Translation of financial statements originally issued in Arabic

Société Arabe Internationale De Banque "S.A.E." Financial Statements For the year ended December 31, 2022 together with Auditors' report

KPMG Hazem Hassan

Public Accountants & Consultants

KRESTON EGYPT

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AUDITORS' REPORT

To the shareholders of Societe Arabe Internationale De Banque (S.A.E)

Report on the Financial Statements
We have audited the accompanying financial statements of Societe Arabe Internationale De Banque (S.A.E) which comprise the financial position as of December 31, 2022 and the related statements of income, comprehensive income, cash flows and changes in Shareholders' equity for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
These financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Societe Arabe Internationale De Banque (S.A.E) as of December 31, 2022 and of its financial performance and its cash flows for the year then ended, 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 related to the preparation of these financial statements.

Report on Legal and Other Regulatory Requirements

There were no contravention noted during the financial year ended on December 31, 2022 of Central Bank and banking sector law No.194 of 2020. Taking into consideration procedures and plan that have been provided by the bank's management during the grace period to comply with the provisions of the law (Note No. 39)

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

The financial information included in the Board of Directors' report which is prepared according to law no. 159 of 1981 and its executive regulations and their amendments, are in agreement with the Bank's accounting records within the limit that such information is recorded therein.

Cairo on February 22, 2023

KPMG Hazem Hassan
Public Accountants and Consultants
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Auditors

KRESTON EGYPT
Tamer Nabarwy & Co.
Public Accountants & Consultants

Samy Abd Elhafiz Ahmed Ibrahim
Financial Regulator Authority No. 377
KPMG Hazem Hassan
Public accountants & Consultants

Tamer Mohamed Nabrawy
Financial Regulator Authority No. 389
Tamer Nabrawy & Co.
KRESTON EGYPT
Public accountants & Consultants

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Société Arabe Internationale De Banque "S.A.E."
Statement of financial position
as of December 31, 2022

	Notes No.	31/12/2022 USD	31/12/2021 USD
Assets :			
Cash and balances with Central Bank of Egypt (CBE)	(15)	252,013,420	321,750,806
Due from banks	(16)	638,910,650	655,794,403
Treasury bills	(17)	550,442,814	525,580,659
Loans and advances to customers	(18)	1,582,993,194	2,065,802,919
Financial investments:			
- Classified as at fair value through other comprehensive income (FVTOCI)	(19)	221,743,268	474,632,795
- Classified as at amortized cost (AC)	(19)	134,902,356	368,858,264
Investments in associates	(20)	5,795,467	8,836,550
Intangible assets	(21)	5,148,697	5,721,678
Other assets	(22)	60,067,427	78,449,259
Deferred tax assets	(29)	--	305,771
Fixed assets	(23)	37,115,002	28,431,487
Total assets		**3,489,132,295**	**4,534,164,591**
Liabilities and equity:			
Liabilities:			
Due to banks	(24)	41,124,279	76,242,723
Customers' deposits	(25)	2,945,570,588	3,960,748,713
Other loans	(26)	102,909,187	84,251,313
Other liabilities	(27)	55,732,270	61,049,155
Other provisions	(28)	1,349,341	1,384,341
Deferred tax liabilities	(29)	43,532	--
Total liabilities		**3,146,729,197**	**4,183,676,245**
Equity:			
Issued and paid-up capital	(30)	157,500,000	150,000,000
Suspended under capital increase	(30)	--	7,500,000
Reserves	(31)	86,169,345	118,902,203
Retained earnings including net profit for the year	(31)	98,733,753	74,086,143
Total equity		**342,403,098**	**350,488,346**
Total liabilities and equity		**3,489,132,295**	**4,534,164,591**

- Auditors' report attached.
- The accompanying notes from (1) to (40) are an integral part of these financial statements and are to be read therewith.

Mohamed Mokhtar
Chief Financial Officer

Tarek ALKholy
Chairman and Managing Director

Société Arabe Internationale De Banque "S.A.E."
Income Statement
For the year ended December 31, 2022

	Notes No.	31/12/2022 USD	31/12/2021 USD
Interest income from loans and similar income	(6)	379,725,279	398,582,365
Interest expense on deposits and similar expenses	(6)	(236,552,309)	(266,378,192)
Net interest income		**143,172,970**	**132,204,173**
Fees and commissions income	(7)	32,233,662	30,552,966
Fees and commissions expenses	(7)	(10,226,589)	(11,337,813)
Net fees and commissions income		**22,007,073**	**19,215,153**
Dividend income	(8)	570,516	457,784
Net trading income	(9)	10,967,180	6,337,694
Gains on financial investments	(19)	1,632,883	6,962,424
(charge) for expected credit losses	(12)	(27,681,489)	(19,993,183)
Administrative expenses	(10)	(97,785,335)	(98,989,994)
Other operating (expenses) income	(11)	(1,999,448)	(44,754)
Share in (losses) profits of associates	(20)	(2,488,346)	2,747,951
Profit before income tax		**48,396,004**	**48,897,248**
Income tax (expense)	(13)	(18,241,504)	(28,964,438)
Net profit for the year		**30,154,500**	**19,932,810**
Earnings per share (USD / share)	(14)	1.45	0.96

- The accompanying notes from (1) to (40) 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 year ended December 31, 2022

	Notes No.	31/12/2022 USD	31/12/2021 USD
Net profit for the year		30,154,500	19,932,810
Other comprehensive income items that will not be reclassified to profit or loss:			
Net changes in fair value of investments in equity instruments classified as at fair value through other comprehensive income	31/c	(3,099,488)	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/c	157,855	1,494,357
Other comprehensive income items that may be reclassified to profit or loss:			
Net changes in fair value of investments in debt instruments classified as at fair value through other comprehensive income	31/c	(30,203,864)	(25,332,486)
Expected credit losses for debt instruments classified as at fair value through other comprehensive income	31/c	(77,011)	(315,961)
Total other comprehensive income for the year		(33,222,508)	(13,884,707)
Total comprehensive income for the year		(3,068,008)	6,048,103

- The accompanying notes from (1) to (40) are an integral part of these financial statements and are to be read therewith.

Société Arabe Internationale De Banque "S.A.E."
Statement of cash flows
For the year ended December 31, 2022

	Notes No.	31/12/2022 USD	31/12/2021 USD
Cash flows from operating activities			
Profit for the year before tax		48,396,004	48,897,248
Adjustments to reconcile net profit to cash flows from operating activities			
Depreciation and amortization	(10)	7,708,035	7,006,117
Impairment charge for credit losses	(12)	27,681,489	19,993,183
Other provisions charged (reversed)	(11)	695,032	(1,664,959)
Other provisions (utilized)	(28)	(290,431)	(732,650)
Dividend income		(570,516)	(457,784)
Amortization of premium on issuing bonds classified as at FVTOCI and amortized cost	(19)	411,524	648,136
Amortization of discount on issuing bonds classified as at FVTOCI and amortized cost	(19)	(960,637)	(1,779,571)
(Gains) on financial investments	(19)	(1,632,883)	(6,962,424)
Share in (profits) losses of investments in associates	(20)	2,488,346	(2,747,951)
(Gain) on sale of fixed assets	(11)	(357,527)	--
Foreign exchange translation differences (non-monetary transactions)		166,854,879	(1,165,536)
Operating profits before changes in assets and liabilities used in operating activities		**250,423,315**	**61,033,809**
Net (increase) decrease in assets and liabilities			
Due from banks		47,390,277	1,672,837
Treasury bills		90,066,611	124,679,366
Loans and advances to banks		--	10,374,336
Loans and advances to customers		429,288,334	(412,072,910)
Other assets		17,095,068	(4,516,655)
Due to banks		(35,118,444)	37,335,829
Customers' deposits		(1,015,178,125)	166,706,977
Other liabilities		(4,406,130)	7,629,416
Income taxes paid		(18,987,341)	(32,734,768)
Net cash flows (used in) operating activities (1)		**(239,426,435)**	**(39,891,763)**
Cash flows from investing activities			
Payments for acquisition of fixed assets and preparation of branches		(13,466,078)	(6,674,548)
Proceeds from sale of fixed assets		464,561	--
Payments for acquisition of intangible assets		(620,024)	(2,121,488)
Proceeds from disposal of financial investments other than financial assets at fair value through profit or loss (FVTPL)		351,109,761	508,841,278
Payments for purchase of financial investments other than financial assets at fair value through profit or loss (FVTPL)		(42,593,888)	(209,516,766)
Dividends received		570,516	337,001
Net cash flows resulting from investing activities (2)		**295,464,848**	**290,865,477**
Cash flows from financing activities			
Proceeds from other loans		41,000,000	9,454,894
Repayments of other loans		(15,971,006)	(26,852,268)
Dividend paid		(4,675,000)	(4,675,000)
Net cash flows resulting from (used in) financing activities (3)		**20,353,994**	**(22,072,374)**
Net (decrease) increase in cash and cash equivalent during the year (1+2+3)		**76,392,407**	**228,901,340**
Cash and cash equivalent at the beginning of the year		**616,535,213**	**387,633,873**
Cash and cash equivalent at the end of the year		**692,927,620**	**616,535,213**
Cash and cash equivalents comprise the following :			
Cash and balances with Central Bank of Egypt (CBE)	(15)	252,013,420	321,750,806
Due from banks	(16)	639,174,279	655,971,338
Treasury bills	(17)	550,442,814	525,580,659
Due from Central Bank of Egypt within the mandatory reserve ratio	(15)	(243,668,778)	(305,815,829)
Due from banks with maturities more than 3 months		(70,207,409)	(55,450,129)
Treasury bills with maturity more than 3 months		(434,826,706)	(525,501,632)
Cash and cash equivalents at the end of the year	(33)	**692,927,620**	**616,535,213**

- The accompanying notes from (1) to (40) 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 year ended December 31, 2022

	Notes No.	Issued and paid up capital USD	Suspended under capital increase USD	Legal reserve USD	General banking risk reserve USD	Special reserve USD	General reserve USD	Capital reserve USD	Fair value reserve/ financial assets at FVTOCI USD	Retained earnings USD	Total USD
December 31, 2021											
Balance as of January 1, 2021		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
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		--	--	--	--	--	--	--	1,494,357	(1,494,357)	--
Net change in items of other comprehensive income (OCI)		--	--	--	--	--	--	--	(15,379,064)	--	(15,379,064)
Net profit for the year		--	--	--	--	--	--	--	--	19,932,810	19,932,810
Balance as of December 31, 2021		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
December 31, 2022											
Balance as of January 1, 2022		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
Transferred to legal reserve		--	--	489,650	--	--	--	--	--	(489,650)	--
Dividends of year 2021 profit		--	--	--	--	--	--	--	--	(4,859,385)	(4,859,385)
Capital increase		7,500,000	(7,500,000)	--	--	--	--	--	--	--	--
Items transferred to retained earnings - disposal of fair value reserve of equity instruments at FVOCI		--	--	--	--	--	--	--	157,855	(157,855)	--
Net change in items of other comprehensive income (OCI)		--	--	--	--	--	--	--	(33,380,363)	--	(33,380,363)
Net profit for the year		--	--	--	--	--	--	--	--	30,154,500	30,154,500
Balance as of December 31, 2022	(30/31)	157,500,000	--	75,000,000	332,197	137,776	18,291,493	5,648,003	(13,240,124)	98,733,753	342,403,098

- The accompanying notes from (1) to (40) are an integral part of these financial statements and are to be read therewith.

Société Arabe Internationale De Banque "S.A.E."
Statement of profit appropriation proposal
For the year ended December 31, 2022

	31/12/2022 USD	31/12/2021 USD
Net profit for the year	**30,154,500**	**19,932,810**
Less:		
Gains on sale of fixed assets transferred to capital reserve according to the law	(357,527)	--
Items transferred to retained earnings	(157,855)	(1,494,357)
Net profit for the year available for appropriation	**29,639,118**	**18,438,453**
Add:		
Retained earnings at the beginning of the year	68,737,108	55,647,690
Total	98,376,226	74,086,143
Appropriated as follows:		
Legal reserve	2,979,697	489,650
Shareholders' dividends	11,025,000	--
Employees' profit share	6,000,000	4,100,000
Board of directors' remuneration	1,000,000	575,000
Banking sector support and development fund*	296,391	184,385
Retained earnings at the end of the year	77,075,138	68,737,108
Total	**98,376,226**	**74,086,143**

* According to article 178 of the law of the Central Bank of Egypt and the banking sector No. 194 for the year 2020, to deduct an amount not exceeding 1% of the distributable years' net profit for the benefit of the Banking sector support and development fund.

* This statement is still under the authorization of the ordinary general assembly of the bank.

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

Notes on the financial statements

For the year ended December 31, 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 39 branches. The bank has 1,704 employees as of December 31, 2022 (December 31, 2021: 1,628 employees).

The banks' financial statements have been authorized for issue by the board of directors on February 13, 2023.

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 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; and

  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; and
  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	▪ 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	▪ 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)	▪ 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. 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: - 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.

31/12/2022

	Amortized cost	Debt instruments at FVTOCI	Equity instruments at FVTOCI	Total carrying amount
Financial assets				
Cash and balances with Central Bank of Egypt (CBE)	252,013,420	--	--	**252,013,420**
Due from banks	638,910,650	--	--	**638,910,650**
Treasury bills	--	550,442,814	--	**550,442,814**
Loans and advances to customers	1,582,993,194	--	--	**1,582,993,194**
Financial investments:				
- Classified as at FVTOCI	--	193,163,745	28,579,523	**221,743,268**
- Classified as at amortized cost (AC)	134,902,356	--	--	**134,902,356**
Other assets (accrued revenues)	21,601,794	--	--	**21,601,794**
Total financial assets	**2,630,421,414**	**743,606,559**	**28,579,523**	**3,402,607,496**
Financial liabilities				
Due to banks	41,124,279	--	--	**41,124,279**
Customers' deposits	2,945,570,588	--	--	**2,945,570,588**
Other loans	102,909,187	--	--	**102,909,187**
Other liabilities (accrued interest)	20,458,111	--	--	**20,458,111**
Total financial liabilities	**3,110,062,165**	**--**	**--**	**3,110,062,165**

31/12/2021

	Amortized cost	Debt instruments at FVTOCI	Equity instruments at FVTOCI	Total carrying amount
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 <u>Significant increase in credit risk:</u>

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 <u>Quantitative criteria:</u>

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 <u>Qualitative criteria:</u>

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 <u>Default:</u>

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 40 days at most starting from 1 January 2022 until 31 December 2022).

K-2 <u>Transitioning among stages:</u>

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- <u>Intangible assets</u>

l-1 <u>Computer software</u>

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 <u>Other intangible assets</u>

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- <u>Fixed assets</u>

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 year.

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

Rating	Rating scale
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:

Bank's internal rating	31/12/2022 Loans and advances to customers	31/12/2022 Expected credit losses	31/12/2021 Loans and advances to customers	31/12/2021 Expected credit losses
	%	%	%	%
1. Performing loans	67.53	18.33	66.47	10.00
2. Regular watch-list	26.57	12.84	27.15	15.57
3. Special watch-list	0.44	0.85	2.52	9.93
4. Non-performing loans	5.46	67.98	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.

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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:

CBE rating	Category description	Provision %	Bank's internal rating	Internal rating indication
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

Financial position items exposed to credit risk	31/12/2022 USD	31/12/2021 USD
Due from banks (Net)	**638,910,650**	**655,794,403**
Treasury bills (Net)	**550,442,814**	**525,580,659**
Loans and advances to customers (Net)		
Retail loans		
Overdrafts	50,184,030	129,356,857
Credit cards	10,940,065	12,280,243
Personal loans	293,554,333	366,426,424
Mortgage loans	40,911,957	45,045,101
Corporate loans (including small loans to economic businesses)		
Overdrafts	445,121,460	560,374,725
Direct loans	273,344,969	375,397,841
Syndicated loans	465,715,414	574,723,453
Other loans	3,220,966	2,198,275
Total Loans and advances	**1,582,993,194**	**2,065,802,919**
Financial investments : (Net)		
- Debt instruments	**328,066,101**	**811,611,609**
Other assets	**60,067,427**	**78,449,259**
Total	**3,160,480,186**	**4,137,238,849**
Off balance sheet items exposed to credit risk (Net)		
Letters of credit	115,458,421	143,146,428
Letters of guarantee	165,999,805	160,949,555
Total	**281,458,226**	**304,095,983**

- The above table represents the bank's maximum exposure to credit risk as of December 31, 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, 50.09% of the bank's maximum exposure to credit risk results from loans and advances to banks and customers as of December 31, 2022 (December 31, 2021: 49.93%) whereas investments in debt instruments represent 10.38% as of December 31, 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:
- 94.10% 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%).
- 91.13% 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 year ended December 31, 2021.
- More than 98.98% of the bank's investments in debt instruments and treasury bills represents financial obligations on the Egyptian Government as of December 31, 2022 (December 31, 2021: 99.62%).

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

31/12/2022

Due from banks	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Credit rating				
Performing debts	554,174,200	85,000,079	--	639,174,279
	554,174,200	85,000,079	--	639,174,279
Less: Expected credit losses	(110,823)	(152,806)	--	(263,629)
Carrying amount	554,063,377	84,847,273	--	638,910,650

Treasury bills	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Credit rating				
Performing debts	562,341,894	--	--	562,341,894
	562,341,894	--	--	562,341,894
Unearned interest	(11,746,264)	--	--	(11,746,264)
Fair value adjustments	(152,816)	--	--	(152,816)
Carrying amount	550,442,814	--	--	550,442,814

Loans and advances to customers	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Credit rating				
Performing debts	107,687,539	7,611,250	3,864,209	119,162,998
Regular watch-list	274,644,853	6,036,165	14,048,134	294,729,152
Non-performing debts	--	8,740,761	19,937,017	28,677,778
	382,332,392	22,388,176	37,849,360	442,569,928
Less: Expected credit losses	(7,392,797)	(2,654,848)	(15,571,896)	(25,619,541)
Less: Interest in suspense	(199)	--	(90,675)	(90,874)
Less: Interest in advance	(21,197,698)	(17,180)	(54,250)	(21,269,128)
Carrying amount	353,741,698	19,716,148	22,132,539	395,590,385

Loans and advances to corporates	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Credit rating				
Performing debts	1,008,992,507	12,212,569	216,280	1,021,421,356
Regular watch-list	121,447,430	32,848,792	8	154,296,230
Special watch-list	--	7,386,327	--	7,386,327
Non-performing debts	--	205,933	63,404,614	63,610,547
	1,130,439,937	52,653,621	63,620,902	1,246,714,460
Less: Expected credit losses	(15,889,902)	(1,299,347)	(40,516,783)	(57,706,032)
Less: Interest in suspense	--	--	(865,165)	(865,165)
Less: Interest in advance	(706,662)	(33,792)	--	(740,454)
Carrying amount	1,113,843,373	51,320,482	22,238,954	1,187,402,809

Financial investments - at fair value through other comprehensive income	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Credit rating				
Performing debts	193,163,745	--	--	193,163,745
Carrying amount	193,163,745	--	--	193,163,745

Financial investments - at amortized cost	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Credit rating				
Performing debts	135,102,548	--	--	135,102,548
Less: Expected credit losses	(200,192)	--	--	(200,192)
Carrying amount	134,902,356	--	--	134,902,356

31/12/2021

Due from banks	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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

Financial investments - at fair value through other comprehensive income	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Credit rating				
Performing debts	442,753,345	--	--	442,753,345
Carrying amount	442,753,345	--	--	442,753,345

Financial investments - at amortized cost	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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 year:

31/12/2022

Due from banks	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Expected credit losses as of January 1, 2022	98,720	78,215	--	176,935
Expected credit losses charged (reversed)	12,102	74,592	--	86,694
Balance at the end of the year	110,822	152,807	--	263,629

Treasury bills - at Fair value through other comprehensive income	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Expected credit losses as of January 1, 2022	1,427,172	--	--	1,427,172
Expected credit losses charged (reversed)	(41,372)	--	--	(41,372)
Balance at the end of the year	1,385,800	--	--	1,385,800

Loans and advances to customers	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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)	4,893,504	3,172,456	10,535,959	18,601,919
Write-off during the year	--	--	(670,990)	(670,990)
Recoveries during the year	--	--	97,010	97,010
Foreign exchange translation differences	(5,502,106)	(2,378,697)	(6,022,856)	(13,903,659)
Balance at the end of the year	7,392,797	2,654,848	15,571,896	25,619,541

Loans and advances to corporates	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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)	8,662,754	(6,720,282)	6,912,730	8,855,202
Write-off during the year	--	--	(874,116)	(874,116)
Recoveries during the year	--	--	6,160	6,160
Foreign exchange translation differences	586,115	(681,353)	(12,065,373)	(12,160,611)
Balance at the end of the year	15,889,902	1,299,347	40,516,783	57,706,032

Financial investments - at fair value through other comprehensive income	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Expected credit losses as of January 1, 2022	816,164	--	--	816,164
Expected credit losses charged (reversed)	(35,639)	--	--	(35,639)
Balance at the end of the year	780,525	--	--	780,525

Financial investments - at amortized cost	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
Expected credit losses as of January 1, 2022	62,518	--	--	62,518
Expected credit losses charged (reversed)	137,674	--	--	137,674
Balance at the end of the year	200,192	--	--	200,192

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31/12/2021

Due from banks	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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 customers	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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 year	--	--	(568,964)	(568,964)
Recoveries during the 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	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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 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

Financial investments - at fair value through other comprehensive income	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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

Financial investments - at amortized cost	Stage 1 12-month	Stage 2 lifetime	Stage 3 lifetime	Total
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:

	31/12/2022 USD Loans and advances to customers	31/12/2021 USD Loans and advances to customers
Neither have arrears nor impaired	1,539,385,542	2,035,382,536
Have arrears but not impaired	57,610,521	47,855,754
Impaired	92,288,325	83,657,897
Total	**1,689,284,388**	**2,166,896,187**
Less :		
Provision for impairment loss	(66,895,100)	(75,195,742)
Segregated interest (in-suspense)	(956,039)	(2,219,933)
Interest in advance	(22,009,582)	(14,824,937)
Unearned interest for discounted bills	--	(673,740)
Net	**1,599,423,667**	**2,073,981,835**

- Total Expected credit losses for loans and advances to customers amounted to USD 83,325,573 as of December 31, 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**

31/12/2022
USD

	Retail				Corporate				
Rating	Overdrafts	Credit cards	Personal loans	Mortgage loans	Overdrafts	Direct loans	Syndicated loans	Other loans	Total loans and advances
1- Performing	13,296,281	1,685,913	62,444,893	31,248,354	399,796,100	198,262,773	420,077,856	--	1,126,812,170
2- Regular watch-list	38,273,914	6,625,907	206,741,984	--	29,173,104	72,694,769	51,677,523	1	405,187,202
3- Special watch-list	--	--	--	--	1,211,651	6,174,519	--	--	7,386,170
Total	51,570,195	8,311,820	269,186,877	31,248,354	430,180,855	277,132,061	471,755,379	1	1,539,385,542

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

31/12/2021
USD

	Retail				Corporate				
Rating	Overdrafts	Credit cards	Personal loans	Mortgage loans	Overdrafts	Direct loans	Syndicated loans	Other loans	Total loans and advances
1- Performing	42,500,490	3,614,432	69,416,069	55,229,443	486,146,419	268,510,877	494,799,708	2	1,420,217,440
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	340,339,392	55,229,443	559,139,713	375,365,868	564,436,843	2	2,035,382,536

- **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:

31/12/2022
USD
Retail

	Overdrafts	Credit cards	Personal loans	Mortgage loans	Total
Arrears up to 30 days	--	2,592,065	19,948,269	30,966,275	53,506,609
Arrears 30 - 60 days	--	--	--	68,294	68,294
Arrears 60 - 90 days	--	--	--	--	--
Total	--	2,592,065	19,948,269	31,034,569	53,574,903
Fair value of collaterals	--	275,726	10,188,050	--	10,463,776

Corporate

	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
Arrears up to 30 days	685,381	828,840	--	1,375,299	2,889,520
Arrears 30 - 60 days	--	493,111	--	425,546	918,657
Arrears 60 - 90 days	54,873	--	--	172,568	227,441
Total	740,254	1,321,951	--	1,973,413	4,035,618
Fair value of collaterals	446,734	172,980	--	630,208	1,249,922

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.

31/12/2021
USD
Retail

	Overdrafts	Credit cards	Personal loans	Mortgage loans	Total
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

Corporate

	Overdrafts	Direct loans	Syndicated loans	Other loans	Total
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

- **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 92,288,325 as of December 31, 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:

31/12/2022
USD

	Retail				Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgage loans	Overdrafts	Direct loans	Syndicated loans	Other loans	Total loans and advances
Loans and advances that are individually impaired	--	1,534,325	26,694,145	449,309	47,701,231	4,935,142	--	10,974,173	92,288,325
Fair value of collaterals	473,945	4,705,253	--	--	9,298,110	1,140,170	--	413,212	16,030,690

31/12/2021
USD

	Retail				Corporate				
	Overdrafts	Credit cards	Personal loans	Mortgage loans	Overdrafts	Direct loans	Syndicated loans	Other loans	Total loans and advances
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.

	31/12/2022	31/12/2021
Retail		
Personal loans	873,961	--

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 year / year. This analysis is based on Standard & Poor's rating or its equivalent.

	31/12/2022 Treasury bills USD	31/12/2022 Investments in financial securities USD	31/12/2022 Total USD	31/12/2021 Treasury bills USD	31/12/2021 Investments in financial securities USD	31/12/2021 Total USD
AA- to AA+	--	8,985,905	8,985,905	--	5,042,300	5,042,300
Less than A-	550,442,814	319,080,196	869,523,010	525,580,659	806,569,309	1,332,149,968
	550,442,814	328,066,101	878,508,915	525,580,659	811,611,609	1,337,192,268

a-8 Foreclosure of collaterals

- During the current reporting year, 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 December 31, 2022. In preparing this table, the risk was allocated to the geographical sectors on the basis of geographical areas of the bank's customers.

December 31, 2022	Cairo	Alexandria, Delta and Sinai	Upper Egypt	Other governorates	Total (USD)
Treasury bills	550,442,814	--	--	--	550,442,814
Loans and advances to customers	1,350,103,069	207,538,426	18,615,122	6,736,577	1,582,993,194
Financial investments					
-Debt instruments	202,954,877	--	--	125,111,224	328,066,101
Total as of 31/12/2022	2,103,500,760	207,538,426	18,615,122	131,847,801	2,461,502,109

December 31, 2021	Cairo	Alexandria, Delta and Sinai	Upper Egypt	Other governorates	Total (USD)
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	2,952,074,286	263,543,430	25,500,274	161,877,197	3,402,995,187

- **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:

December 31, 2022	Financial Institutions	Industrial Institutions	Mortgage activities	Commercial activities	Governmental Sector	Other activities	Retail	Total (USD)
Treasury bills	--	--	--	--	550,442,814	--	--	550,442,814
Loans and advances to customers								
-Retail loans :								
Overdrafts	--	--	--	--	--	--	50,184,030	50,184,030
Credit cards	--	--	--	--	--	--	10,940,065	10,940,065
Personal loans	--	--	--	--	--	--	293,554,333	293,554,333
Mortgage loans	--	--	--	--	--	--	40,911,957	40,911,957
-Corporate loans :								
Overdrafts	22,748,403	198,872,632	349,383	70,754,851	--	152,396,191	--	445,121,460
Direct loans	90,282,382	29,177,210	11,644,605	12,744,212	--	129,496,560	--	273,344,969
Syndicated loans	9,734,145	17,801,037	6,289,784	259,448	--	431,631,000	--	465,715,414
Other loans	--	897,893	254,349	1,651,768	--	416,956	--	3,220,966
Financial Investments :								
-Debt Instruments	8,985,905	--	--	--	319,080,196	--	--	328,066,101
Total as of 31/12/2022	**131,750,835**	**246,748,772**	**18,538,121**	**85,410,279**	**869,523,010**	**713,940,707**	**395,590,385**	**2,461,502,109**

December 31, 2021	Financial Institutions	Industrial Institutions	Mortgage activities	Commercial activities	Governmental Sector	Other activities	Retail	Total (USD)
Treasury bills	--	--	--	--	525,580,659	--	--	525,580,659
Loans and advances for customers								
-Retail loans :								
Overdrafts	--	--	--	--	--	--	129,356,857	129,356,857
Credit cards	--	--	--	--	--	--	12,280,243	12,280,243
Personal loans	--	--	--	--	--	--	366,426,424	366,426,424
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	--	207,684,407	--	375,397,841
Syndicated loans	--	50,372,785	--	441,406	--	523,909,262	--	574,723,453
Other loans	--	637,412	251	802,091	--	758,521	--	2,198,275
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**	**885,503,496**	**553,108,625**	**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)

	The year ended at 31/12/2022			The year ended 31/12/2021		
	Average	**Higher**	**Lower**	**Average**	**Higher**	**Lower**
Foreign exchange rate risk	166,177	857,225	1,607	27,528	99,471	1,291
Total VaR	**166,177**	**857,225**	**1,607**	**27,528**	**99,471**	**1,291**

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

	The year ended at 31/12/2022			The year ended 31/12/2021		
	Average	**Higher**	**Lower**	**Average**	**Higher**	**Lower**
Foreign exchange rate risk	166,177	857,225	1,607	27,528	99,471	1,291
Total VaR	**166,177**	**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 year / year. The tables Includes the carrying amounts of the bank's financial instruments categorized by the currencies in which the instruments are denominated.

31/12/2022						(equivalent in USD)
	EGP	USD	GBP	EUR	Other currencies	Total
Balance as of 31/12/2022						
Financial assets:						
Cash and balances with CBE	249,200,143	2,285,509	101,760	240,531	185,477	252,013,420
Due from banks	359,853,536	273,823,215	3,177,959	587,844	1,468,096	638,910,650
Treasury bills	168,665,008	312,123,385	--	69,654,421	--	550,442,814
Loans and advances to customers	1,100,389,175	482,517,713	4	86,233	69	1,582,993,194
Financial investments:						
- at FVTOCI	105,040,911	116,702,357	--	--	--	221,743,268
- at amortized cost	97,913,967	36,988,389	--	--	--	134,902,356
Other assets (accrued income)	15,006,684	6,589,041	4,592	1,477	--	21,601,794
Total financial assets	**2,096,069,424**	**1,231,029,609**	**3,284,315**	**70,570,506**	**1,653,642**	**3,402,607,496**
Financial liabilities:						
Due to banks	166,999	35,000,000	--	5,957,280	--	41,124,279
Customers' deposits	2,056,186,599	821,542,852	3,291,156	63,045,382	1,504,599	2,945,570,588
Other loans	9,909,187	93,000,000	--	--	--	102,909,187
Other liabilities (accrued interest)	16,048,567	4,396,644	2,011	10,889	--	20,458,111
Total financial liabilities	**2,082,311,352**	**953,939,496**	**3,293,167**	**69,013,551**	**1,504,599**	**3,110,062,165**
Net financial position as of 31/12/2022	**13,758,072**	**277,090,113**	**(8,852)**	**1,556,955**	**149,043**	**292,545,331**

	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.

31/12/2022 **(equivalent in USD)**

	Up to 1 month	More than 1 month up to 3months	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 31/12/2022							
Financial assets							
Cash and balances with CBE	--	--	--	--	--	252,013,420	252,013,420
Due from banks*	397,573,052	191,601,227	50,000,000	--	--	(263,629)	638,910,650
Treasury bills	17,723,041	247,822,383	284,897,390	--	--	--	550,442,814
Loans and advances to customers**	242,118,819	573,087,892	41,726,787	438,632,811	393,718,079	(106,291,194)	1,582,993,194
Financial investments:							
- at FVTOCI	6,097,504	3,070,667	31,216,956	72,462,064	80,316,554	28,579,523	221,743,268
- at amortized cost	--	29,354,820	--	77,709,547	27,837,989	--	134,902,356
Other assets (accrued revenue)	--	--	--	--	--	21,601,794	21,601,794
Total financial assets	663,512,416	1,044,936,989	407,841,133	588,804,422	501,872,622	195,639,914	3,402,607,496
Financial liabilities							
Due to banks	6,124,279	35,000,000	--	--	--	--	41,124,279
Customers' deposits	990,424,281	774,266,822	251,450,697	660,501,233	2,783,915	266,143,640	2,945,570,588
Other loans	--	16,474,277	9,877,311	69,210,387	7,347,212	--	102,909,187
Other liabilities (accrued expense)	--	--	--	--	--	20,458,111	20,458,111
Total financial liabilities	996,548,560	825,741,099	261,328,008	729,711,620	10,131,127	286,601,751	3,110,062,165
Interest repricing gap	(333,036,144)	219,195,890	146,513,125	(140,907,198)	491,741,495	(90,961,837)	292,545,331

* The non-interest bearing category of due from banks reports an amount of USD 263,629 as of December 31, 2022 representing a Expected credit losses (Note 16).

* ** The non-interest bearing category of loans and advances to customers reports an amount of USD 106,291,194 of which USD 83,325,573 representing expected credit losses, USD 956,039 representing segregated interest and USD 22,009,582 representing interest in advance as of December 31, 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**	375,958,973	130,289,807	295,960,415	786,454,170	578,232,822	(101,093,268)	**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	**827,093,681**	**640,209,066**	**875,794,465**	**1,138,584,462**	**678,378,119**	**295,610,089**	**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	**(1,137,016,496)**	**(47,355,962)**	**371,287,144**	**478,142,189**	**657,714,503**	**(12,297,178)**	**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 101,093,268 of which USD 673,740 represents unearned interest for discounted bills, USD 83,374,658 representing expected credit losses, USD 2,219,933 representing segregated interest, and USD 14,824,937 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:

	December 31, 2022		December 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Due from banks	638,910,650	638,910,650	655,794,403	655,794,403
Loans and advances to customers	1,582,993,194	1,582,993,194	2,065,802,919	2,065,802,919
Financial investments :				
- at amortized cost	134,902,356	125,864,463	368,858,264	370,576,107
Investments in associates	5,795,467	6,350,254	8,836,550	9,177,049
Financial liabilities				
Due to banks	41,124,279	41,124,279	76,242,723	76,242,723
Customers' deposits:				
- Retail	926,968,117	926,968,117	1,444,112,660	1,444,112,660
- Corporate	2,018,602,471	2,018,602,471	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 year.

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 2022".

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

	31/12/2022 Excluding the effect of the largest 50 customers	31/12/2021 Excluding the effect of the largest 50 customers
Capital adequacy ratio	17.52%	14.33%

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:

	31/12/2022	31/12/2021
Leverage ratio	9.02%	7.15%

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 9,037,893 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

December 31, 2022	Large enterprises	Small and medium size enterprises	Investing	Retail	Other activities	Total (USD)
Revenues and expenses according to business segments						
Revenues from segment activities	167,266,799	37,039,748	111,515,531	77,833,662	36,497,180	430,152,920
Expenses of segment activities	144,735,799	5,177,493	7,498,568	89,689,644	134,655,412	381,756,916
Segmental results	22,531,000	31,862,255	104,016,963	(11,855,982)	(98,158,232)	48,396,004
Net profit for the year (before tax)						48,396,004
Income taxes						(18,241,504)
Net profit for the year						30,154,500
Assets and liabilities of segmental activities						
Assets of segment activities	1,860,895,740	229,107,167	912,883,904	392,798,869	93,446,615	3,489,132,295
Total assets	1,860,895,740	229,107,167	912,883,904	392,798,869	93,446,615	3,489,132,295
Liabilities of segment activities	2,033,968,398	149,388,973	--	939,841,200	23,530,626	3,146,729,197
Total liabilities	2,033,968,398	149,388,973	--	939,841,200	23,530,626	3,146,729,197

December 31, 2021	Large enterprises	Small and medium size enterprises	Investing	Retail	Other activities	Total (USD)
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.

December 31, 2022	Cairo	Alexandria, Delta and Sinai	Upper Egypt	Other governorates	Total (USD)
Income and expenses of geographical segments					
Revenues from geographical segments	390,054,476	32,500,787	3,468,406	4,129,251	430,152,920
Expenses of geographical segments	335,131,482	35,286,717	3,129,600	8,209,117	381,756,916
Segmental results	54,922,994	(2,785,930)	338,806	(4,079,866)	48,396,004
Net profit for the year (before tax)					48,396,004
Income taxes					(18,241,504)
Net profit for the year					30,154,500
Assets and liabilities of geographical segments					
Assets of geographical segments	3,249,171,349	172,867,372	17,427,541	49,666,033	3,489,132,295
Total assets	3,249,171,349	172,867,372	17,427,541	49,666,033	3,489,132,295
Liabilities of geographical segments	2,650,637,701	387,011,278	30,224,603	78,855,615	3,146,729,197
Total liabilities	2,650,637,701	387,011,278	30,224,603	78,855,615	3,146,729,197

December 31, 2021	Cairo	Alexandria, Delta and Sinai	Upper Egypt	Other governorates	Total (USD)
Income and expenses of geographical segments					
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
Assets and liabilities of geographical segments					
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

	31/12/2022 USD	31/12/2021 USD
Interest income from loans and similar income		
Loans and advances:		
- to banks	--	410,320
- to customers	234,159,167	191,550,770
Treasury bills and bonds	102,814,015	169,597,430
Deposits and current accounts	42,752,097	37,023,845
	379,725,279	**398,582,365**
Interest expense on deposits and similar expenses		
Deposits and current accounts:		
- from banks	(1,756,476)	(2,111,214)
- from customers	(230,679,780)	(260,796,705)
Repo arrangements	(338,207)	--
Other loans	(3,777,846)	(3,470,273)
	(236,552,309)	**(266,378,192)**
Net	**143,172,970**	**132,204,173**

7- Net fees and commissions income

	31/12/2022 USD	31/12/2021 USD
Fees and commissions income:		
Credit fees and commissions	25,946,984	23,100,937
Custody fees	567,285	1,433,024
Other fees	5,719,393	6,019,005
	32,233,662	**30,552,966**
Fees and commissions expense:		
Other fees paid	(10,226,589)	(11,337,813)
	(10,226,589)	(11,337,813)
Net	**22,007,073**	**19,215,153**

8- Dividend income

	31/12/2022 USD	31/12/2021 USD
Equity instruments at FVOCI	570,516	457,784
	570,516	**457,784**

9- Net trading income

	31/12/2022 USD	31/12/2021 USD
Foreign exchange operations	8,647,813	5,316,322
Gains from debt instruments at FVTPL	2,319,367	1,021,372
	10,967,180	**6,337,694**

10- Administrative expenses

	31/12/2022 USD	31/12/2021 USD
Staff cost:		
Wages and salaries	(57,568,082)	(58,499,044)
Social insurance	(1,765,628)	(1,775,374)
	(59,333,710)	**(60,274,418)**
Depreciation and amortization	(7,708,035)	(7,006,117)
Other administrative expenses*	(30,743,590)	(31,709,459)
	(97,785,335)	**(98,989,994)**

* 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.

- The average net monthly salaries and benefits earned by the top twenty employees amounted to USD 438,449 for the year ended December 31, 2022 against USD 349,283 for the year ended December 31, 2021.

11- Other operating income (expense)

	31/12/2022 USD	31/12/2021 USD
Gain on sale of fixed assets	357,527	--
Operating lease	(1,253,075)	(1,219,248)
Finance Lease *	(483,042)	(524,930)
Other provisions reversed (charged) (note 28)	(695,032)	1,664,959
Others	74,174	34,465
	(1,999,448)	(44,754)

* Expenses of finance leases represents rental payments for vehicles leased under finance lease contracts entered into with Incolease Company. Note (34/c) provides analysis of the bank's commitments under finance lease contracts by maturity dates.

12- Expected credit losses (charged)

	31/12/2022 USD	31/12/2021 USD
Due from banks (note 16)	(86,694)	50,692
Loans and advances to banks	--	42,991
Loans and advances to customers (note 18)	(27,457,121)	(20,033,977)
Investments in debt instruments at amortized cost (note 19)	(137,674)	(52,889)
	(27,681,489)	(19,993,183)

13- Income tax (expense)

	31/12/2022 USD	31/12/2021 USD
Current tax *	(17,892,201)	(29,210,790)
Deferred tax (Note 29)	(349,303)	246,352
	(18,241,504)	(28,964,438)

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

	31/12/2022 USD	31/12/2021 USD
Profit before income tax	48,396,004	48,897,248
Statutory tax rate(s)	%22.5	%22.5
Income tax calculated on accounting profit	**10,889,101**	**11,001,881**
Add (Deduct) :		
Non-deductible expenses	26,120,552	25,779,538
Tax exemptions	(21,953,322)	(21,430,664)
Flat tax difference	3,185,173	13,613,683
Income tax expense	**18,241,504**	**28,964,438**
Effective tax rate	**%37.7**	**%59.2**

14- Earnings per share

Earnings per share is calculated by dividing the net profit attributable to the shareholders of the Bank (excluding employees' profit share, the Board of Directors' remuneration and the banking sector support and development fund as proposed in the statement of profit appropriation)by the weighted average number of ordinary shares outstanding during the reporting year.

	31/12/2022 USD	31/12/2021 USD
Net profit for the year attributable to shareholders (1)	22,858,109	15,073,425
Weighted average for outstanding common shares during the year (2)*	15,750,000	15,750,000
Earnings per share (USD / share) (1/2)	1.45	0.96

* In application of the amended Egyptian Accounting Standard No. (22) "Earnings per share", the basic Earnings per share in the net profit for the presented financial years (2021/2022) were calculated retrospectively based on total number of shares after non monetary increase, as the increase in capital was a result of the issuance of stock dividends in the amount of USD 7,500,000, on July 5, 2022 the issued and paid up capital increase was registered and recorded in the bank's commercial register to be USD 157.5 million instead of USD 150 million (Note 30).

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

	31/12/2022 USD	31/12/2021 USD
Cash	8,344,642	15,934,977
Balances with Central Bank of Egypt within the mandatory reserve ratio	243,668,778	305,815,829
	252,013,420	321,750,806

16- Due from banks

	31/12/2022 USD	31/12/2021 USD
Current accounts	3,676,683	4,674,637
Deposits	635,497,596	651,296,701
	639,174,279	655,971,338
Less: Expected credit losses	(263,629)	(176,935)
	638,910,650	655,794,403
Central Bank of Egypt other than balances within the mandatory reserve ratio	234,248,539	417,768,311
Local banks	360,181,576	192,901,404
Foreign Banks	44,744,164	45,301,623
Less: Expected credit losses	(263,629)	(176,935)
	638,910,650	655,794,403
Non-interest bearing balances	2,750,592	2,857,605
Floating interest bearing balances	61,548,318	332,675,291
Fixed interest bearing balances	574,875,369	320,438,442
Less: Expected credit losses	(263,629)	(176,935)
	638,910,650	655,794,403
Current balances	639,174,279	655,971,338
Less: Expected credit losses	(263,629)	(176,935)
	638,910,650	655,794,403

Analysis of Expected credit losses for due from banks

	31/12/2022 USD	31/12/2021 USD
Balance at the beginning of the year	176,935	227,628
Expected credit losses (reversed) (Note 12)	86,694	(50,692)
Foreign exchange translation differences	--	(1)
Balance at the end of the year	263,629	176,935

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

	31/12/2022 USD	31/12/2021 USD
Stage one expected credit losses over 12-month	110,823	98,720
Stage two expected credit losses over lifetime	152,806	78,215
Total	263,629	176,935

17- Treasury bills

	31/12/2022 USD	31/12/2021 USD
Treasury bills - at fair value through other comprehensive income:		
Maturity of 91 days	118,626,583	79,533
Maturity of 182 days	41,424,178	--
Maturity of 273 days	--	17,963,377
Maturity of 364 days	402,291,133	523,460,018
Total treasury bills - at fair value through other comprehensive income	562,341,894	541,502,928
Unearned interest	(11,746,264)	(16,510,999)
Accumulated fair value adjustments	(152,816)	588,730
Net treasury bills - at fair value through other comprehensive income	550,442,814	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 267,175,000 equivalent to USD 10,797,829 had been mortgaged by the Central Bank of Egypt on December 31, 2022 , against EGP 342,975,000 equivalent to USD 21,822,329 on December 31, 2021.

Analysis of accumulated fair value adjustments balance

Treasury bills - at fair value through other comprehensive income	31/12/2022 USD	31/12/2021 USD
Balance at the beginning of the year	588,730	309,032
Net changes in fair value for the year (Note 31/c)	(794,705)	281,792
Foreign exchange translation differences	53,159	(2,094)
Balance at the end of the year	(152,816)	588,730

18- Loans and advances to customers

	31/12/2022 USD	31/12/2021 USD
Retail		
Overdrafts	51,570,195	130,675,542
Credit cards	12,438,210	13,272,504
Personal loans	315,829,291	385,040,722
Mortgage loans	62,732,232	60,088,565
Total (1)	**442,569,928**	**589,077,333**
Corporates including small loans for businesses		
Overdrafts	478,622,340	582,785,946
Direct loans	283,389,154	385,135,288
Syndicated loans	471,755,379	595,964,404
Other loans	12,947,587	13,933,216
Total (2)	**1,246,714,460**	**1,577,818,854**
Total Loans and advances (1+2)	**1,689,284,388**	**2,166,896,187**
Less:		
Unearned interest for discounted bills	--	(673,740)
Expected credit losses	(83,325,573)	(83,374,658)
Segregated interest (interest in suspense)	(956,039)	(2,219,933)
Interest in advance	(22,009,582)	(14,824,937)
Net	**1,582,993,194**	**2,065,802,919**

Expected credit losses

Analysis of Expected credit losses of loans and advances to customers

	31/12/2022 USD	31/12/2021 USD
Balance at the beginning of the year	**83,374,658**	**66,378,196**
Expected credit losses charged (Note 12)	27,457,121	20,033,977
Write-off during the year	(1,545,106)	(3,109,971)
Recoveries during the year	103,170	37,966
Foreign exchange translation differences	(26,064,270)	34,490
Balance at the end of the year	**83,325,573**	**83,374,658**

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

31/12/2022

	Retail USD	Corporates USD	Total USD
Stage one expected credit losses over 12-month	7,392,797	15,889,902	**23,282,699**
Stage two expected credit losses over lifetime	2,654,848	1,299,347	**3,954,195**
Stage three expected credit losses over lifetime	15,571,896	40,516,783	**56,088,679**
Total	**25,619,541**	**57,706,032**	**83,325,573**

31/12/2021

	Retail USD	Corporates USD	Total USD
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

	31/12/2022 USD	31/12/2021 USD
1- Financial investments at fair value through other comprehensive income (FVTOCI)		
Debt instruments at fair value :		
- Listed (level 2)	193,163,745	442,753,345
Equity instruments at fair value :		
- Unlisted (level 2)	26,715,593	29,366,136
Mutual funds - at fair value:		
- Unlisted (level 1) (Note 36) *	1,863,930	2,513,314
Total financial investments at fair value through other comprehensive income (FVTOCI) (1)	**221,743,268**	**474,632,795**
2- Financial investments at amortized cost (AC)		
Debt Instruments at amortized cost :		
- Listed	135,102,548	368,920,782
Less : Expected credit losses	(200,192)	(62,518)
Total financial investments at amortized cost (AC) (2)	**134,902,356**	**368,858,264**
Total financial investments (1+2)	**356,645,624**	**843,491,059**
Current balances	269,785,677	771,015,122
Non-current balances	86,859,947	72,475,937
	356,645,624	**843,491,059**
Fixed interest debt instruments	319,983,138	811,611,609
Floating interest debt instruments	8,082,963	--
	328,066,101	**811,611,609**

* 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.

31/12/2022	Financial investments at FVOCI USD	Financial investments at amortized cost USD	Total USD
Balance at the beginning of the year	**474,632,795**	**368,858,264**	**843,491,059**
Additions	14,670,177	27,923,711	**42,593,888**
Disposals (sale/redemption)	(75,147,031)	(274,593,754)	**(349,740,785)**
Reclassification of bonds from fair value through other comprehensive income to amortized cost	(91,943,907)	91,943,907	**--**
Foreign exchange translation differences	(68,354,969)	(79,246,361)	**(147,601,330)**
Net changes in fair value of investments in equity instruments classified as at fair value through other comprehensive income (Note 31/c)	(3,099,488)	--	**(3,099,488)**
Net changes in fair value of investments in debt instruments classified as at fair value through other comprehensive income (Note 31/c)	(29,409,159)	--	**(29,409,159)**
Expected credit losses (charged) on financial investments at amortized cost	--	(137,674)	**(137,674)**
Amortization of issuance discount	497,783	462,854	**960,637**
Amortization of issuance premium	(102,933)	(308,591)	**(411,524)**
Balance at the end of the year	**221,743,268**	**134,902,356**	**356,645,624**

	31/12/2021		
	Financial investments at FVOCI	Financial investments at amortized cost	Total
	USD	USD	USD
Balance at the beginning of the year	517,884,273	638,462,607	**1,156,346,880**
Additions	200,892,318	8,624,448	**209,516,766**
Disposals (sale/redemption)	(223,258,960)	(279,340,370)	**(502,599,330)**
Transferred to investments in associates (Note 20)	(6,702,927)	--	**(6,702,927)**
Foreign exchange translation differences	353,740	842,279	**1,196,019**
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	--	**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)	--	**(25,614,278)**
Expected credit losses (charged) on financial investments at amortized cost	--	(52,889)	**(52,889)**
Amortization of issuance discount	923,088	856,483	**1,779,571**
Amortization of issuance premium	(113,842)	(534,294)	**(648,136)**
Balance at the end of the year	**474,632,795**	**368,858,264**	**843,491,059**

Analysis of Expected credit losses for financial investments at amortized cost

	31/12/2022	31/12/2021
	USD	USD
Balance at the beginning of the year	62,518	9,629
Expected credit losses charged (Note 12)	137,674	52,889
Balance at the end of the year	**200,192**	**62,518**

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

	31/12/2022	31/12/2021
	USD	USD
Stage one expected credit losses over 12-month	200,192	62,518
Total	**200,192**	**62,518**

Gains on financial investments

	31/12/2022	31/12/2021
	USD	USD
Gains on sale of treasury bonds at fair value through other comprehensive income	1,368,976	5,686,479
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	186,896	404,515
(Charges) of Expected credit losses of financial investments at fair value through other comprehensive income (Note 31/c)	77,011	315,961
	1,632,883	**6,962,424**

20- Investments in associates

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

31/12/2022

	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 31/12/2022	SAIB stake
	USD	USD	USD	USD			USD	USD	USD	USD	USD	%
International Company for Leasing -Incolease*	164,118,518	134,780,816	19,965,008	3,645,940	31/12/2022	Egypt	8,830,510	--	(2,482,306)	(552,737)	5,795,467	20.19
Cairo National Securities Brokerage Company	59,037	68,791	6,010	(17,082)	30/9/2022	Egypt	6,040	--	(6,040)	--	--	32
Cairo factoring company**	271,699	3,078,593	--	(317,145)	30/9/2022	Egypt	--	--	--	--	--	40
Total							8,836,550	--	(2,488,346)	(552,737)	5,795,467	

31/12/2021

	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	SAIB stake
	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 September 30, 2022.

21- Intangible assets

	Software USD	Right of use USD	Total USD
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	**5,703,201**	**18,477**	**5,721,678**
Net book value as of 1/1/2022	5,703,201	18,477	**5,721,678**
Additions during the year	620,024	--	**620,024**
Amortization for the year	(1,191,797)	(1,208)	**(1,193,005)**
Net book value as of 31/12/2022	**5,131,428**	**17,269**	**5,148,697**

22- Other assets

	31/12/2022 USD	31/12/2021 USD
Accrued revenues	21,601,794	43,250,036
Pre-paid expenses	2,359,830	3,520,449
Advance payments under acquisition of fixed and intangible assets	9,199,614	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	11,389	402,117
Other *	9,866,787	3,209,529
Total	**60,067,427**	**78,449,259**

* 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.

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
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	--	3,733,236	3,097,574	129,674	7,259,566	687,619	397,910	15,305,579
Disposals	--	--	--	(128,441)	--	--	--	(128,441)
Depreciation charge	--	(1,738,651)	(1,915,849)	(23,239)	(2,197,764)	(394,524)	(245,003)	(6,515,030)
Disposals accumulated depreciation	--	--	--	21,407	--	--	--	21,407
Net book value at 31/12/2022	**408,818**	**22,006,210**	**3,899,764**	**4,087**	**8,658,644**	**1,335,154**	**802,325**	**37,115,002**
Cost	408,818	38,020,698	23,735,486	367,180	30,727,567	5,622,717	2,241,041	101,123,507
Accumulated Depreciation	--	(16,014,488)	(19,835,722)	(363,093)	(22,068,923)	(4,287,563)	(1,438,716)	(64,008,505)
Net book value at 31/12/2022	**408,818**	**22,006,210**	**3,899,764**	**4,087**	**8,658,644**	**1,335,154**	**802,325**	**37,115,002**

24- Due to banks

	31/12/2022 USD	31/12/2021 USD
Current accounts	166,999	9,365,749
Deposits	40,957,280	66,876,974
	41,124,279	**76,242,723**
Local banks	5,960,104	56,881,278
Foreign banks	35,164,175	19,361,445
	41,124,279	**76,242,723**
Non-interest bearing balances	–	9,361,445
Fixed interest bearing balances	41,124,279	66,881,278
	41,124,279	**76,242,723**
Current balances	41,124,279	76,242,723
	41,124,279	**76,242,723**

25- Customers' deposits

	31/12/2022 USD	31/12/2021 USD
Demand deposits	358,553,840	526,671,762
Time deposits and call accounts	1,782,203,974	2,028,505,721
Certificates of deposits	578,583,738	976,881,377
Saving deposits	101,606,983	230,660,070
Other deposits	124,622,053	198,029,783
	2,945,570,588	**3,960,748,713**
Corporate deposits	2,018,602,471	2,516,636,053
Retail deposits	926,968,117	1,444,112,660
	2,945,570,588	**3,960,748,713**
Non-interest bearing balances	266,143,640	283,954,334
Floating interest bearing balances	608,621,648	1,124,489,779
Fixed interest bearing balances	2,070,805,300	2,552,304,600
	2,945,570,588	**3,960,748,713**
Current balances	2,277,566,484	3,347,939,194
Non-current balances	668,004,104	612,809,519
	2,945,570,588	**3,960,748,713**

26- Other loans

	31/12/2022 USD	31/12/2021 USD
Social development fund loan - small enterprises development (New and Outstanding)	364,865	891,077
Agricultural development loan - (Lead bank/ Commercial International Bank)	18,883	128,702
Mortgage financing initiative for limited and medium income people – (Central Bank of Egypt)	7,808,743	13,109,451
Subordinated loan- Arab International Bank *	50,000,000	30,000,000
Arab Fund for Economic and Social Development Loan	22,000,000	26,000,000
Machinery, equipment and production lines financing encouragement initiative for performing industrial and agricultural medium enterprises (Central Bank of Egypt)	1,716,696	5,122,083
Dual loan agreement – UBAE **	21,000,000	9,000,000
Total other loans	**102,909,187**	**84,251,313**

* 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 October 18, 2022, a supplement to the aforementioned subordinated loan contract dated November 1, 2016 was signed, as a result the subordinated loan with the amount of USD 30,000,000 at October 18, 2022 was extended and increased by adding USD 20,000,000 as a new support to the capital adequacy ratio for the subordinated loan to reach USD 50,000,000 for 5 years starting October 18,2022 and ending October 17, 2027, by which date, the loan amount would be fully paid, the amount of the loan will be calculated at a rate of return of 4% above the Term Referrence Rate SOFR 6M for six months from Roiters screen (SR6M.) and will be payable at the end of every six months.

** 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.

- On November 9, 2022, a new one-year bilateral loan contract was concluded with the Bank of UBAE Italy with the amount of USD 5 million, with the loan to be repaid at the end of 12 months from the grant date (November 10, 2022) The amount of the loan will be calculated at a rate of return of 1.75% annually above the Libor rate for three months and will be payable at the end of every three months.

27- Other liabilities

	31/12/2022 USD	31/12/2021 USD
Accrued interest	20,458,111	23,952,933
Unearned revenues	1,791,213	2,858,409
Accrued expenses	6,663,448	4,715,067
Electronic payment system	6,168,258	11,937,835
Dividends payable *	23,433	23,475
Income tax**	4,503,150	7,529,996
Other credit balances ***	16,124,657	10,031,440
	55,732,270	61,049,155

* This balance represents prior-years' dividend whose beneficiaries (shareholders) have not yet settled.
** Including T.Bills and T.Bonds taxes.
*** 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

31/12/2022
USD

Description	Balance at the beginning of the year	Foreign exchange translation differences	Charged (reversed) during the year (Note 11)	Utilized during the year	Recoveries from previously utilized provision	Balance at the end of the year
Other provisions	674,622	(113,775)	376,271	(270,466)	--	666,652
Contingent liabilities provision	618,060	(295,520)	302,939	--	--	625,479
Legal provision	91,659	(30,306)	15,822	(19,965)	--	57,210
	1,384,341	(439,601)	695,032	(290,431)	--	1,349,341

31/12/2021
USD

Description	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
	3,769,239	6,032	(1,664,959)	(732,650)	6,679	1,384,341

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

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

	31/12/2022 USD	31/12/2021 USD
Stage one Expected credit losses over 12-month	304,473	313,474
Stage two Expected credit losses over lifetime	145,821	20,303
Stage three Expected credit losses over lifetime	175,185	284,283
Total	625,479	618,060

29- Deferred tax (liabilities) / assets

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

	31/12/2022	31/12/2021
	USD	USD
Balance at the beginning of the year - DTA	305,771	59,419
Change during the year (Note 13)	(349,303)	246,352
Balance at the end of the year – (DTL) / DTA	**(43,532)**	**305,771**

30- Issued and paid up capital

- The authorized capital is USD 350,000,000 at a par value of USD 10 per share. The issued, subscribed in, and fully paid up capital is USD 157,500,000 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 31/12/2022	**15,750,000**	**10**	**157,500,000**

- 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 hundered and fifty million United States dollars) to USD 157,500,000 (only one hundered fifty seven million and five hundered 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 meeting 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).

- The Central Bank of Egypt decided in its meeting held on September 28, 2022 to extend the period of regularization for banks and exchange companies stipulated in article 4 of Law No. 194 of 2020 by issuing the Central Bank and Banking System Law for a period of one year ending on September 14, 2023, regarding the minimum capital.

31- Reserves and retained earnings

	31/12/2022 USD	31/12/2021 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)	(13,240,124)	19,982,384
Special reserve (d)	137,776	137,776
Total reserves at the end of the year	**86,169,345**	**118,902,203**

Reserves movements are as follows:

a- General banking risk reserve

	31/12/2022 USD	31/12/2021 USD
Balance at the end of the year	**332,197**	**332,197**

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

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

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

	31/12/2022 USD	31/12/2021 USD
Bonds at fair value through other comprehensive income	(32,866,819)	(3,457,659)
Equity instruments at fair value through other comprehensive income	19,915,703	22,207,951
Mutual Fund certificates at fair value through other comprehensive income	(2,251,452)	(1,602,068)
T.Bills at fair value through other comprehensive income	(203,881)	590,824
Accumulated expected credit losses for debt instruments at fair value through other comprehensive income	2,166,325	2,243,336
	(13,240,124)	**19,982,384**

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

	31/12/2022 USD	31/12/2021 USD
Balance at the beginning of the 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)	(3,099,488)	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)	157,855	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)	(29,409,159)	(25,614,278)
- Treasury Bills (Note 17)	(794,705)	281,792
	(30,203,864)	**(25,332,486)**
Expected credit losses of financial assets classified as at fair value through other comprehensive income (Note 19)	**(77,011)**	**(315,961)**
Balance at the end of the year	**(13,240,124)**	**19,982,384**

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

Treasury Bills at FVOCI	31/12/2022 USD	31/12/2021 USD
Stage one expected credit losses over 12-month	1,385,800	1,427,172
	1,385,800	**1,427,172**

Financial Investments at FVOCI	31/12/2022 USD	31/12/2021 USD
Stage one expected credit losses over 12-month	780,525	816,164
	780,525	**816,164**
Total	**2,166,325**	**2,243,336**

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

	31/12/2022 USD	31/12/2021 USD
Balance at the beginning of the year	**2,243,336**	**2,559,297**
Expected credit losses (reversed) charged during the year (Note 19)	(77,011)	(315,961)
Balance at the end of the year	**2,166,325**	**2,243,336**

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

	31/12/2022 USD	31/12/2021 USD
Balance at the beginning of the year	**74,086,143**	**62,741,833**
Net profit of the year	30,154,500	19,932,810
Items transferred to retained earnings (Note 31/c)	(157,855)	(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	(575,000)	(575,000)
Banking sector support and development fund share of prior year's profit	(184,385)	(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 year	**98,733,753**	**74,086,143**

32- Dividends

Dividends are not recorded unless being approved by the general assembly of shareholders, and the Board of Directors proposes to the next general assembly of shareholders the distribution of USD 11,025,000 for the shareholders distribution for the year 2022, in addition to the shareholders' dividends the Board of Directors proposes (in accordance with the Bank's statute) to the next general assembly of shareholders the distribution of USD 6,000,000 as the employees' profit share and USD 1,000,000 as the board of directors' remuneration (actual distributions amounted to USD 4,100,000 for employees and USD 575,000 the board of directors' remuneration for 2021 earnings) and this decision was not recorded in these financial statements, The employees' profit share and the board of directors' remuneration will be recorded in the equity as a distribution from the retained earnings in the financial year ended December 31, 2023.

33- 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.

	31/12/2022 USD	31/12/2021 USD
Cash (Note 15)	8,344,642	15,934,977
Due from banks with maturities of less than 3 months	568,966,870	600,521,209
Treasury bills with maturities of less than 3 months	115,616,108	79,027
	692,927,620	**616,535,213**

34- Contingent liabilities and commitments

a) Capital commitments

	31/12/2022 USD	31/12/2021 USD
Capital commitments under contractual arrangements	**5,213,019**	**6,951,506**

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:

	31/12/2022 USD	31/12/2021 USD
Commitments for loans	162,784,858	492,904,490
Customers acceptances	18,329,005	25,537,939
Letters of guarantee	165,999,805	160,949,555
Letters of credit (import)	14,919,394	60,087,644
Letters of credit (export)	100,539,027	83,058,784
	462,572,089	822,538,412

c) Commitments under finance lease contracts

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

	31/12/2022 USD	31/12/2021 USD
Not more than 1 year	196,420	415,229
More than 1 year and less than 5 years	392,649	796,748
	589,069	1,211,977

d) Commitments under operating lease contracts

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

	31/12/2022 USD	31/12/2021 USD
Not more than 1 year	1,292,310	3,628,838
More than 1 year and less than 5 years	2,766,334	5,339,306
More than 5 years	14,341,226	2,199,562
	18,399,870	11,167,706

35- 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:

	31/12/2022 USD	31/12/2021 USD
Financial Position Items		
Due from banks	50,000,000	30,277,950
Loans and advances to customers	29,795,873	29,205,295
Other assets	86,204	94,180
Due to banks	2,824	4,304
Customers' deposits	121,928,762	163,783,007
Other loans	50,000,000	30,000,000
Other liabilities	1,401,459	327,591

	31/12/2022 USD	31/12/2021 USD
Income Statement Items		
Other operating expenses - finance Lease	(483,042)	(524,930)
(losses) profits from investments in associates	(2,488,346)	2,747,951

36- 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 yearic 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.
- This investment fund has a number of 143,186 certificates at total nominal value of USD 115,737 of which 101,175 certificates at the nominal value of USD 81,779 was assigned to the bank to operate the fund.
- At the reporting date, each investment certificate has a redemption value of EGP 167.23 equivalent to USD 6.76.

3) **Société Arabe Internationale De Banque third fund - Al-Rabeh Investment Fund with yearic 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 161,304 certificates at total nominal value of USD 651,907 of which 50,000 certificates at the nominal value of USD 202,074 was assigned to the bank to operate the fund.
- At the reporting date, each investment certificate has a redemption value of EGP 239.85 equivalent to USD 9.69.

4) **Société Arabe Internationale De Banque fourth fund - Sanabel Investment Fund with cumulative capital appreciation and yearic 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 130,905 certificates at total nominal value of USD 529,050 of which 25,000 certificates at the nominal value of USD 101,037 was assigned to the bank to operate the fund.
- At the reporting date, each investment certificate has a redemption value of EGP 195.38 equivalent to USD 7.90.

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 11,566,674 certificates at total nominal value of USD 4,674,650 of which 500,000 certificates at the nominal value of USD 202,074 was assigned to the bank to operate the fund.
- At the reporting date, each investment certificate has a redemption value of EGP 24.65 equivalent to USD 1.00.

37- Comparative figures

- some comparative figures on December 31,2021 were adjusted to conform with the numbers in the financial position as of December 31, 2022, below the effect of the adjustments on the comparative figures:

Financial position as of 31/12/2022	Balances as of 31/12/2021 as previously issued	Adjustments Reclassification	Adjusted balances as of 31/12/2021
Intangible assets	2,911,301	2,810,377	5,721,678
Other assets	81,259,636	(2,810,377)	78,449,259

Income statement for the financial year from 1/1/2021 to 31/12/2021	Balances as of 31/12/2021 as previously issued	Adjustments Reclassification	Adjusted balances as of 31/12/2021
Depreciation and amortization (Note 10)	(6,856,230)	(149,887)	(7,006,117)
Other administrative expenses (Note 10)	(31,859,346)	149,887	(31,709,459)

38- 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 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. And a formulation with approval of an internal committee was done.

Years from 2019 to 2021

- Tax returns were filed on their due dates.

Second: Salaries and Wages tax:

Years until 2019

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

Years 2020

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

Years 2021/2022

- Salaries and wages tax return for 2021 and 2022 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 were examined and tax differences were paid.

Third: Stamp duty tax:

- Branches settlement is in progress.

39- Important Events

1- 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 to be equivalent to EGP 5 billion in application of the Central Bank of Egypt and the Banking system law no. 194 for the year 2020, On April 11, 2022 the extraordinary General Assembly of the Bank's shareholders approved the following:

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 July 5, 2022, the increase in the authorized capital to become USD 350 million instead of USD 200 million as well as the increase in the issued and paid up capital to USD 157.5 million instead of USD 150 million was recorded in the Bank's Commercial Register.

- The Central Bank of Egypt decided in its meeting held on September 28, 2022 to extend the period of regularization for banks and exchange companies stipulated in article 4 of Law No. 194 of 2020 by issuing the Central Bank and Banking System Law for a period of one year ending on September 14, 2023, regarding the minimum capital.

40- 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.