Separate Financial Statements

December 2022

PricewaterhouseCoopers Ezzeldeen, Diab & Co.
Public Accountants

Saleh, Barsoum & Abdel Aziz - Grant Thornton
Accountants & Auditors

AUDITORS' REPORT

To the Shareholders of Commercial International Bank Egypt S.A.E

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Commercial International Bank Egypt S.A.E "the Bank", which comprise the separate financial position as at December 31, 2022 and the related separate statements of income, comprehensive income, changes in shareholder's equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of the Bank as of December 31, 2022 and of its separate financial performance and its separate cash flows for the year then ended, in accordance with Central Bank of Egypt's rules, pertaining to the preparation and presentation of the banks' financial statements, issued on December 16, 2008 as amended by the regulations issued on February 26, 2019 and in light of the prevailing Egyptian laws and regulations relating to the preparation of these separate financial statements.

Report on Legal and Other Regulatory Requirements

No material contravention, during the financial year ended 31 December 2022, of the provisions of Central Bank of Egypt and the Banking System Law no 194 of 2020 in the light of our audit of the financial statements.

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

The separate financial information included in the Board of Directors' report, prepared in accordance with law no. 159 of 1981 and its executive regulations, is in agreement with the Bank's books of account.

Cairo; 12 February 2023

Auditors

Tamer Abdel Tawab	Farid Samir Farid
Financial Regulatory Authority	Financial Regulatory Authority
Register Number "388"	Register Number "210"
PricewaterhouseCoopers Ezzeldeen, Diab & Co.	**Saleh, Barsoum & Abdel Aziz - Grant Thornton**
Public Accountants	**Accountants & Auditors**

Separate Statement of Financial Position as at December 31, 2022

	Notes	Dec. 31, 2022 EGP Thousands	Dec. 31, 2021 EGP Thousands
Assets			
Cash and balances at the central bank	15	47,384,574	43,385,222
Due from banks	16	133,766,196	79,991,287
Loans and advances to banks, net	18	2,978,197	312,216
Loans and advances to customers, net	19	192,621,288	144,765,808
Derivative financial instruments	20	1,939,961	225,376
Investments			
- Financial Assets at Fair Value through P&L	21	-	240,987
- Financial Assets at Fair Value through OCI	21	202,916,225	192,390,931
- Financial Assets at Amortized cost	21	34,178,753	20,318,767
- Investments in associates and subsidiaries	22	1,074,250	1,014,350
Other assets	23	14,454,868	11,141,917
Deferred tax assets (Liabilities)	32	24,240	460,026
Property and equipment	24	2,304,513	2,404,237
Total assets		633,643,065	496,651,124
Liabilities and equity			
Liabilities			
Due to banks	25	3,475,848	862,759
Due to customers	26	530,124,905	406,100,916
Derivative financial instruments	20	219,752	265,265
Current income tax liabilities		3,051,583	2,234,985
Other liabilities	29	11,549,472	8,021,310
Issued debt instruments	27	2,456,607	1,557,263
Other loans	28	7,978,975	5,140,782
Other Provisions	30	7,065,292	3,539,676
Total liabilities		565,922,434	427,722,956
Equity			
Issued and paid up capital	31	29,825,134	19,702,418
Reserves	34	19,502,716	33,767,423
Reserve for employee stock ownership plan (ESOP)	34	1,895,435	1,674,392
Retained earnings *	34	16,497,346	13,783,935
Total equity and net profit for the year		67,720,631	68,928,168
Total liabilities and equity		633,643,065	496,651,124

The accompanying notes are an integral part of these financial statements.

(Audit report attached)

* *Including net profit for the current year*

Hussein Abaza
CEO & Managing Director

Sherif Samy
Chairman

Separate income statement for the year ended December 31, 2022

	Notes	Dec. 31, 2022 EGP Thousands	Dec. 31, 2021 EGP Thousands
Interest and similar income		**55,442,268**	44,945,445
Interest and similar expense		**(24,606,441)**	(20,057,935)
Net interest income	*6*	**30,835,827**	24,887,510
Fee and commission income		**5,542,843**	4,036,955
Fee and commission expense		**(2,477,342)**	(1,654,671)
Net fee and commission income	*7*	**3,065,501**	2,382,284
Dividends income	*8*	**62,226**	84,700
Net trading income	*9*	**2,741,854**	696,738
Profits (Losses) on financial investments	*21*	**1,116,776**	684,417
Administrative expenses	*10*	**(7,177,250)**	(6,096,221)
Other operating (expenses) income	*11*	**(5,070,547)**	(1,981,093)
Impairment release (charges) for credit losses	*12*	**(1,512,007)**	(1,677,450)
Profit before income tax		**24,062,380**	18,980,885
Income tax expense	*13*	**(6,342,457)**	(5,678,659)
Deferred tax assets (Liabilities)	*32 - 13*	**(1,589,563)**	118,159
Net profit for the year		**16,130,360**	13,420,385
Earning per share	*14*		
Basic		**4.83**	4.03
Diluted		**4.78**	3.99

Hussein Abaza
CEO & Managing Director

Sherif Samy
Chairman

Separate statement of comprehensive income for the year ended December 31, 2022

	Dec. 31, 2022 EGP Thousands	Dec. 31, 2021 EGP Thousands
Net profit for the year	**16,130,360**	13,420,385
Comprehensive income items that will not be reclassified to the Profit or Loss:		
Change in fair value of equity instruments measured at fair value through comprehensive income	**171,293**	(162,812)
Tax impact for investments that will not be reclassified to P&L	**61,753**	13,489
Transferred to RE from financial assets at fair value through comprehensive income	**(3,436)**	(177,488)
Comprehensive income items that is or may be reclassified to the profit or loss:		
Change in fair value of debt instruments measured at fair value through comprehensive income	**(12,225,948)**	(2,291,019)
Selling FVOCI financial instruments	**(1,116,776)**	(702,776)
Tax impact for investments that will be reclassified to P&L	**(1,119,625)**	82,416
Effect of ECL in fair value of debt instruments measured at fair value through comprehensive income	**455,047**	(93,566)
Total comprehensive income for the year	**2,352,668**	10,088,629

Separate cash flow for the year ended December 31, 2022

	Notes	Dec. 31, 2022 EGP Thousands	Dec. 31, 2021 EGP Thousands
Cash flow from operating activities			
Profit before income tax		**24,062,380**	18,980,885
Adjustments to reconcile profits to net cash provided by operating activities			
Fixed assets depreciation	*24*	**868,611**	858,609
Impairment charge for credit losses (Loans and advances to customers and banks)	*12*	**978,374**	1,753,908
Other provisions charges	*30*	**2,133,941**	381,601
Impairment charge for credit losses (due from banks)	*12*	**8,795**	17,108
Impairment (Released) charge for credit losses (financial investments)	*12*	**524,838**	(93,566)
Impairment (Released) charge for other assets	*23*	**(277,766)**	31,975
Exchange revaluation differences for financial assets at fair value through OCI and AC	*21*	**(7,477,865)**	17,261
Utilization of other provisions	*30*	**(3,126)**	(45,483)
Other provisions no longer used	*30*	**(172)**	(2,451)
Exchange differences of other provisions	*30*	**1,394,973**	(15,243)
Losses (profits) from selling property and equipment	*11*	**(2,208)**	(2,947)
Losses (profits) from selling financial investments at fair value through OCI	*21*	**(1,116,776)**	(702,776)
Shares based payments		**723,965**	609,744
Impairment (Released) charges of investments in associates	*21*	**-**	18,359
Operating profits before changes in operating assets and liabilities		**21,817,964**	21,806,984
Net decrease (increase) in assets and liabilities			
Due from banks	*16*	**(25,816,942)**	(17,927,084)
Financial assets at fair value through P&L	*21*	**240,987**	118,972
Derivative financial instruments	*20*	**(1,760,098)**	(42,425)
Loans and advances to banks and customers	*18 - 19*	**(51,470,510)**	(27,183,640)
Other assets	*41*	**(2,859,380)**	(2,155,845)
Due to banks	*25*	**2,613,089**	(7,952,802)
Due to customers	*26*	**124,023,989**	66,014,392
Current income tax obligations paid		**(3,221,401)**	(3,443,674)
Other liabilities	*29*	**1,223,704**	1,490,795
Net cash used in (generated from) operating activities		**64,791,402**	30,725,673
Cash flow from investing activities			
Payments for investment in subsidiaries and associates.		**(59,900)**	(158,360)
Payment for purchases of property, equipment and branches constructions		**(974,017)**	(942,173)
Proceeds from selling property and equipment	*11*	**2,208**	2,947
Proceeds from redemption of financial assets at amortized cost		**6,738,937**	4,705,849
Payment for purchases of financial assets at amortized cost		**(19,860,705)**	(3,844)
Payment for purchases of financial assets at fair value through OCI		**(45,171,763)**	(250,190,493)
Proceeds from selling financial assets at fair value through OCI		**27,087,151**	203,196,606
Net cash generated from (used in) investing activities		**(32,238,089)**	(43,389,468)

Separate cash flow for the year ended December 31, 2022 (Cont.)

		Dec. 31, 2022 EGP Thousands	Dec. 31, 2021 EGP Thousands
Cash flow from financing activities			
Other loans	28	2,838,193	(2,606,164)
Dividends paid		(4,410,322)	(1,360,652)
Issued debt instruments		899,344	1,557,263
Capital increase		122,716	-
Net cash generated from (used in) financing activities		(550,069)	(2,409,553)
Net (decrease) increase in cash and cash equivalent during the year		32,003,244	(15,073,348)
Beginning balance of cash and cash equivalent		60,891,899	75,965,247
Cash and cash equivalent at the end of the year		92,895,143	60,891,899
Cash and cash equivalent comprise:			
Cash and balances at the central bank	15	47,384,574	43,385,222
Due from banks	16	133,815,430	80,031,726
Treasury bills and other governmental notes	17	59,146,824	41,579,504
Obligatory reserve balance with CBE	15	(40,414,752)	(38,016,793)
Due from banks with maturities more than three months		(47,241,335)	(23,801,430)
Treasury bills with maturity more than three months		(59,795,598)	(42,286,330)
Total cash and cash equivalent		92,895,143	60,891,899

Separate statement of changes in shareholders' equity for the year ended December 31, 2021

EGP Thousands

Dec. 31, 2021	Issued and paid up capital	Legal reserve	General reserve	General risk reserve	Capital reserve	Reserve for financial assets at fair value through OCI	Banking risks reserve	Retained earnings	Reserve for employee stock ownership plan	Total
Beginning balance	14,776,813	2,778,135	24,765,658	1,549,445	14,906	3,970,987	6,423	10,477,611	1,064,648	59,404,626
Capital increase	4,925,605	-	(4,925,605)	-	-	-	-	-	-	-
Transferred to reserves	-	514,939	8,420,479	-	1,094	-	-	(8,936,512)	-	-
Dividend paid	-	-	-	-	-	-	-	(1,360,652)	-	(1,360,652)
Net profit of the year	-	-	-	-	-	-	-	13,420,385	-	13,420,385
Transferred to RE from financial assets at fair value through comprehensive income	-	-	-	-	-	(177,488)	-	177,488	-	-
Transferred from previous years' outstanding balances	-	-	-	-	-	-	-	8,333	-	8,333
Net unrealised gain/(loss) on financial assets at fair value through OCI after tax	-	-	-	-	-	(3,060,702)	-	-	-	(3,060,702)
Transferred (from) to bank risk reserve	-	-	-	-	-	-	2,718	(2,718)	-	-
Effect of ECL in fair value of debt instruments measured at fair value through OCI	-	-	-	-	-	(93,566)	-	-	-	(93,566)
Cost of employees stock ownership plan (ESOP)	-	-	-	-		-	-	-	609,744	609,744
Ending balance	19,702,418	3,293,074	28,260,532	1,549,445	16,000	639,231	9,141	13,783,935	1,674,392	68,928,168

Separate statement of changes in shareholders' equity for the year ended December 31, 2022

EGP Thousands

Dec. 31, 2022	Issued and paid up capital	Legal reserve	General reserve	General risk reserve	Capital reserve	Reserve for financial assets at fair value through OCI	Banking risks reserve	Retained earnings	Reserve for employee stock ownership plan	Total
Beginning balance	19,702,418	3,293,074	28,260,532	1,549,445	16,000	639,231	9,141	13,783,935	1,674,392	68,928,168
Capital increase	10,122,716	-	(10,000,000)	-	-	-	-	-	-	122,716
Transferred to reserves	-	670,872	8,836,326	-	2,947	-	-	(9,007,223)	(502,922)	-
Dividend paid	-	-	-	-	-	-	-	(4,410,322)	-	(4,410,322)
Net profit of the year	-	-	-	-	-	-	-	16,130,360	-	16,130,360
Transferred to RE from financial assets at fair value through comprehensive income	-	-	-	-	-	(3,436)	-	3,436	-	-
Transferred from previous years' outstanding balances	-	-	-	-	-	-	-	-	-	-
Net unrealised gain/(loss) on financial assets at fair value through OCI after tax	-	-	-	-	-	(14,229,303)	-	-	-	(14,229,303)
Transferred (from) to banking risk reserve	-	-	-	-	-	-	2,840	(2,840)	-	-
Effect of ECL in fair value of debt instruments measured at fair value through OCI	-	-	-		-	455,047	-	-	-	455,047
Cost of employees stock ownership plan (ESOP)	-	-	-	-	-	-	-	-	723,965	723,965
Ending balance	29,825,134	3,963,946	27,096,858	1,549,445	18,947	(13,138,461)	11,981	16,497,346	1,895,435	67,720,631

Proposed appropriation account for the year ended December 31, 2022

	Dec. 31, 2022 EGP Thousands	Dec. 31, 2021 EGP Thousands
Net profit after tax	**16,130,360**	13,420,385
Deduct:		
Profits selling property, plant and equipment transferred to capital reserve according to the law	**(2,208)**	(2,947)
Bank risk reserve	**(3,249)**	(2,840)
Available net profit for distributing	**16,124,903**	13,414,598
Added		
Retained Earnings beginning balance	**363,550**	177,729
Transferred to retained earnings	**3,436**	185,821
Total	**16,491,889**	13,778,148
To be distributed as follows:		
Legal reserve	**806,408**	670,872
General reserve	**11,579,607**	8,333,404
Dividends to shareholders	**1,613,036**	2,684,077
Staff profit sharing	**1,612,490**	1,341,460
Board members bonus	**110,239**	49,420
CIB's foundation	**241,874**	201,219
Support and development of banking sector fund	**161,249**	134,146
Retained Earnings closing balance	**366,986**	363,550
Total	**16,491,889**	13,778,148

Notes to the separate financial statements for the year ended December 31, 2022

1. General information

Commercial International Bank (Egypt) S.A.E. provides retail, corporate and investment banking services in various parts of Egypt through 190 branches, and 21 units employing 7700 employees on the statement of financial position date.

Commercial International Bank (Egypt) S.A.E. was formed as a commercial bank under the investment law no. 43 of 1974. The address of its registered head office is as follows: Nile tower, 21/23 Charles de Gaulle Street-Giza. The Bank is listed in the Egyptian stock exchange.

Financial statements have been approved by board of directors on February 12, 2023.

2. Summary of accounting policies

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

2.1. Basis of preparation

The separate financial statements have been prepared in accordance with the Central Bank of Egypt regulations approved by the Board of Directors on December 16, 2008 as modified by the instructions for applying the International Standard for Financial Reports (9) issued by the Central Bank of Egypt on February 26, 2019. Reference is made to the Egyptian Accounting Standards for policies not specifically mentioned in the instructions of the Central Bank of Egypt, under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, financial instruments categorized at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI"). The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented and are set below.

Subsidiaries are entirely included in the consolidated financial statements and these companies are the companies 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 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 minus impairment loss.

The separate financial statements of the Bank should be read with its consolidated financial statements, for the year ended on 31 December, 2022 to get complete information on the Bank's financial position, results of operations, cash flows and changes in ownership rights.

2.2. Subsidiaries and associates

2.2.1. Subsidiaries

Subsidiaries are those investees, including structured entities, that the Bank controls because the Bank (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Bank has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Bank may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Bank assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Bank from controlling an investee. Subsidiaries are consolidated in the Bank's consolidated financial statements from the date on which control is transferred to the Bank, and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries [other than those acquired from parties under common control]. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Bank measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognized in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated; unrealized losses are also eliminated unless the cost cannot be recovered. The Bank and all its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Bank. Non-controlling interest forms a separate component of the Group's equity.

Purchases and sales of non-controlling interests. The Bank applies the economic entity model to account for transactions with owners of non-controlling interest. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Bank recognizes the difference between sales consideration and carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

2.2.2. Associates

Associates are entities over which the Bank has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The carrying amount of associates includes goodwill identified on acquisition less accumulated credit losses, if any. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in Group's share of net assets of an associate are recognized as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as share of result of associates, (ii) the Group's share of other comprehensive income is recognized in other comprehensive income and presented separately, (iii); all other changes in the Group's share of the carrying value of net assets of associates are recognized in profit or loss within the share of result of associates. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Bank applies the impairment requirements in IFRS 9 to long-term loans, preference shares and similar long-term interest that in substance form part of the investment in associate before reducing the carrying value of the investment by a share of a loss of the investee that exceeds the amount of the Group's interest in the ordinary shares.

Disposals of subsidiaries, associates or joint ventures. When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are recycled to profit or loss.

2.3. Segment reporting

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

2.4. Foreign currency translation

2.4.1. Functional and presentation currency

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

2.4.2. Transactions and balances in foreign currencies

The Bank maintains its accounting records in Egyptian pound. Transactions in foreign currencies during the period are translated into the Egyptian pound using the prevailing exchange rates on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of reporting period at the prevailing exchange rates. Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items:

- Net trading income from held-for-trading assets and liabilities.
- Items of other comprehensive income with equity in relation to investments in equity instruments at fair value through comprehensive income.
- Other operating revenues (expenses) from the remaining assets and liabilities.

Changes in the fair value of financial instruments of a monetary nature in foreign currencies that are classified as financial investments at fair value through comprehensive income (debt instruments) are analyzed between valuation differences that resulted from changes in the cost consumed for the instrument and differences that resulted from changing the exchange rates in effect and differences caused by changing the fair value For the instrument, the evaluation differences related to changes in the cost consumed are recognized in the income of loans and similar revenues and in the differences related to changing the exchange rates in other operating income (expenses) item, and are recognized in the items of comprehensive income right The ownership of the difference in the change in the fair value (fair value reserve / financial investments at fair value through comprehensive income).

Valuation differences arising from the measurement of items of a non-monetary nature at fair value through profit and losses resulting from changes in the exchange rates used to translate those items include, and then are recognized in the income statement by the total valuation differences resulting from the measurement of equity instruments classified at fair value through Profits and losses, while the total valuation differences resulting from the measurement of equity instruments at fair value through comprehensive income are recognized within other comprehensive income items in equity, fair value reserve item for financial investments at fair value through comprehensive income.

2.5. Financial assets

Key Measurement Terms:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid. Transaction costs do not include debt premiums or discounts.

Amortized cost is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortization of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortized over the expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Financial instruments – initial recognition.

Financial instruments at FVTPL are initially recorded at fair value. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognized for financial assets measured at amortized cost and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss. All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the bank commits to deliver a financial asset. All other purchases are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement – measurement categories.

The bank classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the bank's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

The following table summarizes measurement categories

Financial Instrument	Methods of Measurement according to Business Models		
	Amortized Cost	Fair Value	
		Through Other Comprehensive Income	Through Profit or Loss
Equity Instruments	Not Applicable	An irrevocable election at Initial Recognition	Normal treatment of equity instruments
Debt Instruments / Loans & Facilities	Business Model of Assets held for Collecting Contractual Cash Flows	Business Model of Assets held for Collecting Contractual Cash Flows & Selling	Business Model of Assets held for Trading

Financial assets – classification and subsequent measurement – business model.

The business model reflects how the bank manages the assets in order to generate cash flows – whether the bank's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the bank undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the bank in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed.

Financial assets – classification and subsequent measurement – cash flow characteristics.

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the bank assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the bank considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

The following table summarizes the classification of the Banks Financial Assets in accordance with the business model:

Financial asset	Business model	Basic characteristics
Financial Assets at Amortized Cost (AC)	Business model for financial assets held to collect contractual cash flows	- The objective of the business model is to retain the financial assets to collect the contractual cash flows of the principal amount of the investment and the proceeds. - Sale is an exceptional event for the purpose of this model and under the terms of the criterion of a deterioration in the creditworthiness of the issuer of the financial instrument. - Lowest sales in terms of turnover and value. - The Bank makes clear and reliable documentation of the reasons for each sale and its compliance with the requirements of the Standard.
Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)	Business model of financial assets held to collect cash flows and sales	- Both the collection of contractual cash flows and sales are complementary to the objective of the model. - High sales (in terms of turnover and value) compared to the business model retained for the collection of cash flows.
Financial Assets at Fair Value through Profit or Loss (FVTPL)	Other business models include trading - management of financial assets at fair value - maximizing cash flows by selling)	- The objective of the business model is not to retain the financial asset for the collection of contractual or retained cash flows for the collection of contractual cash flows and sales. - Collecting contractual cash flows is an incidental event for the model objective. - Management of financial assets at fair value through profit or loss to avoid inconsistency in accounting measurement.

Financial assets – reclassification. Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The Bank did not change its business model during the current and comparative year and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL. The bank assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts. The bank measures ECL and recognizes credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting date about past events, current conditions and forecasts of future conditions.

The bank applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the bank identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the bank determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the bank exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event.

Financial assets – derecognition. The bank derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the bank has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

When the financial asset is derecognized, the difference between the carrying amount of the financial asset and the total of the consideration received in other comprehensive income is recognized in profit or loss.

Gain / Loss recognized in other comprehensive income in respect of investment securities in equity securities is not recognized in profit or loss on disposal of such securities.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at AC, except for financial liabilities at FVTPL: this classification is applied to derivatives or financial liabilities held for trading (e.g. short positions in securities)

Financial liabilities – derecognition. Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

2.6. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention to be settled on a net basis.

Agreements of repos & reverse repos are shown by the net in the financial statement in treasury bills and other governmental notes.

2.7. Derivative financial instruments and hedge accounting

Derivatives are recognized initially, and subsequently, at fair value. Fair values of exchange traded derivatives are obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models. Derivatives are classified as assets when their fair value is positive and as liabilities when their fair value is negative.

Embedded derivatives in other financial instruments, such as conversion option in a convertible bond, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, provided that the host contract is not classified as at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognized in income statement unless the Bank chooses to designate the hybrid contract as at fair value through net trading income through profit and loss.

The timing method of recognition in profit and loss, of any gains or losses arising from changes in the fair value of derivatives, depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The Bank designates certain derivatives as:

- Hedging instruments of the risks associated with fair value changes of recognized assets or liabilities or firm commitments (fair value hedge).
- Hedging of risks relating to future cash flows attributable to a recognized asset or liability or a highly probable forecast transaction (cash flow hedge)
- Hedge accounting is used for derivatives designated in a hedging relationship when the following criteria are met.

At the inception of the hedging relationship, the Bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge, and on ongoing basis, the Bank documents whether the hedging instrument is expected to be highly effective in offsetting changes in fair values of the hedged item attributable to the hedged risk.

2.7.1. Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit and loss immediately together with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The effective portion of changes in the fair value of the interest rate swaps and the changes in the fair value of the hedged item attributable to the hedged risk are recognized in the 'net interest income' line item of the income statement. Any ineffectiveness is recognized in profit and loss in 'net trading income'.

When the hedging instrument is no longer qualified for hedge accounting, the adjustment to the carrying amount of a hedged item, measured at amortized cost, arising from the hedged risk is amortized to profit and loss from that date using the effective interest method.

2.7.2. Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognized immediately in the income statement. These gains and losses are reported in 'net trading income', except where derivatives are managed in conjunction with financial instruments designated at fair value, in which case gains and losses are reported in 'net income from financial instruments designated at fair value'.

2.8. Interest income and expense

Interest income and expense for all financial instruments except for those classified as held-for-trading or designated at fair value are recognized in 'interest income' and 'interest expense' in the income statement using the effective interest method.

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

Once loans or debts are classified as nonperforming or impaired, the revenue of interest income will not be recognized and will be recorded off balance sheet, and are recognized as income subsequently based on a cash basis according to the following:

- When all arrears are collected for consumer loans, personnel mortgages and micro-finance loans.
- When calculated interest for corporate are capitalized according to the rescheduling agreement conditions until paying 25% from rescheduled payments for a minimum performing period of one year, if the customer continues to perform, the calculated interest will be recognized in interest income (interest on the performing rescheduling agreement balance) without the marginalized before the rescheduling agreement which will be recognized in interest income after the settlement of the outstanding loan balance.

2.9. Fee and commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided. Fees and commissions on non-performing or impaired loans or receivables cease to be recognized as income and are rather recorded off balance sheet. These are recognized as revenue, on a cash basis, only when interest income on those loans is recognized in profit and loss, at that time, fees and commissions that represent an integral part of the effective interest rate of a financial asset, are treated as an adjustment to the effective interest rate of that financial asset.

Commitment fees and related direct costs for loans and advances where draw down is probable are deferred and recognized as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where draw down is not probable are recognized at the maturity of the term of the commitment.

Fees are recognized on the debt instruments that are measured at fair value through profit and loss on initial recognition and syndicated loan fees received by the Bank are recognized when the syndication has been completed and the Bank does not hold any portion of it or holds a part at the same effective interest rate used for the other participants portions.

Commission and fee arising from negotiating, or participating in the negotiation of a transaction for a third party such as the arrangement of the acquisition of shares or other securities and the purchase or sale of properties are recognized upon completion of the underlying transaction in the income statement.

Other management advisory and service fees are recognized based on the applicable service contracts, usually on accrual basis. Financial planning fees related to investment funds are recognized steadily over the period in which the service is provided. The same principle is applied for wealth management; financial planning and custody services that are provided on the long term are recognized on the accrual basis also.

2.10. Dividend income

Dividends are recognized in the income statement when the right to collect it is declared.

2.11. Sale and repurchase agreements

Securities may be lent or sold according to a commitment to repurchase (Repos) are reclassified in the financial statements and deducted from treasury bills balance. Securities borrowed or purchased according to a commitment to resell them (Reverse Repos) are reclassified in the financial statements and added to treasury bills balance. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest rate method.

Investment property

The investment property represents lands and buildings owned by the Bank in order to obtain rental returns or capital gains and therefore do not include real estate assets which the Bank is carrying out its operations through or those that have owned by the Bank as settlement of debts. The accounting treatment is the same used with property and equipment.

2.12. Property and equipment

Lands and buildings comprise mainly branches and offices. All property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

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

Buildings	20 years.
Leasehold improvements	3 years, or over the period of the lease if less
Furniture and safes	3/5 years.
Calculators and air-conditions	5 years
Vehicles	3/5 years
Computers and core systems	3 years
Fixtures and fittings	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, on each balance sheet date. Depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the selling proceeds with the asset carrying amount and charged to other operating expenses in the income statement.

2.13. Impairment of non-financial assets

Assets that have an indefinite useful life are not amortized -except goodwill- and are tested annually for impairment. 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 impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Assets are tested for impairment with reference to the lowest level of cash generating unit(s). A previously recognized impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that the original impairment not been recognized.

2,13,1Goodwill

Goodwill is capitalized and represents the excess of acquisition cost over the fair value of the Bank's share in the acquired entity's net identifiable assets on the date of acquisition. For the purpose of calculating goodwill, the fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows. Goodwill is included in the cost of investments in associates and subsidiaries in the Bank's separate financial statements. Goodwill is tested for impairment on an annual basis or shorter when trigger event took place, impairment loss is charged to the income statement.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The cash generating units represented in the Bank main segments.

2,13,2 Other intangible assets

The intangible assets other than goodwill and computer programs (trademarks, licenses, contracts for benefits, the benefits of contracting with clients).

Other intangible assets that are acquired by the Bank are recognized at cost less accumulated amortization and impairment losses. Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible asset with definite life. Intangible assets with indefinite life are not amortized and tested for impairment.

2.14. Leases

The accounting treatment for the finance lease is complied with the instructions of Central Bank of Egypt, if the contract entitles the lessee to purchase the asset at a specified date and predefined value. The other leases contracts are considered operating leases contracts.

2.14.1. Being lessee

Finance lease contract recognizes the lease cost, including the cost of maintenance of the leased assets in the income statement for the period in which they occurred. If the Bank decides to exercise the right to purchase the leased asset the leased assets are capitalized and included in ‘property, plant and equipment’ and depreciated over the useful life of the expected remaining life of the asset in the same manner as similar assets.

Operating lease payments leases are accounted for on a straight-line basis over the periods of the leases and are included in ‘general and administrative expenses’.

2.14.2. Being lessor

For finance lease, assets are recorded in the property and equipment in the balance sheet and amortized over the expected useful life of this asset in the same manner as similar assets. Lease income is recognized on the basis of rate of return on the lease in addition to an amount corresponding to the cost of depreciation for the period. The difference between the recognized rental income and the total finance lease clients' accounts is transferred to the in the income statement until the expiration of the lease to be reconciled with a net book value of the leased asset. Maintenance and insurance expenses are charged to the income statement when incurred to the extent that they are not charged to the tenant.

In case there is objective evidence that the Bank will not be able to collect the of financial lease obligations, the finance lease payments are reduced to the recoverable amount.

For assets leased under operating lease it appears in the balance sheet under property, plant and equipment, and depreciated over the expected useful life of the asset in the same way as similar assets, and the lease income recorded less any discounts given to the lessee on a straight-line method over the contract period.

2.15. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months’ maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.16. Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has present legal or constructive obligations as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group. The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations.

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

Provisions for obligations, other than those for credit risk or employee benefits, due in more than 12 months from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle the present obligation on the balance sheet date. An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions. For obligations due within less than twelve months from the balance sheet date, provisions are calculated based on undiscounted expected cash outflows unless the time value of money has a significant impact on the amount of provision, then it is measured at the present value.

2.17. Share based payments

The Bank applies an equity-settled, share-based compensation plan. The fair value of equity instruments recognized as an expense over the vesting period using appropriate valuation models, taking into account the terms and conditions upon which the equity instruments were granted. The vesting period is the period during which all the specified vesting conditions of a share-based payment arrangement are to be satisfied. Vesting conditions include service conditions, performance conditions and market performance conditions are taken into account when estimating the fair value of equity instruments on the date of grant. On each balance sheet date the number of options that are expected to be exercised are estimated. Recognizes estimate changes, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The bank’s contributions to the employees’ social insurance fund

Bank employees benefit from the Social Insurance Fund that has been established under the Law No. 64 of year 84 regarding alternative social insurance systems. This system is considered an alternative to state regulations and is subject to the supervision of the Ministry of Social Insurance. A Ministerial Resolution No. 22 of year 83 was issued regarding approval of the establishment of the Social Fund for Employees. The bank is obliged to pay to the fund the contributions due for each month represented in the employer's share and the share of the insured and pay his obligations towards the fund in implementation of the provisions of the fund system. This is a system of benefits enjoyed by employees, a system of specific benefits for the bank, according to the Egyptian accounting standards.

2.18. Income tax

Income tax on the profit and loss for the period and deferred tax are recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

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

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 foundations of the tax, this is determining the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable on the date of the balance sheet.

Deferred tax assets of the Bank recognized when there is likely to be possible to achieve profits subject to tax in the future to be possible through to use that asset, and is reducing the value of deferred tax assets with part of that will come from tax benefit expected during the following years, that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

2.19. Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost also any difference between proceeds net of transaction costs and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

2.20. Dividends

Dividends on ordinary shares and profit sharing are recognized as a charge of equity upon the general assembly approval. Profit sharing includes the employees' profit share and the Board of Directors' remuneration as prescribed by the Bank's articles of incorporation and the corporate law.

2.21. Comparatives

Comparative figures have been adjusted to conform with changes in the presentation of the current period where necessary.

2.22. Non-current assets held for sale

A non-current asset (or disposal group) to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Determining whether (and when) an asset stops being recovered principally through use and becomes recoverable principally through sale.

For an asset (or disposal group) to be classified as held for sale:

(a) It must be available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups);

(b) Its sale must be highly probable;

The standard requires that non-current assets (and, in a 'disposal group', related liabilities and current assets,) meeting its criteria to be classified as held for sale be:

(a) Measured at the lower of carrying amount and fair value less costs to sell, with depreciation on them ceasing; and

(b) Presented separately on the face of the statement of financial position with the results of discontinued operations presented separately in the income statement.

2.23. Discontinued operation

Discontinued operation as 'a component of an entity that either has been disposed of, or is classified as held for sale, and

(a) Represents a separate major line of business or geographical area of operations,

(b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or

(c) Is a subsidiary acquired exclusively with a view to resale.

When presenting discontinued operations in the income statement, the comparative figures should be adjusted as if the operations had been discontinued in the comparative period.

Important Accounting Estimates, and Judgements in Applying Accounting Policies

The bank makes estimates and assumptions that affect the amounts recognized, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The bank regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The bank used supportable forward-looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model. The most significant forward-looking assumptions, for both corporate and retail, that correlate with ECL level and their assigned weights were CBE key interest rate, GDP growth rate, Foreign currency index and Inflation rate. In addition to these assumptions, unemployment rate has been used for the retail sector.

A change in the assigned weight to the base scenario of the forward looking macro-economic variables by 10% towards the downturn scenario would result in an increase in ECL by EGP 1,188,080 thousand as of 31 December 2022 (31 December 2021: by EGP 664,882 thousand). A corresponding change towards the upturn scenario would result in a decrease in ECL by EGP 1,179,558 thousand as of 31 December 2022 (31 December 2021: by EGP 654,793 thousand). A 10% increase or decrease in LGD estimates would result in an increase or decrease in total expected credit loss allowances of EGP 1,530,366 thousand at 31 December 2022 (31 December 2021: increase or decrease of EGP 716,600 thousand).

Credit exposure on revolving credit facilities. For certain loan facilities, the bank's exposure to credit losses may extend beyond the maximum contractual period of the facility. This exception applies to certain revolving credit facilities, which include both a loan and an undrawn commitment component and where the bank's contractual ability to demand repayment and cancel the undrawn component in practice does not limit its exposure to credit losses.

For such facilities, the bank measures ECLs over the period that the bank is exposed to credit risk and ECLs are not mitigated by credit risk management actions. Application of this exception requires judgement. Management applied its judgement in identifying the facilities, both retail and commercial, to which this exception applies. The bank applied this exception to facilities with the following characteristics: (a) there is no fixed term or repayment structure, (b) the contractual ability to cancel the contract is not in practice enforced as a result of day-to-day management of the credit exposure and the contract may only be cancelled when the bank becomes aware of an increase in credit risk at the level of an individual facility, and (c) the exposures are managed on a collective basis. Further, the bank applied judgement in determining a period for measuring the ECL, including the starting point and the expected end point of the exposures.

The bank considered historical information and experience about: (a) the period over which the bank is exposed to credit risk on similar facilities, including when the last significant modification of the facility occurred and that therefore determines the starting point for assessing SICR, (b) the length of time for related defaults to occur on similar financial instruments following a SICR and (c) the credit risk management actions (eg the reduction or removal of undrawn limits), prepayment rates and other factors that drive expected maturity. In applying these factors, the bank segments the portfolios of revolving facilities into sub-groups and applies the factors that are most relevant based on historical data and experience as well as forward-looking information.

Significant increase in credit risk ("SICR"). In order to determine whether there has been a significant increase in credit risk, the bank compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period using, for Corporate and Business Banking: transition in risk ratings, delinquency status, industry and restructured status and for retail: watch list, individual profile, restructured status, and delinquency status. The bank considers all reasonable and supportable forward-looking information available without undue cost and effort, which includes a range of factors, including behavioral aspects of particular customer portfolios. The bank identifies behavioral indicators of increases in credit risk prior to delinquency and incorporated appropriate forward-looking information into the credit risk assessment, either at an individual instrument, or on a portfolio level.

Business model assessment. The business model drives classification of financial assets. Management applied judgement in determining the level of aggregation and portfolios of financial instruments when performing the business model assessment. When assessing sales transactions, the bank considers their historical frequency, timing and value, reasons for the sales and expectations about future sales activity. Sales transactions aimed at minimizing potential losses due to credit deterioration are considered consistent with the "hold to collect" business model. Other sales before maturity, not related to credit risk management activities, are also consistent with the "hold to collect" business model, provided that they are infrequent or insignificant in value, both individually and in aggregate. The bank assesses significance of sales transactions by comparing the value of the sales to the value of the portfolio subject to the business model assessment over the average life of the portfolio. In addition, sales of financial asset expected only in stress case scenario, or in response to an isolated event that is beyond the bank's control, is not recurring and could not have been anticipated by the bank, are regarded as incidental to the business model objective and do not impact the classification of the respective financial assets.

The "hold to collect and sell" business model means that assets are held to collect the cash flows, but selling is also integral to achieving the business model's objective, such as, managing liquidity needs, achieving a particular yield, or matching the duration of the financial assets to the duration of the liabilities that fund those assets.

The residual category includes those portfolios of financial assets, which are managed with the objective of realizing cash flows primarily through sale, such as where a pattern of trading exists. Collecting contractual cash flow is often incidental for this business model.

Assessment whether cash flows are solely payments of principal and interest ("SPPI"). Determining whether a financial asset's cash flows are solely payments of principal and interest required judgement.

The time value of money element may be modified, for example, if a contractual interest rate is periodically reset but the frequency of that reset does not match the tenor of the debt instrument's underlying base interest rate. The effect of the modified time value of money was assessed by comparing relevant instrument's cash flows against a benchmark debt instrument with SPPI cash flows, in each period and cumulatively over the life of the instrument. The assessment was done for all reasonably possible scenarios, including reasonably possible financial stress situation that can occur in financial markets.

3. Financial risk management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and rewards and minimize potential adverse effects on the Bank's financial performance. The most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks. Also market risk includes exchange rate risk, rate of return risk and other prices risks.

The Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by risk department under policies approved by the Board of Directors. Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units.

The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, credit risk management is responsible for the independent review of risk management and the control environment.

3.1. Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in loans and advances, debt securities and other bills. There is also credit risk in off-balance sheet financial arrangements such as loan commitments. The credit risk management and control are centralized in a credit risk management team and reported to the Board of Directors and head of each business unit regularly.

3.1.1. Credit risk measurement

3.1.1.1. Loans and advances to banks and customers

Bank's rating	Description of the grade
1	Performing loans
2	Regular watching
3	Watch list
4	Non-performing loans

Loss given default or loss severity represents the Bank 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.

3.1.1.2. Debt instruments and treasury and other bills

For debt instruments and bills, external rating such as standard and poor's rating or their equivalents are used for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are uses.

The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3.1.2. Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified − in particular, to individual counterparties and banks, and to industries and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry 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 industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-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:

3.1.2.1. Collateral

The Bank sets a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties.
- Mortgage business assets such as premises, and inventory.
- Mortgage financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

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

3.1.2.2. Derivatives

The Bank maintains strict control limits on net open derivative positions (i.e., the difference between purchase and sale contracts), by both amount and term. At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favorable to the Bank (i.e., assets with positive fair value), which in relation to derivatives is only a small fraction of the contract, or notional values used to express the volume of instruments outstanding. This credit risk exposure is managed as part of the overall lending limits with customers, together with potential exposures from market movements. Collateral or other security is not usually obtained for credit risk exposures on these instruments, except where the Bank requires margin deposits from counterparties.

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

3.1.2.3. Clearing house

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

3.1.2.4. Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less 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 specific 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.

3.1.3. Impairment and provisioning policies

The internal rating system described in Note 3.1.1 focus on the credit-quality mapping from the lending and investment activities perspective. Conversely, for only financial reporting purposes impairment losses are recognized for that has been incurred on the balance sheet date when there is an objective evidence of impairment. Due to the different methodologies applied, the amount of incurred impairment losses in balance sheet are usually lower than the amount determined from the expected loss model that is used for internal operational management and CBE regulation purposes.

The impairment provision reported in balance sheet at the end of the period is derived from each of the four internal credit risk ratings. However, the majority of the impairment provision is usually driven by the last two rating degrees. The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the four internal credit risk ratings of the Bank and their relevant impairment losses:

	December 31, 2022		December 31, 2021	
Bank's rating	**Loans and advances (%)**	**Impairment provision (%)**	Loans and advances (%)	Impairment provision (%)
1-Performing loans	**78.41**	**22.93**	77.82	18.97
2-Regular watching	**15.05**	**25.12**	11.91	22.03
3-Watch list	**1.73**	**12.81**	5.14	14.89
4-Non-Performing loans	**4.81**	**39.14**	5.13	44.11

The internal rating tools assists management to determine whether objective evidence of impairment exists, based on the following criteria set by the Bank:

- Cash flow difficulties experienced by the borrower or debtor
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration of the borrower's competitive position
- Bank granted concessions may not be approved under normal circumstances due to economic, legal reasons and financial difficulties facing the borrower
- Deterioration of the collateral value
- Deterioration of the credit situation

The Bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when circumstances require. Impairment provisions on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date, and are applied to all significant accounts individually. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. Collective impairment provisions are provided portfolios of homogenous assets by using the available historical loss experience, experienced judgment and statistical techniques.

3.1.4. Model of measuring the general banking risk

In addition to the four categories of the Bank's internal credit ratings indicated in note 3.1.1, management classifies loans and advances based on more detailed subgroups in accordance with instructions for the implementation of the International Financial Reporting Standard (9) issued by the Central Bank of Egypt on February 26, 2019. Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record. The Bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the provision required for impairment losses as per CBE credit worthiness rules exceeds the required provisions by the application used in balance sheet preparation in accordance with EAS. 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 reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution.

Below is a statement of institutional worthiness according to internal ratings, compared to CBE ratings and rates of provisions needed for assets impairment related to credit risk:

CBE Rating	Categorization	Provision %	Internal rating	Categorization
1	Low risk	0%	1	Performing loans
2	Average risk	1%	1	Performing loans
3	Satisfactory risk	1%	1	Performing loans
4	Reasonable risk	2%	1	Performing loans
5	Acceptable risk	2%	1	Performing loans
6	Marginally acceptable risk	3%	2	Regular watching
7	Watch list	5%	3	Watch list
8	Substandard	20%	4	Non performing loans
9	Doubtful	50%	4	Non performing loans
10	Bad debts	100%	4	Non performing loans

3.1.5. Maximum exposure to credit risk before collateral held

In balance sheet items exposed to credit risk	Dec. 31, 2022 EGP Thousands	Dec. 31, 2021 EGP Thousands
Cash and balances at the central bank	47,384,574	43,385,222
Due from banks	133,766,196	79,991,287
Gross loans and advances to banks	2,988,410	314,334
Less: ECL	(10,213)	(2,118)
Gross loans and advances to customers		
Individual:		
- Overdraft	2,123,198	1,264,767
- Credit cards	7,636,331	5,716,197
- Personal loans	40,137,967	31,608,307
- Mortgages	3,389,908	2,474,181
Corporate:		
- Overdraft	42,468,290	29,171,025
- Direct loans	78,030,082	49,757,774
- Syndicated loans	44,722,871	43,062,028
- Other loans	124,453	33,489
Unamortized bills discount	(678,795)	(68,410)
Unamortized syndicated loans discount	(221,018)	(312,682)
ECL	(24,402,014)	(17,875,739)
Suspended credit account	(709,985)	(65,129)
Derivative financial instruments	1,939,961	225,376
Financial investments:		
-Debt instruments	236,120,516	212,027,556
Other assets (Accrued revenues)	11,437,147	8,938,356
Total	626,247,879	489,645,821
Off balance sheet items exposed to credit risk		
Financial guarantees	8,977,208	5,807,379
Customers acceptances	3,482,249	3,211,139
Letters of credit (import and export)	8,464,457	5,537,277
Letter of guarantee	123,040,556	82,899,079
Total	143,964,470	97,454,874

The above table represents the Bank's Maximum exposure to credit risk on December 31, 2022, before taking into account any held collateral.
For assets recognized on balance sheet, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, 31.23% of the total maximum exposure is derived from loans and advances to banks and customers against 29.63% on December 31, 2021, while investments in debt instruments represent 37.70% against 43.30% on December 31, 2021.
Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both the bank's loans and advances portfolio and debt instruments based on the following:

- 93.45% of the loans and advances are concentrated in the top two grades of the internal credit risk rating system against 89.74% on December 31, 2021
- Loans and advances assessed individualy are valued EGP 10,663,438 thousand against EGP 8,375,085 thousand on December 31, 2021
- The Bank has implemented more prudent processes when granting loans and advances during the financial year ended on December 31, 2022.
- 89.73% of the investments in debt Instruments are Egyptian sovereign instruments against 94.83% on December 31, 2021.

3.1.6. Loans and advances

Loans and advances are summarized as follows:

	Dec.31, 2022 EGP Thousands Loans and advances to customers	Loans and advances to banks	Dec.31, 2021 EGP Thousands Loans and advances to customers	Loans and advances to banks
Gross Loans and advances	**218,633,100**	**2,988,410**	163,087,768	314,334
Less:				
ECL	**24,402,014**	**10,213**	17,875,739	2,118
Unamortized bills discount	**678,795**	**-**	68,410	-
Unamortized syndicated loans discount	**221,018**	**-**	312,682	-
Suspended credit account	**709,985**	**-**	65,129	-
Net	**192,621,288**	**2,978,197**	144,765,808	312,216

Impairment provision losses for loans and advances reached EGP 24,412,227 thousand.

During the year, the Bank's total loans and advances increased by 35.63%

In order to minimize the probable exposure to credit risk, the Bank focuses more on the business with large enterprises or banks or retail customers with good credit rating or sufficient collateral.

Total balances of loans and facilities to customers divided by stages: **EGP Thousands**

Dec.31, 2022

	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Individuals	47,271,035	5,241,042	775,327	53,287,404
Institutions and Business Banking	90,991,045	64,466,540	9,888,111	165,345,696
Total	138,262,080	69,707,582	10,663,438	218,633,100

Expected credit losses for loans and facilities to customers divided by stages:

Dec.31, 2022

	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Individuals	1,023,758	171,630	386,953	1,582,341
Institutions and Business Banking	2,605,958	11,044,132	9,169,583	22,819,673
Total	3,629,716	11,215,762	9,556,536	24,402,014

Loans, advances and expected credit losses to banks divided by stages:

Dec.31, 2022

	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Time and term loans	-	2,988,410	-	2,988,410
Expected credit losses	-	(10,213)	-	(10,213)
Net	-	2,978,197	-	2,978,197

Off balance sheet items exposed to credit risk and expected credit losses divided by stages:

Dec.31, 2022

	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Facilities and guarantees	84,304,802	45,046,087	5,636,373	134,987,262
Expected credit losses	(3,560,010)	(1,443,926)	(1,670,378)	(6,674,314)
Net	80,744,792	43,602,161	3,965,995	128,312,948

Total balances of loans and facilities divided by stages: **EGP Thousands**

Dec.31, 2021

	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Individuals	36,509,635	3,893,211	660,606	41,063,452
Institutions and Business Banking	64,835,799	49,474,038	7,714,479	122,024,316
Total	101,345,434	53,367,249	8,375,085	163,087,768

Expected credit losses for loans and facilities to customers divided by stages :

Dec.31, 2021

	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Individuals	825,814	90,037	257,071	1,172,922
Institutions and Business Banking	1,475,220	7,597,957	7,629,640	16,702,817
Total	2,301,034	7,687,994	7,886,711	17,875,739

Loans and advances and expected credit losses to banks divided by stages:

Dec.31, 2021

	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Time and term loans	-	314,334	-	314,334
Expected credit losses	-	(2,118)	-	(2,118)
Net	-	312,216	-	312,216

Off balance sheet items exposed to credit risk and expected credit losses divided by stages:

Dec.31, 2021

	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Facilities and guarantees	60,535,590	30,943,446	168,459	91,647,495
Expected credit losses	(1,923,569)	(1,113,857)	(165,893)	(3,203,319)
Net	58,612,021	29,829,589	2,566	88,444,176

Expected credit losses divided by internal classification: **EGP Thousands**

Corporate and Business Banking loans:

Dec.31, 2022	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Performing loans (1-5)	1%-11%	2,040,754	2,522,526	-	4,563,280
Regular watching (6)	11%-22%	565,204	5,394,713	-	5,959,917
Watch list (7)	22%-38%	-	3,126,893	1,203	3,128,096
Non-performing loans (8-10)	100%	-	-	9,168,380	9,168,380

Individual Loans:

Dec.31, 2022	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Performing loans (1-5)	(1% - 9%)	1,023,758	-	-	1,023,758
Regular watching (6)	(10% <)	-	171,629	-	171,629
Watch list (7)	(10% <)	-	1	-	1
Non-performing loans (8-10)	100%	-	-	386,953	386,953

The total balances of loans and facilities divided according to the internal classification:

Corporate and Business Banking loans:

Dec.31, 2022	Scope of probability of default (PD)	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Performing loans (1-5)	1%-11%	81,251,018	42,257,778	-	123,508,796
Regular watching (6)	11%-22%	9,740,027	18,365,641	-	28,105,668
Watch list (7)	22%-38%	-	3,843,121	1,203	3,844,324
Non-performing loans (8-10)	100%	-	-	9,886,908	9,886,908

Individual Loans:

Dec.31, 2022	Scope of probability of default (PD)	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Performing loans (1-5)	(1% - 9%)	47,271,035	-	-	47,271,035
Regular watching (6)	(10% <)	-	5,241,005	-	5,241,005
Watch list (7)	(10% <)	-	37	-	37
Non-performing loans (8-10)	100%	-	-	775,327	775,327

Expected credit losses divided by internal classification: **EGP Thousands**

Corporate and Business Banking loans:

Dec.31, 2021	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Performing loans (1-5)	1%-11%	1,060,743	1,502,072	-	2,562,815
Regular watching (6)	11%-22%	414,477	3,523,422	-	3,937,899
Watch list (7)	22%-38%	-	2,572,463	-	2,572,463
Non-performing loans (8-10)	100%	-	-	7,629,640	7,629,640

Individual Loans:

Dec.31, 2021	Scope of probability of default (PD)	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Total
Performing loans (1-5)	(1% - 9%)	825,708	-	-	825,708
Regular watching (6)	(10% <)	106	-	-	106
Watch list (7)	(10% <)	-	90,037	-	90,037
Non-performing loans (8-10)	100%	-	-	257,071	257,071

The total balances of loans and facilities divided according to the internal classification:

Corporate and Business Banking loans:

Dec.31, 2021	Scope of probability of default (PD)	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Performing loans (1-5)	1%-11%	58,562,710	31,794,540	-	90,357,250
Regular watching (6)	11%-22%	6,273,089	13,177,317	-	19,450,406
Watch list (7)	22%-38%	-	4,502,181	-	4,502,181
Non-performing loans (8-10)	100%	-	-	7,714,479	7,714,479

Individual Loans:

Dec.31, 2021	Scope of probability of default (PD)	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Total
Performing loans (1-5)	(1% - 9%)	36,491,332	-	-	36,491,332
Regular watching (6)	(10% <)	18,303	-	-	18,303
Watch list (7)	(10% <)	-	3,893,211	-	3,893,211
Non-performing loans (8-10)	100%	-	-	660,606	660,606

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

Dec.31, 2022

Due from banks	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Performing loans	112,079,974	-	-	112,079,974
Regular watching	15,639,858	6,095,598	-	21,735,456
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Total	127,719,832	6,095,598	-	133,815,430
Less: ECL	(38,726)	(10,508)	-	(49,234)
Net	127,681,106	6,085,090	-	133,766,196

Individual Loans:	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Performing loans	47,271,035	-	-	47,271,035
Regular watching	-	5,241,005	-	5,241,005
Watch list	-	37	-	37
Non-performing loans	-	-	775,327	775,327
Total	47,271,035	5,241,042	775,327	53,287,404
Less: ECL	(1,023,758)	(171,630)	(386,953)	(1,582,341)
Net	46,247,277	5,069,412	388,374	51,705,063

Corporate and Business Banking loans:	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Performing loans	81,251,018	42,257,778	-	123,508,796
Regular watching	9,740,027	18,365,641	-	28,105,668
Watch list	-	3,843,121	1,203	3,844,324
Non-performing loans	-	-	9,886,908	9,886,908
Total	90,991,045	64,466,540	9,888,111	165,345,696
Less: ECL	(2,605,958)	(11,044,132)	(9,169,583)	(22,819,673)
Net	88,385,087	53,422,408	718,528	142,526,023

Debt Instruments at Fair value through OCI	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Performing loans	162,694,379	-	-	162,694,379
Regular watching	39,247,384	-	-	39,247,384
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Total	201,941,763	-	-	201,941,763
Less: ECL	(979,945)	-	-	(979,945)
Net	200,961,818	-	-	200,961,818

Debt Instruments at amortized cost	Stage 1	Stage 2	Stage 3	Total
Credit rating	12 months	Life time	Life time	
Performing loans	31,022,180	-	-	31,022,180
Regular watching	3,227,477	-	-	3,227,477
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
Total	34,249,657	-	-	34,249,657
Less: ECL	(70,904)	-	-	(70,904)
Net	34,178,753	-	-	34,178,753

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

Dec.31, 2021

Due from banks	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Performing loans	**64,753,349**	**-**	**-**	**64,753,349**
Regular watching	**9,328,349**	**5,950,028**	**-**	**15,278,377**
Watch list	**-**	**-**	**-**	**-**
Non-performing loans	**-**	**-**	**-**	**-**
Total	**74,081,698**	**5,950,028**	**-**	**80,031,726**
Less: ECL	**(19,725)**	**(20,714)**	**-**	**(40,439)**
Net	**74,061,973**	**5,929,314**	**-**	**79,991,287**

Individual Loans:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Performing loans	**36,491,332**	**-**	**-**	**36,491,332**
Regular watching	**18,303**	**-**	**-**	**18,303**
Watch list	**-**	**3,893,211**	**-**	**3,893,211**
Non-performing loans	**-**	**-**	**660,606**	**660,606**
Total	**36,509,635**	**3,893,211**	**660,606**	**41,063,452**
Less: ECL	**(825,814)**	**(90,037)**	**(257,071)**	**(1,172,922)**
Net	**35,683,821**	**3,803,174**	**403,535**	**39,890,530**

Corporate and Business Banking loans:	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Performing loans	**58,562,710**	**31,794,540**	**-**	**90,357,250**
Regular watching	**6,273,089**	**13,177,317**	**-**	**19,450,406**
Watch list	**-**	**4,502,181**	**-**	**4,502,181**
Non-performing loans	**-**	**-**	**7,714,479**	**7,714,479**
Total	**64,835,799**	**49,474,038**	**7,714,479**	**122,024,316**
Less: ECL	**(1,475,220)**	**(7,597,957)**	**(7,629,640)**	**(16,702,817)**
Net	**63,360,579**	**41,876,081**	**84,839**	**105,321,499**

Debt Instruments at Fair value through OCI	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Performing loans	**162,348,216**	**-**	**-**	**162,348,216**
Regular watching	**27,900,153**	**60,420**	**-**	**27,960,573**
Watch list	**-**	**-**	**-**	**-**
Non-performing loans	**-**	**-**	**-**	**-**
Total	**190,248,369**	**60,420**	**-**	**190,308,789**
Less: ECL	**(515,177)**	**(9,721)**	**-**	**(524,898)**
Net	**189,733,192**	**50,699**	**-**	**189,783,891**

Debt Instruments at amortized cost	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Credit rating	**12 months**	**Life time**	**Life time**	
Performing loans	**20,257,778**	**-**	**-**	**20,257,778**
Regular watching	**62,102**	**-**	**-**	**62,102**
Watch list	**-**	**-**	**-**	**-**
Non-performing loans	**-**	**-**	**-**	**-**
Total	**20,319,880**	**-**	**-**	**20,319,880**
Less: ECL	**(1,113)**	**-**	**-**	**(1,113)**
Net	**20,318,767**	**-**	**-**	**20,318,767**

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

Dec.31, 2022 — **EGP Thousands**

Due from banks	Stage 1		Stage 2		Stage 3		Total	
	12 months		Life time		Life time			
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
ECL on 1 January 2022	19,725	13,637,868	20,714	5,950,028	-	-	40,439	19,587,896
New financial assets purchased or issued	-	-	10,508	6,095,598	-	-	10,508	6,095,598
Matured or disposed financial assets	(13)	(1,794,847)	(20,714)	(5,950,028)	-	-	(20,727)	(7,744,875)
Transferred to stage 1	-	-	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	19,014	7,755,781	-	-	-	-	19,014	7,755,781
Changes to model assumptions and methodology	-	-	-	-	-	-	-	-
Write off during the year	-	-	-	-	-	-	-	-
Ending balance	**38,726**	**19,598,802**	**10,508**	**6,095,598**	**-**	**-**	**49,234**	**25,694,400**

Individual Loans:	Stage 1		Stage 2		Stage 3		Total	
	12 months		Life time		Life time			
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
ECL on 1 January 2022	825,814	36,509,635	90,037	3,893,211	257,071	660,606	1,172,922	41,063,452
Impairment during the year	197,944	10,761,400	81,593	1,347,831	252,753	342,147	532,290	12,451,378
Write off during the year	-	-	-	-	(227,426)	(227,426)	(227,426)	(227,426)
Recoveries	-	-	-	-	104,555	-	104,555	-
Ending balance	**1,023,758**	**47,271,035**	**171,630**	**5,241,042**	**386,953**	**775,327**	**1,582,341**	**53,287,404**

Corporate and Business Banking loans:	Stage 1		Stage 2		Stage 3		Total	
	12 months		Life time		Life time			
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
ECL on 1 January 2022	1,475,220	64,835,799	7,597,957	49,474,038	7,629,640	7,714,479	16,702,817	122,024,316
New financial assets purchased or issued	802,625	32,959,069	2,079,329	36,314,543	458	1,832	2,882,412	69,275,444
Matured or disposed financial assets	(524,184)	(20,483,290)	(603,531)	(12,192,794)	(672,361)	(672,361)	(1,800,076)	(33,348,445)
Transferred to stage 1	73,793	1,600,991	(107,449)	(1,548,020)	-	-	(33,656)	52,971
Transferred to stage 2	(27,535)	(847,716)	84,153	804,374	-	-	56,618	(43,342)
Transferred to stage 3	(5,598)	(9,999)	(5,988)	(10,821)	11,586	20,820	-	-
Changes in the probability of default and loss in case of default and the exposure at default	735,920	12,588,940	(3,513,270)	(11,918,776)	(218,783)	3,809,026	(2,996,133)	4,479,190
Changes to model assumptions and methodology	17,200	347,251	2,311,624	3,543,996	-	-	2,328,824	3,891,247
Recoveries	-	-	-	-	9,662	-	9,662	-
Write off during the year	-	-	-	-	(985,685)	(985,685)	(985,685)	(985,685)
Cumulative foreign currencies translation differences	58,517	-	3,201,307	-	3,395,066	-	6,654,890	-
Ending balance	**2,605,958**	**90,991,045**	**11,044,132**	**64,466,540**	**9,169,583**	**9,888,111**	**22,819,673**	**165,345,696**

Debt Instruments at Fair value through OCI	Stage 1		Stage 2		Stage 3		Total	
	12 months		Life time		Life time			
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
ECL on 1 January 2022	515,177	38,705,150	9,721	60,420	-	-	524,898	38,765,570
New financial assets purchased or issued	520,393	35,776,294	-	-	-	-	520,393	35,776,294
Matured or disposed financial assets	(134,647)	(13,695,129)	(2,736)	(33,409)	-	-	(137,383)	(13,728,538)
Transferred to stage 1	-	-	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	79,022	1,404,878	(6,985)	(27,011)	-	-	72,037	1,377,867
Changes to model assumptions and methodology	-	-	-	-	-	-	-	-
Write off during the year	-	-	-	-	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-	-	-	-	-
Ending balance	**979,945**	**62,191,193**	**-**	**-**	**-**	**-**	**979,945**	**62,191,193**

Debt Instruments at amortized cost	Stage 1		Stage 2		Stage 3		Total	
	12 months		Life time		Life time			
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
ECL on 1 January 2022	1,113	62,102	-	-	-	-	1,113	62,102
New financial assets purchased or issued	68,040	4,343,672	-	-	-	-	68,040	4,343,672
Matured or disposed financial assets	-	-	-	-	-	-	-	-
Transferred to stage 1	-	-	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	1,751	149,186	-	-	-	-	1,751	149,186
Changes to model assumptions and methodology	-	-	-	-	-	-	-	-
Write off during the year	-	-	-	-	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-	-	-	-	-
Ending balance	**70,904**	**4,554,960**	**-**	**-**	**-**	**-**	**70,904**	**4,554,960**

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

Dec.31, 2021 — **EGP Thousands**

Due from banks	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Expected credit losses on 1 January 2021	23,331	10,010,027	-	-	-	-	23,331	10,010,027
New financial assets purchased or issued	106	4,223,077	20,714	5,950,028	-	-	20,820	10,173,105
Matured or disposed financial assets	(4,149)	(1,051,335)	-	-	-	-	(4,149)	(1,051,335)
Transferred to stage 1	-	-	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	437	456,099	-	-	-	-	437	456,099
Changes to model assumptions and methodology	-	-	-	-	-	-	-	-
Write off during the year	-	-	-	-	-	-	-	-
Ending balance	19,725	13,637,868	20,714	5,950,028	-	-	40,439	19,587,896

Individual Loans:	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Expected credit losses on 1 January 2021	705,482	34,674,902	22,779	942,359	348,551	576,361	1,076,812	36,193,622
Impairment during the year	120,332	1,834,733	67,258	2,950,852	127,500	84,245	315,090	4,869,830
Write off during the year	-	-	-	-	(298,324)	-	(298,324)	-
Recoveries	-	-	-	-	79,344	-	79,344	-
Ending balance	825,814	36,509,635	90,037	3,893,211	257,071	660,606	1,172,922	41,063,452

Corporate and Business Banking loans:	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Expected credit losses on 1 January 2021	1,395,756	50,379,160	8,756,070	43,777,483	5,167,111	5,253,737	15,318,937	99,410,380
New financial assets purchased or issued	890,002	34,867,587	1,302,089	21,224,578	-	-	2,192,091	56,092,165
Matured or disposed financial assets	(596,491)	(21,806,244)	(491,306)	(9,393,503)	(2,101)	(2,104)	(1,089,898)	(31,201,851)
Transferred to stage 1	8,894	1,047,109	(19,190)	(850,025)	-	-	(10,296)	197,084
Transferred to stage 2	(53,010)	(2,060,262)	92,677	1,765,014	(409)	(5,490)	39,258	(300,738)
Transferred to stage 3	(2,810)	(2,810)	(2,362,535)	(2,553,001)	2,544,757	2,546,806	179,412	(9,005)
Changes in the probability of default and loss in case of default and the exposure at default	(92,931)	2,767,260	(267,130)	(5,083,109)	(84,053)	(74,184)	(444,114)	(2,390,033)
Changes to model assumptions and methodology	(72,404)	(356,001)	652,276	586,601	-	-	579,872	230,600
Recoveries	-	-	-	-	45,431	80	45,431	80
Write off during the year	-	-	-	-	(4,366)	(4,366)	(4,366)	(4,366)
Cumulative foreign currencies translation differences	(1,786)	-	(64,994)	-	(36,730)	-	(103,510)	-
Ending balance	1,475,220	64,835,799	7,597,957	49,474,038	7,629,640	7,714,479	16,702,817	122,024,316

Debt Instruments at Fair value through OCI	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Expected credit losses on 1 January 2021	619,398	38,390,014	-	-	-	-	619,398	38,390,014
New financial assets purchased or issued	218,711	19,682,229	9,721	60,420	-	-	228,432	19,742,649
Matured or disposed financial assets	(174,668)	(14,134,503)	-	-	-	-	(174,668)	(14,134,503)
Transferred to stage 1	-	-	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	(148,264)	(5,232,590)	-	-	-	-	(148,264)	(5,232,590)
Changes to model assumptions and methodology	-	-	-	-	-	-	-	-
Write off during the year	-	-	-	-	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-	-	-	-	-
Ending balance	515,177	38,705,150	9,721	60,420	-	-	524,898	38,765,570

Debt Instruments at amortized cost	Stage 1 12 months		Stage 2 Life time		Stage 3 Life time		Total	
	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding	ECL	Outstanding
Expected credit losses on 1 January 2021	179	64,151	-	-	-	-	179	64,151
New financial assets purchased or issued	-	-	-	-	-	-	-	-
Matured or disposed financial assets	-	-	-	-	-	-	-	-
Transferred to stage 1	-	-	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-	-	-
Changes in the probability of default and loss in case of default and the exposure at default	934	(2,049)	-	-	-	-	934	(2,049)
Changes to model assumptions and methodology	-	-	-	-	-	-	-	-
Write off during the year	-	-	-	-	-	-	-	-
Cumulative foreign currencies translation differences	-	-	-	-	-	-	-	-
Ending balance	1,113	62,102	-	-	-	-	1,113	62,102

Loans and advances restructured

Restructuring activities include rescheduling arrangements, applying obligatory management programs, modifying and deferral of payments. The application of restructuring policies are 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, specially customer loans. Renegotiated loans totaled at the end of the year:

	Dec.31, 2022	Dec.31, 2021
Loans and advances to customer	EGP Thousands	EGP Thousands
Corporate		
- Direct loans	17,200,504	10,903,602
Total	17,200,504	10,903,602

3.1.7. Financial investments:

The following table represents an analysis of financial investment balances by rating agencies at the end of the year:

Dec.31, 2022

EGP Thousands

Amortized cost	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A+ to -A	-	-	-	-	-
Less than -A	34,178,753	-	-	-	34,178,753
Not rated	-	-	-	-	-
Total	34,178,753	-	-	-	34,178,753

Dec.31, 2022

EGP Thousands

Fair value through OCI	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A+ to -A	-	-	-	-	-
Less than -A	201,941,763	-	-	-	201,941,763
Not rated	-	-	-	-	-
Total	201,941,763	-	-	-	201,941,763

The following table shows the analysis of expected credit losses of financial investments by rating agencies at the end of the year:

Dec.31, 2022

EGP Thousands

Fair value through OCI & Amortized cost	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A+ to -A	-	-	-	-	-
Less than -A	1,050,849	-	-	-	1,050,849
Not rated	-	-	-	-	-
Total	1,050,849	-	-	-	1,050,849

3.1.7. Financial investments:

The following table represents an analysis of financial investment balances by rating agencies at the end of the year:

Dec.31, 2021

EGP Thousands

Amortized cost	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A+ to -A	-	-	-	-	-
Less than -A	20,318,767	-	-	-	20,318,767
Not rated	-	-	-	-	-
Total	20,318,767	-	-	-	20,318,767

Dec.31, 2021

EGP Thousands

Fair value through OCI	Stage 1: 12 months	Stage 2: Life time	Stage 3: Life time	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A+ to -A	-	-	-	-	-
Less than -A	191,708,789	-	-	-	191,708,789
Not rated	-	-	-	-	-
Total	191,708,789	-	-	-	191,708,789

The following table shows the analysis of impairment on credit losses of financial investments by rating agencies at the end of the year:

Dec.31, 2021

EGP Thousands

Fair value through OCI & Amortized cost	Stage 1: Expected credit losses over 12 months	Stage 2: Expected credit losses Over a lifetime that is not creditworthy	Stage 3: Expected credit losses Over a lifetime Credit default	Individually impaired	Total
AAA	-	-	-	-	-
AA+ to -AA	-	-	-	-	-
A+ to -A	-	-	-	-	-
Less than -A	526,011	-	-	-	526,011
Not rated	-	-	-	-	-
Total	526,011	-	-	-	526,011

3.1.8. Concentration of risks of financial assets with credit risk exposure

3.1.8.1. Geographical sectors

Following is a breakdown of the Bank's main credit exposure at their book values categorized by geographical region at the end of the year.
The Bank has allocated exposures to regions based on the country of domicile of its counterparties.

EGP Thousands

Dec.31, 2022	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Cash and balances at the central bank	47,384,574	-	-	47,384,574
Due from banks	133,766,196	-	-	133,766,196
Gross loans and advances to banks	2,988,410	-	-	2,988,410
Less: ECL	(10,213)	-	-	(10,213)
Gross loans and advances to customers				
Individual:				
- Overdrafts	1,521,716	484,127	117,355	2,123,198
- Credit cards	6,055,217	1,350,346	230,768	7,636,331
- Personal loans	28,450,184	9,686,336	2,001,447	40,137,967
- Mortgages	3,214,291	155,751	19,866	3,389,908
Corporate:				
- Overdrafts	38,178,016	2,445,098	1,845,176	42,468,290
- Direct loans	49,270,448	21,609,304	7,150,330	78,030,082
- Syndicated loans	40,991,638	3,690,909	40,324	44,722,871
- Other loans	86,102	38,351	-	124,453
Unamortized bills discount	(626,118)	(52,677)	-	(678,795)
Unamortized syndicated loans discount	(221,018)	-	-	(221,018)
ECL	(17,917,734)	(4,293,898)	(2,190,382)	(24,402,014)
Suspended credit account	(709,985)	-	-	(709,985)
Derivative financial instruments	1,939,961	-	-	1,939,961
Financial investments:				
-Debt instruments	236,120,516	-	-	236,120,516
Total	570,482,201	35,113,647	9,214,884	614,810,732
Total as at December 31, 2021	447,760,432	24,763,857	6,783,176	479,307,465

3.1.8.2. Industry sectors

The following table analyses the Group's main credit exposure at their book value categorized by the Bank's customers activities.

EGP Thousands

Dec.31, 2022	Financial institutions	Manufacturing	Real estate	Wholesale and retail trade	Government sector	Other activities	Individual	Total
Cash and balances at the central bank	47,384,574	-	-	-	-	-	-	**47,384,574**
Due from banks	133,766,196	-	-	-	-	-	-	**133,766,196**
Gross loans and advances to banks	2,988,410	-	-	-	-	-	-	**2,988,410**
Less: ECL	(10,213)	-	-	-	-	-	-	**(10,213)**
Gross loans and advances to customers								
Individual:								
- Overdrafts	-	-	-	-	-	-	2,123,198	**2,123,198**
- Credit cards	-	-	-	-	-	-	7,636,331	**7,636,331**
- Personal loans	-	-	-	-	-	-	40,137,967	**40,137,967**
- Mortgages	-	-	-	-	-	-	3,389,908	**3,389,908**
Corporate:								
- Overdrafts	4,275,540	18,429,802	2,556,722	2,342,611	2,812,073	12,051,542	-	**42,468,290**
- Direct loans	3,479,434	34,221,667	5,933,475	1,503,355	9,870,662	23,021,489	-	**78,030,082**
- Syndicated loans	195,717	5,567,719	1,388,809	-	35,261,257	2,309,369	-	**44,722,871**
- Other loans	-	124,453	-	-	-	-	-	**124,453**
Unamortized bills discount	(41,973)	(5,207)	-	-	-	(631,615)	-	**(678,795)**
Unamortized syndicated loans discount	-	-	-	-	-	(221,018)	-	**(221,018)**
ECL	(178,914)	(6,423,480)	(31,355)	(201,242)	(1,591,565)	(14,393,117)	(1,582,341)	**(24,402,014)**
Suspended credit account	-	(224,754)	-	(39,814)	-	(445,417)	-	**(709,985)**
Derivative financial instruments	1,939,961	-	-	-	-	-	-	**1,939,961**
Financial investments:								
-Debt instruments	24,247,956	-	-	-	211,872,560	-	-	**236,120,516**
Total	**218,046,688**	**51,690,200**	**9,847,651**	**3,604,910**	**258,224,987**	**21,691,233**	**51,705,063**	**614,810,732**
Total as at December 31, 2021	**138,237,284**	**39,949,403**	**6,463,548**	**2,693,760**	**238,525,699**	**13,547,241**	**39,890,530**	**479,307,465**

3.2. Market risk

Market Risks represent the potential losses resulting from unfavorable movements in market prices that may negatively affect the values of the bank's investment positions linked to the bank's balance sheet as a whole, which in turn affects the bank's profitability and its capital base. These investments are represented in debt instruments, stocks, or investment funds, in addition to the currency exchange rate risks. Market risk results from open positions of the rate of return, currencies, and equity products, as each of them is exposed to general and specific risks in the market and changes in the level of sensitivity to market rates or to prices such as interest rates, exchange rates and prices of equity instruments.

The bank distinguishes between the trading Book portfolio and the Banking Book portfolio in measuring market risks, as the trading portfolio includes instruments held for the purpose of resale or taken by the bank to benefit in the short term from the actual or expected difference between the buying and selling prices or benefiting from any changes that may occur in the return rates and any other prices that affect the trading portfolio, in addition to the financial derivative positions used for the purpose of hedging

The banking book portfolio for non-trading purposes includes instruments acquired that are salable or held until settlement dates and managing the return rate of assets and liabilities.

As part of market risk management, the bank performs several hedging strategies, as well as entering into interest rate swap contracts in order to balance the risk associated with debt instruments and long-term loans. Periodic reports on market risks are submitted to the Board of Directors and the members of the Assets and Liabilities Committee (ALCO).

3.2.1. Market risk measurement techniques

3.2.1.1. Value at Risk

The Bank applies a "Value at Risk" methodology (VaR) to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected under normal market conditions, based upon a number of assumptions for various changes in market conditions.

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 (99%). There is therefore a specified statistical probability (1%) that actual loss could be greater than the VaR estimate. The VaR model assumes a certain 'holding period' until positions can be closed (1 Day). The Bank assesses the historical movements in the market prices based on volatilities and correlations. 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, the Market Risk Management set VaR Limits, for the trading book, which have been approved by the board, and are monitored and reported on a daily basis to the Senior Management. In addition, monthly limits compliance is reported to the ALCO.

The Bank is calculating the Market Risk Capital Requirements by applying Basel II "Standardised Measurement Method", according to the Central Bank of Egypt regulatory requirements.

3.2.1.2. Stress testing

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, the bank computes on a daily basis trading Stressed VaR, combined with the trading VaR, to capture the abnormal movements in financial markets and to give more comprehensive picture of risk. The results of the stress tests are reviewed by the ALCO on a monthly basis and the board risk committee on a quarterly basis.

3.2.2. Value at risk (VaR) Summary

EGP Thousands

Total VaR by risk type	**Last 12 months ended 31/12/2022**			Last 12 months ended 31/12/2021		
	Medium	**High**	**Low**	Medium	High	Low
Foreign exchange risk	**12,300**	**84,183**	**117**	3,250	8,850	82
Interest rate risk	**154,140**	**257,980**	**79,399**	221,819	295,649	142,776
- For non trading purposes	**154,140**	**257,980**	**79,399**	221,343	295,172	142,300
- For trading purposes	**-**	**-**	**-**	476	477	476
Portfolio managed by others risk	**323**	**8,739**	**-**	11,199	20,381	7,875
Total VaR	**157,529**	**256,962**	**86,401**	221,475	297,562	139,539

Trading portfolio VaR by risk type	**Last 12 months ended 31/12/2022**			Last 12 months ended 31/12/2021		
	Medium	**High**	**Low**	Medium	High	Low
Foreign exchange risk	**12,300**	**84,183**	**117**	3,250	8,850	82
Interest rate risk	**-**	**-**	**-**	476	477	476
- For trading purposes	**-**	**-**	**-**	476	477	476
Portfolio managed by others risk	**323**	**8,739**	**-**	11,199	20,381	7,875
Total VaR	**12,469**	**84,183**	**117**	11,910	20,648	8,091

Non trading portfolio VaR by risk type	**Last 12 months ended 31/12/2022**			Last 12 months ended 31/12/2021		
	Medium	**High**	**Low**	Medium	High	Low
Interest rate risk						
- For non trading purposes	**154,140**	**257,980**	**79,399**	221,343	295,172	142,300
Total VaR	**154,140**	**257,980**	**79,399**	221,343	295,172	142,300

The three previous outcomes of the VAR were calculated independently from the positions involved and historical market movements. The aggregate value at risk for trading and non-trading is not the Bank's risk value because of the correlation between types of risks.

3.2.3. Foreign exchange risk

The Bank's financial position and cash flows are exposed to fluctuations in foreign currency exchange rates. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table below summarizes the Bank's exposure to foreign exchange rate risk and financial instruments at carrying amounts, categorized by currency.

Equivalent EGP Thousands

Dec.31, 2022	EGP	USD	EUR	GBP	Other	Total
Financial assets						
Cash and balances at the central bank	43,731,595	2,522,658	374,936	98,009	657,376	**47,384,574**
Gross due from banks	54,000,686	67,687,556	10,604,195	1,377,109	145,884	**133,815,430**
Gross loans and advances to banks	-	2,971,244	17,166	-	-	**2,988,410**
Gross loans and advances to customers	154,601,767	59,265,548	4,601,198	21,862	142,725	**218,633,100**
Derivative financial instruments	1,263,846	676,115	-	-	-	**1,939,961**
Financial investments						
Gross financial investment securities	198,400,016	35,857,708	2,908,158	-	-	**237,165,882**
Investments in associates and subsidiaries	353,459	159,828	-	-	560,963	**1,074,250**
Total financial assets	**452,351,369**	**169,140,657**	**18,505,653**	**1,496,980**	**1,506,948**	**643,001,607**
Financial liabilities						
Due to banks	529,455	2,896,603	24,014	10,403	15,373	**3,475,848**
Due to customers	369,143,365	143,885,102	15,151,492	1,416,250	528,696	**530,124,905**
Derivative financial instruments	219,752	-	-	-	-	**219,752**
Issued debt instruments	-	2,456,607	-	-	-	**2,456,607**
Other loans	57,795	7,874,520	46,660	-	-	**7,978,975**
Total financial liabilities	**369,950,367**	**157,112,832**	**15,222,166**	**1,426,653**	**544,069**	**544,256,087**
Net on-balance sheet financial position	**82,401,002**	**12,027,825**	**3,283,487**	**70,327**	**962,879**	**98,745,520**
Total financial assets as of December 31, 2021	**387,395,353**	**104,537,787**	**9,982,733**	**436,909**	**984,061**	**503,336,843**
Total financial liabilities as of December 31, 2021	**312,369,153**	**91,907,672**	**8,252,212**	**1,114,797**	**283,151**	**413,926,985**
Net on-balance sheet financial position as of December 31, 2021	**75,026,200**	**12,630,115**	**1,730,521**	**(677,888)**	**700,910**	**89,409,858**

3.2.4. Interest rate risk

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 gaps of interest rate repricing that may be undertaken, which is monitored by the bank's Risk Management 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 repricing or contractual maturity dates.

Dec.31, 2022	Up to1 Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Non- Interest Bearing	Total
Financial assets							
Cash and balances at the central bank	-	-	-	-	-	47,384,574	**47,384,574**
Gross due from banks	111,930,079	16,166,348	247,434	3,711,510	-	1,760,059	**133,815,430**
Gross loans and advances to banks	14,896	2,478,646	494,868	-	-	-	**2,988,410**
Gross loans and advances to customers	140,783,311	24,213,863	17,295,939	30,022,694	6,317,293	-	**218,633,100**
Derivatives financial instruments (including IRS notional amount)	248,981	7,510,826	3,084,681	10,674,503	364,150	-	**21,883,141**
Financial investments							
Gross financial investment securities*	33,114,328	25,287,628	73,350,149	68,719,984	35,954,684	739,109	**237,165,882**
- Investments in associates and subsidiaries	-	-	-	-	-	1,074,250	**1,074,250**
Total financial assets	**286,091,595**	**75,657,311**	**94,473,071**	**113,128,691**	**42,636,127**	**50,957,992**	**662,944,787**
Financial liabilities							
Due to banks	1,093,665	-	-	-	-	2,382,183	**3,475,848**
Due to customers	233,163,082	55,135,505	54,029,714	91,793,400	1,256,315	94,746,889	**530,124,905**
Derivatives financial instruments (including IRS notional amount)	215,085	12,524,827	-	4,948,680	2,474,340	-	**20,162,932**
Issued debt instruments	-	-	-	2,456,607	-	-	**2,456,607**
Other loans	645,713	7,228,886	103,851	525	-	-	**7,978,975**
Total financial liabilities	**235,117,545**	**74,889,218**	**54,133,565**	**99,199,212**	**3,730,655**	**97,129,072**	**564,199,267**
Total interest re-pricing gap	**50,974,050**	**768,093**	**40,339,506**	**13,929,479**	**38,905,472**	**(46,171,080)**	**98,745,520**
Total financial assets as of December 31, 2021	**162,453,786**	**54,838,878**	**61,100,900**	**116,632,210**	**68,816,790**	**46,551,077**	**510,393,641**
Total financial liabilities as of December 31, 2021	**189,466,367**	**56,030,298**	**22,776,489**	**82,265,545**	**5,334,366**	**65,110,718**	**420,983,783**
Total interest re-pricing gap as of December 31, 2021	**(27,012,581)**	**(1,191,420)**	**38,324,411**	**34,366,665**	**63,482,424**	**(18,559,641)**	**89,409,858**

*After adding Reverse repos and deducting Repos

3.3. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfill commitments to lend.

Liquidity Risk Management Organization and Measurement Tools

Liquidity Risk is governed by Asset and Liability Committee (ALCO) and Board Risk Committee (BRC) subject to provisions of Treasury Poilcy Guide (TPG).

Board Risk Committee (BRC): Provides oversight of risk management functions and assesses compliance to the set risk strategies and policies approved by the Board of Directors (BoD) through periodic reports submitted by the Risk Group. The committee makes recommendations to the BoD with regards to risk management strategies and policies (including those related to capital adequacy, liquidity management,various types of risks: credit, market, operation, compliance, reputation and any other risks the Bank may be exposed to).

Asset & Liability Committee (ALCO): Optimises the allocation of assets and liabilities, taking into consideration expectations of the potential impact of future interest rate fluctuations, liquidity constraints, and foreign exchange exposures. ALCO monitors the Bank's liquidity and market risks, economic developments, market fluctuations, and risk profile to ensure ongoing activities are compatible with the risk/ reward guidelines approved by the BoD.

Treasury Policy Guide (TPG): The purpose of the TPG is to document and communicate the policies that govern the activities performed by the Treasury Group and monitored by Risk Group.

The main measures and monitoring tools used to assess the Bank's liquidity risk include regulatory and internal ratios, gaps, Basel III liquidity ratios, asset and liability gapping mismatch, stress testing, and funding base concentration. More conservative internal targets and Risk Appetite indicators (RAI) against regulatory requirements are set for various measures of Liquidity and Funding Concentration Risks.At the end of year, the Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) remained strong and well above regulatory requirements.

The Bank maintained a solid LCY & FCY Liquidity position with decent buffers to meet both the global and local increase in risk profile. CIB will continue with its robust Liability strategy with reliance on customer deposits (stable funding) as the main contributor of total liabilities, and low dependency on the Wholesale Funding. CIB has ample level of High Quality Liquid Assets (HQLA) based on its LCY & FCY Sovereign Portfolio investments, which positively reflects the Bank's solid Liquidity Ratios and Basel III LCR & NSFR ratios, with a large buffer maintained above the Regulatory ratios requirements.

3.3.1. Liquidity risk management process

The Bank's liquidity management process is carried by the Assets and Liabilities Management Department and monitored independently by the Risk Management Department, and includes projecting cash flows by major currency under various stress scenarios and considering the level of liquid assets necessary in relation thereto:

-Maintaining an active presence in global money markets to enable this to happen.

-Maintaining a diverse range of funding sources with back-up facilities

-Monitoring balance sheet liquidity and advances to core funding ratios against internal and CBE regulations.

-Managing the concentration and profile of debt maturities.

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

3.3.2. Funding approach

Sources of liquidity are regularly reviewed jointly by the bank's Assets & Liabilities Management Department and Consumer Banking to maintain a wide diversification by currency, provider, product and term.

3.3.3. Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities and the maturities assumption for non contractual products on the basis of their behaviour studies, at balance sheet date.

Dec.31, 2022	**Up to 1 month**	**One to three months**	**Three months to one year**	**One year to five years**	**Over five years**	**Total** EGP Thousands
Financial liabilities						
Due to banks	**3,558,584**	**-**	**-**	**-**	**-**	**3,558,584**
Due to customers	**45,738,828**	**65,858,750**	**167,856,018**	**282,414,105**	**11,079,361**	**572,947,062**
Issued debt instruments	**8,161**	**15,531**	**72,392**	**2,697,474**	**-**	**2,793,558**
Other loans	**821,482**	**338,609**	**971,984**	**6,158,164**	**1,787,943**	**10,078,182**
Total liabilities (contractual and non contractual maturity dates)	**50,127,055**	**66,212,890**	**168,900,394**	**291,269,743**	**12,867,304**	**589,377,386**
Total financial assets (contractual and non contractual maturity dates)	**147,046,643**	**103,639,656**	**142,239,730**	**272,824,348**	**113,525,774**	**779,276,151**

Dec.31, 2021	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total EGP Thousands
Financial liabilities						
Due to banks	862,900	-	-	-	-	862,900
Due to customers	39,302,745	49,117,538	102,346,120	233,913,982	11,297,587	435,977,972
Issued debt instruments	5,183	9,865	45,982	1,710,259	-	1,771,289
Other loans	24,582	35,991	565,035	2,786,390	1,859,862	5,271,860
Total liabilities (contractual and non contractual maturity dates)	40,195,410	49,163,394	102,957,137	238,410,631	13,157,449	443,884,021
Total financial assets (contractual and non contractual maturity dates)	62,672,993	79,471,591	96,491,039	246,470,098	124,616,469	609,722,190

The disclosed figures cannot be compared with the corresponding items in the financial statements, as they include the principal amount and related interest.

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, due from CBE and due from banks, treasury bills, other government notes , loans and advances to banks and customers.
In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt instrument and treasury bills and other governmental notes have been pledged to secure liabilities. The Bank would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources such as asset-backed markets.

3.3.4. Derivative cash flows

The Bank's derivatives include:
Foreign exchange derivatives: exchange traded options and over-the-counter (OTC) ,exchange traded forwards currency options that will be settled on a gross basis interest rate derivatives: interest rate swaps, forward rate agreements, OTC and exchange traded interest rate options, other interest rate contracts and exchange traded futures .

The table below analyses the Bank's derivative undiscounted financial liabilities into maturity groupings based on the remaining period of the balance sheet to the contractual maturity date will be settled on a net basis. The amounts disclosed in the table are the contractual undiscounted cash flows:

EGP Thousands

Dec.31, 2022	Up to 1 month	One to three months	Three months to one year	One year to five years	Over five years	Total
Liabilities						
Derivatives financial instruments						
Foreign exchange derivatives	215,085	4,667	-	-	-	**219,752**
Interest rate derivatives	-	-	-	-	-	-
Total	**215,085**	**4,667**	**-**	**-**	**-**	**219,752**
Total as of Dec. 31, 2021	**78,177**	**36,288**	**63,027**	**11,409**	**76,364**	**265,265**

Off balance sheet items

EGP Thousands

Dec.31, 2022	Up to 1 year	1-5 years	Over 5 years	Total
Letters of credit, guarantees and other commitments	78,169,263	46,408,459	10,409,540	**134,987,262**
Total	**78,169,263**	**46,408,459**	**10,409,540**	**134,987,262**
Total as of Dec. 31, 2021	**56,113,839**	**27,311,828**	**8,221,828**	**91,647,495**

Dec.31, 2022	Up to 1 year	1-5 years	Total
Credit facilities commitments	1,818,133	5,259,267	**7,077,400**
Total	**1,818,133**	**5,259,267**	**7,077,400**
Total as of Dec. 31, 2021	**3,229,408**	**4,490,950**	**7,720,358**

3.4. Fair value of financial assets and liabilities

3.4.1. Financial instruments not measured at fair value

The table below summarizes the book value and fair value of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Book value		Fair value	
	Dec.31, 2022	Dec.31, 2021	**Dec.31, 2022**	Dec.31, 2021
Financial assets				
Due from banks	**133,815,430**	80,031,726	**134,581,524**	80,459,411
Gross loans and advances to banks	**2,988,410**	314,334	**2,988,410**	314,334
Gross loans and advances to customers	**218,633,100**	163,087,768	**218,020,891**	163,388,858
Financial investments:				
Financial Assets at Amortized cost	**34,249,657**	20,318,767	**33,490,533**	21,074,139
Total financial assets	**389,686,597**	263,752,595	**389,081,358**	265,236,742
Financial liabilities				
Due to banks	**3,475,848**	862,759	**3,476,025**	832,976
Due to customers	**530,124,905**	406,100,916	**533,139,722**	408,645,667
Issued debt instruments	**2,456,607**	1,571,670	**2,461,042**	1,574,487
Other loans	**7,978,975**	5,140,782	**7,981,357**	5,124,531
Total financial liabilities	**544,036,335**	413,676,127	**547,058,146**	416,177,661

The fair value is considered in the previous note from the second and third level in accordance with the fair value standard

Due from banks

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of floating interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and similar maturity date.

Fair values of financial instruments

The following table provides the fair value measurement hierarchy of the assets and liabilities according to EAS.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2022:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the bank can access at the measurement date.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability.

There is no transfer between levels

		Fair value measurement using			
Dec.31, 2022	**Date of Valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (level 2)**	**Valuation techniques (level 3)**
					EGP Thousands
Measured at fair value:					
Financial assets					
Financial Assets at Fair Value through P&L	31-Dec-22	-	-	-	-
Financial Assets at Fair Value through OCI	31-Dec-22	202,916,225	141,343,096	61,573,129	-
Total		**202,916,225**	**141,343,096**	**61,573,129**	**-**
Derivative financial instruments					
Financial assets	31-Dec-22	1,939,961	-	-	1,939,961
Financial liabilities	31-Dec-22	219,752	-	-	219,752
Total		**2,159,713**	**-**	**-**	**2,159,713**
Assets for which fair values are disclosed:					
Financial Assets at Amortized cost	31-Dec-22	33,490,533	-	33,490,533	-
Loans and advances to banks	31-Dec-22	2,988,410	-	-	2,988,410
Loans and advances to customers	31-Dec-22	218,020,891	-	-	218,020,891
Total		**254,499,834**	**-**	**33,490,533**	**221,009,301**
Liabilities for which fair values are disclosed:					
Issued debt instruments	31-Dec-22	2,461,042	-	2,461,042	-
Other loans	31-Dec-22	7,981,357	-	7,981,357	-
Due to customers	31-Dec-22	533,139,722	-	-	533,139,722
Total		**543,582,121**	**-**	**10,442,399**	**533,139,722**

		Fair value measurement using			
Dec.31, 2021	**Date of Valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (level 2)**	**Valuation techniques (level 3)**
Measured at fair value:					
Financial assets					
Financial Assets at Fair value through P&L	31-Dec-21	240,987	240,987	-	-
Financial Assets at Fair value through OCI	31-Dec-21	192,390,931	147,525,260	44,865,671	-
Total		**192,631,918**	**147,766,247**	**44,865,671**	**-**
Derivative financial instruments					
Financial assets	31-Dec-21	225,376	-	-	225,376
Financial liabilities	31-Dec-21	265,265	-	-	265,265
Total		**490,641**	**-**	**-**	**490,641**
Assets for which fair values are disclosed:					
Financial Assets at Amortized cost	31-Dec-21	21,074,139	-	21,074,139	-
Loans and advances to banks	31-Dec-21	314,334	-	-	314,334
Loans and advances to customers	31-Dec-21	163,388,858	-	-	163,388,858
Total		**184,777,331**	**-**	**21,074,139**	**163,703,192**
Liabilities for which fair values are disclosed:					
Issued debt instruments	31-Dec-21	1,574,487	-	1,574,487	-
Other loans	31-Dec-21	5,124,531	-	5,124,531	
Due to customers	31-Dec-21	408,645,667	-	-	408,645,667
Total		**415,344,685**	**-**	**6,699,018**	**408,645,667**

Fair value of financial assets and liabilities
Loans and advances to banks

Loans and advances to banks are represented in loans that do not consider bank placing. The expected fair value of the loans and advances represents the discounted value of future cash flows expected to be collected. Cash flows are discounted using the current market rate to determine fair value.

Loans and advances to customers

Loans and advances are net of ECL. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Financial Investments

Investment securities include only interest-bearing assets, financial assets at amortized cost, and fair value through OCI.
Fair value for amortized cost assets is based on market prices.

Due to other banks and customers

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar maturity date.

3.5 Capital management

For capital management purposes, the Bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved:

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

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee as implemented by the banking supervision unit in the Central Bank of Egypt.
The required data is submitted to the Central Bank of Egypt on a monthly basis.

<u>Central Bank of Egypt requires the following:</u>

- Maintaining EGP 5 billion as a minimum requirement for the issued and paid-in capital, noting that at the reporting date the issued and paid up capital has reached EGP 29.8 billion.
- Maintaining a minimum level of capital adequacy ratio of 12.75%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank (credit risk, market risk and opertional risk). While taking into consideration the conservation buffer.

Tier one:

Tier one comprises of paid-in capital (after deducting the book value of treasury shares), retained earnings and reserves resulting from the distribution of profits except the banking risk reserve, interim profits and deducting previously recognized goodwill and any retained losses

Tier two:

Tier two represents the gone concern capital which is compposed of general risk provision according to stage one ECL to the maximum of 1.25% risk weighted assets and contingent liabilities ,subordinated loans with more than five years to maturity (amortizing 20% of its carrying amount in each year of the remaining five years to maturity) and 45% of the increase in fair value than book value for the investments in subsidiaries and associates.

When calculating the numerator of capital adequacy ratio, the rules set limits of total tier 2 to no more than tier 1 capital and also limits the subordinated to no more than 50% of tier1.

Assets risk weight scale ranging from zero to 400% is based on the counterparty risk to reflect the related credit risk scheme, taking into considration the cash collatrals. Similar criteria are used for off balance sheet items after applying conversion factors to reflect the nature of contingency and the potential loss of those amounts. The Bank has complied with all local capital adequacy requirements for the current year

The tables below summarize the compositions of teir 1, teir 2 , the capital adequacy ratio and leverage ratio .

1-The capital adequacy ratio	**Dec.31, 2022**	Dec.31, 2021
	EGP Thousands	EGP Thousands
Tier 1 capital		
Share capital	**29,825,134**	19,702,418
Goodwill	**(96,268)**	(137,525)
Reserves	**21,337,273**	34,911,381
Retained Earnings (Losses)	**261,557**	409,540
Total deductions from tier 1 capital common equity	**(297,397)**	(774,839)
Net profit for the year	**12,364,059**	8,862,295
Total qualifying tier 1 capital	**63,394,358**	62,973,270
Tier 2 capital		
Subordinated Loans	**7,874,520**	4,583,403
Impairment provision for loans and regular contingent liabilities	**3,712,734**	2,422,497
Total qualifying tier 2 capital	**11,587,254**	7,005,900
Total capital 1+2	**74,981,612**	69,979,170
Risk weighted assets and contingent liabilities		
Total credit risk	**298,496,606**	194,072,666
Total market risk	**1,648,310**	3,309,278
Total operational risk	**27,697,003**	36,976,287
Cross border over limit	**3,072,997**	-
Total	**330,914,916**	234,358,231
***Capital adequacy ratio (%)**	**22.66%**	29.86%

**Based on consolidated financial statement figures and in accordance with Central Bank of Egypt regulation issued on 24 December 2012.*

2-Leverage ratio	**Dec.31, 2022**	Dec.31, 2021
	EGP Thousands	EGP Thousands
Total qualifying tier 1 capital	**63,394,358**	62,973,270
On-balance sheet items & derivatives	**641,042,272**	496,620,360
Off-balance sheet items	**86,762,583**	60,131,413
Total exposures	**727,804,855**	556,751,773
***Percentage**	**8.71%**	11.31%

**Based on consolidated financial statement figures and in accordance with Centeral Bank of Egypt regulation issued on 14 July 2015.*

For December 2022 NSFR ratio record 229% (LCY 239% and FCY 208%), and LCR ratio record 1086% (LCY 1291% and FCY 297%).
For December 2021 NSFR ratio record 247% (LCY 282% and FCY 170%), and LCR ratio record 817% (LCY 902% and FCY 304%).

3. Critical accounting estimates and judgments

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and available information. Uncertainty about these assumptions and estimates could result in outcomes that require adjustments to the carrying amount of assets or liabilities affected in future periods.

3.1. Fair value of derivatives

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. these valuation techniques (as models) are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. For practicality purposes, models use only observable data; however, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

4. Segment analysis

4.1. By business segment

The Bank is divided into four main business segments on a worldwide basis:

- Corporate banking – incorporating direct debit facilities, current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products
- Investment – incorporating financial instruments Trading, structured financing, Corporate leasing,and merger and acquisitions advice.
- Retail banking – incorporating private banking services, private customer current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages;
- Assets and liabilities management –Including other banking business.

Transactions between the business segments are on normal commercial terms and conditions.

EGP Thousands

Dec.31, 2022	**Corporate banking**	**SME's**	**Investments**	**Retail banking**	**Asset Liability Mangement**	**Total**
Net revenue according to business segment *	**11,453,726**	**3,201,847**	**7,921,871**	**10,099,915**	**5,144,825**	**37,822,184**
Expenses according to business segment	**(7,843,953)**	**(1,491,815)**	**(260,929)**	**(4,159,728)**	**(3,379)**	**(13,759,804)**
Profit before tax	**3,609,773**	**1,710,032**	**7,660,942**	**5,940,187**	**5,141,446**	**24,062,380**
Income tax	**(1,189,940)**	**(563,702)**	**(2,525,384)**	**(1,958,147)**	**(1,694,847)**	**(7,932,020)**
Profit for the year	**2,419,833**	**1,146,330**	**5,135,558**	**3,982,040**	**3,446,599**	**16,130,360**
Total assets	**157,661,395**	**6,819,154**	**242,610,969**	**52,321,365**	**174,230,182**	**633,643,065**
Total liabilities	**238,123,577**	**67,995,672**	**-**	**251,469,542**	**8,333,643**	**565,922,434**

* Represents the net interest income and other income.

Dec.31, 2021	Corporate banking	SME's	Investments	Retail banking	Asset Liability Mangement	Total
Net revenue according to business segment	8,053,028	1,875,155	6,017,750	7,770,667	5,084,438	28,801,038
Expenses according to business segment	(5,169,931)	(1,078,834)	(196,406)	(3,353,199)	(21,783)	(9,820,153)
Profit before tax	2,883,097	796,321	5,821,344	4,417,468	5,062,655	18,980,885
Income tax	(844,611)	(233,284)	(1,705,378)	(1,294,109)	(1,483,118)	(5,560,500)
Profit for the year	2,038,486	563,037	4,115,966	3,123,359	3,579,537	13,420,385
Total assets at 31 December 2021	117,069,828	3,193,320	218,237,747	40,130,705	118,019,524	496,651,124
Total liabilities at 31 December 2021	154,506,533	41,819,783	-	225,968,424	5,428,216	427,722,956

5. By geographical segment

EGP Thousands

Dec.31, 2022	**Cairo**	**Alex, Delta & Sinai**	**Upper Egypt**	**Total**
Revenue according to geographical segment	**32,576,631**	**4,486,973**	**758,580**	**37,822,184**
Expenses according to geographical segment	**(12,056,448)**	**(1,547,224)**	**(156,132)**	**(13,759,804)**
Profit before tax	**20,520,183**	**2,939,749**	**602,448**	**24,062,380**
Income tax	**(6,764,356)**	**(969,071)**	**(198,593)**	**(7,932,020)**
Profit for the year	**13,755,827**	**1,970,678**	**403,855**	**16,130,360**
Total assets	**587,259,106**	**36,636,416**	**9,747,543**	**633,643,065**
Total liabilities	**439,739,096**	**107,081,685**	**19,101,653**	**565,922,434**

Dec.31, 2021	Cairo	Alex, Delta & Sinai	Upper Egypt	Total
Revenue according to geographical segment	25,106,782	3,109,072	585,184	28,801,038
Expenses according to geographical segment	(7,913,612)	(1,636,433)	(270,108)	(9,820,153)
Profit before tax	17,193,170	1,472,639	315,076	18,980,885
Income tax	(5,036,785)	(431,413)	(92,302)	(5,560,500)
Profit for the year	12,156,385	1,041,226	222,774	13,420,385
Total assets at 31 December 2021	462,978,485	26,469,030	7,203,609	496,651,124
Total liabilities at 31 December 2021	327,782,449	86,074,347	13,866,160	427,722,956

6 . Net interest income

	Dec.31, 2022	Dec.31, 2021
	EGP Thousands	EGP Thousands
Interest and similar income		
- Banks	5,343,062	5,224,008
- Clients	19,761,116	13,099,664
Total	25,104,178	18,323,672
Treasury bills and bonds	28,719,891	25,628,523
Repos	-	16,413
Debt instruments at fair value through OCI and AC	1,618,199	976,837
Total	55,442,268	44,945,445
Interest and similar expense	-	
- Banks	(194,524)	(123,098)
- Clients	(23,696,097)	(19,426,946)
Total	(23,890,621)	(19,550,044)
Repos	(165,895)	(160,143)
Other loans	(473,246)	(319,008)
Issued debt instruments	(76,679)	(28,740)
Total	(24,606,441)	(20,057,935)
Net interest income	30,835,827	24,887,510

7 . Net fee and commission income

	Dec.31, 2022	Dec.31, 2021
	EGP Thousands	EGP Thousands
Fee and commission income		
Fee and commissions related to credit	1,874,660	1,397,003
Custody fee	241,455	175,697
Other fee	3,426,728	2,464,255
Total	5,542,843	4,036,955
Fee and commission expense		
Other fee paid	(2,477,342)	(1,654,671)
Total	(2,477,342)	(1,654,671)
Net income from fee and commission	3,065,501	2,382,284

8 . Dividends income

	Dec.31, 2022	Dec.31, 2021
	EGP Thousands	EGP Thousands
Financial assets at fair value through P&L	1,600	7,003
Financial assets at fair value through OCI	50,811	52,722
Subsidiaries and associates	9,815	24,975
Total	62,226	84,700

9 . Net trading income

	Dec.31, 2022	Dec.31, 2021
	EGP Thousands	EGP Thousands
Profit (Loss) from foreign exchange transactions	1,611,099	689,511
Profit (Loss) from forward foreign exchange deals revaluation	715,023	(9,243)
Profit (Loss) from interest rate swaps revaluation	482	(3,053)
Profit (Loss) from currency swap deals revaluation	421,130	14,876
Profit (Loss) from financial assets at fair value through P&L	(5,880)	4,647
Total	2,741,854	696,738

10 . Administrative expenses

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Staff costs		
Wages and salaries	**(3,613,680)**	(3,172,250)
Social insurance	**(157,565)**	(138,036)
Other benefits	**(214,640)**	(147,685)
Other administrative expenses *	**(3,191,365)**	(2,638,250)
Total	**(7,177,250)**	(6,096,221)

* The expenses related to the activity for which the bank obtains a commodity or service, donations and depreciation.

11 . Other operating (expenses) income

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Profits (losses) from revaluation of non-trading assets and liabilities by FCY	**(1,089,939)**	(16,629)
Profits of selling property and equipment	**2,208**	2,947
Release (charges) of other provisions	**(1,856,002)**	(411,126)
Other income/expenses	**(2,126,814)**	(1,556,285)
Total	**(5,070,547)**	(1,981,093)

12 . Impairment release (charges) for credit losses

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Loans and advances to customers	**(978,374)**	(1,753,908)
Due from banks	**(8,795)**	(17,108)
Financial securities	**(524,838)**	93,566
Total	**(1,512,007)**	(1,677,450)

13 . Adjustments to calculate the effective tax rate

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Profit before tax	**24,062,380**	18,980,885
Tax rate	**22.50%**	22.50%
Income tax based on accounting profit	**5,414,036**	4,270,699
Add / (Deduct)		
Non-deductible expenses	**3,989,395**	2,329,342
Tax exemptions	**(6,345,343)**	(4,547,108)
Withholding tax	**4,873,932**	3,507,567
Income and Deferred tax	**7,932,020**	5,560,500
Effective tax rate	**32.96%**	29.30%

14 . Earning per share

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Net profit for the year, available for distribution	**16,124,903**	13,414,598
Board member's bonus	**(110,239)**	(49,420)
Staff profit sharing	**(1,612,490)**	(1,341,460)
Profits attributable to shareholders	**14,402,174**	12,023,718
Weighted average number of shares	**2,982,513**	2,982,513
Basic earning per share	**4.83**	4.03
By issuance of ESOP earning per share will be:		
Average number of shares including ESOP shares	**3,010,523**	3,010,523
Diluted earning per share	**4.78**	3.99

15 . Cash and balances at the central bank

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Cash	6,969,822	5,368,429
Obligatory reserve balance with CBE		
- Current accounts	40,414,752	38,016,793
Total	47,384,574	43,385,222
Non-interest bearing balances	47,384,574	43,385,222

16 . Due from banks

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Current accounts	2,911,660	2,706,161
Deposits	130,903,770	77,325,565
Expected credit losses	(49,234)	(40,439)
Total	133,766,196	79,991,287
Central banks	86,443,811	51,720,551
Local banks	25,772,861	13,293,580
Foreign banks	21,549,524	14,977,156
Total	133,766,196	79,991,287
Non-interest bearing balances	1,760,059	1,411,821
Floating interest bearing balances	12,212,601	9,413,404
Fixed interest bearing balances	119,793,536	69,166,062
Total	133,766,196	79,991,287
Current balances	130,054,686	77,633,782
Non-Current balances	3,711,510	2,357,505
Total	133,766,196	79,991,287

Due from banks	Dec.31, 2022 Stage 1	Dec.31, 2022 Stage 2
Gross due from banks	127,719,832	6,095,598
Expected credit losses	(38,726)	(10,508)
Net due from banks	127,681,106	6,085,090

	Dec.31, 2021 Stage 1	Dec.31, 2021 Stage 2
Gross due from banks	74,081,698	5,950,028
Expected credit losses	(19,725)	(20,714)
Net due from banks	74,061,973	5,929,314

17 . Treasury bills and other governmental notes

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
91 Days maturity	10,575	550
182 Days maturity	656,150	84,175
273 Days maturity	7,515,700	4,280,875
364 Days maturity	54,502,250	40,248,662
Unearned interest	(2,878,502)	(2,327,382)
Total	59,806,173	42,286,880
Repos - treasury bills	(659,349)	(707,376)
Net	59,146,824	41,579,504

. Governmental bonds

	Dec.31, 2022 EGP Thousands Financial Assets at Fair Value through OCI	Dec.31, 2021 EGP Thousands Financial Assets at Fair Value through OCI
Governmental bonds	123,585,955	142,702,951
Repo	(3,711,489)	(3,536,336)
Net	119,874,466	139,166,615

18 . Loans and advances to banks, net

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Time and term loans	2,988,410	314,334
ECL	(10,213)	(2,118)
Net	2,978,197	312,216
Current balances	2,978,197	312,216
Net	2,978,197	312,216

Analysis for ECL of loans and advances to banks

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Beginning balance	(2,118)	(9,625)
Released (charged) during the year	(8,095)	7,507
Ending balance	(10,213)	(2,118)

19 . Loans and advances to customers, net

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Individual		
- Overdraft	2,123,198	1,264,767
- Credit cards	7,636,331	5,716,197
- Personal loans	40,137,967	31,608,307
- Mortgage loans	3,389,908	2,474,181
Total 1	53,287,404	41,063,452
Corporate		
- Overdraft	42,468,290	29,171,025
- Direct loans	78,030,082	49,757,774
- Syndicated loans	44,722,871	43,062,028
- Other loans	124,453	33,489
Total 2	165,345,696	122,024,316
Total Loans and advances to customers (1+2)	218,633,100	163,087,768
Less:		
Unamortized bills discount	(678,795)	(68,410)
Unamortized syndicated loans discount	(221,018)	(312,682)
ECL	(24,402,014)	(17,875,739)
Suspended credit account	(709,985)	(65,129)
Net loans and advances to customers	192,621,288	144,765,808
Distributed to		
Current balances	99,866,973	63,924,184
Non-current balances	92,754,315	80,841,624
Total	192,621,288	144,765,808

Analysis of the expected credit losses on loans and advances to customers by type during the year was as follows:

EGP Thousands

Individual Loans:	**Dec.31, 2022**				
	Overdrafts	Credit cards	Personal loans	Mortgages	Total
Beginning balance	(6,520)	(305,006)	(811,871)	(49,525)	(1,172,922)
Released (charged) during the year	1,243	(19,585)	(500,991)	(12,957)	(532,290)
Written off during the year	2,190	52,918	172,195	123	227,426
Recoveries during the year	(419)	(50,317)	(53,819)	-	(104,555)
Ending balance	(3,506)	(321,990)	(1,194,486)	(62,359)	(1,582,341)

Corporate and Business Banking loans:	**Dec.31, 2022**				
	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	(1,648,574)	(10,866,452)	(4,180,996)	(6,795)	(16,702,817)
Released (charged) during the year	(221,934)	(993,452)	779,409	(2,012)	(437,989)
Written off during the year	5,145	980,540	-	-	985,685
Recoveries during the year	-	(9,662)	-	-	(9,662)
foreign currencies translation differences	(637,251)	(4,278,944)	(1,738,695)	-	(6,654,890)
Ending balance	(2,502,614)	(15,167,970)	(5,140,282)	(8,807)	(22,819,673)

	Individual				EGP Thousands
Dec.31, 2021	Overdraft	Credit cards	Personal loans	Mortgages	Total
Beginning balance	(9,559)	(242,278)	(762,850)	(62,125)	(1,076,812)
Released (charged) during the year	(32)	(124,535)	(203,123)	12,600	(315,090)
Write off during the year	3,072	100,263	194,989	-	298,324
Recoveries during the year	(1)	(38,456)	(40,887)	-	(79,344)
Ending balance	(6,520)	(305,006)	(811,871)	(49,525)	(1,172,922)

	Corporate				
Dec.31, 2021	Overdraft	Direct loans	Syndicated loans	Other loans	Total
Beginning balance	(1,319,514)	(10,533,928)	(3,459,950)	(5,545)	(15,318,937)
Released (charged) during the year	(336,595)	(364,747)	(743,733)	(1,250)	(1,446,325)
Write off during the year	-	4,366	-	-	4,366
Recoveries during the year	(80)	(45,351)	-	-	(45,431)
foreign currencies translation differences	7,615	73,208	22,687	-	103,510
Ending balance	(1,648,574)	(10,866,452)	(4,180,996)	(6,795)	(16,702,817)

20 . Derivative financial instruments

20.1 . Derivatives

The Bank uses the following financial derivatives for non hedging purposes.

Forward contracts represent commitments to buy foreign and local currencies including unexecuted spot transactions. Future contracts for foreign currencies and/or interest rates represent contractual commitments to receive or pay net on the basis of changes in foreign exchange rates or interest rates, and/or to buy/sell foreign currencies or financial instruments in a future date with a fixed contractual price under active financial market.

Credit risk is considered low, and future interest rate contract represents future exchange rate contracts negotiated for case by case, These contracts require financial settlements of any differences in contractual interest rates and prevailing market interest rates on future interest rates on future dates based on contractual amount (nominal value) pre agreed upon.

Foreign exchange and/or interest rate swap represents commitments to exchange cash flows, resulting from these contracts are exchange of currencies or interest (fixed rate versus variable rate for example) or both (meaning foreign exchange and interest rate contracts). Contractual amounts are not exchanged except for some foreign exchange contracts.

Credit risk is represented in the expected cost of foreign exchange contracts that takes place if other parties default to fulfill their liabilities. This risk is monitored continuously through comparisons of fair value and contractual amount, and in order to control the outstanding credit risk, the Bank evaluates other parties using the same methods as in borrowing activities.

Options contracts in foreign currencies and/or interest rates represent contractual agreements for the buyer (issuer) to the seller (holders) as a right not an obligation whether to buy (buy option) or sell (sell option) at a certain day or within certain year for a predetermined amount in foreign currency or interest rate. Options contracts are either traded in the market or negotiated between The Bank and one of its clients (Off balance sheet). The Bank is exposed to credit risk for purchased options contracts only and in the line of its book cost which represent its fair value.

The contractual value for some derivatives options is considered a base to analyze the realized financial instruments on the balance sheet, but it doesn’t provide an indicator for the projected cash flows of the fair value for current instruments, and those amounts don’t reflects credit risk or interest rate risk.

Derivatives in the Bank's benefit that are classified as (assets) are conversely considered (liabilities) as a result of the changes in foreign exchange prices or interest rates related to these derivatives. Contractual / expected total amounts of financial derivatives can fluctuate from time to time as well as the range through which the financial derivatives can be in benefit for the Bank or conversely against its benefit and the total fair value of the financial derivatives in assets and liabilities. Hereunder are the fair values of the booked financial derivatives:

20.1.1 . For trading derivatives

EGP Thousands

	Dec.31, 2022			Dec.31, 2021		
	Notional amount	**Assets**	**Liabilities**	Notional amount	Assets	Liabilities
Foreign currencies derivatives						
- Forward foreign exchange contracts	**9,886,585**	**823,287**	**218,296**	11,069,167	68,089	178,122
- Currency swap	**3,945,268**	**440,559**	**1,456**	3,502,055	28,753	10,779
Total (1)		**1,263,846**	**219,752**		96,842	188,901
20.1.2 . Fair value hedge						
Interest rate derivatives						
Interest rate derivatives	**19,943,180**	**676,115**	**-**	7,056,798	128,534	76,364
Total (2)		**676,115**	**-**		128,534	76,364
Total financial derivatives (1+2)		**1,939,961**	**219,752**		225,376	265,265

20.2 . Hedging derivatives

Fair value hedge

The Bank uses interest rate swap contracts to cover part of the risk of potential increase in fair value of its fixed rate customer deposits in foreign currencies. Net derivative value resulting from the related hedging instruments is EGP 676,115 thousand at the end of December 31, 2022 against EGP 52,170 thousand at December 31, 2021, resulting in profits from hedging instruments at December 31, 2022 of EGP 623,945 thousand against profits of EGP 36,792 thousand at December 31, 2021. Profits arose from the hedged items at December 31, 2022 reached EGP 13,191 thousand against Profits EGP 146,227 thousand at December 31, 2021.

21 . Movement of financial investment securities:

	Financial Assets at Fair Value through OCI	Financial Assets at Amortized cost
Beginning balance	147,646,432	25,020,917
Addition	250,190,493	3,844
Disposals	(202,464,081)	(4,705,849)
Profit (losses) from fair value difference	(2,964,797)	-
Exchange revaluation differences for foreign financial ass	(17,116)	(145)
Ending Balance as of Dec.31, 2021	192,390,931	20,318,767

	Financial Assets at Fair Value through OCI	**Financial Assets at Amortized cost**
Beginning balance	**192,390,931**	**20,318,767**
Addition	**45,171,763**	**19,790,914**
Disposals	**(25,933,245)**	**(6,738,937)**
Profit (losses) from fair value difference	**(15,383,080)**	**-**
Exchange revaluation differences for foreign financial assets	**6,669,856**	**808,009**
Ending Balance as of Dec.31, 2022	**202,916,225**	**34,178,753**

21 . Financial investments securities

	Dec.31, 2022			
	Financial Assets at Fair Value through P&L EGP Thousands	**Financial Assets at Fair Value through OCI EGP Thousands**	**Financial Assets at Amortized cost EGP Thousands**	**Total EGP Thousands**
Investments listed in the market				
Governmental bonds	**-**	**119,874,466**	**32,851,270**	**152,725,736**
Securitized bonds	**-**	**19,536,994**	**-**	**19,536,994**
Equity instruments	**-**	**257,586**	**-**	**257,586**
Portfolio managed by others	**-**	**-**	**-**	**-**
Sukuk	**-**	**1,674,050**	**-**	**1,674,050**
Investments not listed in the market				
Treasury bills and other governmental notes	**-**	**59,146,824**	**-**	**59,146,824**
Securitized bonds	**-**	**1,709,429**	**1,327,483**	**3,036,912**
Equity instruments	**-**	**370,174**	**-**	**370,174**
Mutual funds	**-**	**346,702**	**-**	**346,702**
Total	**-**	**202,916,225**	**34,178,753**	**237,094,978**

	Dec.31, 2021			
	Financial Assets at Fair Value through P&L	Financial Assets at Fair Value through OCI	Financial Assets at Amortized cost	Total
	EGP Thousands	EGP Thousands	EGP Thousands	EGP Thousands
Investments listed in the market				
Governmental bonds	-	139,166,615	20,318,767	159,485,382
Securitized bonds	-	6,788,005	-	6,788,005
Equity instruments	-	170,640	-	170,640
Portfolio managed by others	240,987	-	-	240,987
Sukuk		1,400,000		1,400,000
Investments not listed in the market				
Treasury bills and other governmental notes	-	41,579,504	-	41,579,504
Securitized bonds	-	2,774,665	-	2,774,665
Equity instruments	-	246,823	-	246,823
Mutual funds	-	264,679	-	264,679
Total	240,987	192,390,931	20,318,767	212,950,685

Classification and measurement of financial assets and financial liabilities:
The following table shows the financial assets and the net financial liabilities according to the business model classification:

Dec.31, 2022	Amortized cost	Debt financial Assets at Fair value through OCI	Equity financial Assets at Fair value through OCI	Financial Assets/Liabilities at Fair value through P&L	Total book value
Cash and balances with central bank	47,384,574	-	-	-	47,384,574
Due from banks	133,766,196	-	-	-	133,766,196
Treasury bills	-	59,146,824	-	-	59,146,824
Loans and advances to customers, net	192,621,288	-	-	-	192,621,288
Loans and advances to banks, net	2,978,197	-	-	-	2,978,197
Derivative financial instruments	-	-	-	1,939,961	1,939,961
Financial Assets at Fair value through OCI	-	142,794,939	974,462	-	143,769,401
Amortized cost	34,178,753	-	-	-	34,178,753
Total 1	410,929,008	201,941,763	974,462	1,939,961	615,785,194
Due to banks	3,475,848	-	-	-	3,475,848
Due to customers	530,124,905	-	-	-	530,124,905
Derivative financial instruments	-	-	-	219,752	219,752
Issued debt instruments	2,456,607	-	-	-	2,456,607
Other loans	7,978,975	-	-	-	7,978,975
Other Provisions	7,065,292	-	-	-	7,065,292
Total 2	551,101,627	-	-	219,752	551,321,379

21.1 . Profits (Losses) on financial investments

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Profit (Loss) from selling FVOCI financial instruments	1,116,776	702,776
Released (Impairment) charges of investments in associates	-	(18,359)
Total	1,116,776	684,417

22 . Investments in associates and subsidiaries

EGP Thousands

Dec.31, 2022	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit (loss)	Investment book value	Stake %
Subsidiaries							
- CVenture Capital	Egypt	213,108	31,133	8,562	(4,491)	159,828	99.99
- Damietta shipping & marine services	Egypt	51,293	1,995	27,512	25,087	97,991	49.95
- Mayfair Bank	Kenya	2,578,754	1,680,198	237,289	74,739	560,963	51.00
- Commercial International for Finance	Egypt	-	-	-	-	59,900	99.83
Associates							
-TCA Properties	Egypt	1,511,066	1,251,615	21,503	(72,446)	158,360	37.00
- Al Ahly Computer	Egypt	42,494	19,534	50,892	(188)	23,108	39.34
- Fawry Plus	Egypt	187,036	100,492	127,246	42,413	14,100	14.99
- International Co. for Security and Services (Falcon)	Egypt	779,891	833,180	356,164	(146,617)	-	30.00
Total		5,363,642	3,918,147	829,168	(81,503)	1,074,250	

EGP Thousands

Dec.31, 2021	Company's country	Company's assets	Company's liabilities (without equity)	Company's revenues	Company's net profit (loss)	Investment book value	Stake %
Subsidiaries							
- CVenture Capital	Egypt	143,491	1,806	1,386	(2,674)	159,828	99.99
- Damietta shipping & marine services	Egypt	28,346	1,999	2,132	411	97,991	49.95
- Mayfair Bank	Kenya	1,860,020	1,250,661	95,361	4,918	560,963	51.00
Associates							
-TCA Properties	Egypt	-	-	-	-	158,360	37.00
- Al Ahly Computer	Egypt	65,623	37,788	51,796	3,945	23,108	39.34
- Fawry Plus	Egypt	124,845	97,088	76,903	14,473	14,100	14.99
- International Co. for Security and Services (Falcon)	Egypt	1,084,916	791,149	509,571	(931)	-	30.00
Total		3,307,241	2,180,491	737,149	20,142	1,014,350	

23 . Other assets

	Dec.31, 2022	Dec.31, 2021
	EGP Thousands	EGP Thousands
Accrued revenues	**11,437,147**	8,938,356
Prepaid expenses	**562,736**	421,083
Advances to purchase of fixed assets	**1,339,496**	1,134,366
Accounts receivable and other assets*	**981,940**	528,559
Assets acquired as settlement of debts	**124,098**	153,423
Insurance	**49,647**	45,130
Gross	**14,495,064**	11,220,917
Impairment of other assets	**(40,196)**	(79,000)
Net	**14,454,868**	11,141,917

* A provision with amount EGP 277 million has been released.

This item includes other assets that are not classified under specific items of balance sheet assets, such as: accrued income and prepaid expenses, custodies, debit accounts under settlement and any balance that has no place in any other asset category.

24 . Property and equipment

Dec.31, 2022	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
								EGP Thousands
Cost at Jan 01, 2022 (1)	64,709	1,169,516	3,142,053	156,316	928,154	826,083	148,638	6,435,469
Additions during the year	164,960	20,121	388,207	29,236	68,913	87,264	10,186	768,887
Disposals during the year*	-	(19,404)	(15,611)	-	(16,375)	(44,862)	(3,238)	(99,490)
Cost at end of the year (2)	**229,669**	**1,170,233**	**3,514,649**	**185,552**	**980,692**	**868,485**	**155,586**	**7,104,866**
Accumulated depreciation at beginning of the year (3)	-	505,828	2,093,373	66,687	703,593	559,392	102,359	4,031,232
Depreciation for the year	-	54,974	535,072	11,523	128,069	122,745	16,228	868,611
Disposals during the year*	-	(19,404)	(15,611)	-	(16,375)	(44,862)	(3,238)	(99,490)
Accumulated depreciation at end of the year (4)	**-**	**541,398**	**2,612,834**	**78,210**	**815,287**	**637,275**	**115,349**	**4,800,353**
Ending net assets (2-4)	**229,669**	**628,835**	**901,815**	**107,342**	**165,405**	**231,210**	**40,237**	**2,304,513**
Beginning net assets (1-3)	**64,709**	**663,688**	**1,048,680**	**89,629**	**224,561**	**266,691**	**46,279**	**2,404,237**

Property and equipment

Dec.31, 2021	Land	Premises	IT	Vehicles	Fitting -out	Machines and equipment	Furniture and furnishing	Total
								EGP Thousands
Cost at Jan 01, 2021 (1)	64,709	1,129,713	2,541,603	132,023	808,039	700,886	136,093	5,513,066
Additions during the year	-	46,193	611,641	24,293	165,597	140,810	14,372	1,002,906
Disposals during the year	-	(6,390)	(11,191)	-	(45,482)	(15,613)	(1,827)	(80,503)
Cost at end of the year (2)	**64,709**	**1,169,516**	**3,142,053**	**156,316**	**928,154**	**826,083**	**148,638**	**6,435,469**
Accumulated depreciation at beginning of the year (3)	-	458,816	1,615,394	52,714	584,717	452,895	88,590	3,253,126
Current year depreciation	-	53,402	489,170	13,973	164,358	122,110	15,596	858,609
Disposals during the year	-	(6,390)	(11,191)	-	(45,482)	(15,613)	(1,827)	(80,503)
Accumulated depreciation at end of the year (4)	**-**	**505,828**	**2,093,373**	**66,687**	**703,593**	**559,392**	**102,359**	**4,031,232**
Ending net assets (2-4)	**64,709**	**663,688**	**1,048,680**	**89,629**	**224,561**	**266,691**	**46,279**	**2,404,237**
Beginning net assets (1-3)	**64,709**	**670,897**	**926,209**	**79,309**	**223,322**	**247,991**	**47,503**	**2,259,940**

25 . Due to banks

	Dec.31, 2022	Dec.31, 2021
	EGP Thousands	EGP Thousands
Current accounts	2,672,108	666,659
Deposits	803,740	196,100
Total	3,475,848	862,759
Central banks	460,169	198,234
Local banks	45,065	5,234
Foreign banks	2,970,614	659,291
Total	3,475,848	862,759
Non-interest bearing balances	2,382,183	414,135
Floating bearing interest balances	573,860	117,516
Fixed interest bearing balances	519,805	331,108
Total	3,475,848	862,759
Current balances	3,475,848	862,759

26 . Due to customers

	Dec.31, 2022	Dec.31, 2021
	EGP Thousands	EGP Thousands
Demand deposits	197,874,662	134,352,996
Time deposits	105,665,409	79,212,681
Certificates of deposit	128,342,125	102,139,939
Saving deposits	91,890,264	86,405,762
Other deposits	6,352,445	3,989,538
Total	530,124,905	406,100,916
Corporate deposits	262,223,998	179,860,385
Individual deposits	267,900,907	226,240,531
Total	530,124,905	406,100,916
Non-interest bearing balances	94,746,889	64,696,583
Floating interest bearing balances	7,840,984	17,469,106
Fixed interest bearing balances	427,537,032	323,935,227
Total	530,124,905	406,100,916
Current balances	392,968,061	295,627,470
Non-current balances	137,156,844	110,473,446
Total	530,124,905	406,100,916

In 2022, Due to customers contains an amount of EGP 2,705 million representing guarantees of irrevocable commitments for documentary credits - export compared to EGP 641 million in 2021. The fair value of these deposits is approximately their present value.

27 . Issued debt instruments

	interest rate			
	Dec.31, 2022	Dec.31, 2021	Dec.31, 2022	Dec.31, 2021
Fixed rate bonds with 5 years maturity			EGP Thousands	EGP Thousands
Green bonds (USD)	Fixed rate	Fixed rate	2,456,607	1,557,263
Total			2,456,607	1,557,263
Non current balances			2,456,607	1,557,263

28 . Other loans

	Interest rate %	Loan duration	Due within one year	Dec.31, 2022	Dec.31, 2021
			EGP Thousands	EGP Thousands	EGP Thousands
CDC subordinated loan	Floating rate	10 years	-	2,644,356	1,440,063
European Bank for Reconstruction and Development (EBRD)	Floating rate	2 years	-	-	523,890
Environmental Compliance Project (ECO)	Fixed rate	3-5 years*	315	840	1,155
Agricultural Research and Development Fund (ARDF)	Fixed rate	3-5 years*	16,000	16,000	8,000
Egyptian Pollution Abatement Program (EPAP)	Floating / Fixed rate	Less than 1 year*	42,726	87,614	24,334
European Bank for Reconstruction and Development (EBRD) subordinated Loan	Floating rate	10 years	494,868	2,561,585	1,571,670
International Finance Corporation (IFC) subordinated Loan	Floating rate	10 years	494,868	2,668,580	1,571,670
Balance			1,048,777	7,978,975	5,140,782

Interest rates on variable-interest subordinated loans are determined in advance every 3 months. Subordinated loans are not repaid before their repayment dates.

* Represents the date of loan repayment to the lending agent.

29 . Other liabilities

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Accrued interest payable	**2,084,649**	1,553,629
Accrued expenses	**1,679,182**	1,610,509
Accounts payable	**7,485,262**	4,717,019
Other credit balances	**300,379**	140,153
Total	**11,549,472**	8,021,310

30 . Other Provisions

Dec.31, 2022	Beginning balance	Charged during the year	Exchange differences of other provisions	Net utilized / recovered during the year	Provisions no longer used	Ending balance EGP Thousands
Provision for legal claims**	**7,184**	**-**	**656**	**(212)**	**(172)**	**7,456**
Provision for contingent	**3,203,319**	**2,124,981**	**1,346,014**	**-**	**-**	**6,674,314**
* Provision for other claim	**329,173**	**8,960**	**48,303**	**(2,914)**	**-**	**383,522**
Total	**3,539,676**	**2,133,941**	**1,394,973**	**(3,126)**	**(172)**	**7,065,292**

Dec.31, 2021	Beginning balance	Charged during the year	Exchange revaluation difference	Net utilized / recovered during the year	Provisions no longer used	Ending balance EGP Thousands
Provision for legal claims	52,604	-	857	(43,826)	(2,451)	7,184
Provision for contingent	2,928,494	309,300	(34,475)	-	-	3,203,319
Provision for other claim	240,154	72,301	18,375	(1,657)	-	329,173
Total	3,221,252	381,601	(15,243)	(45,483)	(2,451)	3,539,676

* To face the potential risk of banking operations.

** A provision for legal cases that are expected to generate losses has been created.

31 . Equity

31.1 . Capital

The authorized capital is EGP 50 billion according to the extraordinary general assembly decision on 12 June 2019.

On September 22, 2022 issued and paid in capital increased by an amount of EGP 10 Billion as free shares financed from general reserve to reach EGP 29,825,134 thousand according to ordinary general assembly meeting decision on March 30, 2021. The Commercial Register has been amended on September 4, 2022 to reflect the increase.

On March 21, 2022 issued and Paid in Capital increased by an amount of EGP 122,716 thousand to reach EGP 19,825,134 thousand, according to Ordinary General Assembly Meeting decision on March 30 ,2021, by issuance of 12th tranche for E.S.O.P program.

- Issued and Paid in Capital increased by an amount of EGP 4,925,605 thousand on August 16, 2021 to reach 19,702,418 according to Ordinary General Assembly Meeting decision on March 15 ,2020 by distribution of a one share for every three outstanding shares by capitalizing on the General Reserve.
- Issued and Paid in Capital increased by an amount of EGP 85,992 thousand on September 21 ,2020 to reach EGP 14,776,813 thousand according to Board of Directors decision on January 5, 2020 by issuance of eleventh tranche for E.S.O.P program.
- Issued and Paid in Capital increased by an amount of EGP 105,413 thousand on November 18,2019 to reach EGP 14,690,821 thousand according to Board of Directors decision on February 4, 2019 by issuance of tenth tranche for E.S.O.P program.
- Issued and Paid in Capital increased by an amount of EGP 2,917,082 thousand on February 14, 2019 to reach 14,585,408 according to Ordinary General Assembly Meeting decision on March 4 ,2018 by distribution of a one share for every four outstanding shares by capitalizing on the General Reserve.

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Authorized Capital	**50,000,000**	50,000,000
Issued and paid up capital	**29,825,134**	19,702,418
Number of shares outstanding in Thousands	**2,982,513**	1,970,242

	Dec.31, 2022 EGP	Dec.31, 2021 EGP
Par value per share	**10**	10

31.2 . Reserves

According to The Bank status 5% of net profit is used to increase the legal reseve to reaches 50% of The Bank's issued and paid in capital.
Central Bank of Egypt concurrence for usage of special reserve is required.

32 . Deferred tax assets (Liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets (Liabilities) Dec.31, 2022 EGP Thousands	Assets (Liabilities) Dec.31, 2021 EGP Thousands
Fixed assets (depreciation)	**(48,811)**	(77,116)
Other provisions (excluded loan loss, contingent liabilities and income tax provisions)	**335,490**	183,417
Change in fair value of investments through OCI	**1,057,872**	(95,905)
Other Balance Sheet Revaluation	**(1,591,765)**	-
Other investments impairment	**82,953**	82,952
Reserve for employee stock ownership plan (ESOP)	**426,473**	376,738
Interest rate swaps revaluation	**(108)**	687
Trading investment revaluation	**17,770**	(9,480)
Forward foreign exchange deals revaluation	**(255,634)**	(1,267)
Balance	**24,240**	460,026

	Assets (Liabilities) Dec.31, 2022 EGP Thousands	Assets (Liabilities) Dec.31, 2021 EGP Thousands
Movement of Deferred Tax Assets and Liabilities:		
Beginning Balance	**460,026**	437,772
Additions / disposals through OCI	**1,153,777**	(95,905)
Additions / disposals through P&L	**(1,589,563)**	118,159
Ending Balance	**24,240**	460,026

33 . Share-based payments

According to the extraordinary general assembly meeting on June 26, 2006, the Bank launched new Employees Share Ownership Plan (ESOP) scheme and issued equity-settled share-based payments. Eligible employees should complete a term of 3 years of service in The Bank to have the right in ordinary shares at face value (right to share) that will be issued on the vesting date, otherwise such grants will be forfeited. Equity-settled share-based payments are measured at fair value at the grant date, and expensed on a straight-line basis over the vesting year (3 years) with corresponding increase in equity based on estimated number of shares that will eventually vest(True up model). The fair value for such equity instruments is measured using the Black-Scholes pricing model.

Details of the rights to share outstanding during the year are as follows:

	Dec.31, 2022 No. of shares in thousand	Dec.31, 2021 No. of shares in thousand
Outstanding at the beginning of the year	**76,328**	51,611
Granted during the year	**31,177**	26,491
Forfeited during the year	**(2,682)**	(1,774)
Exercised during the year	**(12,272)**	-
Outstanding at the end of the year	**92,551**	76,328

Details of the outstanding tranches are as follows:

Maturity date	EGP **Exercise price**	EGP **Fair value**	**No. of shares in thousand**
2022	10.00	37.99	16,543
2023	10.00	36.45	20,587
2024	10.00	26.34	24,840
2025	10.00	28.43	30,581
Total			**92,551**

The fair value of granted shares is calculated using Black-Scholes pricing model with the following:

	16th tranche	**15th tranche**
Exercise price	10	10
Current share price	42.65	52.55
Expected life (years)	3	3
Risk free rate %	14.65%	13.63%
Dividend yield%	2.50%	0.00%
Volatility%	26%	25%

Volatility is calculated based on the daily standard deviation of returns for the last five years.

34 . Reserves and retained earnings

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Legal reserve	**3,963,946**	3,293,074
General reserve	**27,096,858**	28,260,532
Capital reserve	**18,947**	16,000
Retained earnings	**16,497,346**	13,783,935
Reserve for financial assets at fair value through OCI	**(13,138,461)**	639,231
Reserve for employee stock ownership plan	**1,895,435**	1,674,392
Banking risks reserve	**11,981**	9,141
General risk reserve	**1,549,445**	1,549,445
Ending balance	**37,895,497**	49,225,750

34.1 . Banking risks reserve

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Beginning balance	**9,141**	6,423
Transferred to banking risk reserve	**2,840**	2,718
Ending balance	**11,981**	9,141

34.2 . Legal reserve

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Beginning balance	**3,293,074**	2,778,135
Transferred to legal reserve	**670,872**	514,939
Ending balance	**3,963,946**	3,293,074

34.3 . Reserve for financial assets at fair value through OCI

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Beginning balance	**639,231**	3,970,987
Transferred to RE from financial assets at fair value through comprehensive income	**(3,436)**	(177,488)
Net unrealised gain/(loss) on financial assets at fair value through OCI	**(14,229,303)**	(3,060,702)
Effect of ECL in fair value of debt instruments measured at fair value through OCI	**455,047**	(93,566)
Ending balance	**(13,138,461)**	639,231

34.4 . Retained earnings

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Beginning balance	**13,783,935**	10,477,611
Transferred to reserves	**(9,007,223)**	(8,936,512)
Dividend paid	**(4,410,322)**	(1,360,652)
Net profit of the year	**16,130,360**	13,420,385
Transferred (from) to banking risk reserve	**(2,840)**	(2,718)
Transferred from previous years' outstanding balances	**-**	8,333
income	**3,436**	177,488
Ending balance	**16,497,346**	13,783,935

34.5 Reserve for employee stock ownership plan

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Beginning balance	**1,674,392**	1,064,648
Transferred to reserves	**(502,922)**	-
Cost of employees stock ownership plan (ESOP)	**723,965**	609,744
Ending balance	**1,895,435**	1,674,392

34.6 General risk reserve

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Beginning balance	**1,549,445**	1,549,445
Ending balance	**1,549,445**	1,549,445

35 . Cash and cash equivalent

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Cash and balances at the central bank	**47,384,574**	43,385,222
Due from banks	**133,815,430**	80,031,726
Treasury bills and other governmental notes	**59,146,824**	41,579,504
Obligatory reserve balance with CBE	**(40,414,752)**	(38,016,793)
Due from banks with maturities more than three months	**(47,241,335)**	(23,801,430)
Treasury bills with maturities more than three months	**(59,795,598)**	(42,286,330)
Total	**92,895,143**	60,891,899

36 . Contingent liabilities and commitments

36.1 . Legal claims

- There is a number of existing cases against the bank on Dec. 31, 2022 for which no provisions are made as the bank doesn't expect to incur losses from it.
- A provision for legal cases that are expected to generate losses has been created. (Note No. 30)

36.2 . Capital commitments

36.2.1 . Financial investments

The capital commitments for the financial investments reached on the date of financial position EGP 1,546 thousand as follows:

	Investments value	Paid	Remaining
Financial Assets at Fair value through OCI	247,434	245,888	**1,546**

36.2.2 . Fixed assets and branches constructions

The value of commitments for the purchase of fixed assets, contracts, and branches constructions that have not been implemented till the date of the financial statements amounted to EGP 397,100 thousand against EGP 454,166 thousand in 2021.

36.3 . Letters of credit, guarantees and other commitments

	Dec.31, 2022 **EGP Thousands**	Dec.31, 2021 EGP Thousands
Letters of guarantee	**123,040,556**	82,899,079
Letters of credit (import and export)	**8,464,457**	5,537,277
Customers acceptances	**3,482,249**	3,211,139
Total	**134,987,262**	91,647,495

36.4 . Credit facilities commitments

	Dec.31, 2022 **EGP Thousands**	Dec.31, 2021 EGP Thousands
Credit facilities commitments	**7,077,400**	7,720,358

36.5 Lease commitments

The total minimum lease payments for non-cancellable operating leases are as follows:

	Dec.31, 2022	Dec.31, 2021
Not more than one year	**57,119**	44,854
More than one year and less than five years	**563,066**	285,103
More than five years	**200,824**	87,380

37 . Mutual funds

Osoul fund

- CIB established an accumulated return mutual fund under license no.331 issued from capital market authority on February 22, 2005. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 6,978,911 with redeemed value of EGP 3,876,157 thousands.
- The market value per certificate reached EGP 555.41 on December 31, 2022.
- The Bank's portion is 237,112 certificates with a redeemed value of EGP 131,694 thousands.

Istethmar fund

- CIB bank established the second accumulated return mutual fund under license no.344 issued from capital market authority on February 26, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 300,376 with redeemed value of EGP 81,228 thousands.
- The market value per certificate reached EGP 270.42 on December 31, 2022
- The Bank's portion is 50,000 certificates with a redeemed value of EGP 13,521 thousands.

Aman fund (CIB and Faisal Islamic Bank Mutual Fund)

- CIB and Faisal Islamic Bank established an accumulated return mutual fund under license no.365 issued from capital market authority on July 30, 2006. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 308,251 with redeemed value of EGP 44,696 thousands.
- The market value per certificate reached EGP 145 on December 31, 2022.
- The Bank's portion is 32,596 certificates with a redeemed value of EGP 4,726 thousands.

Hemaya fund

- CIB bank established an accumulated return mutual fund under license no.585 issued from financial supervisory Authority on June 23, 2010. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 83,856 with redeemed value of EGP 27,537 thousands.
- The market value per certificate reached EGP 328.38 on December 31, 2022
- The Bank's portion is 50,000 certificates with a redeemed value of EGP 16,419 thousands.

Thabat fund

- CIB bank established an accumulated return mutual fund under license no.613 issued from financial supervisory authority on September 13, 2011. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 330,087 with redeemed value of EGP 129,183 thousands.
- The market value per certificate reached EGP 391.36 on December 31, 2022.
- The Bank's portion is 50,000 certificates with a redeemed value of EGP 19,568 thousands.

Takamol fund

- CIB bank established an accumulated return mutual fund under license no.431 issued from financial supervisory authority on February 18, 2015. CI Assets Management Co.- Egyptian joint stock co - manages the fund.
- The number of certificates issued reached 146,557 with redeemed value of EGP 38,226 thousands.
- The market value per certificate reached EGP 260.83 on December 31, 2022.
- The Bank's portion is 50,000 certificates with a redeemed value of EGP 13,042 thousands.

38 . Transactions with related parties

All banking transactions with related parties are conducted in accordance with the normal banking practices and regulations applied to all other customers without any discrimination.

38.1 . Loans, advances, deposits and contingent liabilities

	EGP Thousands
Loans, advances and other assets	1,081,864
Deposits	123,560
Contingent liabilities	173,143

38.2 Other transactions with related parties

	Income EGP Thousands	Expenses EGP Thousands
International Co. for Security & Services	73	215,848
CVenture Capital	740	93
Mayfair bank	790	-
Damietta shipping & marine services	2	564
Commercial International Finance Company	4	2,155
Al ahly computer	3	-
TCA Properties	138,162	-

39 . Main currencies positions

	Dec.31, 2022 EGP Thousands	Dec.31, 2021 EGP Thousands
Egyptian pound	(395,392)	(3,306,200)
US dollar	899,747	2,363,775
Sterling pound	1,124	2,050
Japanese yen	0	(1,422)
Swiss franc	109	1,136
Euro	35,891	20,209

Main currencies positions above represents what is recognized in the balance sheet position of the Central Bank of Egypt.

40 . Tax status

Corporate income tax

- Settlement of corporate income tax since the start of activity till 2018
- 2019 & 2020 examined & paid
- The yearly income tax return submitted in legal dates

Salary tax

- Settlement of salary tax since the start of activity till 2020

Stamp duty tax

- The period since the start of activity till 31/07/2006 was examined & paid, disputed points have been transferred to the court for adjudication & cases are being resolved as per Tax disputes termination law.
- The period from 01/08/2006 till 31/12/2021 was examined & paid in accordance with the protocol signed between the Federation of Egyptian Banks & the Egyptian Tax Authority

41 . Other assets - net increase (decrease)

	Dec.31, 2022 EGP Thousands
Total other assets by end of 2021	11,141,917
Assets acquired as settlement of debts	(153,423)
Advances to purchase of fixed assets	(1,134,366)
Total 1	**9,854,128**
Total other assets by end of year 2022	14,454,868
Assets acquired as settlement of debts	(124,098)
Advances to purchase of fixed assets	(1,339,496)
Impairment charge for other assets	(277,766)
Total 2	**12,713,508**
Change (1-2)	**(2,859,380)**

	Dec.31, 2021 EGP Thousands
Total other assets by year end	9,095,212
Assets acquired as settlement of debts	(169,855)
Advances to purchase of fixed assets	(1,195,099)
Total 1	**7,730,258**
Total other assets by year end	11,141,917
Assets acquired as settlement of debts	(153,423)
Advances to purchase of fixed assets	(1,134,366)
Impairment charge for other assets	31,975
Total 2	**9,886,103**
Change (1-2)	**(2,155,845)**

42 . Significant events during the year

- During the year, the Bank established a subsidiary company called Commercial International for Finance. The Bank holds a 99.83% ownership stake with a value of EGP 59.9 million after obtaining initial approvals from the regulatory authorities. The company's financial statements have not yet been issued as it has not yet started operating its business activities.

- The Monetary Policy Committee of the Central Bank of Egypt affirmed in its extraordinary meeting on 21 March 2022 that the Central Bank of Egypt believes in the importance of exchange rate flexibility, as global inflationary pressures began to appear again, after signs of recovery of the global economy from the turmoil caused by the Coronavirus pandemic, due to developments of the Russian-Ukrainian conflict.
  To maintain the targeted inflation rates, the Central Bank of Egypt raised the overnight deposit and lending rates and the main transaction price by 100 basis points to reach 9.25%, 10.25% and 9.75%, respectively. The credit and discount rate was also raised by 100 basis points to reach 9.75%, which may affect the bank's policies in pricing current and future banking products.

- On 19 May 2022, the Monetary Policy Committee (MPC) decided to raise the Central Bank of Egypt’s (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 200 basis points to 11.25 percent, 12.25 percent, and 11.75 percent, respectively. The discount rate was also raised by 200 basis points to 11.75 percent.

- On 27 October 2022, Central Bank of Egypt (CBE) has decided to intensify its reform agenda to secure macroeconomic stability and achieve strong, sustainable and inclusive growth. To this end, the CBE moved to a durably flexible exchange rate regime, leaving the forces of supply and demand to determine the value of the EGP against other foreign currencies. Furthermore, in order to uphold the CBE's mandate of ensuring price stability over the medium term, the monetary policy committee (MPC) has decided in its special meeting to raise the overnight deposit rate, the overnight lending rate, and the rate of the main operation by 200 basis points to 13.25 percent, 14.25 percent, and 13.75 percent, respectively. The dicount rate was also raised by 200 basis points to 13.75 percent.

  On 22 December 2022, the Monetary Policy Committee (MPC) decided to raise the Central Bank of Egypt’s (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 300 basis points to 16.25 percent, 17.25 percent, and 16.75 percent, respectively. The discount rate was also raised by 300 basis points to 16.75 percent.

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

  In addition to the above, the impairment of the expected credit losses increased at the end of the year due to the increase in risks related to the borrowers’ ability to pay - in light of the impact of the global and Egyptian economy as a result of the Russian-Ukrainian conflict - and its effects on the macro-economy, and micro-economy of some industries from. For more details, refer to note (3.1.6)
  The impact of the aforementioned status over the economic position is considered judgmental & uncertain, and management will keep assessing the current position and its related impact regularly.

- **Subsequent events**
- During 2023 CIB obtained both CBE & CBK approval for acquiring the remaining 49% of Mayfair-CIB bank to reach 100% of ownership.
- During 2023 CIB BoD decided to start liquidation process for C-Ventures company, one of bank's subsidiaries.

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