>	<u>Lower</u>	<u>Average</u>	<u>Higher</u>	<u>Lower</u>
Foreign exchange rate risk	139,726	857,225	1,607	27,528	99,471	1,291
Total VaR	139,726	857,225	1,607	27,528	99,471	1,291

Total value at risk of the held-for-trading portfolio per risk type

	<u>Nine months ended at 30/9/2022</u>			<u>The year ended 31/12/2021</u>		
	<u>Average</u>	<u>Higher</u>	<u>Lower</u>	<u>Average</u>	<u>Higher</u>	<u>Lower</u>
Foreign exchange rate risk	139,726	857,225	1,607	27,528	99,471	1,291
Total VaR	139,726	857,225	1,607	27,528	99,471	1,291

b-3 Foreign exchange rate volatility risk

The bank is exposed to the risk of fluctuations in exchange rates of foreign currencies and their effects on its financial position and cash flows. The bank's Board of Directors uses preset limits for foreign currencies on the basis of the aggregate value of the overnight and intra-day positions both of which are monitored on a daily basis. The following table summarizes the extent of the bank's exposure to the risk of fluctuations in foreign currencies exchange rates at end of the reporting period / year. The tables includes the carrying amounts of the bank's financial instruments categorized by the currencies in which the instruments are denominated.

	30/9/2022					(equivalent in USD)
	EGP	USD	GBP	EUR	Other currencies	Total
Balance as of 30/9/2022						
Financial assets:						
Cash and balances with CBE	264,477,313	3,610,658	90,755	842,592	331,745	269,353,063
Due from banks	327,020,350	378,444,257	2,789,891	652,770	7,796,009	716,703,277
Treasury bills	390,251,092	314,890,622	--	63,702,940	--	768,844,654
Loans and advances to customers	1,480,596,841	514,025,325	31	43,218	72	1,994,665,487
Financial investments:						
- at FVTPL	--	1,700,473	--	--	--	1,700,473
- at FVTOCI	148,771,052	100,284,477	--	--	--	249,055,529
- at amortized cost	123,930,615	36,872,848	--	--	--	160,803,463
Other assets (accrued income)	18,884,658	4,885,953	253	26,285	1,279	23,798,428
Total financial assets	2,753,931,921	1,354,714,613	2,880,930	65,267,805	8,129,105	4,184,924,374
Financial liabilities:						
Due to banks	3,524	132,388,022	--	2,925,581	--	135,317,127
Customers' deposits	2,710,567,103	886,117,661	2,859,661	63,091,623	7,811,395	3,670,447,443
Other loans	13,259,733	70,000,000	--	--	--	83,259,733
Other liabilities (accrued interest)	17,897,564	4,281,199	2,555	20,328	--	22,201,646
Total financial liabilities	2,741,727,924	1,092,786,882	2,862,216	66,037,532	7,811,395	3,911,225,949
Net financial position as of 30/9/2022	12,203,997	261,927,731	18,714	(769,727)	317,710	273,698,425

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	31/12/2021					(equivalent in USD)	
	EGP	USD	GBP	EUR	Other currencies	Total	
Balance as of 31/12/2021							
Financial assets:							
Cash and balances with CBE	318,332,393	2,302,685	209,839	721,925	183,964	321,750,806	
Due from banks	415,481,632	234,796,084	3,392,033	668,015	1,456,639	655,794,403	
Treasury bills	136,921,853	313,944,787	--	74,714,019	--	525,580,659	
Loans and advances to customers	1,611,585,960	454,102,728	10	114,166	55	2,065,802,919	
Financial investments:							
- at FVTOCI	305,262,559	169,370,236	--	--	--	474,632,795	
- at amortized cost	360,049,661	8,808,603	--	--	--	368,858,264	
Other assets (accrued income)	39,166,722	4,082,214	97	1,003	--	43,250,036	
Total financial assets	3,186,800,780	1,187,407,337	3,601,979	76,219,128	1,640,658	4,455,669,882	
Financial liabilities:							
Due to banks	21,001,078	38,614,135	--	16,627,510	--	76,242,723	
Customers' deposits	3,106,798,932	788,787,382	3,571,208	60,059,204	1,531,987	3,960,748,713	
Other loans	19,251,313	65,000,000	--	--	--	84,251,313	
Other liabilities (accrued interest)	20,516,502	3,428,716	54	7,661	--	23,952,933	
Total financial liabilities	3,167,567,825	895,830,233	3,571,262	76,694,375	1,531,987	4,145,195,682	
Net financial position as of 31/12/2021	19,232,955	291,577,104	30,717	(475,247)	108,671	310,474,200	

b-4 Interest rate risk

The bank is exposed to interest rate risk resulting from fluctuations in market interest rates. Interest rate risk includes cash flow risk which is the risk that future cash flows of a financial instrument will fluctuate due to changes in the interest rate of that instrument, and fair value risk which is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the market rates of return. The bank's Board of Directors uses preset limits for the level of variation in interest repricing to which the bank can hold, which are monitored by the bank's risk management department on a daily basis.

The following table summarizes the extent of the bank's exposure to the risk of fluctuations in interest rate, and includes the carrying amount of financial instruments distributed on the basis of interest repricing date or instruments maturity date, whichever is earlier.

	<u>30/9/2022</u>					<u>(equivalent in USD)</u>	
	<u>Up to 1 month</u>	<u>More than 1 month up to 3months</u>	<u>More than 3 month up to 1 year</u>	<u>More than 1 year up to 5 years</u>	<u>More than 5 years</u>	<u>Non-interest bearing</u>	<u>Total</u>
Balance as of 30/9/2022							
Financial assets							
Cash and balances with CBE	--	--	--	--	--	269,353,063	269,353,063
Due from banks*	519,058,921	197,829,088	--	--	--	(184,732)	716,703,277
Treasury bills	12,988,719	476,281,724	279,574,211	--	--	--	768,844,654
Loans and advances to customers**	335,847,662	728,926,562	67,209,784	528,094,035	449,242,957	(114,655,513)	1,994,665,487
Financial investments:							
- at FVTPL	--	--	--	--	1,700,473	--	1,700,473
- at FVTOCI	--	12,432,024	22,249,820	121,165,233	67,507,275	25,701,177	249,055,529
- at amortized cost	--	--	34,622,383	98,369,753	27,811,327	--	160,803,463
Other assets (accrued revenue)	--	--	--	--	--	23,798,428	23,798,428
Total financial assets	867,895,302	1,415,469,398	403,656,198	747,629,021	546,262,032	204,012,423	4,184,924,374
Financial liabilities							
Due to banks	100,317,127	35,000,000	--	--	--	--	135,317,127
Customers' deposits	1,431,257,874	886,828,259	285,954,489	689,115,528	2,978,857	374,312,436	3,670,447,443
Other loans	15,883	2,066,039	19,891,909	50,355,064	10,930,838	--	83,259,733
Other liabilities (accrued expense)	--	--	--	--	--	22,201,646	22,201,646
Total financial liabilities	1,531,590,884	923,894,298	305,846,398	739,470,592	13,909,695	396,514,082	3,911,225,949
Interest repricing gap	(663,695,582)	491,575,100	97,809,800	8,158,429	532,352,337	(192,501,659)	273,698,425

* The non-interest bearing category of due from banks reports an amount of USD 184,732 as of September 30, 2022 representing a Expected credit losses (Note 16).

** The non-interest bearing category of loans and advances to customers reports an amount of USD 114,655,513 of which USD 32,740 represents unearned interest for discounted bills, USD 85,057,467 representing a Expected credit losses, USD 1,784,350 representing segregated interest, and USD 27,780,956 representing interest in advance as of September 30, 2022 (Note 18).

	31/12/2021				(equivalent in USD)		
	Up to 1 month	More than 1 month up to 3 months	More than 3 month up to 1 year	More than 1 year up to 5 years	More than 5 years	Non-interest bearing	Total
Balance as of 31/12/2021							
Financial assets							
Cash and balances with CBE	--	--	--	--	--	321,750,806	321,750,806
Due from banks*	438,326,797	162,193,906	55,450,635	--	--	(176,935)	655,794,403
Treasury bills	79,027	161,425,620	364,076,012	--	--	--	525,580,659
Loans and advances to customers**	375,959,074	130,290,940	295,978,042	786,854,225	591,968,200	(115,247,562)	2,065,802,919
Financial investments:							
- at FVTOCI	--	29,104,690	32,835,666	280,667,692	100,145,297	31,879,450	474,632,795
- at amortized cost	12,728,884	157,195,043	127,471,737	71,462,600	--	--	368,858,264
Other assets (accrued revenue)	--	--	--	--	--	43,250,036	43,250,036
Total financial assets	827,093,782	640,210,199	875,812,092	1,138,984,517	692,113,497	281,455,795	4,455,669,882
Financial liabilities							
Due to banks	46,242,723	30,000,000	--	--	--	--	76,242,723
Customers' deposits	1,908,867,454	656,581,415	498,633,425	607,282,638	5,429,447	283,954,334	3,960,748,713
Other loans	9,000,000	983,613	5,873,896	53,159,635	15,234,169	--	84,251,313
Other liabilities (accrued expense)	--	--	--	--	--	23,952,933	23,952,933
Total financial liabilities	1,964,110,177	687,565,028	504,507,321	660,442,273	20,663,616	307,907,267	4,145,195,682
Interest repricing gap	(1,137,016,395)	(47,354,829)	371,304,771	478,542,244	671,449,881	(26,451,472)	310,474,200

* The non-interest bearing category of due from banks reports an amount of USD 176,935 as of December 31, 2021 representing a Expected credit losses (Note 16).

** The non-interest bearing category of loans and advances to customers reports an amount of USD 115,247,562 of which USD 673,740 represents unearned interest for discounted bills, USD 83,374,658 representing a Expected credit losses, USD 2,219,933 representing segregated interest, and USD 28,979,230 representing interest in advance as of December 31, 2021 (Note 18).

c- Liquidity Risk

Liquidity risk is the risk that the bank will have difficulties in fulfilling its obligations associated with its financial liabilities at maturity and replacing the amounts withdrawn, which can result in the bank's failure to repay its customers' deposits and fulfil its loan commitments.

- Liquidity risk management

The bank's assets and liabilities committee (ALCO) applies control processes which include:

- Day-to-day finance is managed by monitoring future cash flows to ensure that all obligations can be met. This includes replacing funds when they are due or when they are lent to customers. The bank is present in the international financial markets to ensure achievement of that objective.
- Maintaining a portfolio of highly marketable assets that can be easily liquidated to offset any unexpected cash flow disruptions.
- Monitoring liquidity ratios in comparison to the bank's internal requirements and those of the Central Bank of Egypt.
- Managing concentration of credit risk and identifying loans maturities.

For the purposes of monitoring and reporting, cash flows are measured and projected for the following day, week, and month, which are the principle years for the management of liquidity. The starting point for these projections is an analysis of the contractual maturities of financial liabilities and the dates of expected collections from financial assets.

The assets and liabilities committee also monitors the mismatch between the medium-term assets and the level and type of unused portion of loan commitments, the extent to which overdrafts (debit current accounts) are used, and the impact of the contingent liabilities such as the letters of guarantee and letters of credit.

- Funding approach

Sources of liquidity are regularly reviewed by a separate team in the bank's assets and liabilities committee to maintain a wide diversification of currencies, geographical areas, sources, products, and maturities.

d- Operational risk

The definition of operational risks includes the risk of direct and/or indirect loss resulting from inadequacy or deficiency in operations or systems, human resources, or external events, as well as, legal risks and any operational events that adversely affect the bank's reputation, the continuity of business, and/or the market value of the bank.

Operational risk management framework

operational risk management is an essential part of supporting the bank's various activities, in terms of its role in identifying and evaluating the associated risks and controls necessary to prevent those risks, to limit operational losses, and to contribute to supporting the efficiency and effectiveness of use of the bank's various resources.

The operational risk management policy aims to establish a general framework to enhance management effectiveness and support corporate governance through increasing awareness and disseminating the culture of risks among all employees, defining the objectives of operational risk management, demonstrating how to classify risks and differences between operational risks and other types of risk. This policy also aims to determining all management and supervisory responsibilities in addition to the tools and methodologies used within the bank to identify, measure, report, and follow-up in order to limit operational risks.

The focus of operational risk management is on spreading a culture of risk and raising awareness of the importance of risk identification, reviewing and examining policies, procedures, and processes, checking and supporting systems and their security methods, and on the effectiveness of control procedures to limit operational risks.

The proactive management of operational risks in collaboration with all concerned departments aims to identify early warning indicators of events that may expose the bank to any potential risks.

Operational risk management has begun to build and classify database for operational events in line with Basel II directives where the data collection process is based on internal operational events' reports as well as all relevant external events. This data is used to analyze and monitor root causes, frequency of events, and evaluate corrective actions and control procedures designed to limit operational risks.

e- Fair value of financial assets and liabilities

- The bank determines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date taking into account, when making such measurement of fair value, the characteristics of the asset or the liability if market participants would take these characteristics into account when pricing the asset or liability at the measurement date. These characteristics include the condition and location of the asset and restrictions, if any, on the sale or use of the asset based on how market participants look at those assets.
- The bank uses the market approach to determine the fair value of financial assets and financial liabilities as this approach uses prices and other relevant information resulting from market transactions involving assets, liabilities, or a group of identical or comparable assets and liabilities. The bank may, therefore, use market-based valuation techniques such as market multipliers derived from comparable groups. Selecting the appropriate multiplier within a range would then require the use of personal judgement, taking into account the quantitative and qualitative factors underlying the measurement.
- When the market-based approach is not reliable to determine the fair value of a financial asset or financial liability, the bank uses the income-based approach to determine fair value, under which future amounts such as cash flows, or income and expense items are converted into a net present value (discounted) so that fair value measurement reflects the current market assessments about future amounts.
- if it is assessed that neither the market approach nor the income approach is reliable to determine the fair value of a financial asset or financial liability, the bank uses the cost-based approach to determine fair value so as to reflect the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). The fair value under this approach reflects the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence because the market participant, as a buyer, will not actually pay in acquiring the asset more than the amount at which the asset's benefit can be replaced.

The valuation methods used to determine the fair value of the financial instrument include :

- Quoted prices for identical assets or liabilities in active markets.
- For interest rate swap contracts by calculating the net present value of the expected future cash flows based on observable yield curves.
- For foreign currency futures contracts, by calculating the net present value of the expected cash flows using the forward exchange rate of the contracted currency.
- Analysis of discounted cash flows in determining the fair value of other financial instruments.

The following table summarizes the carrying amounts and fair values of the financial assets and financial liabilities that are not stated or presented at fair value in the bank's statement of financial position:

	September 30, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Due from banks	716,703,277	716,703,277	655,794,403	655,794,403
Loans and advances to customers	1,994,665,487	1,994,665,487	2,065,802,919	2,065,802,919
Financial investments :				
- at amortized cost	160,803,463	148,574,354	368,858,264	370,576,107
Investments in associates	7,379,463	7,371,920	8,836,550	9,177,049
Financial liabilities				
Due to banks	135,317,127	135,317,127	76,242,723	76,242,723
Customers' deposits:				
- Retail	1,120,997,920	1,120,997,920	1,444,112,660	1,444,112,660
- Corporate	2,549,449,523	2,549,449,523	2,516,636,053	2,516,636,053

Loans and advances to customers

These loans and advances are stated in the statement of financial position at net amount after deducting the Expected credit losses.

Debt Instruments classified as at amortized cost

The fair value of debt instruments classified as at amortized cost "Egyptian Treasury Bonds" is based on the latest prices announced by the Central Bank of Egypt at the end of the reporting period.

Customers' deposits and due to other banks

The estimated fair value for deposits with indefinite maturities, including non-interest bearing deposits, represents the amount that is repayable on demand.

f- Capital management

For capital management purposes, the bank's capital includes total equity as reported in its statement of financial position plus some other non-equity elements that are managed as capital. The bank manages its capital to ensure that the following objectives are achieved:

- Compliance with capital legal requirements in Egypt.
- Protecting the bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance business growth.
- Capital adequacy and uses of capital are reviewed by the bank's management in accordance with the regulator's requirements (Central Bank of Egypt) through models that are based on guidelines developed by the Basel Committee. The required data is submitted to and filed with the Central Bank of Egypt on a quarterly basis.

The Central Bank of Egypt requires each bank to comply with the following:

- Maintaining issued and paid-in capital at a minimum level of EGP 500 million.
- Maintaining a minimum level of capital adequacy ratio of 12.5% calculated as the ratio between the total value of capital elements, and the risk weighted average of the bank's assets and contingent liabilities (weighted by credit, market and operating risks) and taking into consideration the conservation pillar starting from 2019 in accordance with the Basel II requirements.

The numerator in the capital adequacy ratio comprises the following 2 tiers according to Basel II:

Tier 1: is core capital which comprises issued and paid-up common stock (after deducting the carrying amount of treasury stock), retained earnings, and reserves set aside from profit distributions in accordance with the provisions of the governing law and the bank's articles of incorporation (except for the reserve of general banking risks and the special reserve), less any goodwill previously recognized and any accumulated losses.

Tier 2: is supplementary capital which comprises an amount equal to the Expected credit losses of loans and advances and contingent liabilities not exceeding 1.25% of the total value of credit risk of assets and contingent liabilities as adjusted by the weighted average of their related risks, plus subordinated loans/deposit with maturities over 5 years (the carrying amount of which shall be reduced on an annual basis by 20% in each year of the last five years remaining to their maturities), plus 45% of the increase in fair value above the carrying amount of investments classified as at fair value through other comprehensive income, investments classified as at amortized cost, and investments in associates, plus 45% from the amount of the special reserve.

The following are complied with when calculating the numerator of the capital adequacy ratio: total value of tier 2 capital not to exceed total value of tier 1 capital, and total value of subordinated loans (deposits) not to exceed 50% of tier 1 capital.

Assets are weighted by risk factors ranging from 0 to 150% classified on the basis of the nature of the debtor in each asset in a way which reflects the credit risks associated with each debtor (after consideration of any cash collaterals). The same treatment is applied on off-balance sheet items after making the necessary adjustments to reflect the contingent nature of and potential loss from those amounts.

The capital adequacy ratio has been prepared in accordance with the Basel II requirements based on the Central Bank of Egypt Board of Directors' decision in its meeting held on December 18, 2012, and that was issued on December 24, 2012.

In light of the repercussions of the new Coronavirus crisis and the ensuing precautionary measures taken by the Central Bank of Egypt to mitigate the financial and economic repercussions of this crisis, to ease its burden on banks, and to enable them to use some of the financial pillars that have already been set up to meet concentration of credit risk arising from credit portfolios, the Central Bank of Egypt Board of Directors decided in its meeting held on April 12, 2020 to "exempt banks for one year, starting from the date of the CBE decision, from application of the clause which sets limits on concentration of credit risk arising from the banks' credit portfolios for the largest 50 clients and their related parties."

Additionally, with the aim of continuing to back-up banks to play their role in supporting the various economic sectors, the Board of Directors of the Central Bank of Egypt in its meeting held on March 28, 2021 decided to "extend the exemption for banks from applying the second item of the previous Central Bank of Egypt directive taken by its Board of Directors as issued by a circular dated January 11, 2016 regarding the limits of concentration of credit risk arising from the banks credit portfolios for the largest 50 customers and their related parties until the end of December 2021".

The following is the capital adequacy ratio as reported to the Central Bank of Egypt:

	<u>30/9/2022</u> <u>Excluding the effect of</u> <u>the largest 50</u> <u>customers</u>	<u>31/12/2021</u> <u>Excluding the effect of</u> <u>the largest 50</u> <u>customers</u>
Capital adequacy ratio	<u>13.60%</u>	<u>14.33%</u>

Leverage ratio

The Board of Directors of the Central Bank of Egypt approved in its meeting held on July 7, 2015 the supervisory instructions related to the leverage ratio which require banks to maintain a minimum level of leverage ratio of 3% on a quarterly basis as follow:

- Guiding ratio starting from the end of September 2015 until 2017.
- Mandatory supervisory ratio starting from 2018.

This ratio was introduced as a prelude to assess the extent to which it is reliable for inclusion in tier 1 of Basel requirements (minimum level of capital adequacy ratio) with the objective of maintaining the strength and healthiness of the Egyptian banking system, and to keep up with best international regulatory practices in this regard.

The leverage ratio reflects the relationship between tier 1 capital that is used in calculating the capital adequacy ratio (after exclusions) and the bank's assets (both on- and off-balance sheet) that are not risk weighted.

Ratio elements:

a- The numerator elements

The numerator of this ratio consists of tier 1 capital (after exclusions) that are used in the numerator of the capital adequacy ratio currently applied in accordance with the requirements of the Central Bank of Egypt.

b- The denominator elements

The dominator of this ratio consists of all assets of the bank (on- and off-balance sheet) based the bank's financial statements, the total of which is described as "the bank's exposures" including the following group:

- 1- The bank's exposures from on-balance sheet items after deducting some of Tier 1's exclusions of the capital base.
- 2- The bank's exposures from derivative contracts.
- 3- The bank's exposures from funding financial securities transactions.
- 4- The bank's exposures from off-balance sheet items (weighted by credit conversion factors).

The following is the leverage ratio as reported to the Central Bank of Egypt:

	<u>30/9/2022</u>	<u>31/12/2021</u>
Leverage ratio	<u>6.98%</u>	<u>7.15%</u>

4- Critical accounting judgments and estimates

The bank makes estimates and assumptions about the carrying amounts of assets and liabilities which will be presented within the next financial reporting year. Estimates and assumptions are continually evaluated and adjusted based on management historical experience and other factors, including expectations about future events that are considered reasonable under the pertinent circumstances and in the light of information that is available to the bank.

a- Impairment losses on loans and advances

At a minimum—at the end of each quarter, the bank reviews its loan portfolio to assess whether these assets have suffered an impairment. In assessing whether an impairment loss should be recognized in the income statement, management uses its judgments to identify whether there is any reliable evidence indicating measurable decline in the expected future cash flows from the loan portfolio before identifying any decline for each individual loan. This evidence may include observable data indicating that there has been adverse changes in the payment status of a group of borrowers in the bank, or national economic conditions that correlate with defaults on the bank's assets. When rescheduling future cash flows of a portfolio of loans, management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment loss similar to those in the portfolio. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

b- Financial investments at amortized cost

Non-derivative financial assets with fixed or determinable payments and maturities are classified as financial assets as at amortized cost, a classification that requires the use of personal judgment to a great extent. To make this decision, the bank evaluates its intention and ability to hold those financial investments. If the bank fails to keep those investments until the maturity date except in certain special circumstances such as the sale of an insignificant amount near the maturity date then all financial investments at amortized cost are reclassified to financial investments at fair value through other comprehensive income, therefore these investments will be measured at fair value and not by amortized cost in addition to the suspension of classifying any investments in that item.

If the classification of investments as amortized cost were suspended, the carrying amount of the outstanding amortized cost investments will decrease by USD 12,229,109 to reach the fair value with a corresponding increase in the fair value reserve within the equity.

c- Income tax

The bank's profits are subject to income taxes which require the use of critical estimates to determine the income tax expense (or income). Since the income tax effect of some transactions are difficult to assess with certainty, the bank recognizes the related tax liability based on its expectation of the likelihood of an additional tax arising during tax inspection. When the amount of final income taxes differ from amounts previously recognized by the bank, such difference affects the income tax and the current and deferred tax liability in the year during which the difference is determined.

5- Segmental analysis (reportable segments)

a-Segmental analysis by activities

Segment activity includes operations processes, assets used in providing banking services, and management of surrounding risks and income associated with this activity which may all differ from the other activities. The segmental analysis of activities in accordance with the banking operations include the following:

Large, medium and small size enterprises

Activities include current accounts, deposits, debit current accounts (overdrafts), loans and advances, and financial derivatives.

Investing

Activities include company mergers, acquisition of investments, and financing restructuring and reorganization of companies and financial instruments.

Retail

Activities include current and savings accounts, deposits, credit cards, personal loans, and Mortgage loans.

Other activities

Include other banking services such as management of funds.

Inter-segment transactions are effected within the normal operating cycle of the bank's business. The assets and liabilities include operating assets and liabilities as reported in the bank's statement of financial position.

b- Business segments

<u>September 30, 2022</u>	<u>Large enterprises</u>	<u>Small and medium size enterprises</u>	<u>Investing</u>	<u>Retail</u>	<u>Other activities</u>	<u>Total (USD)</u>
Revenues and expenses according to business segments						
Revenues from segment activities	122,783,397	27,355,929	85,262,687	59,347,173	29,016,233	323,765,419
Expenses of segment activities	104,378,867	3,636,875	5,105,063	68,341,013	103,419,112	284,880,930
Segmental results	18,404,530	23,719,054	80,157,624	(8,993,840)	(74,402,879)	38,884,489
Net profit for the period (before tax)	--	--	--	--	--	38,884,489
Income taxes	--	--	--	--	--	(12,405,242)
Net profit for the period	--	--	--	--	--	26,479,247
Assets and liabilities of segmental activities						
Assets of segment activities	2,212,556,556	284,799,448	1,187,783,581	471,659,915	124,917,506	4,281,717,006
Total assets	2,212,556,556	284,799,448	1,187,783,581	471,659,915	124,917,506	4,281,717,006
Liabilities of segment activities	2,607,428,969	184,858,291	--	1,007,639,287	156,891,687	3,956,818,234
Total liabilities	2,607,428,969	184,858,291	--	1,007,639,287	156,891,687	3,956,818,234
December 31, 2021						
Revenues and expenses according to business segments						
Revenues from segment activities	144,572,422	24,875,550	183,509,824	75,834,799	20,616,889	449,409,484
Expenses of segment activities	145,980,728	3,316,775	2,501,687	119,795,512	128,917,534	400,512,236
Segmental results	(1,408,306)	21,558,775	181,008,137	(43,960,713)	(108,300,645)	48,897,248
Net profit for the year (before tax)	--	--	--	--	--	48,897,248
Income taxes	--	--	--	--	--	(28,964,438)
Net profit for the year	--	--	--	--	--	19,932,810
Assets and liabilities of segmental activities						
Assets of segment activities	2,256,954,825	259,276,554	1,377,908,268	541,123,562	98,901,382	4,534,164,591
Total assets	2,256,954,825	259,276,554	1,377,908,268	541,123,562	98,901,382	4,534,164,591
Liabilities of segment activities	2,585,741,256	119,010,352	--	1,445,937,225	32,987,412	4,183,676,245
Total liabilities	2,585,741,256	119,010,352	--	1,445,937,225	32,987,412	4,183,676,245

Geographical segments

- The geographical segments have been allocated on the basis of location and place of the branches through which the bank provides its services.

September 30, 2022	Cairo	Alexandria, Delta and Sinai	Upper Egypt	Other governorates	Total (USD)
<u>Income and expenses of geographical segments</u>					
Revenues from geographical segments	292,995,075	24,965,711	2,648,784	3,155,849	323,765,419
Expenses of geographical segments	248,896,422	27,021,047	2,455,289	6,508,172	284,880,930
Segmental results	44,098,653	(2,055,336)	193,495	(3,352,323)	38,884,489
Net profit for the period (before tax)	--	--	--	--	38,884,489
Income taxes	--	--	--	--	(12,405,242)
Net profit for the period	--	--	--	--	26,479,247

<u>Assets and liabilities of geographical segments</u>					
Assets of geographical segments	3,943,871,145	259,657,610	22,794,172	55,394,079	4,281,717,006
Total assets	3,943,871,145	259,657,610	22,794,172	55,394,079	4,281,717,006
Liabilities of geographical segments	3,362,794,552	451,974,012	38,903,011	103,146,659	3,956,818,234
Total liabilities	3,362,794,552	451,974,012	38,903,011	103,146,659	3,956,818,234

December 31, 2021	Cairo	Alexandria, Delta and Sinai	Upper Egypt	Other governorates	Total (USD)
<u>Income and expenses of geographical segments</u>					
Revenues from geographical segments	413,815,976	28,775,886	2,964,336	3,853,286	449,409,484
Expenses of geographical segments	346,908,493	40,700,150	3,126,223	9,777,370	400,512,236
Segmental results	66,907,483	(11,924,264)	(161,887)	(5,924,084)	48,897,248
Net profit for the year (before tax)	--	--	--	--	48,897,248
Income taxes	--	--	--	--	(28,964,438)
Net profit for the year	--	--	--	--	19,932,810

<u>Assets and liabilities of geographical segments</u>					
Assets of geographical segments	4,207,610,255	242,102,647	24,839,725	59,611,964	4,534,164,591
Total assets	4,207,610,255	242,102,647	24,839,725	59,611,964	4,534,164,591
Liabilities of geographical segments	3,550,035,710	475,941,662	38,562,501	119,136,372	4,183,676,245
Total liabilities	3,550,035,710	475,941,662	38,562,501	119,136,372	4,183,676,245

6- Net interest income

	Nine months		three months	
	From 1/1/2022 To 30/9/2022	From 1/1/2021 To 30/9/2021	From 1/7/2022 To 30/9/2022	From 1/7/2021 To 30/9/2021
	USD	USD	USD	USD
Interest income from loans and similar income				
Loans and advances:				
- to banks	--	410,320	--	58,617
- to customers	174,227,783	140,090,147	62,715,128	52,486,848
Treasury bills and bonds	77,301,657	132,152,356	25,118,103	41,560,505
Deposits and current accounts	31,485,573	26,911,083	10,493,274	7,659,049
	283,015,013	299,563,906	98,326,505	101,765,019
Interest expense on deposits and similar expenses				
Deposits and current accounts:				
- from banks	(1,014,159)	(1,335,178)	(372,229)	(398,451)
- from customers	(173,930,099)	(195,075,443)	(58,216,819)	(66,504,153)
Other loans	(2,317,324)	(2,710,329)	(875,680)	(835,940)
	(177,261,582)	(199,120,950)	(59,464,728)	(67,738,544)
Net	105,753,431	100,442,956	38,861,777	34,026,475

7- Net fees and commissions income

	Nine months		three months	
	From 1/1/2022 To 30/9/2022	From 1/1/2021 To 30/9/2021	From 1/7/2022 To 30/9/2022	From 1/7/2021 To 30/9/2021
	USD	USD	USD	USD
Fees and commissions income:				
Credit fees and commissions	19,901,553	17,117,282	6,476,204	6,342,536
Custody fees	483,143	1,099,026	65,949	460,055
Other fees	4,105,552	3,683,483	1,333,790	1,148,772
	24,490,248	21,899,791	7,875,943	7,951,363
Fees and commissions expense:				
Other fees paid	(8,053,552)	(8,116,265)	(2,297,665)	(2,879,465)
	(8,053,552)	(8,116,265)	(2,297,665)	(2,879,465)
Net	16,436,696	13,783,526	5,578,278	5,071,898

8- Dividend income

	Nine months		three months	
	From 1/1/2022 To 30/9/2022	From 1/1/2021 To 30/9/2021	From 1/7/2022 To 30/9/2022	From 1/7/2021 To 30/9/2021
	USD	USD	USD	USD
Equity instruments at FVOCI	276,436	282,651	3,800	54,881
	276,436	282,651	3,800	54,881

9- Net trading income

	Nine months		three months	
	From 1/1/2022 To 30/9/2022	From 1/1/2021 To 30/9/2021	From 1/7/2022 To 30/9/2022	From 1/7/2021 To 30/9/2021
	USD	USD	USD	USD
Foreign exchange operations	8,168,480	4,058,476	1,422,059	1,249,668
Gains from debt instruments at FVTPL	1,791,745	882,884	1,003,873	347,708
	9,960,225	4,941,360	2,425,932	1,597,376

10- Administrative expenses

	Nine months		three months	
	<u>From 1/1/2022</u> <u>To 30/9/2022</u>	<u>From 1/1/2021</u> <u>To 30/9/2021</u>	<u>From 1/7/2022</u> <u>To 30/9/2022</u>	<u>From 1/7/2021</u> <u>To 30/9/2021</u>
	USD	USD	USD	USD
Staff cost:				
Wages and salaries	(44,034,328)	(43,611,825)	(14,310,429)	(14,429,585)
Social insurance	(1,394,768)	(1,324,090)	(432,452)	(448,873)
	<u>(45,429,096)</u>	<u>(44,935,915)</u>	<u>(14,742,881)</u>	<u>(14,878,458)</u>
Depreciation and amortization	(5,806,706)	(5,317,445)	(2,028,437)	(1,893,934)
Other administrative expenses*	(24,573,641)	(23,506,554)	(7,290,512)	(7,667,694)
	<u>(75,809,443)</u>	<u>(73,759,914)</u>	<u>(24,061,830)</u>	<u>(24,440,086)</u>

* Include expenses related to business activities which involve receiving goods or services, donations, and all taxes and fees incurred by the bank – excluding income taxes.

11- Other operating income (expense)

	Nine months		three months	
	<u>From 1/1/2022</u> <u>To 30/9/2022</u>	<u>From 1/1/2021</u> <u>To 30/9/2021</u>	<u>From 1/7/2022</u> <u>To 30/9/2022</u>	<u>From 1/7/2021</u> <u>To 30/9/2021</u>
	USD	USD	USD	USD
Operating lease	(997,570)	(954,386)	(306,147)	(385,716)
Finance Lease *	(387,406)	(384,188)	(116,082)	(122,672)
Other provisions reversed (charged) (note 28)	(2,115,866)	1,683,677	(624,538)	1,108,138
Others	73,231	39,431	70,865	1,989
	<u>(3,427,611)</u>	<u>384,534</u>	<u>(975,902)</u>	<u>601,739</u>

* Expenses of finance leases represents rental payments for vehicles leased under finance lease contracts entered into with Incolease Company. Note (33/c) provides analysis of the bank's commitments under finance lease contracts by maturity dates.

12- Expected credit losses (charged)

	Nine months		three months	
	<u>From 1/1/2022</u> <u>To 30/9/2022</u>	<u>From 1/1/2021</u> <u>To 30/9/2021</u>	<u>From 1/7/2022</u> <u>To 30/9/2022</u>	<u>From 1/7/2021</u> <u>To 30/9/2021</u>
	USD	USD	USD	USD
Due from banks (note 16)	(7,797)	88,216	49,042	68,949
Loans and advances to banks	--	42,991	--	6,900
Loans and advances to customers (note 18)	(15,085,234)	(14,646,501)	(7,662,480)	(5,485,166)
Investments in debt instruments at amortized cost (note 19)	(151,795)	(52,398)	18,109	(491)
	<u>(15,244,826)</u>	<u>(14,567,692)</u>	<u>(7,595,329)</u>	<u>(5,409,808)</u>

13- Income tax (expense)

	Nine months		three months	
	<u>From 1/1/2022</u> <u>To 30/9/2022</u>	<u>From 1/1/2021</u> <u>To 30/9/2021</u>	<u>From 1/7/2022</u> <u>To 30/9/2022</u>	<u>From 1/7/2021</u> <u>To 30/9/2021</u>
	USD	USD	USD	USD
Current tax *	(12,346,948)	(22,858,208)	(3,956,666)	(7,133,607)
Deferred tax (Note 29)	(58,294)	244,044	(90,870)	45,492
	<u>(12,405,242)</u>	<u>(22,614,164)</u>	<u>(4,047,536)</u>	<u>(7,088,115)</u>

* Current tax is the amount of tax payable on treasury bills and treasury bonds returns for the reporting period presented.

- The effective income tax on the bank's profits recognized as an expenses in profit or loss in the bank's income statement is different from the amount that would have been produced had the applicable statutory tax rates been applied to the bank's pre-tax accounting profit as demonstrated below:

Reconciliation to calculate the effective income tax rate

	<u>30/9/2022</u> <u>USD</u>	<u>30/9/2021</u> <u>USD</u>
Profit before income tax	38,884,489	36,781,465
Statutory tax rate(s)	22.5%	22.5%
Income tax calculated on accounting profit	<u>8,749,010</u>	<u>8,275,830</u>
Add (Deduct) :		
Non-deductible expenses	14,454,637	16,641,039
Tax exemptions	(14,217,122)	(12,341,883)
Flat tax difference	<u>3,418,717</u>	<u>10,039,178</u>
Income tax expense	<u>12,405,242</u>	<u>22,614,164</u>
Effective tax rate	<u>31.9%</u>	<u>61.5%</u>

14- Earnings per share

Earnings per share is calculated by dividing net profit by the weighted average number of ordinary shares outstanding during the reporting period.

	<u>30/9/2022</u> <u>USD</u>	<u>30/9/2021</u> <u>USD</u>
Net profit for the period attributable to shareholders (1)	26,479,247	14,167,301
Weighted average for outstanding common shares during the period (2)*	<u>15,750,000</u>	<u>15,750,000</u>
Earnings per share (USD / share) (1/2)	<u>1.68</u>	<u>0.90</u>

* In application of the amended Egyptian Accounting Standard No. (22) "Earnings per share", the basic Earnings per share for the presented financial periods were calculated retrospectively based on total number of shares after non monetary increase (stock dividends), because the increase in capital was a result of the issuance of stock dividends in the amount of USD 7,500,000, since if the issuance of stock dividends occurs after the end of the financial period but before the authorisation of the financial statements for issuance, the equations used to calculate and present the earnings per share in those financial statements and other financial statements presented (the comparative figures) should be displayed on the basis of the new number of shares.

15- Cash and due from Central Bank Of Egypt(CBE)

	<u>30/9/2022</u> <u>USD</u>	<u>31/12/2021</u> <u>USD</u>
Cash	13,511,903	15,934,977
Balances with Central Bank of Egypt within the mandatory reserve ratio	<u>255,841,160</u>	<u>305,815,829</u>
	<u>269,353,063</u>	<u>321,750,806</u>

16- Due from banks

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Current accounts	7,873,307	4,674,637
Deposits	709,014,702	651,296,701
	716,888,009	655,971,338
Less: Expected credit losses	(184,732)	(176,935)
	716,703,277	655,794,403
Central Bank of Egypt other than balances within the mandatory reserve ratio	419,886,725	417,768,311
Local banks	248,470,428	192,901,404
Foreign Banks	48,530,856	45,301,623
Less: Expected credit losses	(184,732)	(176,935)
	716,703,277	655,794,403
Non-interest bearing balances	3,357,677	2,857,605
Floating interest bearing balances	132,377,825	332,675,291
Fixed interest bearing balances	581,152,507	320,438,442
Less: Expected credit losses	(184,732)	(176,935)
	716,703,277	655,794,403
Current balances	716,888,009	655,971,338
Less: Expected credit losses	(184,732)	(176,935)
	716,703,277	655,794,403

Analysis of Expected credit losses for due from banks

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period / year	176,935	227,628
Expected credit losses (reversed) (Note 12)	7,797	(50,692)
Foreign exchange translation differences	--	(1)
Balance at the end of the period / year	184,732	176,935

Analysis of Expected credit losses for due from banks classified by stages of the ECL Model

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Stage one expected credit losses over 12-month	109,077	98,721
Stage two expected credit losses over lifetime	75,655	78,214
Total	184,732	176,935

17- Treasury bills

	<u>30/9/2022</u>	<u>31/12/2021</u>
	USD	USD
<u>1 - Treasury bills - at fair value through profit or loss (FVTPL):</u>		
Maturity of 91 days	10,228,976	--
Total treasury bills - at fair value through profit or loss (FVTPL)	10,228,976	--
Unearned interest	(302,836)	--
Accumulated fair value adjustments	(44)	--
Net treasury bills - at fair value through profit or loss (1)	9,926,096	--
<u>2 - Treasury bills - at fair value through other comprehensive income:</u>		
Maturity of 91 days	291,465,710	79,533
Maturity of 182 days	20,470,737	--
Maturity of 273 days	17,937,787	30,688,694
Maturity of 364 days	443,723,465	510,734,701
Total treasury bills - at fair value through other comprehensive income	773,597,699	541,502,928
Unearned interest	(14,694,661)	(16,510,999)
Accumulated fair value adjustments	15,520	588,730
Net treasury bills - at fair value through other comprehensive income (2)	758,918,558	525,580,659
Total treasury bills (1+2)	768,844,654	525,580,659

- As part of the Central Bank of Egypt initiative to support mortgage finance directed toward low-income individuals and its other initiative whose objective is providing finance to small enterprises, treasury bills with a face value of EGP 287,600,000 equivalent to USD 14,709,267 had been mortgaged by the Central Bank of Egypt on September 30, 2022 , against EGP 342,975,000 equivalent to USD 21,822,329 on December 31, 2021.

Analysis of accumulated fair value adjustments balance

	<u>30/9/2022</u>	<u>31/12/2021</u>
	USD	USD
<u>Treasury bills - at fair value through profit or loss (FVTPL)</u>		
Balance at the beginning of the period / year	--	--
Net changes in fair value for the period / year	(44)	--
Balance at the end of the period / year	(44)	--
<u>Treasury bills - at fair value through other comprehensive income</u>		
Balance at the beginning of the period / year	588,730	309,032
Net changes in fair value for the period / year (Note 31/c)	(606,163)	281,792
Foreign exchange translation differences	32,953	(2,094)
Balance at the end of the period / year	15,520	588,730

18- Loans and advances to customers

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Retail		
Overdrafts	75,110,281	130,675,512
Credit cards	14,658,227	13,272,474
Personal loans	381,297,907	385,040,812
Mortgage loans	74,284,848	60,088,535
Total (1)	545,351,263	589,077,333
Corporates including small loans for businesses		
Overdrafts	632,854,835	582,785,946
Direct loans	354,198,637	385,135,288
Syndicated loans	564,083,614	595,964,404
Other loans	12,832,651	13,933,216
Total (2)	1,563,969,737	1,577,818,854
Total Loans and advances (1+2)	2,109,321,000	2,166,896,187
Less:		
Unearned interest for discounted bills	(32,740)	(673,740)
Expected credit losses	(85,057,467)	(83,374,658)
Segregated interest (interest in suspense)	(1,784,350)	(2,219,933)
Interest in advance	(27,780,956)	(14,824,937)
Net	1,994,665,487	2,065,802,919

Expected credit losses

Analysis of Expected credit losses of loans and advances to customers

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period / year	83,374,658	66,378,196
Expected credit losses charged (Note 12)	15,085,234	20,033,977
Write-off during the period / year	(1,144,829)	(3,109,971)
Recoveries during the period / year	75,073	37,966
Foreign exchange translation differences	(12,332,669)	34,490
Balance at the end of the period / year	85,057,467	83,374,658

Analysis of Expected credit losses of loans and advances to customers by stages of the ECL Model

	<u>30/9/2022</u>		
	<u>Retail</u>	<u>Corporates</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Stage one expected credit losses over 12-month	6,480,361	10,109,654	16,590,015
Stage two expected credit losses over lifetime	3,322,684	3,061,213	6,383,897
Stage three expected credit losses over lifetime	17,109,421	44,974,134	62,083,555
Total	26,912,466	58,145,001	85,057,467

31/12/2021

	<u>Retail</u>	<u>Corporates</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Stage one expected credit losses over 12-month	8,001,399	6,641,033	14,642,432
Stage two expected credit losses over lifetime	1,861,089	8,700,982	10,562,071
Stage three expected credit losses over lifetime	11,632,773	46,537,382	58,170,155
Total	21,495,261	61,879,397	83,374,658

19- Financial investments

	<u>30/9/2022</u> <u>USD</u>	<u>31/12/2021</u> <u>USD</u>
1- Financial investments at fair value through profit or loss (FVTPL)		
Debt instruments at fair value :		
- Listed (level 2)	1,700,473	--
Total financial investments at fair value through profit or loss (FVTPL) (1)	<u>1,700,473</u>	<u>--</u>
2- Financial investments at fair value through other comprehensive income (FVTOCI)		
Debt instruments at fair value :		
- Listed (level 2)	223,354,351	442,753,345
Equity instruments at fair value :		
- Unlisted (level 2)	23,704,988	29,366,136
Mutual funds - at fair value:		
- Unlisted (level 1) (Note 35) *	1,996,190	2,513,314
Total financial investments at fair value through other comprehensive income (FVTOCI) (2)	<u>249,055,529</u>	<u>474,632,795</u>
3- Financial investments at amortized cost (AC)		
Debt Instruments at amortized cost :		
- Listed	161,017,776	368,920,782
Less : Expected credit losses	(214,313)	(62,518)
Total financial investments at amortized cost (AC) (3)	<u>160,803,463</u>	<u>368,858,264</u>
Total financial investments (1+2+3)	<u>411,559,465</u>	<u>843,491,059</u>
Current balances	285,378,384	771,015,122
Non-current balances	126,181,081	72,475,937
	<u>411,559,465</u>	<u>843,491,059</u>
Fixed interest bearing balances	375,629,311	811,611,609
floating interest bearing balances	10,228,976	--
	<u>385,858,287</u>	<u>811,611,609</u>

* In accordance with the requirements of Law No.95 of 1992 and its executive regulations and, in particular, Article (172) applying with respect to mutual funds established by banks and insurance companies.

30/9/2022

	<u>Financial investments at FVOCI</u> <u>USD</u>	<u>Financial investments at amortized cost</u> <u>USD</u>
Balance at the beginning of the period	474,632,795	368,858,264
Additions	14,670,177	27,923,711
Disposals (sale/redemption)	(65,092,174)	(274,593,754)
Reclassification of bonds from fair value through other comprehensive income to amortized cost	(91,943,907)	91,943,907
Foreign exchange translation differences	(37,266,706)	(53,247,516)
Net changes in fair value of investments in equity instruments classified as at fair value through other comprehensive income (Note 31/c)	(5,977,831)	--
Net changes in fair value of investments in debt instruments classified as at fair value through other comprehensive income (Note 31/c)	(40,278,782)	--
Expected credit losses (charged) on financial investments at amortized cost	--	(151,795)
Amortization of issuance discount	389,985	345,261
Amortization of issuance premium	(78,028)	(274,615)
Balance at the end of the period	<u>249,055,529</u>	<u>160,803,463</u>

31/12/2021

	Financial investments at FVOCI USD	Financial investments at amortized cost USD
Balance at the beginning of the year	517,884,273	638,462,607
Additions	200,892,318	8,624,448
Disposals (sale/redemption)	(223,258,960)	(279,340,370)
Transferred to investments in associates (Note 20)	(6,702,927)	--
Foreign exchange translation differences	353,740	842,279
Net changes in fair value of investments in equity instruments classified as at fair value through other comprehensive income (Note 31/c)	10,269,383	--
Net changes in fair value of investments in debt instruments classified as at fair value through other comprehensive income (Note 31/c)	(25,614,278)	--
Expected credit losses (charged) on financial investments at amortized cost	--	(52,889)
Amortization of issuance discount	923,088	856,483
Amortization of issuance premium	(113,842)	(534,294)
Balance at the end of the period year	474,632,795	368,858,264

Analysis of Expected credit losses for financial investments at amortized cost

	30/9/2022 USD	31/12/2021 USD
Balance at the beginning of the period / year	62,518	9,629
Expected credit losses charged (Note 12)	151,795	52,889
Balance at the end of the period / year	214,313	62,518

Analysis of Expected credit losses of financial investments at amortized cost by stages of the ECL Model

	30/9/2022 USD	31/12/2021 USD
Stage one expected credit losses over 12-month	214,313	62,518
Total	214,313	62,518

Gains on financial investments

	Nine months		three months	
	From 1/1/2022 To 30/9/2022 USD	From 1/1/2021 To 30/9/2021 USD	From 1/7/2022 To 30/9/2022 USD	From 1/7/2021 To 30/9/2021 USD
Gains on sale of treasury bonds at fair value through other comprehensive income	1,368,976	1,284,673	--	41,795
Gains on sale of financial investments in debt instruments at amortized cost	--	555,469	--	--
Gains on sale of treasury bills at fair value through other comprehensive income	128,295	149,090	34,420	81,982
(Charges) of Expected credit losses of financial investments at fair value through other comprehensive income (Note 31/c)	346,660	486,662	337,157	363,463
	1,843,931	2,475,894	371,577	487,240

20- Investments in associates

The following table shows the principal information about the bank's associates and its stake in these associates:

	30/9/2022										SAIB stake	
	Investee's assets	Investee's liabilities (excluding equity)	Investee's revenues	Investee's (loss) profit	Date of last financial statements	Country of residence	Carrying amount at 1/1/2022	Transferred from financial investments at FVTOCI (Note 19)	Share in (losses) profits of associates (equity method)	(Dividends)		Carrying amount at 30/9/2022
	USD	USD	USD	USD			USD	USD	USD	USD	USD	%
International Company for Leasing - Incolease*	202,707,725	166,150,203	17,710,982	4,044,645	30/9/2022	Egypt	8,830,510	--	(898,310)	(552,737)	7,379,463	20.19
Cairo National Securities Brokerage Company	244,907	247,748	6,687	(12,115)	30/6/2022	Egypt	6,040	--	(6,040)	--	--	32
Cairo factoring company**	347,568	3,749,362	--	(251,020)	30/6/2022	Egypt	--	--	--	--	--	40
Total							8,836,550	--	(904,350)	(552,737)	7,379,463	
	31/12/2021										SAIB stake	
	Investee's assets	Investee's liabilities (excluding equity)	Investee's revenues	Investee's (loss) profit	Date of last financial statements	Country of residence	Carrying amount at 1/1/2021	Transferred from financial investments at FVTOCI (Note 19)	Share in (losses) profits of associates (equity method)	(Dividends)		Carrying amount at 31/12/2021
	USD	USD	USD	USD			USD	USD	USD	USD	USD	%
International Company for Leasing - Incolease*	218,177,274	173,550,678	24,574,022	5,229,825	31/12/2021	Egypt	--	6,702,927	2,770,227	(642,644)	8,830,510	20.19
Cairo National Securities Brokerage Company	60,265	41,392	32,096	(36,995)	30/9/2021	Egypt	28,316	--	(22,276)	--	6,040	32
Cairo factoring company**	482,809	3,884,519	112,440	(499,231)	31/12/2020	Egypt	--	--	--	--	--	40
Total							28,316	6,702,927	2,747,951	(642,644)	8,836,550	

* The bank's investment in the International Company for Leasing (Incolease) has been classified within investments in associates starting from 1 January 2021 in accordance with the Central Bank and Banking Sector Law No 194 of year 2020 (Note 2/b).

** In application of the equity method, the carrying amount of our bank's investment in Cairo Factoring Company has been reduced to reflect the investee's losses that exceeded its total equity on 31 December 2018 and the continuation of those losses until the last authorized financial statements of the investee as of June 30, 2022.

21- Intangible assets

	<u>Software</u> <u>USD</u>	<u>Right of use</u> <u>USD</u>	<u>Total</u> <u>USD</u>
Net book value at 1/1/2021	4,634,865	19,685	4,654,550
Additions during the year	2,121,488	--	2,121,488
Amortization for the year	(1,053,152)	(1,208)	(1,054,360)
Net book value as of 31/12/2021	<u>5,703,201</u>	<u>18,477</u>	<u>5,721,678</u>
Net book value as of 1/1/2022	5,703,201	18,477	5,721,678
Additions during the period	564,290	--	564,290
Amortization for the period	(910,357)	(906)	(911,263)
Net book value as of 30/9/2022	<u>5,357,134</u>	<u>17,571</u>	<u>5,374,705</u>

22- Other assets

	<u>30/9/2022</u> <u>USD</u>	<u>31/12/2021</u> <u>USD</u>
Accrued revenues	23,798,428	43,250,036
Pre-paid expenses	7,820,650	6,330,826
Advance payments under acquisition of fixed and intangible assets	11,496,079	11,039,115
Foreclosed assets reverted to the bank in settlement of debts (net of Expected credit losses)	17,028,013	17,028,013
Deposits held with other and custodies	39,165	402,117
Other *	14,244,844	399,152
Total	<u>74,427,179</u>	<u>78,449,259</u>

- * This item includes any other balances that is not eligible for inclusion within other items of other assets, such as amounts under settlement related to ATMs, balances related to CBE initiatives and other miscellaneous debit balances according to the rules of preparation and presentation of banks financial statements issued by the Central Bank of Egypt on 16 December 2008.

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23- Fixed assets

	Land		Buildings and constructions		Integrated automated systems		Vehicles		Fixtures and fittings		Machinery and equipment		Furniture		Total		
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	
Balance at 1/1/2021																	
Cost	408,818	33,257,717	19,457,785	364,886	21,857,436	4,502,327	1,519,225	81,368,194									
Accumulated depreciation	--	(12,671,477)	(16,333,981)	(359,503)	(17,621,170)	(3,563,147)	(1,013,848)	(51,563,126)									
Net book value at 1/1/2021	408,818	20,586,240	3,123,804	5,383	4,236,266	939,180	505,377	29,805,068									
Net book value at 1/1/2021	408,818	20,586,240	3,123,804	5,383	4,236,266	939,180	505,377	29,805,068									
Additions	--	1,029,745	1,180,127	1,061	1,610,565	432,771	323,906	4,578,175									
Depreciation charge	--	(1,604,360)	(1,585,892)	(1,758)	(2,249,989)	(329,892)	(179,865)	(5,951,756)									
Net book value at 31/12/2021	408,818	20,011,625	2,718,039	4,686	3,596,842	1,042,059	649,418	28,431,487									
Cost	408,818	34,287,462	20,637,912	365,947	23,468,001	4,935,098	1,843,131	85,946,369									
Accumulated depreciation	--	(14,275,837)	(17,919,873)	(361,261)	(19,871,159)	(3,893,039)	(1,193,713)	(57,514,882)									
Net book value at 31/12/2021	408,818	20,011,625	2,718,039	4,686	3,596,842	1,042,059	649,418	28,431,487									
Balance as of 1/1/2022																	
Cost	408,818	34,287,462	20,637,912	365,947	23,468,001	4,935,098	1,843,131	85,946,369									
Accumulated Depreciation	--	(14,275,837)	(17,919,873)	(361,261)	(19,871,159)	(3,893,039)	(1,193,713)	(57,514,882)									
Net book value at 1/1/2022	408,818	20,011,625	2,718,039	4,686	3,596,842	1,042,059	649,418	28,431,487									
Net book value at 1/1/2022	408,818	20,011,625	2,718,039	4,686	3,596,842	1,042,059	649,418	28,431,487									
Additions	--	1,866,916	3,062,033	1,233	3,939,070	443,824	313,116	9,626,192									
Depreciation charge	--	(1,292,324)	(1,503,542)	(1,371)	(1,631,377)	(288,847)	(177,982)	(4,895,443)									
Net book value at 30/9/2022	408,818	20,586,217	4,276,530	4,548	5,904,535	1,197,036	784,552	33,162,236									
Cost	408,818	36,154,378	23,699,945	367,180	27,407,071	5,378,922	2,156,247	95,572,561									
Accumulated Depreciation	--	(15,568,161)	(19,423,415)	(362,632)	(21,502,536)	(4,181,886)	(1,371,695)	(62,410,325)									
Net book value at 30/9/2022	408,818	20,586,217	4,276,530	4,548	5,904,535	1,197,036	784,552	33,162,236									

24- Due to banks

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Current accounts	2,902,627	9,365,749
Deposits	132,414,500	66,876,974
	<u>135,317,127</u>	<u>76,242,723</u>
Local banks	2,918,024	56,881,278
Foreign banks	132,399,103	19,361,445
	<u>135,317,127</u>	<u>76,242,723</u>
Non-interest bearing balances	2,899,103	9,361,445
Fixed interest bearing balances	132,418,024	66,881,278
	<u>135,317,127</u>	<u>76,242,723</u>
Current balances	135,317,127	76,242,723
	<u>135,317,127</u>	<u>76,242,723</u>

25- Customers' deposits

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Demand deposits	492,465,726	526,671,762
Time deposits and call accounts	2,125,912,574	2,028,505,721
Certificates of deposits	742,712,431	976,881,377
Saving deposits	162,129,021	230,660,070
Other deposits	147,227,691	198,029,783
	<u>3,670,447,443</u>	<u>3,960,748,713</u>
Corporate deposits	2,549,449,523	2,516,636,053
Retail deposits	1,120,997,920	1,444,112,660
	<u>3,670,447,443</u>	<u>3,960,748,713</u>
Non-interest bearing balances	374,312,436	283,954,334
Floating interest bearing balances	868,599,202	1,124,489,779
Fixed interest bearing balances	2,427,535,805	2,552,304,600
	<u>3,670,447,443</u>	<u>3,960,748,713</u>
Current balances	2,969,303,795	3,347,939,194
Non-current balances	701,143,648	612,809,519
	<u>3,670,447,443</u>	<u>3,960,748,713</u>

26- Other loans

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Social development fund loan - small enterprises development (New and Outstanding)	503,879	891,077
Agricultural development loan - (Lead bank/ Commercial International Bank)	63,675	128,702
Mortgage financing initiative for limited and medium income people – (Central Bank of Egypt)	10,045,901	13,109,451
Subordinated loan- Arab International Bank *	30,000,000	30,000,000
Arab Fund for Economic and Social Development Loan	24,000,000	26,000,000
Machinery, equipment and production lines financing encouragement initiative for performing industrial and agricultural medium enterprises (Central Bank of Egypt)	2,646,278	5,122,083
Dual loan agreement – UBAE **	16,000,000	9,000,000
Total other loans	<u>83,259,733</u>	<u>84,251,313</u>

- * Based on the approval of our bank's Board of Directors in its meeting held on September 25, 2016, a subordinated loan contract was concluded with the Arab International Bank (the major shareholder of our bank) in a total amount of USD 50,000,000 and, on February 26, 2017, the ordinary general assembly of our bank ratified the conclusion of the subordinated loan contract in order to support the second tier of our capital base within the context of calculating our bank's capital adequacy ratio in accordance with the Basel's requirements aiming to maintain the prescribed ratio set out by the Central Bank of Egypt.
- The term of this subordinated loan is five years starting November 2, 2016 and ending November 1, 2021. This loan is repayable in one shot at the end of the year (a balloon payment) by November 1, 2021. Alternatively, our bank has the option to repay this loan in equal annual installments, where the amount of each installment shall not exceed 20% of the value the loan. Interest is payable on this loan every Nine months and is calculated on the loan amount at an annual rate of 4% (four percent) above the 6-month LIBOR.
 - On December 26, 2019, a supplement to the aforementioned subordinated loan contract was signed, according to which, the contract term was extended for a year of five years starting November 1, 2019 and ending November 1, 2024, by which date, the loan amount would be fully paid. Interest payable on the loan amount remains at an annual rate of 4 % (four percent) above the 6-month LIBOR. Any other conditions for the aforementioned subordinated loan contract remains unchanged.
 - On June 9, 2021, the amortized portion of USD 10 million was paid off from the subordinated loan given to our bank from Arab International Bank on November 1, 2016 with a total amount of USD 50,000,000 for 5 years which was extended starting from November 2019 for 5 years ending on November 1, 2024 according to the renewal supplement to the aforementioned subordinated loan contract on December 26, 2019.
 - On November 10, 2021, the amortized portion of USD 10 million (Ten million united states dollar) was paid off from the second subordinated loan given to our bank from Arab International Bank (Main investor).
- ** On March 14, 2022, a one-year bilateral loan contract was concluded with the Bank of UBAE Italy with the amount of USD 16 million, with the loan to be repaid at the end of 12 months from the grant date (March 17, 2022) The amount of the loan will be calculated at a rate of return of 1.5% annually above the Libor rate for three months and will be payable at the end of every three months.

27- Other liabilities

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Accrued interest	22,201,646	23,952,933
Unearned revenues	2,146,839	2,858,409
Accrued expenses	8,028,111	4,715,067
Electronic payment system	7,490,158	11,937,835
Dividends payable *	23,452	23,475
T.bills and T.bonds taxes	4,786,625	7,529,996
Other credit balances **	20,150,910	10,031,440
	<u><u>64,827,741</u></u>	<u><u>61,049,155</u></u>

* This balance represents prior-years' dividend whose beneficiaries (shareholders) have not yet settled.

** This item includes any other balance that is not eligible for inclusion within other items of other liabilities, such as salary tax and other credit balances according to the rules of preparation and presentation of banks financial statements issued by the Central Bank of Egypt on 16 December 2008.

28- Other provisions

Description	30/9/2022					
	USD					
	Balance at the beginning of the period	Foreign exchange translation differences	Charged (reversed) during the period (Note 11)	Utilized during the period	Recoveries from previously utilized provision	Balance at the end of the period
Other provisions	674,622	(104,044)	1,621,271	(270,466)	--	1,921,383
Contingent liabilities provision	618,060	(124,426)	478,773	--	--	972,407
Legal provision	91,659	(17,668)	15,822	(17,413)	--	72,400
	<u>1,384,341</u>	<u>(246,138)</u>	<u>2,115,866</u>	<u>(287,879)</u>	<u>--</u>	<u>2,966,190</u>

Description	31/12/2021					
	USD					
	Balance at the beginning of the year	Foreign exchange translation differences	Charged (reversed) during the year	Utilized during the year	Recoveries from previously utilized provision	Balance at the end of the year
Other provisions	3,076,786	6,152	(1,689,033)	(719,283)	--	674,622
Contingent liabilities provision	692,453	77	(74,470)	--	--	618,060
Legal provision	--	(197)	98,544	(13,367)	6,679	91,659
	<u>3,769,239</u>	<u>6,032</u>	<u>(1,664,959)</u>	<u>(732,650)</u>	<u>6,679</u>	<u>1,384,341</u>

- A provision with the full estimated amount has been recognized, and it's expected to fully utilize the recognized provision during subsequent periods.

Analysis of the Expected credit losses for contingent liabilities by stages of the ECL model

	30/9/2022	31/12/2021
	USD	USD
Stage one Expected credit losses over 12-month	551,940	313,474
Stage two Expected credit losses over lifetime	94,018	20,303
Stage three Expected credit losses over lifetime	326,449	284,283
Total	<u>972,407</u>	<u>618,060</u>

29- Deferred tax assets

Movements on the deferred tax assets and liabilities balances are shown in the following table:

	30/9/2022	31/12/2021
	USD	USD
Balance at the beginning of the period / year - DTA / (DTL)	305,771	59,419
Change during the period / year (Note 13)	(58,294)	246,352
Balance at the end of the period / year - DTA	<u>247,477</u>	<u>305,771</u>

30- Issued and paid up capital

- The authorized capital is USD 350 millions at a par value of USD 10 per share. The issued, subscribed in, and fully paid up capital is USD 157.5 millions divided into 15,750,000 shares at a par value of USD 10 each.

	No. of Shares	Nominal value per share	Total
		USD	USD
Balance at 1/1/2022	15,000,000	10	150,000,000
Capital increase	750 000	10	7,500,000
Balance at 30/9/2022	<u>15,750,000</u>	<u>10</u>	<u>157,500,000</u>

- On March 19, 2020, the bank's General Assembly decided to approve the bank's financial statements for the year ended December 31, 2019 and authorizing the increase of the issued and paid up capital with the amount of USD 7,500,000 through stock dividends to the bank's shareholders, where these shares are divided into a number of 750,000 shares, representing 5% of the issued and paid up capital and distributed to the shareholders each as much as their share in the paid up capital equivalent to 1 free share for each 20 shares.
- On December 8, 2020, the General Authority for Investment and Free Zones (GAFI) approved the increase of issued and paid up capital by USD 7,500,000 as stock dividends contingent on the Central Bank of Egypt's approval of that increase. On November 18, 2021 the Central Bank of Egypt issued its approval for the capital increase.
- On April 11, 2022, the extraordinary General Assembly of the Bank's shareholders approved the following:
 - 1- Increase authorized capital from USD 200,000,000 to USD 350,000,000.
 - 2- Increase in issued and paid up capital from USD 150,000,000 (Only one hundred and fifty million United States dollars) to USD 157,500,000 (only one hundred fifty seven million and five hundred thousand United States dollars) As approved by the Central Bank of Egypt and through stock dividends approved by the General Assembly held on March 19, 2020 through the approval of the list of dividends for the financial year ended December 31, 2019.
- On 3 July 2022, the Financial Regulatory Authority approved the increase of the issued capital from USD 150,000,000 to USD 157,500,000, the Egyptian Exchange Listing Committee approved in its session held on July 7, 2022 the increase of the licensed capital of the bank to become USD 350 million as well as the increase of the issued and paid up capital to USD 157,500,000 in the list listing Egyptian securities 'shares', On July 5, 2022, this increase was recorded in the Commercial Register of the Bank with the number (43272).

31- Reserves and retained earnings

	<u>30/9/2022</u> USD	<u>31/12/2021</u> USD
Reserves		
General banking risk reserve (a)	332,197	332,197
Legal reserve (b)	75,000,000	74,510,350
General reserve	18,291,493	18,291,493
Capital reserve	5,648,003	5,648,003
Fair value reserve - financial investments with fair value through other comprehensive income (c)	(27,069,198)	19,982,384
Special reserve (d)	137,776	137,776
Total reserves at the end of the period / year	<u>72,340,271</u>	<u>118,902,203</u>

Reserves movements are as follows:

a- General banking risk reserve

	<u>30/9/2022</u> USD	<u>31/12/2021</u> USD
Balance at the end of the period / year	<u>332,197</u>	<u>332,197</u>

The Central Bank of Egypt's instructions require recognition of a reserve for general banking risks to meet unexpected risks. Distribution from this reserve is not permitted unless and until an approval is obtained from the Central Bank of Egypt.

b- Legal reserve

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period / year	74,510,350	72,485,409
Transferred from retained earnings (31/h)	489,650	2,024,941
Balance at the end of the period / year	<u>75,000,000</u>	<u>74,510,350</u>

According to the bank's articles of incorporation, 10% of the bank's net profit for the year is reserved for the formulation of legal reserve until its balance reaches 50% of the paid-up capital. Once the balance of the legal reserve declines below half of the amount of paid-up capital, appropriation from net profits to support the legal reserve shall resume.

c- Fair Value Reserve - Financial assets with fair value through other comprehensive income

Analysis of Fair Value Reserve - Financial assets with fair value through other comprehensive income

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Bonds at fair value through other comprehensive income	(43,736,441)	(3,457,659)
Equity instruments at fair value through other comprehensive income	16,905,098	22,207,951
Mutual Fund certificates at fair value through other comprehensive income	(2,119,192)	(1,602,068)
T.Bills at fair value through other comprehensive income	(15,339)	590,824
Accumulated expected credit losses for debt instruments at fair value through other comprehensive income	1,896,676	2,243,336
	<u>(27,069,198)</u>	<u>19,982,384</u>

Movement of Fair Value Reserve - Financial assets with fair value through other comprehensive income

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period / year	19,982,384	33,867,091
Net changes in fair value of financial investments in equity instruments classified as at fair value through other comprehensive income (Note 19)	(5,977,831)	10,269,383
Items transferred to retained earnings - disposal of fair value reserve of equity instruments classified as at fair value through other comprehensive income (31/h)	157,854	1,494,357
Net changes in fair value of financial investments in debt instruments classified as at fair value through other comprehensive income:		
- Bonds (Note 19)	(40,278,782)	(25,614,278)
- Treasury Bills (Note 17)	(606,163)	281,792
	<u>(40,884,945)</u>	<u>(25,332,486)</u>
Expected credit losses of financial assets classified as at fair value through other comprehensive income (Note 19)	(346,660)	(315,961)
Balance at the end of the period / year	<u>(27,069,198)</u>	<u>19,982,384</u>

Analysis of the cumulative Expected credit losses for debt instruments at FVTOCI by stages of ECL:

Treasury Bills at FVOCI	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Stage one expected credit losses over 12-month	1,110,272	1,427,172
	<u>1,110,272</u>	<u>1,427,172</u>
Financial Investments at FVOCI	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Stage one expected credit losses over 12-month	786,404	816,164
	<u>786,404</u>	<u>816,164</u>
Total	<u>1,896,676</u>	<u>2,243,336</u>

Analysis of the cumulative Expected credit losses for debt instruments at FVTOCI:

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period / year	2,243,336	2,559,297
Expected credit losses (reversed) charged during the year (Note 19)	(346,660)	(315,961)
Balance at the end of the period / year	<u>1,896,676</u>	<u>2,243,336</u>

d- Special reserve

The application of the Central Bank of Egypt (CBE) rules for preparation and presentation of financial statements as well as the modified principles of recognition and measurement all of which were approved by the CBE Board of Directors in its meeting held on 16 December 2008, requires the bank to restate the comparative figures of some, but not all, of the financial statements elements in the first financial year that have been impacted by this change, including (comparative figures) in the statement of financial position and those of the income statement for the (preceding year). As the adjustments resulted in a net positive impact, such impact had been recognized directly in retained earnings then transferred to the special reserve in equity. The bank is precluded from using this special reserve, until approval is received from the CBE.

h- Retained earnings

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Balance at the beginning of the period / year	74,086,143	62,741,833
Net profit of the period / year	26,479,247	19,932,810
Items transferred to retained earnings (Note 31/c)	(157,854)	(1,494,357)
Employees' profit share of prior year's profit	(4,100,000)	(4,100,000)
Board of directors' remuneration of prior year's profit	(576,000)	(575,000)
Banking sector support and development fund share of prior year's profit	(183,385)	(202,753)
Transferred to legal reserve (Note 31/b)	(489,650)	(2,024,941)
Transferred to capital reserve	--	(191,449)
Balance at the end of the period / year	<u>95,058,501</u>	<u>74,086,143</u>

32- Cash and cash equivalents

For the purposes of preparing the statement of cash flows, cash and cash equivalents include the following balances with maturity dates not exceeding three months from the date of acquisition.

	<u>30/9/2022</u>	<u>30/9/2021</u>
	<u>USD</u>	<u>USD</u>
Cash (Note 15)	13,511,903	19,884,902
Due from banks with maturities of less than 3 months	686,888,009	393,370,631
Treasury bills with maturities of less than 3 months	294,019,513	79,874,238
	<u>994,419,425</u>	<u>493,129,771</u>

33- Contingent liabilities and commitments

a) Capital commitments

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Capital commitments under contractual arrangements	<u>5,628,542</u>	<u>6,951,506</u>

These represent contracts for the purchase of fixed assets and for fittings at branches. Management has sufficient confidence that net revenues will be achieved and finance will be available to cover these commitments.

b) Loans, guarantees and advances Commitments

The bank's commitments for loans and advances and guarantees are as follows:

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Commitments for loans	204,420,385	492,904,490
Customers acceptances	16,978,849	25,537,939
Letters of guarantee	202,605,568	160,949,555
Letters of credit (import)	27,560,905	60,087,644
Letters of credit (export)	50,066,812	83,058,784
	<u>501,632,519</u>	<u>822,538,412</u>

c) Commitments under finance lease contracts

The total amount of minimum lease payments under finance lease contracts is reported in the following table:

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Not more than 1 year	375,511	415,229
More than 1 year and less than 5 years	610,940	796,748
	<u>986,451</u>	<u>1,211,977</u>

d) Commitments under operating lease contracts

The total amount of minimum lease payments under operating lease contracts is reported in the following table:

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Not more than 1 year	1,522,339	3,628,838
More than 1 year and less than 5 years	3,187,806	5,339,306
More than 5 years	18,291,723	2,199,562
	<u>23,001,868</u>	<u>11,167,706</u>

34- Related-party transactions

The bank's transactions with related parties are conducted on the same basis as those with unrelated parties. The following table describes the nature of the most significant transactions with related parties and shows their balances at the reporting date:

	<u>30/9/2022</u>	<u>31/12/2021</u>
	<u>USD</u>	<u>USD</u>
Financial Position Items		
Due from banks	30,125,066	30,277,950
Loans and advances to customers	36,635,447	29,205,295
Other assets	606,820	94,180
Due to banks	3,524	4,304
Customers' deposits	151,673,537	163,783,007
Other loans	30,000,000	30,000,000
Other liabilities	342,132	327,591

	<u>Nine months</u>		<u>three months</u>	
	<u>From 1/1/2022</u>	<u>From 1/1/2021</u>	<u>From 1/7/2022</u>	<u>From 1/7/2021</u>
	<u>To 30/9/2022</u>	<u>To 30/9/2021</u>	<u>To 30/9/2022</u>	<u>To 30/9/2021</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Income Statement Items				
Other operating expenses - finance Lease	(387,406)	(384,188)	(116,082)	(122,672)
(losses) profits from investments in associates	(904,350)	2,798,150	(86,181)	314,772

35- Mutual funds - financial investments classified as at fair value through other comprehensive income

1) Société Arabe Internationale De Banque first fund – cumulative capital appreciation:

- The fund is one of the banking activities licensed to the bank in accordance with the Money Market Law No. 95 of 1992 and its executive regulations. The fund is managed by Prime Investments Asset Management Company.
- The bank established its first mutual fund by virtue of license No (133) issued by the Financial Regulatory Authority (FRA) on 28 February 1996, at a nominal value of EGP 500 per investment certificate (IC). On 13 March 2007, the Capital Market Authority agreed to split the fund's ICs at a ratio of 1: 5 and, as such, the nominal value of each certificate has been reduced to EGP 100 down from EGP 500. Article (6) of the first fund's prospectus was amended accordingly on 29 March 2007.
- On 3 February 2021, the group of IC holders of Société Arabe Internationale De Banque investment fund (the first fund) agreed not to extend the life of the investment fund for another 25 years.
- On 2 March 2021, the Board of Directors of the Financial Regulatory Authority (FRA) agreed not to extend the life of the first investment fund of Société Arabe Internationale De Banque (the first fund) at the request of the group of the fund's IC holders.
- On 18 March 2021 the Board of Directors of Société Arabe Internationale De Banque (as founder of the fund) agreed at its held meeting not to extend the life of fund (the first fund) and to appoint a legal liquidator to carry out the liquidation procedures.
- On 15 September 2021, Société Arabe Internationale De Banque notified the Financial Regulatory Authority to finalize all the procedures required to complete the liquidation process of the first investment fund in accordance with the instructions issued by the Financial Regulatory Authority (FRA) in this regard.

2) Société Arabe Internationale De Banque second fund – cumulative capital appreciation with periodic returns and bonus certificates:

- The fund is one of the banking activities licensed to the bank in accordance with the Money Market Law No. 95 of 1992 and its executive regulations. The fund is managed by Prime Investments Asset Management Company.
- The bank established its second mutual fund by virtue of license No (178) issued by the Financial Regulatory Authority (FRA) on 4 September 1997, at a nominal value of EGP 100 per investment certificate (IC). On 6 March 2018, the Capital Market Authority preliminary agreed to split the fund's ICs at a ratio of 1: 5 and, as such, the nominal value of each certificate has been reduced to EGP 20 down from EGP 100.
- On May 23, 2022, the group of IC holders of the Investment Fund of the Arab International Banking Company (the Second Fund) decided to extend the term of the Fund for another 25 years starting from September 4, 2022 and ending on September 4, 2047.
- On June 26, 2022, the Board of Directors of the Bank approved a 25-year extension of the term of the Second Fund ending on September 4, 2047, subject to the approval of the Financial Regulatory Authority (FRA) and the Central Bank of Egypt.
- On August 31, 2022, the Board of Directors of the Financial Regulatory Authority (FRA) (Decision No. 76 of 2022) agreed to extend the term of Société Arabe Internationale De Banque fund (the second fund - cumulative capital appreciation with periodic returns and bonus certificates) for a period of twenty-five years, starting from 4/9/2022, in accordance with the provision of Article 175 of the Executive Regulations of the Capital Market Law issued by Law No. 95 of 1992.

- On November 3, 2022, a letter was received from the Central Bank of Egypt stating that there was no objection to approving the request to extend the term of Société Arabe Internationale De Banque second fund - cumulative capital appreciation with periodic returns and bonus certificates, for another 25 years, starting from September 4, 2022.
 - This investment fund has a number of 144,888 certificates at total nominal value of USD 148,206 of which 101,175 certificates at the nominal value of USD 103,492 was assigned to the bank to operate the fund.
 - At the reporting date, each investment certificate has a redemption value of EGP 115.61 equivalent to USD 5.91.
- 3) Société Arabe Internationale De Banque third fund - Al-Rabeh Investment Fund with periodic return:**
- The fund is one of the banking activities licensed to the bank in accordance with the Money Market Law No. 95 of 1992 and its executive regulations. Management of the fund was assigned to Hermes Fund Management Company in place of Prime Investments Asset Management Company where its management contract was terminated on 4 November 2013.
 - The bank established its third mutual fund by virtue of license No (248) issued by the Financial Regulatory Authority (FRA) on 31 December 1998, at a nominal value of EGP 100 per investment certificate (IC).
 - The name of the fund was amended to Al-Rabeh Fund according to the Egyptian Financial Regulatory Authority's approval on 22 April 2007.
 - This investment fund has a number of 162,371 certificates at total nominal value of USD 830,445 of which 50,000 certificates at the nominal value of USD 255,724 was assigned to the bank to operate the fund.
 - At the reporting date, each investment certificate has a redemption value of EGP 233.52 equivalent to USD 11.94.
- 4) Société Arabe Internationale De Banque fourth fund - Sanabel Investment Fund with cumulative capital appreciation and periodic return:**
- The fund is one of the banking activities licensed to the bank in accordance with the Money Market Law No. 95 of 1992 and its executive regulations. Management of the fund was assigned to HC Securities and Investment Company on 21 December 2011 in place of Prime Investments Asset Management Company where its management contract was terminated on 20 December 2011.
 - Management of the fund has been recently assigned to CI Asset Management in place of HC Securities and Investment Company on 1 January 2020.
 - The bank established Sanabel Investment Fund in accordance with the provisions of Islamic Sharia in cooperation with the Abu Dhabi Islamic Bank - Egypt (formerly, the National Bank for Development) by virtue of license No (377) issued by the Capital Market Authority on 20 December 2006 at a nominal value of EGP 100 per investment certificate (IC).
 - This investment fund has a number of 139,625 certificates at total nominal value of USD 714,110 of which 25,000 certificates at the nominal value of USD 127,862 was assigned to the bank to operate the fund.
 - At the reporting date, each investment certificate has a redemption value of EGP 146.03 equivalent to USD 7.47.

5) Société Arabe Internationale De Banque fifth fund – “YAWMY” Daily Money Market Fund with accumulated daily income:

- The fund is one of the banking activities licensed to the bank in accordance with the Money Market Law No. 95 of 1992 and its executive regulations. Management of the fund has been assigned to Beltone Asset Management Company.
- The bank established this money market fund by virtue of license No (691) issued by the Financial Regulatory Authority (FRA) on 4 June 2014, at a nominal value of EGP 10 per investment certificate (IC).
- This investment fund has a number of 6,954,425 certificates at total nominal value of USD 3,556,832 of which 500,000 certificates at the nominal value of USD 255,724 was assigned to the bank to operate the fund.
- At the reporting date, each investment certificate has a redemption value of EGP 24.01 equivalent to USD 1.23.

36- Tax position

a- Société Arabe Internationale De Banque:

First: profit tax for financial institutions and legal persons:

Years from commencement of operations until 2004

- Tax examination was conducted and all taxes due were paid

Years from 2005 to 2006

- The tax returns were prepared and filed in accordance with Law 91 of 2005 and tax examination was conducted by the tax authority for those years and resulted in tax losses. A tax dispute was referred to the court, and the dispute was resolved on a conciliation basis by the Dispute Settlement Committee in accordance with the final recommendation approved by the Ministry of Finance.

Years from 2007 to 2010

- Tax returns were prepared and filed in accordance with Law 91 of 2005. A dispute was referred to the relevant Internal Committee.

Years from 2011 to 2012

- Tax returns were prepared and filed in accordance with Law 91 of 2005 with the competent tax office on their due dates. Tax examination was made, disputes were referred to the Appeal Committee, and an assessment was made. A lawsuit was filed, and a request was directed to the Dispute Settlement Committee which completed its procedures and issued a recommendation. The Minister of Finance has approved the recommendation and the disputes had ended on a conciliation basis.
- A direct appeal was made on article 87 bis and article 110 of Law No. 91 of 2005. The bank was present before the committee and a defense memorandum accompanied by all supporting documents and precedent similar cases were submitted, based on which the committee decided to repeal article 87 bis.

Years from 2013 to 2014

- Tax returns were filed with the competent tax office on their due dates in accordance with Law 91 of 2005. Tax examination was made, and an objection was filed. A reconciliation request was submitted to the Senior Taxpayers Center to end the dispute. An internal committee was formulated, and a decision was taken by the Appeal Committee following the conclusion of the internal committee's findings.

Years from 2015 to 2018

- Tax returns were filed with the competent tax office on their due dates in accordance with Law 91 of 2005. Tax examination was made, and an objection was filed against its results. Formulation of an internal committee is under way to discuss the dispute and the income tax is expected to be within the treasury bills tax limit.

Years from 2019 to 2021

- Tax returns were filed on their due dates, and preparation for examination is in process.

Second: Salaries and Wages tax:

Years until 2019

- Tax examination was finalized, assessment made, and tax differences were paid.

Years 2020 and 2021

- Salaries and wages tax return for 2020 and 2021 were filed and uploaded to the electronic tax system of the tax authority and the examination date for those years have not been set yet.

Third: Stamp duty tax:

Years from 1/8/2006 until 31/12/2020

- Tax examination was completed, and the tax differences were paid.

Settlements

- Settlements relating to the bank's branches (10th of Ramadan City Branch, Mohandeseen Branch, Dokki Branch, Heliopolis Branch, and Al-Azhar Branch) had been finalized.

b- Société Arabe Internationale De Banque - Port Said (formerly, National Port Said Development Bank) merged with our bank on 1 January 2008:

First: Corporate income tax:

Years from 1981 to 1997

- The dispute was settled and the due corporate income taxes, from commencement of the merged bank's operations in July 1981 until 30 June 1997, were paid.

Years from 1998 to 2003

- The dispute relating to the corporate income tax for these years was ended through a reconciliation with the competent tax office, and the accrued tax differences were paid. A reconciliation request was filed with the Dispute Settlement Committee, according to which, the dispute was resolved on the basis of the final recommendation approved by the Ministry of Finance confirming the bank's eligibility to exempt the disputed matter.

Years from 2004 to 2007

- Tax returns were filed with the competent tax office on their due dates in accordance with the relevant tax law, and a decision was taken by the Appeal Committee requiring re-examination. The re-examination was conducted and approved.

Second: Salaries and Wages tax:

Years from the commencement of operations until 2004

- Tax examination was finalized and all taxes due were paid.

Years from 2005 to 2007

- These years have not been examined yet.

Third: Stamp duty tax:

- Branches settlement is in progress.

37- Important Events

- 1- The impact of COVID-19 continued across all geographical regions of the world, causing continued disruption of commercial and economic activities, albeit to a lesser extent, as vaccines have been reaches and citizens are starting to be vaccinated in many countries, including Egypt. However, the continued spread of COVID-19 and the emergence of variants have led to continued uncertainty in the global economic environment. The Bank is closely following the situation through the business continuity plan and other risk management practices related to possible business disruptions as a result of the COVID-19 outbreak and its impact on banking operations and financial performance.

As a result of the uncertainty resulting from the COVID-19 outbreak and in light of the country's actions regarding cohabitation procedures, the bank closely monitors the loan portfolio to see the impact of the virus on different quantitative and qualitative factors to identify significant increases in credit risks for the entire portfolio in its various economic sectors. Accordingly, the bank continues to take proactive measures initiated from the first quarter of 2020 by strengthening the allocations needed to mitigate the impact of COVID-19 on the loan portfolio.

- 2- On September 15, 2020, the Central Bank of Egypt and the Banking Sector issued law no. 194 of 2020, which repealed law no. 88 of 2003 of the "Central Bank, Banking Sector and Monetary System", the law applies for the Central Bank of Egypt and the Egyptian banking system, the addressees are obliged to reconcile their situation in accordance with its provisions within a year not exceeding one year from the date of its implementation, and the Board of Directors of the Central Bank may extend this year for a year or for other years not exceeding two years, The Central Bank have to issue regulations and decisions implementing the law.

In light of the progress in reconciling the positions of Société Arabe Internationale De Banque with regard to the minimum requirements of the issued and paid up capital, the Bank's Board of Directors decided to pass on February 8, 2022 to adopt the disclosure report form for the purpose of amending in accordance with article 48 of the registration rules on the conduct of the procedures for increasing the issued and authorized capital in relation to:

- a- Increasing the authorized capital proposed by the Bank's Board of Directors and approved by the Central Bank of Egypt to USD 350,000,000 instead of USD 200,000,000.
 - b- Increase the issued capital by USD 7,500,000 through stock dividends approved by the General Assembly held on March 19, 2020 by adopting the list of dividends for the fiscal year ended December 31, 2019, so that these shares are distributed over the number of 750,000 shares and represent 5% of the paid-up capital and distributed to the shareholders in accordance to their share in the capital, distributed as one share for every 20 shares.
- On April 11, 2022, the extraordinary General Assembly of the Bank's shareholders approved these amendments.
 - On July 5, 2022, the increase in the licensed capital was recorded in the Bank's Commercial Register to become USD 350 million instead of USD 200 million as well as an increase in the issued and paid up capital to USD 157.5 million instead of USD 150 million.

38- Translation

These financial statements are a mere translation into English from the original Arabic financial statements. The original Arabic financial statements are the official statutory financial statements of Société Arab Internationale De Banque.