

BDO Khaled &Co.

KPMG Hazem Hassan

Accountability State Authority

Banque Du Caire (S.A.E)
Egyptian Joint Stock Company
Consolidated Financial Statements
For the year ended 31 December 2022
And
Auditors' Report Thereon

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Accountability State Authority

Public Accountants & Advisers

Public Accountants & Consultants

Central Department of Banking Supervision

*Translation of Auditor's Report
originally issued in Arabic*

AUDITORS' REPORT

To the shareholders of Banque Du Caire (S.A.E)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Banque Du Caire (S.A.E) which comprise the consolidated financial position as at 31 December 2022 and the related consolidated statements of income, comprehensive income, cash flows and changes in Shareholders' equity for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

Opinion


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

Auditors


Kareem T. Khaled

Member of the Egyptian Society of Accountants
and Auditors
Accountability State Authority register No. 1847
Accounting and Auditors register No. 28800
Central Bank register No. 580
BDO Khaled & Co.
Public accountants & Advisers





Ehab Mohamed Fouad
Abouelmagd

Financial Regulator Authority No. 378
KPMG Hazem Hassan
Public accountants & Consultants

KPMG Hazem Hassan
Public Accountants and Consultants

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Lobna Abdel Aziz Abdel
Ghaffar

Accountability State Authority

Cairo, 14 March 2023

Banque Du Caire
(Egyptian Joint Stock Company)
Consolidated Statement of Financial Position
As at 31 December 2022

(All amounts are shown in thousands Egyptian Pounds)

	Note No.	31/12/2022	31/12/2021 (Restated)
Assets			
Cash and balances at Central Bank	(15)	19,686,814	19,180,059
Due from banks	(16)	56,336,191	33,396,567
Loans and advances to banks	(17)	6,257,157	3,113,905
Loans and advances to customers	(18)	123,347,161	98,578,504
Financial derivatives	(19)	59,464	1,479
Financial investments			
At fair value through other comprehensive income	(20)	47,431,343	47,696,882
At amortized cost	(20)	55,442,282	42,798,218
At fair value through profit and loss	(20)	--	58,103
Investments in associates	(21)	561,917	251,714
Intangible assets	(22)	230,697	196,210
Other assets	(23)	9,333,180	7,178,574
Deferred tax assets	(31)	805,103	438,822
Leasing fixed assets (Net)	(24)	2,899,679	2,354,896
Property and equipment	(25)	1,773,994	1,648,205
Total assets		324,164,982	256,892,138
Liabilities and Equity			
Liabilities			
Due to banks	(26)	19,898,382	17,647,284
Customers' deposits	(27)	250,863,572	198,705,079
Financial derivatives	(19)	--	6,078
Other loans	(28)	19,404,769	12,703,560
Other liabilities	(29)	7,932,741	6,094,348
Other provisions	(30)	1,078,514	695,531
Income tax liabilities		591,045	97,212
Deferred tax liabilities	(31)	140,236	189,469
Retirement benefit liabilities	(32)	1,509,212	1,389,618
Total liabilities		301,418,471	237,528,179
Equity			
Issued and paid up capital	(33)	10,000,000	5,250,000
Capital increase amount		4,000,000	4,750,000
Reserves	(34)	3,029,331	2,990,596
Difference between the present value and face value for subordinated deposit		2,053,600	2,409,893
Net profit for the year and retained earnings	(34)	3,655,139	3,957,307
Net equity		22,738,070	19,357,796
Non-controlling interest	(35)	8,441	6,163
Total equity		22,746,511	19,363,959
Total liabilities and equity		324,164,982	256,892,138

- The accompanying notes from (1) to (44) are an integral part of these Consolidated Financial Statements and are to be read therewith.
- Auditors' Report (attached).

Chief Financial Officer
Mohamed Ibrahim



Chairman & CEO
Tarek Fayed



Banque Du Caire
(Egyptian Joint Stock Company)
Consolidated Income Statement
for the year ended 31 December 2022

(All amounts are shown in thousands Egyptian Pounds)

	Note No.	31/12/2022	31/12/2021 (Restated)
Interest and similar income	(6)	31,194,982	23,815,869
Interest and similar expense	(6)	<u>(18,128,611)</u>	<u>(13,272,980)</u>
Net interest income		13,066,371	10,542,889
Fee and commission income	(7)	2,685,497	2,155,046
Fee and commission expense	(7)	<u>(190,764)</u>	<u>(154,954)</u>
Net fee and commission income		2,494,733	2,000,092
Net interest, fee and commission income		15,561,104	12,542,981
Dividend income	(8)	112,057	62,700
Net trading income	(9)	118,474	23,834
Gains from financial investments	(20)	191,553	224,010
(Charged) reversed of expected credit losses	(12)	<u>(2,089,369)</u>	<u>(1,509,488)</u>
Administrative expenses	(10)	<u>(6,934,880)</u>	<u>(5,742,865)</u>
Other operating revenues (expenses)	(11)	<u>(1,454,045)</u>	<u>90,641</u>
Share of results of associates		<u>6,443</u>	<u>26,532</u>
profit before income tax for the year		5,511,337	5,718,345
Income tax expense	(13)	<u>(2,457,947)</u>	<u>(2,174,315)</u>
Net profit after income tax for the year		3,053,390	3,544,030
Holding company		<u>3,052,170</u>	<u>3,543,126</u>
Non-controlling interest		<u>1,220</u>	<u>904</u>
Net profit after income tax for the year		3,053,390	3,544,030
The weighted / basic earnings per share	(14)	1.03	1.35

- The accompanying notes from (1) to (44) are an integral part of these Consolidated Financial Statements and are to be read therewith.

Chief Financial Officer
Mohamed Ibrahim



Chairman & CEO
Tarek Fayed



Banque Du Caire
(Egyptian Joint Stock Company)
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2022

(All amounts are shown in thousands Egyptian Pounds)

		31/12/2022	31/12/2021 (Restated)
Net profit after income tax for the year	(1)	3,053,390	3,544,030
Transferred (from) to retained earnings (Net of tax)	(2)	(103,545)	26,378
Items not be reclassified to profit and loss			
Net change-movement in fair value reserve for equity instruments at fair value through other comprehensive income		(109,587)	170,238
Items reclassified to profit and loss			
Net change-movement in fair value reserve for debt instruments at fair value through other comprehensive income		(909,845)	(480,680)
Total other comprehensive income items for the year, net of tax	(3)	(1,019,432)	(310,442)
Total comprehensive income for the year, net of tax	(1+2+3)	1,930,413	3,259,966

- The accompanying notes from (1) to (44) are an integral part of these Consolidated Financial Statements and are to be read therewith.

Banque Du Caire
(Egyptian Joint Stock Company)
Consolidated Statement of Cash flows
for the year ended 31 December 2022

(All amounts are shown in thousands Egyptian Pounds)

	Note No.	31/12/2022	31/12/2021 (Restated)
Cash flows from operating activities			
Profit for the year before income tax		5,511,337	5,718,345
Adjustments to reconcile net profit to cash flows from operating activities			
Depreciation / Amortization		487,927	373,746
Leasing fixed assets depreciation		428,323	297,075
Expected credit losses		2,089,369	1,509,488
Other provision charged		293,270	247,315
Charged impairment for other assets		53,956	1,230
Provisions no longer required		(26,353)	(100,064)
Gains of selling property and equipment		(30,552)	(3,432)
Foreign currency translation of other provisions		125,879	(2,217)
Provisions utilized other than loans' provisions		(10,332)	(73,453)
Proceeds from other provisions other than loans provisions		--	21,649
Dividend income		(112,057)	(62,700)
(Reverse) of valuation differences of investments at fair value through profit and loss		(1,334)	(5,194)
Share of results of associates		(6,443)	(26,532)
Foreign currency translation of sovereign debt instruments		104,749	(1,247)
(Reverse) of gains from sale of debt instruments at fair value through other comprehensive income		(140,964)	(168,955)
(Reverse) of valuation resulting from monetary foreign currency investments and other loans		(721,375)	75,912
Reverse of amortization of premium/discount of issuing financial investments		905,141	365,489
Operating profit before changes in assets and liabilities provided from operating activities		8,950,541	8,166,455
Net Decrease (Increase) in assets			
Due from banks		(1,333,117)	(10,325,442)
Financial investments at fair value through profit and loss		59,437	--
Loans and advances to banks		(3,135,582)	(2,157,446)
Loans and advances to customers		(26,577,424)	(15,326,308)
Financial derivatives		(57,985)	1,092
Other assets		(2,177,556)	(1,600,011)
Net Increase (Decrease) in liabilities			
Due to banks		2,228,313	4,313,775
Customers' deposits		51,805,512	35,307,365
Financial derivatives		(6,078)	2,648
Other liabilities		1,551,310	2,969,192
Retirement benefit liabilities		119,594	143,053
Income tax paid		(2,069,022)	(1,814,745)
Net cash flows provided from operating activities		29,357,943	19,679,628

Banque Du Caire
(Egyptian Joint Stock Company)
Consolidated Statement of Cash flows
for the year ended 31 December 2022

(All amounts are shown in thousands Egyptian Pounds)

	Note No.	31/12/2022	31/12/2021 (Restated)
Net cash flow provided from operating activities		29,357,943	19,679,628
<u>Cash flows from investing activities</u>			
Payments to purchase property and equipment and preparation of branches		(496,328)	(594,740)
Prepaid payments to purchase property and equipment		(33,250)	--
Payments to purchase leasing fixed assets		(1,324,460)	(1,209,081)
Prepaid payments to purchase leasing fixed assets		(175,476)	(118,585)
Proceeds from the sale of fixed assets		37,542	4,040
Proceeds from the sale of financial investments at fair value through OCI		177,938,856	155,537,571
Payments for purchases of financial investments at fair value through OCI		(187,089,681)	(153,638,524)
Proceeds from redemption of financial investments at amortized cost		10,970,245	3,704,258
Payments for purchases of financial investments at amortized cost		(10,072,705)	(25,673,048)
Payments for investments in associates		(251,972)	(958)
Payments to purchase intangible assets		(134,323)	(117,218)
Dividend received		130,093	74,552
Net cash flows (used in) investing activities		(10,501,459)	(22,031,733)
<u>Cash flows from financing activities</u>			
Capital increase		2,000	1,000
Proceeds from other loans		4,058,542	5,217,573
Payments for other loans		(1,960,690)	(327,696)
Financial lease contracts settlement		523,168	334,554
Dividends paid		(2,475,974)	(5,840,398)
Amount paid for Capital increase		4,000,000	4,750,000
Net cash flows provided from financing activities		4,147,046	4,135,033
Foreign currency translation differences of financial statement		92,834	4,018
Net increase in cash and cash equivalent during the year		23,003,530	1,782,928
Beginning balance of cash and cash equivalent for the year		33,539,515	31,752,569
Cash and cash equivalent at the end of the year		56,635,879	33,539,515
<u>Cash and cash equivalent are represented in the following:</u>			
Cash and balances at the Central Bank	(15)	19,686,814	19,180,059
Due from banks	(16)	56,349,679	33,400,480
Treasury bills and other governmental notes		33,064,259	23,970,468
Balances at the central bank within the mandatory reserve ratio		(13,627,849)	(12,781,041)
Due from banks with maturity more than 3 months		(7,485,335)	(6,960,350)
Treasury bills and other governmental notes with maturity more than 3 months		(31,351,689)	(23,270,101)
Total cash and cash equivalent	(37)	56,635,879	33,539,515

- The accompanying notes from (1) to (44) are an integral part of these Consolidated Financial Statements and are to be read therewith.

Banque Du Caire
(Egyptian Joint Stock Company)
Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

<u>(All amounts are shown in thousands Egyptian Pounds)</u>	<u>Note No.</u>	<u>Issued and paid up capital</u>	<u>Capital Increase Amount</u>	<u>Reserves</u>	<u>Difference between the present value and Face value for subordinated deposit</u>	<u>Net profit for the year and retained earnings</u>	<u>Net equity</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
Balance as at 01/01/2021		5,250,000	--	3,308,640	2,721,627	6,433,470	17,713,737	4,959	17,718,696
Prior years adjustments		--	--	--	--	(91,523)	(91,523)	--	(91,523)
Balance as at 01/01/2021 (restated)		5,250,000	--	3,308,640	2,721,627	6,341,947	17,622,214	4,959	17,627,173
Dividend distributions		--	--	--	--	(5,876,366)	(5,876,366)	(700)	(5,877,066)
Transferred to legal reserve		--	--	159,372	--	(159,372)	--	--	--
Transferred from general banking risk reserve		--	--	(81,751)	--	81,751	--	--	--
Transferred to capital reserve		--	--	157	--	(157)	--	--	--
Net Change in items of other comprehensive income		--	--	(310,442)	--	26,378	(284,064)	--	(284,064)
Expected Credit Losses on debt instruments at fair value through OCI		--	--	(78,134)	--	--	(78,134)	--	(78,134)
Difference between the present value and Face value for subordinated deposit		--	--	--	(311,734)	--	(311,734)	--	(311,734)
Capital increase amount		--	4,750,000	--	--	--	4,750,000	--	4,750,000
Capital increase		--	--	--	--	--	--	1,000	1,000
Translation Differences		--	--	(7,246)	--	--	(7,246)	--	(7,246)
Net profit for the year ended 31 December 2021 (restated)		--	--	--	--	3,543,126	3,543,126	904	3,544,030
Balance as at 31/12/2021 (restated)		5,250,000	4,750,000	2,990,596	2,409,893	3,957,307	19,357,796	6,163	19,363,959
Balance as at 01/01/2022 (restated)		5,250,000	4,750,000	2,990,596	2,409,893	3,957,307	19,357,796	6,163	19,363,959
Dividend distributions		--	--	--	--	(2,506,100)	(2,506,100)	(944)	(2,507,044)
Transferred to capital		4,750,000	(4,750,000)	--	--	--	--	--	--
Capital increase amount		--	4,000,000	--	--	--	4,000,000	2,002	4,002,002
Transferred to legal reserve		--	--	183,590	--	(183,590)	--	--	--
Transferred to general banking risk reserve		--	--	557,671	--	(557,671)	--	--	--
Transferred to capital reserve		--	--	3,432	--	(3,432)	--	--	--
Net change in items of other comprehensive income		--	--	(1,019,432)	--	(103,545)	(1,122,977)	--	(1,122,977)
Expected Credit Losses on debt instruments at fair value through OCI		--	--	114,115	--	--	114,115	--	114,115
Difference between the present value and face value for subordinated deposit		--	--	--	(356,293)	--	(356,293)	--	(356,293)
Translation differences		--	--	199,359	--	--	199,359	--	199,359
Net profit for the year ended 31 December 2022		--	--	--	--	3,052,170	3,052,170	1,220	3,053,390
Balance as at 31/12/2022	(33,34)	10,000,000	4,000,000	3,029,331	2,053,600	3,655,139	22,738,070	8,441	22,746,511

- The accompanying notes from (1) to (44) are an integral part of these Consolidated Financial Statements and are to be read therewith.

1. General Information:

Banque Du Caire S.A.E. was established as a commercial bank on May 17, 1952 under the provisions of the National Commercial Law for 1883 which was abolished except for the first chapter of Chapter Two of it according to the issuance of Trade Law No. 17 of 1999 on May 17, 1999.

The address of its registered head office is as follows: 6 Dr. Moustafa Abo Zahra Street, Nasr City, Cairo, Egypt behind accountability state authority.

Banque Du Caire offers its banking services that related to its activity in Egypt through 248 branches, office and units and agencies. The Bank employs 8,998 employees at the financial statements' preparation date for the year ended 31 December 2022.

On May 2007, Banque Misr acquired all shares of Banque Due Caire, and its ownership has transferred to Banque Misr on Egyptian Stock Exchange.

On May 2009 the Minister of Finance approved on selling 5 shares stock to Misr for Financial Investment and Misr Abu Dhabi for Real Estates. As a result, the bank became subject to Egyptian Companies Law No. 159 of 1981 and its Executive Regulations.

On March 28, 2010, the amendment of the Bank's Articles of Association was approved for Law 159 of 1981 in the Office of Investment Documentation under the Registration Document No. 176 of 2010 and its impact at the commercial register on 30 March 2010.

On May 2010, Banque Misr established Misr for Financial Investment Company with 99.999% contribution share of its capital to act as its investment arm.

On June 2010, Banque Misr transferred some of long term investments (including Banque Du Caire) to Misr for financial investment.

On 19 December 2010, Banque Du Caire's Extraordinary General Assembly approved transferring Banque Du Caire's ownership to Misr for financial investments Company, the amendment of bank articles of association by that.

On 27 June 2010 Extraordinary General Assembly approved on amend article of association (article 42) amending the financial year to start on 1st of January and end on 31 December instead of 1st of July and ends on 30 June of the following year.

On 15 December 2016 Extraordinary General Assembly approved amendment on article of association (article 6) which increase bank's capital by the value of retained earnings amounting by EGP 650 million and determine the bank's authorized capital by EGP 10 billion, and determine the bank's issued capital by EGP 2,250 billion divided into 562,500 thousand shares with a par value of EGP 4 each and the bank's shareholders structure became as follows:

Misr Capital company	562,499,985 shares
Banque Misr	8 shares
Misr Abu Dhabi for Real Estate company	7 shares

On 29 December 2016, article 6 capital increase has been amended in the commercial register and at investment prospectus latest publication number 43396 issued on 30 January 2017 amending article 7.

On 15 July 2018, Extraordinary General Assembly approved to amend article 6 to add Banque Misr instead of Misr Investment Company.

On 19 December 2019, the extraordinary general assembly of "Misr for Financial Investments SAE" approved by the Financial Regulation Authority on 11 February 2020 decided to indicate in the commercial register on 20 February 2020 that the company's name had been changed to Misr Capital SAE without any change in other data.

On 22 September 2019, Central Bank of Egypt approved on amending article of association (article 6) which related to increase of Issued Capital and Shareholders Structure.

On 22 September 2019, Extraordinary General Assembly approved on Capital Increase by 3 billion EGP to increase from EGP 2.250 billion to EGP 5.250 billion, all of the increase related to Banque Misr.

Article of association (6) became as follows: -

“The authorized Capital amounted to EGP 10 Billion, and The issued Capital amounted to EGP 5.250 Billion distributed to 1,312,500 Thousand share with nominal value EGP 4 per each and Bank’s shareholders structure as follows:

Banque Misr	750,000,008 shares
Misr Capital company	562,499,985 shares
Misr Abu Dhabi for Real Estate company	7 shares

- Capital increase has been amended in the commercial register at 2 February 2020.
- On 04 October 2020 article 6 has been amended in investment prospectus as follows: -
- The bank's authorized capital determined by EGP 10 billion, and determine the bank's issued capital by EGP 5,250 billion divided into 2,625,000 thousand shares with a par value of EGP 2 each and the bank's shareholders structure became as follows: -

Banque Misr	1,500,000,016 shares
Misr Capital company	1,124,999,970 shares
Misr Abu Dhabi for Real Estate company	14 shares

- On 28 April 2022 Banque Misr purchased the shares of Banque Du Caire owned by Misr Capital company which amount to 1,124,999,956 shares so that Banque Misr’s contribution to Banque Du Caire become 99.99% instead of 57.14% and the commercial register are being amended so shareholders’ structure became (after recognize the capital increase in the commercial register) as follows: -

Name	No. of Shares	Face Value by EGP
Banque Misr	4,999,999,972	9,999,999,944
Misr Capital company	14	28
Misr Abu Dhabi for Real Estate company	14	28
Total	5,000,000,000	10,000,000,000

- On 6 November 2022 article (6) in the commercial register has been amended in investment prospectus as follows: -
 The bank's authorized capital determined by EGP 20 billion, and determine the bank's issued capital by EGP 10 billion divided into 5 billion shares with a par value of EGP 2 each
- Capital increase has been amended in the commercial register at 07 November 2022.
- The Board of Directors approved the consolidated financial statements for the year ended 31 December 2022 on 12/03/2023.

2. Summary of significant accounting policies:

Following are the significant accounting policies applied in the preparation of consolidated financial statements. These policies have been consistently applied for all years presented unless otherwise stated.

2-1 Basis of preparing consolidated financial statements:

The consolidated financial statements have been prepared in accordance with the instructions of the central bank of Egypt (CBE), approved by the board of directors on 16 December 2008 with the addition of the requirements of IFRS 9 Financial Instruments in accordance with the instructions issued by the Central Bank of Egypt on 28 January 2018 and issued the final instructions for the preparation of the financial statements of banks in accordance with the requirements of International Financial Reporting Standard No.9 on 26 February 2019.

The Bank applied the instructions of the Central Bank of Egypt rules IFRS 9 "Financial Instruments" starting from January 01, 2019, the following summarize the main accounting policies changes resulted from applying the required instructions also, the disclosure of significant judgments and estimates related with impairment in value at financial risk management disclosures.

The Consolidated financial statements have been prepared in accordance with the provisions of the relevant local laws.

The bank prepared consolidated financial statement for the bank and subsidiaries companies with the instructions of the central bank of Egypt, approved by the board of directors on 16 December 2008 with the standards referred to, The subsidiaries are fully consolidated in the consolidated financial statements, in which the Bank has, directly and indirectly through subsidiaries, more than half of the voting rights or has the ability to control the financial and operating policies of the subsidiary irrespective of the type of activity.

2-2 Basis of consolidation

2-2-1 Subsidiary Companies:

Subsidiaries are entities over which the bank exercises a direct or indirect control over its financial and operating policies to obtain benefits from its activities. The Bank usually has a shareholding of more than half of its voting rights, and with existence and effect of future voting rights that can be exercised or transferred at the present time are taken into consideration when evaluating whether the Bank has the ability to control the Company.

On consolidated, eliminating all balances and transactions between the Bank and group companies, and exclude unrealized losses unless it provides evidence of impairment in the transferred asset value and the accounting policies of the subsidiary companies changed whenever it's necessary to ensure that the group apply the same policy.

The purchase method is used in accounting for the bank's acquisition of subsidiary companies, and the cost of acquisition is measured at the fair value or the consideration provided by the bank from the assets of the purchase and the equity instruments sourced from or obligations incurred by the bank and obligations accepted by it on behalf of the acquired company, on the date The exchange plus any costs that are directly attributable to the acquisition process, and the net assets, including the possible acquisitions of liabilities acquired, are measured at their fair value at the date of acquisition, regardless of the existence of any minority rights and the increase in the cost of the acquisition is considered to be more than the fair value of the share A bank has a goodwill in it, and if the acquisition cost is less than the fair value of the aforementioned net, the difference is recorded directly in the income statement within other operating income (expenses).

Given the bank's control of its subsidiary, the aggregate consolidation method is the basis for preparing the consolidated financial statements for the bank's own purposes. The group's financial statements are the financial statements of:

- 1) Banque Du Caire
- 2) Cairo Bank Uganda 100%
- 3) Cairo Leasing Company 98%
- 4) Taly for the digital payments Company 99.997%
- 5) Cairo Exchange Company 99.99% (under incorporation)

The Controlling is achieved through the Bank's ability to control the financial and operating policies of investee entities in order to obtain benefits from its activities.

The basics of compilation include the following:

- Exclude all balances and transactions between the Bank and the Company as well as unrealized profits resulting therefrom.
- Non-Controlling interest represented in other shareholder's rights those of controlling shareholders in subsidiaries.

Transactions with Non-controlling interests (NCI)

The Group transactions with NCI as transactions with parties outside the Group. Gains and losses on sale to NCI interests are recognized in the statement of income and the purchase of minority NCI produces a good will for representing the difference between the consideration Paid for acquired shares and the book value of the net assets of the subsidiary.

If the share of Non-controlling interests in return losses by a subsidiary exceeds their equity in that company, such increase shall be charged within the equity of the parent company except those losses which the non-controlling interest is obliged to bear and provided that they have the ability to make additional investments to cover the losses. Subsidiaries' future profits These profits are added to the Parent Company's equity to the extent that it covers the losses previously incurred by the non-controlling interest rights on behalf of the minority.

2-2-2 Associated Companies:

- Associates are entities over which the bank exercises a direct or indirect significant influence without reaching the extent of control. Normally the bank holds ownership equities ranging between 20% and 50% of the voting rights.
- The Bank's share of its associates' post-acquisition profits or losses is recognized in profit or loss; its share of post-acquisition reserve movements is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.
- Unrealized gains arising from transaction between the bank and its associates are eliminated to the extent of the Bank's interest in the associates. Intergroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, Accounting Policies for associate Companies will change when its necessary to ensure the policies are consolidated.
- Gains and losses resulting from changes in the ownership structure of associates are recognized in the income statement

2-2-3 Controlling

Control means the ability of the Bank to control the financial and operating policies of an investee so as to obtain benefits from its activities.

The Bank shall control the investee if the Bank has voting rights in the subsidiary of 50% or less in the event that:

- The existence of an agreement between some shareholders gives the holding company the ability to direct more than 50% of the voting rights in the investee company.
- The existence of the Bank's authority, derived from legislation or agreement, to control the financial and operating policies of the investee company.
- The ability to appoint or dismiss the majority of the Board of Directors.
- Control more than half of the votes in the board of directors.

2-2-4 Non-Controlling interest

Share of shareholders outside the Group that the Bank does not own directly or indirectly in the net results of operations and net assets of its subsidiaries.

2-3 Segment reports

A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and return that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risk and returns different from those related to geographical segments operate in other economic environments

2-4 Foreign currencies translation

2-4-1 Functional and presentation currency

Bank's financial statements are presented in Egyptian pounds, which is the bank's functional and presentation currency.

2-4-2 Transactions and balances in foreign currencies

- The bank holds its accounts in Egyptian pounds. Transactions in foreign currencies during the financial period are recorded using the prevailing exchange rates at the date of transactions.
- Monetary assets and liabilities in foreign currencies are re-translated at the end of the period using the prevailing exchange rates at that date.
- Foreign exchange gains and losses resulting from settlement of such transactions and as well as the differences resulting from the re-evaluation are recognized in the income statements under the following items:
 - Net trading income for assets / liabilities classified for trading purpose.
 - Other operating revenue (expenses) for the remaining items.

- Changes in the fair value of the financial instruments with monetary nature in foreign currencies, classified as financial investments at fair value through other comprehensive income (debt instruments), are analyzed into evaluation differences resulting from changes in the amortized cost of the instrument, differences resulting from the changes in the prevailing exchange rates and differences resulting from the changes in the instrument's fair value. The evaluation differences resulting from the changes in the amortized cost are recognized in the income statement within "Interest and similar income" the differences relating to changes in exchange rates are recognized in "other operating revenues (expenses)" Differences resulting from changes in fair value are recognized under "fair value reserve – financial investments at fair value through other comprehensive income" in the shareholders' equity.
- The translation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held in fair value through profits and losses, while translation differences resulting from equity instruments classified as financial investments at fair value through other comprehensive income are recognized with "fair value reserve- financial investments at fair value through other comprehensive income " under the shareholders' equity.
- The financial statements of foreign subsidiary banks are translated into the presentation currency as follows: -
 - The assets and liabilities in the financial statements of foreign subsidiary banks are translated at the exchange rate prevailing at the date of the financial statements.
 - Income and expenses are translated at the average exchange rate during the financial year.
 - Items of equity are translated according to historical exchange rates on the date of the transaction.
 - The resulting currency differences are recognized in the translation reserve for foreign entities with equity.
 - For the purpose of returning the consolidated cash flow statement, the cash flow statements are translated into the foreign subsidiary bank at the average exchange rate during the financial year.

2-5 Financial Assets and liabilities

2-5-1 Recognition and initial measurement

The Bank recognizes financial assets and liabilities on the date that the Bank becomes a party to the contractual terms of the financial instrument.

The financial asset or liability is initially measured at fair value. Those that are not subsequently measured at fair value through profit or loss are measured at fair value plus transaction cost that is directly attributable to the acquisition or issue.

2-5-2 Classification

A) Financial assets

- On initial recognition, the Bank classifies financial assets into financial assets at amortized cost, financial assets at fair value through other comprehensive income or at fair value through profit or loss.
- The financial asset is measured at amortized cost if both of the following conditions are met and have not been allocated by the management of the Bank upon initial recognition at fair value through profit or loss:
 - The financial asset is retained in a business model whose objective is only to maintain the financial asset for the collection of the contractual cash flows.
 - The contractual terms of the financial asset, on specific dates, result in contractual cash flows of the asset that are only the principal of the financial instrument and the proceeds.
- The debt instrument is measured at fair value through other comprehensive income and was not allocated at initial recognition at fair value through profit or loss if both of the following conditions are met:
 - The financial asset is held in a business model whose objective is to collect contractual cash flows and sell the financial asset.
 - The contractual terms of the financial asset, on specific dates, result in contractual cash flows of the asset that are not only the principal of the debt and the return.
- Other financial assets are classified as investments at fair value through profit or loss.
- In addition, at initial recognition, the Bank may allocate irreversibly a financial asset as measured at fair value through profit or loss, although it meets the criteria for classification as a financial asset at amortized cost or at fair value through other comprehensive income, if doing so would substantially prevent or reduce the inconsistency that may arise in accounting measurement.

Business model assessment

Debt instruments and equity instruments are classified and measured as follows:

Financial instrument	Methods of measurement according to business model		
	Amortized cost	Fair value	
		Through other comprehensive income	Through profit and loss
Equity instruments	N/A	One-time option upon first recognition it is irreversible	Regular treatment of equity instruments
Debt instruments	Business model Assets held for collection Contractual cash flows	Business model Assets held for collecting Contractual cash flows and sale	Business model Assets held for trading

The Bank prepares, documents and approves Business Models in accordance with the requirements of IFRS 9 and reflects the Bank's strategy for managing financial assets and cash flows as follows:

Financial assets	Business model	Basic characteristics
Financial assets at amortized cost	Business model financial assets held for the collection of contractual cash flows	<ul style="list-style-type: none"> The objective of the business model is to retain financial assets to collect the contractual cash flows represented in the principal amount of the investment and the proceeds A sale is an exceptional event for the purpose of this model and under the terms of the criterion of a deterioration in the creditworthiness of the issuer of the financial instrument Less sales in terms of rotating and value. The Bank performs clear and reliable documentation of the rationale for each sale and its compliance with the requirements of the Standard.
Financial assets at fair value through other comprehensive income	Business model of financial assets held for the collection of contractual cash flows and sales	<ul style="list-style-type: none"> Both the collection of contractual cash flows and sales are complementary to the objective of the model. Sales are relatively high (in terms of turnover and value) compared to the business model held for the collection of contractual cash flows
Financial assets at fair value through profit and loss	Other business models include (trading - management of financial assets at fair value - maximizing cash flows by selling)	<ul style="list-style-type: none"> The objective of the business model is not to retain the financial asset for the collection of contractual cash flows or retained for the collection of contractual cash flows and sales. Collecting contractual cash flows is an incidental event for the objective of the model Management of financial assets at fair value through profit or loss to avoid inconsistencies in accounting measurement.

- **The Bank assesses the objective of the business model at the portfolio level where the financial asset is retained as reflecting the way the business is managed and the manner in which the management is provided. The information to be taken into account when evaluating the objective of the business model is as follows:**

- The documented policies and objectives of the portfolio and the implementation of these policies in practice. In particular, whether the management strategy focuses only on the collection of the contractual cash flows of the asset and maintaining a specific rate of return to meet the maturities of the financial assets with the maturity dates of the liabilities that finance these assets or generate cash flows through the sale of these assets.
- How to evaluate and report on portfolio performance to senior management.
- Risks affecting the performance of the business model, including the nature of the financial assets held within that model and the manner in which these risks are managed.
- How to determine the performance assessment of business managers (fair value, return on portfolio, or both).
- The Periodical, value and timing for the sales transactions, and the reasons for these transactions, and the expectations regarding sales activities. However, the information about the sales activities are not taken into action separately. But it's taken as part of overall assessment of how to achieve the bank's objective from Assets management and how to generate Cash flows.
- Financial assets held for trading or managed and its fair value performance are measured at fair value through profit or loss as they are not held to collect contractual cash flows or to collect contractual cash flows and sell financial assets together.

- **Assess whether the contractual cash flows of the asset represent payments that are limited to the principal amount of the instrument and the proceeds.**

For the purpose of this valuation, the Bank defines the original amount of the financial instrument as the fair value of the financial asset at initial recognition. The return is defined as the time value of money and the credit risk associated with the original amount over a specified period of time and other basic lending risk and costs (such as liquidity risk and administrative costs) as well as profit margin.

To assess whether the contractual cash flows of an asset are payments that are limited only to the asset of the financial instrument and the proceeds, the Bank takes into consideration the contractual terms of the instrument. This includes assessing whether the financial asset includes contractual terms that may change the timing or amount of contractual cash flows, thereby not meeting that requirement. In order to conduct such an assessment, the Bank shall consider:

- Potential events that may change the amount and timing of cash flows.
- Leverage characteristics (rate of return, maturity, currency type ...).
- Terms of accelerated payment and term extension.
- Conditions that may limit the ability of the Bank to claim cash flows from certain assets.
- Features that may be adjusted against the time value of money (re-setting the rate of return periodically).

B) Financial liabilities

- When the initial recognition of the Bank classifies its financial liabilities to financial liabilities at amortized cost, financial liabilities at fair value through profit and loss, based on the objective of the business model of the Bank
- All financial liabilities are recognized initially at fair value at the date on which the Bank becomes a party to the contractual terms of the financial instrument.
- Financial liabilities classified at amortized cost are subsequently measured at amortized cost using the effective interest rate.
- The financial liabilities are measured at fair value through profit and loss are subsequently carried at fair value and recognized the change in the fair value of the change in the degree of the Bank's credit rating in the statement of other comprehensive income while the remaining amount of the change is displayed in the fair value in the profit or loss statement.

2-5-3 Disposal

A) Financial Assets

- The financial asset is derecognized when the contractual right to receive cash flows from the financial asset expires or when the Bank has transferred the right to receive the contractual cash flows in a transaction in which the risks and rewards of ownership are transferred substantially to another party.
- When a financial asset is derecognized, the difference between the carrying amount of the asset (or the carrying amount of the portion of the asset disposed of) and the aggregate of the consideration received (including any new asset acquired less any new obligation incurred) and Consolidated gains or losses previously recognized in the fair value reserve for financial investments at fair value through other comprehensive income.
- Any cumulative gain or loss recognized in other comprehensive income related to investment in equity instruments designated as investments at fair value through other comprehensive income statement is not recognized in profit or loss when the asset is derecognized so that the differences relating to it are transferred directly to retained earnings. Any share created or retained from the asset eligible for disposal (meeting the disposal terms) is recognized as a separate asset or liability.
- When the Bank enters into transactions by which it transfers assets previously recognized in the statement of financial position but retains substantially all or all of the risks and rewards associated with the transferred asset or part thereof. In such circumstances, the transferred asset is not excluded.
- For transactions where the Bank neither substantially retains substantially all the risks and rewards associated with ownership of the asset nor retains control over the asset, the Bank continues to recognize the asset within its continuing association with the financial asset. The Bank's continuing correlation with the financial asset is determined by the extent to which the Bank is exposed to changes in the value of the transferred asset.
- In some transactions, the Bank retains the obligation to service the transferred asset against a commission, at which point the transferred asset is derecognized if it meets the exclusion criteria. An asset or liability for a service contract is recognized if the commission is greater than the appropriate amount (asset) or less than the appropriate amount (obligation) to perform the service.

B) Financial liabilities

- The Bank will derecognize the financial obligations when the contract is disposed of, canceled or terminated.

2-5-4 Amendments to Financial Assets and Financial Liabilities

A) Financial Assets

- If the terms of a financial asset are adjusted, the Bank assesses whether the cash flows of the asset being modified are materially different. If the cash flows are materially different, the contractual rights to the cash flows from the original financial asset are considered to have expired and the original financial asset is derecognized. A new financial asset is recognized at fair value and the resulting value is recognized as a result of adjustment of the total carrying amount as profit or loss in profit or loss. If the amendment is due to financial difficulties for the borrower, the profits are deferred and presented with the compound of impairment losses while the losses are recognized in the statement of profit and loss.
- If the cash flows of the asset recognized at amortized cost are not materially different, the adjustment does not result in the disposal of the financial asset.

B) Financial liabilities

The Bank adjusts its financial liability when its terms of reference are modified and the cash flows of the modified obligation are substantially different. In this case, a new financial liability is recognized based on the modified terms at fair value. The difference between the carrying amount of the old financial liabilities and the new financial liabilities is recognized on the adjusted terms in the statement of profit and loss.

Off setting Financial Assets and Financial Liabilities

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 .

Agreements for purchasing treasury bills with commitment to resell and the agreements for selling treasury bills with commitment asynchronous to repurchase are presented based on the net basis in the balance sheet within the item of Treasury Bills and government notes.

2-5-5 Fair value measurement

- The Bank determines the fair value on the basis that it is the price to be acquired for the sale of an asset or to be paid for the transfer of an obligation in an orderly transaction between the market participants on the measurement date, taking into account when measuring fair value the characteristics of the asset or liability, The characteristics are taken into consideration when pricing the asset and / or liability at the measurement date These characteristics include the condition and location of the asset and the restrictions on the sale or use of the asset to market participants.
- The Bank uses the market approach to determine the fair value of financial assets and liabilities as this approach uses prices and other relevant information arising from market transactions involving assets, liabilities or a group of assets and liabilities that are identical or comparable. The Bank may therefore use valuation techniques consistent with the market approach, such as market multipliers derived from comparable groups. The choice of the appropriate multiplier within the range would therefore require the use of personal judgment, taking into account the quantitative and qualitative factors of the measurement.
- When the market cannot be relied upon in determining the fair value of a financial asset or a financial liability, the Bank uses the income method to determine the fair value by which future amounts such as cash flows or income and expenses are transferred to a current amount (discounted) Current market about future amounts.
- Where the fair value of a financial asset or a financial liability cannot be relied upon income and market approach, the Bank uses the cost approach to determine the fair value to reflect the amount currently being requested to replace the asset in its current condition (the current replacement cost) to reflect the fair value The cost borne by the market participant as a buyer of an alternative asset has a similar benefit since the market participant as a buyer will not pay in the original more than the amount for which the benefit is exchanged for the asset.

The valuation techniques used in determining the fair value of a financial instrument include:

- Declared prices of similar assets or liabilities in active markets.
- Interest rate swaps by calculating the present value of expected future cash flows based on the observed yield curves.
- The fair value of future currency exchange contracts using the present value of the expected cash flow value using the future exchange rate of the currency in question.
- Analysis of cash flows discounted in determining the fair value of other financial instruments.

2-6 Financial Derivative instruments and hedge accounting

- Derivatives are recognized at fair value at the date of entering into the derivative contract and are subsequently re measured at their fair value. Fair value is obtained from quoted market prices in active markets, recent market transactions or valuation techniques such as discounted cash flow models and option pricing models, as appropriate. All derivatives are stated as assets if their fair value is positive or included in liabilities if their fair value is negative.
- Derivative contracts are not separated when the derivative is linked to a financial asset and the derivatives contract is therefore fully classified with the associated financial asset. The method of recognition of gains and losses arising from changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the hedged item. The Bank allocates certain derivatives as any of the following:
 1. Fair value hedges of recognized assets and liabilities or commitments (fair value hedges).
 2. Hedges of the expected future cash flows attributable to a recognized asset or liability, or attributable to a forecasted transaction (cash flow hedges).
 3. Net investment in foreign operations (net investment coverage).
- Hedge accounting is used for derivatives designated for this purpose if they qualify for accounting as hedging instruments.
- At the inception of the transaction, the Bank documents reliably the relationship between hedged items and hedging instruments, as well as the objectives of risk management and strategy from entering into various hedge transactions. The Bank also establishes, at the inception of the hedge, on an ongoing basis, the underlying documentation to assess whether the derivatives used in hedge transactions are effective in meeting changes in the fair value or cash flows of the hedged item.

2-6-1 Fair value hedge

- Changes in the fair value of designated derivatives eligible for fair value hedges are recognized in the statement of profit and loss with any changes in the fair value attributable to the risk of the underlying asset or liability.
- The effect of effective changes in fair value of interest rate swaps and related hedged items is recognized as "net interest income". While the effect of effective changes in the fair value of future currency contracts is recognized as "Net income of financial instruments at fair value through profit or loss"
- The effect of ineffectiveness in all contracts and related hedged items in the previous paragraph is recognized under "Net income of financial instruments at fair value through profit or loss"
- If coverage no longer meets the hedge accounting requirements, the adjustment to the carrying amount of the hedged item that is accounted for in the amortized cost method is amortized by taking it to profit and loss over the period to maturity. Recognition of equity is continued through adjustments to the carrying amount of the hedged equity instrument until it is derecognized.

2-6-2 Cash flow hedge

- The other comprehensive income statement recognizes the effective portion of changes in the fair value of designated derivatives eligible for cash flow hedges. Gains and losses relating to the ineffective portion of the statement of profit and loss are recognized immediately in "Net income of financial instruments at fair value through profit or loss".
- Amounts accumulated in the other comprehensive income statement are carried to the statement of income in the same period in which the hedged item has an impact on profit or loss. Gains or losses relating to the effective portion of currency swaps and options are taken to "net income of financial instruments at fair value through profit or loss".
- When a hedging instrument is due or sold, or if coverage no longer meets the conditions for hedge accounting, gains or losses accumulated in other comprehensive income at that time are recognized in other comprehensive income and recognized in the statement of income when the transaction is ultimately recognized Predicted. If the forecast transaction is no longer expected to occur, then the gain or loss accumulated in other comprehensive income is immediately carried to the statement of profit and loss.

2-6-3 Net investment hedge

Is recognized in the other comprehensive income statement as the gain or loss from the hedging instrument relating to the effective portion of the hedge, while the gain or loss is recognized immediately in profit or loss in respect of the ineffective portion. Gains or losses accumulated in the other comprehensive income statement are carried to the statement of income on disposal of foreign operations.

2-6-4 Derivatives not eligible for hedge accounting

Gains and losses on "net income of financial instruments at fair value through profit or loss" are recognized in changes in the fair value of derivatives that are not eligible for hedge accounting, and are recognized in profit or loss as "net income from financial instruments at fair value through profit or loss" And losses or gains arising from changes in fair value of derivatives managed in connection with financial assets and liabilities at fair value through profit or loss.

2-7 Net income of financial instruments at fair value through profit or loss

Net income of financial instruments at fair value through profit or loss represents gains and losses on assets and liabilities at fair value through profit or loss and includes changes in fair value whether realized or unrealized, interest, dividends and differences in exchange rate.

2-8 Loans and Debts

Loans and advances represent non-derivative financial assets with fixed or determinable payments 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 or loss.
- Assets classified at fair value through other comprehensive income for sale at initial recognition.
- Assets for which the bank will not be able to substantially recover all of value of its initial investment, for reasons other than creditworthiness deterioration.

2-9 Interest Income and Expenses

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss are recognized within 'interest and similar income' and 'interest and similar expense' in the income statement using the effective interest rate

The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, employments options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset has been classified as nonperforming or impairment then related, interest income is not recognized and it is allocated in marginal records off balance sheet and it is recognized as income on monetary bases according to the following:

- When they are collected and after receiving all past due installments for consumption loans mortgage loans, and small loans business loans, the interest will be recognized as revenues when it's collected and that is after the full recovery of the overdue.
- Regarding to corporate loans, the cash basis is also followed, as the return calculated later in accordance with the terms of the loan scheduling contract is higher against the recognition of unearned interest on credit balances until 25% of the scheduling installments are paid, with a minimum regularity of one year. In the case of the client continues in regularity, the interest is recognized in the revenue which is calculated on the balance of the existing loan (return on the balance of the regular scheduling) without the marginal return. Before scheduling, which is not recognized in revenue until after paying the full balance that appears in the loan in the budget before scheduling.

2-10 Fee and Commission Income

Fees due from servicing the loan or facility measured at amortized cost shall be recognized in the income when performing the service, while the fee and commission income related to non-performing or impaired loans 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 (2-9). 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 which 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.

2-11 Dividend Income

Dividend income resulted from invested companies other than investments in subsidiaries and associates, is recognized in the income statement when the bank obtains the right to receive it.

2-12 Purchase agreements aligned with resale, and sale agreements aligned with repurchase

Sold securities subject to repurchase agreements are presented within assets in addition to purchased treasury bills with a commitment to resale on the balance sheet, and the commitment (purchase and resale agreements) is presented with the commitment to repurchase on the balance sheet. the difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

2-13 Impairment of financial assets

Impairment losses are recognized for the expected credit losses of the following financial instruments that are not measured at fair value through profit or loss:

- Financial assets that represent debt instruments.
- Due debts.
- Financial guarantee contracts
- Loan commitments and similar debt instruments commitment.

Impairment losses on investments in equity instruments are not recognized.

Debt instruments related to retail banking and small and micro finance

The Bank consolidates debt instruments related to retail banking products and micro and small enterprises on the basis of groups with similar credit risk based on the type of banking product.

The Bank classifies debt instruments within the Retail Banking Group or micro and small enterprises into three stages based on the following quantitative and qualitative criteria:

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
	Basic indicator (Quantitative Criteria)	Additional indicator (Qualitative Criteria)	Basic indicator (Quantitative Criteria)	Additional indicator (Qualitative Criteria)	Basic indicator (Quantitative Criteria)	Additional indicator (Qualitative Criteria)
Financial Instruments Low Credit Risk	There is no Past dues	Scope of accepted risks				
Financial instruments have significant increase in credit risk			Delay within 30 days from the due date of contractual installments	If the Borrower encounters one or more of the following events: -The Borrower has applied for the conversion of short-term to long-term repayments due to adverse effects related to the borrower's cash flows. -The bank canceled one of the direct facilities by the bank due to the high credit risk of the borrower. -Extension of the time limit granted for payment at the request of the borrower. -Recurring previous arrears during the previous 12 months. -Negative future economic changes that affect the borrower's future cash flows		
Impaired financial instruments					When the borrower delays more than 90 days from the payment of his contractual installments	N/A

Debt instruments related to medium enterprises and projects

The Bank aggregates debt instruments relating to medium-sized enterprises and enterprises based on similar credit risk groups on the basis of the Borrower Client Unit (ORR). The Bank classifies customers within each group into three stages based on the following quantitative and qualitative criteria:

Financial Instrument Classification	Stage 1		Stage 2		Stage 3	
	Basic indicator (Quantitative Criteria)	Additional indicator (Qualitative Criteria)	Basic indicator (Quantitative Criteria)	Additional indicator (Qualitative Criteria)	Basic indicator (Quantitative Criteria)	Additional indicator (Qualitative Criteria)
Financial Instruments Low Credit Risk	There is no Past due	Scope of risk accepted				
Financial instruments have significant increase in credit risk			Delay within 30 days from the due date of contractual installments	If the borrower is on the checklist and / or the financial instrument you experience one or more of the following events: -Significant increase in the rate of return on the financial asset as a result of increased credit risk. -Significant negative changes in the activity or financial or economic conditions in which the borrower operates. -Request rescheduling. -Significant negative changes in actual or expected operating results or cash flows. -Negative future economic changes that affect the borrower's future cash flows.		

				- Early signs of cash flow / liquidity problems such as delays in service of creditors / business loans.		
Impaired financial instruments					When the borrower delays more than 90 days from the payment of his contractual installments*	When the borrower is unable to meet one or more of the following criteria, indicating that the borrower is experiencing significant financial difficulty. <ul style="list-style-type: none"> -The death or incapacity of the borrower. -The borrower's financial default. -Initiate scheduling as a result of the deterioration of the borrower's credit capacity. -Non-compliance with financial commitments. -Disappearance of the active market for the financial asset or one of the borrower's financial instruments due to financial difficulties. -Granting lenders privileges related to the financial difficulty of the borrower, which was not granted under normal circumstances. -The probability that the borrower will enter bankruptcy or restructuring due to financial difficulties. - If the borrower's financial assets are purchased at a significant discount that reflects the credit losses incurred.

- * According to the circular issued by the Central Bank of Egypt on December 14, 2021 regarding the temporary amendment of the treatment of non-performing loans to small and medium corporates, according to the instructions of (IFRS 9) Customers are included in the stage 3 in the event of non-compliance with the contractual terms, in the event that there are dues equal or more than 180 continuous days (instead of 90 days according to the current instructions).
- The financial assets created or acquired by the Bank are classified as having a higher credit risk rating than the Bank's low risk financial assets on initial recognition at stage 2 directly.

2-13-1 Measurement of expected credit losses

The Bank evaluates debt portfolios on a quarterly basis at the portfolio level for all financial assets of Retails, corporate, and SMEs on a periodic basis with respect to the financial assets of institutions classified as a follow-up to control its credit risk. On a periodic basis, the criteria used to determine the significant increase in credit risk are reviewed and monitored periodically by the credit risk management.

The Bank assesses at each reporting date the impairment loss for financial instruments at an amount equal to the expected credit losses over the life of the financial instrument except for the following cases where the provision for impairment losses is estimated at an amount equal to the expected credit losses over the twelve months:

- 1) A debt instrument that has been identified as having a low credit risk at the date of the financial statements (debt instruments at stage 1).
- 2) Other financial instruments Credit risk at the reporting date has not increased significantly since the initial recognition (debt instruments at stage 1).

The Bank considers the expected credit losses to be a weighted probability estimate of the expected credit losses, which are measured as follows:

- The expected credit losses on financial assets are measured at the stage one based on the present value of the gross deficit calculated based on the historical probability of default scenarios adjusted by the average forecasts of macroeconomic indicators for the future twelve months multiplied by the value at default, taking in consideration the expected recovery rates when calculating the average Loss for each group of debt instruments with similar credit risk. Given the expected credit losses taking into account the amount and timing of payments, the credit losses arise even if the enterprise expects to pay in full but later after debt becomes payable under contractual terms. The expected credit losses over the twelve months are considered to be part of the expected credit losses over a lifetime arising from the defaulting events of a financial instrument and the potential within twelve months after the date of the financial statements.
- The expected credit loss of financial assets in the stage two is measured based on the present value of the total deficit calculated based on the historical probability of default scenarios adjusted by the average forecasts of the macroeconomic indicators for the life of the financial asset multiplied by the value at default, taking in consideration the weighting of the expected recovery rates in calculating the loss rate for each group of debt instruments with similar credit risk.
- Impaired financial assets at the reporting date are measured as the difference between the carrying amount of the asset and the present value of expected future cash flows.
- In calculating the specific loss rates, the Bank calculates the expected recovery rates from the present value of expected cash flows either from cash and in kind guarantees or historical or anticipated future repayment rates as follows:
 - The Stage One: only the value of cash collaterals and their equivalents represented in cash and other financial instruments that can be converted into cash easily in a short period of time (3 months or less) and without any change (loss) in their value as a result of credit risks are considered.
 - Stages two and three: only the types of guarantees are considered in accordance with the rules issued by the Central Bank of Egypt in June 2005 regarding the bases for assessing the creditworthiness of customers and the formation of provisions, while the value of these guarantees is calculated according to what is stated in the rules for preparing financial statements for banks and the basis for recognition and measurement issued by the bank. The Central Bank of Egypt on December 16, 2008.
 - For debt instruments held by banks operating outside Egypt, the probability of default is determined on the basis of the credit rating of the head office of the bank operating outside Egypt and no more than the credit rating of the head office country taking into consideration the central bank instructions for countries risks. The loss rate is 45% at least.
 - For the instruments held by the banks operating in Egypt, the probability of default is calculated on the basis of the classification of the bank by the external international rating institutions. The branches of the Egyptian banks abroad are treated as the main center. The branches of the foreign banks operating in Egypt, The loss rate is calculated at 45% at least.

- For debt instruments issued by non-banks, the probability of default is calculated on the basis of the rating of the issuer of the financial instrument by the external international rating institutions and no more than the credit rating of the issuing country in the case of external entities. The loss rate is calculated at 45% at least.
- Impairment provision on financial assets recognized in the financial position is deducted from the value of the financial asset at the time the statement of financial position is prepared, while the provision for impairment relating to loan commitments, financial guarantee contracts and contingent liabilities is recognized under other provisions of the financial position liabilities.
- For financial guarantee contracts, the Bank estimates the expected credit loss on the basis of the difference between the expected payments to the guarantee holder less any other amounts that the Bank expects to recover.

Upgrading from the stage two to the stage one

The bank shall not transfer the financial asset from the stage two to the stage one until all the quantitative and qualitative elements of the stage 1 have been met and the total cash receipts from the financial asset are equal to or greater than the total amount of the installments due to the financial asset, if any and accrued interest that has been 3 months from continuing to meet the conditions.

Upgrading from the stage three to the stage two

The bank does not transfer the financial asset from the stage three to the stage two unless all of the following conditions are met:

- 1) Completion of all quantitative and qualitative elements of the stage two.
- 2) Repayment of 25% of the balances of the outstanding financial assets, including unearned / suspended interest according to circumstances.
- 3) Regularity in paying for at least 12 months.

The period of recognition of the financial asset within the last category of the stage two

The period of recognition (classification) of the financial asset within the last category of the stage two shall not exceed nine months from the date of its conversion to that stage.

2-13-2 Restructured financial assets:

If the terms of a financial asset are renegotiated or modified or a new financial asset replaced by a current financial asset due to the financial difficulties of the borrower, an assessment is made as to whether the financial asset should be derecognized and the expected credit losses are measured as follows:

- If the restructuring will not lead to the disposal of the current asset, the expected cash flows from the adjusted financial asset are used when calculating the cash deficit in the current asset. The expected credit losses are calculated on the life of the instrument.
- If the restructuring will result in the disposal of the present asset, the expected fair value of the new asset is treated as final cash flows from the current financial asset when derecognized. This value is used to calculate the cash deficit from the current financial asset, which is deducted from the expected date of de-recognition of the asset at the reporting date using the original effective interest rate of the current financial asset.

Presentation of the expected credit loss provisions in the statement of financial position

The provision for credit losses is presented in the statement of financial position as follows:

- Financial assets measured at amortized cost as a deduction from the total book value of the assets.
- Commitments for loans and financial guarantee contracts: Generally, as a provision.
- When the financial instrument includes both the used and non-used of the permitted amount of the instrument, and the Bank cannot determine the expected credit losses of the unused portion separately, the Bank presents a provision for collective loss to the used and non-used. the aggregated amount is presented as a deduction from the total book value of the used and any increase in the loss provision is shown on the total amount of the used as a provision for the unused portion.
- Debt instruments at fair value through other comprehensive income a provision for impairment is not recognized in the statement of financial position because the book value of such assets is their fair value. However, the provision for impairment is disclosed and recognized in the fair value reserve.

2-13-3 Debt Write Off:

Debt is written off (partly or fully) when there is no realistic possibility of repayment of that debt. Generally speaking, when the Bank determines that the borrower does not have the assets, resources or sources of income that can generate sufficient cash flows to repay the debts that will be written off, however, the impaired financial assets may remain subject to follow-up in light of the Bank's actions to recover the amounts due. Expected credit loss provision is charged to debts that are amortized whether or not they are provisioned. Any recoverable from previously written off loans are added to the expected credit losses.

2-13-4 Financial assets at amortized cost

At the end of each financial period, the Bank assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset (or a group of financial assets) is impaired and impairment losses are incurred when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (the loss event) and the loss event affects the future cash flows of the financial asset (Or group of financial assets) that can be reliably estimated.

Indicators used by the Bank to determine the existence of objective evidence of impairment losses include:

- Significant financial difficulties facing the borrower or the debtor.
- Violation of the terms of the loan agreement such as non-payment.
- Predict the bankruptcy of the borrower or enter into a liquidation or re-structuring of the financing granted to him.
- The borrower's competitive situation deteriorated.
- The Bank, for economic or legal reasons related to the borrower's financial difficulties, grants him privileges or concessions that the Bank may not agree to grant under normal circumstances.
- Decline in the value of the guarantee.
- Deterioration of the borrower's credit situation.

An objective evidence of impairment of a group of financial assets is the existence of clear data indicating a measurable decrease in the expected future cash flows from this group since its initial recognition, although it is not possible to determine the decline for each asset individually, for example an increase in the number of defaults for a banking product.

The Bank assesses the period of confirmation of loss, the period between the occurrence of loss and the identification of each specific portfolio.

The Bank first assesses whether there is objective evidence of impairment of each financial asset alone if it is of individual importance, as is the estimation at the aggregate or individual level of financial assets that are not individually significant. In this regard, the following shall be considered:

- If the Bank finds that there is no objective evidence that a financial asset has been impaired, whether individually significant or not, then the asset is included in the financial asset having similar credit risk characteristics and is evaluated together to estimate impairment in value at rates Historical failure.
- If the Bank finds that there is objective evidence that a single financial asset is impaired, it is considered to estimate its impairment. If the result of the study is a loss of impairment, the asset is not included in the group for which impairment losses are calculated on a consolidated basis. If the previous study shows that there is no impairment loss in the value of the asset individually, the asset is then included in the group.
- The amount of impairment loss provision is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows discounted using the original effective interest rate of the financial asset. The carrying amount of an asset is reduced using the allowance for impairment losses and the impairment loss on credit losses and the reversal of impairment losses are recognized as a separate item in the statement of income.
- In addition to the impairment charge recognized in the statement of income as mentioned in the previous paragraph, the Bank is also committed to applied to calculate the provisions required for impairment of these Loans and advances as Assets at credit risk measured at amortized cost - including credit related commitments (Contingent Liabilities) - on the basis of credit rating ratios determined by the Central Bank of Egypt. If the provision for impairment losses calculated in accordance with these ratios is increased for the purpose of preparing the financial statements of the Bank, the excess shall be deducted as a general reserve for bank risk

within equity in respect of retained earnings. This reserve is periodically adjusted to increase or decrease as appropriate. This reserve is not available for distribution except with the approval of the Central Bank of Egypt. Note 34 (a) shows movement at the expense of general bank risk reserve during the financial year.

- If the loan or investment is held to maturity and carries a variable rate of return, then the discount rate used to measure any impairment loss is the effective yield rate in accordance with the contract at the date that objective evidence of impairment of the asset is determined. For practical purposes, the Bank may measure impairment losses on the fair value of the instrument using quoted market prices.
- For financial assets that are secured, when calculating the present value of expected future cash flows from a financial asset, the expected cash flows that may result from the sale and sale of the collateral and after deducting related expenses are taken into account.
- For the purpose of estimating impairment at an aggregate level, financial assets are grouped into similar groups in terms of credit risk characteristics, on the basis of the Bank's internal rating process, taking into consideration the type of asset, industry, geographical location, and type of collateral, arrears position and other relevant factors. These characteristics are related to the estimated future cash flows of groups of these assets as an indication of the ability of debtors to pay the amounts due under the contractual terms of the assets under consideration.
- When estimating the impairment of group of financial assets based on historical default rates, the estimated future cash flows of the Group are estimated on the basis of the contractual cash flows of the Bank's assets and the historical loss of assets with credit risk characteristics similar to the assets held by the Bank. The amount of historical losses is adjusted based on current data to reflect the impact of the current conditions that were not available during the period during which the historical losses were determined, as well as to eliminate the effects of the conditions that existed in historical periods and are no longer present.
- The Bank ensures that changes in the cash flows of a group of financial assets reflect changes in relevant reliable data from period to period (such as changes in unemployment rates, real estate prices, repayment position and any other factors indicating changes in the probability of loss in the group) The Bank conducts a periodic review of the method and assumptions used to estimate future cash flows.
- The carrying amount of financial assets at amortized cost is reduced by the amount of impairment losses for all financial assets measured at amortized cost which recognized at preparing financial position. While the impairment Losses related to Loans Commitments, Financial guarantees Contracts and Contingent Liabilities have been recognized in Other Provisions Item in Financial Position Liabilities.

2-14 Investment properties

The investment properties represent lands and buildings owned by the Bank in order to obtain rental returns or capital gains and therefore does not include real estate assets which the bank operates through or those that have been ceded to the bank as settlement of debts which the bank used in its operation the bank applies cost value method which the same way applied with other similar fixed assets.

2-15 Intangible Assets (Computer Software)

- Software developing and maintenance fees are recognized as expense in the income statement when it has been paid and it is recognized as intangible asset as expenses related to specific programs under the bank's control and it is expected to generate economic benefits for more than 1 year without exceeding its cost, the direct cost consist of the employee's costs who are part from the development team and the appropriate share from the related expenses, the costs that lead increase of the performance of the IT programme over the specifications are recognized.
- Developing which leads to improvement and increase in the original IT program are recognized as expenses and it is added to the IT program cost IT programs original costs- recognized as an asset- are amortized through the period of expected benefit in no more than 3 years by 33.3%

2-16 Property and equipment

- the historical cost includes the charges directly related to acquisition of property and equipment items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as

appropriate, only when it is probable that future economic benefit associated with the item will flow to the bank and the cost of the item can be measured reliably.

- All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred and property and equipment includes Lands and premises represents mainly of land and buildings related to head office, branches and offices.
- Land shall not be subject to depreciation, while depreciation of other property and equipment shall be calculated using the straight-line method to allocate the cost over the useful life property and equipment depreciation percentage represented as follow:

			Additions property and equipment from 24 Nov 2019 are depreciation rate as follow:	
- Buildings & Constructions	5%	20 years	2%	50 years
- Furniture	20%	5 years		
- Machinery & Equipment	20%	5 years		
- Vehicles	25%	4 years	20%	5 years
- Integrated automated systems	20%	5 years		
- Fixtures & fittings*	33.3%	3 years	16.7%	6 years
- Fixtures & fittings rental	33.3%	3 years	16.7%	6 years

*Starting from 28 February 2022, fittings depreciation periods have been amended to be 8-10 years by percentages (10% - 12.5%) instead of 6 years' percentages (16.7%)

- The assets' useful lives are reviewed, and adjusted if necessary, at the end of each financial period. Assets that are subject to depreciation are reviewed for determining the extent of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
- The recoverable amount is the greater of its value in use or the net salable value of the asset. Gains and losses on disposals are determined by comparing proceeds from sale with its carrying amount. These are included in other operating revenues (expenses) in the income statement.

2-17 Other Assets:

- This item includes the other assets have not been classified within the specific assets of the financial position, such as the accrued revenues, prepaid expenses including the overpayment taxes (excluding tax liabilities Payments under purchase of fixed assets, and the deferred balance for Losses of the first day and not yet amortized, and current and non-current assets that have been transferred to the Bank to meet debt deduction for impairment losses), insurance and covenants, gold bullion, commemorative coins, accounts under settlement, and balances not classified in any of the specified assets.
- The majority of other assets are measured at cost and where objective evidence of impairment exists in the value of the asset, the value of the loss for each asset is measured separately between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows discounted at the current market rate of assets Similar whichever is higher. The carrying amount of the asset is immediately recognized and the amount of the loss is recognized in the statement of income under other operating income (expenses) If the impairment loss decreases in any subsequent period and the impairment can be objectively related to an event occurring after the impairment loss is recognized, the recognized impairment loss To the income statement provided that such de-recognition does not result in a carrying amount of the asset at the date of the reversal of the impairment loss that exceeds the amount to which the asset could have been had such impairment losses not been recognized.

With respect to the assets to which its ownership transferred to the bank to fulfill debts, the following shall be considered:

- In accordance with of the Law of the Central Bank, it is prohibited for banks to deal in movable or real estate by buying, selling or barter other than the property designated for the management of the bank's business or recreation for workers and movable or property owned by the bank for a third-party debt recognized from the date of the write-down (i.e. the date of amortization) within assets owned by the Bank to meet debts and the Bank shall act accordingly as follows:
 - Within one year from the date of the devolution of ownership to the movable.
 - Within five years from the date of the devolution of property in relation to the property.

- The Board of Directors of the Central Bank of Egypt may extend the period if circumstances so require and may exempt some banks from this prohibition according to the nature of their activity.
- The assets acquired by the Bank are recognized as debts in accordance with the value of the Bank, which is the value of the debts that the Bank has decided to waive for these assets. If there is objective evidence that an impairment loss has occurred in the asset at a subsequent date of impairment, the loss per asset is measured separately by the difference between the carrying amount of the asset and its net realizable value or the present value of estimated future cash flows from the asset's use discounted at the current market rate of similar assets. Top. The carrying amount of the asset is reduced through the use of an impairment account and the loss is recognized in the income statement under "other operating income (expense)". If the impairment loss is reduced in any subsequent period and it is possible to associate that decrease objectively with an event occurring after the impairment loss is recognized, then the impairment loss previously recognized is recognized in the statement of income provided that such a recovery does not result in the impairment loss. The asset could have been made to it if such impairment losses had not been recognized.
- In light of the nature of the movable or immovable property of the Bank and subject to the provisions of the said Article, the movable or real estate shall be classified according to the Bank's plan or the nature of the expected benefit thereof within the fixed assets, real estate investments, shares and bonds or other assets available for sale as the case may be. Accordingly, the bases for the measurement of fixed assets, investment properties, shares and bonds are applied to assets acquired by the Bank in fulfillment of debts and classified under any of these terms.
- For other assets not included in any of these classifications and other assets available for sale are measured at cost or fair value determined by the Bank's authorized experts - less the selling costs - whichever is lower. The differences arising from the valuation of these assets are recognized in the income statement under " Other operating expenses), taking into account the disposal of such assets within the period specified in accordance with the provisions of the law. If these assets are not disposed of within the period specified in the Law of the Central Bank, the general bank risk reserve is increased by 10% of the value of these assets annually. The net income and expenses of the assets owned by the Bank. Are recognized in the statement of income under "other operating revenues (expenses)".

2-18 Impairment of non-financial Assets

- Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life - except goodwill - are not subject to amortization and are tested annually for impairment
- An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, the net realizable value represents the net selling value of the asset or its utilization value which is greater. For the purposes of estimation impairment, assets shall be linked to at the smallest available cash unit. Non-financial assets that have been impaired shall be reviewed to assess a reversal of the impairment to the income statement at each reporting date.

2-19 Lease

- All leasing contracts shall be considered operational leasing and processed as followings.

2-19-1 lease

Operating lease payments less any discounts granted from the lessor is recognized as expenses in the income statement using the straight-line method over the contract term.

2-19-2 Leasing out

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

2-20 Cash and cash equivalent

For the purposes of presentation of the statement of cash flows, cash and cash equivalents include balances due within three months from date of acquisition, Cash and balances with Central Bank of Egypt other than the mandatory reserve, and due from banks and treasury bills and other governmental notes.

2-21 Other provisions

- Provisions for restricting costs and legal claims are recognized when: the bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
- When there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determined taking into consideration the group of obligations as a whole, a provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.
- Provisions no longer required are reversed in other operating revenues (expense).
- Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from financial statement date using the appropriate rate in accordance with the terms of settlement ignoring the tax effect which reflects the time value of money. If the settlement term is less than one year, the provision is recognized using the present value unless time consideration has a significant effect.

2-22 Financial collateral contracts

These are contracts issued by the bank to guarantee loans or debit current accounts presented to banks' clients by other parties and in this case the bank is required to pay certain compensations to beneficiary against losses occurred due to delay in payments at maturity date according to the debt conditions. These guarantees are paid to banks, institutions and others on behalf of banks clients. They are initially recognized at fair value in the balance sheet at the date of granting the guarantee reflecting the guarantee issuance fees some time later. Bank's commitment is measured initially by the amount of guarantee (after deducting calculated amortized recognized for guarantee fees in the income statement by using straight line method through the life of the guarantee) or the best estimate for requested payments to settle any financial obligation resulted from this guarantee which ever higher Estimates are based on previous experience of similar transactions, historical losses and it is supported by the management opinion. Any increase in obligation related to that financial guarantee is recognized at the income statement under other operating revenues (expenses).

2-23 Employee benefits

2-23-1 Employee benefits - Short Term

Represented in salaries, wages social insurance, paid annual vacations and bonus if due within 12 months from the end of the financial period as well as non-financial benefits such as medical care, housing, transportation providing free goods and services for current employees
Employee benefits - Short Term's recognized in the income statement as expenses for the relevant period.

2-23-2 Early Retirement Benefits

The benefits of early Retirement are the compensations payable to employees referred to early retirement. The Bank recognizes such compensation as a liability and expense only when the Bank is demonstrably committed to performing any of the following:

- A- Termination of the employment of an employee or group of employees prior to the normal retirement date.
- B- The compensation of early Retirement as a result of an offer to encourage leaving voluntary employment.

The Bank is demonstrably committed to pay termination only when there is a detailed system for termination of service and there is no actual possibility to withdraw this system.

The detailed system includes the following as a minimum:

- A- The position and work of the employees whose services will be ended and their approximate number.
- B- The compensation of the Retirement for each category or job.
- C- The date of the system will be applied, the implementation must occur as soon as possible, and the period of completion of the implementation should be such that material changes to the system are excluded

2-23-3 Post employment Medical care

The bank provides medical care benefit to retired employees, where of this benefit condition of being in service until retirement age or to complete the minimum requirement of being in service and it is calculated as determined benefit system

- The commitment to the health care system for retirees is the current value of health care obligation in the date of financial statements after the necessary adjustments are made to obligation.
- Retired employees medical care obligation is annually calculated (expected future cash flows) through Actuarial in the project unit credit method Retired employees medical care obligation current value is determined by deducting expected cash flows in respect to interest rate of government bonds in the same currency of benefits and in almost the same maturity dates.
- Actuarial profit (loss) resulting from amendments, changes of actuarial expectations are recognized in the income statement for profits or loss exceeding 10% of the system assets or 10% of the estimated benefits determined at the year before which ever higher, where this increase in profit or loss is recognized in the income statement through the expected average remaining working periods.

Previous service costs are recognized in the income statement as administrative expenses unless changes in the retirement policy indicates that employees should spent a certain vesting period in service, in this case the previous service cost are amortized in straight line method in their due period.

2-23-4 Retirement Benefit

The benefits of the pension are represented in the Bank's share in the social benefits of its employees, which are paid by the Bank to the General Authority for Social Insurance in accordance with the Social Insurance Law No.79 for the year 1975 and its amendments shares are paid for each period and they are recognized in the income statement as salaries and wages under administrative expenses for the period employees in service.

The bank share is paid as a determined subscription. Accordingly, there is no additional liability to the bank other than its share in social insurance which is due to pay for the social insurance authority.

2-24 Income tax

- Income tax on the profit or loss for the period includes the tax of the current period, deferred tax, and is recognized in the income statement. Except when they relate to items that are recognized directly in equity, in which case the tax is also recognized in 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 balance sheet, 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. the balance sheet, 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.
- The deferred tax value is based on the expected method to achieve or resolve asset values or obligations and use applicable tax prices, tax obligations are recognized for all temporary tax differences, while deferred tax assets are recognized for temporary tax differences, when a profit is likely to be achieved.
- 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.
- Offsetting between assets and deferred tax liabilities if the bank has a legal right that allows it to offset the assets and current tax liabilities

2-25 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.

2-26 Capital

2-26-1 Capital shares and it's cost

Capital shares (the equity instruments of the enterprise itself) are recognized within equity, based on net proceeds after deduction 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.

2-26-2 Dividends

Dividends shall be recognized through deducting the same from shareholders' equity in the period where the General Assembly meeting shareholder approves these dividends. They 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. Not recognize any commitment to the bank towards employees and members of the board of directors in retained earnings only when they are decided to distribute.

2-27 Custody Activity

The bank has a custodian activity where it manages assets related to individuals or custody purpose or retirement fund and it is not recognized at the financial position as it is not a bank asset or profit

2-28 Subordinated Deposits(Advance deposits from Central Bank of Egypt and Banque Misr)

The deposit is recognized as liability at present value, calculated by using a discount rate equal to the rate of return on governmental bonds that approximates the deposit term at the date of entry into force of the deposit. The difference between the face value of the deposit and its present value within the owner's equity is defined as face value difference from the present value of the subordinated deposit. The deposit shall be paid at the end of each financial period to the face value at the maturity date and that charged to the differences as mentioned above to reach, face value on the date of its maturity.

2-29 Comparatives

Whenever necessary comparative figures have been adjusted to conform to changes in presentation in the current period.

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 is carried out by Risk Management Division 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 known 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 financial derivatives and non-derivatives instruments. In addition, Risk division is responsible for the periodic review to manage risks and control environment independently.

A. Credit Risk

The Bank is exposed to credit risk, which is the risk that a party will fail to meet its obligations. The credit risk is the most important risk to the Bank, so management carefully manages exposure to that risk. Credit risk is mainly the lending activities that result in loans, facilities and investment activities that involve the Bank's assets on debt instruments. Credit risk is also found in financial instruments off-balance sheet such as loan commitments. Credit risk management and control processes are concentrated in the Credit Risk Management Team, which reports to the Board of Directors, senior management and heads of activity units on a regular basis.

The credit risk group establishes requirements at the bank level to identify, evaluate, monitor, follow and report on credit risk, while business / support units are responsible for credit risk in their units while integrating business strategies with the Bank's risk to recover.

Credit risk policies and procedures have been developed to provide control over credit portfolios by periodically assessing borrowers' credit position and setting the maximum risk limit for a specific borrower. Risks to individual and / or group exposures are monitored periodically on a portfolio-by-portfolio basis. The Bank's credit policy provides detailed guidelines for effective credit risk management, where best market practices and instructions issued by emergency entities are reviewed and updated from time to time based on regulatory experience.

Credit policy is designed to ensure that risk management's strategies and objectives are fully identified, including:

- Strengthen and improve the Bank's ability to measure and reduce credit risk on a prudent basis to reduce credit losses.
- Strengthen and improve credit portfolio management procedures.
- Strengthen and improve the Bank's procedures for early identification of problem areas.
- Adherence to regulatory and industry best practices for credit risk management.

The policy addresses all activities and functions related to credit procedures covering coverage criteria. It contains the Bank's risk tolerance criteria and includes guidance on target markets (companies, businesses, SMEs and high solvency). The policy also defines the type of borrowers / industries to be desired. Some of the criteria relate to specific products and are monitored by the individual credit product policy. Other sections generally include credit quality criteria, purpose and terms of facilities, unsolicited loans, credit analysis, risk concentration, repayment ability, compliance with laws and regulations, expected losses and documentation.

B. Portfolio Control

The portfolio is managed through portfolio diversification on purpose, industry / business sectors, ratings and geographical areas to avoid over-risking to specific economic sectors / credit products, which may be affected by adverse developments in the economy. In general, the Bank uses criteria for borrowers and business sectors to minimize risk concentration. The Bank's operations are concentrated in Arab Republic of Egypt, which reduces the risks of currency exchange, although geographical concentration remains present but acceptable and within the Bank's risk tolerance.

Personal loan portfolio is diversified where relatively small risks are adopted for a large number of customers based on the bank's salary conversion or the existence of specific risk guarantees on the products / employees, etc...

A/1 Credit risk measurement

- Loan Facilities to Banks and Customers

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

- Probability of default by the customer or third parties in meeting their contractual obligations.
- The current status of the direct facilities and the future development of the indirect facilities likely to result in the Bank's resulting exposure at default.
- Loss given default

The Bank assesses the probability of default at each customer level using internal rating methods for detailed classification of different categories of clients. These methods have been developed internally and statistical analyzes are taken into account with the professional judgment of the credit officer to reach an appropriate merit rating. The Bank's customers are divided into four categories of merit and reflect the merit structure. The following table shows the probability of default for each category of merit. This means that credit centers are transferred between categories of merit according to the change in the assessment of the probability of default. If necessary, the Bank periodically assesses the performance of the rating methods and their ability to predict delays.

• **Bank's internal rating categories**

<u>Rating</u>	<u>Meaning of the classification</u>
1	Good debts
2	Normal watch- list
3	Special watch- list
4	Non- performing loans

The position subject to failure depends on the amounts that the bank expects to be outstanding when the delay occurs. For example, for a loan, this position is the face value. As for the commitments, the bank lists all the amounts actually withdrawn in addition to the other amounts that are expected to have been withdrawn until the date of delay, if any.

The default loss or acute loss represents the bank's expectations of the extent of the loss when claiming the debt if the delay occurred. This is expressed in the ratio of the loss to the debt, and certainly this varies according to the type of debtor, the priority of the claim, and the availability of guarantees or other means of credit coverage.

Debt instruments

Concerning debt instruments, the bank uses the external foreign rating or equivalent rating to manage credit risk. If such ratings are not available, then the bank applies similar methods to those applied to credit customers and these investments in securities has been obtained better credit quality and at the same time provide an available source to meet financing requirements.

A-2 Risk Limit control and 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.
- Also credit risk exposure is managed by the periodical analysis of the present as well as the possible borrower's ability on fulfilling their obligations and also by amendment of the lending limits if appropriate.

The following are some means of mitigating risk:

- **Collaterals**

The bank employs a range of policies and controls to mitigate credit risk. Among the methods implemented is to obtain collateral against the extended funds.

The bank has set guiding rules for defined types of acceptable collaterals.

Among the main types of collaterals to loans and advances are the following:

- Mortgage
- Mortgage of business assets such as equipment and goods.
- Mortgage of financial instruments such as debt instruments and equity.

Usually corporate lending is for a longer term and secured whereas credit facilities extended to individuals are unsecured. To reduce credit loss to its minimum, the bank seeks to get additional collaterals from the concerned parties as soon as indicators of a loan or facility impairment appear.

The collaterals have been taken as collateral for assets other than loans and facilities are determined by the nature of the instrument, and debt instruments and treasury bills are usually unsecured, with the exception of sets of financial instruments covered by similar assets and instruments that are secured by a portfolio of financial instruments.

- Derivatives

The Bank maintains prudent control over the net open positions of the derivatives, the difference between the purchase and sale contracts at the level of value and duration. The amount of credit risk at any given time is determined by the fair value of the instrument that is beneficial to the Bank, a positive fair value asset that is a fraction of the contractual / default value used to express the size of the existing instruments. This credit risk is managed as part of the total lending limit granted to the client with the expected risk due to changes in the market. Collateral against credit risk on these instruments is normally not obtained except for amounts requested by the Bank as marginal deposits from third parties.

The risk of settlement arises in situations where payment is made by cash, equity instruments or other securities or in exchange for the expectation of cash, equity instruments or other securities and daily settlement limits are set for each of the other parties to cover the risk of consolidated settlement arising from bank transactions any day.

- Credit related commitments

- The main reason for credit related commitments is to ensure availability of funds upon client's request. Also the financial guarantees contract bears the same loans credit risk. Letters of credit that bank issued instead of its clients to grant a third party the right to withdraw a certain value according to terms and conditions usually guaranteed with goods traded so it bear a less risk degree than direct loan.

- Credit related commitments represent the unused portion from approved limit, financial guarantees contracts or letters of credit. The bank bear expected losses with amount of total unused commitments and that is for credit risk resulted from grant credit. Although the more viable loss actually is less than unused commitments and that is for credit related commitments is grant for clients with specific credit nature. Bank is observing the commitments until maturity and that is for the long-term commitments have more credit risk degrees than short-term commitments.

A-3 Impairment policies and provisions

- The internal systems of aforementioned assessments focus to a great extent on the planning of the credit quality, from initially recognition of credit and investment activities. However, the impairment losses incurred every period end 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 credit losses charged to the financial statements are usually less than the estimated loss amount using the creditworthiness model used for the purposes of the Central Bank of Egypt rules.
- The impairment loss provision at the end of the financial period is derived from the three internal ratings; however, the majority of the provision results from the last two ratings. The following table shows the percentage for the items within financial position relate to loans and facilities and the relevant impairment for each of the bank's internal ratings:

Bank's Assessment	<u>31/12/2022</u>	<u>31/12/2021</u>
	<u>Loans and advances (%)</u>	<u>Loans and advances (%)</u>
1- Stage 1	81.28%	80.26%
2- Stage 2	13.45%	15.27%
3- Stage 3	5.27%	4.47%
	<u>100%</u>	<u>100%</u>

- The bank's policies require review of all financial assets, which exceed defined materiality 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 being made.
- The impairment loss provision shall be made on the basis of a group of homogeneous assets by using the available historical experience, personal judgment.

A-4 the General Model for Measurement of General Banking Risk reserve

In addition to the four-creditworthiness ratings shown in (note no. 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 performance of payments thereof.

According to Central Bank of Egypt adjusted rules starting from first year which the bank commit to apply this rules, the bank calculates the provision required for the impairment of these assets exposed to credit risk which impairment value has been individually estimated including credit related commitments using cash flow discounted method and for the group of asset that the impairment has been estimated as a group, the impairment calculated by historical default rates method. In case the impairment loss provision required according to ORR issued from Central Bank of Egypt exceeds the provisions as required according to adjusted rules by Central Bank of Egypt, 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 reserve shall not be subject to distribution, note (A-34) shows the "general banking risk reserve" movement during the year. Following is an indication of corporate credit worthiness 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:

<u>CBE Rating</u>	<u>Rating's meaning</u>	<u>Provision Ratio required' according CBE ORR</u>	<u>Internal Rating according CBE ORR</u>	<u>Meaning of internal Rating</u>
1	Low risk	0%	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Marginally acceptable risk	3%	2	Regular follow up
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non-Performing loans
9	Doubtful	50%	4	Non-Performing loans
10	Bad debts	100%	4	Non-Performing loans

A-5 The Maximum Limit for Credit Risk before Collateral, Interest in Suspense and provisions

Credit risk exposures of financial position items:

	<u>31/12/2022</u>	<u>31/12/2021</u>
Cash and balances at Central Bank	13,641,322	12,817,923
Due from banks	56,349,679	33,400,480
Loans and advances to banks	6,276,500	3,132,840
Loans and advances to customers:		
<u>Retail:-</u>		
-Overdraft accounts	2,120,478	1,371,620
-Credit cards	1,010,859	683,774
-Direct Loans	221,130	143,942
-Personal loans	47,856,164	39,358,684
-Mortgage loans	3,286,743	2,694,978
<u>Corporate:</u>		
- Overdraft accounts	43,056,318	31,840,787
-Direct loans	16,314,688	15,190,053
-Syndicated loans	19,092,471	14,601,116
-Discounted documents	722,765	635,301
-Financial Derivatives	59,464	1,479
Financial investments at fair value through other comprehensive income		
-Debt instruments	12,562,202	21,949,948
-Treasury bills and other governmental notes	32,653,433	23,787,601
Financial investments at amortized cost		
-Debt instruments	55,031,456	42,615,351
-Treasury bills and other governmental notes	410,826	182,867
Leased Fixed Assets	2,899,679	2,354,896
Other assets *	4,132,363	3,089,427
Total	<u>317,698,540</u>	<u>249,853,067</u>

The previous table represents the loans without taking into consideration the expected credit Loss as disclosed in notes (15), (16), (17), (18), (19), (20) and (24)

(*) The above mentioned other assets represents in accrued revenues.

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

<u>Due from banks</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	51,864,344	4,485,335	--	56,349,679
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	51,864,344	4,485,335	--	56,349,679
ECL Provision	(23)	(13,465)	--	(13,488)
Net carrying amount	51,864,321	4,471,870	--	56,336,191

<u>Due from banks</u>	<u>31 December 2021</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	30,890,130	2,510,350	--	33,400,480
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	30,890,130	2,510,350	--	33,400,480
ECL Provision	(161)	(3,752)	--	(3,913)
Net carrying amount	30,889,969	2,506,598	--	33,396,567

<u>Treasury bills and other governmental notes</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	23,393,101	9,671,158	--	33,064,259
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	23,393,101	9,671,158	--	33,064,259
ECL Provision	--	(88,681)	--	(88,681)
Net carrying amount	23,393,101	9,582,477	--	32,975,578

<u>Treasury bills and other governmental notes</u>	<u>31 December 2021</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	16,207,833	7,762,635	--	23,970,468
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	16,207,833	7,762,635	--	23,970,468
ECL Provision	--	(51,604)	--	(51,604)
Net carrying amount	16,207,833	7,711,031	--	23,918,864

<u>Treasury Bonds</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	58,505,231	4,216,167	--	62,721,398
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	58,505,231	4,216,167	--	62,721,398
ECL Provision	--	(154,921)	--	(154,921)
Net carrying amount	58,505,231	4,061,246	--	62,566,477

<u>Treasury Bonds</u>	<u>31 December 2021</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	57,708,845	3,006,578	--	60,715,423
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	57,708,845	3,006,578	--	60,715,423
ECL Provision	--	(81,410)	--	(81,410)
Net carrying amount	57,708,845	2,925,168	--	60,634,013

<u>Corporate Bonds</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	4,872,260	--	--	4,872,260
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	4,872,260	--	--	4,872,260
ECL Provision	(7,875)	--	--	(7,875)
Net carrying amount	4,864,385	--	--	4,864,385

<u>Corporate Bonds</u>	<u>31 December 2021</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	3,849,876	--	--	3,849,876
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	3,849,876	--	--	3,849,876
ECL Provision	(4,348)	--	--	(4,348)
Net carrying amount	3,845,528	--	--	3,845,528

<u>Loans and advances to Banks</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	494,868	5,781,632	--	6,276,500
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	494,868	5,781,632	--	6,276,500
ECL Provision	(128)	(19,215)	--	(19,343)
Net carrying amount	494,740	5,762,417	--	6,257,157

<u>Loans and advances to Banks</u>	<u>31 December 2021</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	834,950	2,297,890	--	3,132,840
Normal watch-list	--	--	--	--
Special watch-list	--	--	--	--
Non-performing loan	--	--	--	--
Total	834,950	2,297,890	--	3,132,840
ECL Provision	(2,611)	(16,324)	--	(18,935)
Net carrying amount	832,339	2,281,566	--	3,113,905

<u>Loans and advances to Retail</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	50,357,661	2,149,826	--	52,507,487
Normal watch-list	--	5,143	--	5,143
Special watch-list	--	--	--	--
Non-performing loan	--	--	1,982,744	1,982,744
Total	50,357,661	2,154,969	1,982,744	54,495,374
ECL Provision	(325,653)	(48,884)	(1,449,337)	(1,823,874)
Net carrying amount	50,032,008	2,106,085	533,407	52,671,500

<u>Loans and advances to Retail</u>	<u>31 December 2021</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	40,938,699	1,117,520	--	42,056,219
Normal watch-list	--	3,347	--	3,347
Special watch-list	--	--	--	--
Non-performing loan	--	--	2,193,432	2,193,432
Total	40,938,699	1,120,867	2,193,432	44,252,998
ECL Provision	(259,521)	(32,913)	(1,609,424)	(1,901,858)
Net carrying amount	40,679,178	1,087,954	584,008	42,351,140

<u>Loans and advances to large & medium Corporate</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	50,651,428	11,543,439	--	62,194,867
Normal watch-list	--	11,999	--	11,999
Special watch-list	--	1,562,484	41,998	1,604,482
Non-performing loan	--	--	4,469,106	4,469,106
Total	50,651,428	13,117,922	4,511,104	68,280,454
ECL Provision	(516,967)	(2,805,620)	(3,932,263)	(7,254,850)
Net carrying amount	50,134,461	10,312,302	578,841	61,025,604

<u>Loans and advances to large & medium Corporate</u>	<u>31 December 2021</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	40,353,713	10,554,543	--	50,908,256
Normal watch-list	--	7,811	--	7,811
Special watch-list	--	2,423,586	27,338	2,450,924
Non-performing loan	--	--	2,195,302	2,195,302
Total	40,353,713	12,985,940	2,222,640	55,562,293
ECL Provision	(278,438)	(3,392,689)	(2,041,581)	(5,712,708)
Net carrying amount	40,075,275	9,593,251	181,059	49,849,585

<u>Loans and advances to small corporate</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	7,646,078	2,710,948	--	10,357,026
Normal watch-list	--	--	--	--
Special watch-list	--	--	40,708	40,708
Non-performing loan	--	--	508,054	508,054
Total	7,646,078	2,710,948	548,762	10,905,788
ECL Provision	(117,754)	(929,988)	(170,895)	(1,218,637)
Net carrying amount	7,528,324	1,780,960	377,867	9,687,151

<u>Loans and advances to small corporate</u>	<u>31 December 2021</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
Credit rating				
Good debts	4,196,987	2,162,962	--	6,359,949
Normal watch-list	--	--	--	--
Special watch-list	--	--	16,694	16,694
Non-performing loan	--	--	328,321	328,321
Total	4,196,987	2,162,962	345,015	6,704,964
ECL Provision	(11,165)	(169,814)	(120,362)	(301,341)
Net carrying amount	4,185,822	1,993,148	224,653	6,403,623

The following table shows the changes in ECL between the beginning and end of the year as a result of these factors:

<u>Due from banks</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2022	161	3,752	--	3,913
New financial assets purchased or issued	--	6,276	--	6,276
Financial assets have been matured or derecognized	(138)	--	--	(138)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	--	3,437	--	3,437
Balance at the end of the year	23	13,465	--	13,488

<u>Due from banks</u>	<u>31 December 2021</u>			<u>Total</u>
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2021	6	9,328	--	9,334
New financial assets purchased or issued	161	--	--	161
Financial assets have been matured or derecognized	(6)	(5,562)	--	(5,568)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	--	(14)	--	(14)
Balance at the end of the year	161	3,752	--	3,913

Treasury bills and other governmental notes

31 December 2022

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2022	--	51,604	--	51,604
New financial assets purchased or issued	--	51,338	--	51,338
Financial assets have been matured or derecognized	--	(51,604)	--	(51,604)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	37,343	--	37,343
Balance at the end of the year	--	88,681	--	88,681

Treasury bills and other governmental notes

31 December 2021

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2021	--	106,970	--	106,970
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(54,256)	--	(54,256)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(1,110)	--	(1,110)
Balance at the end of the year	--	51,604	--	51,604

<u>Governmental Bonds</u>	<u>31 December 2022</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2022	--	81,410	--	81,410
New financial assets purchased or issued	--	6,105	--	6,105
Financial assets have been matured or derecognized	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology written-off during the year	--	--	--	--
Foreign exchange translation differences	--	67,406	--	67,406
Balance at the end of the year	--	154,921	--	154,921

<u>Governmental Bonds</u>	<u>31 December 2021</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2021	--	105,707	--	105,707
New financial assets purchased or issued	--	--	--	--
Financial assets have been matured or derecognized	--	(24,160)	--	(24,160)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology written-off during the year	--	--	--	--
Foreign exchange translation differences	--	(137)	--	(137)
Balance at the end of the year	--	81,410	--	81,410

<u>Corporate Bonds</u>	<u>31 December 2022</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2022	4,348	--	--	4,348
New financial assets purchased or issued	3,527	--	--	3,527
Financial assets have been matured or derecognized	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	7,875	--	--	7,875

<u>Corporate Bonds</u>	<u>31 December 2021</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2021	2,819	--	--	2,819
New financial assets purchased or issued	1,529	--	--	1,529
Financial assets have been matured or derecognized	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Changes in the probability of failure and loss in the event of failure and the balance exposed to failure	--	--	--	--
Changes on model assumptions and methodology	--	--	--	--
written-off during the year	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	4,348	--	--	4,348

<u>Loans and advances to Banks</u>	<u>31 December 2022</u>			
	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	<u>12-Months</u>	<u>Life time</u>	<u>Life time</u>	
ECL Provision at January 01, 2022	2,611	16,324	--	18,935
New financial assets purchased or issued	74	6,902	--	6,976
Financial assets have been matured or derecognized	(2,611)	(12,035)	--	(14,646)
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	54	8,024	--	8,078
Balance at the end of the year	128	19,215	--	19,343

31 December 2021

<u>Loans and advances to Banks</u>	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2021	1,301	6,137	--	7,438
New financial assets purchased or issued	1,309	10,184	--	11,493
Financial assets have been matured or derecognized	--	--	--	--
Transfer to stage 1	--	--	--	--
Transfer to stage 2	--	--	--	--
Transfer to stage 3	--	--	--	--
Foreign exchange translation differences	1	3	--	4
Balance at the end of the year	2,611	16,324	--	18,935

31 December 2022

<u>Loans and advances to Retail</u>	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2022	259,521	32,913	1,609,424	1,901,858
Cairo Bank Uganda adjustments	(3,451)	(1,257)	4,708	--
ECL Provision at January 01, 2022 after adjustments	256,070	31,656	1,614,132	1,901,858
New financial assets purchased or issued	113,420	14,174	103,864	231,458
Financial assets have been matured or derecognized	(47,089)	(5,894)	(853,790)	(906,773)
Transfer to stage 1	2,414	(1,688)	(726)	--
Transfer to stage 2	(27,275)	27,865	(590)	--
Transfer to stage 3	(452,553)	(198,143)	650,696	--
Changes	480,561	180,354	(55,596)	605,319
written-off during the year	--	--	(10,715)	(10,715)
Foreign exchange translation differences	105	560	2,062	2,727
Balance at the end of the year	325,653	48,884	1,449,337	1,823,874

31 December 2021

<u>Loans and advances to Retail</u>	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	<u>Total</u>
ECL Provision at January 01, 2021	307,734	52,113	1,197,561	1,557,408
Cairo Bank Uganda adjustments	(242)	508	751	1,017
ECL Provision at January 01, 2021 after adjustments	307,492	52,621	1,198,312	1,558,425
New financial assets purchased or issued	82,038	5,207	52,996	140,241
Financial assets have been matured or derecognized	(69,518)	(29,557)	(648,743)	(747,818)
Transfer to stage 1	1,462	(1,202)	(260)	--
Transfer to stage 2	(23,269)	23,550	(281)	--
Transfer to stage 3	(782,389)	(273,478)	1,055,867	--
Changes	743,614	257,015	(46,618)	954,011
written-off during the year	--	(1,311)	(1,877)	(3,188)
Foreign exchange translation differences	91	68	28	187
Balance at the end of the year	259,521	32,913	1,609,424	1,901,858

<u>Loans and advances to large & medium Corporate</u>	<u>31 December 2022</u>			<u>Total</u>
	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	
ECL Provision at January 01, 2022	278,438	3,392,689	2,041,581	5,712,708
Cairo Bank Uganda adjustments	(5,882)	(3,045)	8,881	(46)
Expected credit losses at January 01, 2022 after adjustments	272,556	3,389,644	2,050,462	5,712,662
New financial assets purchased or issued	195,265	577,911	859,601	1,632,777
Financial assets have been matured or derecognized	(109,926)	(903,457)	(127,653)	(1,141,036)
Transfer to stage 1	149,577	(149,577)	--	--
Transfer to stage 2	(33,358)	33,358	--	--
Transfer to stage 3	(52)	(631,471)	631,523	--
written-off during the year	--	--	(284,411)	(284,411)
Proceeds from written –off during the year	--	--	6	6
Foreign exchange translation differences	42,905	489,212	802,735	1,334,852
Balance at the end of the year	516,967	2,805,620	3,932,263	7,254,850

<u>Loans and advances to large & medium Corporate</u>	<u>31 December 2021</u>			<u>Total</u>
	<u>Stage 1</u> <u>12-Months</u>	<u>Stage 2</u> <u>Life time</u>	<u>Stage 3</u> <u>Life time</u>	
ECL Provision at January 01, 2021	272,559	2,870,972	1,819,740	4,963,271
Cairo Bank Uganda adjustments	(1,082)	(614)	2,246	550
Expected credit losses at January 01, 2021 after adjustments	271,477	2,870,358	1,821,986	4,963,821
New financial assets purchased or issued	139,962	1,483,611	264,907	1,888,480
Financial assets have been matured or derecognized	(545,789)	(445,629)	(137,985)	(1,129,403)
Transfer to stage 1	453,713	(453,713)	--	--
Transfer to stage 2	(37,703)	37,703	--	--
Transfer to stage 3	(226)	(95,542)	95,768	--
written-off during the year	--	(2,467)	(2,806)	(5,273)
Proceeds from written –off during the year	--	--	654	654
Changes on model assumptions	--	--	--	--
Foreign exchange translation differences	(2,996)	(1,632)	(943)	(5,571)
Balance at the end of the year	278,438	3,392,689	2,041,581	5,712,708

<u>Loans and advances to small Corporate</u>	31 December 2022			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
ECL Provision at January 01, 2022	11,165	169,814	120,362	301,341
New financial assets purchased or issued	74,547	915,307	126,889	1,116,743
Financial assets have been matured or derecognized	(12,609)	(47,346)	(59,958)	(119,913)
Transfer to stage 1	45,747	(45,747)	--	--
Transfer to stage 2	(1,117)	1,117	--	--
Transfer to stage 3	(8)	(63,157)	63,165	--
Loans written-off during the year	--	--	(81,110)	(81,110)
Proceeds from written –off	--	--	1,547	1,547
Foreign exchange translation differences	29	--	--	29
Balance at the end of the year	117,754	929,988	170,895	1,218,637

<u>Loans and advances to small Corporate</u>	31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
ECL Provision at January 01, 2021	41,750	124,481	114,979	281,210
New financial assets purchased or issued	8,780	97,800	58,013	164,593
Financial assets have been matured or derecognized	(41,146)	(55,035)	(29,424)	(125,605)
Transfer to stage 1	12,344	(11,141)	(1,203)	--
Transfer to stage 2	(8,728)	35,157	(26,429)	--
Transfer to stage 3	(1,835)	(21,448)	23,283	--
Loans written-off during the year	--	--	(18,857)	(18,857)
Proceeds from written –off	--	--	--	--
Foreign exchange translation differences	--	--	--	--
Balance at the end of the year	11,165	169,814	120,362	301,341

The following tables represent summary of expected credit losses at the end of the year.

Items	31 December 2022			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Due from banks	23	13,465	--	13,488
Treasury bills & other governmental notes	--	88,681	--	88,681
governmental bonds	--	154,921	--	154,921
Corporate bonds	7,875	--	--	7,875
Loans and advances to banks	128	19,215	--	19,343
Loans and advances to customers	325,653	48,884	1,449,337	1,823,874
Loans and advances to large& medium corporate	516,967	2,805,620	3,932,263	7,254,850
Loans and advances to small corporate	117,754	929,988	170,895	1,218,637
Expected credit losses for contingent liabilities corporate	165,421	254,912	8,851	429,184
Expected credit losses for contingent liabilities SMEs	19,510	724	1,622	21,856
Expected credit losses for contingent liabilities due from banks	3,065	30,254	--	33,319
Balance at the end of the year	1,156,396	4,346,664	5,562,968	11,066,028

Items	31 December 2021			Total
	Stage 1	Stage 2	Stage 3	
	12-Months	Life time	Life time	
Due from banks	161	3,752	--	3,913
Treasury bills & other governmental notes	--	51,604	--	51,604
governmental bonds	--	81,410	--	81,410
Corporate bonds	4,348	--	--	4,348
Loans and advances to banks	2,611	16,324	--	18,935
Loans and advances to customers	259,521	32,913	1,609,424	1,901,858
Loans and advances to large& medium corporate	278,438	3,392,689	2,041,581	5,712,708
Loans and advances to small corporate	11,165	169,814	120,362	301,341
Expected credit losses for contingent liabilities corporate	79,672	155,117	5,154	239,943
Expected credit losses for contingent liabilities SMEs	5,463	15,181	456	21,100
Expected credit losses for contingent liabilities due from banks	1,333	2,019	--	3,352
Balance at the end of the year	642,712	3,920,823	3,776,977	8,340,512

Off balance sheet items exposed to credit risk

	31/12/2022	31/12/2021
Non-revocable credit related commitments for loans and other liabilities	8,487,874	6,349,147
Letter of credit	10,631,763	5,530,539
Letters of guarantee	24,234,129	17,527,452
Customers Acceptances	3,000,822	3,817,900
Total	46,354,588	33,225,038

The previous table represents the maximum limit of exposure as at 31 December 2022 and as at 31 December 2021, without taking into consideration any financial guarantees.

- As illustrated in the previous table 44.05% of the maximum limit exposed to credit risk arises from loans and advances to customers included discounted documents (43.89%: 31 December 2021), where investments in debt instrument measured at fair value through other comprehensive income and amortized cost represent 31.68% (35.44 %: 31 December 2021)

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

- 58.00% of loans and advances portfolio are considered to be neither past due nor impaired (58.05%: 31 December 2021).
- 5.65% of loans and advances portfolio individually impaired (4.61%: 31 December 2021).
- Loans and advances that are not impaired represent 94.35% from total loans portfolio (95.39 %:31 December 2021) including past due loans but not impaired represent 36.35% from total loans portfolio (37.34%: 31 December 2021).

A-6 Loans and advances

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

	31/12/2022		31/12/2021	
	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>	<u>Loans and advances to customers</u>	<u>Loans and advances to banks</u>
Neither past due nor impaired	77,533,130	6,276,500	61,663,344	3,132,376
With past due but not impaired	48,599,336	--	39,966,160	464
Individually impaired	7,549,150	--	4,890,751	--
Total	133,681,616	6,276,500	106,520,255	3,132,840
(Less):Expected Credit Loss	(10,297,361)	(19,343)	(7,915,907)	(18,935)
(Less): Unearned discount of discounted documents	(37,094)	--	(25,844)	--
Net	123,347,161	6,257,157	98,578,504	3,113,905

- Total Expected Credit Loss provision of loans and advances to customers amounted EGP 10,297,361 thousands as at 31 December 2022 of which EGP 5,552,495 thousands represents impairment of individual loans (Stage 3) and the balance of EGP 4,744,866 thousands represents the provision of ECL (Stage 1 and Stage 2) (31 December 2021: EGP 7,915,907) thousands of which EGP 3,771,367 thousands represents impairment of individual loans (Stage 3) and the balance of EGP 4,144,540 thousands represents the provision of ECL (Stage 1 and Stage 2) Additional information on provision for ECL of loans and advances is provided in notes (18).
- During the current financial year loans and advances to customers and Banks increased by 27.64 %

– **Loans and advances Neither past due nor impaired:**

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

31 December 2022

<u>Grade</u>	<u>Retail</u>					<u>Corporate</u>			<u>Total Loans and advances to customers</u>	<u>Total Loans and advances to banks</u>
	<u>Over drafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Direct loans</u>	<u>Mortgage loans</u>	<u>Over drafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>		
1 Performing loans	2,076,051	988,943	45,400,285	145,223	3,254,731	1,416,148	3,227,178	6,757,135	63,265,694	6,276,500
2 Regular watching	3,987	--	--	11,476	--	120,130	4,015,673	9,982,022	14,133,288	--
3 Watch list	5,466	--	--	24,951	--	13,771	89,960	--	134,148	--
Total	<u>2,085,504</u>	<u>988,943</u>	<u>45,400,285</u>	<u>181,650</u>	<u>3,254,731</u>	<u>1,550,049</u>	<u>7,332,811</u>	<u>16,739,157</u>	<u>77,533,130</u>	<u>6,276,500</u>

31 December 2021

<u>Grade</u>	<u>Retail</u>					<u>Corporate</u>			<u>Total Loans and advances to customers</u>	<u>Total Loans and advances to banks</u>
	<u>Over drafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Direct loans</u>	<u>Mortgage loans</u>	<u>Over drafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>		
1 Performing loans	1,352,471	656,236	37,089,744	98,113	2,653,483	715,290	2,380,304	3,357,821	48,303,462	3,132,376
2 Regular watching	2,656	--	--	7,645	--	150,167	3,478,092	9,145,432	12,783,992	--
3 Watch list	3,641	--	--	12,009	--	526,550	33,690	--	575,890	--
Total	<u>1,358,768</u>	<u>656,236</u>	<u>37,089,744</u>	<u>117,767</u>	<u>2,653,483</u>	<u>1,392,007</u>	<u>5,892,086</u>	<u>12,503,253</u>	<u>61,663,344</u>	<u>3,132,376</u>

Loans and advances past due but not impaired:

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

<u>31 December 2022</u>	<u>Retail</u>		<u>Corporate</u>			<u>Total Loans and advances to customers</u>	<u>Total Loans and advances to Banks</u>
	<u>Overdrafts</u>	<u>Direct Loans</u>	<u>Overdrafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>		
Past dues up to 30 days	--	--	24,838,015	7,681,289	275,522	32,794,826	--
Past dues more than 30 to 60 days	12,021	23,880	7,396,321	164,819	1,562,260	9,159,301	--
Past dues more than 60 to 90 days	816	4,653	2,047,219	914,282	515,532	3,482,502	--
Past dues more than 90 days	--	--	2,960,895	201,812	--	3,162,707	--
Total	12,837	28,533	37,242,450	8,962,202	2,353,314	48,599,336	--

<u>31 December 2021</u>	<u>Retail</u>		<u>Corporate</u>			<u>Total Loans and advances to customers</u>	<u>Total Loans and advances to Banks</u>
	<u>Overdrafts</u>	<u>Direct Loans</u>	<u>Overdrafts</u>	<u>Direct loans</u>	<u>Syndicated loans</u>		
Past dues up to 30 days	--	--	19,752,313	8,292,972	789,442	28,834,727	464
Past dues more than 30 to 60 days	9,705	15,909	3,391,921	238,638	--	3,656,173	--
Past dues more than 60 to 90 days	543	3,099	2,716,312	124,891	--	2,844,845	--
Past dues more than 90 days	--	--	2,693,635	628,359	1,308,421	4,630,415	--
Total	10,248	19,008	28,554,181	9,284,860	2,097,863	39,966,160	464

Individually impaired loans

Loans and advances to customers

The loans and advances which are subject to impairment on an individual basis, before taking into consideration expected cash flow from the collateral amounted to EGP 7,549,150 thousand as at 31 December 2022 (31 December 2021: EGP 4,890,751 thousand).

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

	<u>Retail</u>					<u>Corporate</u>		<u>Total</u>
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Direct loans</u>	<u>Mortgages Loans</u>	<u>Overdraft</u>	<u>Direct loans</u>	
<u>31 December 2022</u>								
Individually impaired loans	22,137	21,916	2,455,879	10,947	32,012	4,986,584	19,675	7,549,150

	<u>Retail</u>					<u>Corporate</u>		<u>Total</u>
	<u>Overdrafts</u>	<u>Credit cards</u>	<u>Personal loans</u>	<u>Direct loans</u>	<u>Mortgages Loans</u>	<u>Overdraft</u>	<u>Direct loans</u>	
<u>31 December 2021</u>								
Individually impaired loans	2,604	27,538	2,268,940	7,166	41,495	2,529,901	13,107	4,890,751

The fair value of collaterals held by the Bank against above loans is totaled EGP 1,433,860 thousand (2021: EGP 652,432 thousand).

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

All collaterals held by the Bank against loans and advances that are subject to impairment represent Checks and order bills equal to their related booked debts.

Restructured Loans and advances

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies is based on indications or criteria of credit performance of the borrower that is based on the personal judgment of the management, which indicate that payment will most likely continue. These policies are subject to continuous review. Restructuring is commonly applied to long-term loans, especially customers financing loans.

Loans, which have been subject to Renegotiation, have reached EGP 7,332,421 thousand as at 31 December 2022 (31 December 2021: EGP 3,952,173 thousand)

Loans and advances to customers

	<u>31/12/2022</u>	<u>31/12/2021</u>
<u>Corporate</u>		
- Overdraft loans	--	135,665
- Direct loans	169,118	251,034
- Syndicated loans	7,146,059	3,540,671
<u>Retail</u>		
- Personal loans	17,244	24,803
Total	7,332,421	3,952,173

A-7 Debt instruments, treasury bills and other governmental notes

The following table represents an analysis of debt instruments and treasury bills and other governmental notes at the end of financial year, based on the assessment Evaluation agencies at end of the year:

<u>Rate</u>	<u>Net Treasury bills at FVTOCI</u>	<u>Bonds at FVTOCI</u>	<u>Treasury bills and Bonds at amortized cost</u>	<u>Bonds at zero coupon</u>	<u>Other investment at amortized cost</u>	<u>Total</u>	<u>year</u>
B+	32,653,433	12,562,202	53,786,468	1,599,701	56,113	100,657,917	12/2022
B+	23,787,601	21,949,948	41,787,403	954,702	56,113	88,535,767	12/2021

A-8 Acquisition of collaterals

Acquired assets are classified under the "Other Assets" item in the financial position; the accounting policy disclosed in Note 2 is followed in the first recognition and subsequent measurement. These assets are sold or used for the purposes of the Bank whenever practicable and in accordance with the legal periods set by the Central Bank of Egypt to dispose acquired assets.

A-9 The concentration of financial assets' risks exposed to credit risk Geographical sectors:

The following is breakdown of the bank's credit exposure at their book values categorized by geographical region at the end of the year.

The bank has allocated to regions based on areas related to Bank's clients

	<u>Cairo</u>	<u>Arab Republic of Egypt Alex and Delta - Sinai</u>	<u>Upper Egypt</u>	<u>Out of Arab Republic of Egypt</u>	<u>Total</u>
Loans and advances to banks	--	--	--	6,276,500	6,276,500
Loans and advances to customers					
<u>Retail :</u>					
-Overdraft	902,142	1,021,310	161,028	35,998	2,120,478
-Credit cards	713,947	219,979	76,933	--	1,010,859
-Direct loans	--	--	--	221,130	221,130
-Personal loans	16,093,199	19,374,850	12,388,115	--	47,856,164
-Mortgages loans	2,054,030	687,887	544,826	--	3,286,743
<u>Loans to corporate:</u>					
- Overdraft	30,667,140	10,308,776	1,996,407	83,995	43,056,318
-Direct loans	14,096,102	1,062,652	639,963	515,971	16,314,688
-Syndicated loans	16,405,130	1,743,136	944,205	--	19,092,471
Discounted documents	609,002	113,763	--	--	722,765
Financial derivatives	--	59,464	--	--	59,464
Financial investment at fair value through other comprehensive income					
-Debt instrument	12,562,202	--	--	--	12,562,202
-Treasury bills and other governmental notes	32,653,433	--	--	--	32,653,433
Financial investment at amortized cost					
-Debt instrument	55,031,456	--	--	--	55,031,456
-Treasury bills and other governmental notes	--	--	--	410,826	410,826
Leased fixed assets	2,899,679	--	--	--	2,899,679
Other assets*	3,967,161	101,301	58,422	5,479	4,132,363
Total as at 31 December 2022	188,654,623	34,693,118	16,809,899	7,549,899	247,707,539
Total as at 31 December 2021	161,288,900	25,557,619	12,914,524	3,873,621	203,634,664

(*) The above - mentioned other assets represented in accrued revenues.

Business segment

The following table represents analysis the Bank's main credit exposure at book value, distributed according to the Bank's customers' business and activities.

	<u>Financial institutions</u>	<u>Manufacturing</u>	<u>Real estate</u>	<u>Wholesale and retail trade</u>	<u>Government sector</u>	<u>Other activities</u>	<u>Individual</u>	<u>Total</u>
Loans and advances to banks	6,276,500	--	--	--	--	--	--	6,276,500
Loans and advances to customers								
Retail:								
- Overdrafts	--	5,288	4,797	3,698	--	16,634	2,090,061	2,120,478
- Credit cards	--	--	--	--	--	--	1,010,859	1,010,859
- Direct loans	--	13,436	13,771	12,550	--	167,192	14,181	221,130
- Personal loans	--	--	--	--	--	--	47,856,164	47,856,164
- Mortgages Loans	--	--	3,286,743	--	--	--	--	3,286,743
Corporate:								
- Overdrafts	--	1,383,078	288,459	7,134,384	5,926,987	28,310,532	12,878	43,056,318
- Direct loans	--	674,645	2,055,864	113,645	2,340,408	11,098,051	32,075	16,314,688
- Syndicated loans	--	3,940,519	1,499,736	208,200	6,473,532	6,970,484	--	19,092,471
Discount documents	--	120,985	--	339,865	--	261,915	--	722,765
Financial derivatives	--	--	--	--	--	59,464	--	59,464
Financial investment at fair value through other comprehensive income								
-Debt instrument	4,872,260	--	--	--	7,689,942	--	--	12,562,202
-Treasury bills and other governmental notes	--	--	--	--	32,653,433	--	--	32,653,433
Financial investment at amortized cost								
-Debt instruments	--	--	--	--	55,031,456	--	--	55,031,456
-Treasury bills and other governmental notes	--	--	--	--	410,826	--	--	410,826
Leased fixed assets	--	--	--	--	--	2,899,679	--	2,899,679
Other assets (*)	--	--	--	--	--	4,132,363	--	4,132,363
Total as at 31 December 2022	11,148,760	6,137,951	7,149,370	7,812,342	110,526,584	53,916,314	51,016,218	247,707,539
Total as at 31 December 2021	6,982,716	6,319,607	7,169,833	5,564,927	95,383,786	40,658,060	41,555,735	203,634,664

* Other assets listed are represented in accrued revenues in which have categorized as other activities due to the unavailability of data required to be distributed over business segments.

B. Market risk

The Bank exposed to Market risk which is represented as fluctuations in fair value or future cash flow provided from changes in Market prices, the market risk produces from open positions for interest rates, currency and equity products, as each is subject to public and private movements in the market. And changes in the level of sensitivity to market rates or to prices, such as rates of return, exchange rates and prices of equity instruments. The bank separates exposures to market risk into trading or non-trading portfolios.

Trading portfolios include positions arising from dealing with clients directly or with the market. Non-trading portfolios include positions that primarily arise from the interest rate for assets and liabilities related to retail transactions, and these portfolios include foreign currencies Risks from financial investments at amortized cost, and also equity instruments Risks from financial investments designated as fair value through other comprehensive income

Market risk measurement techniques

As part of the management of market risk, the Bank undertakes various hedging strategies and enters into interest rate swaps to match the interest rate risk associated with the fixed-rate long-term debt instrument and loans to which the fair value option has been applied.

The following are the most important measurement techniques used to control market risk:

- Value at Risk

The Bank applies a "Value at Risk" methodology (VAR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions the board of directors sets limits for value at risk which the bank can accept for trading and non-trading separately.

Value at risk is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Bank might lose, but only to a certain level of confidence (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VAR estimate. The VAR model assumes a certain 'holding period' until positions can be closed (10 Days). Before it could be closing open positions and it's also assumed that the market movement during the holding period will follow the same pattern of movement that occurred during the previous ten days. The Bank assesses the historical movements in the market prices based on volatilities and correlations data for the past five years.

And the bank applies those historical changes in rates, prices and indicators, directly to the current centers - this method is known as historical simulation, and the actual outputs are monitored regularly to measure the integrity of the assumptions and factors used to calculate the value at risk.

The use of this method does not prevent the loss from exceeding these limits in the event of greater movements in the market. As the value at risk is considered an essential part of the bank's system in controlling market risk, the Board of Directors sets annual limits for the value at risk for both trading and non-trading operations and is divided into activity units, and the actual values at risk are compared to the objective limits by the bank and its review Daily by the bank's risk management. The quality of the value-at-risk model is continuously monitored through reinforcement tests of the value-at-risk results of the trading portfolio, and the results of those tests are reported to senior management and the board of directors.

- Stress tests

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. The stress tests are designed to be suitable for the activity is tailored using standard analyzes for specific scenarios. The stress tests carried out by the bank's risk management department include stress testing Risk factors, as a set of sharp moves is applied to each risk category and the pressures of developing markets are tested, as developing markets are subject to for sharp movements and a special stress test, it includes possible events affecting certain centers or regions, such as what may be produced in a region due to liberation Restrictions on a currency. Senior management and the Board of Directors review the stress test results.

Summary of value at risk

VAR as per the risk type

Thousand EGP

	12 months till the end of current year 2022			12 months till the end of compared year 2021		
	Average	High	Low	Average	High	Low
Foreign exchange risk	14,403	61,077	1,118	3,983	41,344	649
VAR	14,403	61,077	1,118	3,983	41,344	649

B-1 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 includes the book value of financial instruments distributed into its component currencies and translated to EGP.

<u>31 December 2022</u>	<u>EGP</u>	<u>USD</u>	<u>Euro</u>	<u>GBP</u>	<u>Other Currencies</u>	<u>Total</u>
<u>Financial Assets</u>						
Cash and balances at Central Bank	17,148,676	1,916,372	237,222	66,253	318,291	19,686,814
Due from banks	19,465,538	35,478,275	743,623	333,862	314,893	56,336,191
Loans and advances to banks	--	6,257,157	--	--	--	6,257,157
Loans and advances to customers	111,178,862	10,794,561	758,229	--	615,509	123,347,161
Financial Derivatives	59,464	--	--	--	--	59,464
<u>Financial Investments</u>						
At fair value through other comprehensive income	31,641,139	14,535,626	1,254,460	--	118	47,431,343
At amortized cost	55,031,456	--	--	--	410,826	55,442,282
Investments in associates	393,877	168,040	--	--	--	561,917
Total financial Assets	234,919,012	69,150,031	2,993,534	400,115	1,659,637	309,122,329
<u>Financial liabilities</u>						
Due to banks	4,503,122	15,347,079	7,128	834	40,219	19,898,382
Customers' deposits	202,199,028	44,350,133	2,981,929	395,446	937,036	250,863,572
Other loans	6,174,178	13,230,591	--	--	--	19,404,769
Total financial Liabilities	212,876,328	72,927,803	2,989,057	396,280	977,255	290,166,723
Net financial assets in Financial Position	22,042,684	(3,777,772)	4,477	3,835	682,382	18,955,606
<u>31 December 2021</u>						
Total financial assets	199,982,133	41,790,263	1,948,464	271,016	1,083,557	245,075,433
Total financial liabilities	184,017,709	42,300,063	1,885,580	269,333	589,317	229,062,002
Net financial assets in Financial Position	15,964,424	(509,800)	62,884	1,683	494,240	16,013,431

B-2 Interest rate risk

The bank is exposed to the impact of the fluctuations in the levels of interest rates prevailing in the market; include the cash flow risk of interest rate represented in the fluctuations of future cash flow of a financial instrument due to changes in the interest rate of the mentioned instrument. Whereas the interest rates fair value risk 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 set limits for the level of difference in the re-pricing of interest rate that the bank can maintain and bank's management monitors this 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 repricing dates or maturity dates whichever is sooner:

<u>31 December 2022</u>	<u>Up to 1 month</u>	<u>More than 1 to 3 months</u>	<u>More than 3 to 12 months</u>	<u>More than 1 to 3 Years</u>	<u>More than 3 Years</u>	<u>Due in next day</u>	<u>non – bearing interest</u>	<u>Total</u>
<u>Financial Assets</u>								
Cash and balances at Central Bank	--	--	--	--	--	--	19,686,814	19,686,814
Due from banks	47,627,685	7,485,335	--	--	--	1,094,802	141,857	56,349,679
Loans and advances to banks	294,783	2,894,978	3,086,739	--	--	--	--	6,276,500
Loans and advances to customers	1,668,959	27,138,933	14,165,038	16,206,484	31,933,304	42,568,898	--	133,681,616
Financial Derivatives	--	--	--	--	--	--	59,464	59,464
<u>Financial Investments</u>								
- At fair value through other comprehensive income	3,840,495	15,679,307	22,944,315	1,923,787	2,372,621	29,999	2,215,707	49,006,231
- At amortized cost	1,111,099	1,445,658	16,547,595	32,686,423	3,664,087	37,719	--	55,492,581
Total financial assets	54,543,021	54,644,211	56,743,687	50,816,694	37,970,012	43,731,418	22,103,842	320,552,885

B-2 Interest rate risk - Continued

31 December 2022

	<u>Up to 1 month</u>	<u>More than 1 to 3 months</u>	<u>More than 3 to 12 months</u>	<u>More than 1 to 3 Years</u>	<u>More than 3 years</u>	<u>Due in next day</u>	<u>non – bearing interest</u>	<u>Total</u>
<u>Financial liabilities</u>								
Due to banks	28,596	19,425,466	--	--	--	--	444,320	19,898,382
Customers' deposits	46,068,705	23,410,018	48,593,116	79,325,614	13,375,039	35,335,773	4,755,307	250,863,572
Other loans	783,302	6,936,782	3,415,136	2,353,338	2,969,811	--	2,946,400	19,404,769
Total financial liabilities	46,880,603	49,772,266	52,008,252	81,678,952	16,344,850	35,335,773	8,146,027	290,166,723
Total interest re-pricing gap	7,662,418	4,871,945	4,735,435	(30,862,258)	21,625,162	8,395,645	13,957,815	30,386,162
<u>As at 31 December 2021</u>								
Total financial assets	26,762,161	41,544,312	41,974,676	56,842,518	33,536,497	31,888,178	21,701,382	254,249,724
Total financial liabilities	28,683,948	44,397,413	38,478,626	71,905,629	17,497,443	25,058,189	3,040,753	229,062,001
Total interest re-pricing gap	(1,921,787)	(2,853,101)	3,496,050	(15,063,111)	16,039,054	6,829,989	18,660,629	25,187,723

C. liquidity Risk

Liquidity risk occurs when the Bank does not have sufficient financial resources to meet its obligations arising from its financial liabilities as they fall due or to replace funds when they are withdrawn. Consequently, the bank may fail to meet obligations to repay depositors and fulfill lending commitments.

C-1 Liquidity risk management

Monitoring liquidity risk includes the following:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or is borrowed by customers. The bank maintains an active presence in global money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios against internal and regulatory requirements by the Central Bank of Egypt.
- Managing the concentration and profile of debt maturities.

Monitoring and reporting takes the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those assets projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Risk Management Department also monitors unmatched medium-term assets, the level and type of un-drawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees

C-2 Funding approach

Sources of liquidity are regularly reviewed jointly by the Bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification within currencies, geographical area, depositors, products and tenors.

C-3 Non-derivative cash flows

The following table presents the undiscounted cash flows payable by the Bank under non-derivative financial liabilities, measured by the remaining contractual maturities and the amounts in the table represent the undiscounted contractual cash flows, while the bank manages the liquidity risk on the basis of the expected undiscounted cash flows, not contractual.

31 December 2022	<u>Up to 1 month</u>	<u>One to three Months</u>	<u>Three months to one year</u>	<u>One year to three years</u>	<u>More than three Years</u>	<u>non – bearing interest</u>	<u>Total</u>
Financial liabilities							
Due to banks	473,197	19,640,998	65,611	--	--	--	20,179,806
Customers' deposits	60,830,575	26,018,088	50,698,023	95,706,620	42,456,199	454,865	276,164,370
Other loans	104,739	1,064,929	2,826,722	7,119,841	13,248,938	--	24,365,169
Total liabilities (contractual maturity dates)	<u>61,408,511</u>	<u>46,724,015</u>	<u>53,590,356</u>	<u>102,826,461</u>	<u>55,705,137</u>	<u>454,865</u>	<u>320,709,345</u>
Total assets (contractual maturity dates)	<u>87,064,124</u>	<u>28,655,655</u>	<u>81,329,637</u>	<u>96,189,816</u>	<u>94,914,754</u>	<u>336,614</u>	<u>388,490,600</u>
31 December 2021	<u>Up to 1 month</u>	<u>One to three Months</u>	<u>Three months to one year</u>	<u>One year to three years</u>	<u>More than three Years</u>	<u>non – bearing interest</u>	<u>Total</u>
Financial liabilities							
Due to banks	4,238,866	10,617,431	2,684,826	249,059	161,832	--	17,952,014
Customers' deposits	32,827,513	23,118,934	40,447,932	86,286,044	37,263,046	147,250	220,090,719
Other loans	115,783	268,895	1,625,828	4,383,151	7,613,795	--	14,007,452
Total liabilities (contractual maturity dates)	<u>37,182,162</u>	<u>34,005,260</u>	<u>44,758,586</u>	<u>90,918,254</u>	<u>45,038,673</u>	<u>147,250</u>	<u>252,050,185</u>
Total assets (contractual maturity dates)	<u>55,279,690</u>	<u>21,122,929</u>	<u>61,969,070</u>	<u>94,818,865</u>	<u>75,581,738</u>	<u>162,171</u>	<u>308,934,463</u>

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from Central Bank and due from banks, treasury bills and other governmental notes, loans and advances to banks and customers.

In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills and other governmental notes have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources.

D. Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented in the financial position at their fair value:

	Book Value		Fair Value	
	Current year 31/12/2022	Compared year 31/12/2021	Current year 31/12/2022	Compared year 31/12/2021
<u>Financial Assets</u>				
Due from banks	56,349,679	33,400,480	56,372,284	33,346,717
Loans to banks	6,276,500	3,132,840	6,276,500	3,132,840
Loans to customers				
- Retail	54,495,374	44,252,998	54,444,566	44,252,998
- Corporate	79,186,242	62,267,257	79,186,242	62,267,257
Financial Investments				
- At amortized cost	55,492,581	42,943,515	53,523,240	43,068,812
<u>Financial liabilities</u>				
Due to banks	19,898,382	17,647,284	20,006,798	17,716,095
Customers' deposits:				
- Retail	135,194,361	122,025,126	146,621,748	135,773,979
- Corporate	115,669,211	76,679,953	116,130,101	76,942,556
- Other loans	19,404,769	12,703,560	19,404,769	12,703,560

D-1 financial instruments measured at fair value

Classified financial assets are measured as financial assets for the purpose of trading at fair value, with differences in fair value being included in the statement of income within the net income from trading. "Also, debt instruments classified as financial assets at fair value through other comprehensive income are measured at fair value with fair value included The fair value of other comprehensive income statement is included in the fair value reserve.

For investments in equity instruments are restricted stock measuring Stock Exchange securities at fair value, according to the prices of the stated stock exchange in the history of independent financial statements As for the shares of unrestricted stock exchange "with the exception of investment strategy are assessed in one of the accepted technical methods discounted cash flow method, multiples value method and the inclusion of Valuation differences in other comprehensive income are included Fair value reserve; for strategic investments, the par cost or value is the fair value of those investments.

D-2 financial instruments not measured at fair value

Financial investments at amortized cost

Financial investments at amortized cost include governmental securities and not quoted in active market. The fair value of these governmental securities at amortized cost and listed is disclosed based on its quoted price at the end of each financial period.

E. Capital management

The capital adequacy standard is prepared according to the requirements of Basel II based on the decision of the Board of Directors of the Central Bank of Egypt in its session held on December 18, 2012, which was issued on December 24, 2012 as well as in accordance with the instructions of the Central Bank of Egypt regarding the capital adequacy ratio (Basel II) issued during May-2019, as well as the decree of the Board of Directors of the Central Bank of Egypt which has been held on December 27, 2020 which was issued on January 4, 2021 Regarding the commitment of banks to apply the attached regularly instructions for managing operational risks using the standard approach instead of the basic indicator approach within the framework of implementing the final group of reforms for Basel III instructions, and for the purposes of capital management, the equity shown in financial position statement in addition to some other elements other than equity represents from the bank's viewpoint the components of the capital that it manages. The Bank manages its capital to ensure that the following objectives are achieved:

- Complying with the legally imposed capital requirements in Egypt.
- Protecting the bank's ability to continue as a going concern and enable it to continue to generate returns for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth of the bank's operations.

The bank management reviews the adequacy and uses of the capital according to the requirements of the regulatory authority represented in the Central Bank of Egypt, where the bank provides the required data and present it for the Central Bank of Egypt on a monthly basis through forms based on the guidelines of the Basel Committee for Banking Supervision, and the bank must adhere to the following rules according to The requirements of the Central Bank of Egypt:

- Maintaining EGP 5 billion as a minimum requirement for the issued and paid-in capital.
- optimizing the ratio between the total capital base / total assets and contingent liabilities weighted by credit, market and operating risk weights, after adding the requirements of the prudent pillar and the additional capital requirement for D-SIBs to become 12.75% (as Banque Du Caire has become one of the banks of listed of importance locally).

- The numerator of the capital adequacy standard consists of the following two tiers:

Tier 1 (Basic capital):

Tier one comprises of

- 1) Issued and paid-up capital (after deducting the book value of treasury shares).
- 2) Retained earnings (Retained losses).
- 3) The Outstanding reserves that the law, the bank's statute or the central bank's instructions provide for its formation after dividends, except for the general risk reserve and the special reserve, as well as deducting any goodwill previously recognized and any retained losses in addition to the other accumulated comprehensive income items, whether positive or negative
- 4) The additional core capital consists of (permanent, pre-accumulated preferred shares, quarterly interim profits / (losses), minority interest, the Difference between the present value and face value for subordinated time deposit
- 5) Items that are deducted from the tier one of the capital base (exclusions from financial and non-financial companies, investment funds, support loans granted from the bank to other firms, intangible assets, net future profits resulting from securitization operations, pension benefits, and deferred tax assets) As well as an item of elements that are not listed (fair value reserve balance for financial investments available for sale that have been reclassified to financial investments held to maturity) (if it is negative).

Tier 2 (Supportive capital):

Consist of the following: -

- 6) The balance of the required provisions against debt instruments / loans, credit facilities and incidental liabilities included in the stage one to the maximum of 1.25% risk weighted assets and contingent liabilities with credit Risk weights.
- 7) Loans (subordinated deposits) within the prescribed percentage (50% of the first tranche after exclusions), the present value will be entered in full, provided that its consumption is taken into account at 20% of its value in each of the last five years for it.
- 8) 45% of the special reserve, 45% of the increase in the fair value over the book value of financial investments in subsidiary and associate companies.

The denominator of the capital adequacy ratio consists of:

- **Credit risk:** credit centers are listed after excluding the allocations required for the stage two and three, and they are weighted according to the weight of risks associated with each credit center, which reflects the credit risks associated with it, and taking into consideration the guarantees the same treatment is used for amounts outside the statement of financial position after making adjustments to reflect the incidental nature and possible losses of these amounts.

Market Risk: -

- Banks should apply the standard method when calculating the capital requirement necessary to meet market risks through the cumulative construction of calculating the capital requirements for each type of market risk and then collect them to reach the total capital requirements needed to meet market risks as a whole in accordance with the central bank model.
- Banks must determine their investment in the trading portfolio when calculating the capital requirement needed to meet market risks
- Financial instruments held for trading purposes must be free from any conditions that impede their circulation and be fully capable of covering them.

Operating Risk: -

- Banks should use the standard method to calculate the capital requirements to meet the operational risks, as it is determined as a result of the weighted component of the business index multiplied in the internal losses multiplier.
- The risk-weighted assets of operational risks are calculated by multiplying the capital requirement for operational risks by 12.5 times to be included in the denominator of the capital adequacy ratio.

The following table summarizes the components of the basic and supporting capital and the ratios of the capital adequacy according to Basel II & III:

1-The capital adequacy ratio

	<u>31/12/2022</u>	<u>31/12/2021</u>
<u>Tier 1 capital (continuous basic capital & additional capital)</u>		
Issued and paid up capital	10,000,000	5,250,000
Amount paid for capital increase	4,000,000	4,750,000
General reserve	187,291	187,291
Legal reserve	1,227,564	1,043,974
Other reserves	714,981	711,549
General risk reserve	68,481	68,481
Retained earnings	602,969	479,328
Profit for the year	3,052,170	3,632,868
Non-controlling interest	8,441	6,163
Difference between the present value and face value for subordinated time deposit	2,053,600	2,409,893
Total other comprehensive income items, accumulated	(578,588)	196,395
Total deductions from tier 1 capital common equity	<u>(1,695,048)</u>	<u>(1,265,399)</u>
Total qualifying tier 1 capital	<u>19,641,861</u>	<u>17,470,543</u>
<u>Tier 2 capital (subordinated capital)</u>		
Equal banking risk provisions	1,156,396	642,712
Subordinate deposits	6,505,344	3,533,109
45% of special reserve	--	20,291
45% of the Increase in fair value than the book value for financial investments in associates and subsidiaries companies	35,824	10,142
Total Tier 2	<u>7,697,564</u>	<u>4,206,254</u>
Total capital base after deductions	<u>27,339,425</u>	<u>21,676,797</u>
Risk weighted assets and contingent liabilities		
Total credit risk	160,981,679	123,861,409
Total market risk	6,342,380	1,303,525
Total operational risk	<u>11,939,105</u>	<u>17,478,494</u>
Total risk weighted assets and contingent liabilities	<u>179,263,164</u>	<u>142,643,428</u>
Capital adequacy ratio (%)	<u>15.25%</u>	<u>15.20%</u>

The capital adequacy ratio prepared based on consolidated financial statements.

Leverage Ratio

The Board of Directors of the Central Bank of Egypt issued, in its meeting on July 7, 2015, a decision approving the supervisory instructions for leverage, with the banks committing to the minimum prescribed percentage of (3%) as a binding supervisory ratio starting from 2018, in preparation for consideration of their consideration within the first pillar One of the decisions of Basel (the minimum capital adequacy standard) with the aim of preserving the strength and safety of the banking system and keeping abreast of international best practices in this regard.

The leverage reflects the relationship between the tier 1 of capital used in the capital adequacy standard (after exclusions), and the bank's assets (both on balance sheet and off balance sheet) are not weighted by risk weights.

Ratio components

(A) The numerator components:

The numerator of the ratio consists of tier one of capital (after exclusions) used to extend the capital adequacy standard currently applied in accordance with the Central Bank of Egypt instructions.

(B) the denominator components

The denominator of the ratio consists of all the assets of the bank inside and outside the budget according to the financial statements, which is called "bank exposures" and includes the following total:

- 1- Exposures within the financial statements after deducting some of the exclusions, the tier one of the capital base
- 2- Exposures resulting from derivative contracts
- 3- Exposures resulting from securities financing operations
- 4- Extra budgetary exposure (weighted by conversion factors)

2- Leverage Ratio	31/12/2022	31/12/2021
Total qualifying tier 1 capital after deduction	19,641,861	17,470,543
Total on-balance sheet exposure	321,775,366	254,774,130
Total off balance sheet exposure	28,286,164	20,717,444
Total on and off balance sheet exposure	350,061,530	275,491,574
Leverage (%)	5.61%	6.34%

According to Central Bank of Egypt Letter on January 11, 2017, On December 28, 2016 The Board of directors of Central Bank of Egypt approved on the following decision:

The Bank applied the CBE accounting treatment for the subordinated deposits, and also presented from The Bank's Shareholders in an exceptionally with recognition the difference between the face value for the deposit and the present value in Owner's equity as "Difference between the present value and face value for subordinated deposit" and at the end of each financial period the deposit will increase so it will reach to face value in its matured date based on the mentioned differences.

4. Significant accounting estimates and assumptions

The application of the accounting policies disclosed in Note No. (3) requires the bank to use the provisions of estimates and assumptions about the book values of some assets and liabilities that other sources are unable to provide. These estimates and their accompanying assumptions depend on historical experience and other related factors. Actual results may differ from these estimates. Assumptions and estimates are reviewed on an ongoing basis and accounting changes and accounting estimates are recognized either in the period during which the change occurs if their impact is limited to that period only, or in the period in which the change and future periods occur if the change in the accounting estimate affects both the current and subsequent periods. The following is a summary of the most important assumptions related to the future and unconfirmed sources of information at the end of the financial period, which are of great risk to lead to a fundamental adjustment to the book values of assets and liabilities during the next financial period.

a- Impairment losses for loans and advances (Expected credit loss)

The Bank reviews the portfolio of loans and advances at least quarterly; The Bank uses discretionary judgment on determining whether it is necessary to record impairment loss in the income statement. The Bank has to identify if there is objective evidence indicating a decline in the expected future cash flows from loan portfolio before identifying any decline on individual basis.

- This evidence include data indicating negative changes in a borrower's portfolio ability to repay to the Bank or local or economic circumstances related to default. On scheduling future cash flows the management uses the past experience to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio.
- The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on experience.

b- Fair value of derivatives

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (as models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical.

models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

The Outstanding Balance for Financial derivatives at the end of the current or a previous period are not considered material comparable with other financial Position items at these dates.

c- Amortized Cost investments

Non-derivative financial assets with fixed and transferable maturities and maturity dates are classified as financial investments at amortized cost within a pattern of their use of the assets that are used for the held.

d- Income taxes

The bank's profits subject to income tax therefor the bank uses essential estimations to determine the total tax burden for income.as there's difficult to determine the final tax for some transactions so the bank records tax liability as per according to probability of arising additional tax while tax examination. When there is a discrepancy between the final 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

A) Segment activity

Segment activity involves operating activities; assets used in providing banking services, and risk and return management associated with this activity, which might differ from other activities. Segment analysis for the banking operations involves the following:

Large, medium, and small enterprises:

Includes current accounts, deposits, overdraft accounts, loans, credit facilities, and financial derivatives activities.

Investment:

Includes mergers, purchase of investments and financing the restructuring of companies and financial instruments

Retail:

Includes current account, saving accounts, deposits, credit card, personal loans, and mortgage loans activities,

Other activities:

Includes other banking operations, such money management

B) By geographical segment

Assets & Liabilities according to geographical segments at 31 December 2022	<u>Cairo</u>	<u>Alex, Delta & Sinai</u>	<u>Upper Egypt</u>	<u>Outside Egypt</u>	<u>Total</u>
Geographical Segments Assets	270,835,755	35,519,529	16,159,531	1,650,167	<u>324,164,982</u>
Geographical Segments Liabilities	197,327,280	80,641,677	22,211,533	1,237,981	<u>301,418,471</u>
Geographical Segments Of Other Items					
Depreciation at 31 December 2022					<u>487,927</u>
Profit before tax					5,511,337
Tax					<u>(2,457,947)</u>
Net Profit for the year					<u>3,053,390</u>

Assets & Liabilities according to geographical segments at 31 December 2021 (restated)	<u>Cairo</u>	<u>Alex, Delta & Sinai</u>	<u>Upper Egypt</u>	<u>Outside Egypt</u>	<u>Total</u>
Geographical Segments Assets	216,367,997	27,099,131	12,454,372	970,638	<u>256,892,138</u>
Geographical Segments Liabilities	145,589,286	70,807,569	20,385,165	746,159	<u>237,528,179</u>
Geographical Segments Of Other Items					
Depreciation at 31 December 2021					<u>373,746</u>
Profit before tax					5,718,345
Tax					<u>(2,174,315)</u>
Net Profit for the year					<u>3,544,030</u>

6. Net interest income

	<u>31/12/2022</u>	<u>31/12/2021</u> (restated)
<u>Interest income from loans and similar income:</u>		
Loans and advances :		
- banks	141,551	43,728
- customers	15,123,251	11,523,011
Total	<u>15,264,802</u>	<u>11,566,739</u>
Deposits and current accounts	2,407,364	1,330,154
Investments in debt instrument at fair value through other comprehensive income and at amortized cost	12,017,881	10,030,920
Revenue from Leased contracts	1,504,935	888,056
Total	<u>31,194,982</u>	<u>23,815,869</u>
<u>Interest expense of deposits and similar expense:</u>		
Deposits and current accounts:		
- banks	(717,809)	(375,217)
- customers	(15,574,239)	(11,925,458)
Total	<u>(16,292,048)</u>	<u>(12,300,675)</u>
Other	(1,836,563)	(972,305)
Total	<u>(18,128,611)</u>	<u>(13,272,980)</u>
Net	<u>13,066,371</u>	<u>10,542,889</u>

7. Net fee and commission income

	<u>31/12/2022</u>	<u>31/12/2021</u>
Fee and commission income:		
Fee and commission related to credit	1,639,444	1,334,046
Trust and custody fee	23,183	22,920
Other fee	1,022,870	798,080
	<u>2,685,497</u>	<u>2,155,046</u>
Fee and commission expense		
Other fee	(190,764)	(154,954)
	<u>(190,764)</u>	<u>(154,954)</u>
Net	<u>2,494,733</u>	<u>2,000,092</u>

8. Dividend income

	<u>31/12/2022</u>	<u>31/12/2021</u>
Securities at fair value through other comprehensive income	112,057	62,700
Total	<u>112,057</u>	<u>62,700</u>

9. Net trading income

	<u>31/12/2022</u>	<u>31/12/2021</u>
Debt instruments held for trading	43,968	22,379
Valuation Differences in investment at fair value through profit and loss	1,334	5,194
Valuation Differences in Currency Swap Contracts	73,002	(3,739)
Gains from foreign currencies Contracts	170	--
Total	<u>118,474</u>	<u>23,834</u>

10. Administrative expenses

	<u>31/12/2022</u>	<u>31/12/2021</u> (restated)
Employees cost		
Wages and salaries*	(3,214,277)	(2,821,048)
Social insurance	(165,959)	(143,936)
Other retirement benefits (Note 32)	(297,186)	(306,575)
	<u>(3,677,422)</u>	<u>(3,271,559)</u>
Other administrative expenses	(3,257,458)	(2,471,306)
Total	<u>(6,934,880)</u>	<u>(5,742,865)</u>

* The current year and comparative figures includes EGP 15,000 thousand representing the Bank's share in the contributions of the Bank's Special Insurance fund (3,750 thousand every Three months).

11. Other operating revenues (expenses)

	<u>31/12/2022</u>	<u>31/12/2021</u>
(Losses) Gains of translated monetary assets and liabilities in foreign currencies other than classified as held for trading items	(1,208,560)	216,621
Gains of sale property and equipment	30,481	3,432
Other provisions reversed (note : 23&30)	26,401	100,064
Other provisions charged (note : 23&30)	(347,274)	(248,545)
Other	44,907	19,069
Total	<u>(1,454,045)</u>	<u>90,641</u>

12. (Charged) reversed expected credit losses

	<u>31/12/2022</u>	<u>31/12/2021</u>
Loans and advances to customers	(2,081,535)	(1,580,289)
Due from Banks	(6,138)	5,407
Debt instruments	(9,366)	76,887
Loans and advances to banks	7,670	(11,493)
Total	<u>(2,089,369)</u>	<u>(1,509,488)</u>

13. Income tax expense

	<u>31/12/2022</u>	<u>31/12/2021</u> (restated)
Current tax	(2,837,153)	(2,166,579)
Deferred tax	379,206	(7,736)
Total	<u>(2,457,947)</u>	<u>(2,174,315)</u>
Profit before income tax	5,511,337	5,718,345
Tax Rate	22.5%	22.5%
Income tax calculated on accounting profit	1,240,051	1,286,628
Expenses are not deductible	1,217,896	887,687
Net tax	<u>2,457,947</u>	<u>2,174,315</u>
Effective tax rate	<u>44.60%</u>	<u>38.02%</u>

14. The weighted / Basic earnings per share

The earnings per share is calculated by dividing the profit of shareholder equity by weighted average of common shares issued during the year.

	<u>31/12/2022</u>	<u>31/12/2021</u>
Net profit for the year attributable to distribution (note : 34)	3,052,170	3,543,126
The number of weighted / common shares	2,976,370	2,625,000
Earnings per share weighted / basic from the net profit for the year	<u>1.03</u>	<u>1.35</u>

15. Cash and balances at Central Bank

	<u>31/12/2022</u>	<u>31/12/2021</u>
Cash*	6,045,492	6,362,136
Balances at Central Bank within the mandatory reserve ratio	13,641,322	12,817,923
Total	<u>19,686,814</u>	<u>19,180,059</u>
Balances without interest	<u>19,686,814</u>	<u>19,180,059</u>

* Cash item includes Banknote foreign currencies for export an amount of EGP 122 million pounds on 31 December 2022, compared to EGP 873 million on 31 December 2021.

16. Due from banks

	<u>31/12/2022</u>	<u>31/12/2021</u>
Current Accounts	1,177,969	592,979
Deposits	55,171,710	32,807,501
Expected credit loss provision for due from banks	(13,488)	(3,913)
NET	<u>56,336,191</u>	<u>33,396,567</u>
Central Bank	28,217,105	16,391,387
Local Banks	23,296,275	13,242,146
Foreign Banks	4,836,299	3,766,947
Expected credit loss provision for due from banks	(13,488)	(3,913)
NET	<u>56,336,191</u>	<u>33,396,567</u>
Balances without Interest	1,177,969	569,854
Balances with fixed interest	55,171,710	32,830,626
Expected credit loss provision for due from banks	(13,488)	(3,913)
Net	<u>56,336,191</u>	<u>33,396,567</u>
Current balances	<u>56,336,191</u>	<u>33,396,567</u>

An analysis of the movement in the expected credit loss provision for due from banks during the year:

	<u>31/12/2022</u>	<u>31/12/2021</u>
Balance at the beginning of the year	3,913	9,334
Charged (Reversed) Expected Credit Loss during the year	6,138	(5,407)
Foreign currencies translation differences of provisions during the year	3,437	(14)
Balance at the end of the year	<u>13,488</u>	<u>3,913</u>

17. Loans and advances to banks

	<u>31/12/2022</u>	<u>31/12/2021</u>
Term Loans	<u>6,276,500</u>	<u>3,132,840</u>
Total	<u>6,276,500</u>	<u>3,132,840</u>
Less: Expected Credit Loss provision	<u>(19,343)</u>	<u>(18,935)</u>
Net loans and advances banks	<u>6,257,157</u>	<u>3,113,905</u>
Current balances	6,276,500	2,842,081
Non-Current balances	--	290,759
Total	<u>6,276,500</u>	<u>3,132,840</u>

An analysis of the movement in the expected credit loss provision for loans and advances to banks during the year:

	<u>31/12/2022</u>	<u>31/12/2021</u>
Balance at the beginning of the year	18,935	7,438
(Reversed) Charged Expected Credit Loss during the year	(7,670)	11,493
Foreign currencies translation differences of provisions during the year	8,078	4
Balance at the end of the year	<u>19,343</u>	<u>18,935</u>

18. Loans and advances to customers

	<u>31/12/2022</u>	<u>31/12/2021</u> (restated)
Retail		
Overdraft accounts	2,120,478	1,371,620
Credit cards	1,010,859	683,774
Direct loans	221,130	143,942
Personal loans	47,856,164	39,358,684
Mortgage loans	3,286,743	2,694,978
Total	<u>54,495,374</u>	<u>44,252,998</u>
Corporate including small loans for economic activities		
Overdraft accounts	43,056,318	31,840,787
Direct loans	16,314,688	15,190,053
Syndicated loans	19,092,471	14,601,116
Discounted documents	722,765	635,301
Total	<u>79,186,242</u>	<u>62,267,257</u>
Total loans and advances to customers	<u>133,681,616</u>	<u>106,520,255</u>
Expected Credit Loss provision	(10,297,361)	(7,915,907)
Unearned discount of discounted documents	(37,094)	(25,844)
Net loans and advances to customers	<u>123,347,161</u>	<u>98,578,504</u>
Total is distributed as follow:-		
Current balances	55,364,836	39,224,793
Non-current balances	78,316,780	67,295,462
Total	<u>133,681,616</u>	<u>106,520,255</u>

An analysis of the movement in the expected credit loss provision for loans and advances to customers during the year.

	<u>31/12/2022</u>	<u>31/12/2021</u>
Balance at the beginning of the year	7,915,907	6,801,889
Adjustments- Cairo bank Uganda	(46)	1,567
Balance at the beginning of the year	<u>7,915,861</u>	<u>6,803,456</u>
Expected credit loss charged during the year	2,061,296	1,579,280
Provision utilized for written off debts during financial year	(1,149,362)	(504,667)
Proceeds from written off debts during the year	131,892	43,222
Foreign currencies translation differences of provisions during the year	1,337,674	(5,384)
Balance at the end of the year	<u>10,297,361</u>	<u>7,915,907</u>

	31/12/2022			31/12/2021		
	Corporate	Retail	Total	Corporate	Retail	Total
Balance at the beginning of the year	6,014,049	1,901,858	7,915,907	5,244,481	1,557,408	6,801,889
Adjustments – Cairo bank Uganda	(46)	--	(46)	550	1,017	1,567
Adjusted Balance at the beginning of the year	6,014,003	1,901,858	7,915,861	5,245,031	1,558,425	6,803,456
Expected credit loss charged during the year	1,488,571	572,725	2,061,296	798,065	781,215	1,579,280
Provision utilized for written off during financial year	(365,521)	(783,841)	(1,149,362)	(24,130)	(480,537)	(504,667)
Proceeds from written off debts during the year	1,553	130,339	131,892	654	42,568	43,222
Foreign currencies translation differences of provisions during the year	1,334,881	2,793	1,337,674	(5,571)	187	(5,384)
Balance at the end of the year	8,473,487	1,823,874	10,297,361	6,014,049	1,901,858	7,915,907

19. Financial derivatives

	31/12/2022		
	Contractual amount / default	Asset	Liabilities
Derivatives held for trading			
Currency forwards	176,055	59,464	--
Total	176,055	59,464	--

	31/12/2021		
	Contractual amount / default	Asset	Liabilities
Derivatives held for trading			
Currency forwards	277,067	1,479	6,078
Total	277,067	1,479	6,078

	<u>31/12/2022</u>	<u>31/12/2021</u>
20. Financial investment		
Financial investments at fair value through other comprehensive income		
a) Debt Instruments		
- Listed (at fair value Level 2)	12,562,202	21,949,948
b) Treasury bills and other governmental notes (Unlisted)		
- Treasury bills at fair value – local currency*(at fair value Level 2)	22,982,275	16,024,966
- Treasury bills – foreign currency	9,671,158	7,762,635
Total Treasury bills and other governmental notes at fair value	<u>32,653,433</u>	<u>23,787,601</u>
c) Equity instruments		
- Listed (at fair value Level 1)	66,918	1,327,745
- Unlisted at cost**	1,972,248	431,100
d) Investment Certificates		
- Unlisted Certificate – recoverable amount (Level 1 at fair value)	176,542	200,488
Total financial investments at fair value through other comprehensive income (1)	<u>47,431,343</u>	<u>47,696,882</u>
Financial investments at amortized cost		
a) Debt Instruments-at amortized cost		
- Listed	54,975,343	42,559,238
- Unlisted ***	56,113	56,113
b) Treasury Bills-at amortized cost		
- Unlisted	410,826	182,867
Total financial investments at amortized cost (2)	<u>55,442,282</u>	<u>42,798,218</u>
Financial investments at fair value through profit and loss		
Investment Certificates		
- Unlisted Certificate – recoverable amount (Level 1 at fair value)	--	58,103
Total financial investments at fair value through profit and loss (3)	<u>--</u>	<u>58,103</u>
Total financial investments (1)+(2)+(3)	<u>102,873,625</u>	<u>90,553,203</u>
Current balances	46,127,880	35,265,733
Non-current balances	56,745,745	55,287,470
Total	<u>102,873,625</u>	<u>90,553,203</u>
Without bearing interest	87,861,530	954,702
Fixed interest debt instruments	11,196,686	84,184,505
Floating interest debt instruments	1,599,701	3,396,560
Total	<u>100,657,917</u>	<u>88,535,767</u>

* Treasury bills at fair value – local currency includes mortgaged and treasury bills for Central Bank of Egypt due to Mortgage, Machines and equipment and its nominal value amounted to EGP 1,752,450 thousands as of 31 December 2022 (31 December 2021: EGP 1,948,075 thousands)

**The following are the financial investments - unlisted equity instruments at cost:

	<u>31/12/2022</u>	<u>31/12/2021</u>
African export – import bank	1,805,095	314,343
Misr Bank-Europe	84,218	84,218
Arab Financial services company	2,420	2,420
Credit guarantee company	1,364	1,364
Taba Tourism development Co.	2,250	2,250
I-Score company	1,848	1,848
Misr for central clearing	137	137
Arab trade financing program – ATFP	11,028	11,028
Other companies	63,888	13,492
Total	<u><u>1,972,248</u></u>	<u><u>431,100</u></u>

African export – import bank

- The bank is unlisted.
- The main purpose of establishing the bank is funding and facilitating the trading business between African countries and the rest of the world countries, which makes it difficult to find similar listed banks.
- The bank owns an insignificant share in African export – import bank (4.68%), which restrains the bank from reaching accurate and detailed information make evaluation process related and applicable to Banking sector to reach fair value of the investment.
- The bank achieves positive net profit and net equity according to its financial statements, which are reflecting the absence of any indicators of impairment in the investment value.

Misr Bank – Europe

- The bank is unlisted
- The main purpose of establishing the bank is to organize the trade with middle Europe countries and Egypt, the bank has only one branch that makes it difficult to find similar listed banks.
- The bank owns an insignificant share in Egypt Europe bank (10%), which restrains the bank from reaching accurate and detailed information make evaluation process related and applicable to Banking sector to reach fair value of the investment.
- The Net equity for the bank is Positive according to its financial statement, which is reflecting the absence of any indicators of impairment in the investment value

Arab trade financing program – ATFP

- Arab trade financing program is unlisted.
- Arab trade financing program aims to enhance and develops Arab trading, in addition to improve the competitive abilities of Arab exporters. This goal has been achieved by provide funding in the form of credit lines for exporters and importers to the member's countries through local organizations that has been designated by the central bank or any other concerned organization in Arab Countries This makes it difficult to find similar companies that are restricted in the market to reach the fair value of the program.
- The bank owns an insignificant share in Arab trade financing program (0.33%), an insignificant The bank achieves positive net profit and net equity according to its financial statements, which are reflecting the absence of any indicators of impairment in the investment value.

***Amount paid to the ministry of finance prepaid for purchasing treasury bonds, in accordance with the presidential decision No, 1112 for year 1974 which stated that 5% from distribution net profit to the public sector should be invested in governmental bonds or deposit it in an account in the ministry of finance, it was deposited in an account in the ministry of finance with 3.5% annual interest, and this for execution that decision.

The following movements in financial investments during the year

	<u>Financial investments at fair value through other comprehensive income</u>	<u>Financial investments at amortized cost</u>	<u>Total</u>
Balance of 1/1/2022	47,696,882	42,798,218	90,495,100
Additions	187,089,681	10,045,419	197,135,100
Disposals (sales / redemption)	(176,608,638)	(10,942,959)	(187,551,597)
Reclassifying bonds from financial investments at fair value through other comprehensive income to amortized cost	(13,557,801)	13,557,801	--
Monetary assets translation differences	4,968,437	48,318	5,016,755
Net change	(1,311,570)	--	(1,311,570)
Transferred to retained earning	(5,022)	--	(5,022)
Amortization of (premium) / discount of issuance	(840,626)	(64,515)	(905,141)
Balance as at 31/12/2022	47,431,343	55,442,282	102,873,625

	<u>Financial investments at fair value through other comprehensive income</u>	<u>Financial investments at amortized cost</u>	<u>Total</u>
Balance of 1/1/2021	52,715,894	20,789,953	73,505,847
Additions	150,843,627	25,723,635	176,567,262
Disposals (sales / redemption)	(155,537,571)	(3,720,549)	(159,258,120)
Monetary assets translation differences	(75,912)	3,710	(72,202)
Net change	117,802	--	117,802
Amortization of (premium) / discount of issuance	(366,958)	1,469	(365,489)
Balance as at 31/12/2021	47,696,882	42,798,218	90,495,100

Gains from financial investments

	<u>31/12/2022</u>	<u>31/12/2021</u>
Gains from selling Treasury bills	50,589	53,970
Gain from selling debt instruments at fair value through OCI	140,964	168,955
Gain from selling associated companies	--	1,085
Total	191,553	224,010

21. Investments in associates

<u>31/12/2022</u> <u>Company</u>	<u>Currency</u>	<u>Last</u> <u>financial</u> <u>data</u>	<u>Country</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Profit/</u> <u>(Loss)</u>	<u>Share</u> <u>%</u>	<u>Value of</u> <u>Investment</u>
Guards company for Security and guarding Nile Holding Company for Development and Investment	EGP	12/2022	Egypt	21,987	10,189	55,502	3,296	40	4,719
Financial Sector Mutual Fund	EGP	12/2022	Egypt	171,948	2,800	53,513	39,788	46.28	78,277
Egy Serv for Postal Services	EGP	12/2022	Egypt	173,702	94,990	442,564	37,165	40	83,681
Misr for investment and export development*	EGP	--	Egypt	--	--	--	--	20	12,500
Nclude fintech innovation fund	USD	12/2022	UAE	761,742	164,912	--	(52,670)	23.81	168,040
Misr real-estate fund 1*	EGP	--	Egypt	--	--	--	--	27.8	100,010
Total				<u>1,474,402</u>	<u>273,842</u>	<u>562,301</u>	<u>28,597</u>	<u>--</u>	<u>561,917</u>
<u>31/12/2021</u> <u>Company</u>	<u>Currency</u>	<u>Last</u> <u>financial</u> <u>data</u>	<u>Country</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Profit/</u> <u>(Loss)</u>	<u>Share</u> <u>%</u>	<u>Value of</u> <u>Investment</u>
Guards company for Security and guarding Nile Holding Company for Development and Investment	EGP	12/2021	Egypt	20,658	9,788	41,861	3,124	40	4,347
Financial Sector Mutual Fund	EGP	12/2021	Egypt	151,929	4,777	30,581	20,682	46.28	68,101
Egy Serv for Postal Services	EGP	12/2021	Egypt	161,570	79,452	373,028	36,450	40	93,908
Total				<u>591,210</u>	<u>94,993</u>	<u>454,861</u>	<u>61,006</u>	<u>--</u>	<u>251,714</u>

*has been established during year 2022

The following table shows the structure of associates' shareholders at 31/12/2022.

	<u>Guards</u> <u>company for</u> <u>Security and</u> <u>guarding</u>	<u>Nile Holding</u> <u>Company for</u> <u>development and</u> <u>investments</u>	<u>Financial</u> <u>Sector</u> <u>Mutual</u> <u>Fund</u>	<u>Egy Service</u> <u>for Postal</u> <u>Services</u>	<u>Misr for</u> <u>investment and</u> <u>export</u> <u>development</u>	<u>Nclude</u> <u>fintech</u> <u>innovation</u> <u>fund</u>	<u>Misr real-</u> <u>estate fund</u> <u>1</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Bank Du Caire	40	33.33	46.28	40	20	23.81	27.8
National Bank of Egypt	--	33.33	--	40	20	28.57	--
Banque Misr	--	33.34	--	--	20	28.57	27.8
Export development bank of Egypt	--	--	--	--	20	--	--
Arab African international bank	--	--	--	--	20	--	--
Misr Insurance Co.	--	--	24.26	--	--	--	--
Misr Life Insurance Co.	--	--	29.46	--	--	--	27.8
National Security Sector	30	--	--	--	--	--	--
Insurance Fund for employee at banque du caire	20	--	--	--	--	--	--
Al Baraka bank	10	--	--	--	--	--	--
Other (Individuals & Corporates)	--	--	--	20	--	19.05	16.6
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

22. Intangible assets

Intangible assets represent the bank's computer software programs and its details as followings:

	31/12/2022	31/12/2021
Beginning balance of the year		
Cost	430,224	310,078
Accumulated amortization	(234,014)	(152,935)
Net book value at the beginning of the year	196,210	157,143
Additions during the year	142,361	119,297
Amortization for the year	(117,574)	(80,770)
Foreign currency exchange	9,700	540
Net book value at the end of the year	230,697	196,210

23. Other assets

	31/12/2022	31/12/2021 (restated)
Accrued revenues	4,132,363	3,089,427
Prepaid expenses	374,492	367,220
Advance payments under purchase of fixed assets	2,212,927	1,737,856
Assets reverted to the bank in settlement of debts	214,850	6,835
Insurances and custodies	112,920	41,845
Clearing transactions	846,317	443,190
Tax authority	184,506	190,575
Other debit balances	1,463,064	1,519,694
Impairment Provision for other assets	(208,259)	(218,068)
Total	9,333,180	7,178,574

An analysis of the movement in the impairment provision for other assets during the year:

	31/12/2022	31/12/2021
Balance at the beginning of the year	218,068	212,908
Impairment charged at income statement of the year	53,956	1,258
Provision utilized during the year	(63,725)	(1,286)
Reversed during the year	(48)	(404)
Proceeds during the year	5	5,592
Foreign currencies translation differences of provisions during the year	3	--
Balance at the end of year	208,259	218,068

24. Leasing fixed assets

	<u>Land</u>	<u>Buildings & Constructions</u>	<u>Vehicles</u>	<u>Machinery & Equipment</u>	<u>Total</u>
Balance at 01/01/2021					
Cost	427,824	1,496,954	165,225	679,200	2,769,203
Accumulated depreciation	--	(82,288)	(31,475)	(173,772)	(287,535)
Net book value at 01/01/2021	427,824	1,414,666	133,750	505,428	2,481,668
Additions	682,941	1,095,105	178,965	359,054	2,316,065
Disposals	(246,906)	(759,190)	(6,888)	(94,000)	(1,106,984)
Disposals' accumulated depreciation	--	66,089	2,263	42,478	110,830
Depreciation	--	(89,741)	(48,662)	(158,672)	(297,075)
Net book value at 31/12/2021	863,859	1,726,929	259,428	654,288	3,504,504
Balance at 01/01/2022					
Cost	863,859	1,832,869	337,302	944,254	3,978,284
Accumulated depreciation	--	(105,940)	(77,874)	(289,966)	(473,780)
Net book value at 01/01/2022	863,859	1,726,929	259,428	654,288	3,504,504
Additions	235,726	1,243,944	208,891	513,494	2,202,055
Disposals	(164,759)	(382,589)	(61,488)	(268,759)	(877,595)
Disposals' accumulated depreciation	--	35,637	29,373	128,986	193,996
Depreciation	--	(118,235)	(80,990)	(229,098)	(428,323)
Net book value at 31/12/2022	934,826	2,505,686	355,214	798,911	4,594,637
Balances at 31/12/2022					
Cost	934,826	2,694,224	484,705	1,188,989	5,302,744
Accumulated depreciation	--	(188,538)	(129,491)	(390,078)	(708,107)
Net book value at 31/12/2022	934,826	2,505,686	355,214	798,911	4,594,637

The following are net leased assets after adjustments:

	<u>31/12/2022</u>	<u>31/12/2021</u>
Leasing fixed assets (net)	4,594,637	3,504,504
Advance payments under purchase of leasing fixed assets	6,508	28,690
Lease Settlement Account	(1,701,466)	(1,178,298)
Net leased assets after adjustments	2,899,679	2,354,896

25. Property and equipment

	<u>Land</u>	<u>Buildings & Constructions</u>	<u>Integrated automated systems</u>	<u>Vehicles</u>	<u>Machinery & Equipment</u>	<u>Furniture</u>	<u>Fixtures & fittings</u>	<u>Total</u>
Balances at 01/01/2021								
Cost	292,241	535,120	939,476	57,794	76,634	212,264	598,661	2,712,190
Accumulated depreciation	--	(361,959)	(567,137)	(42,748)	(49,533)	(115,955)	(221,472)	(1,358,804)
Net book value	292,241	173,161	372,339	15,046	27,101	96,309	377,189	1,353,386
Net book value at 01/01/2021	292,241	173,161	372,339	15,046	27,101	96,309	377,189	1,353,386
Adjustment	--	--	--	--	--	--	(1,588)	(1,588)
Transfers*	8,056	(8,056)	--	--	--	1,372	(1,372)	--
Additions	13,413	67,509	198,016	3,000	1,970	56,628	250,782	591,318
Disposals	--	(181)	(14,528)	(1,157)	(982)	(2,498)	(1,185)	(20,531)
Disposals' accumulated depreciation	--	181	14,476	1,132	982	2,422	1,173	20,366
Transfers' accumulated depreciation	--	--	--	--	--	(23)	23	--
Foreign currency exchange	--	--	--	22	--	381	623	1,026
Adjustment	--	--	--	--	--	--	543	543
Depreciation	--	(14,958)	(127,042)	(8,031)	(7,444)	(31,907)	(106,933)	(296,315)
Net book value at 31/12/2021	313,710	217,656	443,261	10,012	21,627	122,684	519,255	1,648,205
Balances at 01/01/2022								
Cost	313,710	594,392	1,122,964	59,659	77,622	268,147	846,464	3,282,958
Accumulated depreciation	--	(376,736)	(679,703)	(49,647)	(55,995)	(145,463)	(327,209)	(1,634,753)
Net book value	313,710	217,656	443,261	10,012	21,627	122,684	519,255	1,648,205
Net book value at 01/01/2022	313,710	217,656	443,261	10,012	21,627	122,684	519,255	1,648,205
Adjustment	--	--	--	--	--	1	15	16
Transfers*	--	--	698	--	7,831	4,910	(13,439)	--
Additions	533	82,452	126,781	2,860	95,838	29,572	152,565	490,601
Disposals	(6,827)	(799)	(9,367)	(3,780)	(1,573)	(5,731)	(5,085)	(33,162)
Disposals' accumulated depreciation	--	799	9,333	3,765	1,568	5,699	4,978	26,142
Transfers' accumulated depreciation	--	--	(113)	--	(1,165)	(655)	1,933	--
Foreign currency exchange	--	--	--	344	--	5,706	9,225	15,275
Depreciation	--	(16,631)	(158,932)	(6,906)	(24,951)	(40,306)	(125,357)	(373,083)
Net book value at 31/12/2022	307,416	283,477	411,661	6,295	99,175	121,880	544,090	1,773,994
Balances at 31/12/2022								
Cost	307,416	676,045	1,241,076	59,083	179,718	302,605	989,745	3,755,688
Accumulated depreciation	--	(392,568)	(829,415)	(52,788)	(80,543)	(180,725)	(445,655)	(1,981,694)
Net book value at 31/12/2022	307,416	283,477	411,661	6,295	99,175	121,880	544,090	1,773,994

*represents transfers between items

- Property and equipment include specifically (land & buildings) unregistered assets by an amount of EGP 336,138 thousand, legal procedures are being undertaken to register them.
- The cost of depreciation includes an amount of EGP 2,731 thousand, the value of which is charged to the deferred revenue account, and represents the cost of depreciation of the gifted asset to the bank.

26. Due to banks	31/12/2022	31/12/2021
Current accounts	432,945	668,584
Deposits	19,465,437	16,978,700
Total	19,898,382	17,647,284
Central Bank	1,587,969	1,681,015
Local Banks	3,021,831	4,714,441
Foreign Banks	15,288,582	11,251,828
Total	19,898,382	17,647,284
Balances without interest	444,319	645,087
Balances with Fixed interest	19,454,063	17,002,197
Total	19,898,382	17,647,284
Current balances	19,898,382	17,647,284
Total	19,898,382	17,647,284
27. Customers' deposits		
	31/12/2022	31/12/2021
Demand deposits	50,213,353	27,132,094
Term and notice deposits	78,278,443	59,951,429
Certificates of savings and deposits	85,635,999	73,912,837
Saving deposits	32,435,323	35,460,303
Other deposits	4,300,454	2,248,416
Total	250,863,572	198,705,079
Corporate deposits	115,669,211	76,679,953
Retail deposits	135,194,361	122,025,126
Total	250,863,572	198,705,079
Balances without interest	41,661,678	24,196,471
Balances with fixed interest	209,201,894	174,508,608
Total	250,863,572	198,705,079

28. Other loans

	<i>Currency</i>	<u>31/12/2022</u>	<u>31/12/2021</u>
The loan of Development Agency for the medium, Small and Micro Enterprise	EGP	1,729,095	1,712,693
Arabic Trade financing program Loan	USD	627,864	7,858
Arab fund for economic and social development loan - Kuwait	USD	1,138,196	785,835
Green for growth fund	USD	224,940	157,167
Europe bank for investments	USD	2,199,413	1,571,670
European bank for reconstruction & development	USD	1,060,431	785,835
African export – import bank	USD	4,020,803	3,143,340
Saudi fund for development	EGP	75,000	--
Present value - CBE subordinated deposit*	EGP	1,111,233	944,926
Present value - Banque Misr subordinated deposit**	EGP	1,835,167	1,645,181
Green for growth fund (subordinated Loan)	USD	742,302	471,501
Sanad fund for MSME (subordinated Loan)	USD	742,302	471,501
European bank for reconstruction & development(subordinated Loan)	USD	1,237,170	--
British international investment (subordinated Loan)	USD	1,237,170	--
Others		1,423,683	1,006,053
Total		<u>19,404,769</u>	<u>12,703,560</u>
Current balances		1,361,185	1,052,843
Non- current balances		18,043,584	11,650,717
Total		<u>19,404,769</u>	<u>12,703,560</u>

* Banque Du Caire has been granted a subordinated deposit from CBE by amount EGP 2 Billion for 10 years without any interest or commission to meet the requirements of capital adequacy standard from 23/8/2016 due to 22/8/2026.

** Banque Du Caire has been granted a subordinated deposit from Banque Misr amounted to EGP 3 Billion for 7 years from 30/06/2020 due to 29/06/2027 to support the bank's capital base.

29. Other liabilities

	<u>31/12/2022</u>	<u>31/12/2021</u>
Accrued interest	1,439,419	994,571
Prepaid revenues	165,284	132,961
Accrued expenses	325,208	274,804
Clearing transactions	3,089,525	1,984,815
Tax authority	850,609	663,216
Creditors banknote- export foreign currencies	79,024	468,725
Creditors	138,583	136,816
Other credit balances	1,845,089	1,438,440
Total	<u>7,932,741</u>	<u>6,094,348</u>

30. Other Provisions

	31/12/2022	31/12/2021
Balance at the beginning of the year	695,531	602,045
Foreign currency exchange	127,081	(2,146)
Provision charged to income statement during the year	293,318	247,287
Reversed to income statement during the year	(26,353)	(99,660)
Utilized during the year	(11,063)	(73,644)
Proceed during the year	--	21,649
Balance at the end of the year	1,078,514	695,531
Other provisions details:	31/12/2022	31/12/2021
Provision for operation risks	6,565	6,716
Provision for legal claims	281,833	209,455
Provision for other claims	204,936	108,415
Provision for tax	100,821	106,550
Expected credit losses Provision for contingent liabilities-corporate	429,184	239,943
Expected credit losses Provision for contingent liabilities-SMEs	21,856	21,100
Expected credit losses Provision for contingent liabilities-Due from Banks	33,319	3,352
Total	1,078,514	695,531

31. Deferred income tax

Deferred income tax was fully recognized on the temporary difference according to the obligation method using tax rate 22.5%.

Clearing is made between deferred assets and liabilities if the bank has legal rights to make clearing between deferred tax assets and liabilities if they both have to be settled with the same tax administration.

Deferred tax assets (liabilities)

Deferred tax assets and liabilities resulting from temporary differences attributable to the following:

	Deferred tax assets 31/12/2022	Deferred tax liabilities 31/12/2022
Fixed assets and other items	--	(140,236)
provisions (other than Expected Credit loss provision)	702,219	--
Tax losses	99,339	--
Undistributed profits from Associated companies	3,545	--
Total deferred tax assets (liabilities)	805,103	(140,236)
Net deferred tax assets (liabilities)	664,867	--

Movement during the year

<u>Item</u>	31/12/2022 Deferred tax assets	31/12/2021 Deferred tax assets	31/12/2022 Deferred tax liabilities	31/12/2021 Deferred tax liabilities
Beginning balance of the year	438,822	413,590	(189,469)	(163,713)
Adjustments – Cairo bank Uganda	--	3,307	--	(1,376)
Additions	335,089	20,394	--	(24,427)
Disposals	--	--	53,036	29
Foreign currency exchange	31,192	1,531	(3,803)	18
End of the year balance	805,103	438,822	(140,236)	(189,469)

Unrecognized deferred taxes assets (before tax)

	31/12/2022	31/12/2021
Expected Credit Loss provision for loans other than 80%	2,056,929	1,583,109
Other provisions and other items	778,185	434,401
Total	2,835,114	2,017,510

32. Retirement benefit liabilities

	31/12/2022	31/12/2021
<u>Liabilities included in the financial position</u>		
Medical benefits after retirement	1,509,212	1,389,618
<u>Recognized in income statement</u>		
Medical benefits after retirement	297,186	306,575
<u>Amount recognized in financial position represented in</u>		
Present value of unfinanced liabilities	2,027,151	1,903,109
Unrecognized actuarial losses	(517,939)	(513,491)
Balance included in financial position	1,509,212	1,389,618

Liabilities movement during the year

Beginning balance of the year	1,389,618	1,246,565
Current service cost	21,137	37,450
Interest cost	257,218	251,580
Recognized actuarial losses	18,831	17,545
Paid benefits	(177,592)	(163,522)
Ending balance of the year in financial position	1,509,212	1,389,618

Amount recognized in income statement represented in

Current service cost	21,137	37,450
Interest cost	257,218	251,580
Recognized auctorial losses	18,831	17,545
Ending balance included in the cost of employees (Note 10)	297,186	306,575

33. Issued and paid up capital

Banque Du Caire - Egypt

The Bank's authorized capital amounted to EGP 20 billion. The issued and paid up capital amounted to EGP 10 billion divided into 5 billion shares with a par value of EGP 2 per each.

Amounts paid for capital increase

- On 22 March 2022, Banque Du Caire extraordinary general assembly convened and approved to:
- Amending the text of Article (6) of the bank's basic articles, which relates to the bank's authorized, issued capital and the structure of bank's shareholders.
- Issued and paid-up capital increased by EGP 4 billion, to become EGP 14 billion instead of EGP 10 billion, and the legal procedures are being completed and registration in the commercial register is underway.

Cairo bank Uganda limited

- The Bank's authorized capital amounted to Ushs 64,265,000 thousand the issued capital and it has been fully subscribed divided into 12,853 shares with a par value of Ushs 5 million per each share which has been fully subscribed.
- The bank's issued and paid-up capital increased by Ushs 29,550,500 thousand to become Ushs 93,815,500 thousand, divided into 18,763 shares and the legal procedures are being completed and registration in the commercial register is underway.

Cairo Leasing Company-Egypt

- The authorized capital amounted to EGP 500 million, the issued capital amounted to EGP 350 million divided into 350 thousand shares with a par value of EGP 1000 per each, of which about EGP 350 million had paid.

Taly for the digital payments Company-Egypt

- The authorized capital amounted to EGP 500 million the issued and paid-up capital amounted to EGP 500 million fully paid.

Cairo exchange Company-Egypt

- The authorized capital amounted to EGP 250 million the issued and paid-up capital amounted to EGP 100 million fully paid.

34. Reserves and net profits for the year and retained earnings

Reserves

	<u>31/12/2022</u>	<u>31/12/2021</u>
General reserve	187,291	187,291
General Banking Risk Reserve*	1,158,124	600,453
Legal reserve	1,227,564	1,043,974
Fair value reserve – financial investments at fair value through other comprehensive income	(823,037)	196,395
Expected credit loss for debt instrument at fair value through other comprehensive income	251,477	137,362
Capital reserve	276,051	272,619
Regular reserve	438,930	438,930
Foreign currencies translation Reserve	244,450	45,091
General risk reserve**	68,481	68,481
Total reserves	<u>3,029,331</u>	<u>2,990,596</u>

* General Banking Risk Reserve at 31 December 2022 consists of EGP 4,795 thousand, represented of reserve formed for Assets reverted to the bank in settlement of debts and hadn't been sold for 5 years, as well as the amount of EGP 1,153,329 thousand, which represents the credit gap on 31 December 2021, and the credit gap in 31 December 2022 amounted to EGP 1,280,269 thousand, which represent the difference between provisions of expected credit loss for loans and contingent liabilities and to obligors risk rating provisions as per Central Bank of Egypt instructions, therefore an amount of EGP 126,940 thousand must be transferred from retained earnings account through approving the dividend distribution for the year 2022

**Formed according to the Central Bank's instructions issued in 26 February 2019

Reserves Movements as follows:

a) General banking risk reserves

	<u>31/12/2022</u>	<u>31/12/2021</u>
Beginning balance for the year	600,453	682,204
Transferred from retained earnings	557,671	--
Transferred to retained earnings	--	(81,751)
Ending balance for the year	<u>1,158,124</u>	<u>600,453</u>

b) Legal reserves

	<u>31/12/2022</u>	<u>31/12/2021</u>
Beginning balance for the year	1,043,974	884,602
Transferred from the previous year's profit	183,590	159,372
Ending balance for the year	<u>1,227,564</u>	<u>1,043,974</u>

In accordance with the Bank's Articles of Association and Law No. 159 of 1981, 5% of the net profit for the year is reserved for the statutory reserve until the balance reaches 50% of the capital, which is a non-distributable reserve.

c) Fair value reserve – financial investment through other comprehensive income:

	<u>31/12/2022</u>	<u>31/12/2021</u>
Beginning balance for the year	196,395	506,837
Net change in fair value for financial investments (after tax)	(1,019,432)	(310,442)
Ending balance at the end of the year	<u>(823,037)</u>	<u>196,395</u>

d) Expected credit loss – Debt instrument at fair value through other comprehensive income:

	<u>31/12/2022</u>	<u>31/12/2021</u>
Beginning balance for the year	137,362	215,496
Charged (Reversed) of expected credit losses for the year	9,366	(76,887)
Foreign currency exchange	104,749	(1,247)
Ending balance of the year	<u>251,477</u>	<u>137,362</u>

Net profits for the year and Retained earnings

	31/12/2022	31/12/2021 (restated)
Beginning balance of the year	3,957,307	6,433,470
Prior year adjustment	--	(91,523)
Beginning balance of the year restated	3,957,307	6,341,947
Net profit for the year	3,052,170	3,543,126
Transferred from fair value reserve for equity instrument	(103,545)	26,378
Dividends paid	(2,475,139)	(5,843,988)
Transferred from general banking risk reserve	(557,671)	81,751
Transferred to legal reserve	(183,590)	(159,372)
Transferred to capital reserve	(3,432)	(157)
Banking Sector Development Fund	(30,961)	(32,378)
Ending balance of the year	3,655,139	3,957,307

35. Non-controlling interest

- **Non-controlling interest for Cairo Leasing –Cairo, Egypt mainly represented as follows: -**

Insurance Fund for Employees at banque du caire	2%
Ahmed Sherif AbdelHady Omar	0.0005%
	<u>2.0005%</u>

The movement on the NCI as following: -

	31/12/2022	31/12/2021
Beginning balance of the year	6,163	4,959
Increase in Capital (Cairo Leasing)	2,002	1,000
Net profits for the year	1,220	904
Dividends	(944)	(700)
Ending balance of the year	8,441	6,163

36. Dividend

Dividend are not recorded nor deducted from retained earnings as a financial liability until it is approved by the shareholder's general assembly at the end of the financial year proposed dividend to the shareholders and also employee's shares and board of director's bonus will be presented to the general assembly, which will be held to approve end of financial year after which it will be deducted from shareholder's equity under retained earnings for the year through dividends.

37. Cash and cash equivalent

For the presentation of the cash flow statement, cash and cash equivalents include the following balance with maturities of no more than three months from the acquisition date

	31/12/2022	31/12/2021
Cash and due from the Central Bank	6,058,965	6,399,018
Due from banks	48,864,344	26,440,130
Treasury bills and other governmental notes	1,712,570	700,367
Total	56,635,879	33,539,515

38. Contingent Liabilities and Commitments

A- Legal Claims:

There are a number of lawsuits filled by our bank against defaulters to obtain all the rights of our bank. There are a number of existing legal cases filed against the bank as of 31/12/2022 where no provision was allocated for this purpose as it is not expected losses will be incurred.

B- Capital commitments

The bank capital commitments amounted to EGP 1,628,150 thousand which are represented in purchases of fixed assets and intangible assets the management have enough confidence of making enough profits and availability of finance to cover those commitments.

Also, the commitments related to financial were not yet required to pay until year end including an amount of EGP 4,289,000 thousand related to investments at fair value through OCI and investments in subsidiaries and associated companies.

C- Commitments related to loans, guarantees, and facilities

	<u>31/12/2022</u>	<u>31/12/2021</u>
Accepted Documentation	1,167,368	1,821,278
Loans commitments	8,449,792	6,349,147
Letters of credit	6,296,731	4,045,189
Letters of guarantee	21,969,364	14,948,916
	<u>37,883,255</u>	<u>27,164,530</u>

39. Related party transactions

a- Main Shareholder and associated companies

As the following our transaction with banque Misr (main Shareholder related party)

	<u>31/12/2022</u>	<u>31/12/2021</u>
<u>Due from banks</u>		
Current accounts	1,423	542
Deposits	7,000,000	3,231,634
<u>Other assets</u>		
Other	22,373	22,372
Accrued Revenues	22,118	8,938
<u>Due to banks</u>		
Deposits	--	785,835
<u>Other liabilities</u>		
Accrued Interest	--	249
<u>Other loan</u>		
Present value of Banque Misr subordinated deposit	1,835,167	1,645,181
<u>Owner equity</u>		
Difference between the present value and face value for subordinated deposit	1,164,833	1,354,819

Our transaction with Guards Company for Security and guarding (Investments in associates):

	<u>31/12/2022</u>	<u>31/12/2021</u>
<u>Customers' deposits</u>		
Current accounts	3,941	3,370
<u>Loans and advances to customers</u>		
Corporate loans (over draft accounts)	--	1,005

Our transaction with Egyserv (Investments in associates):

	<u>31/12/2022</u>	<u>31/12/2021</u>
<u>Customers' deposits</u>		
Current accounts	228	228
<u>Other liabilities</u>		
Accrued expenses	2,356	399

Our transaction with Nile co. (Investments in associates):

	<u>31/12/2022</u>	<u>31/12/2021</u>
<u>Customers' deposits</u>		
Current accounts	70	71

**b- Directors and other key management personal
 (and close family members)**

	<u>31/12/2022</u>	<u>31/12/2021</u>
Loans and advances to customers	1,802	--

40. Banque Du Caire Mutual funds

A- Banque Du Caire first fund (with accumulated return)

The fund is one of investment activities licensed for the Bank under Capital Market Law No. 95 for the year 1992 and its executive regulations; the fund is managed by Hermes Funds Management Company.

This fund consists of 20 million Certificates amounted to EGP 200 million with face value of EGP 100 each according to the approval from the Capital Market Authority (CMA) on 30 October 1997.

According to Banque du caire first fund's holder meeting dated 13 March 2007 and the approval of the Capital Market Authority the face value was amended to EGP 10 instead of EGP 100 each, the amendments have been effective from June 2007.

The number of outstanding certificates as of 31 December 2022 was 1,757,598 certificate with a redeemable value of EGP 149.48 each. 500,000 Certificates were allocated to the Bank in the initial offering until 31 December 2022 with total amount of EGP 74,750,000 which should be held by the Bank till the end of the Fund's year as required by laws, it appears as investments in unlisted equity instruments within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 633,395 for year ended 31 December 2022 (31 December 2021: EGP 383,750) which is presented under the item of "other fees and commissions income" in the income statement.

B- Banque Du Caire second fund (Money Market Fund) - daily

Banque Du Caire S.A.E. established the second accumulated daily return fund in Egyptian pound as one of its licensed banking activities under license No. 526 issued by the Egyptian Financial Supervisory Authority on 18 June 2009 according to the capital market regulations law No. 95 for 1992 and its executive regulations. The Fund is managed by Belton for funds Management Company.

The number of certificates in the initial offering amounted to 10 million certificates with a face value of EGP 10 per certificate, the documents in the portfolio of other comprehensive income according to what was allocated during the year from the initial launch of the fund until 31 December 2022 numbered 500,000 documents with a book value of EGP 19,311,200.

The number of outstanding certificates as of 31 December 2022 was 82,479,793 certificate with a redeemable value of EGP 38.59 each.

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total fees and commissions are amounted to EGP 13,773,722 for the year ended 31 December 2022 (31 December 2021: EGP 14,621,013), which is presented under the item of "other fees and commissions income" in the income statement.

C- Principal Bank for Development & Agricultural Credit and Banque du Caire Fund According to Islamic Sharia (Al Wefak)

The Fund is one of the investments activity licensed for the bank under Capital Market Law (CMA) No. 95 for the year 1992 and its executive regulations, HC Securities manage the Fund Which was replaced by CI Assets Management as of 1/4/2021 The number of certificates was 5 million certificate amounted to EGP 50 million with face value EGP 10 each according to the approval No. 625 dated 6 January 2011 from the Capital Market Authority (CMA), the fund's year is 25 years from the date of the license.

The number of outstanding certificates as of 31 December 2022 was 986,630 certificate with a redeemable value of EGP 21.42 each. 250,000 Certificates were allocated to the Bank in the initial offering until 31 December 2022 with total amount of EGP 5,493,503 which should be held by the Bank till the end of the Fund's year as required by law, it appears as investments in unlisted equity instruments within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 42,701 for year ended 31 December 2022 (31 December 2021: EGP 36,925) which is presented under the item of "other fees and commissions income" in the income statement.

D- Banque Du Caire Fund for debt instruments (Fixed)

On 8 May 2012 Banque Du Caire's Board of Directors approved to establish Banque Du Caire Fixed Income Fund, and the approval of Central Bank of Egypt was on 15 August 2012, it was decided that subscription offering year is two month starting from 4 December 2012. The fund is managed by CI Asset Management Company.

The fund consists of 1 million certificates amounted to EGP 100 million with a face value of EGP 100 per certificate each.

The number of outstanding certificates as of 31 December 2022 was 84,591 certificate with a redeemable value of EGP 289.42 each. 50,000 Certificates were allocated to the Bank in the initial offering until 31 December 2022 with total amount of EGP 14,461,500 which should be held by the Bank till the end of the Fund's year as required by law, it appears as investments in unlisted equity instruments within financial investments at fair value through other comprehensive income on the same date

According to the fund's management contract and its prospectus, the Bank receives fees and commissions in return for its supervision of the fund and other administrative service rendered thereby. Total fees and commissions are amounted to EGP 157,228 for year ended 31 December 2022 (31 December 2021: EGP 155,160) which is presented under the item of "other fees and commissions income" in the income statement.

41. Prior year adjustments

Statement of financial position	Adjustment type / Classification	Before	After	Amount
<u>Assets</u>				
Loans and advances to banks	Accrued revenues	3,113,441	3,113,905	464
Loans and advances to customers	Accrued revenues (Corporate & Retail)	98,142,703	98,578,504	435,801
Other assets	Accrued revenues	7,831,430	7,178,574	(652,856)
<u>Liabilities</u>				
Income tax liabilities	Reverse for tax of retail interest	132,538	97,212	(35,326)
<u>Equity</u>				
Net profit for the year and retained earnings	Reverse of retail interest	4,138,572	3,957,307	(181,265)
Income statement				
	Adjustment type	Before	After	Amount
Interest and similar income	Reverse of retail interest	23,923,101	23,815,869	(107,232)
Income tax expense	Tax of retail interest	(2,191,805)	(2,174,315)	17,490

42. Important event

The Monetary Policy Committee of CBE affirmed in its extraordinary meeting on 21 March 2022 that the CBE believes in the importance of the exchange rate flexibility, as global inflationary pressures began to appear again, after signs of recovery of the global economy from the turmoil caused by the Covid-19 pandemic, due to developments of the Russian-Ukrainian conflict.

- Based on the change in the US dollar exchange rate from 15.72 pounds per dollar to 24.74 pounds per dollar, the values of assets and liabilities of monetary nature in foreign currencies, as well as the income statement, were affected by the results of evaluating the existing currency position at the date of the financial position as shown in notes (9) and (11).

43. Tax Position

43-1 Income Tax

- Years from beginning of the activity till 2018

The inspection and final settlement for those years have been done, with the exception of years 1991/1992 where the tax due to the bank were paid by paying the tax differences for years 1991/1992 according to the judgement number 49 for the year 2008 and the bank paid this amount and recorded it on debit account waiting the results of the raised lawsuit and the case is still pending before the administrative judiciary court.

- Years 2019, 2020 and 2021

The tax returns have been submitted on its time and the due tax paid based on the submitted tax returns.

43-2 Stamp Duty

- Periods from beginning of the activity till 31 July 2006

The Bank's branches and departments have been inspected, and the inspection resulted in claims, some of which have been paid, while other claims remain in dispute and are pending before the administrative judiciary court and have not yet been decided upon.

- Periods from 01 August 2006 till 31 December 2020

The inspection and settlement has been done, the periods from 01 January 2010 till 31 December 2013, was presented to the administrative judiciary, and some items for the year 2020 were presented to the specialized internal committee

- Periods from 01 January 2021 till 31 December 2022

The stamp duty tax has been paid at specific times according to the law.

43-3 Salary Tax

- Periods from beginning of the activity till 2019

Inspection and Payment have been made and the settlement has been done with the tax authority.

- Periods from 01 January 2020 till 31 December 2022

The bank pays the tax monthly and submits the annual and quarterly tax returns on the legal times.

43-4 Sales Tax & Vat

- sales tax for Periods from 2002 to 2015

The years have been inspected by tax authority and the bank paid the due tax, and challenged the incoming claims in the legal deadlines and the dispute is still pending before the administrative judiciary court till to date.

- Vat Periods from 2016 till December 2022

The administrative court issued a decision not to register our bank in the Vat, and the decision is being implemented.

43-5 Real estate tax

Our bank hedges the real estate tax estimated on all the real estate owned by the bank including assets reverted to the bank since 01 July 2013 till 31 December 2022.

44. Translation

These financial statements are a translation into English from the original Arabic Statements.
The original Arabic statements are the official financial statements.