Bank of Alexandria
"Egyptian Joint Stock Company"

Annual Financial Statements
& Auditors' Report
For the year ended December 31, 2022

Bank of Alexandria
"Egyptian Joint Stock Company"

Contents **Page no.**

Translation of Auditor's Report
Originally issued in Arabic.

Auditors' Report

To: the Shareholders of Bank of Alexandria (S.A.E)

Report on the financial statements

We have audited the accompanying financial statements of Bank of Alexandria (S.A.E) represented in the statement of financial position as of 31 December 2022 and the related statements of income, comprehensive income, cash flows and changes in shareholders' equity for the 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 Banks' financial statements and basis of recognition and measurement issued by the Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the prevailing Egyptian laws. Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; this responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bank of Alexandria (S.A.E) as of 31 December 2022, and its financial performance and its cash flows for the year then ended, in accordance with the rules of preparation and presentation of Banks' financial statements, and the basis of recognition and measurement issued by the Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the related prevailing Egyptian laws and regulations.

Emphasis of Matter

Without qualifying our opinion, we draw attention to (note 41) to the reissued financial statements which explains the basis for reissuance. Our audit report on these reissued financial statements supersedes our audit report dated 19 February 2023 on the financial statements of the Bank for the year ended 31 December 2022. Our subsequent event procedures are restricted to the amendment of the financial statements as described in (note 41) to the accompanying financial statements.

Report on Legal and Other Regulatory Requirements

No significant contravention to any of the provisions of the Central Bank of Egypt and Banking Sector Law No 194 for 2020 was noted during the financial year ended 31 December 2022.

The bank maintains proper financial records, which include all that is required by law and the Bank's statutes, and the accompanying financial statements are in agreement thereto.

The financial information included in the Board of Directors' report, prepared according to Law No. 159 of 1981 and its Executive Regulations and their amendments, are in agreement with the Bank's accounting records.

Auditors

Ahmed Amin Hafez

Ahmed

Accountants and Auditors Register No. (20904)
CBE Register No. (565)
Member of Egyptian Society of Accountants and Auditors
Allied for Accounting & Auditing EY

Allied For Accounting & Auditing
A Member of
Ernst & Young Global
Cairo Festival City (CFC)
Podium 1 - Building No. P4

Iman Abd Elmoneim Mohamed

Iman Abdel Monem

Accountants and Auditors Register No. (4973)
CBE Register No. (103)
Fellow of Egyptian Society of Accountants and Auditors
Member of Egyptian Tax Society
MAZARS MOSTAFA SHAWKI
153 Mohamed Farid St., Bank Misr Tower, Cairo

Cairo: 19 February 2023 except for note 41 which is as of 21 March 2023.

Bank of Alexandria
(Egyptian Joint Stock Company)
Statement of financial position
As at 31 December 2022

	Note	31 December 2022	31 December 2021
		EGP 000	EGP 000
Assets			
Cash and balances at Central Bank of Egypt	(16)	8 417 138	6 190 794
Due from banks	(17)	32 360 064	22 030 286
Loans and advances to banks	(18)	50 038	-
Loans and advances to customers	(18)	55 787 967	51 413 444
Financial assets classified at fair value through profit and loss	(19)	9 472	2 363
Financial investments			
-Fair value through other comprehensive income	(20)	29 793 332	32 256 580
-Fair value through profit and loss	(20)	11 801	60 590
-Amortized cost	(20)	2 520 880	-
Investments in associates	(21)	56 556	62 238
Intangible assets	(22)	398 560	168 871
Deferred tax assets	(30)	319 185	265 429
Other assets	(23)	2 626 100	1 766 575
Fixed assets	(24)	706 790	682 345
Total assets		**133 057 883**	**114 899 515**
Liabilities and shareholders' equity			
Liabilities			
Due to banks	(25)	457 820	467 647
Customers' deposits	(26)	110 699 637	95 720 040
Other loans	(27)	528 978	570 617
Other liabilities	(28)	3 622 395	1 992 848
Other provisions	(29)	457 775	420 479
Current income tax liabilities		872 687	682 716
Retirement benefits obligations	(31)	1 470 368	1 323 482
Total Liabilities		**118 109 660**	**101 177 829**
Shareholders' equity			
Share capital	(32)	5 000 000	800 000
Amounts under capital increase		-	4 200 000
Reserves	(33)	2 386 638	1 876 644
Retained earnings	(33)	7 561 585	6 845 042
Total Shareholders' equity		**14 948 223**	**13 721 686**
Total liabilities and Shareholders' equity		**133 057 883**	**114 899 515**

Auditors' Report "attached"

The accompanying notes from page (7) to page (77) are an integral part of these interim financial statements and are to be read therewith.

Dante Campioni
CEO and Managing Director

Michele Formenti
Chief Financial Officer

Bank of Alexandria
(Egyptian Joint Stock Company)
Statement of income
For the year ended 31 December 2022

	Note	For the year end 31 December 2022 EGP 000	For the year end 31 December 2021 EGP 000
Interest and similar income	(6)	13 440 419	10 861 946
Interest and similar expense	(6)	(6 188 201)	(4 663 564)
Net interest income		**7 252 218**	**6 198 382**
Fee and commission income	(7)	1 442 830	1 224 277
Fee and commission expense	(7)	(607 199)	(474 279)
Net fee and commission income		**835 631**	**749 998**
Net income		**8 087 849**	**6 948 380**
Dividends' income	(8)	16 033	25 498
Net income from financial instruments classified at fair value through profit and loss	(9)	3 879	1 321
Change in financial assets classified at fair value through profit and loss		1 193	13 403
Net trading income	(10)	67 767	110 870
Gain / (Loss) from financial investments	(20)	504	9 145
Bank's share in undistributed (loss) / profit of associated companies		1 818	(4 058)
Impairment (charge) / recovery for credit losses	(13)	(912 284)	(343 609)
Administrative expenses	(11)	(3 180 408)	(2 779 094)
Other operating revenues / (expenses)	(12)	38 701	6 339
Net profit before income tax		**4 125 052**	**3 988 195**
Income tax expense	(14)	(1 275 681)	(1 238 165)
Net profit for the year		**2 849 371**	**2 750 030**
Earnings per share (EGP/share) - Basic	(15)	1.00	0.99

The accompanying notes from page (7) to page (77) are an integral part of these interim financial statements and are to be read therewith.

Dante Campioni
CEO and Managing Director

Michele Formenti
Chief Financial Officer

Bank of Alexandria
(Egyptian Joint Stock Company)
Statement of other comprehensive income
For the year ended 31 December 2022

	For the year end 31 December 2022 EGP 000	For the year end 31 December 2021 EGP 000
Net profit for the year	**2 849 371**	**2 750 030**
Other Comprehensive income that will not be reclassified to the income statement		
Net change in fair value in financial instruments (Equity instruments) by fair value through other comprehensive income	430 312	(183 350)
Amounts transfared to retained earnings,net of tax	(603 531)	(629)
	(173 219)	**(183 979)**
Other Comprehensive income that may be reclassified to the income statement		
Net change in fair value - debt instruments	(363 221)	(111 091)
Expected credit loss of debt instrument measured at fair value through other comprehensive income	1 284	(3)
	(361 937)	**(111 094)**
Comprehensive income for the year after tax	**(535 156)**	**(295 073)**
Total comprehensive income attributable to shareholders' for the year	**2 314 215**	**2 454 957**

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Dante Campioni
CEO and Managing Director

Michele Formenti
Chief Financial Officer

Bank of Alexandria
(Egyptian Joint Stock Company)
Statement of cash flow
For the year ended 31 December 2022

	Note	For the year end 31 December 2022 EGP 000	For the year end 31 December 2021 EGP 000
Cash flows from operating activities			
Net profit before tax		4 125 052	3 988 195
Adjustments to reconcile net profit to cash flows from operating activities			
Depreciation and amortization	(22,24)	230 745	227 724
Impairment charge on credit losses (loans and advances to customers)	(13)	914 435	345 104
Other provisions (recovery) / charge	(29)	(29 473)	27 839
Impairment (recovery) on credit losses (Treasury bills)		(464)	-
Impairment (recovery) on credit losses (Treasury bonds)		(13)	-
Impairment (recovery) on credit losses (Due to banks)		(1 674)	(1 494)
Impairment (recovery) on assets		(859)	-
Net income from financial assets classified at fair value through profit and loss		(3 879)	(1 321)
Other provisions utilization (other than loans provision)	(29)	(7 173)	(13 274)
Foreign currencies revaluation differences of other provisions	(29)	(21 752)	1 360
Foreign currencies revaluation differences of other loans		154 577	(573)
Change in financial assets by fair value through profit and loss		1 193	13 403
Foreign currencies revaluation differences of financial investments		(121 930)	166
Gain from treasury bonds and bills		(200)	(12 886)
(Gains) from selling fixed assets	(12)	(3 394)	(1)
Dividends' income	(8)	(16 033)	(25 498)
Impairment of investments in associates		7 500	-
Gains from selling financial investments		(8 004)	(9 145)
Gains of financial investments transferred from reserve of fair value		603 531	(629)
Amortization of discount for bonds		-	(169)
Bank's share in undistributed profit of associates		(1 818)	4 058
Operating profits before changes in assets and liabilities provided from operating activities		**5 820 367**	**4 542 859**
Net decrease/(increase) in assets and (decrease)/increase in liabilities			
Balances with CBE within the mandatory reserve requirements		(2 373 284)	(1 326 815)
Due from banks		(1 237 170)	(1 250 000)
Treasury bills and other governmental notes		1 889 669	1 014 088
Loans and advances to banks		(50 038)	-
Loans and advances to customers		(5 288 959)	(3 808 374)
Financial instruments at fair value through profit and loss since inception		(3 230)	5 787
Financial assets classified at fair value through profit and loss		(48 789)	4 641
Other assets		(933 680)	150 683
Due to banks		(9 827)	(31 333)
Customers' deposits		14 979 597	10 709 244
Other liabilities		600 530	(211 383)
Retirement benefits obligations		146 886	127 710
Taxes paid		(1 108 141)	(1 179 201)
Net cash flows provided operating activities		**12 383 931**	**8 747 906**
Cash flows from investing activities			
Payments of purchase of fixed assets and branches constructions		(155 849)	(153 275)
Proceeds from selling fixed assets		3 510	19
Proceeds from selling financial investments		3 630 935	4 027 740
Payments to purchase of financial investments		(4 621 631)	(4 516 831)
Payments to purchase of intangible assets		(202 853)	(55 976)
Dividends received (Including dividends from Associates)		16 033	25 498
Net cash flows (used in) investing activities		**(1 329 855)**	**(672 825)**
Cash flows from financing activities			
Proceeds from other loans		43 474	1 667
Payments of other loans		(239 690)	(243 920)
Dividends paid		(662 192)	(273 359)
Net cash flows (used in) financing activities		**(858 408)**	**(515 612)**
Net change in cash and cash equivalents during the year		10 195 668	7 559 469
Cash and cash equivalents at the beginning of the year		22 826 381	15 266 912
Cash and cash equivalents at the end of the year		**33 022 049**	**22 826 381**
Cash and cash equivalents are represented in the following (note no. 35):			
Cash and balances at Central Bank of Egypt		8 417 138	6 190 794
Due from banks		32 360 064	22 030 286
Treasury bills and other governmental notes		22 759 848	24 649 518
Balances at CBE within the mandatory reserve percentage		(6 517 983)	(4 144 699)
Deposits at banks with maturity more than three months *		(1 237 170)	(1 250 000)
Treasury bills and other governmental notes (with maturity more than 3 months)*		(22 759 848)	(24 649 518)
Cash and cash equivalents		**33 022 049**	**22 826 381**

Non-Cash transactions

For the purpose of preparing the statement of cash flows, the following non - cash transactions were eliminated:

EGP 126 293 from both payments for acquiring intangible assets (amounts transferred from assets under construction) and the change in the other debit balances.

EGP 1 029 017 from both the retained earnings and the change in credit balances - dividend payables, the value of the 2021 dividend.

EGP 68 375 From both changes in fair value reserve and financial investments (investments valuation differences).

* From the date of acquisition.

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Dante Campioni
CEO and Managing Director

Michele Formenti
Chief Financial Officer

Bank of Alexandria

(Egyptian Joint Stock Company)

Statement of changes in shareholders' equity

For the year ended 31 December 2022

	Share capital	Capital Increase	Legal reserve	General reserve	Special reserve	Other reserves	Fair value reserve for investments through OCI	General Banking Risks Reserve – Credit	Specific reserve General Risk Reserve	Retained earnings	Total
	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000
Balance as at 1 January 2021	**800 000**	-	**400 000**	**29 312**	**418 123**	**289 188**	**631 880**	-	**35 135**	**8 935 821**	**11 539 459**
Dividends paid for the year 2020	-	-	-	-	-	-	-	-	-	(273 359)	**(273 359)**
Net change in other comprehensive income	-	-	-	-	-	-	(294 441)	-	-	-	**(294 441)**
Effect of ECL in fair value of debt instruments at FVOCI	-	-	-	-	-	-	(3)	-	-	-	**(3)**
Reclassification of the net change in fair value of equity instruments upon derecognition	-	-	-	-	-	-	(629)	-	-	629	-
Amounts under capital increase	-	4 200 000	-	-	-	-	-	-	-	(4 200 000)	-
Transferred to Special capital reserve	-	-	-	-	35	-	-	-	-	(35)	-
Net profit for the year ended 31 December 2021	-	-	-	-	-	-	-	-	-	2 750 030	**2 750 030**
Transferred from Banking Risks Reserve to Retained earnings	-	-	-	-	-	-	-	368 044	-	(368 044)	-
Balance as at 31 December 2021	**800 000**	**4 200 000**	**400 000**	**29 312**	**418 158**	**289 188**	**336 807**	**368 044**	**35 135**	**6 845 042**	**13 721 686**
Balance as at 1 January 2022	**800 000**	**4 200 000**	**400 000**	**29 312**	**418 158**	**289 188**	**336 807**	**368 044**	**35 135**	**6 845 042**	**13 721 686**
Dividends paid for the year 2021	-	-	-	-	-	-	-	-	-	(1 691 209)	**(1 691 209)**
Transferred form Amounts under capital increase	4 200 000	(4 200 000)	-	-	-	-	-	-	-	-	-
Net change in other comprehensive income	-	-	-	-	-	-	68 375	-	-	-	**68 375**
Reclassification of the net change in fair value of equity instruments upon derecognition	-	-	-	-	-	-	(603 531)	-	-	603 531	-
Transferred to Legal reserve from general reserve	-	-	29 312	(29 312)	-	-	-	-	-	-	-
Transferred to Legal reserve from other reserve	-	-	289 188	-	-	(289 188)	-	-	-	-	-
Transferred to Legal reserve from Special reserve	-	-	418 123	-	(418 123)	-	-	-	-	-	-
Transferred to Legal reserve from Retained earnings	-	-	1 363 377	-	-	-	-	-	-	(1 363 377)	-
Transferred to Special reserve	-	-	-	-	1	-	-	-	-	(1)	-
Net profit for the year ended 31 December 2022	-	-	-	-	-	-	-	-	-	2 849 371	**2 849 371**
Transferred from Banking Risks Reserve to Retained earnings	-	-	-	-	-	-	-	(318 228)	-	318 228	-
Balance as at 31 December 2022	**5 000 000**	-	**2 500 000**	-	**36**	-	**(198 349)**	**49 816**	**35 135**	**7 561 585**	**14 948 223**

The accompanying notes from page (7) to page (77) are an integral part of these interim financial statements and are to be read therewith.

Dante Campioni
CEO and Managing Director

Michele Formenti
Chief Financial Officer

Bank of Alexandria
(Egyptian Joint Stock Company)
Statement of profit appropriation (Proposed)
For the year ended 31 December 2022

	For the year end 31 December 2022 EGP 000	For the year end 31 December 2021 EGP 000
Net profit for the year (from income statement)	2 849 371	2 750 030
Deduct / Add:		
Gain from sale of fixed assets transferred to capital reserve according to law	(3 394)	(1)
Bank risk reserves	318 228	(368 044)
Appropriated profit for the year (1)	**3 164 205**	**2 381 985**
Amounts under capital increase	-	(4 200 000)
Retained earnings at year beginning (*)	4 393 986	8 663 056
Total	**7 558 191**	**6 845 041**
Appropriation		
Legal reserve (**)	-	-
Shareholders' Dividends	-	1 429 191
Banking system support and development fund (***)	31 642	23 820
Employees' profit share	316 421	238 198
Retained earnings (at year end)	7 210 128	5 153 832
Total	7 558 191	**6 845 041**

(*) Includes an amount of EGP 603 531 thousand being Gain from disposal of equity instruments through OCI not distributed yet and excluding an amount of EGP 1 363 377 thousand being the amounts transferred to legal reserve from RE, while for year ended 31 Dec 2021 it includes an amount of EGP 629 thousand amended on RE.

(**) In accordance with the Bank's Articles of Association, deduction should stop when it reach 50% of the issued share capital and paid-up (Note 33A).

(***) According to article 178 of the central bank and bankig system law No.194 for year 2020, to deduct an amount not exceeding 1% of the distributable year net profits for the benefit of the Support and development fund.

The accompanying notes from page (7) to page (77) are an integral part of these interim financial statements and are to be read therewith.

Dante Campioni
CEO and Managing Director

Michele Formenti
Chief Financial Officer

1. General information

Bank of Alexandria provides retail, corporate and investment banking services in Arab Republic of Egypt through its Head Office in Cairo (49, Kasr El Nil street) and through 179 branches' and banking units licenses and employs 4 330 staff members as of 31st of December 2022.

Bank of Alexandria (S.A.E) was established on 17 April 1957, as a State wholly owned commercial bank, until 31 October 2006, when SanPaolo I.M.I (Italian Bank) acquired 80% of its issued capital. On 1 January 2007, a merger was announced between SanPaolo I.M.I and Banca Intesa S.P.A., and the name of shareholder SanPaolo I.M.I has been amended to be Intesa SanPaolo S.P.A.

Bank of Alexandria currently performs its activities under the provisions of the Central Bank of Egypt, Banking Sector, according to the Monetary Law No. 88/2003 and the Law No. 194/2020.

On September 14th 2020, International Finance Corporation (IFC) sold its participation of 9.75% (with exception of one share) in Bank of Alexandria to Intesa Sanpaolo S.P.A. The share of Intesa Sanpaolo S.P.A became 80% (approximately). IFC in 2021 sold the remaining one share to Mr. Ahmed Saeed Al-Falal who has a share of 0.00000025% in the Bank capital.

The Bank's Board of Directors have approved the financial statements hereunder on 2nd of February 2023.

2. Summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all periods presented unless otherwise stated.

2.A. Basis of the preparation of the financial statements

The financial statements have been prepared in accordance with the Egyptian Accounting Standards (EAS) issued in 2006 and their amendments, and in accordance with the instructions of the Central Bank of Egypt (CBE), approved by its Board of Directors on 16th December 2008. Moreover, starting from January 2019 IFRS 9 "Financial Instruments" has been applied in accordance with the instructions of the Central Bank of Egypt (CBE) dated February 26, 2019. The financial statements were prepared under the historical cost convention, modified by the revaluation of the following balance sheet items: financial assets, liabilities held for trading, financial assets and liabilities classified at inception at fair value through profit and loss, financial investments at Fair Value through Other Comprehensive Income (FVOCI) and, all financial derivatives contracts. The financial statements of the Bank have been prepared in accordance with the provisions of the relevant local laws.

2.B. Associates' companies

Associates' companies are entities over which the bank exercises a direct or indirect significant influence without reaching the extent of control where the Bank holds ownership equities ranging between 20% and 50% of the voting rights.

Purchase method of accounting has been applied for the companies in which the Bank acquired a stake. The acquisition cost is measured through the fair value or the equivalent value offered by the Bank for the acquired assets and/or issued shareholders' equity instruments and/or obligations the Bank incurred and/or obligations the Bank accepted on behalf of the acquired company, to complete the acquisition process at the date of the exchange process, plus any costs that can be directly attributed to the acquisition process. Net assets, including acquired defined potential obligations, are measured at fair value at the acquisition date regardless of the minority's rights existence. The excess of the acquisition cost over the fair value of the Bank's share in the net assets is considered goodwill. Moreover, if there is a decrease in the acquisition cost below the net fair value referred to, the difference shall be recorded directly in the income statement under the account "Other operating income (expenses)".

The associates' companies in the Bank's financial statements are accounted for by the equity method. In addition, dividend payouts are deducted in the carrying value of the investment when approved

2.C. Segment reporting

A business segment is a group of assets and operations related to providing products or services subject to risk and returns, different from those that are related to other business segments. A geographical segment is related to providing products and services within the same economic environment subject to risk and returns different from those that are related to other geographical segments that operate in a different economic environment.

2.D. Foreign currencies translation

2.D.1. Functional and presentation currency:

The Bank's financial statements is presented to the nearest thousand Egyptian pounds, which represents the Bank's functional and presentation currency.

2.D.2. Transactions and balances in foreign currencies

The bank holds its accounting records in the Egyptian pound. Transactions in foreign currencies during the fiscal period are recorded using the prevailing exchange rates at the date of the transaction. Monetary assets and liabilities in foreign currency are re-evaluated at the end of the reporting period using the prevailing exchange rates at that date. The gains and losses resulting from settlement of such transactions, as well as the differences resulting from the re-evaluation, are recognized in the income statement among the following items:

- Net trading income for financial instruments classified since inception at fair value through profit and loss or assets / liabilities held for trading.
- Shareholders' equity for financial derivatives that are eligible for cash flow qualified hedge or eligible for net investment qualified hedge.
- Other operating income (expenses) for the remaining items.
- Changes in the fair value of the financial instruments with monetary nature in foreign currencies and classified as investments at Fair Value through Other Comprehensive Income (debt instruments), are differentiated into revaluation differences resulting from changes in the amortized cost of the instruments, revaluation differences resulting from changes in the prevailing exchange rates and revaluation differences resulting from the changes in the instrument's fair value. The revaluation differences resulting from the changes in the amortized cost are recognized in the income statement within "Interest and similar income". The differences related to exchange rate changes are recognized in "Other operating income (expenses)", whereas the change in the fair value (fair value reserve/financial investments at Fair Value through Other Comprehensive Income FVOCI) are recognized within shareholders' equity.

- The revaluation differences resulting from items other than those with monetary nature include the gains and losses resulting from the change of the fair value such as the equity instruments held at fair value through profit and loss. The revaluation differences resulting from equity instruments classified as financial investments at Fair Value through Other Comprehensive Income (FVOCI) are recognized within the fair value reserve in the shareholders' equity.

2.E. Financial assets

The bank classifies financial assets among the following categories:

- Financial assets classified at fair value through profit and loss (FVTPL).
- Financial Assets at amortized cost (Loans and Receivables).
- Financial Assets at fair value through Other Comprehensive Income (FVOCI).

The management determines the classification of its investments at initial recognition.

2.E.1. Financial assets classified at fair value through profit and loss:

This category includes:

- Financial assets held for trading.
- Assets classified at inception at fair value through profit and loss.

A financial instrument is classified as an instrument held for trading if it is primarily acquired for the purpose of the sale in the short term or if it represents a part of a portfolio of specific financial instruments that are managed together and there is evidence of recent actual transactions that resulted in short-term profit taking. Further, derivatives are classified as held for trading (Unless hedge accounting is applied).

Financial assets are classified at inception at the fair value through profit and loss in the following cases:

- When such classification reduces the measurement inconsistency that could arise from handling the related derivative as held for trading at the time of the valuation of the financial instrument in the place of the derivative at amortized cost for loans and facilities to banks and customers and issued debt instruments.
- When managing some investments, such as investments in equity instruments, if valued at fair value according to the investment strategy or risk management and reports are prepared for the top management on this basis.
- Financial instruments such as held debt instruments, which contain one or more embedded derivatives that strongly affect cash flows.
- Gains and losses resulting from changes in the fair value of financial derivatives that are managed in conjunction with assets and liabilities classified at inception at fair value through profit and loss and are recorded in the income statement under “Net income from financial instruments classified at inception at fair value through profit and loss”.
- Reclassification of any financial derivative related to group of financial instruments evaluated at fair value through profit and loss is not possible during the period in which it is held or during its validity period. In addition, any financial instrument from the group of financial instruments evaluated at fair value through profit and loss cannot be reclassified if it has been classified by the Bank at its initial recognition as an instrument evaluated at fair value through profit and loss.

2.E.2 Loans and Receivables

Loans and Receivables represent non-derivative financial assets with fixed or determinable payment that are not quoted in an active market, with the exception of:

- Assets which the bank intends to sell immediately or in the short term. In which case, they are classified as assets held for trading or assets classified at inception at fair value through profit and loss.

- Assets classified by the bank at Fair Value through Other Comprehensive Income (FVOCI) at initial recognition.
- Assets for which the bank will not be able to substantially recover the value of its initial investment for reasons other than creditworthiness deterioration.

2.E.3 Assets at fair value through Other Comprehensive Income (FVOCI)

Investments classified at Fair Value through Other Comprehensive Income (FVOCI) are non-derivative financial assets held within the Bank model whose objective is to hold cash flows, including principal and interest or may be sold in response to needs for liquidity or to decrease in instrument creditworthiness or to changes in interest rates, exchange rates, or equity prices (Liquidity Management portfolio).

The following is applied to financial assets:

- Purchase and sale transactions of the financial assets classified at fair value through profit and loss (FVTPL), and financial investments classified at fair value through Other Comprehensive Income (FVOCI) shall be recognized in the ordinary way on the trade date on which the Bank is committed to purchase or sell the asset.
- The financial assets, which are not classified at inception at fair value through profit and loss, shall be recognized at fair value plus the transaction costs, whereas financial assets classified at inception at fair value through profit and loss are recognized only at fair value with the transaction' costs associated to those assets being reported in the income statement under the "Net Trading Income" item.
- Financial assets shall be derecognized when the contractual right validity to receive cash flows from the financial asset expires or when the bank transfers most of risk and returns associated with the ownership to a third party. Financial liabilities are derecognized when they expire by either discharging, cancellation, or the expiration of the contractual period.
- Financial assets at Fair Value through Other Comprehensive Income (FVOCI) and financial assets classified at fair value through profit and loss (FVTPL) shall be subsequently measured at fair value. Loans and receivables are subsequently measured at amortized cost.
- Gains and losses resulting from changes in the fair value of assets classified at fair value through profit and loss shall be recognized in the income statement in the period in which they are made, while the gains and losses arising from changes in the fair value of the investments at Fair Value through Other Comprehensive Income (FVOCI) shall be directly recognized in shareholders' equity statement, until the asset is derecognized or impaired. In which case, the cumulative profit and losses previously recognized in shareholders' equity statement shall be recognized in the income statement.
- Income calculated with the amortized cost method and gains and losses on foreign currencies related to the assets with monetary nature classified at fair value through Other Comprehensive Income assets shall be recognized in the income statement. Dividends resulting from equity instruments classified at fair value through Other Comprehensive Income shall be recognized in the income statement when the right of the bank to receive payment is established.
- Fair value of the investments listed in active markets shall be defined pursuant to the current Bid Prices. In case there is no active market for the financial assets, or the

current Bid Prices are unavailable, the bank shall define the fair value by using one of the valuation methods. This includes either using arm's length transactions, discounted cash flow analysis, options pricing models or other valuation methods commonly used by market traders. In case the Bank is unable to estimate the fair value of equity instruments classified at Fair Value through Other Comprehensive Income, their value shall be measured by cost after deducting any impairment in value.

- If the Bank adjusts its estimates of payments or receivables, the book value of the financial asset (or the group of financial assets) shall be settled in a way that reflects the actual cash flows and the adjusted estimates, provided that the book value is determined by calculating the present value of estimated future cash flows by the actual return rate of the financial instrument. The result of the settlement shall be recognized as revenue or expenses in the profit and loss.
- In all cases it shall not be permissible to reclassify the financial (Debt Instruments) assets between different classifications (classified at amortized cost, classified at fair value through Other Comprehensive Income, and classified at fair value through profit and loss) except if the bank changes the business model(s), which procedures takes place infrequently and rarely, other than the first classification change when implementing the impact of IFRS 9 first time adoption for financial instruments.

2.F. Accounting Standards applied starting from January 1st 2019:

Starting from December 31, 2018, the financial statements as at have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors, except the effect of the instructions of the Central Bank of Egypt dated February 26, 2019 to prepare financial statements according to IFRS 9 "Financial Instruments: classification and measurements".

The bank reviews all its financial assets except for financial assets that are measured at fair value through profit or loss to assess the extent of impairment as described below:

Stage 1: Includes financial assets on initial recognition and that do not have a significant increase in credit risk since the initial recognition or that have low credit risk. For these assets, expected credit loss are recognized on the gross carrying amount of the asset based on the expected credit losses that result from default events that are possible within 12 months after the reporting date.

Stage 2: Includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime expected credit loss are recognized, but interest is still calculated on the gross carrying amount of asset. Lifetime expected credit loss are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3: Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit loss are recognized.

2.F.1. Definition of default: The bank applies a single definition of default for classifying assets and determining the probability of default of its obligors for risk modeling purpose.

The definition of default is based on quantitative and qualitative criteria. A counterparty is classified as default at the latest when material payments of interest, principal or fees are overdue for more than 90 days.

2.F.2. Significant increase in credit risk:

IFRS 9 does not provide a specific definition for significant increase in credit risk. The bank's assessment of the credit risk is based on forward looking analysis based on management assessment, quantitative analysis (predictive model) and qualitative information. An estimate of whether there is a significant increase in credit risk includes comparing the current default risk at financial reporting date, with the initial default risk at inception lending date, during that the bank took into account all quantitative and qualitative information including historical data and prospective outlook, which are available without effort and cost is not required, which depends on the ability of the bank to provide data objectively.

The Bank considers different economic scenarios in estimating the probability of default at the initial lending date and successively in each financial reporting date, each scenario outcome has different results, and the Bank adjust weighted factor for each of the different scenarios.

The Bank calculates the expected credit loss for the entire life of the instrument when there is a significant decrease in the creditworthiness that reflects the cash flow deficit resulting from all the events and factors affecting the creditworthiness weighted by the risk of default.

The bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant decrease in credit risk and to measure the loss allowance based on lifetime rather than 12-months ECL.

2.F.3. Write-Off:

Debt is written off when all or part of the debt is uncollectible or agreed to be exempt from it. Loans, credit facilities and debt instruments are considered to be impaired when the Bank has no reasonable expectation of collection of these financial assets (in whole or in part), this scenario occurs when the Bank determines that the borrower has no other assets or resources from the cash flows to repay the loan. The Bank may continue to take legal actions to collect all or part of the debt after the debt is executed, which may lead to the collection of certain amounts granted to the borrower.

Written-off loans reduce the principal amount granted, and when collection of debts has been written off, these amounts are recognized on collection.

2.F.4. Market Risk:

Market risk represents the expected loss resulting from the negative effects of market variables. Market variables represent several factors such as interest rate, currency risk, exchange rate, equity prices, credit risk margin and commodity prices. These variables may be not reliably measurable such as volatility and bonding factors with each other.

Market risk includes risks related to the source of the financial instrument and investment risk.

- **Financial instrument risk:** The possibility of loss arising from changes in fair value due to events related to the credit loss affecting the issuer and which the Bank is exposed to through investments and derivatives derived from the source of the financial instrument.
- **Investment risk:** Risks related to the volume of held financial investments.

Market Risk Management: The Bank's objective of managing market risk is to control and manage exposure to market variables in order to maximize returns while ensuring adequate solvency.

With regard to liquidity risk, the task of the concerned committees is to ensure effective market risk management across the Bank's various sectors. The main activities for managing these risks are as follows:

- Identification of the main types of risks and their causes.
- Neutral independent measurement and evaluation of these risks and their effects.
- Use evaluation results as a basis for managing return / risk ratios.
- Risk control and reporting

2.F.5. Changes in accounting policies and significant professional estimates and assumptions:

Main Changes in Bank Accounting policies upon adopting IFRS 9

The following is a summary of the major changes in the Bank's accounting policies resulting from the adoption of IFRS 9.

Classification of financial assets and financial liabilities

IFRS 9 includes three major asset classes:

- Amortized cost
- Fair value through comprehensive income
- Fair value through profit and loss.

The classification of financial assets in accordance with IFRS 9 is generally based on the business model in which the financial assets and contractual cash flow characteristics are managed. The Standard eliminates the previous classes in accordance with IAS 39: held to maturity, loans and receivables and, available for sale investments.

Impairment of financial assets

IFRS 9 replaces the "recognized losses" model in IAS 39 with the "expected credit loss" future model. The new impairment model also applies to certain loan commitments and financial guarantees contracts but does not apply to equity investments. In accordance with IFRS 9, credit losses are recognized earlier in relation to IAS 39.

Classification of financial assets and liabilities (SPPI test)

The SPPI test evaluates the contractual terms of the financial assets (as a whole) that give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Impairment of financial instruments

The Bank assesses whether credit risk on financial assets has increased significantly since initial recognition and includes future information in measuring expected credit losses.

2.G. Offsetting of financial instruments

Financial assets and liabilities are offset in case the Bank has a legal right in force to undertake the offsetting of the recognized amounts and it intends to settle the amounts on a net basis or to receive the asset and settle the liability simultaneously.

The items of the agreements for purchasing treasury bills with commitment to resell and the agreements for selling treasury bills with commitment to repurchase shall be presented based on the net basis in the financial position within the item of treasury bills and other governmental notes.

2.H. Financial Derivatives

Derivatives shall be recognized at fair value at the date of the entering into its contract and subsequently be re-measured at fair value. The fair value is defined either from the quoted market prices in the active markets, recent market transactions, or valuation techniques such as discounted cash flow models and options pricing models, as appropriate. All derivatives shall be recognized within the assets if their fair value is positive or within the liabilities if their fair value is negative.

2.I. Interest income and expense

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

The effective interest rate is the method to calculate the amortized cost of a financial asset or liability and to distribute the interest income or expenses over the related instruments’ lifetime. The actual rate of return is the rate used to discount the estimated future cash flows of expected payments or receivables during the expected lifetime of the financial instrument or shorter period of time when appropriate in order to reach accurately the book value of a financial asset or liability. When the effective rate of return is calculated, the Bank estimates the cash flows by considering all the contractual terms and conditions of the financial instrument's contract (for example accelerated repayment options) and does not consider the future credit losses. The method of calculation includes all fees paid or received by and between the contract's parties, which are considered part of the effective interest rate. The cost of transaction includes any premiums or discounts.

When loans or receivables are classified as non-performing or impaired ones as the case may be, the related interest income shall not be recognized nor recorded as off-balance sheet items out of financial statements. However, such interest income shall be recognized under the revenue item pursuant to the cash basis according to the following:

2.I.1. As for consumer loans, mortgage loans for personal housing and small loans for economic activities, when the interest income is collected and after arrears are fully recovered.

2.I.2. As for corporate loans, interest income is recognized as revenue, only after the payment of 25% of the amount rescheduled and with a minimum of one year of regular payments. In case of the customer keep repaying regularly, then the calculated interest will be capitalized to the loan balance and to be recorded as revenues (return on the rescheduled loan balance), without considering the marginal interest before reschedule, which will not be recorded in the revenues until the full payment of loan balance before scheduling as recorded in the financial position.

2.J. Fee and commission income

Due fees from servicing the loan or facility shall be recognized in the income when performing the service, while the fee and commission income related to non-performing or impaired loans or receivables shall not be recognized, as it shall be on off-balance sheet of the financial statements. Then it shall be recognized within the income pursuant to the cash basis when the interest income is recognized according to item (2.I.2). As for fees, which represent an integral part of the actual return of the financial assets in general, they shall be treated as an amendment to the effective rate of return.

Commitment fees on loans shall be postponed, if there is a probability that these loans will be withdrawn, taking into account that these fees that the bank receives are a compensation for the constant intervention to acquire the financial instrument. Then they shall be recognized by amending the effective rate of return on the loan. When the period of commitment expires without the loan being issued by the bank, these fees shall be recognized within the income at the expiry of the commitment's validity.

Fees on debt instruments measured at fair value shall be recognized within revenue at the initial recognition. Fees on the promotion of the syndicated loans shall be recognized within revenue when the promotion process is completed, and the bank does not retain any portion of the loan or if the bank retains a portion for itself earning of the actual rate return which is available to other participants as well.

Fees and commission resulting from negotiations or the participation in negotiations on a transaction in favor of a third party shall be recognized within the income statement- such as the arrangement of the acquisition of shares or other financial instruments, or the acquisition or selling of premises- when the specific transaction is completed. The administrative consultations fees and other services are normally recognized based on the distribution over time relative to the service performance period. However, the financial planning management fees and conservation services fees, which are provided for long periods of time, are recognized over the period during which the service is performed.

2.K. Dividend income

Dividend income shall be recognized when the right to receive such income is established.

2.L. Purchase and resale agreements and sale and repurchase agreements

Financial instruments sold under repurchase agreements "REPO's" are presented within the assets added to the balances of treasury bills and other government notes in the financial position, while the liability (purchase and resale agreements) is deducted from the treasury bills and other governmental notes in the financial position. The difference between the selling price and repurchase price is recognized as a return over the period of the agreement by applying the effective interest rate method.

2.M. Impairment of financial assets

2.M.1. Financial assets recorded at amortized cost

At reporting dates, the Bank assesses whether there is objective evidence on the impairment of a financial asset or a group of financial assets. The financial asset or the group of financial assets shall be considered impaired and impairment losses shall be recognized when there is objective evidence on the impairment as a consequence of an event or more events that occurred after the initial recognition of the asset and such (Loss Event) affects the reliability of the estimated future cash flow of the financial asset or the group of financial assets which can be reliably estimated.

The indicators that the bank considers determining the existence of objective evidence on impairment losses include the following:

- Significant financial difficulties that face the borrower / debtor;
- Breach of the terms of the loan facility, such as the stopping of repayments;
- Expectation of the declaration of the borrower's bankruptcy, the entering into the liquidation lawsuit or the restructuring of the granted finance;
- Deterioration of the competitive position of the borrower;
- Granting privileges or concessions by the Bank to the borrower for legal or economic reasons related to the latter’s financial difficulties, which the Bank may not accept granting the same in ordinary circumstances;
- The impairment of the collateral's value;
- The deterioration of the credit situation and positions.

Objective evidence of the impairment losses of a group of financial assets includes the existence of observable data indicating a decrease in the measurement in the future cash flows of the group since the initial recognition though it is not possible to determine the decline of each individual asset, such as the increase of default cases in regards with a Bank product.

The Bank estimates the period between the loss event and its identification for each specific portfolio. This period normally ranges between three and twelve months.

Further, the bank first assesses whether there is objective evidence of impairment exists for each individual financial asset if it represents significance. The assessment is made individually or collectively for the financial assets that are not significant on an individual basis. In this regard, the following shall be taken into account:

- If the Bank identifies there is no objective evidence on the impairment of a financial asset assessed separately whether it has a significance of its own or not, then this asset shall be added to the group of financial assets with similar credit risk features for assessment together to estimate impairment pursuant to historic default ratios.
- If the Bank identifies the existence of objective evidence of impairment of a financial asset assessed separately, then this asset shall not be included in the group of assets for which impairment losses are assessed on a collective basis.
- If the aforementioned assessment resulted in the non-existence of impairment losses, then the asset is included in the group of financial assets shall be considered impaired.

The amount of impairment loss provision shall be measured by the difference between the asset's book value and the present value of expected future cash flows discounted by applying the original effective interest rate of the asset; future credit losses not incurred should not be included in the above. The book value of the asset shall be reduced by using the impairment losses provision's account and the impairment charge on credit losses shall be recognized in the income statement .

If the loan or investment held to maturity date bears a variable interest rate, then the discount rate applied to measure any impairment losses, shall be the effective interest rate pursuant to the contract on determining the existence of objective evidence of the impairment of the asset. For practical purposes, the Bank may measure the impairment loss value based on the instrument's fair value by applying the quoted market rates. As for collateralized financial assets, the present value of the future cash flows expected from the financial asset shall be capitalized. Besides, the flows that result from the implementation and selling of the collateral after deducting the expenses related thereto shall be also credited.

For the purposes of the estimation of impairment on group basis, the financial assets are pooled in groups of similar characteristics in terms of credit risk, based on classification process conducted by the Bank, taking into consideration the type of asset, the industry, the geographical location, the collateral type, the position of arrears, and the other related factors. These characteristics are related to the assessment of future cash flows of the groups of these assets, as they are deemed an indicator of the debtors' ability to repay the amounts due pursuant to the contractual conditions of the assets under consideration.

Upon estimating the impairment of a group of the financial assets based on historical default ratios, the future cash flows of the group shall be estimated based on the contractual cash flows of the banks' assets and the amount of historical losses of these assets with similar credit risk characteristics of these assets held by the Bank. The amount of historical losses shall be adjusted based on the current disclosed data in a way that reflects the impact of the current conditions that did not occur in the period over which the amount of historical losses has been identified. Besides, this will cause that the effects of the conditions that existed in the historical periods, but no longer exist, are cancelled.

The Bank takes into account when forecasting the changes in cash flows of a group of assets the changes in relevant reliable data which occur from time to time; for example, changes in Macro-Economic factors like changes in unemployment rates, and changes in Micro-Economic factors like real estate prices, the position of repayments and any other factors indicating changes in the likelihood of loss in the group and its amount. The Bank conducts a periodic review of the method and assumptions used to estimate future cash flows.

2.M.2. Financial investments at fair value through Other Comprehensive Income

On each reporting date, the bank estimates whether there is objective evidence on the impairment of a financial asset, or a group of financial assets classified within financial investments at fair value through Other Comprehensive Income.

In the case of the existence of investments in equity instruments classified as investments at fair value through Other Comprehensive Income, the significant or prolonged decline in the fair value of the instrument below its book value shall be taken into account upon the estimation of whether there is impairment in the asset or not.

2.N. Investments Property

Investment's property represents lands and buildings the bank owns in order to obtain rental revenues or capital appreciation. Consequently, these investments do not include the real estate assets where the bank practices its business and activities or the assets reverted to the bank in settlement of debts. The same accounting method applied for fixed assets, shall be applied for investments property.

2.O. Intangible assets

2.O.1. Computer software

Expenditure on the development or maintenance of the computer software shall be recognized when being incurred in the income statement. Expenditures associated directly with specific software under the bank's control that are expected to generate economic benefits exceeding their cost for more than a year shall be recognized as intangible asset. The direct expenses include the cost of the staff involved in the software development, in addition to an adequate share of related overheads.

Expenditure that leads to the increase or expansion in the performance of computer software beyond their original specifications shall be recognized as a development cost and shall be added to the cost of original software.

The cost of the computer software shall be amortized over their expected useful life with a maximum of three years starting from the year 2010.

2.O.2. Other intangible assets

Other intangible assets represent intangible assets other than goodwill and computer software (for example but not limited to trademark, licenses, and benefits of rental contracts).

The recognition of other intangible assets, at their acquisition cost, shall be recognized and amortized on the straight-line method or based on the economic benefits expected from these assets over their estimated useful life. Concerning the assets which do not have a finite useful life, they shall not be subject to amortization; however, they shall be annually assessed for impairment and the value of impairment, (if any), shall be charged to the income statement.

2.P. Fixed assets

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

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

Land shall not be subject to depreciation, while depreciation of other fixed assets shall be calculated using the straight-line method to allocate the cost over the useful life of the asset in a way that the remaining carrying value would equal to its residual value as follows:

Buildings and constructions	20 years
Elevators	10 years
Leased real estate improvements	4 years or leasing period, whichever is less
Office furniture	10 years
Machinery	10 years
Means of transport	5 years
Computers and core systems	5 years
Fittings and fixtures	10 years

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

The net realizable value represents the net selling value of the asset or its utilization value whichever is greater. Gains and losses from the disposal of fixed assets shall be determined by comparing the net proceeds at book value. Gains (losses) shall be included within other operating income (expenses) in the income statement.

2.Q. Impairment of non-financial assets

Assets other than goodwill, which do not have a finite useful life, shall not be subject to amortization and shall be reviewed annually to determine whether there is any indication of impairment. Impairment of depreciable assets shall be assessed, whenever there are events or changes in conditions suggesting that the book value may not be redeemable.

The impairment loss shall be recognized, and the asset value shall be reduced by the increase in the asset§ book value over its net realizable value. The net realizable value represents the net selling value of the asset or its utilization value whichever is greater. For purposes of the estimation of impairment, the asset shall be linked to the smallest available cash-generating unit. On the date of the preparing the financial statements, the non-financial assets that have been impaired shall be reviewed to assess a reversal of the impairment to the income statement.

2.R. Finance Lease

The finance lease is accounted in accordance with the instructions of the Central Bank. An agreement is recognized as financial lease when the following conditions are fulfilled: (1) the contract gives the right to the lessee to purchase the asset on a specified date;(2) the contract specifies the agreed value for re-purchase; (3) the contract period represents at least 75% of the expected useful life of the asset, or the present value of the total payments represents at least 90% of the asset's value.

Other leasing contracts shall be considered as operating leasing.

2.R.1. Lease

With regard to financial leasing contracts, the lease cost including the maintenance cost of leased assets shall be recognized within the expenses in the income statement for the period in which it has been incurred. If the bank decides to exercise the right of the purchase of leased assets, then the cost of the purchasing right shall be capitalized as fixed assets and amortized over the expected remaining useful life of the asset in the same way applied to similar assets.

Payments under the operational leasing minus any discounts granted by the lessor shall be recognized within expenses in the income statement by applying the straight-line method over the period of contract.

2.S. Cash and cash equivalents

For the purpose of presentation of the statement of cash flows, cash and cash equivalents shall include the balances with maturity not exceeding three months from the date of the acquisition, and cash and balances at the Central Bank of Egypt, other than those that are deemed within the compulsory reserve, due from banks, treasury bills and other governmental notes.

2.T. Other provisions

The restructuring costs and legal claims' provision shall be recognized when there is a legal or a present indicative obligation due to previous events, and it is also likely that the situation shall require the utilization of the bank's resources to settle the mentioned obligations with the provision of a reliable estimation of the obligation’s value being possible.

When there are similar obligations, the cash outflow that can be used in settlement shall be identified, taking into consideration this set of liabilities. The related provision shall be recognized even if there is a little possibility that an outflow with respect to any one item is included in the same class of obligations.

When a provision is wholly or partially no longer required, it shall be reversed through profit or loss under other operating income (expenses) line item.

2.U. Employees’ benefits

2.U.1. Retirement benefits obligations

The Bank manages a variety of retirement benefit plans that are often funded through payments that are defined based on periodical actuarial calculations and are made to insurance companies and other specialized funds. The bank has defined benefits and defined contribution plans.

Defined benefit plans: these are retirement rules, which specify the amount of the retirement benefits that the employee will be granted by the end of the period of service. This benefit normally depends on one factor or more such as age, years of services and income.

The recognized liability in the financial position with regards to defined benefit plans is represented in the present value of the defined benefit liabilities at the reporting date, after deducting the fair value of the retirement plans' assets and debiting (crediting) unrealized actuarial reconciliations of profits (losses), as well as the cost of additional benefits related to prior service terms.

An independent actuary who applies the Projected Unit Credit Method calculates the liability of the defined benefit plans (future cash flows expected to be paid) annually. The present value of the identified plans liability is determined through deducting these expected future cash flows to be paid by using the rate of return of high-quality corporate bonds or the rate of return of the government bonds in the same currency to be used in payment of the benefits and which have almost the same maturity period of the related obligations of the retirement benefits.

Gains (losses) resulting from changes and adjustments in actuarial estimates and assumptions shall be calculated, and such gains shall be deducted from (the losses shall be added to) the income statement, if they do not exceed 10% of the plan assets’ value or 10% of the defined benefits' liability whichever is higher. In case gains (losses) rise above the mentioned percentage, then the increase shall be deducted (added) in the income statements over the average of the remaining years of service.

Past service costs shall be immediately recognized in the income statement within administrative expenses, unless the introduced changes on the retirements' plans are conditional on those employees must be in service for a specified period of time (vesting period). In which case, the past service costs shall be amortized by the straight-line method over the vesting period.

Defined contribution plans: These are pension schemes pursuant to which the bank pays fixed contributions to an independent entity while there is no legal or constrictive commitment on the bank to pay further contributions, if the entity has not established sufficient assets to pay all the employees' benefits related to their service whether in current or previous periods.

Regarding the defined contribution plans, the bank pays contributions according to the retirement’s insurance regulations in the public and private sectors on either mandatory or voluntary contractual basis and the bank has no further obligations following the payment of contributions. These contributions shall be recognized within the employees' benefit expenses when maturing (vesting). Paid contributions paid in advance shall be recognized within assets to the extent where the advance payment reduces future payments or cash refund.

2.U.2. Liabilities of other post-service's benefits

The bank provides health care benefits to retirees, after the end of service term. Usually, such benefits are given provided that the employee remains in the employ of the bank’s service until the retirement age and completes a minimum period of service. The expected costs of these benefits are accrued (vested) over the period of employment by adopting an accounting method similar to the method adopted in the defined benefit plans previously explained in the item 2. T.1

2.V. Income tax

The income tax on the year's profit or loss includes the tax of the current year and the deferred tax and shall be recognized in the income statement, with the exception of the income tax on the items of shareholder's equity, which is directly recognized within shareholders’ equity.

The income tax shall be recognized based on the net profit subject to tax through the application of the applicable tax rates at the date of preparing the financial position, in addition to the tax adjustments related to previous years.

Deferred tax arising from temporary timing differences between the book value of assets and liabilities calculated according to the accounting principles, as well as its values shall be recognized according to the tax principles. Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates enacted or substantively enacted by the end of the reporting year.

The deferred tax assets shall be recognized when profits to be subject to tax in the future are likely to be generated, through which this asset can be utilized. The deferred tax shall be decreased with the portion from which the expected taxable benefit will not be achieved over the coming years. In case of the increase of the expected taxable benefits, the deferred tax assets shall be increased within the limit of previous reduction in the value of deferred tax assets.

2.W. Borrowing

Loans obtained by the bank shall be recognized at inception at fair value minus the cost of the loan obtaining. Subsequently, the loans shall be measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective interest rate shall be recognized to the income statement.

The fair value of the portion that represents a liability regarding bonds convertible into shares shall be defined by applying the market equivalent rate of return of non- convertible bonds. This liability shall be recognized by the amortized cost method until conversion or maturity of bonds. The remaining proceeds shall be charged to the conversion option included within shareholders' equity in net value after deduction of the income tax effect.

The preferred shares that either carry mandatory coupons or are redeemed at a defined date or according to the shareholders' option, shall be included within the financial liabilities and be presented in the item of "Other loans”. The dividends of these preferred shares shall be recognized in the income statement under “Interest expense on deposits and similar charges” item based on the amortized cost method and by using the effective rate of return.

2.X. Share capital

2.X.1. Cost of capital

The issuance expenses, directly attributable to the issuance of new shares or shares against the acquisition of an entity, or the issuance of options shall be presented as a deduction from the shareholders’ equity in net proceeds after taxes.

2.X.2. Dividends

Dividends shall be recognized through deducting from shareholders' equity in the period where the General Assembly meeting of shareholder approves these dividends. These include the employees' share in profits and the remuneration of the board of directors prescribed by the article of association of the bank and the law.

2.Y. Custody activities

The bank practices custody services, which leads to owning or managing private assets of individuals, trust funds, or post service benefits funds. These resulting assets and profits shall be excluded from the financial statements, as they are not considered among the bank's assets.

2.Z. Comparative figures

Comparative figures shall be reclassified whenever it is necessary to conform to the changes in the adopted presentation of the current year.

3. Financial risk management

The Bank is exposed to a variety of financial risks, while it practices its business and activities, and the acceptance of risk is considered the basis of financial business. Some risk aspects or a combination of risk are analyzed, assessed, and managed. The Bank targets to achieve adequate balance between the risk and return, and to minimize likely adverse impacts on its financial performance. The most important types of risk are credit risk, market risk, liquidity risk and other operating risks. Market risk includes the risk of foreign exchange rates, interest rates and the other pricing risks.

The bank has developed risk management policies to define, analyze and control risk, and set, control and comply with its limits through a variety of reliable methods and up to date information systems. The bank conducts regular reviews and amendments of the risk management policies in order to reflect changes in the markets, products, and services, as well as the best up to date applications.

Risk Management Division carries out risk management in the light of the policies approved by the Board of Directors. Risk division identifies, assesses, and hedges against the financial risk in close collaboration with the different operating units of the bank. The board of directors provides written principles for risk management as a whole, in addition to written policies, which cover defined risk areas such as credit risk, foreign exchange risk, interest- rate risk, and the use of derivatives and non-derivatives financial instruments. In addition, Risk division is responsible for the periodic review of risk management and control environment independently.

3.A. Credit risk

The bank is exposed to credit risk, which is the risk of default of one party on its obligations. Credit risk is considered as the most important risk the Bank faces. Thus, the top management carefully manages risk exposure. Credit risk is mainly represented in lending business from which loans and facilities arise, and in investment activities which include debt instruments. Credit risk is also found in the financial instruments off- balance sheet, such as loan commitments. The credit risk management team in the division conducts all operations related to the management and control of the credit risk.

3.A.1. Measurement of credit risk

- **Loans and facilities to banks and customers**

To measure credit risk related to loans and facilities extended to banks and customers, the Bank examines the following three components:

- Probability of default of the customer or a third party on their contractual obligations.

- The current position and the likely expected future development from which the bank can conclude the balance exposed to default (Exposure at default).
- Loss given default.

The daily activities of the bank's business involve the measurement of credit risk which reflects the expected loss (The Expected Loss Model) required by the Basel Committee on Banking Supervision. The operating measures may contradict with the impairment charge according to IFRS 9, which depends on losses realized at the reporting date (realized losses model) and not on expected losses (Note 3.a).

The bank estimates the probability of default at the level of every customer by applying internal rating methods to rate the creditworthiness of the different categories of customers in details. These methods have been developed for internal rating and statistical analyses are taken into account together with the personal reasoning of credit officials to reach the adequate rating. The bank's customers have been divided into three categories of creditworthiness rating. The structure of creditworthiness adopted by the bank as illustrated in the following table reflects how probable default of each category is, which mainly means that credit positions move among mentioned categories pursuant to the change in the assessment of the extent of default probability. The assessment methods are reviewed and developed whenever required. Further, the Bank periodically assesses the performance of the creditworthiness rating methods and how they are able to predict default cases.

Classification	The classification Category
1	Stage 1 (Performing loans)
2	Stage 2 (Watch list)
3	Stage 3 (Non-performing loans)

The position exposed to default depends on the amounts the Bank expects to be outstanding when the default takes place; for example, as for a loan, the position is the nominal value while for commitments, the Bank enlists all already withdrawn amounts in addition to these amounts expected to be withdrawn until the date of default, if it happens.

Loss given default or loss severity represents the Bank's expectations of the loss when claiming repayment of debt, if the default occurs. Expressed by the percentage of loss to the debt, it certainly differs in accordance with category of the debtor, the claim's seniority and availability of guarantees or other credit mitigation.

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

Concerning debt instruments and bills, the Bank uses the external foreign rating such as the rating of "Standard and Poors" or of similar agencies to manage credit risk. If such ratings are not available, then the Bank applies similar methods to those applied to credit customers. Investment in securities, financial papers, and bonds shall be considered as a way to gain a better credit quality and maintain a readily available source to meet funding requirements at the same time.

3.A.2. Risk Mitigation Policies

The bank manages, mitigates, and controls credit risk concentration at the level of debtor, groups, industries, and countries.

The bank structures the levels of credit risk tolerance by placing limits for the risk tolerance in relation to each borrower or a class of borrowers, and at the level of economic activities and geographical sectors. Such risk shall be constantly monitored and controlled and shall be subject to reviews on an annual basis or more frequently if necessary. Limits of credit risk at the level of borrower/ the group / producer, the sector and the country shall be quarterly approved by the board of directors.

Lines of credit for any borrower including banks shall be divided into sub-lines which include in- and off- the balance sheet amounts, and daily risk limit related to trading items such as forward foreign exchange contracts. Actual amounts shall be compared daily with the mentioned limits. Credit risk exposure is also managed by the regular analysis of the present and the potential borrowers' ability to fulfill their obligations and by amendment of the lending lines when appropriate.

Following are some methods to mitigate risk:

- **Collaterals**

The Bank designs several policies and controls for credit risk mitigation such as collaterals for funds provided. The Bank lays down guidelines for specific categories of the accepted collaterals.

The main types of collaterals for Loans and credit facilities to customers are:

- Cash or equivalent;
- Mortgage;
- Pledge on business assets like machinery and merchandise;
- Pledge in financial instruments like debt and equity instruments.

Longer term finance and lending to corporate are often secured, while for credit facilities granted to retail customers, the main collateral is cash or equivalent (i.e. Term and Certificate of deposit). The Bank attempts to mitigate the credit risk through additional collaterals from the concerned parties immediately on arising of impairment indicators for any of the loans or facilities.

Collateral are held as a security against assets other than loans and facilities; debt instruments and treasury bills are normally unsecured with the exception of asset-backed securities and the similar instruments backed by a securities portfolio.

- **Derivatives**

The Bank maintains control procedures over the net open positions for derivatives i.e. the difference between purchase and sale contracts at the level of value and period. The amount exposed to credit risk is at any time defined at the fair value of the instrument that achieves benefit to the bank i.e. an asset that has a positive fair value and represents a small portion of the contractual (nominal) value adopted to express the volume of the outstanding instrument. This credit risk is managed as a part of the aggregate lending line granted to the customer together with the expected risk due to market changes.

Collateral or other security is not usually obtained against credit risk exposures in these instruments, except where the bank requires that collateral shall be taken as margin deposit from the counterparties.

Settlement risk arises in any situation where a payment is made through cash, securities, or equities, or in return for the expectation of a corresponding receipt in cash, securities, or equities. Daily settlement limits are defined for each counterparty to cover the aggregate settlement risk arising from the Bank market transactions on any single day.

- **Master Netting Arrangements**

The Bank mitigates the credit risk by entering into Master Netting Arrangements with counterparties that represent a signification volume of transaction. In general, these arrangements do not result in conducting offset between balance sheet assets and liabilities at financial position because these settlements are always conducted on a gross basis. However, the credit risk associated to the contracts that serve the bank's interest is reduced through master netting arrangements, as in case of default, all amounts with the counterparty are settled by clearance.

The bank's overall exposure to credit risk resulting derivative instruments subject to master netting arrangements can be substantially changed within a short period, as it is affected by each transaction subject to these arrangements.

- **Credit related commitments**

The primary purpose of credit related commitments is to ensure the availability of funds to the customer at demand. Guarantees and standby letters of credit also carry the same credit risk related to loans. Documentary and commercial letters of credit which are issued by the bank on behalf of its customer to grant a third party the right of withdrawal from the bank within the limit of certain amounts and under predefined conditions – are collateralized by the underlying shipments of goods and consequently carry a lesser degree of risk, compared to direct loans.

The commitments for granting credit represent the unutilized part of the authorized limit to grant loans, guarantees, or documentary letters of credit. The bank is exposed to a potential loss that represents the amount equal to the total of the unutilized commitments in relation to credit risk arising from credit granting commitments. Nevertheless, the amount of loss that is likely to occur is below the unutilized commitments, as most credit granting commitments represents potential liabilities of customers who have defined credit specifications. The bank monitors the duration until maturity date of the credit commitments, as long-term commitments have a high degree of credit risk, compared to short-term commitments.

3.A.3. Impairment policies and provisions

The internal systems of aforementioned assessments (note no. 3.A.1) focus to a great extent on the planning of the credit quality, from the starting point of the recognition of lending and investment activities. However, the impairment losses incurred at the reporting date are only recognized for purpose of the preparation of financial statements based on objective evidence, which refers to impairment pursuant to the disclosure below in light of the implementation of different methods.

The impairment loss provision included in the financial position at the end of the fiscal year is derived from the three internal categories. The following table shows the percentage for the items within the financial position relate to loans and facilities and the relevant impairment for each of the Bank's internal categories:

Bank's Assessment	**Dec 31, 2022**		**Dec 31, 2021**	
	Loans and advances %	**Impairment loss provision %**	**Loans and advances %**	**Impairment loss provision %**
1- Stage 1 (Performing loans)	80.16	35.64	85.28	43.62
2- Stage 2 (Regular watching)	13.75	8.58	10.21	12.31
3- Stage 3 (Non-performing loans)	6.09	55.78	4.51	44.07
	100	**100**	**100**	**100**

The Bank's policies require the review of all financial assets, which exceed defined relative importance at least annually or more if necessary. The impairment charge is to be defined to accounts that have been assessed on an individual basis by assessing the realized loss at the reporting date on each individual case and is to be applied individually to all accounts that have relative importance. The assessment usually includes the outstanding collateral with a reconfirmation of the possibility to realize the collateral as well as the expected collections from these identified accounts.

The impairment loss provision shall be made on the basis of a group of homogeneous assets by using the available historical experience, personal judgment, and statistical methods.

The following table shows the financial assets quality based on the credit-worthiness stages during the year:

(a) Due from Banks: EGP 000

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1-Performing loans	-	-	-	-
2-Regular watching	29 169 556	3 215 996	-	32 385 552
3-Non-performing loans	-	-	-	-
	29 169 556	**3 215 996**	**-**	**32 385 552**
Allowances for impairment losses	(1 269)	(24 219)	-	(25 488)
Carrying amount	**29 168 287**	**3 191 777**	**-**	**32 360 064**

31 December 2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1-Performing loans	-	-	-	-
2-Regular watching	21 085 146	962 239	-	22 047 385
3-Non-performing loans	-	-	-	-
	21 085 146	**962 239**	**-**	**22 047 385**
Allowances for impairment losses	(71)	(17 028)	-	(17 099)
Carrying amount	**21 085 075**	**945 211**	**-**	**22 030 286**

(b) Debt Instruments at fair value through Other comprehensive income – Treasury bills:

EGP 000

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1-Performing loans	-	-	-	-
2-Regular watching	22 759 848	-	-	22 759 848
3-Non-performing loans	-	-	-	-
	22 759 848	**-**	**-**	**22 759 848**
Allowances for impairment losses	(4 253)	**-**	**-**	(4 253)
Carrying amount	**22 755 595**	**-**	**-**	**22 755 595**

31 December 2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1-Performing loans	-	-	-	-
2-Regular watching	24 649 518	-	-	24 649 518
3-Non-performing loans	-	-	-	-
	24 649 518	**-**	**-**	**24 649 518**
Allowances for impairment losses	(3 004)	-	-	(3 004)
Carrying amount	**24 646 514**	**-**	**-**	**24 646 514**

(c) Debt Instruments at fair value through Other comprehensive income – Treasury Bonds:

EGP 000

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1-Performing loans	-	-	-	**-**
2-Regular watching	6 951 212	-	-	**6 951 212**
3-Non-performing loans	-	-	-	**-**
	6 951 212	**-**	**-**	**6 951 212**
Allowances for impairment losses	(118)	**-**	**-**	**(118)**
Carrying amount	**6 951 094**	**-**	**-**	**6 951 094**

31 December 2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1-Performing loans	-	-	-	-
2-Regular watching	7 607 062	-	-	**7 607 062**
3-Non-performing loans	-	-	-	-
	7 607 062	**-**	**-**	**7 607 062**
Allowances for impairment losses	(83)	-	-	**(83)**
Carrying amount	**7 606 979**	**-**	**-**	**7 606 979**

(d) Debt Instruments at Amortized cost - Treasury Bonds: EGP 000

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1-Performing loans	-	-	-	-
2-Regular watching	2 520 880	-	-	2 520 880
3-Non-performing loans	-	-	-	-
	2 520 880	**-**	**-**	2 520 880
Allowances for impairment losses	**-**	**-**	**-**	**-**
Carrying amount	**2 520 880**	**-**	**-**	**2 520 880**

(e) Loans and Advances to customers': EGP 000

31 December 2022	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1- Corporate Loans	15 570 324	4 119 834	1 647 671	21 337 829
2- Medium Enterprise	2 002 208	516 475	682 125	3 200 808
3- Small & Micro Enterprise	4 695 937	1 354 048	610 488	6 660 473
4- Retail Loans	25 516 552	2 201 913	691 691	28 410 156
Total Loans and advances to customers	**47 785 021**	**8 192 270**	**3 631 975**	**59 609 266**
Impairment loss provision	(662 853)	(870 518)	(1 986 972)	**(3 520 343)**
Unearned discount	(19 404)	-	-	**(19 404)**
Interest under settlement from customer loans	-	(9 580)	(269 682)	**(279 262)**
Suspended interest	-	-	(2 290)	**(2 290)**
Net balance as of 31 December, 2022	**47 102 764**	**7 312 172**	**1 373 031**	**55 787 967**

31 December 2021	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
1- Corporate Loans	15 489 224	1 835 553	1 023 899	**18 348 676**
2- Medium Enterprise	2 673 094	820 363	301 343	**3 794 800**
3- Small & Micro Enterprise	4 778 132	956 194	381 682	**6 116 008**
4- Retail Loans	23 281 691	1 924 010	735 063	**25 940 764**
Total Loans and advances to customers	**46 222 141**	**5 536 120**	**2 441 987**	**54 200 248**
Impairment loss provision	(580 474)	(755 361)	(1 235 556)	**(2 571 391)**
Unearned discount	(9 662)	-	-	**(9 662)**
Interest under settlement from customer loans	-	(31 677)	(171 666)	**(203 343)**
Suspended interest	-	-	(2 408)	**(2 408)**
Net balance as of 31 December, 2021	**45 632 005**	**4 749 082**	**1 032 357**	**51 413 444**

The following table shows changes in impairment credit losses between the beginning and ending of the year because of these factors

Corporate Loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for impairment losses (Opening balance)	486 043	631 726	987 394	**2 105 163**
New financial assets purchased or issued	28 610	11 625	456	**40 691**
Financial assets matured or derecognized	(14 562)	(5 247)	(61 696)	**(81 505)**
Transfer to stage 1	98 961	(90 562)	(8 399)	**-**
Transfer to stage 2	(36 737)	250 945	(214 208)	**-**
Transfer to stage 3	(8 222)	-	8 222	**-**
Of failure and balance exposed to failure	(6 817)	(210 113)	970 168	**753 238**
Loans written-off during current year	-	-	(153 032)	**(153 032)**
Collections of loans previously written-off	-	-	22 044	**22 044**
Foreign exchange translation differences	22 478	121 192	151 895	**295 565**
Balances as at end of 31-12-2022	**569 754**	**709 566**	**1 702 844**	**2 982 164**

Retail Loans	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for impairment losses (Opening balance)	94 431	123 635	248 162	**466 228**
New financial assets purchased or issued	83 492	23 418	6 994	**113 904**
Financial assets matured or derecognized	(27 228)	(35 686)	(151 401)	**(214 315)**
Transfer to stage 1	15 288	(10 543)	(4 745)	**-**
Transfer to stage 2	(45 732)	105 808	(60 076)	**-**
Transfer to stage 3	(25 622)	(10 818)	36 440	**-**
Of failure and balance exposed to failure	(1 533)	(34 863)	338 819	**302 423**
Loans written-off during current year	-	-	(154 749)	**(154 749)**
Collections of loans previously written-off	-	-	24 636	**24 636**
Foreign exchange translation differences	3	1	48	**52**
Balances as at end of 31-12-2022	**93 099**	**160 952**	**284 128**	**538 179**

Total Loans and advances	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for impairment losses (Opening balance)	580 474	755 361	1 235 556	**2 571 391**
New financial assets purchased or issued	112 102	35 043	7 450	**154 595**
Financial assets matured or derecognized	(41 790)	(40 933)	(213 097)	**(295 820)**
Transfer to stage 1	114 249	(101 105)	(13 144)	**-**
Transfer to stage 2	(82 469)	356 753	(274 284)	**-**
Transfer to stage 3	(33 844)	(10 818)	44 662	**-**
Of failure and balance exposed to failure	(8 350)	(244 976)	1 308 987	**1 055 661**
Loans written-off during current year	-	-	(307 781)	**(307 781)**
Collections of loans previously written-off	-	-	46 680	**46 680**
Foreign exchange translation differences	22 481	121 193	151 943	**295 617**
Balances as at end of 31-12-2022	**662 853**	**870 518**	**1 986 972**	**3 520 343**

Treasury Bills	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for impairment losses (Opening balance)	3 004	-	-	**3 004**
New financial assets purchased or issued	-	-	-	**-**
Financial assets matured or derecognized	-	-	-	**-**
Transfer to stage 1	-	-	-	**-**
Transfer to stage 2	-	-	-	**-**
Transfer to stage 3	-	-	-	**-**
of failure and balance exposed to failure	(464)	-	-	**(464)**
Foreign exchange translation differences	1 713	-	-	**1 713**
Balances as at end of 31-12-2022	**4 253**	**-**	**-**	**4 253**

Treasury Bonds	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Allowance for impairment losses (Opening balance)	83	-	-	**83**
New financial assets purchased or issued	-	-	-	**-**
Financial assets matured or derecognized	-	-	-	**-**
Transfer to stage 1	-	-	-	**-**
Transfer to stage 2	-	-	-	**-**
Transfer to stage 3	-	-	-	**-**
Of failure and balance exposed to failure	(13)	-	-	**(13)**
Foreign exchange translation differences	48	-	-	**48**
Balances as at end of 31-12-2022	**118**	**-**	**-**	**118**

Due from Banks

	Stage 1	Stage 2	Stage 3	Total
Allowance for impairment losses (Opening balance)	**71**	**17 028**	**-**	**17 099**
New financial assets purchased or issued	**937**	**247**	**-**	**1 184**
Financial assets matured or derecognized	**-**	**(2 858)**	**-**	**(2 858)**
Transfer to stage 1	**-**	**-**	**-**	**-**
Transfer to stage 2	**-**	**-**	**-**	**-**
Transfer to stage 3	**-**	**-**	**-**	**-**
Of failure and balance exposed to failure	**-**	**-**	**-**	**-**
Foreign exchange translation differences	**261**	**9 802**	**-**	**10 063**
Balances as at end of 31-12-2022	**1 269**	**24 219**	**-**	**25 488**

3.A.4. The General Model for Measurement of Banking Risk

In addition to the three-creditworthiness ratings shown in note no. 3.A.1, the management also prepares ratings in the form of more detailed subgroups, which are in line with the requirements of the Central Bank of Egypt (CBE). Assets exposed to credit risk shall be rated in these subgroups pursuant to detailed rules and terms, which depend largely on customer related information, business and activities, financial position, and regularity of payments thereof.

The bank calculates the provision required for the impairment of these assets exposed to credit risk, including credit related commitments based on defined rates set by the Central Bank of Egypt. In case the impairment loss provision required according to Central Bank of Egypt's rules exceeds the provisions as required for the purposes of the preparation of the financial statements in accordance with the instructions of the Central Bank of Egypt (CBE) dated February 26th 2019, that excess shall be debited to retained earnings and carried to the general reserve for banking risk in the shareholders' equity section. Such reserves shall be regularly adjusted, by any increase or decrease so that the reserve shall always be equal to the amount of increase between the two provisions. Such provision shall not be subject to distribution.

Following is an indication of the corporate creditworthiness categories according to internal rating principles, compared to the rating principles of the Central Bank of Egypt, and of the required provision percentages for the impairment of assets exposed to credit risk.

Central Bank	Rating's meaning	Provision's	Internal	Meaning of Internal
1	Low risk	Zero	1	Stage 1
2	Average risk	1%	1	Stage 1
3	Satisfactory risk	1%	1	Stage 1
4	Reasonable risk	2%	1	Stage 1
5	Acceptable risk	2%	1	Stage 1
6	Marginally acceptable risk	3%	2	Stage 2
7	Watch List	5%	2	Stage 2
8	Substandard	20%	3	Stage 3
9	Doubtful	50%	3	Stage 3
10	Bad debt	100%	3	Stage 3

3.A.5. The Maximum Limit for Credit Risk before Collateral

Credit Risk exposures in the statement of financial position:

	Dec 31, 2022 EGP 000	Dec 31, 2021 EGP 000
Treasury bills and other governmental notes	22 759 848	24 649 518
Loans and advances to banks	50 038	-
Loans and advances to customers		
Loans to individuals (Retail):		
Overdraft accounts	446 602	213 126
Credit cards	423 955	343 690
Personal loans	27 535 937	25 375 025
Mortgage	3 662	8 923
Corporate loans:		
Overdraft accounts	11 156 784	8 705 116
Direct loans	18 687 584	17 819 440
Syndicated loans	1 354 742	1 730 676
Other loans	-	4 252
Unearned Discount	(19 404)	(9 662)
Interest under settlement from customer loan	(279 262)	(203 343)
Suspended interest	(2 290)	(2 408)
Financial investments:		
Debt instruments	9 483 893	7 306 247
Other assets	1 380 579	801 071
Total	**92 982 668**	**86 741 671**

Off balance sheet items exposed to credit risk:		
Financial guarantees	4 133 564	3 127 677
Non-revocable credit-related commitments for loans and other liabilities	10 885 813	9 768 325
Letters of credit	4 844 350	2 802 577
Letters of guarantee (incentive)	7 988 990	7 712 140
Total	**27 852 717**	**23 410 719**

- The previous table represents the maximum limit of exposure as of 31 December 2022 and as of 31 December 2021, without taking into consideration any financial guarantees. As for the financial position items, the enlisted amounts depend on the net book value presented in the statement in financial position.

As illustrated in the previous table 63.8 % of the maximum limit exposed to credit risk on 31 December 2022 arises from loans and advances to banks and customers versus 62.4 % as of 31 December 2021 whereas investments in the debt instruments represent 10.5 % on 31 December 2022 versus 8.4 % as of 31 December 2021.

The management has confidence in its abilities to continue controlling and maintaining the minimum limit of credit risk resulted from loans, facilities, and debt instruments portfolios based on the following:

- 0.03% of the loans and advances' portfolio is classified in the two higher categories of the internal assessment (low/average risks) as of 31 December 2022, versus 0.03% on 31 December 2021.
- 81% of the loans and advances' portfolio is free from any delays or impairment indicators on 31 December 2022 versus 82.7 % as of 31 December 2021.
- The loans and facilities covered by collaterals represent an important group in the portfolio.
- Loans and facilities that have been assessed on an individual basis reach EGP 3 631 975 thousand as of 31 December 2022 versus EGP 2 441 987 thousand as of 31 December 2021. From the individual assessment 54.7 % of the provision are formed on 31 December 2022 versus 50.6 % as of 31 December 2021.
- More than 99.8 % as of 31 December 2022 and as of 31 December 2021, of the investments in debt instruments and treasury bills represents debt instruments issued by the Egyptian government.

3.A.6. Loans and advances

The following is the position of loans and advances’ balances as regarding creditworthiness:

	Dec. 31, 2022 EGP 000 Loans and advances to customers	**Dec. 31, 2021 EGP 000 Loans and advances to customers**
With no past dues or impairment	48 286 833	44 837 137
With past dues but not subject to impairment	7 690 458	6 921 124
Subject to impairment	3 631 975	2 441 987
Total	**59 609 266**	**54 200 248**
Less:		
Impairment loss provision	(3 520 343)	(2 571 391)
Unearned discount	(19 404)	(9 662)
Interest under settlement from customer loans	(279 262)	(203 343)
Suspended interest	(2 290)	(2 408)
Net	**55 787 967**	**51 413 444**

The total impairment charges on loans and advances facilities reached EGP 3 520 343 thousand as of 31 December 2022, versus EGP 2 571 391 thousand as of 31 December 2021, including EGP 1 986 971 thousand as of 31 December 2022, versus EGP 1 235 556 thousand as of 31 December 2021, of impairment on individual basis, while on the remaining loans the impairment amounts to EGP 1 533 371 thousand as of December 31, 2022 versus EGP 1 335 835 thousand as of December 31, 2021 are impairment charges on a collective basis (Note no. 18).

Loans and facilities with no past dues or impairment:

The creditworthiness of the loans and facilities portfolio with no past dues or impairment is assessed with reference to the internal assessment adopted by the bank.

EGP 000

December 31, 2022

Assessment	**Retail**				**Corporate**				**Net loans and facilities to customers**
	Debit Current accounts	**Credit Cards**	**Personal Loans**	**Mortgage**	**Debit Current accounts**	**Direct Loans**	**Syndicated Loans**	**Other Loans**	
1- Performing	-	-	-	-	4 879 217	11 212 818	317 680	-	16 409 715
2- Regular Watching	152 604	385 769	21 580 765	668	2 757 972	5 550 000	422 786	-	30 850 564
3- Watch List	-	-	-	-	1	7 098	-	-	7 099
Total	152 604	385 769	21 580 765	668	7 637 190	16 769 916	740 466	-	47 267 378

- The guaranteed loans were subjected to impairment as for the non-performing loans category after taking into consideration the collectability of these guarantees.

EGP 000

December 31, 2021

Assessment	**Retail**				**Corporate**				**Net loans and facilities to customers**
	Debit Current accounts	**Credit Cards**	**Personal Loans**	**Mortgage**	**Debit Current accounts**	**Direct Loans**	**Syndicated Loans**	**Other Loans**	
1- Performing	-	-	-	-	4 515 983	8 663 944	651 718	67	**13 831 712**
2- Regular Watching	123 856	254 288	20 258 235	1 440	2 273 195	6 905 234	453 657	3 664	**30 273 569**
3- Watch List	-	-	-	-	-	9 680	-	42	**9 722**
Total	**123 856**	**254 288**	**20 258 235**	**1 440**	**6 789 178**	**15 578 858**	**1 105 375**	**3 773**	**44 115 003**

Loans and facilities with past dues but are not subject to impairment

These are loans and facilities with delays up to 90 days but are not subject to impairment unless there is other information to the contrary, a loan and facilities to customers with past dues but not subject to impairment and the fair value of their collaterals are represented in the following:

EGP 000

December 31, 2022

	Retail				Corporate				Net loans and facilities to customers
	Debit Current accounts	**Credit Cards**	**Personal Loans**	**Mortgage**	**Debit Current accounts**	**Direct Loans**	**Syndicated Loans**	**Other Loans**	
Past dues up to 30 days	4 220	18 685	4 319 463	124	156 236	605 297	357 904	-	**5 461 929**
Past dues more than 30 days to 60 days	846	-	779 104	165	73 753	126 245	-	-	**980 113**
Past dues more than 60 days to 90 days	2 694	8 023	211 214	71	233 311	261 841	17 346	-	**734 500**
Total	**7 760**	**26 708**	**5 309 781**	**360**	**463 300**	**993 383**	**375 250**	**-**	**7 176 542**
Fair value of Collaterals	**4 000**	**-**	**3 110 304**	**-**	**43 515**	**3 772**	**361 137**	**-**	**3 522 728**

EGP 000

December 31, 2021

	Retail				Corporate				Net loans and facilities to customers
	Debit Current accounts	**Credit Cards**	**Personal Loans**	**Mortgage**	**Debit Current accounts**	**Direct Loans**	**Syndicated Loans**	**Other Loans**	
Past dues up to 30 days	9 359	47 323	3 498 436	438	66 182	729 719	248 144	-	**4 599 601**
Past dues more than 30 days to 60 days	2 109	16 286	606 858	637	28 853	354 146	-	-	**1 008 889**
Past dues more than 60 days to 90 days	50	6 313	162 008	-	37 235	333 187	160 142	-	**698 935**
Total	**11 518**	**69 922**	**4 267 302**	**1 075**	**132 270**	**1 417 052**	**408 286**	**-**	**6 307 425**
Fair value of collaterals	**11 422**	**-**	**2 749 233**	**-**	**5 546**	**2 738**	**-**	**-**	**2 768 939**

At the initial recognition of loans and facilities, the fair value of collaterals is evaluated based on the same financial assets' evaluation methods used, and in subsequent periods, the fair value is updated by the market prices or the similar assets' prices.

Loans and facilities subject to impairment on an individual basis

The balance of loans and facilities which are subject to impairment on an individual basis, before taking into account the cash flow from collaterals, amounted to EGP 3 631 975 thousand as of 31 December 2022 versus EGP 2 441 987 thousand as of 31 December 2021.

Herein below, is the analysis of the net value of loans and facilities subject to impairment on individual basis including the fair value of collaterals the bank has obtained against these loans:

EGP 000

December 31, 2022

	Retail				Corporate				
	Debit Current accounts	**Credit Cards**	**Personal Loans**	**Mortgage**	**Debit Current accounts**	**Direct Loans**	**Syndicated Loans**	**Other Loans**	**Total loans and facilities to customers**
Balance	285 485	8 241	395 423	2 542	2 827 113	113 171	-	-	**3 631 975**
Provision	(218 995)	(5 020)	(59 097)	(1 017)	(1 645 423)	(57 420)	-	-	**(1 986 972)**
Net	**66 490**	**3 221**	**336 326**	**1 525**	**1 181 690**	**55 751**	**-**	**-**	**1 645 003**
The fair value of collaterals	**12 502**	**-**	**278 336**	**-**	**726 581**	**78**	**-**	**-**	**1 017 497**

EGP 000

December 31, 2021

	Retail				Corporate				
	Debit Current accounts	**Credit Cards**	**Personal Loans**	**Mortgage**	**Debit Current accounts**	**Direct Loans**	**Syndicated Loans**	**Other Loans**	**Total loans and facilities to customers**
Balance	75 749	14 767	638 374	6 173	1 578 747	127 865	-	312	**2 441 987**
Provision	(44 912)	(6 613)	(191 152)	(5 485)	(894 181)	(92 959)	-	(254)	**(1 235 556)**
Net	**30 837**	**8 154**	**447 222**	**688**	**684 566**	**34 906**	**-**	**58**	**1 206 431**
The fair value of collaterals	**11 979**	**-**	**345 238**	**-**	**490 741**	**18**	**-**	**-**	**847 976**

Restructured Loans and Facilities:

The restructuring activities include extending of repayment's arrangements, implementation of obligatory management programs, amending and postponing repayment. The policies of restructuring application depend on indicators or standards that refer to the high prospects of continuance repayment based on the management's personal judgment. These policies are reviewed on regular basis. Restructuring is usually applied on long-term loans, especially customers financing loans. Loans which have been subject to renegotiations have reached EGP 639 981 thousand as of 31 December 2022 versus EGP 426 203 thousand as of 31 December 2021.

	Dec. 31, 2022 EGP 000	**Dec. 31, 2021 EGP 000**
Loans and facilities to customers		
Corporate		
- Direct loans	639 981	426 203
Total Corporate Loans	639 981	426 203

3.A.7. Debt instruments, treasury bills and other governmental notes:

The following table represents an analysis of debt instruments, treasury bills and other governmental notes at the end of the fiscal period based on the assessment of Standard & Poor's rating or its equivalent:

	EGP 000		
	Treasury bills and other governmental notes	**Investments in Securities**	**Total**
AAA	-	-	-
Less than -A	22 759 848	9 472 092	32 231 940
Unclassified	-	11 801	11 801
Total	**22 759 848**	**9 483 893**	**32 243 741**

3.A.8. Acquisition of collaterals

During the present financial year, the Bank hasn't obtained assets by acquiring some collaterals.

3.A.9. The concentration of financial assets' risks exposed to credit risk

- **Geographical segments**

The following table represents an analysis of the bank's most important boundaries of credit risk at book value, distributed in accordance with the geographical segment as of 31 December 2022.

December 31, 2022			EGP 000	
	Cairo	**Alex, Delta and Sinai**	**Upper Egypt**	**Total**
Treasury bills and other governmental notes	22 759 848	-	-	**22 759 848**
Loans and facilities to banks	50 038	-	-	**50 038**
Loans and facilities to customers:				
- Loans to individuals (Retail):				
Debit current accounts	193 552	169 592	83 458	**446 602**
Credit cards	423 955	-	-	**423 955**
Personal loans	8 566 380	12 306 110	6 663 447	**27 535 937**
Mortgage	3 404	136	122	**3 662**
- Loans to corporate				
Debit current accounts	8 360 499	2 147 568	648 717	**11 156 784**
Direct loans	11 814 922	5 036 868	1 835 794	**18 687 584**
Syndicated loans	1 354 742	-	-	**1 354 742**
Other loans	-	-	-	**-**
Unearned discount	(19 404)	-	-	**(19 404)**
Interest under settlement from customer	(244 357)	(33 387)	(1 518)	**(279 262)**
Suspended interest	(2 290)	-	-	**(2 290)**
Financial Investments				
Debt instruments	9 483 893	-	-	**9 483 893**
Other assets	1 168 936	143 937	67 706	**1 380 579**
Total as of 31 December 2022	**63 914 118**	**19 770 824**	**9 297 726**	**92 982 668**
Total as of 31 December 2021	**59 595 662**	**18 493 889**	**8 652 120**	**86 741 671**

- **Business Segment**

The following represents an analysis of the most important boundaries of credit risk at book value, distributed according to the customers' business and activities.

EGP 000

December 31, 2022	Financial Institutions	Industrial Institutions	Real estate Activity	Wholesale and retail trade	Governmental sector	Other activities	Individuals	Total
Treasury bills and other governmental notes	-	-	-	-	22 759 848	-	-	**22 759 848**
Loans & facilities to banks	50 038	-	-	-	-	-	-	**50 038**
Loans & facilities to customers:								
Loans to individuals (Retail)								
Debit current account	-	-	-	-	-	-	446 602	**446 602**
Credit cards	-	-	-	-	-	-	423 955	**423 955**
Personal loans	-	-	-	-	-	-	27 535 937	**27 535 937**
Mortgage	-	-	-	-	-	-	3 662	**3 662**
Loans to Corporate								
Debit current account	-	1 519 038	3 016 640	1 401 630	3 182 863	2 036 613	-	**11 156 784**
Direct loans	-	5 673 951	421 151	1 041 477	6 088 397	5 462 608	-	**18 687 584**
Syndicated loans	-	285 430	89 566	-	-	979 746	-	**1 354 742**
Other loans	-	-	-	-	-	-	-	**-**
Unearned discount	-	(19 404)	-	-	-	-	-	**(19 404)**
Interest under settlement from customer loans	-	(14 023)	(209 663)	(10 913)	(30 769)	(13 894)	-	**(279 262)**
Suspended interest	-	(2 290)	-	-	-	-	-	**(2 290)**
Financial Investments								
Debt instruments	11 801	-	-	-	9 472 092	-	-	**9 483 893**
Other assets	13 460	-	-	-	653 993	439 880	273 246	**1 380 579**
Total as at Dec. 31,2022	**75 299**	**7 442 702**	**3 317 694**	**2 432 194**	**42 126 424**	**8 904 953**	**28 683 402**	**92 982 668**
Total as at Dec. 31,2021	**68 572**	**6 549 175**	**2 401 944**	**3 370 998**	**40 345 280**	**7 930 478**	**26 075 224**	**86 741 671**

3.B. Market Risk

3.B.1. Methods of Measuring Market Risk

As part of the market risk management the Bank enters into interest rate swaps in order to balance the risk associated with the debt instruments and long-term loans with fixed interest rate in case the fair value option is applied. The following are the most important measurement methods applied to control the market risk.

- **Value at Risk**

The bank applies "value at risk" method for trading and non-trading portfolios in order to estimate the market risk of outstanding positions and the maximum limit of expected loss based on a number of assumptions for the various changes of market conditions. The board of directors sets limits for "value at risk" which the bank can accept for trading and non-trading separately and monitored daily by the Market Risk department in the bank.

Value at risk is a statistical estimate of the potential movements of the present portfolio due to market's adverse moves. It is an expression of the maximum value the bank can lose using a defined confidence factor (99%) consequently there is a statistical probability of (1%) that the actual loss may be greater than the expected value at risk. The value at risk model assumes a defined retention period (ten days) before closing of the open positions. It also assumes that the market movement during the retention period will follow the same pattern of movement that occurred during the previous ten days. The Bank should assess these historical changes in rates, prices, and indicators directly on current positions, a method known as historical simulation. Actual outputs should be monitored and controlled on a regular basis to measure the integrity of the assumptions and factors applied to calculate value at risk.

The use of this method does not prevent the losses over these limits and within the limits of large movements in the market. Since the value at risk is an essential part of the banks' system in control of the market risk. The Board of Directors sets the value at risk limits annually for each of the trading and non-trading and split on units of activity. The actual values at risk are compared with limits set by the Bank and reviewed daily by the bank's risk management. The average daily value at risk during the financial year ended 31 December 2022 amounted to EGP 40 103 thousand, versus EGP 36 097 thousand during the comparative year.

The quality of value at risk model is continuously monitored by reinforcing testing to reinforce the results of value at risk of the trading portfolio and the results of such tests are usually reported to senior management and board of directors.

- **Stress Testing**

  Stress testing gives an indicator of the potential size of losses, which may arise from extremely adverse conditions. Stress testing is designed in a way that suites business and activity by applying typical analysis of defined scenarios. The market risk department undertakes Stress testing to include the stress testing of risk factors where a set of extreme movements is applied on each risk category. There is also stress testing applied on emerging markets, which are subject to extreme movements, and special stress testing that includes potential events, which may affect certain centers or regions such as what can happen in a region currency peg break. The senior management and board of director's monitor and review the results of stress testing.

3.B.2. Summary of value at risk

- **Total value at risk according to the risk type**

EGP 000

	Dec 31,2022			Dec 31,2021		
	Medium	**Higher**	**Lower**	**Medium**	**Higher**	**Lower**
exchange rate risk	3 109	16 352	98	-	-	-
Interest rate risk	36 994	44 202	31 438	36 097	38 319	31 908
Total value at risk	**40 103**	**60 554**	**31 536**	**36 097**	**38 319**	**31 908**

The bank did not estimate equity instruments risk as the data is not available.

- **Value at risk of the trading portfolio according to the risk type.**

EGP 000

	Dec. 31,2022			Dec. 31,2021		
	Medium	**Higher**	**Lower**	**Medium**	**Higher**	**Lower**
Interest rate risk	-	-	-	-	-	-
Total value at risk	-	-	-	-	-	-

- **Value at risk of the non-trading portfolio according to the type of risk.**

EGP 000

	Dec. 31,2022			Dec. 31,2021		
	Medium	**Higher**	**Lower**	**Medium**	**Higher**	**Lower**
Exchange rate risk	3 109	16 352	98	-	-	-
Interest rate risk	36 994	44 202	31 438	36 097	38 319	31 908
Total value at risk	**40 103**	**60 554**	**31 536**	**36 097**	**38 319**	**31 908**

The bank did not estimate equity instruments risk as the data is not available.
The increase in the value at risk, especially interest rate risk, is related to the increase in the sensitivity of interest rates in international financial markets.
The previous three results of the value at risk are calculated separately and independently from the concerned positions and historical movements of markets. Total values at risk for trading and non-trading do not form the bank's value at risk given the correlation between these types of risks and the types of portfolios and the subsequent diverse impacts.

3.B.3. The risk of fluctuations in foreign exchange rates

The Bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows and the board of directors have set limits of foreign currencies in total value for each position at the end of the day and during the day, which are monitored on the spot. The following table summarizes the extent of the bank's exposure to fluctuations in foreign exchange rates risk on 31 December 2022. The following table includes the book value of financial instruments distributed into its component currencies:

The concentration of currency risk of financial instruments

Equivalent in EGP 000

	EGP	**USD**	**Euro**	**GBP**	**Other Currencies**	**Total**
As of 31 December, 2022						
Financial assets:						
Cash and balances with Central Bank of Egypt	8 116 191	260 479	33 831	893	5 744	**8 417 138**
Due from banks	24 844 288	5 722 783	1 537 125	182 437	73 431	**32 360 064**
Treasury bills and other governmental notes	22 494 394	265 454	-	-	-	**22 759 848**
Loans and facilities to banks	-	50 038	-	-	-	**50 038**
Loans and facilities to customers	47 656 624	7 733 318	398 022	3	-	**55 787 967**
Financial assets classified at fair value through profit and loss	-	-	9 472	-	-	**9 472**
Financial Investments:						
- Classified at FVOCI	7 025 160	7 366	958	-	-	**7 033 484**
- Classified at Amortized cost	2 520 880	-	-	-	-	**2 520 880**
- Classified at Fair Value through profit and loss	11 801	-	-	-	-	**11 801**
Total financial assets	**112 669 338**	**14 039 438**	**1 979 408**	**183 333**	**79 175**	**128 950 692**

	EGP	USD	Euro	GBP	Other Currencies	Total
Financial liabilities:						
Due to banks	29 756	421 925	5 547	312	280	**457 820**
Customers' deposits	95 397 659	13 297 920	1 757 701	170 451	75 906	**110 699 637**
Other loans	105 256	423 722	-	-	-	**528 978**
Total financial liabilities	**95 532 671**	**14 143 567**	**1 763 248**	**170 763**	**76 186**	**111 686 435**
Net of financial position	**17 136 667**	**(104 129)**	**216 160**	**12 570**	**2 989**	**17 264 257**
Credit related commitments	**5 948 044**	**5 393 361**	**5 147 118**	**222 224**	**256 157**	**16 966 904**
As of 31 December 2021						
Total financial assets	**101 542 773**	**8 953 889**	**1 213 425**	**135 342**	**108 628**	**111 954 057**
Total financial liabilities	**86 485 278**	**8 904 555**	**1 157 811**	**132 764**	**77 896**	**96 758 304**
Net of financial position	**15 057 495**	**49 334**	**55 614**	**2 578**	**30 732**	**15 195 753**
Credit related commitments	**6 139 756**	**3 790 548**	**3 407 560**	**268 768**	**35 762**	**13 642 394**

3.B.4. Interest rate risk

The bank is exposed to the impact of the fluctuations in the levels of interest rates prevailing in the market. The impact refers to the cash flow risk caused by interest rate movements and is represented in the volatility of future cash flow of a financial instrument due to changes in the interest rate of the mentioned instrument. It also includes the interest rate fair value risk, which is the risk of fluctuations in the value of the financial instrument due to changes in interest rates in the market. The interest margin may rise due to these changes but still the profits may decrease if unexpected movements occur. The board of directors of the bank set limits for the management of the interest rate risk at a level of the difference in the re-pricing of interest rate. The Bank maintains this level and treasury department monitors this level daily.

The following table summarizes the extent of the Bank’s exposure to the risk of fluctuations in interest rates that includes the book value of financial instruments distributed based on the price of re-pricing dates or maturity dates, whichever is sooner.

As of 31 December, 2022	Up to 1 month	1 -3 months	More than 3 months – 1 year	1- 5 years	More than 5 years	Interest free	Total
Financial assets:							
Cash and balance with Central Bank of Egypt	-	-	-	-	-	8 417 138	**8 417 138**
Due from banks	10 403 687	20 670 410	1 237 170	-	-	48 797	**32 360 064**
Treasury bills and other governmental notes	9 358 609	10 342 187	3 059 052	-	-	-	**22 759 848**
Loans and facilities to banks	50 038	-	-	-	-	-	**50 038**
Loans and facilities to customers	32 152 437	2 220 496	5 057 420	11 916 716	4 411 484	29 414	**55 787 967**
Financial assets classified at fair value through profit and loss	9 472	-	-	-	-	-	**9 472**
Financial Investments:							
- Classified at FVOCI	-	6 959	3 850 000	3 140 328	36 197	-	**7 033 484**
- Classified at Fair Value through profit and loss	-	-	-	11 801	-	-	**11 801**
- Classified at Amortized cost	-	-	-	2 520 880	-	-	**2 520 880**
Other financial Inv.	-	-	-	-	-	1 622 982	**1 622 982**
Total financial assets	**51 974 243**	**33 240 052**	**13 203 642**	**17 589 725**	**4 447 681**	**10 118 331**	**130 573 674**
Financial liabilities							
Due to banks	-	-	-	-	-	457 820	**457 820**
Customers’ deposits	40 469 845	8 688 210	8 693 169	36 455 032	4 015	16 389 366	**110 699 637**
Other loans	22 992	89 004	135 815	281 167	-	-	**528 978**
Other financial liabilities	-	-	-	-	-	386 336	**386 336**
Total financial liabilities	**40 492 837**	**8 777 214**	**8 828 984**	**36 736 199**	**4 015**	**17 233 522**	**112 072 771**
The interest gap re-pricing	**11 481 406**	**24 462 838**	**4 374 658**	**(19 146 474)**	**4 443 666**	**(7 115 191)**	**18 500 903**
As of 31 December 2021							
Total financial assets	**49 484 503**	**18 702 250**	**16 893 955**	**17 123 998**	**3 431 819**	**7 274 607**	**112 911 132**
Total financial liabilities	**33 267 520**	**13 141 834**	**3 271 697**	**33 399 382**	**9 893**	**13 991 248**	**97 081 574**
Interest gap re-pricing	**16 216 983**	**5 560 416**	**13 622 258**	**(16 275 384)**	**3 421 926**	**(6 716 641)**	**15 829 558**

3.C. Liquidity risk

The liquidity risk is the risk based on which the bank is unable to meet its commitments associated with its financial obligations at maturity date and replacing the funds that are withdrawn; and that may result in the failure in meeting obligations related to repayment of the depositor's funds or meeting the borrowing commitments.

- **Liquidity risk management**

  The processes of liquidity risk control carried by the Assets and Liabilities management department in the bank include the following:

  - The daily funding is managed by monitoring and controlling the future cash flows to ensure the ability to fulfill all obligations and requirements. This includes replenishment of funds as they mature or is borrowed by customers. The bank maintains an active presence in the global money markets to ensure achievement of this target.
  - Maintaining a portfolio of highly marketable assets, which can easily be liquidated to meet any unexpected interruption in cash flows.
  - Monitoring liquidity ratios in relation to the internal requirements of the Bank and the Central Bank of Egypt's requirements.
  - Management of concentration and list of the debt maturities.

  For the purpose of monitoring, the reporting takes the form of cash flow measurements and projections for the next day, week, and month respectively, which are the main periods for managing liquidity. The starting point for these projections is represented by the analysis of the contractual maturities of financial liabilities and expected collection dates of financial assets.

  Assets and Liabilities management department controls the unmatched medium-term assets, the level and type of the unutilized portion of loans' commitments, the extent of utilizing overdraft accounts advances and the impact of contingent liabilities such as letters of guarantees and letters of credit.

- **Financing approach**

  Liquidity resources are reviewed by a separate team in the Assets and Liabilities management department of the Bank in order to provide a wide variety of currencies, geographical regions, resources, products, and maturities.

- **Non-derivative cash flows**

  The following table represents the cash flows payable by non-derivative financial liabilities distributed based on the remaining periods from the contractual maturities on the financial position date According to original amount in addition to Interest. The amounts presented in the table represent the undiscounted contractual cash flows while the Bank manages the liquidity risk based on "expected" instead of contractual undiscounted cash flows.

EGP 000

Dec. 31, 2022 Financial liabilities (According to original amount + Interest)	Up to 1 month	1-3 months	More than 3 months -1 year	1-5 years	More than 5 years	Total
Due to banks	457 820	-	-	-	-	**457 820**
Customers' deposits	55 067 915	14 348 609	8 039 368	44 429 520	5 847	**121 891 259**
Other loans	-	322 618	110 622	143 911	-	**577 151**
Other financial liabilities	1 622 982	-	-	-	-	**1 622 982**
Total financial liabilities according to contractual maturity date	**57 148 717**	**14 671 227**	**8 149 990**	**44 573 431**	**5 847**	**124 549 212**
Total financial assets according to contractual maturity date	**43 274 493**	**33 818 878**	**27 641 408**	**34 684 615**	**10 397 288**	**149 816 682**

- The amount reported are including the original amount plus interest.

Dec. 31, 2021 **Financial liabilities (According to original amount + Interest)**	**Up to 1 month**	**1-3 months**	**More than 3 months -1 year**	**1-5 years**	**More than 5 years**	**Total**
Due to banks	468 992	-	-	-	-	**468 992**
Customers' deposits	45 615 798	3 327 938	7 697 101	49 658 958	13 168	**106 312 963**
Other loans	219 050	27 433	67 570	287 474	-	**601 527**
Other financial liabilities	323 270	-	-	-	-	**323 270**
Total financial liabilities according to contractual maturity date	**46 627 110**	**3 355 371**	**7 764 671**	**49 946 432**	**13 168**	**107 706 752**
Total financial assets according to contractual maturity date	**35 651 513**	**22 984 927**	**26 792 940**	**32 597 235**	**9 655 159**	**127 681 774**

The assets available to meet all liabilities and to hedge commitments related to loans include cash and balances with Central Bank, due from banks, treasury bills and other governmental bills and loans and facilities to banks and customers. In the normal course of business, a proportion of customer loans contractually repayable within one year are extended through normal course of business with the Bank. The bank has the ability to meet unexpected net cash flows by selling financial securities as well as raising other funding resources.

- **Off-balance sheet items**

The following is according to Note no. (36.C.)

EGP 000

Dec 31, 2022	**Less than 1 year**	**1-5 years**	**Total**
Commitments of loans and facilities for customers	10 885 813	-	**10 885 813**
Financial guarantees, accepted bills and other financial facilities	16 966 904	-	**16 966 904**
Commitments on operational leasing contracts	6 596	10 646	**17 242**
Capital commitments due to fixed assets' acquisition	72 877	-	**72 877**
Total	**27 932 190**	**10 646**	**27 942 836**

Dec 31, 2021	**Less than 1 year**	**1-5 years**	**Total**
Commitments of loans and facilities for customers	9 768 325	-	**9 768 325**
Financial guarantees, accepted bills and other financial facilities	13 642 394	-	**13 642 394**
Commitments on operational leasing contracts	6 596	17 242	**23 838**
Capital commitments due to fixed assets' acquisition	107 160	-	**107 160**
Total	**23 524 475**	**17 242**	**23 541 717**

3.D. The fair value of financial assets and liabilities

3.D.1. Financial instruments measured at fair value by applying valuation methods

The change in estimated fair value by applying valuation methods has reached EGP 6.37 million in the fiscal year ending as of 31 December 2022.

Financial instruments not measured at fair value

The following table summarizes the present value and the fair value of the financial assets and liabilities, not presented in the bank's statement of financial position at fair value:

EGP 000

	Dec 31, 2022		Dec 31, 2021	
	Book value	**Fair value**	**Book value**	**Fair value**
Financial Assets:				
Due from banks	32 360 064	32 360 064	22 030 286	22 030 286
Loans and facilities to banks	50 038	50 038	-	-
Loans and facilities to customers:				
Current balances	29 827 272	29 827 272	28 716 728	28 716 728
Financial liabilities:				
Due to banks	457 820	457 820	467 647	467 647
Customers' deposits:				
Current balances	27 203 074	27 203 074	21 838 743	21 838 743
Other loans	528 978	528 978	570 617	570 617

- **Due from banks**
  The fair value of the Due from banks is the book value since all Due from banks mature within a year.

- **Loans and facilities to banks**
  Loans and facilities to banks are represented by loans other than deposits with banks. The expected fair value for loans and facilities represents the discounted value of future cash flows expected for collection. Cash flows are discounted by adopting the current market rate to determine the fair value.

- **Loans and facilities to customers**
  Loans and facilities are presented on net basis after discounting the impairment loan loss provision. Loans and facilities to customers are divided to current and non-current balances and the book value of current balances is equal to the fair value but it is difficult to obtain the fair value of non-current balances.

- **Due to banks**
  The fair value of the due to banks is the book value since all due to banks mature within a year.

- **Customers' deposits**
  Customers' deposits are divided to current and non-current balances and the book value of current balances is equal to the fair value while could not obtain the present value of non-current balances.

3.E. Capital Management

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

- Comply with the legal capital requirements in Arab Republic of Egypt and in countries where the bank's branches operate.

- Protect the bank's ability to continue as going concern and enabling it to continue in generating return to shareholders and other parties dealing with the bank.
- Maintain a strong capital base that supports the growth of business.
- Capital adequacy and capital utilizations according to the regulator requirements (the Central Bank of Egypt in Arab Republic of Egypt) are reviewed and monitored by the bank's management through models, which depend on the guidelines developed by the Basel Committee as implemented by the Banking Supervision. Required information is submitted to the Central Bank of Egypt on a quarterly basis.

Central Bank of Egypt requires each bank to do the following:

- Maintaining an amount of EGP 5 billion as a minimum requirement for the issued and paid-up-capital.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank, with an additional 2.5% added to the minimum level of the ratio as prudential pillar.

In accordance with the requirements of Basel II, the numerator of the capital adequacy ratio consists of the following two tiers:

Tier One:

A. Ongoing capital:

Consists of issued and paid-up share capital, legal, statutory, and capital reserve and retained earnings (retained losses) and approved interim earnings excluding the following: -

- Treasury Shares
- Good Will
- Bank investments in financial companies (Banks and Companies) and insurance companies [more than 10% or more of the company's issued capital].
- Increase in all bank investments where each investment individually is less than 10% of the company's issued capital for the value of 10% of ongoing capital after regulatory amendments (capital base before excluding investments in financial companies and insurance companies).

The following elements are treated as follows:

- Fair value reserve of financial investments through other comprehensive income (if negative).
- Foreign currency translation differences reserve (if negative).
- Where the above items are deducted from Basic capital if the balance is negative while it's not considered if it is positive.

B. Additional ongoing capital:

It consists of permanent non-cumulative preferred shares, interim quarterly profit (loss), minority rights and the difference between the nominal value and the current value of supplementary loans (deposits).

Interim profits are recognized only after approval of the auditor and the General Assembly in addition to the approval of CBE; banks are permitted to include the periodical net profits to the capital base after a limited review performed by the external auditors for the financial statements of the bank, interim losses are deducted without conditions.

Tier Two:

Consists of the following: -

- 45% of the increase in fair value above the book value of financial investments (FVOCI fair value reserve if positive, and investments in associates and subsidiaries).
- 45% of the special reserve.
- 45% of positive foreign currency translation differences reserve.
- Hybrid financial instruments.
- Supplementary loans (deposits).
- Impairment loss provision of loans and contingent liabilities (must not exceed 1.25% of the total credit risk of performing assets and contingent liabilities weighted by risk weights, thus, the impairment loss provision should be sufficient to meet the obligations for which the provision is allocated).

Exclusions of 50% of Tier I and 50% Tier II:

- Investments in non-financial companies (each individually) equal to 15% or higher of the base ongoing capital of the bank before the regulatory amendments.
- Total value of bank investments in non-financial companies (each individually) less than 15% of the base ongoing capital before regulatory amendments; these investments must exceed (collectively) 60% of the ongoing base capital of the Bank before the regulatory amendments.
- Securitization of portfolios.
- The share (in general banking risks reserve) of assets reverted to the Bank in settlement of debts.

When calculating the total numerator of capital adequacy, it should be noted that supplementary loans (deposits) must not exceed 50% of Tier I after exclusions.

Assets and contingent liabilities are likely weighted by credit risk weights, market risk and operating risks.

The Bank has met all of the domestic capital requirements over the past two years. The following table summarizes the components of basic and additional capital ratios and capital adequacy according to Basel II requirements at the end of 31 December 2022, and 31 December 2021:

Capital	**Dec.31, 2022 EGP 000**	**Dec.31, 2021 EGP 000**
Tier one (Ongoing basic capital)		
Share capital	5 000 000	800 000
Amounts under capital increase	-	4 200 000
General reserve	-	29 312
Legal reserve	2 500 000	400 000
Other reserves	36	707 346
General Risks' Reserve	35 135	35 135
Retained earnings	3 955 863	3 977 217
Total Accumulated Other Comprehensive income	(198 349)	333 719
Profit for the year	2 816 143	690 777
Total ongoing basic capital	**14 108 828**	**11 173 506**
Tier two (Supplementary basic capital)		
Equivalent to general risks provisions	661 884	589 679
Total supplementary basic capital	**661 884**	**589 679**
Total capital	**14 770 712**	**11 763 185**
Risk weighted assets and contingent liabilities:		
Credit Risk	52 950 739	47 174 344
Market Risk	25 757	66 825
Operational Risk	6 023 550	10 488 685
Total risk weighted assets and contingent liabilities	**59 000 046**	**57 729 854**
Capital adequacy ratio (%) (*)	**25.04%**	**20.38%**

(*) The capital adequacy ratio will be subject to be modified if we consider the base years of the operational risk pillar to the years 2022,2021,2020.

3.E.1. Financial leverage ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on July 7, 2015 special supervisory instructions related to leverage ratio. The Bank needs to maintain a minimum level of leverage ratio of 3% to be reported on a quarterly basis.

Financial leverage ratio reflects the relationship between tier I for capital that are used in capital adequacy ratio (after Exclusions) and the bank's assets (on and off-balance sheet items) not risk weighted.

Ratio Components

The numerator components

The numerator consists of tier I for capital that are used in capital adequacy ratio (after Exclusions) in accordance with the requirements of the Central Bank of Egypt (CBE)

The denominator components

The denominator consists of all Bank's assets (on and off-balance sheet items) according to the financial statements, called "Bank exposures" including the following totals:

1- On balance sheet exposure items after deducting Tier I Exclusions for capital base.
2- Derivatives contracts exposure.
3- Financing Financial securities operations exposures.
4- off-balance sheet exposures "weighted exchange transactions".

The Financial leverage ratio as of 31 December 2022 and 31 December 2021 is summarized in the following table:

	Dec. 31, 2022 EGP 000	Dec. 31, 2021 EGP 000
First: Tier I capital after exclusions	14 108 828	11 173 506
Total on-balance sheet exposures items (1)	**133 067 720**	**115 033 175**
Total contingent liabilities	9 505 856	7 044 170
Total commitments	2 480 753	2 352 444
Total exposures off-balance sheet (2)	**11 986 609**	**9 396 614**
Total exposures on and off-balance sheet (1+2)	**145 054 329**	**124 429 789**
Financial leverage ratio	**9.73%**	**8.98%**

4. The significant accounting estimates and assumptions

The Bank applies estimates and assumptions, which affect the amounts of assets and liabilities disclosed in the next fiscal year. The estimates and assumptions are continuously assessed based on historical experience and other factors as well, including expectations of future events, which are considered reasonable in light of the available information and surrounding circumstances.

4.A. Impairment loss on loans and facilities (Expected Credit Losses)

The Bank reviews its portfolio of loans and facilities to assess the impairment on a quarterly basis at least. The Bank determines at its own discretion whether the impairment charges should be recorded in the income statement, in order to know if there is any reliable data referring to the existence of a measurable decline in the expected future cash flows of the loan portfolio, before identifying the decline of the level of each loan in the portfolio. Such evidence may include observable data referring to a negative change in the ability of a borrower to repay the Bank, or to local or economic circumstances related to default in the bank's assets.

To predict the future cash flows, the management use estimates based on prior loss experience for assets with same credit risk characteristics, in the presence of objective evidence, which refers to impairment similar to those included in the portfolio. The method and assumptions used in estimating both the amount and timing of future cash flows are reviewed on a regular basis to minimize any differences between estimated and actual losses based on experience. If the net present value of estimated cash flows differs by +/-5%, then the estimated impairment loss provision will increase or decrease by EGP 85 142 thousand of the formed provisions.

4.B. Fair value of derivatives

Fair values of derivative financial instruments not listed in active markets are determined by using valuation methods. When these methods are used to determine the fair value, they are tested and reviewed periodically by qualified personnel who are independent of the body that prepared them. All such models have been approved before being used and after being tested to ensure that their results reflect actual data and prices that can be compared with the market to the extent that is deemed practical. Reliable data is only used in these models; however, areas such as credit risk related to the banks and counterparties, volatility or correlations require the management to use estimates. Changes in assumptions surrounding these factors may affect the fair value of the disclosed financial instruments.

4.C. Income tax

The Bank records the liabilities of the expected results of tax examination according to the estimates of the probability of the emergence of additional tax. When there is a discrepancy between the result of the Tax Authority and the amounts previously recorded, then these discrepancies will affect the income tax and deferred tax provision for the year, in which the discrepancy has been identified.

5. Segment analysis

5.A. Business segment analysis

A business segment includes operational processes, as well as assets used in providing banking services and management of related risk and return that are different from those of other segments. The Bank uses the following Business Segments:

Corporate

This segment includes the activities of current accounts, deposits, overdraft accounts, loans, credit facilities and financial derivatives of large domestic, multinational, and mid-Corp enterprises.

Medium and Small Enterprises

This segment includes the activities of current accounts, deposits, overdraft accounts, loans, credit facilities and financial derivatives of medium and small businesses.

Investments

This segment includes the activities of Bank's mergers, the purchase of investments, the financing of company restructuring and financial instruments.

Retail

This segment includes the activities of current and savings accounts, deposits, credit cards, personal loans, and mortgage loans of private individuals.

Other activities

This segment includes other types of banking business activities such as treasury management.

Transactions between the segmental activities are made in accordance with the bank's ordinary course of business and include operational assets and liabilities as presented in the Bank statement of financial position.

Dec 31, 2022	Corporate	Medium and small enterprises	Investment	Retail	Other activities	Total
Income and expenses according to segmental business activity						
Business activity income	3 147 553	1 841 598	34 527	11 824 032	(1 709 164)	**15 138 546**
Business activity expenses	(2 493 745)	(1 309 553)	(26 560)	(9 432 994)	3 831 044	**(9 431 808)**
Results of activity business	653 808	532 045	7 967	2 391 038	2 121 880	**5 706 738**
Unclassified expenses	-	-	-	-	(1 581 686)	**(1 581 686)**
Profit before income tax of the year	653 808	532 045	7 967	2 391 038	540 194	**4 125 052**
Income tax	(202 191)	(164 536)	(2 464)	(739 434)	(167 056)	**(1 275 681)**
Profit for the year	**451 617**	**367 509**	**5 503**	**1 651 604**	**373 138**	**2 849 371**
Assets and liabilities according						
To segmental business activity as at Dec. 31, 2022						
Business activity Assets	20 148 126	8 140 360	159 117	27 549 545	77 060 735	**133 057 883**
Business activity liabilities	15 359 185	9 546 179	-	84 726 917	23 425 602	**133 057 883**
Other items of business segment						
Depreciations	-	-	-	-	(230 745)	**(230 745)**
	-	-	-	-	(882 811)	**(882 811)**

Impairment for other provisions on income statement

Dec 31, 2021	**Corporate**	**Medium and small enterprises**	**Investment**	**Retail**	**Other activities**	**Total**
Income and expenses according to segmental business activity						
Business activity income	1 902 532	1 558 685	49 315	9 497 765	(611 300)	**12 396 997**
Business activity expenses	(1 266 721)	(1 049 611)	(60 854)	(7 845 936)	3 183 372	**(7 039 750)**
Results of activity business	635 811	509 074	(11 539)	1 651 829	2 572 072	**5 357 247**
Unclassified expenses	-	-	-	-	(1 369 052)	**(1 369 052)**
Profit before income tax of the year	635 811	509 074	(11 539)	1 651 829	1 203 020	**3 988 195**
Income tax	(197 392)	(158 046)	3 582	(512 823)	(373 486)	**(1 238 165)**
Profit for the year	**438 419**	**351 028**	**(7 957)**	**1 139 006**	**829 534**	**2 750 030**
Assets and liabilities according to segment business activity as at Dec31, 2021						
Business activity Assets	17 816 774	8 509 874	485 956	25 086 796	63 000 115	114 899 515
Business activity liabilities	8 516 669	7 592 102	-	79 157 268	19 633 476	114 899 515
Other items of business segment						
Depreciations	-	-	-	-	(227 724)	**(227 724)**
Impairment for other provisions on income statement	-	-	-	-	(371 449)	**(371 449)**

5.B. Geographical Segment Analysis

EGP 000

Dec. 31, 2022	**Cairo**	**Alex., Delta and Sinai**	**Upper Egypt**	**Total**
Income and expenses according to geographical segment analysis				
Geographical segment Income	11 026 303	2 715 462	1 396 782	**15 138 547**
Geographical segment expense	(6 395 322)	(3 042 594)	(1 575 579)	**(11 013 495)**
Profit before income tax of the year	4 630 981	(327 132)	(178 797)	**4 125 052**
Income tax	(1 432 140)	101 166	55 293	**(1 275 681)**
Profit for the year	**3 198 841**	**(225 966)**	**(123 504)**	**2 849 371**
Assets and liabilities according to geographical segment as at Dec. 31, 2022				
Geographical segment assets	104 787 566	19 205 420	9 064 897	**133 057 883**
Geographical segment liabilities	66 531 570	44 206 099	22 320 214	**133 057 883**
Other items of geographical segment				
Depreciations	(230 745)	-	-	**(230 745)**
Impairment and other provisions on income statement	(882 811)	-	-	**(882 811)**

Dec. 31, 2021 **Income and expenses according to geographical segment analysis**	**Cairo**	**Alex., Delta and Sinai**	**Upper Egypt**	**Total**
Geographical segment Income	8 858 824	2 325 698	1 212 475	**12 396 997**
Geographical segment expense	(4 694 593)	(2 452 175)	(1 262 034)	**(8 408 802)**
Profit before income tax of the year	4 164 231	(126 477)	(49 559)	**3 988 195**
Income tax	(1 292 817)	39 266	15 386	**(1 238 165)**
Profit for the year	**2 871 414**	**(87 211)**	**(34 173)**	**2 750 030**
Assets and liabilities according to geographical segment as at Dec. 31, 2021				
Geographical segment assets	88 251 758	18 144 449	8 503 308	**114 899 515**
Geographical segment liabilities	53 431 366	39 927 630	21 540 519	**114 899 515**
Other items of geographical segment				
Depreciations	(227 724)	-	-	**(227 724)**
Impairment and other provisions on income statement	(371 449)	-	-	**(371 449)**

6. Net interest income

	For the year ended 31/12/2022 EGP 000	**For the year ended 31/12/2021 EGP 000**
Interest income on loans and similar income:		
Loans and advances to:		
- Customers	6 632 364	5 140 497
	6 632 364	**5 140 497**
- Treasury bills and bonds	4 444 294	4 271 708
- Current accounts and term deposits	2 363 761	1 449 741
	13 440 419	**10 861 946**
Interest expense on deposits and similar expenses:		
Current accounts and deposits to:		
- Banks	(9 669)	(13 906)
- Customers	(6 155 087)	(4 627 260)
	(6 164 756)	**(4 641 166)**
Other loans	(23 445)	(22 398)
	(6 188 201)	**(4 663 564)**
Net	**7 252 218**	**6 198 382**

7. Net fee and commission income

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
Fee and commission income:		
- Fee and commission related to credit	623 695	539 363
- Financing services fee (corporate)	-	2
- Trust and custody fees	3 703	4 063
- Other fees	815 432	680 849
	1 442 830	**1 224 277**
Fee and commission expense		
- Other paid fees	(607 199)	(474 279)
	(607 199)	**(474 279)**
Net	**835 631**	**749 998**

8. Dividend's income

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
Dividends income from:		
- Investments at fair value through other comprehensive income	16 033	25 462
- Investments at fair value through profit and loss	-	36
Total	**16 033**	**25 498**

9. Net income from financial instruments classified at fair value through profit and loss

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
Net income from:		
- Equity instruments	3 879	1 321
Total	**3 879**	**1 321**

10. Net trading income

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
Foreign currency transactions:		
- Profit from foreign exchange trading	68 105	113 584
- (Loss) from currency exchange	(338)	(2 714)
Total	**67 767**	**110 870**

11. Administrative expenses

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
Employees' cost:		
- Salaries and wages	(1 218 477)	(1 102 609)
- Social insurance	(88 369)	(71 329)
Pension cost:		
- Defined-benefit plans (Note no.31)	(291 876)	(271 058)
	(1 598 722)	**(1 444 996)**
Other administrative expenses	(1 581 686)	(1 334 098)
Total	**(3 180 408)**	**(2 779 094)**

12. Other operating revenues / (expenses)

	For the year ended 31/12/2022 EGP 000		For the year ended 31/12/2021 EGP 000	
	Aggregate	Amount	Aggregate	Amount
Revaluation losses of monetary assets and liabilities balances in foreign currencies as follows:				
- Revaluation Provision for loan Credit / (Debit)	(295 617)		2 042	
- Revaluation Provision for contingent liabilities	(21 742)		740	
- Revaluation Provision for Other provisions, government bonds-bills and banks (Debit) / Credit	(11 834)		640	
- Revaluation of assets and liabilities balances in foreign currencies with monetary nature other than held for trading or classified at inception at fair value through profit and loss (Debit) / Credit	463 826		100 176	
- Revaluation Gains of assets and liabilities balances in foreign currencies with monetary nature other than held for trading or classified at inception at fair value through profit and loss.		**134 633**		**103 598**
- Gains from the disposal of the assets reverted to the Bank		-		9 445
- Gains from sale of property and equipment		3 394		1
- Rents		(135 229)		(117 903)
- Operating and finance lease		(18 731)		(2 388)
- (Charges) of impairment on other assets		(859)		(119)
- Recovery / (Charges) of impairment on other provisions (Note 30)		29 473		(27 838)
- Others		26 020		41 543
Total		**38 701**		**6 339**

13. Impairment (Charge) / Recovery for Credit losses

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
- (Charge) / Recovery of impairment Loans and advances to customers (Note no. 18)	(914 435)	(345 104)
- Recovery of impairment of due from banks balances	1 674	1 495
- Recovery of impairment of treasury bills and bonds	477	-
Total	**(912 284)**	**(343 609)**

14. Income tax expenses

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
- Current taxes	(1 279 147)	(1 252 488)
- Deferred income taxes (Note no. 30)	3 466	14 323
Total	**(1 275 681)**	**(1 238 165)**

The following table presents the effective tax rate on the Bank profits and the differences with the statutory tax rate:

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
Accounting profit before tax	**4 125 052**	**3 988 195**
Tax at rate 22.5%	928 137	897 344
Add / deduct:		
Un-deductible Expenses	319 556	335 217
Tax exemptions	(5 924)	(6 372)
Tax impact of provisions	42 087	21 600
Dividend's payout	1 603	2 546
Previous year's tax adjustments	(8 285)	-
Other Taxes	1 973	2 153
Tax from income statement	**1 279 147**	**1 252 488**
Effective Tax Rate	**31.01%**	**31.40%**

Tax Position

Bank Tax Policy

A. Corporate Income Tax:

- Financial year 2017: Inspection is concluded with no remarks; for FY2018 to FY2020 inspection is in progress.
- Financial years 2021 to 2022: Tax declaration presented to the Tax Authority after tax due paid within the legal due dates. The Bank also paid medical health contribution.

B. Stamp Tax Duty

- Period from 1/8/2006 to 31/12/2019: Inspection is concluded with no remarks.
- From FY 2020 to FY 2022: Stamp duty tax due was paid to Egyptian Tax Authority in due dates.

C. Real estate tax

Regarding to the Real estate tax law no.196 of year 2008 that was amended by law no. 117 of 2014 Bank of Alexandria paid real estate tax claims in due dates on owned premises, owned premises under appeal and rented premises on which real estate tax is borne by Bank of Alexandria as per rental agreements until 31/12/2022.

D. Payroll Tax

- Financial years until 2019: Tax inspection was concluded. The Bank received the final inspection forms and currently the Bank is waiting for the final form (9).

15. Basic earnings per share

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
Net profit for the year	2 849 371	2 750 030
Banking System Support and Development Fund share	(31 642)	(23 820)
Employees’ profit share	(316 421)	(238 198)
Shareholders’ share in the yearly net profit (1)	**2 501 308**	**2 488 012**
The weighted average of the ordinary issued shares (2)* “shares in thousands”	**2 500 000**	**2 500 000**
Basic earnings per share (in EGP) (1:2)	**1.00**	**0.99**

*The comparative figures are amended to conform with the Egyptian Accounting standard no. (22), as this increase is a non-cash increase related to the transfer from the bank's reserve.

16. Cash and balances at Central Bank of Egypt

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
Cash	1 899 155	2 046 095
Balances at Central bank within the mandatory reserve ratio*	6 517 983	4 144 699
	8 417 138	**6 190 794**
Non-interest-bearing balances	8 417 138	6 190 794

* This amount refers to money deposited with the Central Bank of Egypt in the context of the rule of the 18% mandatory reserve, which is non - interest bearing.

17. Due from Banks

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
Current accounts	386 073	354 303
Deposits	31 999 479	21 693 082
Less: Allowance for impairment loss provision	(25 488)	(17 099)
Total	**32 360 064**	**22 030 286**
Central banks other than the obligatory reserve ratio *	26 333 072	18 213 901
Local banks	1 237 520	1 031 117
Foreign banks	4 814 960	2 802 367
Less: Allowance for impairment loss provision **	(25 488)	(17 099)
Total	**32 360 064**	**22 030 286**
Non-interest-bearing balances	48 797	69 518
Fixed interest rate balances	7 485 267	4 710 768
Variable interest rate balances	24 826 000	17 250 000
Total	**32 360 064**	**22 030 286**
Current balances	30 857 768	21 068 047
Non-current balances	1 502 296	962 239
Total	**32 360 064**	**22 030 286**

* Including the amount of EGP 1 502 296 thousand (10% of the customers' deposits), that the Bank has to maintain, as per the instructions of the Central Bank of Egypt, 10% in foreign currencies as interest bearing reserve with the CBE.

Impairment provision of due from banks balances:

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
Beginning balance for the year	17 099	18 611
Recovery of impairment of provision during the year (Note no. 13)	(1 674)	(1 494)
Foreign currencies revaluation differences	10 063	(18)
Closing Balance	**25 488**	**17 099**

18. Loans and advances to customers and banks

A- Loans and advances to customers	**For the year ended 31/12/2022 EGP 000**	**For the year ended 31/12/2021 EGP 000**
Retail		
- Debit current accounts	446 602	213 126
- Credit cards	423 955	343 690
- Personal loans	27 535 937	25 375 025
- Mortgage loans	3 662	8 923
Total (1)	**28 410 156**	**25 940 764**
Corporate including small loans for economic activities		
- Debit current accounts	11 156 784	8 705 116
- Direct loans	18 687 584	17 819 440
- Syndicated loans	1 354 742	1 730 676
- Other loans	-	4 252
Total (2)	**31 199 110**	**28 259 484**
Total loans and facilities to customers (1+2)	**59 609 266**	**54 200 248**
Less:		
Impairment loss provision	(3 520 343)	(2 571 391)
Unearned discount	(19 404)	(9 662)
Interest under settlement from customer loans	(279 262)	(203 343)
Suspended interest	(2 290)	(2 408)
Net	**55 787 967**	**51 413 444**
Distributed to:		
- Current balances	29 827 272	28 716 728
- Non-current balances	25 960 695	22 696 716
	55 787 967	**51 413 444**

B- Loans to banks

- Loans to banks	50 038	-
	50 038	**-**

Impairment loss provision

An analysis of the movement in the impairment loss provision for loans and advances to customers according to types:

31/12/2022	Overdraft accounts EGP 000	Credit Cards EGP 000	Retail Personal Loans EGP 000	Mortgage loans EGP 000	Total EGP 000
Balance at the beginning of the year	**46 916**	**11 327**	**402 265**	**5 720**	**466 228**
Impairment (Recovery)/charge during the year	308 870	8 094	(110 341)	(4 611)	202 012
Amounts written-off during the year	(136 090)	(18 425)	(234)	-	(154 749)
Amounts recovered during the year *	-	7 262	17 374	-	24 636
Differences in revaluation of foreign currencies	52	-	-	-	52
Balance at the year end	**219 748**	**8 258**	**309 064**	**1 109**	**538 179**

	Overdraft accounts EGP 000	Direct Loans EGP 000	Corporate Syndicated Loans EGP 000	Other Loans EGP 000	Total EGP 000
Balance at the beginning of the year	**1 099 103**	**788 624**	**217 014**	**422**	**2 105 163**
Impairment (Recovery)/charge during the year	752 226	39 138	(78 516)	(424)	712 424
Amounts written-off during year	(153 032)	-	-	-	(153 032)
Amounts recovered during the year *	22 044	-	-	-	22 044
Differences in revaluation of foreign currencies	154 262	40 773	100 528	2	295 565
Balance at the year end	**1 874 603**	868 535	239 026	-	2 982 164
Total provision					**3 520 343**

31/12/2021	Overdraft accounts EGP 000	Credit Cards EGP 000	Retail Personal Loans EGP 000	Mortgage loans EGP 000	Total EGP 000
Balance at the beginning of the year	**75 504**	**12 971**	**285 089**	**2 400**	**375 964**
Impairment charge during the year	81 864	9 443	105 585	3 320	**200 212**
Amounts written-off during the year	(110 452)	(13 549)	(699)	-	**(124 700)**
Amounts recovered during the year *	-	2 462	12 290	-	**14 752**
Balance at the year end	**46 916**	**11 327**	**402 265**	**5 720**	**466 228**

	Overdraft accounts EGP 000	Direct Loans EGP 000	Corporate Syndicated Loans EGP 000	Other Loans EGP 000	Total EGP 000
Balance at the beginning of the year	**1 023 596**	**739 583**	**282 698**	**719**	**2 046 596**
Impairment charge / (recovery) during the year	160 315	50 055	(65 183)	(296)	**144 891**
Amounts written-off during year	(145 868)	-	-	-	**(145 868)**
Amounts recovered during the year *	61 585	-	-	-	**61 585**
Differences in revaluation of foreign currencies	(525)	(1 014)	(501)	(1)	**(2 041)**
Balance at the year end	**1 099 103**	**788 624**	**217 014**	**422**	**2 105 163**
Total provision					**2 571 391**

* From amounts that have been previously written off.

19. Financial assets classified at fair value through profit and loss

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
Equity instruments at fair value:		
- Listed in the market	9 472	2 363
Total Equity instrument at fair value	**9 472**	**2 363**
Total Financial assets classified at fair value through profit and loss	**9 472**	**2 363**

The value represents 171 199 shares of ISP equity shares owned by the bank with the dividends to be credited to the Bank account. The shares are held to meet the obligation towards the expatriates who are beneficiary of these shares under the Parent Company's Remuneration System for Top Management.

20. Financial investments

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
Financial assets classified at Fair Value through Other Comprehensive Income		
a) Debt instruments:		
- Listed in the market (Governmental debt instruments)	6 951 212	7 245 657
- Not listed in the market (Treasury bills and other governmental notes)	22 759 848	24 649 518
b) Equity instruments:		
- Not listed in the market	82 272	361 405
Total financial assets classified at Fair Value through Other Comprehensive Income (1)	**29 793 332**	**32 256 580**
Financial assets classified at Fair Value through profit and loss		
a) Debt instruments:		
- Not listed in the market	11 801	60 590
Financial assets classified at Fair Value through profit and loss (2)	**11 801**	**60 590**
Financial assets classified at Amortized cost:		
a) Debt instruments:		
- Listed in the market (Governmental debt instruments)	2 520 880	-
Financial assets classified at Amortized cost (3)	**2 520 880**	**-**
Total of Financial investments (1+2+3)	**32 326 013**	**32 317 170**
Current balances	29 711 060	31 895 175
Non-current balances	2 614 953	421 995
	32 326 013	**32 317 170**
Debt instruments with fixed interest rate	32 231 940	31 895 175
Debt instruments with variable interest rate	11 801	60 590
	32 243 741	**31 955 765**

Treasury bills and other governmental notes at FVOCI

	31/12/2022 EGP 000	31/12/2021 EGP 000
Treasury bills due 273 days	-	12 597 850
Treasury bills due 364 days	23 629 404	12 943 191
Unearned interest	(799 725)	(891 523)
Fair value Revaluation impact	(69 831)	-
Total	**22 759 848**	**24 649 518**

	Financial Assets at FVOCI	Financial Assets at FVTPL	Financial Assets at amortized cost	Total
	EGP 000	EGP 000	EGP 000	EGP 000
Balance as of January 1, 2022	**32 256 580**	**60 590**	**-**	**32 317 170**
Additions	59 047 825	-	4 469 881	**63 517 706**
Disposals (sale/redemption)	(60 493 999)	(49 982)	(1 940 002)	**(62 483 983)**
Translation differences resulting from monetary foreign currencies Assets	100 196	-	-	**100 196**
(Loss) from changes in fair value reserve (Note no.33.c)	(369 047)	-	-	**(369 047)**
Fair Value Through profit and Loss	-	1 193	-	**1 193**
Amortized cost	(5 649)	-	-	**(5 649)**
Amortization of premium / Discount	91 801	-	(8 999)	**82 802**
Sale of Equity instruments	(834 375)	-	-	**(834 375)**
Balance as of December. 31, 2022	**29 793 332**	**11 801**	**2 520 880**	**32 326 013**

	Financial Assets at FVOCI	Financial Assets at FVTPL	Financial Assets at amortized cost	Total
Balance as of January 1, 2021	**33 097 877**	**55 949**	**-**	**33 153 826**
Additions	64 661 047	-	-	**64 661 047**
Disposals (sale/redemption)	(65 178 792)	(908)	-	**(65 179 700)**
Translation differences resulting from monetary foreign currencies Assets	(166)	-	-	**(166)**
(Loss) from changes in fair value reserve	(336 941)	-	-	**(336 941)**
Fair Value Through profit and Loss	-	5 549	-	**5 549**
Amortized cost	14 532	-	-	**14 532**
Sale of Equity instruments	(810)	-	-	**(810)**
Amortization of discount	(169)	-	-	**(169)**
Differences of valuation of ECL provisions in foreign currencies	2	-	-	**2**
Balance as of December 31, 2021	**32 256 580**	**60 590**	**-**	**32 317 170**

20.A. Gain / (Loss) on financial investments

	For the year ended 31/12/2022 EGP 000	For the year ended 31/12/2021 EGP 000
Gain on financial investments		
Gain on selling financial assets classified at Fair Value through Profit and loss	30	130
Gain on selling financial assets - Governmental Bills	7 974	9 015
Impairment Charge on investments in associate companies	(7 500)	-
Total	**504**	**9 145**

21. Investments in associates

The Bank investments in associates are as follows:

31/12/2022	Total shareholders' equity EGP 000	Bank's share percentage	Bank's share in shareholders' equity EGP 000
Misr International Towers Co.	203 030	27.86%	56 556
Misr Alexandria Mutual Fund Company for Financial Investments*	37 695	25.00%	-
	240 725		**56 556**

31/12/2021	Total shareholders' equity EGP 000	Bank's Share Percentage	Bank's share in shareholders' equity EGP 000
Misr International Towers Co.	190 904	27.86%	53 179
Misr Alexandria Mutual Fund Company for Financial Investments	36 239	25.00%	9 059
	227 143		**62 238**

(*) The Extraordinary General Assembly for Misr Alexandria Mutual Fund for Financial Investment Company agreed on October 12, 2020 to make a decision to liquidate the company on December 31, 2020, and to indicate that the company is under liquidation in the commercial registry and to appoint a legal liquidator, provided that the term of liquidation shall be a maximum of one year. Authorizing the Board of Directors to take the necessary procedures to finalize the liquidation process with the Financial Regulatory Authority and other entities, the General Assembly also agreed on 26 June 2022 to extend the liquidation to 30 June 2023 until the liquidation procedures are completed.
We conducted an impairment of the bank's share in the company, as there was objective evidence of impairment losses in the value of the investment, and the situation will be followed up in relation to the date of extending the liquidation to 30 June 2023.

The financial data of associates are as follows:

31/12/2022	Country of the Company's Head Office	Balance Sheet date	Company's Assets	**Company's Liabilities (without shareholders' equity)	Company's Revenues	**Profits of the company	Share Percentage
			EGP 000	EGP 000	EGP 000	EGP 000	%
Misr International Towers Co.	Egypt	30/09/2022	414 444	211 414	33 737	10 871	27.86%
Misr Alex Fund Co. For Fin. Inv.	Egypt	31/12/2021	47 040	9 345	2 429	1 457	25.00%
			461 484	**220 759**	**36 166**	**12 328**	

31/12/2021	Country of the Company's Head Office	Balance Sheet date	Company's Assets	**Company's Liabilities (without shareholders' equity)	Company's Revenues	**Profits (losses) of the company	Share Percentage
			EGP 000	EGP 000	EGP 000	EGP 000	%
Misr International Towers Co.	Egypt	30/09/2021	372 084	181 180	8 157	(8 844)	27.86%
Misr Alex Fund Co. For Fin. Inv.	Egypt	31/12/2020	45 107	8 868	6 211	(10 639)	25.00%
			417 191	**190 048**	**14 368**	**(19 483)**	

** It includes the effect of the decision of dividend payout (The Board members' and the employees' share).

22. Intangible assets

31/12/2022	Computer software programs	Benefits of rental contracts	Total
	EGP 000	EGP 000	EGP 000
Cost at the beginning of the year	**770 402**	**-**	**770 402**
Additions	329 146		329 146
Total cost	**1 099 548**	**-**	**1 099 548**
Amortization at the beginning of the year	(601 531)	-	(601 531)
Amortization for the year	(99 457)	-	(99 457)
Accumulated amortization	**(700 988)**	**-**	**(700 988)**
Net book value at the year end	**398 560**	**-**	**398 560**

31/12/2021	**Computer Software Programs**	**Benefits of rental contracts**	**Total**
	EGP 000	**EGP 000**	**EGP 000**
Cost at the beginning of the year	**646 105**	**655**	**646 760**
Additions	124 297	-	124 297
Disposals	-	(655)	(655)
Total cost	**770 402**	**-**	**770 402**
Amortization at the beginning of the year	(498 542)	(642)	(499 184)
Amortization for the year	(102 989)	(13)	(103 002)
Disposals' accumulated amortization	-	655	655
Accumulated amortization	**(601 531)**	**-**	**(601 531)**
Net book value at the year end	**168 871**	**-**	**168 871**

23. Other assets

	31/12/2022	**31/12/2021**
	EGP 000	**EGP 000**
Accrued revenues	1 458 620	846 300
Prepaid expenses	131 380	167 082
Payments under purchase of fixed assets	331 916	187 946
Assets reverted to the Bank in settlement of debts (after deducting impairment)	31 299	31 340
Insurance and custodies	7 335	7 548
Others	734 742	647 689
Total	**2 695 292**	**1 887 905**
Less: Provisions for doubtful receivables	(69 192)	(121 330)
Closing balance	**2 626 100**	**1 766 575**

24. Fixed assets

	Land and Buildings EGP 000	Improvements on leased assets EGP 000	Machinery and Equipment EGP 000	Others EGP 000	Total EGP 000
Balance as at 1/1/2021					
Cost	431 457	97 534	314 519	677 945	**1 521 455**
Accumulated depreciation	(179 448)	(71 335)	(134 549)	(482 313)	**(867 645)**
Net book value at 1/1/2021	**252 009**	**26 199**	**179 970**	**195 632**	**653 810**
Additions	26 186	20 988	55 222	50 879	**153 275**
Disposals	(137)	(1 854)	-	(18)	**(2 009)**
Depreciation for the year	(18 389)	(12 529)	(29 733)	(64 071)	**(124 722)**
Disposals' accumulated depreciation	129	1 854	-	8	**1 991**
Net Book value as at 31/12/2021	**259 798**	**34 658**	**205 459**	**182 430**	**682 345**
Balance as at 1/1/2022					
Cost	457 506	116 668	369 741	728 806	**1 672 721**
Accumulated depreciation	(197 708)	(82 010)	(164 282)	(546 376)	**(990 376)**
Net book value at 1/1/2022	**259 798**	**34 658**	**205 459**	**182 430**	**682 345**
Additions	13 676	20 329	26 428	95 416	**155 849**
Disposals	-	-	(9 615)	(15 712)	**(25 327)**
Depreciation for the year	(18 847)	(15 211)	(32 013)	(65 217)	**(131 288)**
Disposals' accumulated depreciation	-	-	9 517	15 694	**25 211**
Net Book value as at 31/12/2022	**254 627**	**39 776**	**199 776**	**212 611**	**706 790**
Balance as at 31/12/2022					
Cost	471 182	136 997	386 554	808 510	**1 803 243**
Accumulated depreciation	(216 555)	(97 221)	(186 778)	(595 899)	**(1 096 453)**
Net book value	**254 627**	**39 776**	**199 776**	**212 611**	**706 790**

25. Due to banks

	31/12/2022 EGP 000	31/12/2021 EGP 000
Current accounts	457 820	467 647
Deposits	-	-
Total	**457 820**	**467 647**
Local banks	13 873	11 009
Foreign banks	443 947	456 638
Total	**457 820**	**467 647**
Non-interest-bearing balances	457 820	442 194
Fixed interest rate balances	-	25 453
Total	**457 820**	**467 647**

26. Customers' deposits

	31/12/2022 EGP 000	31/12/2021 EGP 000
Demand deposits	34 400 857	25 402 054
Term and notice deposits	7 275 862	5 340 789
Certificates of deposits and savings	51 682 663	47 486 362
Savings deposits	16 458 622	16 970 689
Other deposits	881 633	520 146
Total	**110 699 637**	**95 720 040**
Corporate deposits	25 509 804	16 238 876
Retail deposits	85 189 833	79 481 164
Total	**110 699 637**	**95 720 040**
Non-interest-bearing balances	16 389 366	13 225 784
Variable interest rate balances	73 971 600	67 925 324
Fixed interest rate balances	20 338 671	14 568 932
Total	**110 699 637**	**95 720 040**
Current balances	27 203 074	21 838 743
Non-current balances	83 496 563	73 881 297
Total	**110 699 637**	**95 720 040**

Customers' deposits include deposits amounted to EGP 1 694 482 thousand as of 31 December 2022 versus EGP 1 026 924 thousand as of 31 December 2021 which represent collateral of customer loans, letters of credit, and letters of guarantee.

27. Other loans

	Interest Rate %	31/12/2022 EGP 000	31/12/2021 EGP 000
Loan within the framework of the Agricultural Sector Development Program	3.5% and 5.0%	4 263	10 477
Long-term loans from CBE	3%	100 992	156 098
Sanad Loan Fund for MSME	Libor 6 month+2.85%	89 986	85 732
Green Loan for Growth Fund-Tranche one amounted to USD 15 million	Libor 6 month+2.95 %	174 672	138 683
Green Loan for Growth Fund-Tranche two amounted to USD 5 million	Libor 6 month+2.95%	-	11 234
European Bank Loan for Reconstruction and Development-Tranche amounted USD 15 million	Libor 6 month+3.25%	159 065	168 393
Total long-term loans		**528 978**	**570 617**
Current balances		247 811	196 218
Non-current balances		281 167	374 399
Total		**528 978**	**570 617**

- The bank has fulfilled all of its loan obligations in terms of principal, interest or any other terms and conditions during the current year and the comparative year.

28. Other liabilities

	31/12/2022 EGP 000	31/12/2021 EGP 000
Accrued interest	386 336	323 270
Prepaid revenues (*)	438 795	333 312
Accrued expenses	653 812	528 591
Creditors	255 125	184 042
Dividends' payable	1 029 017	-
Remittances of Egyptian workers in Iraq – due to customers	57 993	58 021
Other credit balances	801 317	565 612
	3 622 395	**1 992 848**

(*) Including an amount of EGP 866 thousand in December 2022, representing the value of governmental grants related to the Central Bank of Egypt's initiative for electronic payment (points of sale).

29. Other provisions

	31/12/2022 EGP 000	31/12/2021 EGP 000
Balance at the beginning of the year	420 479	401 980
Differences in valuation of foreign currencies	21 752	(1 360)
(Recovery) / Charge to income statement - (Note 12)	(29 473)	27 839
Used amounts during the year	(7 119)	(13 274)
Recovery /Transfers to doubtful amounts provisions (other assets)	52 136	5 294
Balance at the end of the year	**457 775**	**420 479**

Other provisions include an amount of EGP 186 995 thousand on 31 December 2022 to meet contingent liabilities and contractual commitments that amount to EGP 16 966 904 thousand, versus EGP 140 996 thousand as of 31 December 2021 to meet contingent liabilities and contractual commitments that amount to EGP 13 642 393 thousand; it also includes an amount of EGP 38 044 thousand to meet loans commitments of EGP 10 885 813 thousand as of 31 December 2022.

30. Deferred tax

The deferred income tax has been calculated in full on the deferred tax differences according to the liabilities method by applying the actual tax rate of 22.5% for the current financial year.

Following are the balances and the movement in deferred tax assets and liabilities:

30.A. Recognized deferred tax

	Deferred tax assets		Deferred tax liabilities	
	31/12/2022 EGP 000	31/12/2021 EGP 000	31/12/2022 EGP 000	31/12/2021 EGP 000
Fixed assets (depreciation)	-	-	(91 286)	(55 944)
Fair value differences	-	-	(14 800)	(65 090)
Other provisions	93 378	87 904	-	-
Retirement benefits plan and pilgrimage vacation	331 893	298 559	-	-
Total deferred tax assets (liabilities)	**425 271**	**386 463**	**(106 086)**	**(121 034)**
Net balance of DTA	**319 185**	**265 429**		

30.B. Movement of deferred tax

	Deferred tax assets		Deferred tax liabilities	
	31/12/2022	**31/12/2021**	**31/12/2022**	**31/12/2021**
	EGP 000	**EGP 000**	**EGP 000**	**EGP 000**
Balance at the Beginning of the year	386 463	370 932	(121 034)	(173 239)
Additions through profit and loss	38 808	28 700	-	-
Additions through equity	-	-	50 290	53 413
excluded from profit and loss	-	(13 169)	(35 342)	(1 208)
Total deferred tax assets (liabilities)	**425 271**	**386 463**	**(106 086)**	**(121 034)**
Net balance of DTA	**319 185**	**265 429**		

31. Retirement benefits obligations

	31/12/2022	**31/12/2021**
	EGP 000	**EGP 000**
Liabilities included in the financial position statement for:		
Post-retirement medical benefits	1 470 368	1 323 482
Total	**1 470 368**	**1 323 482**

	For the year ended 31/12/2022	**For the year ended 31/12/2021**
	EGP 000	**EGP 000**
Amounts recognized in the income statement:		
Post-retirement medical benefits (Note no. 11)	291 876	271 058
Closing Balance	**291 876**	**271 058**

The balances in the statement of financial position are presented as follows:

	31/12/2022	**31/12/2021**
	EGP 000	**EGP 000**
The present value of funded obligations	1 887 281	1 773 441
Unrealized actuarial (loss) *	(416 913)	(449 959)
The liabilities in the financial position statement	**1 470 368**	**1 323 482**

* Whereas actuarial losses are higher than 10% of the defined benefits liability, then the amortized amount has been recognized in the income statement.

The movement in liabilities during the year is represented in the following:

	31/12/2022	31/12/2021
	EGP 000	EGP 000
Beginning balance of the year	**1 323 482**	**1 195 772**
Current service cost	7 307	10 551
Interest cost	248 698	236 432
Actuarial losses	35 871	24 075
Paid benefits	(144 990)	(143 348)
Balance at the end of the year	**1 470 368**	**1 323 482**

The recognized amounts in the statement of income are presented as follows:

	For the year ended 31/12/2022	For the year ended 31/12/2021
	EGP 000	EGP 000
Current service cost	7 307	10 551
Interest cost	248 698	236 432
Actuarial losses	35 871	24 075
Balance at the end of the year	**291 876**	**271 058**

The principal actuarial assumptions used are presented as follows:

	31/12/2022	31/12/2021
	%	%
Discount rate	14.7	14.7
Previous service cost inflation rate	10	10
Future service assumption cost inflation rate	10.9	9.7
Mortality assumption	92 mortality cases every year	92 mortality cases every year
Employee turnover	15% pa at age 20 decreasing to 0.2% after age 50.0% and to 0% after age 54	15% pa at age 20 decreasing to 0.2% after age 50.0% and to 0% after age 54

32. Share capital

	No. of Shares (In millions)	Ordinary Shares	Total
		EGP 000	EGP 000
Balance at the beginning of the year	400	800 000	800 000
Capital Increase	2 100	4 200 000	4 200 000
Balance at the end of the year	**2 500**	**5 000 000**	**5 000 000**

- The bank's authorized capital amounts to EGP 5 000 million.
- The issued and subscribed capital amounts to EGP 5 000 million, divided into 2 500 million shares with a par value of EGP 2 each and it has been fully subscribed and paid.
- On February 23rd, 2007, the Ministry of Investment (State owned assets management program) invited investment banks to submit their proposals for the public offering of 15% of the issued share capital and the remaining 5% to Alex Bank's employees, but the subscription program has not been implemented yet.

- On September the 14th 2020, International Finance Corporation (IFC) sold its participation of 9.75% (with exception of one share) in Bank of Alexandria to Intesa Sanpaolo S.P.A. The share of Intesa Sanpaolo S.P.A became 80% (approximately). IFC in year 2021 sold the remaining one share to Mr. Ahmed Saeed Al-Falal representing 0.00000025%.
- As per the Banking Law No. 194 issued in September 2020, and with reference to Article 64, the minimum paid-up capital for banks became five billion Egyptian pounds. Approval was obtained from the Central Bank for the convening of an extraordinary general assembly on September 28, 2021. The ratification of the decisions of the minutes of the extraordinary general assembly meeting was approved, and the commercial register and the Article of Association were amended accordingly. The capital increase of EGP 4,200,000 thousand was funded from the retained earnings maintaining the same percentage of ownership and not changing the share price. As a result, the new capital structure is as follows:

Name	**Shareholding %**	**No. of Shares (000)**	**Nominal value Shares** EGP 000
Intesa Sanpaolo S.P. A	79.99999975 %	1 999 999 993	3 999 999
Ministry of finance (Share of State)	20.00 %	500 000 000	1 000 000
Ahmed Saeed Al-Falal	0.00000025%	7	1
	100%	**2 500 000 000**	**5 000 000**

33. Reserves and retained earnings

	31/12/2022 **EGP 000**	**31/12/2021** **EGP 000**
Legal reserve	2 500 000	400 000
General reserve	-	29 312
Special capital reserve	36	418 158
Other reserves	-	289 188
General Banking Risks Reserve – Credit	49 816	368 044
General Risk Reserve *	35 135	35 135
Fair value reserve for investments through OCI	(198 349)	336 807
Total reserves	**2 386 638**	**1 876 644**

* No amounts shall be distributed from the balance of general Risk Reserve except after obtaining the approval of the Central Bank of Egypt (CBE).

The movement in reserves is as follows:

33.A. Legal reserve

	31/12/2022 **EGP 000**	**31/12/2021** **EGP 000**
Balance at the beginning of the year	400 000	400 000
Transferred from reserve	736 623	-
Transferred from retained earnings	1 363 377	-
Balance at the end of the year	**2 500 000**	**400 000**

- According to Bank’s Articles of Association, 5% of net profit of the year shall be transferred to a non-distributable statutory reserve until it reaches 50% of the bank’s capital.

- In the Ordinary General Assembly on March 31, 2022, it was decided after obtaining the CBE approval, to reach 50% of the issued and paid-up capital through the transfer of an amount of 736 623 thousand Egyptian pounds from other reserves and an amount of 1 363 377 thousand Egyptian pounds from retained earnings.

33.B. Special capital reserve

	31/12/2022 EGP 000	31/12/2021 EGP 000
Balance at the beginning of the year	**418 158**	**418 123**
Transferred to Legal reserve	(418 123)	-
Formed from the financial year 's profits 2021, 2020	1	35
Balance at the end of the year	**36**	**418 158**

* No amounts shall be distributed from the balance of special Reserve except after obtaining the approval of the Central Bank of Egypt (CBE).

33.C. Fair value reserve/ financial investments

	31/12/2022 EGP 000	31/12/2021 EGP 000
Balance at the beginning of the year	**336 807**	**631 880**
Differences of valuation of treasury bonds and bills ECL provisions in foreign currency	1 773	(3)
Net Gains / (Losses) from change in fair value	16 513	(334 969)
Net Gains transferred to Retained earnings due to disposals	(603 531)	(629)
Net change of fair value due to maturity	(200)	(12 886)
Deferred tax liability (Note no.30)	50 289	53 414
Balance at the end of the year	**(198 349)**	**336 807**

33.D. Retained earnings

	31/12/2022 EGP 000	31/12/2021 EGP 000
Balance at the beginning of the year	**6 845 042**	**8 935 821**
Amounts under capital increase	-	(4 200 000)
Net profits of the current year	2 849 371	2 750 030
Transferred from / to general banking risk reserve – Credit	318 228	(368 044)
Employees' share in financial year 2021/2020 profit	(238 198)	(248 508)
Banking development system fund	(23 820)	(24 851)
Transferred to Legal reserve	(1 363 377)	-
Transferred to Special capital reserve	(1)	(35)
Shareholders' Dividends 2020/2021	(1 429 191)	-
Net (Gains) of financial instruments measured at FVOCI - disposals	603 531	629
Balance at the end of the year	**7 561 585**	**6 845 042**

34. Dividends

Dividends are not recorded until it they are approved by the General Assembly of Shareholders. The Board of Directors in accordance with the Bank's Bylaws proposes to the General Assembly scheduled to be held on 22nd March 2023 to not appropriations dividends to the shareholders, and an amount of EGP 316 421 thousand to the employees as a share in the profits (the profit appropriation to employees was EGP 238 198 thousand in the previous year) not recognized in these presented financial statements resolution. The dividend for shareholders' and employees' share in profits shall be recorded in the year ended 31 December 2022.

35. Cash and cash equivalents

For the presentation of the cash flows statement, cash and cash equivalents include the following balances with maturities of no later than three months from the acquisition date.

	31/12/2022 EGP 000	31/12/2021 EGP 000
Cash and balances at Central Bank of Egypt (Note no.16)	1 899 155	2 046 095
Due from banks (Note no. 17)	31 122 894	20 780 286
	33 022 049	**22 826 381**

36. Contingent liabilities and commitments:

36.A. Legal Claims

There are a number of cases filed against the bank on 31 December 2022, and the balance of the claims' provision amounted to EGP 43 513 thousand.

36.B. Capital commitments

Fixed assets and fittings and fixtures of branches

The value of the commitments related to the purchase contracts of fixed assets and the fittings and fixtures of the branches under construction till the reporting date amounted to EGP 72 877 thousand on 31 December 2022, versus EGP 107 160 thousand on 31 December 2021. The bank Management is sufficiently confident in generating revenues and providing the finance required to cover these commitments.

36.C. Commitments related to loans, guarantees, and facilities

The bank's commitments related to loans, guarantees and facilities are represented in the following:

	31/12/2022 EGP 000	31/12/2021 EGP 000
Loan commitments	10 885 813	9 768 325
Accepted documentation	3 153 570	1 387 237
Letters of guarantee	12 122 554	10 839 817
Letters of credit "import"	1 640 731	1 199 401
Letters of credit "export"	50 049	215 939
Total	**27 852 717**	**23 410 719**

36.D. Commitments on operational leasing contracts

The total of minimum lease payments on irrevocable operational leasing contracts is as follows:

	31/12/2022 EGP 000	31/12/2021 EGP 000
Not more than one year	6 596	6 596
More than one year and less than 5 years	10 646	17 242
Total	**17 242**	**23 838**

37. Transactions with related parties

- Intesa Sanpaolo S.P.A. owns roughly 80% of the ordinary shares, whereas the remaining percentage 20% is owned by Ministry of finance (Share of Republic of Egypt) and another shareholder.
- The bank has entered into many transactions with the related parties within the context of its normal business. These transactions include loans, deposits, as well as foreign currency exchange.
- The transactions and the balances of the related parties at the end of the financial year are as follow:

37.A. Transactions with related Parties (Associate companies)

	31/12/2022 EGP 000	31/12/2021 EGP 000
Statement of financial position		
Loans and Advances	160 539	145 608
Customers' Deposits	9 446	5 293

	31/12/2022 EGP 000	31/12/2021 EGP 000
Income statements		
Interest Expenses	1 414	58
Interest Revenues	19 783	11 866

37.B. Transactions with the Parent Bank (Intesa Sanpaolo Bank)

	31/12/2022 EGP 000	31/12/2021 EGP 000
Statement of financial position		
Due from banks	8 016	8 041
Debit balances and other assets	9 168	12 088
Due to banks	3 519	678
Credit balances and other liabilities	1 111 765	41 468
Income statements		
Revenues	2 955	2 765
Expenses	111 856	73 930

37.C. Board of Directors and the Top Management Benefits

The monthly average amount of the top 20 employees’ salaries for the current year amounted to EGP 6.16 million as of 31 December 2022 versus EGP 5.58 million as of 31 December 2021.

38. Mutual funds

It is an activity authorized to be performed by the Bank by virtue of Capital Market Law No. 95/1992 and its Executive Regulations.

These funds, which are managed by EFG- Hermes Fund Management Company, are as follows:

38.A. Bank of Alexandria Mutual Fund (with periodical return and capital growth)

The certificates of the fund were 3 million with an amount of EGP 300 million at initiation of the fund (after increasing the capital of the mutual fund on March 26th, 2006 with an amount of EGP 100 million). The bank in line with the articles of association of the fund allocated 2% of the fund's size to provide its services, with a maximum of 5 million Egyptian pounds.

The Bank investment in the fund amounted to 2.3 thousand certificates (including certificates of activity undertaking), and their redeemable value amounted to EGP 1 105 million as of 31 December 2022.

The redeemable value of each certificate as of 31 December 2022 amounted to EGP 473.24 and the outstanding certificates at that date reached 55.4 thousand certificates.

According to the fund's management contract and its prospectus, the Bank shall be paid fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total commissions amounted to EGP 236 thousand as of 31 December 2022, which were presented under the item of "Fee and commission income" in the income statement.

38.B. Bank of Alexandria's Monetary Mutual Fund (with daily-accumulated return in Egyptian Pound)

The certificates of the fund were 20 million certificates with an amount of EGP 200 million at the initiation of the fund. As the fund is an open fund, the Bank adjusts its allocated percentage on a daily basis. The bank in line to the articles of association of the fund allocated 2% of the fund's size to provide its services, with a maximum of 5 million Egyptian pounds.

The Bank investments in the fund amounted to a number of 106.6 thousand certificates (including certificates of activity undertaking), and their redeemable value amounted to EGP 5.439 million as of 31 December 2022.

The redeemable value of each certificate amounted to EGP 51.0204 as of 31 December 2022, and the outstanding certificates at that date reached 43 080 thousand certificates.

According to the fund's management contract and its prospectus, the Bank shall be paid fees and commissions for its supervision on the fund and other administrative services rendered thereby. Total commissions amounted to EGP 8 308 thousand as of 31 December 2022, which were presented under the item of "Fee and commission income" in the income statement.

38.C. Bank of Alexandria Fixed Income Fund (with quarterly return)

The certificates of the fund were 10 million certificates with an amount of EGP 100 million at the initiation of the fund. It is worth mentioning that the fund is an open fund with a quarterly return. The bank in line to the article of association of the fund allocated 2% of the fund's size to provide its services, with a maximum of 5 million Egyptian pounds.

The Bank investment in the fund amounted to 146 thousand certificates (including certificates of activity undertaking), and their redeemable value amounted to EGP 5.258 million as of 31 December 2022.
The redeemable value of each certificate amounted to EGP 36.01235 as of 31 December 2022 and the outstanding certificates at that date reached 2 842.1 thousand certificates.
According to the fund's management contract and its prospectus, the Bank shall be paid fees and commissions for its supervision on the fund and other administrative services rendered thereby. Total commissions amounted to EGP 475.1 thousand as of 31 December 2022 which were presented under the item of "Fee and commission income" in the income statement.

39. Significant Events

Bank of Alexandria is following-up local and global developments that might have an impact on the Egyptian economy and the bank's clients in different sectors and economic activities. These developments include the Russian-Ukrainian Crisis, rise in inflation rates, hikes in key interest rates, the Central Bank of Egypt's declaration of adopting a free-float exchange rate regime and the devaluation of the Egyptian Pound against major currencies. Accordingly, the Bank continues to implement its internal measures for risk mitigants by monitoring and reviewing all the Bank's internal and regulatory limits and the level of provisions to mitigate the impact of such events on the loans portfolio.

It is worth to highlight that despite the decline of the COVID-19 cases worldwide due to the success in vaccinating citizens in many countries, including Egypt, the Bank keeps monitoring closely the situation through the business continuity plan and the other risk management tools, particularly after lifting Covid-19 restrictions in China.

40. Comparative figures

The comparative figures have been reclassified to conform to the changes in the approved presentation for the current year.

41. Subsequent events

The financial statements have been reissued pursuant to subsequent decision by the Board of Directors to refrain from distribution of an earlier proposed dividends of EGP 2,689 million to shareholders for 2022, and which was disclosed as such in the previous financial statements. Therefore, the Board reissued these financial statements to reflect the revised decision and impact the notes no 3.E, 3.E.1 and 34. These changes have been approved by the Board of Directors on 21 March 2023.

Dante Campioni	**Michele Formenti**
CEO and Managing Director	**Chief Financial Officer**