AHLI UNITED BANK

(S.A.E)

Standalone Financial Statements

Together with Auditors' Report

For the Year Ended 31 December 2023

AHLI UNITED BANK EGYPT S.A.E

STANDALONE FINANCIAL STATEMENTS

For the year ended 31 December 2023

AUDITORS' REPORT
To the shareholders of Ahli United Bank Egypt (SAE)
About Auditing financial statements

Report on the separate financial statements
We have audited the accompanying separate financial statements of Ahli United Bank Egypt (SAE) which comprise the separate financial position as of 31 December 2023 and the separate income statement, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the separate financial statements
Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the rules of preparation and presentation of Banks' financial statements issued by the Central Bank of Egypt on 16 December 2008 as amended by the regulation issued on February 26, 2019 and in light of the prevailing Egyptian laws. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; 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 separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in light of the prevailing Egyptian laws. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Bank's preparation and fair presentation of the separate 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 separate 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 separate financial statements.

AUDITORS' REPORT
To the shareholders of Ahli United Bank Egypt (SAE)
About Auditing financial statements (continued)

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Ahli United Bank Egypt (SAE) as of 31 December 2023 and of its separate financial performance and its separate cash flows for the year then ended in accordance with the rules of preparation and presentation of banks' financial statements issued by the Central Bank of Egypt on 16 December 2008 as amended by the regulation issued on February 26, 2019 and the Egyptian laws and regulations relating to the preparation of this separate financial statements.

Report on legal and other regulatory requirements

Except for the disclosed in note (12) of the accompanying notes to the financial statements, no violations of any of the provisions of Central Bank and Banking System Law No. 194 of 2020 are noted during the financial year ended 31 December 2023.

The Bank keeps proper books of account that comply with all the requirements of provisions of Law and Bank's bylaws and the separate financial statements are in accordance with such books of account.

The financial information included in the report of the Board of Directors prepared according to Law no. 159 of 1981 and its executive regulation is in accordance with such books of account, to the extent it is included in the books of account.

Auditors

Amr Waheed Bayoumi
Egyptian Financial Supervisory Authority Register no.358
Allied for Accounting & Auditing EY

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

Ahmed Adbel Hady
Egyptian Financial Supervisory Authority Register no.287
Change Chartered Accountants

CHANGE
CHARTERED ACCOUNTANTS

Cairo: 22 February 2024

AHLI UNITED BANK EGYPT S.A.E

STANDALONE BALANCE SHEET
As at 31 December 2023

	Note	*31 December 2023*	*31 December 2022*
		EGP Thousands	*EGP Thousands*
ASSETS			
Cash and balances with Central Bank of Egypt	(15)	**15,065,217**	7,248,414
Due from banks	(16)	**11,465,631**	9,882,149
Treasury bills	(17)	**8,940,081**	3,405,991
Loans and advances to customers & banks	(18)	**62,166,800**	48,368,475
Derivative financial instruments	(19)	**9,844**	16,391
Financial investments at:			
- Fair value through other comprehensive income	(20)	**11,568,779**	11,615,381
- Amortized cost	(20)	**1,015,527**	1,906,221
- Fair value through profit or loss	(20)	**45,022**	38,347
Investments in subsidiaries	(21)	**54,468**	54,468
Investments properties	(22)	**17,551**	19,879
Other assets	(23)	**1,758,431**	1,988,967
Property, plant and equipment	(24)	**1,098,721**	947,765
TOTAL ASSETS		**113,206,072**	85,492,448
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	(25)	**3,722,834**	2,532,950
Customers' deposits	(26)	**90,058,464**	69,798,551
Treasury bills sold under repurchase agreements	(17)	**-**	2,030
Other Loans	(27)	**529,596**	494,868
Other liabilities	(28)	**5,328,135**	1,875,957
Other provisions	(29)	**336,779**	265,258
TOTAL LIABILITIES		**99,975,808**	74,969,614
EQUITY			
Issued and paid-up-capital	(30)	**7,000,000**	5,000,000
Transferred under capital increase	(30)	**2,100,000**	2,000,000
Reserves	(31)	**44,108**	301,600
Retained earnings (including net profit for the current /prior year)	(31)	**4,086,156**	3,221,234
TOTAL EQUITY		**13,230,264**	10,522,834
TOTAL LIABILITIES AND EQUITY		**113,206,072**	85,492,448

Hala Hatem Sadek
CEO & Board Member

- The attached notes from (1) to (38) form a part of the standalone financial statements and to be read therewith.
- Audit report attached.

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STANDALONE INCOME STATEMENT
For the year ended 31 December 2023

	Note	*31 December 2023 EGP Thousands*	*31 December 2022 EGP Thousands*
Interest from loans and similar revenues	(6)	**13,947,440**	7,619,705
Interest on deposits and similar costs	(6)	**(8,992,181)**	(4,588,411)
Net interest income		**4,955,259**	3,031,294
Fees and commission revenues	(7)	**1,016,564**	541,175
Fees and commission expenses	(7)	**(128,317)**	(82,368)
Net fees and commission income		**888,247**	458,807
Dividends income	(8)	**12,656**	8,267
Net trading income	(9)	**177,317**	85,757
Gain on financial investments	(20)	**30,193**	26,365
Provision for credit losses	(10)	**(1,243,819)**	(1,707,668)
Administrative expenses	(11)	**(1,468,635)**	(1,008,650)
Other operating income	(12)	**1,065,388**	1,563,477
Net profit before income tax		**4,416,606**	2,457,649
Income tax expenses	(13)	**(1,105,121)**	(450,333)
Net profit for the year		**3,311,485**	2,007,316
Earnings per share (EGP/Share)	(14)	**4.20**	2.51

The attached notes from (1) to (38) form a part of the standalone financial statements and to be read therewith.

STANDALONE STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	31 December 2023 *EGP Thousands*	*31 December 2022* *EGP Thousands*
Net profit for the year	**3,311,485**	2,007,316
Income items that will not be recycled to the Profit or Loss:		
Net change in fair value of equity instruments measured at fair value through other comprehensive income	**119,200**	4,499
Income items that is or may be recycled to the Profit or Loss:		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	**(465,062)**	(460,317)
Net change in fair value of interest rate swaps – fair value hedge	**(6,547)**	23,064
Expected credit losses of debt instruments measured at fair value through other comprehensive income	**(2,765)**	2,133
Total comprehensive income for the year	**2,956,311**	1,576,695

The attached notes from (1) to (38) form a part of the standalone financial statements and to be read therewith.

AHLI UNITED BANK EGYPT S.A.E

STANDALONE STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Note	*31 December 2023 EGP Thousands*	*31 December 2022 EGP Thousands*
OPERATING ACTIVITIES			
Net profit before income tax		4,416,606	2,457,649
Adjustments to reconcile net profit to net cash provided by operating activities:			
Dividends income	(8)	(12,656)	(8,267)
Provision for credit losses	(10)	1,243,819	1,707,668
Depreciation and amortization	(11)	125,710	103,089
Other provisions charged	(29)	70,337	105,938
Revaluation differences in foreign currencies	(12)	(1,120,667)	(1,652,027)
Gain on disposals of property, plant and equipment	(12)	(2,232)	(791)
Amortization of premium	(20)	161,486	73,880
Gain on sale of financial investments at fair value through other comprehensive income	(20)	-	(9,807)
Revaluation of financial assets at fair value through profit or loss	(9)	(6,675)	(3,972)
Operating income before changes in operating assets and liabilities		4,875,728	2,773,360
Net changes in operating assets and liabilities			
Balances with Central Bank of Egypt - mandatory reserve		(7,666,690)	(1,748,657)
Due from banks		3,814,838	632,986
Treasury bills		(5,525,798)	(1,439,038)
Loans and advances to customers and banks		(12,912,866)	(10,691,311)
Financial investments at fair value through profit or loss		-	(115)
Other assets		535,408	559,542
Due to banks		1,181,882	2,179,042
Customers' deposits		16,394,987	11,863,408
Treasury bills sold under repurchase agreements		(2,030)	(8,122)
Other liabilities		35,072	614,616
Other provision utilized		(865)	(264)
Income tax paid		(571,003)	(465,507)
Net cash flows (used in) generated from operating activities		158,663	4,269,940
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(24)	(274,521)	(213,018)
Proceeds from sale of property, plant and equipment		2,049	2,352
Proceeds from redemption of financial investments at amortized cost		886,000	766,947
Purchases of financial investments at amortized cost		-	(169,992)
Proceeds from redemption financial investments at FVOCI		1,568,329	1,452,702
Purchases of financial investments at FVOCI		(1,849,587)	(2,832,973)
Dividends income received		12,656	8,267
Net cash flows used in investing activities		344,926	(985,715)
FINANCING ACTIVITIES			
Net Change in other loans		(88,266)	494,868
Net cash flows generated from financing activities		(88,266)	494,868
Net (Decrease) increase in cash and cash equivalents during the year		415,323	3,779,093
Cash and cash equivalent at the beginning of the year		9,017,718	5,238,625
Cash and cash equivalents at the end of the year	(33)	9,433,041	9,017,718
Cash and cash equivalents are represented as follows:			
Cash and balances with Central Bank of Egypt	(15)	15,065,217	7,248,414
Due from banks	(16)	11,470,159	9,887,223
Treasury Bills	(17)	9,651,064	3,587,435
Balances with Central Bank of Egypt - mandatory reserve	(15)	(14,448,465)	(6,781,775)
Deposits with banks with original maturities more than 3 months		(2,653,870)	(1,336,144)
Treasury bills with original maturities more than 3 months		(9,651,064)	(3,587,435)
Cash and cash equivalents at the end of the year	(33)	9,433,041	9,017,718

The attached notes from (1) to (38) form a part of the standalone financial statements and to be read therewith.

AHLI UNITED BANK EGYPT S.A.E

STANDALONE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

			Reserves						
	Issued and paid-up-capital	*Transferred under capital increase*	*Legal Reserve & Capital Reserve*	*General Risk Reserve*	*General Banking Risk Reserve*	*Fair Value Reserve*	*Total Reserves*	*Retained Earnings*	*Total*
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Balances as at 1 January 2022	3,000,000	2,000,000	560,312	11,884	6,727	97,792	676,715	3,395,853	9,072,568
Net profit for the year	-	-	-	-	-	-	-	2,007,316	2,007,316
Other comprehensive income	-	-	-	-	-	(423,611)	(423,611)	-	(423,611)
Gain on sale of equity instruments at FVOCI	-	-	-	-	-	(7,010)	(7,010)	7,010	-
Bonus shares issued	-	2,000,000	-	-	-	-	-	(2,000,000)	-
Employees profit share	-	-	-	-	-	-	-	(116,000)	(116,000)
Release of general banking risk reserve	-	-	-	-	(3,098)	-	(3,098)	3,098	-
Directors' remuneration	-	-	-	-	-		-	(5,922)	(5,922)
Transferred to legal and capital reserve	-	-	58,604	-	-	-	58,604	(58,604)	-
Transferred to banking sector support fund	-	-	-	-	-	-	-	(11,517)	(11,517)
Transferred under capital increase	2,000,000	(2,000,000)	-	-	-	-	-	-	-
Balances as at 31 December 2022	5,000,000	2,000,000	618,916	11,884	3,629	(332,829)	301,600	3,221,234	10,522,834
Balances as at 1 January 2023	**5,000,000**	**2,000,000**	**618,916**	**11,884**	**3,629**	**(332,829)**	**301,600**	**3,221,234**	**10,522,834**
Net profit for the year	-	-	-	-	-	-	-	**3,311,485**	**3,311,485**
Other comprehensive income	-	-	-	-	-	**(355,174)**	**(355,174)**	-	**(355,174)**
Transferred under capital increase	**2,000,000**	**(2,000,000)**	-	-	-	-	-	-	-
Bonus shares issued	-	**2,100,000**	-	-	-	-	-	**(2,100,000)**	-
Bonus shares issuance fees	-	-	-	-	-	-	-	**(510)**	**(510)**
Employees profit share	-	-	-	-	-	-	-	**(220,805)**	**(220,805)**
Release of general banking risk reserve	-	-	-	-	**(3,435)**	-	**(3,435)**	**3,435**	-
Directors' remuneration	-	-	-	-	-	-	-	**(7,400)**	**(7,400)**
Transferred to legal and capital reserve	-	-	**101,117**	-	-	-	**101,117**	**(101,117)**	-
Transferred to banking sector support fund	-	-	-	-	-	-	-	**(20,166)**	**(20,166)**
Balances as of 31 December 2023	**7,000,000**	**2,100,000**	**720,033**	**11,884**	**194**	**(688,003)**	**44,108**	**4,086,156**	**13,230,264**

- The attached notes from (1) to (38) form a part of the standalone financial statements and to be read therewith.

STANDALONE PROPOSED DIVIDENDS
For the year ended 31 December 2023

	31 December 2023 *EGP Thousands*	*31 December 2022* *EGP Thousands*
Net profit of the year	**3,311,485**	2,007,316
General Banking Risk Reserve	**3,435**	3,098
Transferred to Capital Reserve	**(2,232)**	(791)
Gain on sale transferred from OCI to retained earning	-	7,010
Bonus shares issuance fees	**(510)**	-
Net Distributable profit	**3,312,178**	2,016,633
Retained Earnings Opening Balance	**771,746**	1,203,810
Total Distributable Profit	**4,083,924**	3,220,443
Transfer to Legal Reserve	**165,463**	100,326
Banking Sector Support and Development Fund	**33,122**	20,166
Bonus shares	**900,000**	2,100,000
Employees' Profit Share	**331,149**	220,805
Directors' remuneration	**5,326**	7,400
Retained Earnings Ending balance	**2,648,864**	771,746
Total	**4,083,924**	3,220,443

The attached notes from (1) to (38) form a part of the standalone financial statements and to be read therewith.

1 General information

Ahli United Bank- Egypt S.A.E (the Bank) was incorporated under its previous name on 8 August 1978 in accordance with Law No.43 of 1974 and its executive Regulations within the Arab Republic of Egypt, having its Head Office situated at 81, Ninety St., City Centre, the 5th Settlement New Cairo, and Governorate of Cairo. On 14 July 2010 the Bank's shares were voluntarily delisted from the Cairo and Alexandria stock exchanges.

The Bank provides Institutional, Retail Banking and Investment Banking services within the Arab Republic of Egypt through its head office and 42 branches with 1250 employees as at 31 December 2023.

These financial statements were approved by the board of directors on 20 February 2024.

2 Summary of the significant accounting policies

The significant accounting policies applied in the preparation of these standalone financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated:

2.1 Basis of preparation

The standalone financial statements have been prepared in accordance with the Central Bank of Egypt (CBE) instructions approved by its Board of Directors on 16 December 2008 and the instructions for applying the International Financial Reporting Standard 9 (IFRS 9) issued on 26 February 2019, as well as, in accordance with the applicable Egyptian accounting standards and applicable laws of Egypt.

The consolidated financial statements of the Bank have been prepared as well, in which all the subsidiaries are entirely consolidated, the subsidiaries are the entities that the Bank - directly or indirectly has more than half of the voting rights or has the ability to control the financial and operating policies, regardless of the type of the activity, the Bank's consolidated financial statements can be obtained from the Bank's management. The Bank accounts for investments in subsidiaries and associate companies in the separate financial statements at cost less impairment loss.

The standalone financial statements of the Bank should be read with its consolidated financial statements, for the year ended on 31 December 2023 to get complete information on the Bank's financial position, income statements, cash flows and change in shareholders equity.

The standalone financial statements have been prepared on a historical cost basis as modified for the re-measurement at fair value of certain financial instruments and all derivative financial instruments.

2.2 Subsidiaries

Subsidiaries are all companies (including special purpose entities) over which the bank has owned directly or indirectly the power to govern the financial and operating policies generally the Bank own more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank has ability to control the entity.

2.3 Segment reporting

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

2 Summary of the significant accounting policies (continued)

2.4 Translation of foreign currencies

2.4.1 Functional and presentation currency

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

2.4.2 Foreign currency transactions and balances

The Bank maintains its accounting records in Egyptian pounds. Transactions in foreign currencies during the year are translated into the Egyptian pounds using the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the reporting date using the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement and retranslation of such transactions and balances are recognized in the standalone income statement within the line items:

- "net trading income" for those resulting from trading assets and liabilities or financial investments at fair value through profit or loss, and
- "other operating income" for those resulting from the remaining monetary assets and liabilities.

Foreign exchange gains and losses resulting from retranslation of equity instruments at fair value through other comprehensive income being recognized in the statement of other comprehensive income within the line item "Net change in fair value of equity instruments measured at fair value through other comprehensive income".

Changes in the fair value of debt instruments denominated in foreign currencies and classified as financial investments at fair value through other comprehensive income are analyzed into valuation differences resulting from changes in:
amortized cost; being recognized in the consolidated income statement within the line item "interest from loans and similar revenues",
applicable exchange rates; being recognized in the consolidated income statement within the line item "other operating income", and
the instrument fair value; being recognized in the consolidated statement of other comprehensive income within the line item "net change in fair value of debt instruments measured at fair value through other comprehensive income".

2.5 Financial instruments

Financial instruments are classified at fair value through other comprehensive income (FVTOCI), amortized cost and fair value through profit or loss (FVTPL). The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are initially recognised at the fair value plus, for an item not recorded at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Premiums and discounts are amortised on a systematic basis to maturity using the effective interest rate method and being recognised within interest income or interest expense as appropriate.

2 Summary of the significant accounting policies (continued)

2.5 Financial instruments (continued)

Business model assessment

The Bank makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice, specially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets period with financial liabilities period which finance these assets or target cash flow from selling the assets;
- How the performance of the portfolio is evaluated and reported to the Bank's management;
- The risks that affect the performance of the business model and the financial assets held within that business model and how those risks are managed;

The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. Meanwhile the bank didn't scope only on information related to sales activity separately, but taking into consideration overall assessment on how achieving the goal that was announced by the bank to manage financial assets and how to achieve cash flow.

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

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the bank considers the contractual terms of the Instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

2.5.1 Deposits with banks and loans and advances

Deposits with banks (including nostro accounts) and loans and advances are financial assets with fixed or determinable payments and fixed maturities. These assets are risk rated in accordance with the Bank's policy on internal credit rating. After initial recognition, these are subsequently measured at amortised cost using the effective interest rate method, less any amounts written off and provision for credit losses. The losses arising from impairment of these assets are recognised in the standalone income statement in "provision for credit losses" and in an ECL allowance account in the standalone balance sheet. Amortised cost is calculated by considering any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in "interest from loans and similar revenues" in the standalone income statement.

3 Summary of the significant accounting policies (continued)

2.5.1 Debt instruments

Debt instruments are measured at amortised cost using the effective interest rate method if:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Debt instruments are measured at FVTOCI when both the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the Solely Payments of Principal and Interest (SPPI) test.

FVTOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified to standalone income statement.

If either of these two criteria is not met, the financial assets are classified and measured at FVTPL. Additionally, even if the financial asset meets the amortised cost criteria, the Bank may choose at initial recognition to designate the financial asset at FVTPL based on the "Business Model".

The Bank accounts for any changes in the fair value in the standalone income statement for assets classified as "FVTPL".

2.5.2 Equity investments

Investments in equity instruments are classified as FVTPL, unless the Bank designates an equity investment as FVTOCI on initial recognition. At initial recognition, the Bank can make irrevocable election on an instrument by instrument basis to designate an equity instrument as FVTOCI. If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the standalone income statement.

2.5.3 Derivatives (other than hedging instruments)

Changes in fair values of the derivatives held for trading are included in the standalone income statement under "trading income".

2.5.4 Due to banks, customers' deposits and other loans

These financial liabilities are carried at amortised cost, less amounts repaid.

2. Summary of the significant accounting policies (continued)

2.5.5 Agreement for purchase and resale and agreements for selling and repurchase (Repos and reverse Repos)

Financial instruments sold under repurchase agreements are presented as a liability in the standalone balance sheet while the purchase and resale agreements are presented with treasury bills and other government notes in the standalone balance sheet. The difference between the sale and repurchase prices is recognized as a return due through the tenor of the agreement using the effective interest rate method.

2.5.6 Offsetting financial instruments

Financial assets and financial liabilities are only offset and the net amount reported in the standalone balance sheet when there is a currently enforceable legal right to offset the recognised amounts and the Bank intends to settle on a net basis to realise the assets and liabilities simultaneously.

2.6 Hedge accounting

In order to manage particular risks, the Bank applies hedge accounting for transactions which meet the specified criteria. These derivatives are stated at fair value. Derivatives with positive market values are included in assets, and derivatives with negative market values are included in liabilities in the standalone balance sheet.

At inception of the hedge relationship, the Bank formally designates and documents the economic relationship between the hedged item and the hedging instrument, including the nature of the risk, management objectives and strategy for undertaking the hedge. The methods that will be used to assess the effectiveness of the hedging relationship form part of the Bank's documentation.

Also, at the inception of the hedge relationship, the Bank undertakes a formal assessment to ensure the effectiveness of changes in the hedging instruments fair value in offsetting the exposure to changes in the hedged item's fair value attributable to the hedged risk. Such hedges are regarded as effective in achieving offsetting changes in fair value and are assessed on an ongoing basis to determine that they actually have been effective throughout the financial reporting periods for which they were designated.

For the purposes of hedge accounting, hedges are classified fair value hedges, which hedge the exposure to changes in the fair value of a recognised asset or liability.

For fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the standalone statement of other comprehensive income. The hedged item is adjusted for fair value changes relating to the risk being hedged and the difference is recognised in the standalone statement of other comprehensive income.

If the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost or at FVTOCI, the difference between the carrying value of the hedged item on termination and the value at which it would have been carried without being hedged is amortised over the remaining term of the original hedge. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the standalone income statement.

2. Summary of the significant accounting policies (continued)

2.7 Interest income and expense

Interest income and expense for all interest-bearing financial instruments, is recognized under "interest income and similar revenues" and "interest on deposits and similar costs" line items in the standalone income statement using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, a shorter period when appropriate, to 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, prepayment options) but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract which is considered part of the effective interest rate and transaction costs including all other premiums or discounts.

When loans or debts are non-performing or impaired, related interest income are not recognized but rather are carried off balance sheet in statistical records and are recognized under revenues according to cash basis as per the followings:

- When collected and after recovery of all past dues for retail loans, and small loans for business
- For corporate loans, interest income is recognized on cash basis after the Bank collects 25 % of the rescheduled instalments and after the instalments continued to be regular for at least one year. Interest income will not be recognized as revenue until full payment of the loan balance before the rescheduling and client is considered to be performing.

2.8 Fees and commission income

Fees and commissions for loans or facility service are recognized as revenue once the service is provided. Fees and commissions income related to non-performing or impaired loans or debts are suspended and are carried off-balance sheet and are recognized under income according to the cash basis, when interest income is recognized. Fees that represent a complementary part of the actual interest on the financial asset in general and treated as adjustment to the actual interest rate.

Commitment fees on loans granted are deferred if there is a possibility that such loans shall be drawn, since the commitment fees received by the Bank are deemed to be a compensation for the ongoing intervention to acquire the financial instrument; subsequently, they are recognized by adjusting the effective interest rate on the loan. In the event of expiry of the commitment period without issuing the loan by the Bank, the fees are recognized as revenues at the expiry of the commitment period.

Fees related to debt instruments which are measured at fair value are recognized under revenue at initial recognition.

The fees for promotion of syndication loans are recognized as revenues upon completing the promotion process without retaining any part of the loan by the Bank, or if the Bank maintains a part thereof with the actual interest rate available to other participants.

Commissions and fees arising from negotiation, or participating in a negotiation in favour of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized in the consolidated income statement when the transaction is completed, commissions and fees related to management advisory and other service are recognized as on partial time distribution basis through the time of service, usually on a time appropriation basis.

Financial planning and custody department fees are recognized over the year in which the service is provided.

2. Summary of the significant accounting policies (continued)

2.9 Dividend income

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

2.10 Impairment of financial assets

The Bank apply three stages to measure expected credit losses on all of its financial assets that are recognized at amortized cost and its debt instruments that are recognized at fair value through other comprehensive income. The financial assets can transfer between three stages according to changes in credit quality since initial recognition.

Stage 1

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

Stage 2

Stage 2 includes financial assets that have had a significant increase in its credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime expected credit loss are recognized, but interest is still calculated on the gross carrying amount of the asset.

Lifetime expected credit loss are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3

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

Expected credit losses impairment model

The Bank's allowance for credit losses calculations are outputs of a model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit losses impairment model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from date of initial recognition.

The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

2. Summary of the significant accounting policies (continued)

2.10 Impairment of financial assets (continued)

Significant increase in credit risk

The Bank considers that the financial asset has experienced a significant increase in the credit risk when one or more of the following quantitative and qualitative criteria, as well as the factors relating to default, have been met.

Quantitative factors

When the probability of default over the remaining life of the instrument is increased from the date of the financial position compared to the probability of default over the remaining life expected at initial recognition in accordance with the Bank's acceptable risk structure.

Qualitative factors

Retail loans, micro and small businesses

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

- The borrower submits a request to convert short-term to long-term payments due to negative effects on the borrower's cash flows.
- Extension of the deadline for repayment at the borrower's request.
- Frequent Past dues over the previous 12 months.
- Future adverse economic changes affecting the borrower's future cash flows.

Corporate loans and medium businesses.

If the borrower has a follow-up list and / or financial instrument faced one or more of the following events:

- A significant increase in the rate of return on the financial asset as a result of increased credit risk.
- Significant negative changes in the activity and physical or economic conditions in which the borrower operates.
- Scheduling request as a result of difficulties facing the borrower.
- Significant negative changes in actual or expected operating results or cash flows.
- Future economic changes affecting the borrower's future cash flows.
- Early indicators of cash flow / liquidity problems such as delays in servicing creditors / business loans.
- Cancellation of a direct facility by the bank due to the high credit risk of the borrower.

Non-payments

The loans and facilities of institutions, medium, small, micro and retail banking are included in stage two if the period of non-payment is more than 60 days and less than 90 days. Note that this period (60 days) will be reduced by (10) days per year to become (30) days during (3) years from the date of application (Year 2019).

Transfer between the three stages:

Transfer from second stage to first stage:

The financial asset shall not be transferred from the second stage to the first stage unless all the quantitative and qualitative elements of the first stage are met and the full arrears of the financial asset and the proceeds are paid.

Transfer from third stage to second stage:

The financial asset shall not be transferred from the third stage to the second stage until all the following conditions have been met: Completion of all quantitative and qualitative elements of the second stage. Repayment of 25% of the balance of the outstanding financial assets, including accrued segregated / statistical interest. Regularity of payment for at least 12 months.

2 Summary of significant accounting policies (continued)

2.11 Investment Properties
Land and buildings held for the purpose of capital appreciation or for long term rental yield and not occupied by the Bank is classified as investment properties. Investment properties are measured at cost less accumulated depreciation and impairment.

2.12 Property, plant and equipment
Land and buildings comprise mainly the head office and the branches, and all fixed assets are reported at historical cost minus depreciation and impairment losses. The historical cost includes the charges directly related to measure at fixed assets items, and accumulated impairment.

Subsequent costs are included in the asset's carrying amount or are recognized as a standalone asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Maintenance and repair expenses are charged to other operating expenses during the financial year in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	40-50 years
Improvements to the leased assets	10 years or the Lease Term which is less
Machinery and equipment	10 years
Other assets	2-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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.

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 presents the net realizable value of assets or the usage amount of the asset whichever is higher.

Profit and (loss) on disposals are determined by comparing proceeds with asset carrying amount. These profits and (losses) are included in other operating income (expenses) in the standalone income statement.

2.13 Assets acquired as settlement of debts

The assets that were transferred to the bank (under the Other Assets item) in settlement of the debts are recorded at the value they transferred to the bank, which is represented by the value of the assets that the bank's management decided to give up in exchange for these assets, and in the event that there is objective evidence that impairment losses will occur, the value of those assets at a date subsequent to the transfer. The value of the loss is then measured as the difference between the book value of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets or the net selling value of those assets, whichever is higher, for each asset separately. The book value of an asset is reduced through an impairment calculation and the value of the loss is recognized in the income statement in the "Other operating income (expenses)" item.
If it is possible, in any subsequent period, to attribute the decrease in impairment loss recognized previously to the income statement. This cancellation must not, on the date of recovery of impairment losses, create a value for the asset that exceeds the value that the asset would have reached had these impairment losses not been recognized.

2.14 Borrowing costs
Borrowing costs are recorded in standalone income statement as funding expenses other than borrowing cost directly related to acquisition of qualifying assets which are capitalized as part of assets' cost.

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

2 Summary of significant accounting policies (continued)

2.16 Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has a present legal or constructive obligation as a result of past events; it is more likely than that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.
Where there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determine 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.

2.17 Income taxes

Income tax on the profit or loss for the year includes each of tax and deferred tax and they are recognized in the standalone income statement except for income tax relating to items of equity which is recognized directly in statement of changes in equity.
Income tax is recognized based on net taxable profit as per the effective tax rates applicable on the balance sheet date, in addition to tax adjustments related to the previous years.
The deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the rules of the tax, using tax rates applicable at the date of the balance sheet.
The deferred tax assets shall be recognized if it is probable that sufficient taxable profits shall be realized in the future whereby the asset can be utilized and the value of deferred tax assets shall be reduced by the value of portion not yielding the expected tax benefit. However, in case tax benefit is highly expected, the deferred tax assets shall increase to the extent of previous reduction.

2.18 Capital

2.18.1 Cost of issuing capital

Issuing expenses which are directly related to new shares issuance or shares for the acquisition of an entity or issuing optional shares are reported net of tax and as a deduction from owners' equity.

2.18.2 Dividends

Dividends on equity instruments issued by the Bank are recognized upon the General Assembly of the Bank's shareholders approval. Dividends appropriations include employees' share in profit and Board of Directors' remuneration as prescribed by the Bank's articles of incorporation and corporate law.

2.19 Fiduciary activities

The Bank practices fiduciary activities that result in ownerships or management of assets on behalf of individuals, trusts, and retirement benefit plans. These assets and related income are excluded from the Bank's financial statements, as they are assets not owned by the Bank.

2.20 Comparative figures

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

3 Financial risks management

The Bank's activities are exposed to various financial risks. Since the basis of financial activity is to accept risks, some risks or group of risks are analysed, evaluated and managed altogether. The Bank intends to strike a balance between the risk and return and to reduce the probable adverse effects on the Bank's financial performance.

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

The risk management policies have been laid down to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated systems.

The Bank regularly reviews the risk management policies and systems and amends them to reflect the changes in market, products, services and the best updated applications.
Those risks are managed by risk department in the light of policies approved by Board of Directors. The risk department determines, evaluates and covers the financial risks, in collaboration with the Bank's various operating units, and the Board of Directors provides written policies for management of risks as a whole.

In addition to written policies covering specific risk areas, like credit risk, foreign exchange rate risk, interest rate risk, and using the financial derivative and non–derivative instruments. Moreover, the risk department is independently responsible for regular review of risk management and control environment.

The bank's board of directors determines the policy of provisions and expected losses and has the authority to approve the increase in the percentage of expected credit losses for some accounts over the value calculated from the system output.

A. Credit risk

The Bank is exposed to the credit risk which it is the risk resulting from failure of one party to meet its contractual obligations towards the Bank. The credit risk is considered to be the most significant risks for the Bank. The Bank set specific procedures to manage that risk. The credit risk in the lending and investment activities which are represented Bank's assets contain debt instruments. The credit risk is also found in off balance sheet financial instruments, like loan commitment. The managing and monitoring process on credit risk is centralized at credit risk team management at credit risk department that prepare reports to Board of Directors and head of department on regular basis.

A.1 Measurement credit risk

Loans and advances to banks and customers

In measuring credit risk of loan and advances to Banks and to customers at a counterparty level, the Group takes three components into consideration:

- The probability of default by the customer or counterparty on its contractual obligations.
- Current exposures to the counterparty and its likely future development, from which the Bank derive the (exposure at default).
- The likely recovery ratio on the defaulted obligations (the loss given default).

The Bank evaluates the customer risk using internal policies for the different customers' categories. These policies are updated taking into consideration financial analysis and statistical analysis for each customer category in addition to the personal judgment of the credit officer to reach the appropriate grading. The customers are classified into ten grading, which are divided into four ratings.

The rating tools are reviewed and upgraded as necessary. The Group regularly validates the performance of the rating and their anticipated future outcomes with regard to default events.

The Group's internal ratings classification

Rating	Classification
1	Performing loans
2	Regular watch
3	watch list
4	Non-performing loans

3 Financial risks management (continued)

A Credit risk (continued)

A.1 Measurement credit risk (continued)

The loans exposed to default depend on the Bank's expectation for the outstanding amounts when default occurs. Loss given default or loss severity represents the Group expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

Debt instruments, treasury bills and other notes

For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by the Bank's risk department for managing of the credit risk exposures, and if this rating is not available, then methods similar to those applying to the credit customers are used. The investments in those securities and bills are viewed as a method to obtain a better credit quality mapping and maintaining a readily available source to meet the funding requirement at the same time.

A.2 Limiting and preventing risk policies

The Bank manages limits and controls concentration of credit risk wherever they are identified – in particular, to individual counterparties and banks, and to industries and countries. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industrial segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by individual, counterparties, product, and industrial sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks is further restricted by subsidiary limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Some other specific control and mitigation measures are outlined below.

The Group employs a range of policies and practices to mitigate credit risk and one of these means is accepting collaterals against loans and advances. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

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

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

In addition, to minimize the credit loss the Bank will seek additional collaterals from all counterparties as soon as impairment indicators are noticed for a loan or advance.

The Bank determine type of collaterals held by the Bank as security for financial assets other than loans and advances according to the nature of the instrument, generally debt securities and treasury bills are fully secured, except for asset-backed securities and similar instruments are secured by a financial instrument portfolio.

3 Financial risks management (continued)

A Credit risk (continued)

A.2 Limiting and preventing risk policies (continued)

Derivatives

The Bank maintains strict control limits over amounts and terms for the net value of opened derivative positions i.e. the difference between purchase and sale contracts. In all cases, the amount subject to credit risk is limited to the current fair value of instruments in which the Bank could gain a benefit from it (i.e. assets that have positive fair value), which represent small value of the contract, or the notional value. The Bank manages this credit risk which is considered part of the total customer limit with market changes risk all together. Generally, no collateral obtained for credit risk related to these instruments, except for marginal deposits required by the Bank from other parties.

Settlement risk arises when cash, equity instruments or other financial papers is used in the settlement process, or if there is expectation to receive cash, equity instruments or other financial papers. Daily settlement limits are established for each counterparty to cover the aggregate settlement risk arising from the daily Bank transactions.

Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties of significant volume of transactions. Generally, no netting between assets and liabilities at the balance sheet data relating to the master netting arrangements, as aggregate settlements are made. However, the credit risk related to contracts to the favor of the Bank is reduced by a master netting arrangement as netting will be made with the counterparty to settle all transactions. The value of the credit risk faced by the Bank changes substantially within a short period of time, as it is affected by each transaction occurs in the arrangement

Commitments related to credit

The primary purpose of these commitments is to ensure that funds are available to customer when required. Guarantees and standby letters of credit are of the same credit risks as loans.

Documentary and commercial letters of credit which are issued by the Bank on behalf of customer by which authorizing a third party to draw within a certain limit in accordance to specific terms and conditions and guaranteed by the goods under shipment are of lower risk than a direct loan.

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining good credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

3 Financial risks management (continued)

A Credit risk (continued)

A. 3 Impairment and provisions policies

The internal rating systems described in (A -1) focus more on credit-quality at the inception of lending and investment activities. Otherwise, impairment provisions recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below. Due to the different methodologies applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the expected amount determined from the expected loss models used for CBE regulation purposes (A-4 note).

The impairment provision appeared in the balance sheet at the end of the year is derived from the four internal rating grades. However, the majority of the impairment provision comes from the last two ratings. The table below shows the percentage of items in-balance sheet relating to loans and advances and the related impairment provision for each rating:

	31 December 2023	*31 December 2022*
Categories	**Loans and advances %**	Loans and advances %
Performing loans	**69.87**	66.1
Regular watch	**26.11**	26.6
Watch list	**0.80**	3.7
Non- performing loans	**3.22**	3.6
	100	100

The Bank's internal rating assists management to determine whether objective evidence of impairment exists under EAS 26, based on the following criteria set out by the Bank:

- Payment delinquency of debtor or loan beneficiary.
- Breach of loan conditions such as non- payment.
- Initiation of bankruptcy or entering a liquidation or finance restructures.
- Deterioration of the borrower's competitive position.
- For economical or legal reasons, the Bank granted the borrower additional benefits that will not be done in normal circumstances Taking in consideration the central Bank of Egypt regulations issued on14 April 2011 concerning dealing with retail and corporate loans in the current economic situation.
- Impairment in the value of collateral.
- Deterioration of the credit status.

The Bank policies require review of all financial assets (that exceed specific materiality) at least once a year or more when required, the impairment loss is determined on individual basis by determining case by case actual losses. These policies applied on all accounts having specific materiality on individual basis. Valuation usually includes the existing collateral, the related enforcements on these collaterals and the expected collections from those accounts.
Impairment loss provision is formed based on group of similar assets using the historical experience available, personal judgment and statistical methods.

3 Financial risks management (continued)

A. Credit risk (continued)

A.4 General Module to measure banking general risks

In addition to the four categories of credit rating indicated in note (A.1) the management makes more detailed groups in accordance with the CBE requirements.
Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, his activities, financial position and payment schedules.
The Bank calculates the provisions required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the allowance required for impairment losses as per CBE credit worthiness rules exceeds the provisions as required by the expected credit loss, that excess shall be debited to retained earnings and carried to the general banking risk reserve in the equity section. Such reserve is always adjusted, on a regular basis, by any increase or decrease so that the reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution, Note (31.1) shows the "general banking risk reserve" movement during the year.

Below is the statement of credit rating as per internal valuation basis compared to Central Bank of Egypt valuation basis and the percentage of provisions required for impairment assets exposed to credit risk up to 31 December 2023.

Classification of the Central Bank of Egypt	*Classification*	*Required provision rate*	*Internal classification*	*Internal classification Significance*
1	Low risk	Nil	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 watch
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non- performing loans
9	Doubtful	50%	4	Non -performing loans
10	Bad debt	100%	4	Non -performing loans

3 Financial risks management (continued)

A. Credit risk (continued)

A.5 Maximum credit risk before collaterals

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
In balance sheet items exposed to credit risk		
Due from banks	**11,470,159**	9,887,223
Treasury bills and other government notes	**9,652,126**	3,580,052
Loans and credit facilities to customers		
Individuals		
Overdrafts	**302,844**	446,193
Credit cards	**99,760**	41,992
Personal loans	**2,961,988**	2,073,026
Other loans	**348,624**	543,738
Corporates and Banks		
Overdrafts	**5,086,004**	4,542,024
Direct loans	**49,176,728**	39,277,411
Syndicated loans	**9,174,977**	6,571,455
Financial investments		
Debt instruments	**12,248,116**	13,370,825
Other Financial Assets	**1,028,457**	1,312,527
Total	**101,549,783**	81,646,466
Off-balance sheet items exposed to credit risk (Gross)		
Acceptances	**96,929**	82,943
Letter of guarantee	**11,928,784**	10,843,073
Letter of credit	**164,667**	624,556
Forward exchange contracts	**14,956**	43,013
Interest rate swap	**324,965**	503,018
Non-cancellable commitments for credit facilities	**144,905**	108,298
Total	**12,675,206**	12,204,901

The above table represents the maximum limits for credit risk as of 31 December 2023 and 31 December 2022, without taking into consideration any collateral held by the bank, if any. For the balance sheet items, amounts stated depend on the gross amount shown in the balance sheet.

As shown in the preceding table, 66.1% (against 65.5% as at 31 December 2022) of the total maximum limit exposure to credit risk resulted from loans and advances to banks and customers; 21.6 % as at 31 December 2023 (against 20.8% as at 31 December 2022) represents investments in debt instruments and treasury bills

The management is confident of its ability to maintain control on ongoing basis and maintain the minimum credit risk resulting from loans and advances, and debt instruments as follows:

- 95.98% of the loans and advances portfolio is classified at the highest two rating as of 31 December 2023 against 92.73% as at 31 December 2022
- The Bank has implemented prudent processes when granting loans and advances during the financial year ended in 31 December 2023
- More than 89.24% of the investments in debt instruments are placed with governmental instruments.

3 **Financial risks management (continued)**

A. **Credit risk (continued)**

A. 6 Loans and advances

Following is the position of loans and advances balances to the customers and banks in terms of credit solvency:

	31 December 2023 EGP Thousands		31 December 2022 EGP Thousands	
	Loans and facilities credit to customers	Loans and facilities credit to banks	Loans and facilities credit to customers	Loans and facilities credit to banks
Neither have past dues nor impaired	64,562,191	636	49,995,340	307
Have past dues but not impaired	428,003	-	1,554,887	-
Impaired	2,160,095	-	1,945,168	137
Total	**67,150,289**	**636**	53,495,395	444
Less: Allowance for impairment losses	(4,370,903)	636	(4,661,784)	-
Less: interest in suspense	(137,226)	-	(129,968)	-
Less: Unearned discount	(475,996)	-	(335,612)	-
Net	**62,166,165**	**636**	48,368,031	444

Provision for impairment losses comprise an amount of EGP 1,723,504 thousand (31 December 2022: EGP 1,744,374 thousand) towards loans classified under stage 3 and an amount of EGP 2,647,399 thousand (31December 2022: EGP 2,917,410 thousand) on a portfolio basis.

Note (18) includes additional information on the allowance for impairment losses for Loans and credit facilities to customers during the current reporting year.

Total Fair Value of all collaterals amounted to EGP 436,003 thousand at 31 December 2023 (31 December 2022 EGP 2,721,921 thousand).

Loans and credit facilities which neither have past dues nor impaired

The credit quality of Loans and credit facilities that neither have past dues nor impaired is assessed by reference to the bank's internal rating.

Loans and credit facilities to customers

31 December 2023			**Retail**		
Rating:	***Overdrafts***	***Credit cards***	***Personal loans***	***Other loans***	***Total***
	EGP Thousands	***EGP Thousands***	***EGP Thousands***	***EGP Thousands***	***EGP Thousands***
Performing Loans	256,302	55,966	1,724,356	949	2,037,573
Regular watch	23,347	39,908	1,130,772	344,281	1,538,308
Total	279,649	95,874	2,855,128	345,230	3,575,881

31 December 2022			*Retail*		
Rating:	*Overdrafts*	*Credit cards*	*Personal loans*	*Other loans*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Performing Loans	413,080	19,070	1,209,919	-	1,642,069
Regular watch	33,113	15,515	723,867	523,760	1,296,255
Total	446,193	34,585	1,933,785	523,760	2,938,324

3 Financial risks management (continued)

A. Credit risk (continued)

A. 6 Loans and advances(continued)

31 December 2023			***Corporate and Banks***		
Rating:	***Overdrafts***	***Direct loans***	***Syndicated Loans and facilities***	***Other Loans***	***Total***
	EGP Thousands	***EGP Thousands***	***EGP Thousands***	***EGP Thousands***	***EGP Thousands***
Performing Loans	**4,072,652**	**37,449,346**	**3,288,572**	**-**	**44,810,570**
Regular watch	**725,539**	**9,242,185**	**5,747,062**	**-**	**15,714,786**
watch-list	**22,929**	**438,661**	**-**	**-**	**461,590**
Total	**4,821,120**	**47,130,192**	**9,035,634**	**-**	**60,986,946**

31 December 2022			*Corporate and Banks*		
Rating:	*Overdrafts*	*Direct loans*	*Syndicated Loans and facilities*	*Other Loans*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Performing Loans	3,505,086	28,004,550	1,922,083	-	33,431,719
Regular watch	737,369	8,740,459	3,063,957	-	12,541,785
watch-list	196,420	660,978	226,420	-	1,083,818
Total	4,438,875	37,405,987	5,212,460	-	47,057,322

Loans guaranteed by cash are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees.

3 Financial risks management (continued)

B. Credit risk (continued)

A. 6 Loans and advances(continued)

Loans and credit facilities which have past dues but not impaired

These are Loans and credit facilities with past-due instalments but are not subject to impairment, unless information has otherwise indicated. Loans and credit facilities to customers which have past dues but are not subject to impairment are analysed below:

31 December 2023	***Retail***			
	Current Accounts EGP Thousands	***Credit cards EGP Thousands***	***Personal loans EGP Thousands***	***Total EGP Thousands***
< 30 days	**2,585**	**378**	**3,423**	**6,386**
30 – 60 days	**1,923**	**244**	**903**	**3,070**
over 60	**-**	**275**	**-**	**275**
Total	**4,508**	**897**	**4,326**	**9,731**

31 December 2022	*Retail*			
	Current Accounts EGP Thousands	*Credit cards EGP Thousands*	*Personal loans EGP Thousands*	*Total EGP Thousands*
< 30 days	-	5,044	100,156	105,200
30 – 60 days	-	1,392	24,888	26,280
over 60	-	680	6,969	7,649
Total	-	7,116	132,013	139,129

31 December 2023	***Corporate and Banks***			
	Current Accounts EGP Thousands	***Direct loans EGP Thousands***	***Syndicated Loans and facilities EGP Thousands***	***Total EGP Thousands***
< 30 days	**-**	**117,657**	**-**	**117,657**
30 – 60 days	**-**	**53,515**	**32,313**	**85,828**
over 60	**-**	**182,474**	**32,313**	**214,788**
Total	**-**	**353,646**	**64,626**	**418,272**

31 December 2022	*Corporate and Banks*			
	Current Accounts EGP Thousands	*Direct loans EGP Thousands*	*Syndicated Loans and facilities EGP Thousands*	*Total EGP Thousands*
< 30 days	-	212,336	-	212,336
30 – 60 days	-	46,223	-	46,223
over 60	-	1,157,199	-	1,157,199
Total	-	1,415,758	-	1,415,758

Past due Loans and credit facilities are those amounts, or any part thereof, which have fallen due but for which no payment has been received in accordance with the contractual terms. These include past dues for periods more than one day. Amounts shown in the note represent the whole balance of the loan or facility and not only the past due amounts. These do not include the remaining Loans and credit facilities of the same customer so long default has not fully or partially occurred on those loans. On initial recognition of Loans and credit facilities, the fair value of collaterals, if any, is assessed based on valuation methods used for similar assets but are not recognized in the financial statements since these do not represent assets of the bank at that date. In subsequent periods, the fair value is updated to reflect the market price or prices for similar assets.

3 Financial risks management (continued)

A. Credit risk (continued)

A. 6 Loans and advances (continued)

Loans and credit facilities which are individually impaired

Loans and credit facilities to customers

The following table provides a breakdown of the balance of such Loans and credit facilities which are individually impaired including the fair value of the collaterals shall prevail when calculating the provisions

31 December 2023	***Overdrafts***	***Credit cards***	***Retail Personal loans***	***Other loans***	***Total***
Loans which are individually impaired	**18,687**	**2,989**	**102,534**	**3,394**	**127,604**

31 December 2022	*Overdrafts*	*Credit cards*	*Retail Personal loans*	*Other loans*	*Total*
Loans which are individually impaired	-	291	7,227	19,978	27,496

31 December 2023			***Corporate and Banks***		
	Overdrafts	***Direct loans***	***Syndicated Loans and facilities***	***Other loans***	***Total***
Loans which are individually Impaired	**264,884**	**1,692,891**	**74,716**	**-**	**2,032,491**

31 December 2022			*Corporate and Banks*		
	Overdrafts	*Direct loans*	*Syndicated Loans and facilities*	*Other loans*	*Total*
Loans which are individually Impaired	103,149	455,666	1,358,994	-	1,917,809

3 Financial risks management (continued)

A. Credit risk (continued)

A. 6 Loans and advances (continued)

Loans and credit facilities which are individually impaired(continued)

Restructured Loans and credit facilities:
Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies is based on indicators 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. Restructuring is commonly applied to term loans, especially customer loans. Renegotiated loans totalled at the end of the year:

Loans and credit facilities to customers

Corporate loans	*31 December 2023*	*31 December 2022*
Direct loans	**279,548**	375,629
Total	**279,548**	375,629

A.7 Debt instruments, treasury bills and other government notes and other investments

The following table shows a breakdown of debt instruments, treasury bills, and other governmental notes per last rating for Standard and Poor's and its equivalent:

31 December 2023	*Treasury Bills*	*Egyptian Treasury Bonds*	*Non-Governmental Bonds and sukuk*	*Total*
A (+/-)	**-**	**-**	**2,204,042**	**2,204,042**
Less than A-	**9,652,126**	**9,653,246**	**390,828**	**19,696,200**
Total	**9,652,126**	**9,653,246**	**2,594,870**	**21,900,242**

3 Financial risks management (continued)

A. Credit risk (continued)

A.8 Quality of Financial Assets

The following table provides information on the credit quality of the financial assets as at:

31 December 2023	*Stage (1) 12 months*	*Stage (2) Lifetime*	*Stage (3) Lifetime*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Due from banks	**6,684,681**	**4,785,478**	**-**	**11,470,159**
Treasury bills	**9,309,213**	**342,913**	**-**	**9,652,126**
Loans and advances to customers - Retail	**2,824,318**	**761,294**	127,604	**3,713,216**
Loans and advances to customers - Corporate & Banks	**32,621,904**	**28,783,314**	**2,032,491**	**63,437,709**
Debt Instruments at Fair value through Other Comprehensive Income	**10,540,793**	691,796	**-**	**11,232,589**
Debt instruments at Amortized Cost	**1,015,527**	**-**	**-**	**1,015,527**
	62,996,436	35,364,795	2,160,095	100,521,326

31 December 2022	*Stage (1) 12 months*	*Stage (2) Lifetime*	*Stage (3) Lifetime*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Due from banks	4,649,416	5,237,807	-	9,887,223
Treasury bills	3,305,400	274,652	-	3,580,052
Loans and advances to customers- Retail	2,972,911	107,543	27,496	,3,104950
Loans and advances to customers- Corporate & Banks	29,162,297	19,310,783	1,917,809	50,390,889
Debt Instruments at Fair value through other comprehensive income	10,723,494	741,110	-	11,464,604
Debt Instruments at Amortized Cost	1,906,221	-	-	1,906,221
	52,716,739	25,671,895	1,945,305	80,333,939

The following table provides information on the expected credit losses balances as at:

31 December 2023	*Stage (1) 12 months*	*Stage (2) Lifetime*	*Stage (3) Lifetime*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Due from banks	**632**	**3,896**	**-**	**4,528**
Treasury bills	-	**606**	**-**	**606**
Loans and advances to customers-retail	**33,623**	**18,148**	36,973	**88,744**
Loans and advances to customers-corporate & banks	**824,681**	**1,770,947**	**1,686,531**	**4,282,159**
Debt Instruments at Fair value through other comprehensive income	**857**	**1,673**	**-**	**2,530**
Commitments on loans and collaterals	**55,259**	**22,875**	27,207	**105,341**
	915,052	**1,818,145**	**1,750,711**	**4,483,908**

31 December 2022	*Stage (1) 12 months*	*Stage (2) Lifetime*	*Stage (3) Lifetime*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Due from banks	392	4,682	-	5,074
Treasury bills	-	453	-	453
Loans and advances to customers-retail	27,107	2,782	11,194	41,083
Loans and advances to customers-corporate & banks	700,586	2,186,935	1,733,180	4,620,701
Debt Instruments at Fair value through other comprehensive income	1,316	3,979	-	5,295
Commitments on loans and collaterals	43,697	81,645	21,390	146,732
	773,098	2,280,476	1,765,764	4,819,338

3 Financial risks management (continued)

A. Credit risk (continued)

A. 9 Concentration of risks of financial assets exposed to credit risk

A.9.1 Geographic Sectors

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting year (excluding allowances for impairment). The gross amount of all financial assets including Loans and credit facilities is segmented into the geographical regions of the bank's clients.

	Arab Republic of Egypt						
	Greater Cairo	*Alexandria, Delta and Sinai*	*Upper Egypt*	*Total*	*Gulf Countries*	*Other countries*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Treasury bills and other government notes	9,652,126	-	-	9,652,126			9,652,126
Loans and advances to customers							
Loans to individuals							
Overdrafts	213,790	88,750	304	302,844	-	-	302,844
Credit cards	77,721	20,484	1,555	99,760	-	-	99,760
Personal loans	2,414,257	499,569	48,162	2,961,988	-	-	2,961,988
Other loans	345,181	2,325	1,118	348,624			348,624
Corporate:							
Overdrafts	4,149,180	917,791	19,033	5,086,004			5,086,004
Direct loans	43,453,459	5,582,424	140,845	49,176,728			49,176,728
Syndicated loans	9,174,977	-	-	9,174,977	-	-	9,174,977
Financial investments							
Debt instruments	11,732,106	-	-	11,732,106	359,988	156,022	12,248,116
Total at the end of the current year	**81,212,797**	**7,111,343**	**211,017**	**88,535,157**	**359,988**	**156,022**	**89,051,167**
Total at the end of the comparative year	63,120,811	6,456,933	190,519	69,768,263	579,727	98,726	70,446,716

3 Financial risks management (continued)

A. Credit risk (continued)

A. 10 Concentration of risks of financial assets exposed to credit risk (continued)

A.10.2 Industrial sectors

The following table provides a breakdown of the gross amount of the most significant credit risk limits to which the bank is exposed at the end of the current reporting year (excluding allowances for impairment). The gross amount of all financial assets is segmented into business sectors in which the bank's clients operate.

	Financial institutions	Manufacturing Sector	Real estate activity	Government sector	Other activity	Individual	Total
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Treasury bills and other government notes	-	-	-	9,652,126	-	-	9,652,126
Loans and advances to customers							
Loans to individuals							
Overdrafts	-	-	-	-	-	302,844	302,844
Credit cards	-	-	-	-	-	99,760	99,760
Personal loans	-	-	-	-	-	2,961,988	2,961,988
Other loans	-	-	-	-	-	348,624	348,624
Corporate:							
Overdrafts	446	324,536	1,292,135	-	3,468,887	-	5,086,004
Direct loans	2,661,979	17,575,212	8,008,651	-	20,930,886	-	49,176,728
Syndicated loans	-	1,591,113	29,374	-	7,554,490	-	9,174,977
Bank loans							
Financial investments							
Debt instruments	2,594,871	-	-	9,653,245	-	-	12,248,116
Total at the end of the current year	5,257,296	19,490,861	9,330,160	19,305,371	31,954,263	3,713,216	89,051,167
Total at the end of the comparative year	5,066,429	15,419,438	8,184,055	14,035,573	24,636,272	3,104,949	70,446,716

3 Financial risks management (continued)

B. Market risk

The Bank exposed to market risks which is the risk that the fair value or future cash flow fluctuation resulted from changes in market prices. Market risks arise from open market related to interest rate, currency, and equity products of which each is exposed to general and specific market movements and changes in sensitivity levels of market rates or prices such as interest rates, foreign exchange rates and equity instrument prices. The Bank divides its exposure to market risk into trading and non-trading portfolios.

The Bank treasury department is responsible for managing the market risks arising from trading and non-trading activities of which monitored by two standalone teams. Regular reports are submitted to the Board of Directors and each business department.

Trading portfolios include transactions where the Bank deals direct with clients or with the market; Non-trading portfolios primarily arise from managing assets and liabilities interest rate relating to retail transactions. Non-trading portfolios also includes foreign exchange risk and equity instruments risks arising from the Bank's held-to-maturity and available-for-sale investments portfolios.

B.1 Market risks measurement techniques

As part of market risk management, the Bank undertakes various hedging strategies and enters into swaps to match the interest rate risk associated with the fixed-rate long-term loans if the fair value option been applied, the major measurement techniques used to measure and control market risk are outlined below:

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, based upon a number of assumptions for various changes in market conditions. The Board sets limits on the value of risk that may be accepted for the Bank, trading and non-trading stand lonely, which are monitored on a daily basis by the Bank's treasury department.

VAR 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 (95%, 97.5% and 99%) the validity of the assumptions and parameters/factors used in the VAR calculation. There is therefore a specified statistical probability (5%, 2.5%, and 1%) that actual losses could be greater than the VAR estimate The VAR model assumes a certain "holding Year" until positions can be closed (10 days).

It also assumes that market moves occurring over this holding Year will follow a similar pattern to those that have occurred over 10-day Year in the past. The Bank's assessment of past movements is based on data for the past five years. The Bank applies these historical changes in rates, prices, indices, etc. directly to its current positions – a method known as historical simulation. The actual outcomes are monitored regularly to test the use of this approach does not prevent losses outside of these limits in the event of more significant market movements. As VAR constitutes an integral part of the Bank's market risk control regime, VAR limits are established by the Board annually for all trading and non-trading portfolio operations and allocated to business units. Actual exposure against limits, together with a standalone bank-wide VAR, is reviewed daily by the Bank risk treasury department.

As VAR constitutes an integral part of the Bank's market risk control regime, VAR limits are established by the Board annually for all trading and non-trading portfolio operations and allocated to business units. Actual exposure against limits, together with a standalone bank-wide VAR, is reviewed daily by the Bank risk treasury department.

3 Financial risks management (continued)

B. Market risk (continued)

B.1 Market risks measurement techniques (continued)

Stress testing

Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances stress testing are designed to match business using standard analysis for specific scenarios. The stress testing carried out by the Bank treasury. Stress testing include: risk factor stress testing where sharp movements are applied to each risk category and test emerging market stress, as emerging market portfolios are subject to sharp movements; and subject to special stress including possible stress events to specific positions or regions - for example the stress outcome to a region applying a free currency rate.

B.2 Summary on the value at exchange rate risk

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Medium	**452**	397
High	**553**	615
Low	**406**	164

3 Financial risks management (continued)

B. Market risk (continued)

B.3 Foreign Exchange Risk

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The board of directors set limits for foreign exchange risk at the total value of positions at the end of the day and during the day when timely control is exercised. The following table summarizes the bank's exposure to the risks of fluctuations in foreign exchange rates at the end of the reporting year. This table includes the carrying amounts of the financial instruments in terms of their relevant currencies and in EGP equivalent.

	Egyptian Pound	US Dollar	Euro	Sterling Pound	Other Currencies	Total
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Assets:						
Cash and balance with Central Bank	14,835,600	197,968	14,869	6,769	10,011	15,065,217
Due from banks	22,514	9,949,581	1,318,087	106,910	68,539	11,465,631
Treasury bills and government notes	8,597,528	342,553	-	-	-	8,940,081
Loans and advances for customers and banks	49,399,183	12,114,306	653,200	65	46	62,166,800
Financial derivatives	-	1,850	7,994	-	-	9,844
Investments:						
Fair value through other comprehensive income	11,018,973	392,731	157,075	-	-	11,568,779
Fair value through profit or loss	45,022	-	-	-	-	45,022
Subsidiaries	54,468	-	-	-	-	54,468
Amortized cost	1,015,527	-	-	-	-	1,015,527
Other assets and fixed assets and Investment Property	2,661,857	187,290	21,790	3,364	402	2,874,703
Total assets	87,650,672	23,186,279	2,173,015	117,108	78,998	113,206,072
liabilities:						
Due to banks	3,702,734	18,915	295	-	890	3,722,834
Customers' deposits	71,208,261	16,590,867	2,087,521	110,737	61,078	90,058,464
Other liabilities and provisions	5,187,586	943,998	61,917	264	745	6,194,510
Total liabilities	80,098,581	17,553,780	2,149,733	111,001	62,713	99,975,808
Net financial position as of 31 December 2023	7,552,091	5,632,499	23,282	6,107	16,285	13,230,264
At the end of the comparative year						
Total financial assets	64,830,274	18,842,216	1,634,803	76,856	108,299	85,492,448
Total financial liabilities	58,853,010	14,340,024	1,626,406	81,988	68,186	74,969,614
Net financial position	5,977,264	4,502,192	8,397	(5,132)	40,113	10,522,834

3 Financial risks management (continued)

B. Market risk (continued)

B.4 Interest rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but profit may decrease in the event that unexpected movements arise. The Board sets limits on the level of gaps in interest rates reprising that may be undertaken, which is monitored daily by risk department.

The table below summarizes the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorized by the earlier of reprising.

	Up to 1 month	More than 1 month to 3 months	More than 3 months to 1 year	More than 1	Non- interest bearing	Total
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Financial Assets:						
Cash and balances with Central Bank of Egypt	15,065,217	-	-	-	-	15,065,217
Due from banks	5,798,093	5,667,538	-	-	-	11,465,631
Treasury bills and other government notes	1,531,485	4,999,681	2,408,915	-	-	8,940,081
Loans and advances to customers and banks	13,567,974	43,710,602	3,803,719	1,084,505	-	62,166,800
Financial derivatives asset	-	-	-	-	9,844	9,844
Non-trading financial investments	1,928,548	81,749	1,977,003	8,303,856	293,150	12,584,306
Fair value through profit or loss	45,022	-	-	-	-	45,022
Subsidiaries	-	-	-	-	54,468	54,468
Fixed Assets and other assets and Investment properties	-	-	-	-	2,874,703	2,874,703
Total financial assets	37,936,339	54,459,570	8,189,637	9,388,361	3,232,165	113,206,072
Financial liabilities						
Due to banks	3,722,834	-	-	-	-	3,722,834
Customers' deposits	23,212,970	21,869,392	27,124,251	10,848,430	7,003,421	90,058,464
Other loans, liabilities and provisions	-	-	529,596		5,664,914	6,194,510
Total financial liabilities	26,935,804	21,869,392	27,653,847	10,848,430	12,668,335	99,975,808
Interest repricing gap	11,000,535	32,590,178	(19,464,210)	(1,460,069)	(9,436,170)	13,230,264
At the end of the comparative year						
Total financial assets	31,998,919	32,629,847	5,854,850	11,854,294	3,154,538	85,492,448
Total financial liabilities	20,785,546	18,341,116	17,394,827	9,512,692	8,935,433	74,969,614
Re-pricing gap	11,213,373	14,288,731	(11,539,977)	2,341,602	(5,780,895)	10,522,834

3 Financial risks management (continued)

C. Liquidity risk

Liquidity risk represents difficulty encountering the Bank in meeting its financial commitments when they fall due and replace funds when they are withdrawn, this may result in failure in fulfilling the Bank obligation to repay to the depositors and fulfilling lending commitments.

Liquidity risk management

The risk management department monitor the Bank's liquidity process in the following ways:

- Daily funding managed by monitoring future cash flows to ensure that all requirements can be met when due. This includes availability of liquidity as they due lending to customers. To ensure that the Bank reaches its objective the Bank maintains an active presence in global money markets.
- The Bank maintains a portfolio of highly marketable and diverse assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.
- Monitoring liquidity ratios in relation with internal requirements and central Bank of Egypt requirements.
- Managing loans concentration and dues.

For monitoring and reporting purposes take the form of cash flow measurement and expectations for the next day, week and month respectively, as these are key Years for liquidity management.
The starting point for those expectations is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets .
Credit risk department monitor the mismatch between medium term assets, the level and nature of unused loans limits, overdraft utilizations, and the effect of contingent liabilities such as letters of guarantees and letters of credit.

The bank adheres to CBE regulations on Liquidity risk management issued on June 2016 and maintains the minimum requirement for both local currency and foreign currency liquidity ratios in addition to LCR and NSFR

Liquidity Ratios

Liquidity ratio reached 25.27 % for local currency and 65.82 % for foreign currency as at 31 December 2023.

Funding approach

Sources of liquidity are regularly reviewed by Bank treasury to maintain a wide diversification by currency, geography, source products and terms.

D. Fair value of financial assets and liabilities

D.1 Financial instruments measured at fair value using the valuation methods

No changes in fair value using the valuation methods that occurred during the year.

D.2 Financial instruments measured at fair value not using the valuation methods

Due from banks

Fair value of placements and deposits bearing variable interest rate for one day is its current value.
The expected fair value for deposits bearing variable interest is based on the discounted cash flow using rate of similar asset of similar credit risk and due dates.

Loans and advances to banks

Loans and advances to banks represent loans and advances other than deposits at banks. The fair value represents the value expected to be recovered based on present value future cash flow and cash flows are determined using the interest rate.

Loans and advances to Customer

Loans and advances are net of provisions for impairment losses. Fair value expected for loans and advances represents the discounted value of future cash flows expected to be collected and cash flows are discounted using the current market interest rate to determine fair value.

3 Financial risks management (continued)

D. Fair value of financial assets and liabilities (continued)

D.2 Financial instruments measured at fair value not using the valuation methods (continued)

Investments in securities

FVOCI are measured at fair value except for equity instruments that its market value can't be reliably determined. Fair value of amortized cost investments is based on market prices or broker/ prices. Fair value is estimated using quoted market prices for financial paper with similar credit maturity and yield characteristics where information is not available.

Due to Banks and customers

The estimated fair value of deposits of indefinite maturity which includes interest-free deposits is the amount paid on call. The estimated fair value of fixed interest-bearing deposits and other loans not traded in an active market is based on discounted cash flows using interest rates for new debts of similar maturity dates.

E. Capital risk management

The bank's objectives behind managing capital include elements other than equity shown in the balance sheet are represented in the following:

- Compliance with capital legal requirements in Arab Republic of Egypt and the other countries the Bank is operating in.
- Protecting the bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth.

  Capital adequacy and uses are reviewed on a daily basis according to the regulatory authority's requirements (Central Bank in Arab Republic of Egypt) by the bank's management through models-based Basel committee for banking control instructions, these data are submitted to Central Bank of Egypt on quarterly basis.

  Central Bank of Egypt requires the following from the Bank:

- Maintaining EGP 5 billion as a minimum requirement for the issued and paid up capital.
- Maintaining a ratio between capital elements and asset and contingent liability elements weighted by risk weights at 12.50 % or more.

In accordance with the requirements of Basel II, the numerator in capital adequacy comprises the following 2 tiers:

Tier 1:

Basic capital which comprises paid-up capital (net of treasury stock), plus: retained earnings and reserves resulting from profit appropriations (other than general reserve for banking risks & special reserve), less: any goodwill previously recognized and any carried forward losses.

3 Financial risks management (continued)

E. Capital risk management (continued)

Tier 2:

Subordinated capital which comprises with equivalent amount of the loans general provision which does not exceed 1.25% from the total risk-weighted average of assets and contingent liabilities, plus: the carrying amount of subordinated loans/deposits maturing over more than 5 years (provided that such carrying amount shall be reduced by 20 % of its value in each of the last five years of their maturity), plus: 45 % of the increase in fair value above the carrying amount of available-for-sale investments, held to maturity investments, and investments in subsidiaries and associates and 45% from special reserve. In calculating the numerator of the capital adequacy ratio, total value of tier 2 should not exceed total value of tier 1.Also, total value of subordinated loans (deposits) should not exceed 50 % of tier 1. Assets are risk weighted at a range of 0 to 200 %. Risk classification of these assets is based on the type of the debtor as to reflect the associated credit risk and after consideration of cash collaterals. The same treatment is applied for the off-balance sheet items which shall be adjusted to reflect the contingent nature of and potential loss on these amounts.

Capital adequacy Standard had been prepared based on Basel II requirements, and Central Bank of Egypt Board of Directors had approved in its meeting held on 18 December 2012.which had been issued on December 24, 2012.and in accordance with the instructions of the central bank of Egypt for the capital adequacy ratio (Basel II) issued during May 2019, and in January 2021 regarding the adoption of standardized approach for measuring operational risk stating from year 2022 to replace basic indictor approach.

	31 December 2023	31 December 2022
Tier 1	***EGP Thousands***	*EGP Thousands*
Issued and paid-up-capital	**9,100,000**	7,000,000
Reserves	**906,742**	738,261
OCI	**(684,771)**	(329,691)
Retained earnings	**896,948**	2,997,017
Net Profit	**2,787,379**	-
The value of the excess of 10% of the issued capital of the company for each investment separately (shares) (-)	**(5,776)**	(2,375)
Total Tier 1	**13,000,522**	10,403,212
Tier 2		
45% of the increase in fair value over the book value of financial investment (if positive)	**-**	8,931
Performing Loans and contingent liability, impairment loss	**940,377**	780,618
Total Tier 2	**940,377**	789,549
Total Capital Base	**13,940,899**	11,192,761
Assets and contingent liabilities risk weighted		
Total credit risk	**91,960,675**	62,452,714
Capital market risk requirements	**141,060**	193,296
Capital operational risk requirements	**3,978,014**	3,978,014
Total weighted risk of contingent assets and liabilities	**96,079,749**	66,624,024
Capital Adequacy Ratio	**%14.51**	%16.80

3 Financial risks management (continued)

F. Leverage financial ratio

Item		*31 December 2023 EGP Thousands*	*31 December 2022 EGP Thousands*
Tier 1 of the capital base		13,000,522	10,403,212
Total exposures in & off-Balance Sheet		122,005,467	93,088,784
Total exposures within B/S and operations of financial derivatives and securities		114,936,520	86,433,194
Exposures items within the balance sheet after deducting Disposals tier 1			
Cash and balances with the Central Bank		15,065,217	7,248,414
Due to banks		11,465,805	9,882,372
Current accounts and deposits		11,465,805	9,882,372
Loans and credit facilities for Banks			-
Treasury bills and other government securities		8,940,081	3,405,991
Financial investments Fair value through profit or loss		45,022	61,094
Financial investments Fair value through other comprehensive income		11,575,012	11,621,519
Amortized cost		1,015,527	1,906,221
Loans and advances to customers		63,938,217	49,328,714
Gross Loans and credit facilities		67,458,612	53,279,684
Provision for impairment losses		(3,520,395)	(3,950,970)
Fixed assets (net of impairment loss and accumulated depreciation)		1,100,663	948,907
Other assets		1,790,976	2,029,962
Off balance sheet Exposures	**Conversion factor %**		
Total contingent liabilities:			
Letter of credits - import	20%	23,559	65,440
Letters of guarantee	50%	5,071,880	4,878,617
Letters of guarantee at the request of foreign banks	50%	351,523	97,286
Bills accepted	100%	14,956	43,013
Contingent liabilities for general guarantees of credit facilities and similar guarantees	100%	96,929	59,616
Total capital commitments	100%	292,704	122,293
Non-cancellable commitments for credit facilities	50%	-	54,149
Cancellable commitments for credit facilities	10%	1,217,395	1,335,177
Leverage ratio%		%10.65	%11.18

4 Significant accounting estimates and assumptions

The Bank considers the financial asset to be impaired and therefore to be included in stage 3 (classified as impaired) for the purpose of calculating expected credit losses in the event of a default in repayment of the principal amount or profit of the facility for more than 90 days or in the case of known cash flow difficulties, Counterparty business, credit rating decline, breach of the original terms of the contract or its ability to improve performance when the financial difficulty arises or the value of the security is reduced, etc. In such cases, the Group records an allowance for estimated credit losses over the life of the instrument.

Any facility with low credit or irregular value that has been restructured is also considered to be stalled. The Group is also based on external credit ratings of risk related to debt as a default if it is classified as "D" by Standard & Poor's and Fitch Ratings and "C" by rating agency Moody's.

The Bank takes into account a variety of indicators that may indicate a potential default as part of a qualitative assessment of client default. These include Breach of agreements the borrower has outstanding obligations with creditors or public servants that the borrower dies

The marked increase in credit risk

The Bank continuously monitors all assets exposed to expected credit losses. In order to determine whether a tool or a portfolio of instruments is exposed to 12-month expected credit losses or expected credit losses over the life of the instrument, the Group assesses the extent of a significant increase in credit risk since initial recognition. The Group applies consistent quantitative criteria for the portfolio that is subject to internal and external credit ratings for the purpose of assessing the significant increase in credit risk

Internal rating and evaluation process of potential stumbling blocks

The Bank's internal evaluation system is based on several qualitative evaluations. The Bank also complies with the relevant regulatory directives as follows:

• Credit facilities are classified as Tier 2 if there is a default in repayment of principal or profit for more than 60 days - or at management's discretion.

• Credit facilities are classified as Tier 2 if there is a credit rating downgrade of more than one degree above the midpoint of the rating between the previous rating and the last rating granted for regular creditworthiness credit rating.

The standard requires the use of a separate risk factor for default over a period of twelve months and over the lifetime of the instrument, depending on the assigned duration of the obligor. The potential for default under IFRS 9 should reflect the Bank's estimate of the quality of its assets in the future. The group uses a point-in-time scale (PIT PD) to calculate expected credit losses. The expected credit loss is the probability of a credit loss and is measured at present value for all cash losses discounted at the effective interest rate of the financial instrument. The cash deficit represents the difference between cash flows due to the Group in accordance with the contract and the cash flows expected to be received by the Bank. Key elements of measuring expected credit losses include default, loss from default and risk in case of default. The Bank evaluates these factors using appropriate credit risk models, taking into account internal and external credit ratings of assets and future macroeconomic scenarios.

4 Significant accounting estimates and assumptions (continued)

Impairment of investments in equity instruments

The Bank determines that investments in equity instruments at fair value through other comprehensive income are impaired when there is a significant or prolonged decline in its fair value below its cost and specifically requires whether the impairment is significant or extended to a judgment. In addition, there may be impairment when there is evidence of deterioration in the financial condition of the investee, its operating and financing cash flows, industry or sector performance, or changes in technology.

Classification of financial investments in debt instruments

Financial assets at amortized cost

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

A sale is an exceptional event for the purpose of this model and under the terms of IFRS 9.

Financial assets at fair value through other comprehensive income

The objective of the business model is to maintain financial assets for the collection of contractual cash flows and sales.

A sale is a non-incidental or exceptional event for the purpose of this model and under the terms of IFRS 9.

Financial assets at fair value through profit or loss

The objective of the business model is not to hold financial assets to collect contractual cash flows but to manage assets on a fair value basis through profit or loss.

Income tax

The Bank is subject to income taxes in (relation to the operation of its branches abroad). This requires the use of significant estimations in order to determine the total provision for income tax. There are several operations and accounts for which the final tax cannot be determined with certainty. The Bank created provisions for the expected results in relation to the tax inspection that is being conducted and to account for probable additional tax. When there is a difference between the final tax results and the pre-recorded amounts, these differences will be adjusted against the income tax and the deferred income tax provision.

5 Segment analysis

5.1 Activity segment analysis

The segment activity includes operational processes & assets that are used in providing banking services, manage their risk & linking return to this activity which may differ from those of other activities.

According to banking processes the segment analysis includes the following:

Large, medium & small institutions

It includes activities of current accounts, deposits, debit current accounts, loans, advances & financial derivatives.

Treasury & Investments:

It includes activities of corporate merge, investment purchase, financing corporate restructuring & financial instruments.

Retail:

It includes activities of current accounts, saving, deposits, credit cards, personal loans & real-estate loans.

Other activities:

It includes other banking activities such as fund management. Transactions are applied within segment activities according to the Bank's activity cycle which include assets and liabilities; operational assets and liabilities that are presented in the Bank's balance sheet.

5 Segment analysis (continued)

5.1 Activity segment analysis (continued)

31 December 2023	*Large Institutions*	*Small & Medium Institutions*	*Treasury & Investments*	*Retail*	*Other Activities*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Revenues & expenses according to activity segment						
Segment activity revenues	7,497,293	115,922	1,991,511	4,240,559	2,361,233	16,206,518
Segment activity expenses	(6,640,773)	(166,736)	(984,068)	(3,485,619)	(512,716)	(11,789,912)
Net profit (losses) before income tax	856,520	(50,814)	1,007,443	754,940	1,848,517	4,416,606
Income tax	(210,448)	7,042	(481,018)	(172,039)	(248,658)	(1,105,121)
Net profit (losses) for the year after tax	646,072	(43,772)	526,425	582,901	1,599,859	3,311,485
Assets & liabilities according to activity segment						
Segment activity assets	58,524,410	1,677,768	45,182,988	4,010,433	3,810,473	113,206,072
Total assets	58,524,410	1,677,768	45,182,988	4,010,433	3,810,473	113,206,072
Segment activity liabilities	51,425,735	562,000	4,265,245	40,415,308	3,307,520	99,975,808
Total liabilities	51,425,735	562,000	4,265,245	40,415,308	3,307,520	99,975,808
Other items for segment activity						
Depreciation and amortization	(29,054)	(2,001)	(11,480)	(42,619)	(40,556)	(125,710)
ECL (charges) release	(959,789)	(96,181)	5,320	(45,884)	(147,285)	(1,243,819)

5 Segment analysis (continued)

5.1 Activity segment analysis (continued)

31 December 2022	*Large Institutions*	*Small & Medium Institutions*	*Treasury & Investments*	*Retail*	*Other Activities*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Revenues & expenses according to activity segment						
Segment activity revenues	3,992,373	68,247	1,247,880	2,574,632	2,048,038	9,931,170
Segment activity expenses	(3,136,955)	(92,648)	(696,637)	(2,109,372)	(1,437,909)	(7,473,521)
Net profit (losses) before income tax	855,418	(24,401)	551,243	465,260	610,129	2,457,649
Income tax	(193,914)	2,912	(261,727)	(107,806)	110,202	(450,333)
Net profit (losses) for the year after tax	661,504	(21,489)	289,516	357,454	720,331	2,007,316
Assets & liabilities according to segment activities						
Segment activity assets	49,306,068	1,662,376	31,285,962	2,973,143	264,899	85,492,448
Total assets	49,306,068	1,662,376	31,285,962	2,973,143	264,899	85,492,448
Segment activity liabilities	36,633,646	500,432	3,179,083	32,490,167	2,166,286	74,969,614
Total liabilities	36,633,646	500,432	3,179,083	32,490,167	2,166,286	74,969,614
Other items for segment activity						
Depreciation and amortization	(15,602)	(1,991)	(10,240)	(54,731)	(20,525)	(103,089)
ECL (charges) release	(1,624,500)	(63,103)	(2,126)	(24,787)	6,848	(1,707,668)

5 Segment analysis (continued)

5.2 Geographical segments analysis

	Arab Republic of Egypt				
31 December 2023	*Greater Cairo*	*Giza*	*Alexandria Delta. Sinai &*	*Upper Egypt*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Revenues & expenses according to geographical segments					
Segment revenues	10,971,437	2,120,727	3,017,065	97,289	16,206,518
Segment expenses	(7,080,571)	(1,965,206)	(2,664,722)	(79,413)	(11,789,912)
Net Profit for the year before tax	3,890,866	155,521	352,343	17,876	4,416,606
Income tax	(964,365)	(54,375)	(82,290)	(4,091)	(1,105,121)
Net Profit for the year after tax	2,926,501	101,146	270,053	13,785	3,311,485
Assets & liabilities according to geographical segments					
Geographical segment assets	83,638,803	21,588,490	7,767,844	210,935	113,206,072
Total assets	83,638,803	21,588,490	7,767,844	210,935	113,206,072
Geographical segment liabilities	58,173,893	17,206,338	23,901,186	694,391	99,975,808
Total liabilities	58,173,893	17,206,338	23,901,186	694,391	99,975,808
Other items for segment activity					
Depreciation and amortization	(98,271)	(18,932)	(6,799)	(1,708)	(125,710)
ECL charges	(744,633)	(430,728)	(66,960)	(1,498)	(1,243,819)

5 Segment analysis (continued)

5.2 Geographical segments analysis (continued)

	Arab Republic of Egypt				
31 December 2022	*Greater Cairo*	*Giza*	*Alexandria Delta, Sinai &*	*Upper Egypt*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Revenues & expenses according to geographical segments					
Segment revenues	6,962,053	964,622	1,923,348	81,147	9,931,170
Segment expenses	(4,660,026)	(628,879)	(2,104,517)	(80,099)	(7,473,521)
Net Profit for the year before tax	2,302,027	335,743	(181,169)	1,048	2,457,649
Income tax	(398,269)	(78,234)	26,448	(278)	(450,333)
Net Profit for the year after tax	1,903,758	257,509	(154,721)	770	2,007,316
Assets & liabilities according to geographical segments					
Geographical segment assets	68,233,703	7,808,744	8,488,915	961,086	85,492,448
Total assets	68,233,703	7,808,744	8,488,915	961,086	85,492,448
Geographical segment liabilities	34,232,290	16,556,169	23,101,780	1,079,375	74,969,614
Total liabilities	34,232,290	16,556,169	23,101,780	1,079,375	74,969,614
Other items for segment activity					
Depreciation and amortization	(84,784)	(9,454)	(6,716)	(2,135)	(103,089)
ECL charges	(1,328,799)	(59,817)	(318,118)	(934)	(1,707,668)

6 Net interest income

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Interest and similar revenues from:		
Loans and advances to customers	**10,052,106**	5,160,940
Treasury bills and bonds	**3,207,998**	2,288,405
Deposits and current accounts	**687,336**	170,360
Total	**13,947,440**	7,619,705
Cost of deposits and similar expenses on:		
Deposits and current accounts:		
Banks	**(759,686)**	(552,498)
Customers	**(8,188,102)**	(4,021,163)
	(8,947,788)	(4,573,661)
Other loans	**(44,393)**	(14,750)
Total	**(8,992,181)**	(4,588,411)
Net interest income	**4,955,259**	3,031,294

7 Net fees and commission income

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Fees and commission income:		
Credit Fees and commissions	**806,244**	442,085
Custody fees	**51,089**	27,371
Other fees	**159,231**	71,719
Total	**1,016,564**	541,175
Fees and commissions expenses:		
Other fees expenses	**(128,317)**	(82,368)
Total	**(128,317)**	(82,368)
Net income from fees and commissions	**888,247**	458,807

8 Dividend income

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Financial investments at fair value through other comprehensive income	**12,656**	8,267
Total	**12,656**	8,267

9 Net trading income

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Foreign exchange trading gains	**170,642**	81,785
Change in fair value of investments at FVTPL	**6,675**	3,972
Total	**177,317**	85,757

10 Provision of credit losses

	31 December 2023	31 December 2022
	EGP Thousands	EGP Thousands
Loans and advances to customers & banks	**(1,249,415)**	(1,705,543)
Due from banks	**1,878**	(1,860)
Debt instruments at FVTOCI	**3,745**	(522)
Treasury bills	**(27)**	257
Total	**(1,243,819)**	(1,707,668)

11 Administrative expense

	31 December 2023	31 December 2022
	EGP Thousands	EGP Thousands
Staff cost:		
Salaries and wages	**(499,152)**	(353,449)
Social insurance	**(28,171)**	(23,750)
	(527,323)	(377,199)
Depreciation and amortization	**(125,710)**	(103,089)
Other administrative expenses	**(815,602)**	(528,362)
Total	**(1,468,635)**	(1,008,650)

12 Other operating income

	31 December 2023	31 December 2022
	EGP Thousands	EGP Thousands
FX revaluation gains from monetary assets and liabilities other than carried at fair value through profit or loss	**1,120,667**	1,652,027
Gain on disposals of property, plant and equipment	**2,232**	791
Legal provision (charged) / released	**(11,730)**	612
Claims provision charged	**(101,647)**	(19,817)
Contingent provision released / (charged)	**43,040**	(86,733)
Other income *	**12,826**	16,597
Total	**1,065,388**	1,563,477

* This includes a Penalty by the Central Bank of Egypt and all corrective actions have been taken by the Bank as agreed with the Central Bank of Egypt.

13 Income tax expense

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Current Tax	**1,075,229**	461,038
Deferred Tax	**29,892**	(10,705)
Total	**1,105,121**	450,333

Net profit before tax	**4,416,606**	2,457,649
Income tax (22.5%)	**993,736**	552,971
Tax effect on:		
Income not subject to tax	**(20,567)**	(19,023)
Provision	**80,286**	132,888
Depreciation differences	**(23,141)**	(10,809)
Others	**44,914**	(194,989)
Income tax expense	**1,075,229**	461,038
Effective income tax rate	**24%**	19%

14 Earnings per share

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Net profit for the year	**3,311,485**	2,007,316
Less:		
Employees' profit share proposed / Actual	**(331,149)**	(220,805)
Directors' remuneration proposed / Actual	**(5,326)**	(7,400)
Transferred to banking Sector support fund	**(33,122)**	(20,166)
Net profit for the year available for distribution	**2,941,888**	1,758,945
Weighted average number of shares	**700,000**	700,000
Earnings per share (EGP/Share)	**4.20**	2.51

15 Cash and balances with Central Bank of Egypt

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Cash	**616,752**	466,639
Balances with CBE (mandatory reserve)	**14,448,465**	6,781,775
Total	**15,065,217**	7,248,414
Interest free balances	**15,065,217**	7,248,414

16 Due from Banks

	31 December 2023 EGP Thousands	31 December 2022 EGP Thousands
Current accounts	962,711	760,363
Deposits	10,507,448	9,126,860
	11,470,159	9,887,223
Less: ECL Allowance	(4,528)	(5,074)
Total	11,465,631	9,882,149
Balances at CBE other than those under the mandatory reserve	2,191,794	1,740,378
Local banks	71,187	145,340
Foreign Banks	9,207,178	8,001,505
	11,470,159	9,887,223
Less: ECL Allowance	(4,528)	(5,074)
Total	11,465,631	9,882,149
Non-interest-bearing balances	525,306	434,668
Fixed interest-bearing balances	10,944,853	9,452,555
	11,470,159	9,887,223
Less: ECL Allowance	(4,528)	(5,074)
Total	11,465,631	9,882,149

17 Treasury bills sold under repurchase agreements

	31 December 2023 EGP Thousands	31 December 2022 EGP Thousands
17.1 Treasury bills		
Treasury Bills at Amortized Cost		
365 Days maturity	342,914	274,651
Treasury Bills at Fair value through OCI		
182 Days maturity	-	247,434
365 Days maturity	9,308,150	3,065,350
	9,651,064	3,587,435
Change in fair value	1,062	(7,383)
Less: Unearned interest	(711,439)	(173,608)
Less: ECL Allowance	(606)	(453)
Total	8,940,081	3,405,991
Egyptian government T-Bills	9,651,064	3,340,001
Others	-	247,434
	9,651,064	3,587,435
Change in Fair Value	1,062	(7,383)
Less: Unearned interest	(711,439)	(173,608)
Less: ECL Allowance	(606)	(453)
	8,940,081	3,405,991

17.2 Treasury bills sold under repurchase agreements

Treasury bills sold under repurchase agreements	-	2,030
Total	-	2,030

In accordance with the Central Bank of Egypt's rules issued on February 26, 2019, the debt instrument issued in a local currency by the Egyptian Government (Treasury Bills) exempted from ECL measurement

18 Loans and advances to customers & banks

	31 December 2023 EGP Thousands	31 December 2022 EGP Thousands
Individuals		
Overdrafts	**302,844**	446,193
Credit cards	**99,760**	41,992
Personal loans	**2,961,988**	2,073,026
Other Loans	**348,624**	543,738
Total (1)	**3,713,216**	3,104,949
Corporate and Banks		
Overdrafts	**5,086,004**	4,542,024
Direct loans	**49,176,728**	39,277,411
Syndication loans	**9,174,977**	6,571,455
Total (2)	**63,437,709**	50,390,890
Total loans and advances to customers & banks (1+2)	**67,150,925**	53,495,839
Less :ECL Allowance	**(4,370,903)**	(4,661,784)
Less: Interest in suspense	**(137,226)**	(129,968)
Less :Unearned discount	**(475,996)**	(335,612)
Net loans and advances to customers & banks	**62,166,800**	48,368,475

Analysis of expected credit losses of loans and advances to customers and banks:

	31 December 2023 EGP Thousands	31 December 2022 EGP Thousands
Balance at the beginning of the year	**4,661,784**	2,387,863
ECL Allowance charge during the year (note 10)	**1,249,415**	1,705,543
Write-off during the year	**(1,793,273)**	(128,090)
Recoveries from written-off debts	**61,084**	2,682
Foreign currency translation	**191,893**	693,786
Balance at the end of the year	4,370,903	4,661,784

Analysis of expected credit losses of loans and advances to customers and banks by type:

	31 December 2023 EGP Thousands	31 December 2022 EGP Thousands
Retail		
Balance at the beginning of the year	**41,083**	16,295
ECL Allowance for the year	**47,661**	24,788
Balance at the end of the year (1)	**88,744**	41,083
Corporate and Banks		
Balance at the beginning of the year	**4,620,701**	2,371,568
ECL Allowance for the year	**1,201,754**	1,680,755
Write-off during the year	**(1,793,273)**	(128,090)
Recoveries from written-off debts	**61,084**	2,682
Foreign currency translation	**191,893**	693,786
Balance at the end of the year (2)	**4,282,159**	4,620,701
Total (1) + (2)	**4,370,903**	4,661,784

19 Derivative financial instruments

The Bank has applied hedge accounting and the change in the fair value of the derivative is recognized in other comprehensive income.

31 December 2023

Cash flow hedge	*Contractual value*	*Assets*	*Liabilities*
Interest rate swap	324,965	9,844	
Total	**324,965**	**9,844**	

31 December 2022

Cash flow hedge	*Contractual value*	*Assets*	*Liabilities*
Interest rate swap	502,810	16,391	-
Total	**502,810**	16,391	-

20 Financial Investments

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Financial investments at fair value through Other Comprehensive Income:		
A) Debt instruments		
Treasury Bonds (Listed)	8,637,719	8,549,300
Non-government Bonds (listed)	2,108,233	2,044,304
Sukuk (listed)	486,637	871,000
B) Equity instruments		
Listed	3,500	3,818
Unlisted	289,651	117,112
C) Money Market Funds		
AUBE Mutual Fund THARWA	18,484	15,796
AUBE Mutual Fund ALPHA	24,555	14,051
Total financial investments at FVTOCI (1)	11,568,779	11,615,381
Financial investments at Amortized Cost:		
A) Debt instruments		
Government Bonds	1,015,527	1,906,221
Total financial investments at Amortized Cost (2)	1,015,527	1,906,221
Financial investments at fair value through profit or loss:		
A) Equity instruments		
Listed	2,510	2,017
B) Money Market Funds		
AUBE Mutual Fund THARWA	42,512	36,330
Total financial investments at FVTPL (3)	45,022	38,347
Total financial investments (1+2+3)	12,629,328	13,559,949
Current Balances	4,267,633	1,729,143
Non- current Balances	8,361,695	11,830,806
Total financial investments	12,629,328	13,559,949
Debt Instruments	12,248,116	13,370,825
Equity Instruments	295,661	122,947
Mutual Funds	85,551	66,177
Total financial investments	12,629,328	13,559,949

In accordance with the Central Bank of Egypt's rules issued on February 26, 2019, the debt instrument issued in a local currency by the Egyptian Government (Treasury Bond) exempted from ECL measurement.

20. Financial investments (continued)

31 December 2023	**Financial assets at Fair Value through OCI**	**Financial assets at Amortized Cost**	**Financial assets Fair Value through P&L**	**Total**
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Balance at the beginning of the year	**11,615,381**	**1,906,221**	**38,347**	**13,559,949**
Additions	**1,849,587**	-	-	**1,849,587**
Disposals / Maturities	**(1,568,329)**	**(886,000)**	-	**(2,454,329)**
Amortization of premium	**(156,792)**	**(4,694)**	-	**(161,486)**
Change in fair value of investment	**(354,307)**	-	**6,675**	**(347,632)**
Foreign currency revaluation	**183,239**	-	-	**183,239**
Balance at the end of the year	**11,568,779**	**1,015,527**	**45,022**	**12,629,328**

31 December 2022	Financial assets at Fair Value through OCI	Financial assets at Amortized Cost	Financial assets Fair Value through P&L	Total
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Balance at the beginning of the year	10,502,774	2,504,245	34,260	13,041,279
Additions	2,832,973	169,992	115	3,003,080
Disposals / Maturities	(1,452,702)	(766,947)	-	(2,219,649)
Amortization of premium	(72,811)	(1,069)	-	(73,880)
Change in fair value of investment	(446,358)	-	3,972	(442,386)
Foreign currency revaluation	251,505	-	-	251,505
Balance at the end of the year	11,615,381	1,906,221	38,347	13,559,949

Gain on Financial Investments

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Gain on sale of treasury bills	**30,193**	16,558
Gain on sale of financial investment – FVTOCI	-	9,807
Total	**30,193**	26,365

21. Investment in subsidiaries

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Ahli United Finance Company (Unlisted) - Owned 100%	**54,468**	54,468

22. Investment properties

	31 December 2023 EGP Thousands	31 December 2022 EGP Thousands
Cost:		
Cost at the beginning of the year	**24,656**	42,080
Transferred to property, plant and equipment	**(2,309)**	(17,424)
Cost at the ending of the year	**22,347**	24,656
Accumulated depreciation		
Accumulated depreciation at the beginning of the year	**(4,777)**	(7,421)
Depreciation charged during the year	**(477)**	(541)
Accumulated depreciation balances transferred to property, plant and equipment	**458**	3,185
Accumulated depreciation at the ending of the year	**(4,796)**	(4,777)
Net book value at the ending of the year	**17,551**	19,879

23. Other assets

	31 December 2023 EGP Thousands	31 December 2022 EGP Thousands
Interest Receivable from Customers and banks	**1,028,457**	1,312,527
Prepaid expenses	**43,387**	32,686
Advances for purchase of property, plant and equipment	**143,149**	191,427
Assets acquired as settlement of debts (net of impairment)	**313,699**	309,985
Deposits held with other custody	**11,343**	9,857
Deferred tax assets	**-**	2,842
Other assets	**218,396**	129,643
Total	**1,758,431**	1,988,967

24. Property, plant and equipment (net)

31 December 2023	*Lands and Buildings*	*Leased assets improvements*	*Equipment and Machinery*	*Others Fixed Assets*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Net book value at the beginning of the year	**457,193**	**151,343**	**107,223**	**232,006**	**947,765**
Additions	**-**	**19,746**	**9,505**	**245,270**	**274,521**
Disposals	-	**(183)**	**-**	**-**	**(183)**
Transfer	**1,851**	**443**	**(423)**	**(20)**	**1,851**
Depreciation charge	**(10,577)**	**(22,250)**	**(14,603)**	**(77,804)**	**(125,233)**
Net book value as of 31 December 2023	**448,467**	**149,099**	**101,702**	**399,453**	**1,098,721**
Balance at the end of current year represents in:					
Cost	**546,838**	**329,390**	**165,070**	**694,587**	**1,735,885**
Accumulated depreciation	**(98,371)**	**(180,291)**	**(63,368)**	**(295,134)**	**(637,164)**
Net book value as of 31 December 2023	**448,467**	**149,099**	**101,702**	**399,453**	**1,098,721**

31 December 2022	*Lands and Buildings*	*Leased assets improvements*	*Equipment and Machinery*	*Others Fixed Assets*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Net book value at the beginning of the year	454,359	118,905	77,219	174,135	824,618
Additions	-	57,002	41,906	114,110	213,018
Disposals	-	(649)	(229)	(683)	(1,561)
Transfer from investment property	14,238	-	-	-	14,238
Depreciation charge	(11,404)	(23,915)	(11,673)	(55,556)	(102,548)
Net book value at the end of the year	457,193	151,343	107,223	232,006	947,765
Balance at the end of the year represents in:					
Cost	544,528	309,384	155,988	449,543	1,459,443
Accumulated depreciation	(87,335)	(158,041)	(48,765)	(217,537)	(511,678)
Net book value	457,193	151,343	107,223	232,006	947,765

25. Due to banks

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Current accounts	22,834	32,950
Deposits from Banks	3,700,000	2,500,000
Total	3,722,834	2,532,950
Local banks	3,700,000	2,500,000
Foreign banks	22,834	32,950
Total	3,722,834	2,532,950

26. Customers' deposits

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Demand deposits	37,067,296	25,017,100
Time deposits	39,657,713	34,272,492
Certificates of deposit	8,425,868	5,611,578
Savings deposits	4,087,561	4,101,700
Other deposits	820,026	795,681
Total	90,058,464	69,798,551
Corporate deposits	71,647,059	55,767,075
Individual deposits	18,411,405	14,031,476
	90,058,464	69,798,551
Non-interest-bearing balances	7,133,833	6,946,892
Floating interest-bearing balances	73,476,757	56,613,415
Fixed interest-bearing balances	9,447,874	6,238,244
	90,058,464	69,798,551
Current balances	77,432,454	60,278,926
Non-current balances	12,626,010	9,519,625
	90,058,464	69,798,551

27. Other Loans

	Rates	*31 December 2023*	*31 December 2022*
		EGP Thousands	*EGP Thousands*
European Bank for Reconstruction and Development (EBRD)	Variable	529,596	494,868
		529,596	494,868

The Bank signed five years facility agreement with the European Bank for Reconstruction and Development (EBRD) to support SMEs and green financing.

28. Other liabilities

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Interest Payable	**579,668**	345,478
Clearing operations – CBE	**297,484**	102,301
Margin deposits	**2,514,122**	717,250
Accrued Taxes	**868,336**	318,454
Unearned revenue	**27,633**	28,422
Accrued expenses	**319,962**	140,754
Deferred tax liability	**27,050**	-
Other credit balances	**693,880**	223,298
Total	**5,328,135**	1,875,957

29. Other provisions

31 December 2023	*Provision for legal claims*	*Claims provision*	*Contingent liabilities*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Beginning balance	**29,586**	**88,940**	**146,732**	**265,258**
Foreign currency revaluation	**-**	**-**	**2,049**	**2,049**
Charged/(released) during the year	**11,730**	**101,647**	**(43,040)**	**70,337**
Utilized during the year	**(231)**	**(234)**	**(400)**	**)86(**
Ending balance	**41,085**	**190,353**	**105,341**	**336,779**

31 December 2022	*Provision for legal claims*	*Claims provision*	*Contingent liabilities*	*Total*
	EGP Thousands	*EGP Thousands*	*EGP Thousands*	*EGP Thousands*
Beginning balance	29,559	69,155	57,742	156,456
Foreign currency revaluation	903	(32)	2,257	3,128
(Released) / charged during the year	(612)	19,817	86,733	105,938
Utilized during the year	(264)	-	-	(264)
Ending balance	29,586	88,940	146,732	265,258

30. Capital

30.1 Authorized Capital

Authorized capital amounts to EGP 10 Billion (31 December 2022: EGP 4 Billion).

30.2 Issued and paid up Capital

Issued and paid in capital amounts to EGP 7 Billion at 31 December 2023 (31 December 2022: EGP 5 Billion) represented by 700 Million Share (31 December 2022: 500 Million Share) with par value 10 EGP for each.

On March 24, 2022 the ordinary general assembly approved to increase the bank issued and paid up capital by EGP 2 billion to reach EGP 7 billion, by issuing of 200 million bonus shares out of retained earnings. Commercial register update dated 20 August 2023.

On March 22, 2023 the ordinary general assembly approved to increase the bank issued and paid up capital by EGP 2.1 billion to reach EGP 9.1 billion, by issuing of 210 million bonus shares out of retained earnings. Commercial register update is in progress.

31. Reserves and Retained Earnings

31.1 Reserves

	31 December 2023 *EGP Thousands*	*31 December 2022* *EGP Thousands*
General bank risks reserves	**194**	3,629
General risk reserve	**11,884**	11,884
Legal reserve & Capital reserve	**720,033**	618,916
Fair value reserve	**(688,003)**	(332,829)
Total reserves at the end of the Year	**44,108**	301,600

31.1.1 General bank risks reserves

	31 December 2023 *EGP Thousands*	*31 December 2022* *EGP Thousands*
Balance at the beginning of the Year	**3,629**	6,727
Transfer to retained earnings	**(3,435)**	(3,098)
Balance at the end of the Year	**194**	3,629

As per CBE Regulations, the Bank is required to create a general banking risk reserve for impact arising from any unexpected risks. And it is approved by the general assembly of the bank when it convenes to approve the annual separate financial statements The Bank will not make any distribution from this reserve without obtaining prior approval of the Central Bank, of Egypt.

31. Reserves and Retained Earnings (Continued)

31.1.2 Legal and Capital Reserve

	31 December 2023	31 December 2022
	EGP Thousands	EGP Thousands
Balance at the beginning of the Year	**618,916**	560,312
Transfer from retained earnings	**101,117**	58,604
Balance at the end of the Year	720,033	618,916

According to the Bank's Articles of Association 5% of the year's net profits are transferred to the legal reserve. The transfer to legal reserve shall be suspended when the balance thereof equivalent to 50% of the total issued capital.

31.1.3 Fair value reserve

	31 December 2023	31 December 2022
	EGP Thousands	EGP Thousands
Balance at the beginning of the Year	**(332,829)**	97,792
Net fair value movements during the Year	**(355,174)**	(423,611)
Gain on sale of equity instruments at FVOCI	-	(7,010)
Balance at the end of the Year	**(688,003)**	(332,829)

31.2 Retained Earnings

	31 December 2023	31 December 2022
	EGP Thousands	EGP Thousands
Balance at the beginning of the year	**3,221,234**	3,395,853
Net profit for the year	**3,311,485**	2,007,316
Bonus shares issued	**(2,100,000)**	(2,000,000)
Employees' profit share	**(220,805)**	(116,000)
Directors' remuneration	**(7,400)**	(5,922)
Transfer from general banking risk reserves	**3,435**	3,098
Transfer to banking sector support fund	**(20,166)**	(11,517)
Transfer to legal reserve	**(101,117)**	(58,604)
Bonus shares issuance fees	**(510)**	
Gain on sale of equity instruments at FVOCI	-	7,010
Balance at the end of year	4,086,156	3,221,234

32. Cash and cash equivalents

For the purpose of statement of cash-flow presentation; cash and cash equivalents include the following balances that have original maturities dates not exceeding three months from their acquisition date.

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Cash	616,753	466,639
Due from banks with original maturities less than 3 months	8,816,288	8,551,079
Total	9,433,041	9,017,718

33. Contingent liabilities and commitments

33.1 Legal claims

There is a number of existing cases filed against the bank on 31 December 2023 without provision as the bank does not expect to incur losses from it.

33.2 Capital commitments

33.2.1 Fixed Assets and Branches Construction

The capital commitments as of 31 December 2023 amounted to EGP 45,470 thousand (31 December 2022: EGP 36,223 thousand), which represents purchasing of fixed assets. Management has full confidence towards the availability of funds to cover such commitments.

33.2.2 Commitments under operating lease contracts

Total minimum rental payments for the irrevocable operating lease contracts are as follows:

	31 December 2023	*31 December 2022*
	EGP Thousands	*EGP Thousands*
Not more than one year	48,690	24,061
More than one year and less than 5 years	177,397	31,676
More than 5 years	21,145	30,333
Total	247,232	86,070

33.2 Capital commitments (continued)

33.2.3 Liabilities against letters of credit, documentary credits and other commitments

Gross Balances

	31 December 2023 EGP Thousands	*31 December 2022 EGP Thousands*
Acceptances	**96,929**	82,943
Letters of guarantee	**11,928,784**	10,843,073
Letters of credit	**164,667**	624,556
Forward exchange contracts	**14,956**	43,013
Interest rate swaps	**324,965**	503,018
Non-cancellable commitments for credit facilities	**144,905**	108,298
Total	**12,675,206**	12,204,901

Net of Collateral

	31 December 2023 EGP Thousands	*31 December 2022 EGP Thousands*
Acceptances	**96,929**	59,616
Letters of guarantee	**10,895,947**	9,982,320
Letters of credit	**117,797**	327,198
Forward exchange contracts	**14,956**	43,013
Interest rate swaps	**324,965**	503,018
Non-cancellable commitments for credit facilities	**144,905**	108,298
Total	**11,595,499**	11,023,463

34. Related party transactions

The Bank is a subsidiary of Ahli United Bank - Bahrain B.S.C (Closed) (The Parent) which owns 95.68 % of the ordinary shares and the remaining stake of 4.32 % owned by other shareholders. In addition, Bank owns 100% of the subsidiary company, AUFC. Following are related party transactions:

Standalone Balance Sheet	*31 December 2023 EGP Thousands*	*31 December 2022 EGP Thousands*
Due from banks	**1,890,346**	2,688,810
Loans and advances to customers	**712,592**	718,266
Due to banks	**15,679**	20,821
Customer deposits	**28,725**	22,707
Standalone Income Statement		
Interest and similar revenues	**256,638**	101,509
Interest on deposits and similar costs	**(2,777)**	(1,125)
Fees and commission revenue	**166**	176
Other Operating Income	**2,280**	2,280

The average monthly salaries inclusive of all other allowances, incentive or Profit Share for top 20 staff as at 31 December 2023 is EGP 4,330 thousand.

35. Mutual Funds

35.1 Ahli United Bank- Egypt (S.A.E) First Mutual Fund with daily accumulated interest and prizes (THARWA)

The fund is one of the licensed activities for the Bank under the law no: 95 /1992 and it's implementing regulations; the fund is managed by Hermes Fund Management Company.

THARWA has total number of 1,672,495 certificates with redemption value of EGP 370 per unit (total EGP 618,276 thousand) and AUB acquired 50,000certificates and classified as financial investments -Fair value through Other Comprehensive Income with total face value of EGP 5 million (Note 20)

In addition, the Bank invested another 115,000 certificates with redemption value of EGP 369.669 per certificate (total EGP 42,512 thousand) financial investments -Fair value through profit or loss in line with related regulation. (Note 20)

According to the Fund management agreement and the prospectus, the Bank receives fees and commission towards supervision of the Fund and related administrative services. The Bank received total commissions of EGP 1,790 thousand for the year ended 31 December 2023 and is included in the income statement under fees and commissions.

35.2 Ahli United Bank- Egypt (S.A.E) Second Mutual Fund with daily accumulated interest and prizes (ALPHA)

The fund is one of the licensed activities for the Bank under the law no: 95 /1992 and it's implementing regulations; and is managed by Hermes Fund Management Company.

ALPHA has total number of 605,018 certificates with redemption value of EGP 49,1094 per unit (total EGP 29,712thousand). AUB acquired 500,000certificates and classified as financial investments -Fair value through Other Comprehensive Income with total face unit of EGP 5 million (Note 20).

According to the Fund management agreement and the prospectus, the Bank receives fees and commission towards the supervision of the Fund and related administrative services. The Bank received total commissions of EGP 164 thousand for the year ended 31 December 2023 and is included in the income statement under fees and commissions.

36. Tax position

Income Tax

- The Bank calculates and pays the income tax liability in due date based on the bank's tax declaration report.
- Income Tax prior till 2016 has been assessed and settled with the tax authority.
- The tax examination for the years 2017 to 2019 inspection completed.
- The bank taken into consideration the status of the above assessment while estimating the tax provision.

Stamp Duty Tax

- All of the bank branches were inspected from operating date till 31 July 2006.
- From 1st August 2006, up to 31st December 2020 settled with the tax authority –inspection completed.

Salary Tax

- The bank calculates, deducts and pays the monthly salary tax on a regular basis
- From the bank inception date till 2002 was assessed and the tax due was paid. Some periods are pending in the courts.
- From 2003 till 2004 was inspected /settled and the bank dispute was transferred to the Interior Committee.
- The period from 2005 till 2020 settled with tax authority- inspection completed.
- The Bank has taken into consideration the status of the above assessments while estimating the tax provision.

Real Estate Tax

- All real estate tax claims are paid; overstated claims were objected.

37. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation of financial statements for the year.

38. Important Events

Reference to the challenges facing the global and local economy as a result of the conflicts and economic crises the world is witnessing, the bank has reviewed the potential impact of the local and global economic conditions on the related inputs and assumptions of ECL measurement and analyzed the risk of the credit portfolio by focusing on analyzing the economic sectors overall, and as a result of the above, the Bank has reassessed its ECL models, underlying assumptions including relevant available macroeconomic data, and the credit risks related to particular industries, which was reflected in the management's estimates by increasing the management overlay provisions recognized in the financial statements.

Standard & Poor's agency Lowered Egypt's Sovereign rating in foreign and local currencies to "B- "from "B "with a stable outlook, in addition Moody's Credit rating agency Lowered Egypt's rating from B3 to Caa1, with a negative outlook. the bank has reviewed the potential impacts resulted from lowered Egypt's rating, and the effects on Bank Financial statements, and the bank's management believes that there is no potential material impact on Financial statements.

The impact of the current uncertain economic environment is judgmental, and management will keep assessing the current position and its related impact. It should also consider that the assumptions used about economic forecasts are subject to a high degree of inherent uncertainty and therefore the actual outcome may significantly different from the forecasted information. The Bank has considered the potential impacts of the current economic volatility in determination of the reported amounts offered for the Bank's financial and non-financial assets, and these considered to represent the management's best assessment based on the observable information. However, markets remain volatile, and the recorded amounts remain sensitive to market fluctuations.