المصرف العربي الدولي

AIB

ARAB INTERNATIONAL BANK

ANNUAL REPORT 2022

CONTENTS

General View

01

Message of the Board of Directors

On behalf of the members of the Board of Directors, we are proud to present the Annual Report for the year 2022.

In 2022, the Arab International Bank continued to evolve and excel beyond its own anticipations to provide the highest level of service to our clients. These goals were achieved with great determination in seeking out new clients through our branches, services, and products, despite the global economic challenges that currently take place.

The Arab International Bank remained successful; after introducing products that cater to various societal benefits in 2021. The bank's growth was nurtured by the increase of the number of its branches that also align with the Central Bank of Egypt initiative related to clients with special needs. Accordingly, the bank has upgraded its branches to provide the easiest and most accessible banking experiences along with providing the products and services that suit their needs. The starting point was this year, with our two branches in Heliopolis and Al Batal Ahmed Abdel-Aziz Street.

The separate and consolidated financial statements of the Arab International Bank, as presented in the 2022 Annual Report, substantiated our competence in maintaining the position of the Arab International Bank as one of the most esteemed and deeply rooted banks in the Egyptian banking sector.

The following are some key performance indicators of the end of the fiscal year on December 31, 2022:

Both the separate and consolidated financial statements of the Bank presented a net profit. The separate financial statement shows a net profit of $27.8 million in 2022, while the customers' deposits reached $3.3 billion by the end of the same year. Meanwhile, the coverage ratio for the Expected Credit Loss (ECL) provisions for the loan portfolio was 30.85% at the end of 2022. As for the capital adequacy ratio of the bank calculated on a Banking Group basis and with respect to the instructions of the Central Bank of Egypt (CBE), it reached 20.86% on December 31, 2022, while the minimum limit required according to the CBE's instructions reached 12.50 % including conservation buffer.

In conclusion, we would like to express our gratitude and appreciation to the members of the Board of Directors and all the Bank employees for their ongoing efforts that have satisfied our objective to achieve excellence through collaboration and commitment in all our dealings. We also extend our thanks to all our valued clients and associates for placing their trust in us. It is without a doubt that we will strive to sustain the quality of our services and remain worthy of the trust of our clients.

Hisham Ramez

Chief Executive Officer - Managing Director

Amr Kamel

Non-Executive Chairman

About AIB

The Arab International Bank was established in 1974 by virtue of an international treaty concluded by the governments of the Arab Republic of Egypt, Libya, Sultanate of Oman, the State of Qatar and the United Arab Emirates. The legal domicile of the Bank is located in Cairo, Egypt. The purpose of this Bank is to carry out all the banking, financial and commercial activities related to the projects of economic development and foreign trade, especially for the interest of the member states, in addition to other Arab and non-Arab countries. The mentioned activities include but are not limited to:

- Accepting time deposits or call deposits and opening accounts for the governments of the Arab countries, non-Arab countries, the organizations, institutions, banks, companies and individuals from Arab and non-Arab countries.
- Financing the foreign trade operations of the Arab countries through providing credit facilities for the importers, granting finance to the exporters and providing insurance or securing the facilities required for such operations.
- Organizing the participation in the projects and investment programs that are related to the economic development, particularly those of common nature among a number of the Arab countries.
- Providing long and medium-term loans for the purposes of development.
- Establishing or acquiring companies or participating in any manner with the banks, Arab and foreign companies practicing similar activities and assisting the Bank in achieving its purposes in the Arab or foreign countries.

Within the framework of the endeavors exerted by the Bank to expand its activities and the establishment of new branches, in addition to providing all the services to its customers in a manner according to which the Bank can carry out transactions in all currencies including the Egyptian Pound along with maintaining all the privileges granted by virtue of the Bank Establishment Treaty, whether to the shareholders or the customers, the Extraordinary General Assembly meeting of the Arab International Bank held on March 22,2012 approved the amendment of some articles of the Bank Establishment Treaty and its statutes. The following are the most significant amendments of which:

- All transactions undertaken by the Bank shall be conducted in all currencies as specified by the Board of Directors.
- The Bank and its branches are not subject to the laws regulating general organizations or organizations of public utility, public sector companies and joint stock companies in Member States where the Bank or its branches operate.
- In a manner that is not in conflict with the above mentioned and with the rest of Bank Establishment Treaty, this Bank is subjected to the supervision of the Central Bank according to the law of Central Bank, the law of Banking and Monetary System in the headquarters hosting country. Furthermore, AIB branches in other member states are subjected to the supervision of the Central Banks, according to the applicable laws regulating banks and credit facilities in these member states.
- It has been taken to activate this amendment procedures as of April 2015.

The Shareholders

Central Bank of Egypt (on behalf of Arab Republic of Egypt)	38.76%
Libyan Foreign Bank (on behalf of Libya)	38.76%
Abu Dhabi Investment Authority	12.503%
Qatar Holding Company (on behalf of Qatar State)	4.984%
International Capital Trading Co.(LLC)	2.503%
State General Reserve fund (on behalf of Sultanate of Oman)	2.49%

Total

100 %

Members of the Board of Directors

Mr. Amr Mohamed Kamel
Non-Executive Chairman

Mr. Hisham Ramez Abdel Hafez
Chief Executive Officer – Managing Director

Dr. Mostafa Kamal Madbouly
Member of the Board of Directors

Mr. Mohamed Abdel-Hamid Aboumoussa
Member of the Board of Directors

Mrs. May Sherif Abouelnaga
Member of the Board of Directors

Mr. Ashraf Mohamed Bahie Eldin
Member of the Board of Directors

Mr. Ali Salem El Hebry
Member of the Board of Directors

Mr. Essam Eldin Salem Allag
Member of the Board of Directors

Mr. Khaled Amr E. Algonsel
Member of the Board of Directors

Mr. Mustafa Mohamed Ali Elmanea
Member of the Board of Directors

Mr. Khaled Mohamed Al Khajeh
Member of the Board of Directors

Mr. Matar Mubarak Almazrouei
Member of the Board of Directors

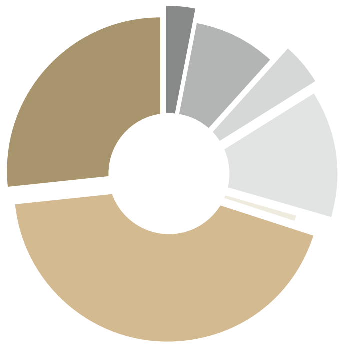
Mr. Hamad Rashed Al Noeimy
Member of the Board of Directors

Mr. Abdulla Ali M. A. Al-Kuwari
Member of the Board of Directors

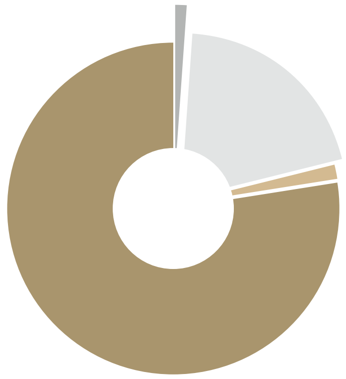
The most significant financial information & indications

	2022	2021
		(US$ Thousands)
Income Statement Items		
Total operating income	100 868	89 553
Total operating expenses	(62 918)	(65 777)
Profit before provisions	37 950	23 778
Net profit	27 782	23 347
		(US$ Million)
Financial Position Items		
Total Assets	4 276	5 356
Cash & Placement with banks	1 144	1 189
Net loans and advances	568	557
Treasury bills	1 850	2 793
Investments at fair value through other comprehensive income	26	27
Financial investments at amortized cost	196	273
Investments in subsidiaries & associates	368	368
Customers› deposits	3 313	4 212
Shareholders› equity	861	847
Ratio (%)	%	%
Assets Quality		
Total assets growth rate	(20.17)	(1.55)
Loans provision to gross loans	30.85	31.2
Loans provision to non-performing loans	109.48	88.87
Capital Adequacy		
Total equity growth rate	1.64	0.45
Total equity to total assets	20.1	15.8
Liquidity		
Net loans to total deposits	16.84	12.53
Net loans to total customers› deposits	17.15	13.23
Total customers› deposits to total deposits	98.23	94.77
Liquid assets to total assets ratio	63.23	68.78
Profitability		
Operating income on average assets *	0.58	0.34
Return to average equity *	3.25	2.20
Return to paid in capital *	4.63	3.09

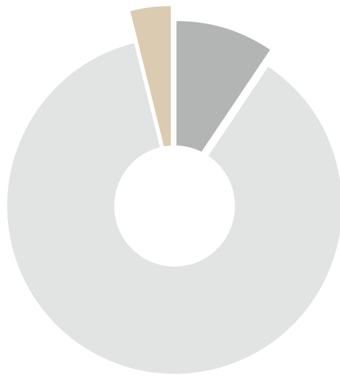
* Excluding the amount of US$ 4.8 million as at 31-12-2021 representing associates impairment reversal



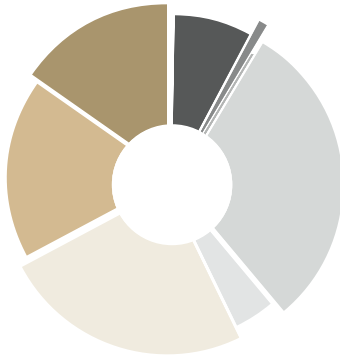
31-Dec-2022	Assets Breakdown	%
1 144 344	Cash & Cash at Banks	26.8
1 850 023	Treasury Bills	43.3
25 787	Investments at fair value through OCI	0.6
568 044	Loans & Advances	13.3
195 722	Investments at amortized cost	4.6
367 546	Investments in Associates	8.6
124 277	Others	2.9
4 275 743		100



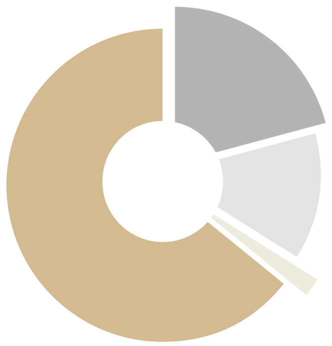
31-Dec-2022	Resources Breakdown	%
3 312 912	Customers Deposits	77.5
59 855	Banks deposits	1.4
860 929	Shareholders› equity	20.1
42 047	Others	1.0
4 275 743		100



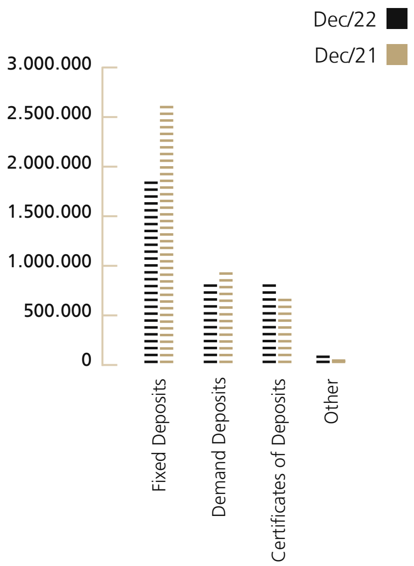
31-Dec-2022	Gross Loans and Advances by Type	%
33 806	Customers	4.1
711 400	Corporate Finance	86.6
76 270	Banks	9.3
821 476		100
(253 432)	Provisions	



31-Dec-2022	Distribution of Net Loans According to Sectors	%
126 164	Financials	15.36
144 647	Industrial	17.61
200 469	Petroleum & Gas	24.40
30 861	Commercial	3.76
250 205	Tourism	30.46
243	Electricity	0.03
5 469	Construction	0.67
63 418	Others	7.72
821 476	Total	100

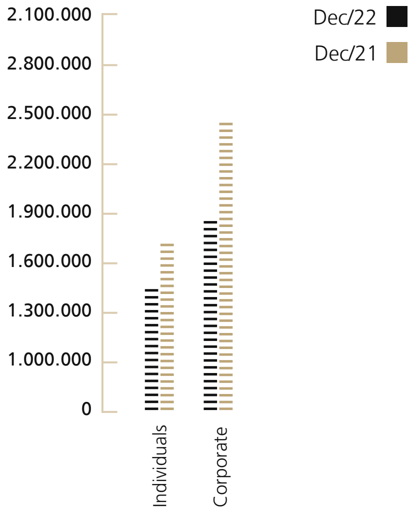


31/12/2022	Associates by Sectors	
237 026	Financial institutions	64
6 800	Tourism	2
48 000	Commercials & Industrial	13
75 720	Technology & Education	21
367 546	Total	100



Customers Deposits

	31/12/2022	31/12/2021
Fixed Deposits	1 857 186	2 651 110
Demand Deposits	803 762	780 252
Certificates of Deposits	625 564	745 942
Other	26 400	34 907
Total	3 312 912	4 212 211

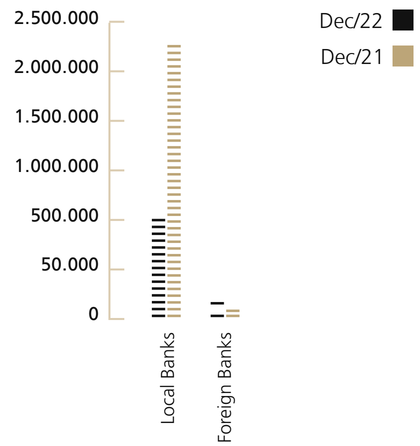


Distribution of Customers Deposits by Client Type

	31/12/2022	31/12/2021
Individuals	1 473 968	1 748 730
Corporate	1 838 944	2 463 481
Total	3 312 912	4 212 211

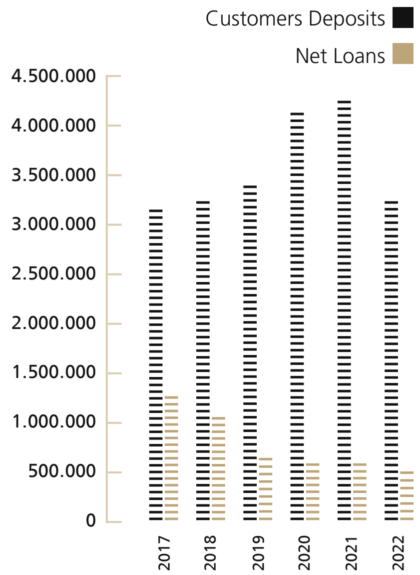
Distribution of Interbanks Deposits by Region

	31/12/2022	31/12/2021
Local Banks	50 674	225 253
Foreign Banks	9 181	7 394
Total	**59 855**	**232 647**



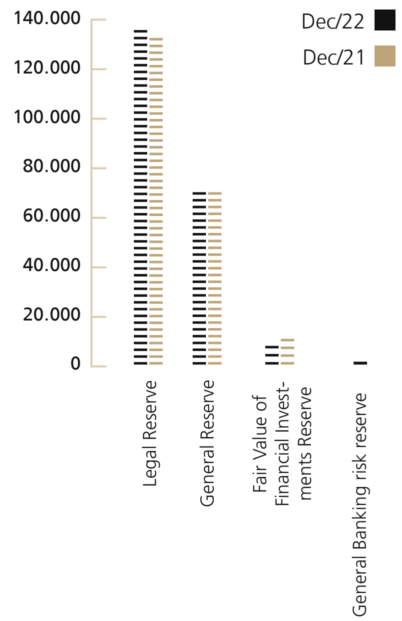
Net Loans Versus Customers Deposits

	Net Loans	Customers Deposits
2017	1 228 470	3 112 873
2018	1 061 472	3 317 048
2019	608 167	3 786 645
2020	595 029	4 030 604
2021	557 080	4 212 211
2022	568 044	3 312 912



Reserves Distribution

	31/12/2022	31/12/2021
Legal Reserve	136 983	134 648
General Reserve	73 582	73 582
Fair Value of Financial Investments Reserve	3 971	4 989
General Banking risk reserve	204	-
Total	**214 740**	213 219



Board of Directors' Report

02

The Board of Directors' Report on the Bank's activities as at December 31, 2022

Executive Summary

The total assets in the financial statements as at December 31, 2022 amounted to $ 4.3 billion, compared to $ 5.4 billion as at December 31, 2021, with a decrease amounted to 1 billion US$, that represents a percentage of decrease amounted to 20%. The main reason for the decrease in total assets this year compared to the previous year is the decrease in the price of the exchange of the Egyptian pound against the US dollar (15.72 at the end of December 2021 compared to 24.74 at the end of December 2022), as this affected the decrease in the equivalent in US dollars of the total assets in the Egyptian pound, equivalent to an amount of 1.1 billion US dollars.

The following is a statement of the impact of the decrease in the exchange rate of the Egyptian pound against the US dollar on assets and liabilities on December 31, 2022:

Liabilities & Equity

Per Million US$

Description	31-Dec-22		31-Dec-21		Change +/(-)		The impact of decrease in exchange rate of the Egyptian pound
	value	%	value	%	value	%	value
Equity	861	20.1	847	15.8	14	2	(19)
Customer's deposits	3 313	77.5	4 212	78.6	(899)	(21)	(992)
Due to banks	60	1.4	233	4.4	(173)	(74)	(1)
Other liabilities & provisions	42	1.0	64	1.2	(22)	(34)	(80)
Total	**4 276**	**100**	**5 356**	**100**	**(1 080)**	**(20)**	**(1 290)**

Assets

Per Million US$

Description	31-Dec-22		31-Dec-21		Change +/(-)		The impact of decrease in exchange rate of the Egyptian pound
	value	%	value	%	value	%	value
Cash balances &due from banks	1 144	26.8	1 189	22.2	(45)	(4)	(111)
Financial investments	2 072	48.4	3 092	57.7	(1 020)	(33)	(834)
Loans to customers & banks (net)	568	13.3	557	10.4	11	2	(41)
Investments in associates	368	8.6	368	6.9	-	-	-
Other assets	124	2.9	150	2.8	(26)	(17)	(106)
Total	**4 276**	**100**	**5 356**	**100**	**(1 080)**	**(20)**	**(1 092)**

The net profit as at December 31, 2022 amounted to US$ 27.8 million, compared to US$ 23.4 million as at December 31, 2021, with an increase of US$ 4.4 million that represents an increase of 19%. The reason for the increase in net profit for the Bank this year compared to the previous year is, the increase in net income from interest with an amount of US$ 16.5 million over the previous year, by an increase that represents 23%, and an increase of US$ 1.2 million in other net operating income, that represents an increase of 18% and a decrease of US$ 2.9 million in other administrative expenses, with a decrease of 5%, and the presence of a reverse of impairment in the previous year for the Suez Canal Bank with the amount of US$ 4.8 million, which does not correspond to a reverse of impairment this year.

It is worth noting that, the following items affected the net profit by a decrease of US$ 23 million as per the separate financial statements for the year 2022:

- Revaluation of profits in Egyptian pounds against US dollars that caused a decrease in net profit with an amount equivalent to US$ 10.8 million.
- Forming provisions for bad debts and contingent liabilities in this financial year, amounting to US$ 10 million, compared to provisions for the previous year that amounted to US$ 430 thousand.
- Increasing the statutory reserve in Egyptian pounds from 14% to 18% as of October 1, 2022 that caused a decrease in net profit with an amount equivalent to US$ 2.8 million.

It is also worth noting that, the separate net profit as at December 31, 2022 did not include the Bank's share in the profits of the associate companies due to the fact that Bank's preparation of the consolidated financial statements, as the Bank's share in the profits of the subsidiaries and associate companies is not recognized except when cash distribution is made only. when assuming that the Bank's share in the profits of subsidiaries and associate companies is taken into consideration until December 31, 2022, the Bank's share in that profit will appear in the consolidated financial statements and the net profit becomes US$ 61 million, regardless of the effect of the previously mentioned decrease of US$ 23 million.

The auditors issued a clean opinion report on those financial statements.

The Detailed Report

Introduction

These financial statements of the Bank were prepared in accordance with rules issued on 16 December 2008 by the Central Bank of Egypt with respect to the preparation and presentation of the financial statements of banks in addition to the instructions of preparation and presentation of the financial statements of banks issued on 26 February 2019 by the Central Bank of Egypt with respect to the requirements of IFRS (9) "Financial Instruments".

The said separate and consolidated financial statements were audited by external auditors in accordance with the rules and instructions mentioned above and they issued an unqualified opinion (a clean opinion report) to the effect that the financial statements present fairly, in all material respects, the financial position of Arab International Bank as at December 31, 2022, its financial performance and its cash flows for the year then ended.

The Board of Directors of the Arab International Bank is honored to introduce the results of the Bank's activities and its performance according to the financial statements for the year ended as at December 31, 2022:

First: Financial Position:

1- Liabilities and owners' equity:

The total amount of liabilities and owners' equity as at December 31, 2022 amounted to US$ 4 276 million corresponding to US$ 5 356 million as at December 31, 2021 with a decrease of US$ 1 080 million (due to the decrease in the exchange rate of the Egyptian pound against the US dollar on liabilities and equity on December 31, 2022 as showed in the following table:

(Per Million US$)

Description	31-Dec-22		31-Dec-21		Change +/(-)	
	value	%	value	%	value	%
Shareholders' equity	861	20.1	847	15.8	14	2
Customers' deposits	3 313	77.5	4 212	78.6	(899)	(21)
Balances due to banks	60	1.4	233	4.4	(173)	(74)
Other liabilities & provisions	42	1.0	64	1.2	(22)	(34)
Total	**4 276**	**100**	**5 356**	**100**	**(1 080)**	**(20)**

A- Shareholders' Equity

The total shareholders' equity as at December 31, 2022 amounted to US$ 861 million corresponding to US$ 847 million, as at December 31, 2021 with an increase amounting to US$ 14 million. Hereunder, is an analysis of the shareholder's equity items as at December 31, 2022 & December 31, 2021:

(Per Million US$)

Description	31-Dec-2022	31-Dec-2021	Change +/(-)	
			value	%
Paid- in capital	600.00	600.00	-	-
Legal reserve	136.98	134.65	2.33	2
General reserve	73.58	73.58	-	-
Financial investments fair value reserve through other comprehensive income	3.97	4.99	(1.02)	(20)
Banking risk reserve	0.20	-	0.20	
Retained earnings including net profit for the year	46.19	33.79	12.40	37
Total	**860.92**	**847.01**	**13.91**	**2**

A/1 Capital

The issued and paid-in capital of the Bank as at December 31, 2022 amounts to US$ 600 million, distributed over 30,000 ordinary shares, the value of each share is US$ 20 thousand.

The issued & paid in capital is as follows:

(Per Million US$)

	No. of shares	Value of issued shares (per thousand US$)	%
Arab Republic of Egypt	11 628	232 560	38.76
State of Libya	11 628	232 560	38.76
Abu Dhabi Investment Authority	3 751	75 020	12.503
State of Qatar	1 495	29 900	4.983
Sultanate of Oman – Oman Investment Authority	747	14 940	2.49
International Capital Trading Company	751	15 020	2.503
Total	**30 000**	**600 000**	**100**

The capital adequacy ratio reached 20.86 % as of December 31, 2022 (as a banking group) after the provisional exemption granted to banks by the Central Bank of Egypt from calculating the risks of concentration of the credit portfolio with the largest 50 clients and related parties, while the minimum requirements of the Central Bank of Egypt, including the conservation buffer until that date is 12.5%.

A/2 Financial investments fair value reserve through other comprehensive income

Financial investments fair value reserve through other comprehensive income is represented in the profits gained from revaluation of outstanding financial investments through other comprehensive income amounting to US$ 3.97 million (profits) as at December 31, 2022 against the amount of US$ 4.99 million (profits) as of December 31, 2021, with a decrease of US$ 1 million due to a decrease in investments in treasury bills at fair value through other comprehensive income by US$ 0.3 million and a decrease in equity instruments at fair value through other comprehensive income by US$ .7 million.

A/3 Retained Earnings

The retained earnings including the net profit of the year as at December 31, 2022 amounted to US$ 46.2 million corresponding to US$ 33.8 million as at December 31, 2021 with an increase of US$ 12.4 million.

B- Deposits

B/1 Customers' Deposits & Certificates of Deposits

The customers' deposits & certificates of deposits as at December 31, 2022 amounted to US$ 3 313 million corresponding to US$ 4 212 million as at December 31, 2021 with a decrease of US$ 899 million at a rate of decrease of 21 % as the decrease rate in differences of currency revaluation in customers' deposits in Egyptian pounds becomes equivalent to US$ 992 million and a decrease in customers' deposits in foreign currencies amounting to US$ 78 million. This decrease in customers' deposits in Egyptian pounds was equivalent to an amount of L.E 4 243 million.

The interest paid in return for customers' deposits as at 31 December 2022 amounted to US$ 233 million corresponding to US$ 251 million as at 31 December 2021 at an average interest rate that reached 10.9 % for the Egyptian pound and 1.4 % for foreign currencies during the current financial year while corresponding to 10 % for the Egyptian pound and 2 % for foreign currencies during the comparative year.

B/2 Placements from Banks

The Placements from Banks as at December 31, 2022 amounted to US$ 60 million corresponding to US$ 233 million as at December 31, 2021 with a decrease amounting to US$ 173 million at a rate of decrease of 74 % when compared to last year.

The interest paid on Placements from Banks as at December 31, 2022 amounted to US$ 8.4 million at an average interest rate that amounted to 11.4 % for the Egyptian pound and 1.8 % for foreign currencies corresponding to US$ 23.2 million as at December 31, 2021 at an average interest rate of 10.5 % for the Egyptian pound and 0.1 % for foreign currencies during the comparative year.

C- Other Liabilities

The Total amount of other liabilities as at December 31, 2022 amounted to US$ 38 million corresponding to US$ 58 million by a decrease amounted to US$ 20 million. The said decrease is attributed to a decrease in the interest income due to customers with an amount of US$ 10 million and a decrease in the balances of employees' alternative pension scheme (end of service compensation) with an amount of US$ 7 million in addition to a decrease of US$ 3 million in other credit balances.

D- Other Provisions

The total other provisions as at December 31, 2022 amounted to US$ 4 million corresponding to the amount of US$ 6.3 million as at December 31, 2021 with a decrease of US$ 2.3 million. The largest portion of that decrease was represented in reverse of the provision for contingent liabilities that became no longer required with an amount of US $ 1.4 million, the reverse of the provision for commitments on loans and facilities with the amount of US$ 0.5 million, and the decrease as a result of the currency revaluation differences for other provisions in Egyptian pounds, that is equivalent to the amount of US $ 0.8 million against the amount of US$ 0.4 million which represents the support of the provision for potential claims.

2- Assets

The total assets as at December 31, 2022 amounted to US$ 4 276 million corresponding to US$ 5 356 million as at December 31, 2021 at a decrease amounted to US$ 1 080 million with a decrease rate amounted to 20% (decrease as a result of the currency revaluation differences of the assets in Egyptian pounds, that is equivalent to the amount of US$ 1 093 million), as follows:

(Per Million US$)

Description	31-Dec-22		31-Dec-21		Change +/(-)	
	value	%	value	%	value	%
Cash balances, balances with CBE and deposits due from banks	1 144	26.8	1 189	22.2	(45)	(4)
Financial investments	2 072	48.4	3 092	57.7	(1 020)	(33)
Loans to customers and banks (net)	568	13.3	557	10.4	11	2
Investments in associates	368	8.6	368	6.9	-	-
Fixed assets, intangibles & other assets	124	2.9	150	2.8	(26)	(17)
Total	**4 276**	**100**	**5 356**	**100**	**(1 080)**	**(20)**

A- Cash Balances, Balances with the Central Bank of Egypt &Deposits Due from Banks

Cash Balances, Balances with the Central Bank of Egypt & Deposits Due From Banks as at December 31, 2022 amounted to US$ 1 144 million corresponding to US$ 1 189 million as at December 31, 2021 with a decrease of US$ 45 million at a decrease rate of 3.8 %, the said decrease represents a decrease in the balances with the Central Bank within the mandatory reserve percentage in Egyptian pound, that is equivalent to US$ 6.9 million, having a decrease in external banks' deposits amounting to US$ 415.5 million and a decrease external banks' current accounts that amounted to US$ 19.2 million. The current accounts of local banks decreased by $1.3 million against an increase in local banks' deposits by $397.8 million. The percentage of those balances as at December 31, 2022, amounted to about 34.5% of the volume of customers' deposits, compared to 28.2% as at December 31, 2021.

B- Financial Investments

The balances of financial investments at fair value through other comprehensive income, financial investments at amortized cost and treasury bills as at December 31, 2022 amounted to US$ 2 072 million corresponding to US$ 3 092 million as at December 31, 2021 with a decrease of US$ 1 020 million (including a decrease as a result of the currency revaluation differences of the financial investments in Egyptian pounds, that is equivalent to the amount of US$ 834 million). The value of such investments represents 48.4 % of the total assets as at December 31, 2022 corresponding to 57.7 % as at December 31, 2021.

Financial investments are evaluated through other comprehensive income at their fair value, and the valuation differences are recorded in equity under the item of fair value reserve for financial investments through other comprehensive income.

C- Loans to Customers and Banks (Net):

The net loans and facilities portfolio after deducting the impairment provision that amounted to US$ 568 million as at December 31, 2022 corresponding to US$ 557 million as at December 31, 2021 with an increase amounting to US$ 11 million.

The non-performing loans portfolio (stage 3) after excluding the suspense interests, and the fair value of collaterals mounted to US$ 231.5 million on December 31, 2022, corresponding to US$ 284.2 million during the previous year. The coverage ratio of loans and advances impairment provisions to the total credit portfolio (excluding the suspense interests) was 30.9 % on December 31, 2022 corresponding to 31.2 % as at December 31, 2021 while the coverage ratio of the defaulting loans impairment provision (stage 3) to the net defaulting loans portfolio was 71.3 % as at December 31, 2022 corresponding to 66.4 % as at December 31, 2021.

The total amount of the collected interest income pertaining to the credit portfolio amounted to US$ 41.4 million as at December 31, 2022 corresponding to US$ 31.7 million at an average interest rate of 13.78 % for the Egyptian pound and 4.51 % for foreign currencies as at December 31, 2021 corresponding to an average interest rate of 11.79 % for the Egyptian pound and 3.46 % for foreign currencies for the comparative year.

D- Investments in Subsidiaries & Associates:

The volume of the direct participations in the capital of the subsidiary and associate companies as at December 31, 2022 reached the amount of US$ 367.5 million corresponding to US$ 367.7 million as at December 31, 2021. The following is an analytical statement of such participations:

Per thousand US$

Description of Companies	Business Activity	Participation Percentage	31 December 2022	31 December 2021	Change (-)/ +	
					Value	%
Investments in Subsidiaries & Associates Participation Percentage 20% and More						
A-Subsidiaries						
Société Arabe Internationale de Banque (SAIB) *	Banking	50.438	82 694	82 694	-	-
International Finance Arab Company, Luxembourg (CAFI) **	Financial Institutions	89	-	181	(181)	(100)
B-Associates						
World Trade Center Company (WTC)	Housing – Administrative	50	48 000	48 000	-	-
Suez Canal Bank	Banking	41.5	154 332	154 332	-	-
Suez Canal Company for Technology	Educational Institutions	24	75 720	75 720	-	-
International Company for Tourist Investments (ICTI)	Housing – Hotels	20	6 800	6 800	-	-
Total Investments in Subsidiaries and Associates			**367 546**	**367 727**	**(181)**	**(0.05)**

* The participation percentage of the Arab International Bank (AIB) in the Societe Arabe International de Banque (SAIB) is represented in the direct and indirect participation therein.

The Bank's direct participation in the capital of the Arab International Banking Company "SAIB" is 50.438%, as the Board of Directors of the Central Bank of Egypt, in its session held on May 19, 2020, approved (increasing the percentage of the Arab International Bank's shareholding in the Bank of the Arab International Banking Company "SAIB" to become 50.438% instead of 46.075% by transferring its indirect shareholding in the Bank of the Arab International Banking Company "SAIB" (represented by his shareholding in the capital of the Arab International Finance Company CAFI by about 89%, which in turn contributes by about 4.9% in the bank of the Arab International Banking Company "SAIB" to direct contribution).

** The Extraordinary General Assembly of CAFI Company decided on 16/11/2020 to liquidate the Company, and a liquidator was appointed for the Company. The liquidation process was carried out during the year 2022. (cash liquidation)

E- Fixed Assets:

The net value of the fixed assets after depreciation as at December 31, 2022 reached the amount of US$ 64.4 million corresponding to US$ 62.4 million as at December 31, 2021 with an increase that amounted to US$ 2 million.

F- Intangible Assets:

The net intangible assets after depreciation that amounted to US$ 534 thousand as at December 31, 2022, that are represented in computer software corresponding to US$ 717 thousand as at December 31, 2021.

G- Other Assets:

On 31 December 2022, the other assets amounted to US$ 59.3 million corresponding to US$ 87.3 million as at December 31, 2021 with a decrease of US$ 28 million. The said decrease is represented in a decrease of payments in advance under the account of fixed assets purchase, with the amount of US$ 19 million (a decrease as a result of the currency revaluation differences for those amounts disbursed under the purchase account of the Bank's Headquarters in the Administrative Capital in Egyptian pounds, in addition to fixed assets equivalent to US$ 15 million, a decrease of US $ 3.7 million as a result of settling the amounts disbursed under the account of construction of The Evergreen Building and Batal Ahmed Abdel Aziz Street Branch and recording them under the item of fixed assets) as well as a decrease in the Bank's share in the profits of associate companies under settlement, with an amount of US$ 7 million and a decrease in taxes under settlement of bonds with an amount equivalent to US$ 2.3 million (a decrease as a result of currency revaluation differences for taxes under settlement of bonds in Egyptian pounds).

H- Contingent Liabilities and Commitments:

The net total amount of contingent liabilities and commitments after deducting the cash collaterals as at December 31, 2022 reached US$ 126 million corresponding to US$ 149.2 million as at December 31, 2021.

The total contingent liabilities provision that represents an obligation on the part of the Bank as at December 31, 2022 amounted to US$ 2.8 million corresponding to US$ 4.8 million as at December 31, 2021. (The net revenues gained from fees and commissions of documentary credit & letters of guarantee as at December 31, 2022 amounted to US$ 1.5 million corresponding to US$ 1.9 million as at December 31, 2021).

Second: Income Statement:

The Bank achieved net profits this year that amounted to US$ 27.8 million as at December 31, 2022 corresponding to US$ 23.3 million as at December 31, 2021 with an increase of US$ 4.5 million, that is due to an increase in net income from revenues by US$ 16.5 million, an increase of US$ 1.2 million in other net operating income, and a decrease of US$ 2.9 million in administrative expenses against a decrease resulted from an increase in the charge of impairment over the credit losses by an amount of US$ 11.7 million, as well as the reverse of impairment of associate companies by an amount of US$ 4.8 million during the previous year that has no sum in consideration for this year. Moreover, the currency revaluation differences affected the net profits in the Egyptian pound during the year 2022, by a decrease equivalent to US$ 10.8 million. The following is a detailed statement of the revenues and expenses items as at December 31, 2021 & 2022:

Per thousand US$

Description	31-Dec-2022	31-Dec-2021	Change (-) / +	
			Value	%
Operating income	343 310	358 752	(15 442)	(4)
Operating expenses	(241 048)	(274 595)	33 547	(12)
Total operating income	**102 262**	**84 156**	**18 106**	**22**
Administrative & general expenses	(62 918)	(65 776)	2 857	(4)
Net profits before provisions	**39 344**	**18 381**	**20 963**	**114**
Charge / reverse of impairment in associates	-	4 794	(4 794)	(100)
Charge of impairment for credit losses	(11 563)	173	(11 736)	(6 782)
Net profit	**27 782**	**23 348**	**4 434**	**19**

1- Revenues:

The Bank achieved total operating income as at December 31, 2022 that amounted to US$ 343.3 million corresponding to US$ 358.8 million as at December 31, 2021 according to the following:

Per thousand US$

Description	31-Dec-22		31-Dec-21		Change (-) / +	
	Value	%	Value	%	Value	%
Interest income & similar revenues	328 166	95.6	345 195	96.2	(17 030)	(5)
Net income from fees & commissions	5 220	1.5	5 195	1.4	25	0.48
Dividends	5 808	1.7	7 342	2.0	(1 535)	(21)
Net trading income	1 537	0.4	2 034	0.6	(497)	(24)
Financial investments profits (losses)	240	0.1	278	0.1	(38)	(14)
Other operating income (expenses)	2 340	0.7	(1 294)	-0.4	3 633	281
Total	**343 310**	**100**	**358 752**	**100**	**(15 442)**	**(4)**

A- Interest Income from loans & Similar Revenues

The interest income from loans and similar revenues represents 95.6 % of the total revenues as at December 31, 2022 compared to 96.2 % as at December 31, 2021.

The following is a detailed statement of the collected interests as at December 31, 2022/2021:

Per thousand US$

Description	31-Dec-22		31-Dec-21		Change (-) / +	
	Value	%	Value	%	Value	%
From cash balances and deposits with banks	15 338	5	1 743	1	13 596	780
From loans to customers & banks (A)	41 439	13	31 700	9	9 739	31
From investments portfolio (B)	271 388	83	311 753	90	(40 364)	(13)
Total	**328 166**	**100**	**345 195**	**100**	**(17 030)**	**(5)**

(A) The increase this year is due to the increase in the average balances of loans and facilities in Egyptian pound, in addition to the increase in the average rate of interest on loans and facilities in foreign currencies, and the increase in the average rate of interest on loans and facilities in Egyptian pound.

(B) The decrease this year is due to the decrease as a result of the currency revaluation differences of the returns of the investment portfolio in Egyptian pound by the equivalent of US$ 59 million, compared to the increase in the return of the investment portfolio by the equivalent of US$ 19 million.

B- Net Income from Fees & Commissions

The net income from fees & commissions amounted to US$ 5 220 thousand as at December 31, 2022 corresponding to US$ 5 195 thousand as at December 31, 2021.

C- Dividends Income

The dividends income amounted to US$ 5 808 thousand as at December 31, 2022 compared to US$ 7 342 thousand as at December 31, 2021.

D- Net Trading Income

The net trading income as at December 31, 2022 amounted to US$ 1 537 thousand compared to US$ 2 034 thousand on December 31, 2021.

E- Financial investments profits (losses)

The financial investments profits amounted to US$ 240 thousand as at December 31, 2022 compared to US$ 278 thousand as at December 31, 2021.

F- Reverse of impairment in associate companies

The impairment component of the Suez Canal Bank in 2005 was reversed by an amount of US$ 4.8 million during the year 2021, which represents the impairment in the fair value of that contribution and has no sum consideration for this year.

G- Other Operating Income (Expenses)

The other operating income (expenses) amounted to US$ 2.3 million in negative as at December 31, 2022 compared to US$ 1.3 million in negative as at December 31, 2021 and the following table presents a detailed description of the other operating income (expenses):

Per thousand US$

Description	31-Dec-2022	31-Dec-2021	Change (-) / +	
			Value	%
Gains (losses) from revaluation of assets & liabilities balances other than trading or the originally classified at fair value through profit & loss	1 619	(23)	1 642	7 185
Other revenues	986	742	244	33
Other provisions charge / reverse	1 394	(603)	1 997	(331)
Other expenses	(1 659)	(1 409)	(250)	18
Net other operating income (expenses)	**2 339**	**(1 294)**	**3 633**	**281**

2- Expenses:

A- Paid interests:

The interests paid as at December 31, 2022 amounted to US$ 241 million compared to US$ 274.6 million on December 31, 2021 and the following table presents a detailed description of the paid interests:

Per thousand US$

Paid interests	31-Dec-22		31-Dec-21		Change (-) / +	
	Value	%	Value	%	Value	%
Customers' deposits (A)	232 641	97	251 424	92	(18 783)	(7)
Banks' deposits (B)	8 407	3	23 172	8	(14 765)	(64)
Total	**241 048**	**100**	**274 595**	**100**	**(33 547)**	**(12)**

(A) The decline during the year is due to the decrease in the currency revaluation differences of the interests paid on customers' deposits in Egyptian pound, that is equivalent to US$ 45.2 million, and the decrease in the interests paid on customer deposits in foreign currencies by US$ 10.2 million against an increase in the interests paid on customers' deposits in Egyptian pounds that is equivalent to US$ 35 million.

(B) The decline this year is due to the decrease in interests paid on banks' deposits in Egyptian pound, that is equivalent to US$ 14.2 million, and a decrease as a result of the currency revaluation differences of interests paid on banks' deposits in Egyptian pounds, that is equivalent to US$ 1.8 million against an increase in interests paid on customers' deposits in foreign currencies by an amount of US$ 1 million.

B- Administrative and General Expenses:

The administrative and general expenses as at December 31, 2022 reached the amount of US$ 62.9 million corresponding to US$ 65.8 million as at December 31, 2021, with a decrease of US$ 2.9 million, And a decrease rate of 4.4%.

C- Credit Loss Impairment Charge

The income statement was charged with a credit loss impairment charge during the year 2022 by an amount of US$ 11.6 million against the reverse / charge impairment of credit losses that amounted to US$ 0.2 million and it was charged to the income statement until December 31, 2021, and the table hereunder presents their description as follows:

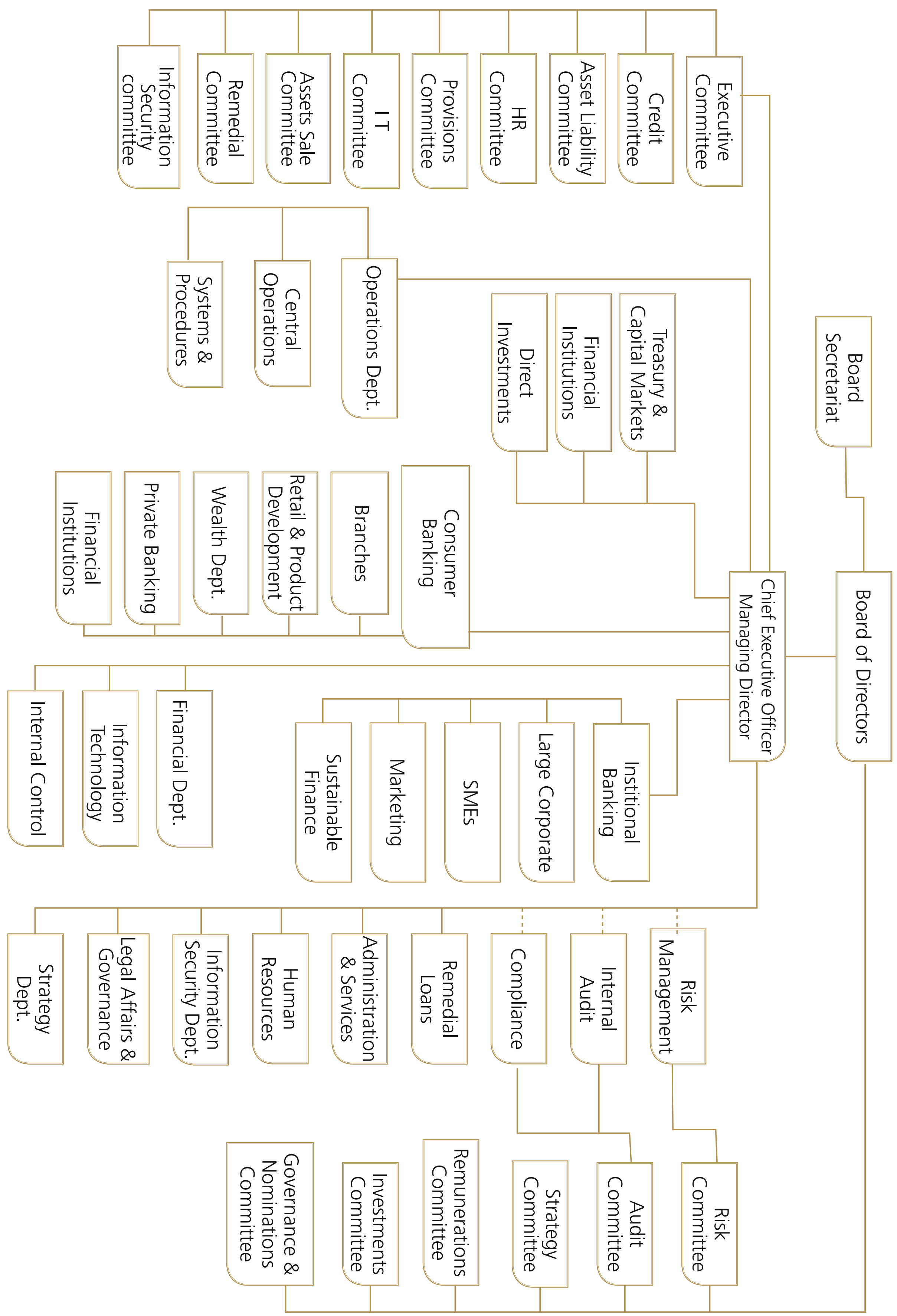
Per thousand US$

Description	31-Dec-2022	31-Dec-2021	Change (-) / +	
	Value	**Value**	**Value**	**%**
Loans to customers	(12 183)	(827)	(11 356)	(1 373)
Loans & facilities to Banks	(169)	349	(518)	(148)
Deposits due from banks	375	44	331	752
Treasury bills	213	(8)	221	2 763
Equity instruments at amortized cost	201	615	(414)	(67)
Total	**(11 563)**	**173**	**(11 736)**	**(6 784)**

Governance

03

Organizational Structure



Introduction

The Board of Directors of the Arab International Bank has a strong belief that the existence of good governance represents an essential value to conduct and facilitate its business, and constitutes a fundamental part of its culture that is indispensable to ensure the trust of all stakeholders.

In the year 2022, the Board of Directors worked closely with the Senior Management Team to embed the governance framework in all areas of Arab International Bank to create long-term sustainable growth for its employees, customers and society as a whole.

In order to keep pace with the continuous development and our commitment to review and improve our approach to stay at the forefront of best practice, adapt to changes in the regulatory, political and commercial environment, to protect the rights of all stakeholders, and to maintain our commitment to implement the governance regulations issued by the Central Bank of Egypt, the Arab International Bank has segregated the duties and powers of the positions of The Chairman and The Chief Executive Officer & Managing Director, in order to separate between the supervisory role of the Board of Directors and the committees originated therefrom, and the executive role of the Senior Management and the executive committees originated therefrom, in addition to, define clear roles and responsibilities for the two positions.

The Arab International Bank has a special nature, as it has been established by virtue of an international treaty promulgated by a presidential decree of the President of the Arab Republic of Egypt on "August 22, 1973 " approving the treaty establishing the Arab International Bank for Foreign Trade and Development and its Articles of Association attached thereto that were signed in Cairo on "August 22, 1973 between the Government of the Arab Republic of Egypt, Government of the Libyan Arab Republic and the Sultanate of Oman," we are accordingly responsible for contributing to the growth and sustainable development to the benefit of the signatory parties thereon.

Governance Framework in the Arab International Bank

The Board of Directors of Arab International Bank realizes that the existence of a well-thought-out and well-established governance framework facilitates the decision-making process and builds a strong relationship with stakeholders through a transparent organizational structure that reflects the oversight role of the Board of Directors and the executive role of the Senior Management that supports high-quality disclosures. The Board also believes that such a framework must have features that contribute to building effective governance that helps in the continuous development and application of best practices and professionalism in its rapidly changing environment, which in turn guarantees business integrity, and this framework must also be in line with the strategic objectives and reflect the regulatory principles and directives in force, including the Governance Regulations issued by the Central Bank of Egypt.

The Bank has a strong Board of Directors with extensive institutional experience, a diverse set of skills, and a deep understanding of banking activities. The Board of Directors of the Arab International Bank in its current session consists of 14 members - including an executive member - and thirteen non-executive members.

The Board of Directors held six meetings in 2022, in accordance with international best practices and governance regulations issued by the Central Bank of Egypt, and the members of the Board of Directors received detailed information on a regular basis regarding the activities of the Bank as well as developments in its business through the committees originated therefrom. The Senior Management and their senior personnel were invited to attend all committee meetings to enhance board participation and deepen their understanding of the business.

An Overview of the Board of Directors and its Responsibilities

The Bank's Board of Directors consists of fourteen members – including an executive member – and thirteen non-executive members. The Bank's Articles of Association do not allow the appointment of independent members, as it is required for each member to own or represent no less than two hundred shares, and each party to the agreement chooses their representatives on the Board of Directors in proportion with their share in the capital, other members may be elected by the General Assembly to represent the rest of the shareholders. The term of membership in the Board of Directors shall be three years, subject to renewal, in accordance with Article (25) of the Articles of Association of the Bank.

The Board members possess extensive expertise, skills, and high qualifications, forming a blend of core competencies that ensure effective performance and high efficiency, with a number of members appropriate to the size of its business operations.

The Board of Directors is chaired by Mr. Amr Mohamed Kamel, while Mr. Hisham Ramez Abdel Hafez holds the position of CEO and Managing Director, with a clear separation between the Chairman of the Board of Directors and the CEO & Managing Director positions.

According to the Bank's Establishment Treaty, the Board of Directors has the broadest authority in managing the Bank, except for what is expressly reserved for the General Assembly. The Board of Directors sets the Bank's internal regulations and the employees' system, defining the competencies of General Managers, and is considered primarily responsible for all results ensuing from the application of strategies, objectives, plans, and policies and through which various business and activities are carried out and performs all the work required by the management of the Bank in accordance with its purposes. This authority is not limited, except for what is stipulated in the decisions of the Bank General Assembly, its Establishment Treaty or its Articles of Association. The responsibility of the Board of Directors includes preserving the rights of shareholders, depositors, creditors, customers, employees and all stakeholders, in accordance with the framework of prudent and clear policies as well as the procedures implemented based on the required professionalism and proficiency in a manner that achieves the objectives of the Bank and guarantees continuous financial stability.

The General Assembly

The General Assembly represents all shareholders. Each shareholder has the right to attend the General Assembly in person, and he has one vote for each share. He may delegate someone to represent him in the General Assembly. The General Assembly of the Bank is held every year during the six months following the end of the fiscal year, at the place, day, and hour specified in the announcement of the invitation to the meeting and the Board of Directors must be present in the General Assembly meeting, not less than the quorum required for the validity of its sessions.

A meeting of the Ordinary General Assembly of the Bank was held on 6/29/2022, in the presence of representatives of the shareholders, the members of the Board of Directors, the Bank's auditors, and the presence of a representative of Banking Control and Supervision Sector of the Central Bank of Egypt, Ms. Amani Abdel Moneim. Ms. Hala Al-Zoghbi, the Secretary of the BOD, was appointed as the Secretary of the General Assembly, in addition to the appointment of Mr. Gamal Zaghloul, the CFO of the Arab International Bank, and Ms. Iman El Ashry, the Assistant Secretary of the BOD, as polling officers.

Board of Directors Committees

1- Governance and Nominations Committee

It is one of the committees affiliated to the Board of Directors and is composed of three non-executive members of the Board of Directors chosen by the Board at its first meeting after being elected for a new session in the shareholders' General Assembly meeting. The committee presents the minutes of its meetings to the Bank's Board of Directors in the first session following its convening or by circulation when necessary. According to the decision regarding the formation and competencies of the Governance and Nominations Committee approved by the Board of Directors, the committee should be held at least twice per annum.

Among the most important functions of the Governance and Nominations Committee is to conduct periodic evaluation of the Bank's governance systems, provide support to the Board of Directors in fulfilling its supervisory responsibilities related to proper governance practices, and monitoring the implementation of governance policies across all units of the Bank. This specifically includes matters related to administrative and technical lines of reporting and the independence of departments entrusted with supervisory tasks.

Committee Members

Mr. Amr Mohamed Kamel	Chairman of the Board (Non-Executive) - Chairman of the Committee
Mr. Ali Salem El Hebry	Member of the Board of Directors
Mrs. May Sherif Abouelnaga	Member of the Board of Directors
Mr. Khaled Mohamed Al Khajeh	Member of the Board of Directors

2- Remunerations Committee

The Remunerations Committee is one of the committees affiliated to the Board of Directors. The committee is composed of three non-executive members of the Board of Directors who are chosen by the Board at its first meeting after being elected for a new session in the shareholders' General Assembly meeting. The committee presents the minutes of its meetings to the Bank's Board of Directors in the first session following its convening or by circulation when necessary. According to the decision regarding the formation and competencies of the Remunerations Committee approved by the Board of Directors, the committee should be held at least twice per annum.

Among the most important competencies of the Remunerations Committee is reviewing the proposals relevant to the remunerations of the Bank's senior executives and members of the Board of Directors and submits its recommendations to the Board of Directors in this regard. The committee is also responsible for developing reward systems for the Bank's internal control functions (Risk Management Department - Compliance Management Department - Internal Audit Department) in the light of the achieved objectives and without prejudice to their independence. Furthermore, the committee is in charge of reviewing and analyzing the results of studies of salary scales and benefits granted by the Bank and comparing them with other institutions to ensure the Bank's ability to attract and retain the best elements of personnel, preparing, reviewing, and periodically re-evaluating the policies and systems of salaries and rewards and aligning them with the level of risk exposure faced by the Bank, and presenting them to the Board of Directors for approval.

Committee Members

Mr. Ali Salem El Hebry	Member of the Board of Directors - Chairman of the Committee
Mr. Khaled Mohamed Al Khajeh	Member of the Board of Directors
Mr. Mohamed Aboumoussa	Member of the Board of Directors

3- Audit Committee

The Audit Committee is one of the committees affiliated to the Board of Directors. The committee is composed of three non-executive members of the Board of Directors who are chosen by the Board at its first meeting after being elected for a new session in the shareholders' General Assembly meeting. The committee presents the minutes of its meetings to the Bank's Board of Directors in the first session following its convening or by circulation when necessary. According to the decision regarding the formation and competencies of the Audit Committee approved by the Board of Directors, the committee should be held at least four times per annum.

The objectives of the Audit Committee are to assist the Board of Directors in fulfilling its oversight responsibilities, particularly to verify:

- Ensuring the accuracy, fair presentation and clarity of the Bank's financial statements.
- Ensuring the Bank's compliance with applicable laws and regulatory rules.
- Assessing the efficiency and independence of the external auditors.
- Evaluating the performance of the Bank's Internal Audit Department and the performance of the external auditors.

Committee Members

Mrs. May Sherif Abouelnaga	Member of the Board of Directors - Chairwoman of the Committee
Mr. Ashraf Mohamed Bahie Eldin	Member of the Board of Directors
Mr. Khaled Mohamed Al Khajeh	Member of the Board of Directors

4- Risk Committee

The Risk Committee is one of the committees affiliated to the Board of Directors. The committee is composed of three non-executive members of the Board of Directors who are chosen by the Board at its first meeting after being elected for a new session in the shareholders' General Assembly meeting. The committee presents the minutes of its meetings to the Bank's Board of Directors in the first session following its convening or by circulation when necessary. According to the decision regarding the formation and competencies of the Risk Committee approved by the Board of Directors, the committee should be held at least four times per annum.

Among the most important functions of the Risk Committee is to follow up the risk management functions in the Bank, to submit periodic reports to the Board of Directors regarding the extent of compliance with the approved strategies and policies in addition to reviewing and discussing the Bank's risk management strategies and policies in a comprehensive manner and presenting them to the Board of Directors for approval.

Committee Members

Mr. Mohamed Abdel Hamid Aboumoussa	Board Member - Committee Chairman
Mr. Ali Salem El Hebry	Board of Directors Member
Mr. Essam El-Din Salem Allag	Board of Directors Member

5- Investment Committee

The Investment Committee is one of the committees affiliated to the Board of Directors. The committee is formed by a decision of the Board of Directors from among its executive and non-executive members, taking into account that the majority are non-executive members with vast experience. The committee presents the minutes of its meetings to the Bank's Board of Directors in the first session following its convening or by circulation when necessary. According to the decision regarding the formation and competencies of the Investment Committee approved by the Board of Directors, the committee should be held at least twice per annum.

Among the most important functions of the Investment Committee is reviewing the Bank's policies related to direct investments, preparing studies related to the available direct investment alternatives and submitting recommendations thereon to the Board of Directors, discussing the annual financial assessment of the Bank's assets that their ownership reverted to the Bank as a result of debt settlement, considering procedures for managing the direct investment portfolio and taking the necessary decisions and defining assignments to conduct studies regarding the evaluation of investments and assets whose ownership reverted to the Bank as a result of debt settlement.

Committee Members

Mr. Hisham Ramez Abdel Hafez	CEO & Managing Director - Chairman of the Committee
Dr. Mostafa Kamal Madbouly	Member of the Board of Directors
Mr. Abdulla Ali M. A. Al-Kuwari	Member of the Board of Directors
Mr. Khaled Amr E. Algonsel	Member of the Board of Directors

6- Strategy Committee

The Strategy Committee is one of the committees affiliated to the Board of Directors. The committee is formed by a decision of the Board of Directors from among its experienced members. The committee presents the minutes of its meetings to the Bank's Board of Directors in the first session following its convening, or by circulation when necessary. The strategy's progress steps are presented to the committee, and its role is to follow up the implementation of the strategy, review adjustments in case of any developments, and present them to the Board of Directors every six months.

Committee Members

Mr. Amr Mohamed Kamel	Chairman of the Board of Directors - Chairman of the Committee
Mr. Ali Salem El Hebry	Member of the Board of Directors
Mr. Mohamed Abdel Hamid Aboumoussa	Member of the Board of Directors
Mrs. May Sherif Abouelnaga	Member of the Board of Directors
Mr. Matar Mubarak Almazrouei	Member of the Board of Directors
Mr. Mustafa Mohamed Ali Elmanea	Member of the Board of Directors

Board of Directors Evaluation

The Board of Directors evaluation form was approved as one unit and the evaluation of its committees by the Board of Directors, on November 17, 2021, and the self-assessment of the Chairman and Members of the Board of Directors, on 12/8/2022 in accordance with the recommendations of the Governance and Nominations Committee. The purpose thereof is to assess the performance of the Board and its committees as one unit, identify and address any obstacles that the Board members may perceive as affecting their ability to perform their supervisory role over the executive management, the Bank's business, risk management systems, and internal control systems.

Management Committees

The Arab International Bank has several management committees, which are among the most important pillars of separation between the supervisory role of the Board of Directors and its committees, and the executive role of the Senior management and its internal committees, which in turn submit their reports to the Executive Committee, and assist the internal committees in the process of making high-level executive decisions within the bank. They are as follows according to the organizational structure of the Arab International Bank:

1- Executive Committee

The committee is concerned with considering all issues related to the Bank's business and its daily operations, and it has financial powers within the limits determined by the Board of Directors. It considers all proposals related to work systems, procedures and policies, and submits its recommendations regarding systems and policies to the Board of Directors for approval. The committee also has the authority to approve credit cases within its limits as authorized by the Board of Directors and review matters related to the development of work systems, branch operations, new product launches, or marketing campaigns. The committee also has the power to review and make decisions about managing the Bank's contributions in companies within the powers authorized to the committee by the Board of Directors. The Executive Committee receives reports and recommendations submitted by all units and departments of the Bank and the internal committees. On regular basis, the Executive Committee provides the Board of Directors with reports on the financial and commercial activity of the Bank, in addition to major issues that the Committee deems appropriate or required.

2- Credit Committee

The Credit Committee is concerned with examining requests for credit facilities submitted to it according to comprehensive studies that are prepared on case-by-case basis, by the Corporate Finance Sector that fulfills all data, conditions, instructions of the Bank and the regulatory authorities. The committee exercises its powers within the approved credit limits as determined by the Bank's Board of Directors.

3- ALCO Committee

The committee convenes after every meeting of the Monetary Policy Committee of the Central Bank of Egypt. One of the most important functions of the ALCO Committee is to monitor and discuss the extent of implementation of the strategy set for managing the resources and the results of its implementation, follow up current and future liquidity conditions, follow up current and future capital levels based on risk assessment, follow up interest rates, follow up the maturity schedules and re-pricing, follow up the state of the economy on the local, regional and international levels, approving the resources policy in addition to approving the market risk policy. The committee is also keen to be fully aware of the general financial performance of the Bank.

4- Human Resources Committee

The committee is in charge of reviewing and conducting researches on issues related to personnel affairs and developing human resources of the Bank, and submitting recommendations to the Executive Committee, reviewing the organizational structures of the Bank departments and branches in addition to reviewing job description cards. It also prepares studies related to the optimal workforce size for each department, reviews and updates policies related to personnel affairs and their medical care systems, reviews and updates regulations related to the end of service compensation fund and employees' pensions, prepares and develops periodic performance appraisal systems, studies wages, bonuses, allowances, incentives, promotions, and employee loans, considers employee complaints and grievances regarding promotions and performance appraisals, sets and develops training plans and any other issues referred to the committee by the executive management of the Bank.

5- Provisions Committee

The committee examines all types of provisions and submits its recommendations to the Executive Committee. One of its most important functions is to ensure compliance with the regulations of the Central Bank of Egypt regarding the formation of provisions, as well as the credit policy requirements of the Bank, study the provisions policies of the Bank and propose introducing amendments thereto to update them, estimate the necessary provisions for the portfolio of loans, contingent liabilities and potential claims to ensure their adequacy as well as other provisions. The Provisions Committee also discusses the provisions proposed by the Eternal Auditors of the Bank before presenting them to the executive management in addition to discussing inspection and audit reports regarding the provisions, reviewing and proposing competencies, duties and responsibilities of the committee and presenting them to the Executive Committee.

6- IT Committee

Among the most important functions of the committee is to ensure the alignment of information technology management projects with the policies and general direction of the Bank, to set priorities for the implementation of the proposed projects submitted to the committee, review the resources required to achieve these projects, and to submit recommendations to the accrediting authority.

7- Assets Sale Committee

The committee is concerned with reviewing the legal position of the bank's assets (lands, buildings, etc.) as well as reviewing and following up security and protection procedures. The committee, in conjunction with the Direct Investments Department, determines the annual sale plan for the bank's assets whose ownership has reverted to the Bank as a result of settling non-performing debts, which have been previously approved by the Board of Directors for sale, and the plan is to be approved by the Executive Committee and shall be in line with the regulatory instructions of the Central Bank of Egypt. The Assets Sale Committee also sets the pricing parameters and specific conditions for each asset separately.

8- Remedial Committee

The committee is concerned with following up the Settlement of non-performing debts, and submits its reports and recommendations to the Chairman of the Board of Directors and the Managing Director. The committee may seek the assistance of whomever it deems appropriate from the departments of the Bank and related to the settlement of debts.

9- Information Security Committee

One of the most important functions of the committee is to give the strategic direction, to approve the cybersecurity strategy and policies, and to cooperate with the concerned departments in achieving the required balance to ensure that the Information security is aligned with the Bank's objectives.

Regulatory Environment

The Arab International Bank has an effective internal control system that requires the segregation of the duties and responsibilities of the internal control functions, allowing them to operate independently and provides them with direct channels of communication with the Bank's Board of Directors and Senior Management.

The internal control system of the Bank is governed by a set of policies and procedures prepared according to the international best practices. Reports and results of the departments concerned with the internal control system of the Bank assist the Board of Directors in verifying the effectiveness of those systems and the correctness of the operations and performance of the Bank.

When preparing the organizational structure of the Bank, the departments involved in the internal control system must ensure the definition of competencies and the separation of responsibilities and tasks for all the employees of the Bank.

Internal Audit Department

The Internal Audit Department of the Bank ensures the integrity and adequacy of internal control procedures and their effective operation to ensure the soundness of operating processes and risk management in the Bank. The General Manager of Internal Audit submits reports to the Board of Directors through the bank's Audit Committee when there are any observations or suggestions aimed at improving the efficiency of the Bank's internal control systems, while taking into considerstion, the necessity to disclose the functions, powers, and responsibilities of the internal audit department in writing. The General Manager of Internal Audit administratively reports to the CEO & Managing Director.

Risk Management Department

The risk department carries out a comprehensive and prospective control over risks, by managing various types of risks against the bank's risk appetite. The Arab International Bank has a set of procedures and guidance manuals that cover all basic risks and they are updated periodically in line with the Central Bank's regulations and market requirements and variables. The General Manager of Risk Department also enjoys independence, as he has direct contact with the Bank's Risk Committee, which in turn submits periodic reports to the Board of Directors according to the importance of the information that is reported. Administratively, The General Manager of Risk Department reports to the CEO & Managing Director.

Compliance Department

Ensures that the bank's departments and branches are complying with all laws, legislations, procedures and instructions issued by regulatory authorities, as well as recommendations issued internationally in the field of banking, and reports technically to the audit committee, while administratively reports to the CEO & managing director.

The Compliance Department structure includes the following units: Anti-Money Laundering and Terrorism Financing Unit, Customer Risk Unit, External Relations Unit, Supervisory Relations Unit and Customer Rights Protection Unit.

Governance Department

The Governance Department is concerned with ensuring the implementation of the governance regulations issued by the Central Bank of Egypt and those issued by the competent authority in the Bank to ensure the implementation of best international practices in terms of governance. In addition, it also ensures the existence of rules, procedures and policies according to which the Bank is managed rationally according to a defined organizational structure that distributes all rights and responsibilities among the shareholders, the board of directors and the top management.

The External Auditor

The Arab International Bank is keen to ensure that the auditor is independent by not being a shareholder or a member of its board. He is appointed by a decision made by the General Assembly of the Bank, specifying his annual fees, and making sure that no contract is made with him to perform any additional work for the Bank unless after the approval of the Audit Committee and the Board of Directors and referring it to the General Assembly. The Board of Directors of the Bank also plays an essential role in emphasizing the importance of providing direct communication between the external auditors and the Audit Committee of the Bank and sending reports directly to it.

According to Article (49) of the Bank's Articles of Association, the auditor has the right, at any time, to review all the Bank's records, and documents, and to request data and clarifications that he deems necessary to obtain for the performance of his task. He may also verify the Bank's assets and liabilities, and the Board of Directors must enable him to all of the foregoing. In the event that the auditor, is unable to perform his assignment in the aforementioned manner, he shall prove this, in a report submitted to the Board of Directors and shall be presented to the General Assembly at its first meeting, if the Board of Directors does not facilitate his task.

Disclosure and Transparency

The Bank is committed to implementing the standards and systems of disclosure and transparency that are in accordance with the supervisory rules issued by the regulatory authority and the requirements of professional standards. The disclosures list of Bank includes essential and necessary information and data about its business and its internal management systems. These disclosures are published in the Annual Report of the Bank and on its website.

Separate Financial Statements

04

KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

Auditors' Report

To The Shareholders of Arab International Bank

Report on the Separate Financial Statements

We have audited the accompanying separate Financial statements of Arab International Bank (the "Bank"), which comprise the separate statement of financial position as at 31 December 2022 and the related separate statements of income, changes in equity', and cash flows for the 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, pertaining to the preparation and presentation of the banks' financial statements and measurement and recognition bases approved by the Board of Directors of Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in the light of the prevailing Egyptian laws. 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

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

Opinion

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

Report on Legal and Other Regulatory Requirements

During the financial year ended December 31, 2022 no – substantial - contraventions for the Central Bank, banking sector law No. 194 of 2020 that have significant effect on these financial statements were noted.

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

The financial information included in the Board of Directors' report is in agreement with the Bank's accounting records, within the limits that such information recorded therein.

KPMG Hazem Hassan Auditors

Abdel Hadi Ibrahim
Financial Regulatory Authority No. 395
Central Bank of Egypt Register No. 577

KPMG Hazem Hassan
Public Accountants & Consultants

Mahmoud Mohamed El Garahy
Central Bank of Egypt Register No. 586
Accountants and Auditors Register No. 22363

BDO Khaled & Co.
Public Accountants & Advisers

Cairo, 29 May 2023

Separate statement of financial position

For The Financial Year Ended December 31, 2022

(All amounts are presented in thousand USD)

	Note No.	31-12-2022	31-12-2021
Assets			
Cash and due from Central Bank	(16)	315 596	322 064
Due from banks	(17)	828 748	866 991
Treasury bills	(18),(21)	1 850 023	2 792 713
Loans and facilities to banks	(19)	75 649	29 476
Loans and facilities to customers	(20)	492 395	527 604
Financial investments			
- At fair value through other comprehensive income	(21)	25 787	26 502
- At amortized cost	(21)	195 722	272 724
Investments in associates & subsidiaries	(22)	367 546	367 727
Intangible assets	(23)	534	717
Other assets	(24)	59 341	87 252
Fixed assets	(25)	64 402	62 358
Total assets		**4 275 743**	**5 356 128**
Liabilities & Equity Liabilities			
Due to Banks	(26)	59 855	232 647
Customers' deposits	(27)	3 312 912	4 212 211
Other liabilities	(28)	38 092	57 982
Other provisions	(29)	3 955	6 282
Total liabilities		**3 414 814**	**4 509 122**
Equity			
Paid-up & issued capital	(30-A)	600 000	600 000
Reserves	(30-B)	214 740	213 219
Net profit for the year & retained earnings	(30-C)	46 189	33 787
Total equity		**860 929**	**847 006**
Total liabilities and equity		**4 275 743**	**5 356 128**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith .

- Audit report attached

Gamal Zaghloul
CFO

Hisham Ramez
Chief Executive Officer
Managing Director

Amr Mohamed Kamel
Non-Executive
Chairman

Separate Statement Of Income

For the Financial Year Ended December 31, 2022

(All amounts are presented in thousand USD)

	Note No.	31-12-2022	31-12-2021
Interest from loans and similar income	(6)	328 166	345 196
Interest on deposits and similar expenses	(6)	(241 048)	(274 596)
Net Interest Income		**87 118**	**70 600**
Fees and commissions income	(7)	5 325	5 318
Fees and commissions expenses	(7)	(105)	(123)
Net Income from Fees and commissions		**5 220**	**5 195**
Net Income from revenues, Fees and Commissions		**92 338**	**75 795**
Dividends income	(8)	5 808	7 342
Net trading income	(9)	1 537	2 034
Profits (losses)from financial investments	(10)	240	278
Credit impairment / charged	(13)	(11 563)	173
Impairment charged/ reverse of investments in associates	(22)	-	4 794
Administrative expenses	(11)	(62 918)	(65 777)
Other operating revenues (expenses)	(12)	2 340	(1 292)
Net Profit For The Year		**27 782**	**23 347**
Earning per share (US$/Share)	**(14)**	**480.27**	**350.20**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith .

Gamal Zaghloul
CFO

Hisham Ramez
Chief Executive Officer
Managing Director

Amr Mohamed Kamel
Non-Executive
Chairman

Separate Statement Of Other Comprehesive Income

For The Year Ended December 31, 2022

(All amounts are presented in thousand USD)

	31-12-2022	31-12-2021
Net profit for the year	**27 782**	**23 347**
Items that will not be reclassified in the Profit or Loss:		
Net change in fair value of investments in equity instruments measured at fair value through other comprehensive income	(714)	62
Items that will be reclassified in the Profit or Loss:		
Net change in fair value of investments measured at fair value through other comprehensive income (treasury bills)	(304)	(7 783)
Total items of other comprehensive income for the year	**(1 018)**	**(7 721)**
Total other comprehensive income for the year	**26 764**	**15 626**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith.

Separate Statement Of Cash Flows

For the Financial Year Ended December 31, 2022

(All amounts are presented in thousand USD)

	Note No.	31/12/2022	31/12/2021
Cash flows from operating activities			
Net Profit for the year		27 782	23 347
Adjustments to reconcile net profit to net cash flows provided from operating activities			
Fixed assets depreciation	(25)	3 174	3 296
Intangible assets amortization	(23)	352	1 301
Impairment charges for expected credit losses	(13)	11 563	(173)
Charges / reverse of other provisions	(29)	(1 504)	501
Foreign currencies translation differences / other provisions	(29)	(823)	1
Foreign currencies translation differences at amortized cost in other currencies	(21)	34 142	(93)
Charges / reverse of impairment of assets whose ownership reverted to the Bank		56	(17)
Reverse of impairment in associates		-	(4 794)
Amortization of issuance premium / discount	(21)	842	(67)
Profits (losses) from financial investments	(10)	(240)	(278)
Dividends	(8)	(5 808)	(7 342)
Operating profits before changes in assets & liabilities provided from operating activities		**69 536**	**15 682**
Net change in assets & liabilities			
Due from Banks		45 146	7 662
Treasury bills of more than three months maturity		1 416 347	1 070 594
Loans and facilities to customers and banks		(323 315)	37 471
Other assets		27 910	(15 188)
Due to Banks		(172 792)	(283 178)
Customers' deposits		(899 299)	181 595
Other liabilities		(19 890)	12 867
Net cash flows provided from (used in) operating activities (1)		**143 643**	**1 027 505**
Cash flows from investing Activities			
Payments for fixed assets purchasing	(25)	(5 218)	(1 615)
Payments for intangible assets purchasing	(23)	(169)	(818)
Proceeds from financial investments at fair value through other comprehensive income	(21)	-	85
Payments / proceeds from Financial investments at amortized cost	(21)	42 219	(63 627)
Collected amounts from liquidation of subsudiaries		181	2 048
Gained profits from dividends appropriations	(8)	5 808	7 342
Net cash flows (used in) provided from investing activities (2)		**42 821**	**(56 585)**
Cash flows from Financing Activities			
Dividends paid		(12 841)	(11 799)
Net cash flows (used in) Financing activities (3)		**(12 841)**	**(11 799)**
Net decrease/increase of cash & cash equivalents during the year (1)+(2)+(3)		**173 623**	**959 121**
Cash & cash equivalents at the beginning of the year		**2 065 577**	**1 106 456**
Cash & cash equivalents at the end of the year		**2 239 200**	**2 065 577**
Cash & cash equivalents are represented as:			
Cash and due from the Central Bank	(16)	315 596	322 064
Due from Banks	(17)	828 748	866 991
Treasury bills	(18)	1 850 023	2 792 713
Due from the Central Bank within the required reserve ratio		(290 809)	(297 712)
Treasury bills of more than three months maturity		(14 297)	-
		(450 061)	(1 618 479)
Cash & cash equivalents at the end of the year	**(31)**	**2 239 200**	**2 065 577**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith.

Separate Statement Of Changes In Shareholders' Equity

For The Financial Year Ended December 31, 2022

(All amounts are presented in thousand USD)

	Issued & Paid in Capital	Legal reserve	General reserve	Fair value reserve for investments through other comprehensive income	General banking risk reserve	Retained earnings	Total
31 December, 2021							
Balance as at 1 January 2021	**600 000**	**132 785**	**73 582**	**12 710**	**-**	**24 102**	**843 179**
Transferred to legal reserve	-	1 863	-	-	-	**(1 863)**	**-**
Dividends distributions for 2020	-	-	-	-	-	**(11 799)**	**(11 799)**
Net change in other comprehensive income items	-	-	-	(7 721)	-	**-**	**(7 721)**
Net profit of the year	-	-	-	-	-	**23 347**	**23 347**
Balance as at 31 December, 2021	**600 000**	**134 648**	**73 582**	**4 989**	**-**	**33 787**	**847 006**
31 December, 2022							
Balance as at 1 January 2022	**600 000**	**134 648**	**73 582**	**4 989**	**-**	**33 787**	**847 006**
Transferred to general banking risk reserve	-	-	-	-	209	**(209)**	**-**
Transferred to legal reserve	-	2 335	-	-	-	**(2 335)**	**-**
Dividends distributions	-	-	-	-	-	**(12 841)**	**(12 841)**
Net change in other comprehensive income items	-	-	-	(1 018)	-	**-**	**(1 018)**
Reverse / Charge of General banking risk reserve	-	-	-	-	(5)	**5**	**-**
Net profit of the year	-	-	-	-	-	**27 782**	**27 782**
Balance as at 31 December, 2022	**600 000**	**136 983**	**73 582**	**3 971**	**204**	**46 189**	**860 929**

The accompanying notes from (1) to (36) are an integral part of these financial statements and to be read therewith.

Separate Statement Of Proposed Dividends

For the Financial Year Ended December 31, 2022

(All amounts are presented in thousand USD)

	Note No.	31/12/2022	31/12/2021
Net profit for the year (as per income statement)		27 782	23 347
Less: general banking risk reserve		199	209
Add : Items transferred to R.E		5	-
Net distributable profits for the year		**27 588**	**23 138**
Add : Retained earnings profit / losses	(30-C)	18 402	10 440
Total		**45 990**	**33 578**
To be distributed as follows :			
Legal Reserve (%10)		2 778	2 335
Shareholders' dividends (primary share doesn›t exceed %5 of the nominal value of the share)		-	-
Board of Directors remunerations		695	361
Employee's profit share		12 403	12 249
The Banking System Support and Development Fund*		276	231
Retained earnings at the end of the year		29 838	18 402
Total		**45 990**	**33 578**

*According to Article No. 178 of the Central Bank of Egypt and the Banking System Law No. 194 of 2020 with respect to a deduction of an amount equivalent to a percentage not exceeding 1 % of the annual net distributable profits for the benefit of the Banking System Support and Development Fund.
This statement is under the approval of the ordinary general assembly of the Bank

Notes to The Separate Financial Statements

For The Year Ended 31, December 2021

(All amounts in notes are presented in thousand US$ unless otherwise is stated).

1- Background

Arab International Bank was established in 1974 by virtue of an International Treaty. The head office of ("The Bank") is located at 35 Abdel Khalek Tharwat Street, Cairo, Egypt and the Bank carries out its business activities through its network of branches in the Arab Republic of Egypt that is composed of 21 branches. By virtue of the Treaty, the Bank enjoys certain privileges and immunities in the territories of the Member States (shareholders). The following are examples of the most prominent privileges and immunities based on the Establishment Treaty and the resolution taken by the Bank General Assembly meeting that was held on 22 March 2012 and become effective as of 14 April 2015:

- The laws regulating the exercise of control over the public institutions, public interest entities, public sector companies and the joint stock companies of the Members States in which the Arab International Bank or its branches carry out business activities are not applicable to the Bank or its branches.
- Immunity from all forms of nationalization, seizure or sequestration of the shares of shareholders or their deposits with the Bank.
- The Bank's documents, records and files are inviolable and immune from judicial, administrative or accounting control and inspection rules and laws.
- Confidentiality of customers' accounts with the Bank are not subject to judicial or administrative attachment orders prior to final judgment issuance.
- Exemption from charges, stamps or taxes of any kind on its funds, profits, dividends and all its various activities and transactions.
- Exemption from taxation and any obligations for the payment, withholding or collection of any tax, stamp or duty, which may be imposed on its customers.
- In this respect the Bank practices its activities in a manner that is not in conflict with the aforementioned and the rest of the articles included in Establishment Treaty and in this context:
  - The Bank is subjected to the oversight of the Central Bank of Egypt according to the provisions of the applicable law of the Central Bank of Egypt and the law of Banking and Monetary System of the hosting state, in addition, the Bank branches in the other Member States are subjected to the oversight of their own Central Banks in accordance with the provisions of laws governing their Banks and credit facilities.
  - All the transactions of the Bank are carried out in all currencies determined by the Board of Directors

The necessary actions have been taken to activate these amendments starting from 1, April, 2015.

The number of persons employed by the Bank as of December 31, 2022 was 1 169 employees and workers, compared with 1 150 as of December 31, 2021.

These financial statements for the financial year ended at 31 December 2022 were approved by the Board of Directors as at 28/05/2023

2- Summary of Significant Accounting Policies Applied

The following are the significant accounting policies adopted in the preparation of these separate financial statements, these policies have been consistently applied to all the years presented, unless otherwise stated.

A- Basis of separate financial statements preparation

These separate financial statements are prepared in accordance with the instructions issued by the Central Bank of Egypt and approved by its Board of Directors on 16 December 2008, in addition to the instructions of preparation and presentation of the financial statements of banks issued on 26 February 2019 by the Central Bank of Egypt in accordance with the requirements of IFRS (9) "Financial Instruments"

The consolidated financial statements of the Bank and its subsidiaries are prepared in accordance with the instructions issued by the Central Bank of Egypt and approved by its Board of Directors on 16 December 2008 and the amendments thereof issued on 26 February 2019. The subsidiary companies are entirely included in the consolidated financial statements by using the full consolidation method 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 consolidated financial statements can be obtained from the Bank management. In addition, the investments in subsidiary and associate companies are presented in the separate financial statements of the Bank and their accounting treatment is made at cost less impairment losses.

The separate financial statements of the Bank should be read with its consolidated financial statements, for the year ended on December 31, 2022 to get complete information on the Bank's financial position, income statement, cash flows and change in shareholders' equity.

B- Accounting for investments in subsidiaries and associates

Investments in subsidiaries and associates are presented in the attached separate financial statements based on the cost which represents the bank's direct share in ownership and not on the basis of the operating income and net assets of the investee companies .The consolidated financial statements provide more comprehensive understanding of the consolidated financial position, operating income and consolidated cash flows of the bank and its subsidiaries (the group), in addition to the Bank's share in the net asset of its associate companies.

(B/1) Investments in subsidiaries

Subsidiaries are entities (Including Special Purposes Entities / SPEs) in which the Bank exercises direct or indirect control over its financial and operating policies and usually has an ownership share of more than half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Bank has the control over its investees.

B2- Investments in associates

Associates are companies in which bank has a direct or indirect influence, but does not reach the extent of control or joint control, as the Bank owns ownership stakes ranging from 20% to 50% of the voting rights of associate companies.

Accounting for acquisition of subsidiary companies by the Bank is carried out according to the purchase method. The recognition of acquisition of companies by the Bank is measured at fair value or the value of assets given by the Bank in return for the purchase of companies and / or issued equity instruments and / or any other costs incurred by the Bank and / or any liabilities accepted by the Bank on behalf of the acquired company on the date of the asset exchange in addition to any costs directly attributed to the acquisition process. In business combination where the control transition over the entity is achieved in stages, and business combination is achieved through more than one transaction, then every transaction of such transactions is separately dealt with on the basis of the acquisition consideration and fair value information at the date of each transaction until the date when such control is achieved. The net assets including the acquired determinable contingent liabilities are measured at fair value on the date of acquisition regardless of the existence of any minority interest. If the increase in acquisition cost is above the fair value of the Bank's share in net assets, such acquisition cost shall be considered as goodwill and if the acquisition cost is less than the fair value of aforementioned net assets, then the difference is directly recorded in the income statement under the item of other operating revenues (expenses). Accounting for the subsidiaries and associates is recorded in the separate financial statements according to the cost method. According to this method, investments are recorded at acquisition cost including any goodwill less any impairment loss in value. The dividends are recorded in the income statement upon the approval of such profits appropriations and the recognition of the Bank's right to collect its share in such dividends.

C- Segment reporting

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

D- Functional currency, presentation, transactions and balances in foreign currencies

The financial statements of the Bank are presented in US Dollar while transactions are recorded in the books during the year according to the currency in which the transactions were carried out. For the purposes of presenting the financial statements of the Bank in US Dollar, all assets and liabilities of monetary nature and recorded at the end of the reporting period in various currencies (other than US Dollar) are translated into US Dollar based on the prevailing exchange rates on that date. Gains and losses resulting from the settlement and translation of such transactions and balances are recognized in the income statement and reported according to the differences resulting therefrom.

As for investments in equity instruments at fair value through other comprehensive income (of a non-monetary nature), exchange rate differences are recognized in other comprehensive income in equity.

Changes in the fair value of financial instruments of monetary nature that are denominated in foreign currencies and classified as debt instruments at fair value through other comprehensive income (FVOCI) are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument.

Differences resulting from changes in the amortized cost are recognized and reported in the income statement under the item of “Interest on loans and similar income” whereas Differences resulting from changes in foreign exchange rates are recognized and reported in “Other operating revenues (expenses)”. The remaining differences resulting from changes in fair value are recognized in other comprehensive income items of equity under the item of “fair value of financial investments reserve at fair value through other comprehensive income (FVOCI)”.

Valuation differences arising from the measurement of non-monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total valuation differences of fair value changes arising from the measurement of equity instruments classified as fair value through profit or loss are recognized in the income statement, while total valuation differences of fair value changes arising from the measurement of equity instruments at fair value through other comprehensive income (FVOCI) are recognized among the items of other comprehensive income in equity under the item of “fair value of financial investments reserve at fair value through other comprehensive income (FVOCI)”.

E- Financial assets

The Bank classifies its financial assets within the following groups: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (FVOCI) and financial assets at fair value through profit or loss. In general, the classification is based on the business model according to which the financial assets and their contractual cash flows are managed.

(E/1) Financial assets at amortized cost:

The financial asset is retained in the business model of financial assets held for collecting contractual cash flows.

The purpose of the business model is holding the financial asset to collect contractual cash flows represented in the principal amount of investment and returns.

Sale is an exceptional contingent event with respect to the purpose of this business model according to the conditions stipulated in the Standard and represented in:

- Existence of 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 justifications for each sale transaction and the extent of its compliance with the requirements of the Standard.

(E/2) Financial assets at fair value through other comprehensive income (FVOCI):

Business model of financial assets held to collect contractual cash flows and sales.

Both the collection of contractual cash flows and sales are complementary to the objective of the business model.

High sales in terms of turnover and value when compared to the business model retained for the collection of contractual cash flows.

(E/3) Financial assets at fair value through profit or loss:

The financial asset is retained among other business models that 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 cash flows or retain cash flows for the collection of contractual cash flows and sales.

Collecting contractual cash flows is a contingent event for the business model objective.

The characteristics of the business model are represented in the following:

- Structuring a group of activities designed to extract defined outputs.
- A business model that represents a complete framework of defined activity (inputs – activities – outputs).
- The single business model may include sub-business models.

F- Off setting financial instruments:

Financial assets and liabilities can be offset when, there is a currently enforceable legal right to off-set the recognized amounts and there is an intention to settle based on a net basis, or to receive the asset and settle the liability simultaneously.

Treasury bills purchase - reverse repo agreements and treasury bills sale – repo agreements are netted, and presented on the balance sheet under the item treasury bills and other government notes.

G- Interest income and expense

- Interest income and expense related to the financial instruments are recognized under the item of loans interest income and similar income or deposits interest expense and similar charges using the effective interest method for all the financial instruments charged with interest.
- The effective interest method is a method of calculating the amortized cost of a financial asset or liability and allocating the interest income or interest expense over the expected life of the related financial instrument. The effective interest rate is the rate that discounts estimated future cash flows or receipts over the expected life of the financial instrument or a shorter period when appropriate, to accurately reach the net carrying amount of the financial asset or liability upon initial recognition. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, early payment options) but does not consider future credit losses. The calculation method includes all fees paid or received between parties of the contract that is considered part of the effective interest rate and the transaction costs shall include any other premiums or discounts. Loans interest income is recorded based on the accrual basis, except for interest income revenues of non-performing loans, which ceases to be recognized as an income when interest recovery or the principle is in doubt. The Bank ceases recognition of interest income of the non-performing or impaired loans or debts (Stage 3) in the income statement and they are carried, off balance sheet in marginalized records and are recognized under revenues according to cash basis as per the following:

- When collected and after recovery of all arrears for consumer loans, mortgage loans for personal housing, and small loans for economic activities.
- As for the loans granted to institutions, the cash basis of accounting is to be applied also where the interest income that is subsequently calculated according to the terms of the loan scheduling contract, they are recognized when 25% of the loan installments are paid with a regular performing period of at least one year. In case the customer keeps paying the installments on regular performing basis, the calculated interest income of the outstanding loans balance shall be recorded in revenues (interest income from regular scheduling balance) without the suspense interest before scheduling that is not recorded in revenues unless the entire loan balance is paid in full in the balance sheet prior to scheduling.

H- Fees and commissions income:

Fees and commissions related to loan or facility – measured at amortized cost - are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts (Stage 3) are suspended and carried off balance sheet in statistical records and are recognized under income according to the cash basis when interest income is recognized. As for fees and commissions, which represent a complementary part of the financial asset effective rate they are recognized as adjustment to the effective interest rate.

Commitment fees of loans are deferred when there is probability that these loans will be used by the customer, as commitment fees represent compensation for the continuing interference to acquire the financial instrument. Subsequently, they are recognized as adjustments to the effective interest rate of the loan. If the commitment period passes without issuing the loan by the Bank, commitment fees are recognized as income at the end of the commitment period.

Fees and commissions related to debt instruments measured at fair value are recognized as income at initial recognition. Fees and commission related to marketing of syndicated loan are recognized as income when the marketing is completed, and the loan is fully used or the Bank did not keep any share of the syndicated loan, or kept a share of effective interest rate that is available for the other participants.

Fees and commissions arising from negotiation or participating in a negotiation in favor of a third party as in share acquisition arrangements, purchase of other financial instruments or purchase or sale of entities are recognized in the income statement when the defined transaction is completed. Fees and commissions related to management advisory and other services are recognized as income, usually on a relative time-appropriation basis over the financial period of rendering the service. The fees of financial planning and safe custody services provided over a long period of time are recognized over the period in which the service is provided.

I- Dividend income

Dividends from the Bank's investments in equity instruments and their equivalents are recognized in the income statement when the Bank's right to receive these dividends is established.

J- Purchase - Reverse Repo (+) Agreements & Sale – Repo (-) Agreements

Financial instruments sold under agreements to repurchase them are presented within the assets deducted from the balances of treasury bills in the statement of financial position, and the commitment (purchase and resale agreements) is presented in addition to the balances of treasury bills in the statement of the financial position, and the difference between the sale price and the repurchase price is recognized as a return due over the course of agreements using the method of effective rate of return.

K- Impairment of financial assets

The Bank reviews all its financial assets except for the financial assets measured at fair value through profit or loss to estimate the extent of impairment existence in value as indicated below.

The financial assets are classified on the date of the financial statements within three stages as follows:

- The first stage: includes the financial assets where there has been no significant increase in credit risk loss since initial recognition date where the expected credit risk is calculated for 12 months.
- The second stage: includes the financial assets where there has been significant increase in credit risk loss since initial recognition or the date of recognizing their functions where the expected credit risk is calculated over the lifetime of the asset.
- The third stage: the financial assets where there has been impairment in their value which requires calculating their expected credit risk over the lifetime of the asset based on the difference between the book value of the instrument and the present value of the expected future cash flows.

The credit loss and the impairment loss in value related to the financial instruments are measured as follows:

- The low risk financial instrument is classified at initial recognition in the first stage and the credit risk shall be continuously monitored by the credit risk department of the Bank.
- If there is significant increase in credit risk since initial recognition, the financial instrument is to be transferred to the second stage as it shall not be considered as impaired financial instrument yet in this stage.
- In case of indicators of impairment in the value of the financial instrument, it shall be transferred to the third stage.
- The financial assets established or acquired by the Bank and include a higher rate of credit risk than the rates of the Bank for low risk financial assets at initial recognition, shall be directly classified in the second stage. Accordingly, their credit loss shall be measured based on the expected credit risk over the lifetime of the asset.

(K/1) Significant increase in credit risk (SICR)

The Bank considers a financial instrument has experienced a significant increase in credit risk when one or more of the following quantitative, qualitative factors related to default have been met.

(K/2) Quantitative criteria

Quantitative criteria are applied when the probability of default (PD) increases over the remaining lifetime of the instrument starting from the date of the balance sheet, compared to the residual Lifetime PD expected at initial recognition according to the structure of credit risk levels accepted by the Bank.

(K/3) Qualitative criteria:

For banking retail loans, small and micro finance enterprise

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

- The borrower requests to change short-term payment to long -term payment as a result of negative effects related to the cash flows of the borrower.
- Extending the grace period of payment upon a request provided by the borrower.
- Previous reiterated arrears within the last [12] months.
- Adverse future economic changes which affects the borrower's future cash flows.

Loans granted to institutions and medium enterprises

If the borrower is on the watchlist and/or the instrument meets one or more of the following events:

- Significant increase of interest of the financial asset as a result of increase in credit risk
- Significant adverse changes in business activity, financial and/or economic conditions in which the borrower operates
- Request of debt rescheduling as a result of difficulties encountering the borrower.
- Significant adverse change in actual or expected operating results or cash flows of the borrower
- Adverse future economic changes which affect the borrower's future cash flows.
- Early signs of cash flow/liquidity problems such as delay in servicing of creditors/ trade loan
- Cancellation of one of the direct facilities on the part of the Bank due to an increase in credit risk of the borrower

Payment default

Starting from January 1, 2019, loans and facilities granted to institutions, Small, Medium and Micro Enterprise (SMME) and retail banking are recorded under the second stage if the non-payment is more than (60) days at most and less than (90) days,

while taking into consideration that the said period (60 days) will decrease at a rate of (10) days annually to be (30) days after (3) years from the date of implementation. (It is worth noting that this period has been reduced to be a maximum of (30) days, starting from January 1, 2022)

Upgrade and Transfer Between the Three Categories – (Stage 1, 2 and 3)

Upgrade and Transfer from the Second Stage to the First Stage:

The financial asset shall not be transferred from the second stage to the first stage unless all elements of quantitative and qualitative criteria of the first stage have been met and the entire arrears of the financial asset and interests are paid in addition to the lapse of three months of regular payment and satisfying the conditions of the first stage.

Upgrade and Transfer from the Third Stage to the Second Stage:

The financial asset shall not be transferred from the third stage to the second stage unless all following conditions are met:

- All quantitative and qualitative elements of the second stage are met.
- Paying 25% of the financial asset due balances including due suspense / marginalized interests.
- Regular payment for a period of at least 12 months.

L- Investment Property

Investment property is represented in lands and buildings owned by the Bank for obtaining rental income or capital increase and subsequently it does not include the real estate assets in which the Bank practices its business activity or the assets ownership reverted to the Bank in settlement of debts. The initial recognition of the investment property is carried out at cost and includes the transaction cost. The accounting of the investment property is implemented in the same manner applied to the accounting of the fixed assets.

M- Intangible assets (computers software)

The expenses related to the development or maintenance of computers are recognized as an expense charged to income statement when incurred and it is recognized as an intangible asset with respect to the expenses directly related to specific software under the control of the Bank when it is expected to generate economic benefits thereof that exceeds its cost for more than one year.

The direct expenses include the cost of employees working in the software development team in addition to a reasonable share of the general expenses relevant thereto.

The expenses that lead to the increase or expansion in the performance of the computers software when compared with the original specifications thereof is recognized as development cost and it is added to the original software cost.

The computers software cost recognized as an asset is amortized over the years expected to benefit from them provided that they shall not exceed three years.

N- Fixed assets

Fixed Assets mainly represent land and buildings related to the premises of the head office, Bank branches and offices. All fixed assets are reported at historical cost less depreciation and impairment losses. The historical cost includes all costs directly related to the acquisition of the fixed assets items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Bank and the cost of the asset can be reliably measured. Maintenance and repair expenses are charged to other operating expenses during the financial period in which they are incurred. The Bank does not consider the residual value of its fixed assets to be of relative importance or having a significant impact on the depreciable value, and therefore the depreciation value of those fixed assets is calculated without deducting the residual value of the asset.

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

Buildings*	30:50 years
Furniture	10 years
Computers	5 years
Fixtures and fittings	5 years
Tools & equipment	10 years
Means of transport	5 years

*Depreciation is calculated for buildings and constructions over a period of 50 years, with the exception of the Abdul Khaleq Tharwat Building, whose depreciation is calculated over a period of 30 years.

The residual value and useful lives of fixed assets are reviewed at the end of each financial year and adjusted whenever necessary.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is reduced immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The redeemable value is represented in the net selling value of the asset or the use value of the asset whichever higher. Gains or losses on disposals are determined by comparing net proceeds with asset carrying amount. These gains and losses are included in other operating income (expenses) in the income statement.

O- Other assets

- This item includes the other assets that are not classified as defined assets in the balance sheet where accrued revenues, prepaid expenses, advance payments under the account of fixed assets purchase, deferred balance of the first day losses that is not amortized yet, current assets and noncurrent assets that their ownership reverted to the Bank in settlement of debts (after deduction of the impairment loss provision), deposits and imprests, gold bullions, commemorative coins, debit suspense accounts and balances that are not classified under any defined asset, are examples of which.

- Most of the elements of other assets are measured at cost. If there is an objective evidence for impairment loss in the value of the said assets, then the loss is separately measured for each asset based on the difference between its carrying amount and its net selling value or the present value of the estimated expected future cash flows discounted at the current market rate of similar financial assets, which ever higher.

  The book value of the asset is directly reduced, and the loss is recognized in the income statement under the item of other operating revenues (expenses). If the impairment loss is reduced in any subsequent period and such reduction can be objectively related to an event that occurred after the recognition of the impairment loss, then the impairment loss previously recognized is reversed to the income statement provided that such cancellation does not establish an asset book value, on the date of reversing the impairment loss, that exceeds the value of the asset which may be reached if the recognition of such impairment loss has not been recognized.

With reference to the asset's ownership reverted to the bank in settlement of debts, the following has to be taken into consideration:

- In accordance with the provisions of Article No. (87) of the Central Bank Law and the law of Banking and Monetary System issued by virtue of law No. 194 of the year 2020, it is prohibited for banks to deal in movables or real estate whether by purchasing, selling or exchange, except for the real estate allocated for running the business of the Bank, used for entertainment purposes of the employees of the Bank, movables or real estate reverted to the bank in settlement of debts due from third parties when the recognition thereof started from the date of conveyance of ownership (the date of debt reduction) and such real state is included in assets reverted to the bank in settlement of debts, provided that the Bank shall dispose thereof according to the following:
- Within one year from the date of conveyance of ownership with respect to movables.
- Within five years from the date of conveyance of ownership with respect to real estate.
- The Board of Directors of the Central Bank of Egypt may approve the extension of the period whenever the circumstances deem necessary, in addition, the Board of Directors of the Central Bank of Egypt has the right to exempt some banks from such restriction based on the banks' nature of activity.
- The assets reverted to the bank in settlement of debts are recorded at the value in which the said assets reverted to the Bank and represented in the value of debts which the Bank's management decided to assign in return for such assets. If there is an objective evidence for impairment loss in the value of the said assets in the subsequent date of conveyance of ownership, then the loss is separately measured for each asset based on the difference between its carrying amount and its net selling value or the present value of the estimated expected future cash flows discounted at the current market rate of similar financial assets, whichever higher. The book value of the asset is reduced through the impairment account and the loss value is recognized in the income statement under the item of other operating revenues (expenses).
  If the impairment loss is reduced in any subsequent period and such reduction can be objectively related to an event that occurred after the recognition of the impairment loss, then the impairment loss previously recognized is reversed to the income statement provided that such cancellation does not establish an asset book value, on the date of reversing the impairment loss, that exceeds the value of the asset which may be reached if the recognition of such impairment loss has not been recognized.
- In the light of the nature of the movables or real estate which their ownership reverted to the Bank pursuant to the provisions of the aforementioned article, the movables or real estate are classified in accordance with the plan of the Bank, the nature of expected benefits thereof among the fixed assets, investment property, shares, bonds or other assets available for sale, as the case may be. Accordingly, the bases relevant to the measurement of fixed assets, investment property, shares or bonds are applied to the assets reverted to the Bank in settlement of debts and classified under any item of these items. As for the other assets, that are not included in any of these classifications and considered as other assets available for sale, they are measured at cost or fair value defined by the accredited experts of the Bank - less the selling costs – whichever is lower. The differences resulting from the valuation of these assets are recognized in the income statement under the item of other operating revenues (expenses) provided that such assets are to be disposed of within the period prescribed by virtue of law.
- If the said assets are not disposed of, within the period prescribed by virtue of law in accordance with the provisions of Article No. (87) of Law No. 194 of 2020, the banking risk reserve is to be supported by the equivalent of 10% of the value of the said assets on annual basis. The net revenues and expenses of assets reverted to the Bank in settlement of debts during the period of their acquisition by the Bank are recorded in the income statement under the item of other operating revenues (expenses).

P- The impairment of non-financial assets

The financial assets that have no specific useful life are not depreciated – except for the goodwill – and their impairment is examined on annual basis. The impairment of assets that has been depreciated are to be considered, whenever there are events or changes in the circumstances indicating that the book value may not be redeemable.

The impairment loss is to be recognized and the asset value shall be reduced with the amount by which the book value of the asset has been increased above the redeemable value. The redeemable value is represented in the net selling value of the asset or the use value of the asset, based on whichever higher. For the purpose of assessing the impairment, and when it is not possible to assess the redeemable value of a separate asset, the asset is to be attached to the smallest possible cash-generating unit that includes the asset. The non-financial assets that have impairment are to be reviewed to examine whether there is a reverse of impairment to the income statement or not, on the date of preparing every financial statement.

Q- Lease Contracts

All lease contracts concluded with the Bank are operating lease contracts.

(P/1) Lessee

The payments settled under the account of operating lease less any discounts obtained from the lessor under the item of expenses are recognized in the income statement based on the straight-line method over the term of contract.

(P/2) Lessor

The assets leased out on operating lease basis that are included in the fixed assets in the balance sheet and depreciated over the expected useful life of the asset using the same manner applied to the similar assets. The rent income is recorded less any discounts granted to the lessee based on the straight-line method over the term of contract.

R- Cash and cash equivalents

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

S- Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of the Bank resources will be required to settle these obligations and their amount can be reliably estimated.

Where there is a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determined taking into consideration the group of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any obligation in this group is minimal.

Provisions no longer required totally or partially are reversed in other operating income (expenses).

Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from balance sheet date using the appropriate rate in accordance with the terms of settlement which reflects the time value of money. If the settlement term is less than one year, the estimated value of the obligation is to be calculated unless it has a significant effect, then it shall be calculated using the present value.

T- Employees' Benefits:

- **Employees Share in Profits:**

  The Bank pays a percentage of cash profits expected to be distributed as the employees share in profits and recognizes that share as part of the dividends appropriation in equity and as liabilities when approved by the shareholders general assembly of the Bank and no liabilities shall be recorded in the undistributed employees share in profits.

- **Employees' Pension Fund & End of Service Compensations**

  The Bank adopted special benefits plan until 17/4/2008. The Bank's contributory defined pension plan covers the permanent employees' pensions and other end of service benefits. The Bank's contribution to this fund is computed at a certain percentage of the employees' annual salaries, in addition to amounts required to the fund as decided by the Actuary to continue providing its services and maintain the minimum return on its invested funds. As for the employees appointed in the Bank after 17/4/2008, the Bank adopted special benefit plan with respect to the end of service compensation only without pensions and the Bank participates in such compensations by a percentage of the employees' wages who are working under the umbrella of this benefit plan on annual basis.

U- Dividends

Dividends are recognized and deducted from equity in the period when approval thereof is declared by the Shareholders General Assembly. Those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the articles of association of the Bank.

V- Comparative figures

The comparative figures shall be re-classified, whenever necessary, to be in conformity with the changes in the presentation used in the current year.

X- Trust/Fiduciary Activities

The Bank practices fiduciary activities that entail the acquisition or management of assets on behalf of individuals, trusts, post-employment benefit funds and other institutions. These assets and the profits resulting from them are not recognized in the Bank's Separate Financial Statements as they are neither assets nor profits belonging to the Bank.

3- Financial Risk Management

The Bank, as a result of the activities it exercises, is exposed to various financial risks; since acceptance of risks is a basis in the financial activities. Some risks or group of risks are analyzed, assessed and managed together. The Bank objective is to balance between the risk and return and to reduce the possible negative effects on the Bank's financial performance.

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

The risk management policies have been set to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated information systems. The Bank regularly reviews the risk management policies and systems and amends them to reflect the changes in markets, products and services and the best updated applications.

Risks are managed by the Risk Management Department in the light of the policies approved by the Board of Directors. Risk Management Department identify, assess, and cover financial risks in close cooperation with other operating units in the Bank. Within framework of the principles of governance and the sound Banking practices related to Banking risks management, the Board of Directors provides an integrated supervisory structure of higher committees originated therefrom. The Risk Management Department is in charge of the regular review of risk management and the control environment in an independent manner.

A- Credit risk

The Bank is exposed to credit risk, which is the risk resulting from failure of one party to meet its obligations. Credit risk is considered the most significant risk for the Bank; therefore, the management is conservative and prudent in managing this risk exposure. Credit risks results mainly from lending activities that result in loans and facilities and from investment activities which results in having such debt instruments included in the Bank's assets. Credit risk is also included in off balance sheet financial instruments, such as loan commitments. Managing and monitoring process of credit risk is represented in credit risk management team of the Risk Management Department that provide reports presented to the Board of Directors, Top Management and Heads of operating units on regular basis.

(A/1) Credit risk measurement

Loans and facilities to banks and customers.

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

- Probability of default by the client or third parties to fulfill its contractual obligations.
- The current position and its probable future development from which the Bank conclude the balance exposed to risk. (Exposure at default)
- Loss given default

The daily management of the Bank's activities involves measures of credit risk based on the Expected Loss Model required by the Basel Committee on Banking Supervision. Those operational measures could be inconsistent with the impairment loss burden according to EAS 26, which adopts the realized losses model and not the expected losses (Note A / 3) on the date of the financial statements.

- The Bank assesses the default risk for each customer using internal evaluation methods to determine the rating for the different customers' categories. These methods were internally improved taking into consideration statistical analysis and the professional judgment of the credit officers to reach the appropriate rating. The customers are classified into four ratings. Rating scale (shown in the following table) reflects the possibility of defaults for each rating category, in which the credit positions may transfer from one rating to another depending on the change in the degree of possible risk. The customers' rating and the rating process are reviewed and improved when necessary.

The Bank periodically evaluates the performance of the credit rating methods and their ability in expecting the customers' defaults.

Bank's internal ratings scale

Rating description	Rating
Performing loans	1
Regular watching	2
Watch list	3
Non-performing loans	4

The Position exposed to default depends on the outstanding balances expected at the time when a default occurs, for example, for the loans , the position is the nominal value while for commitments, the Bank includes all actual withdrawals in addition to any other expected withdrawals till the date of the late payment if any.

The expected loss or specific loss represent the Bank's expectation of loss as of the date when the settlement is due, which is loan loss percentage that certainly differs according to the type of debtor, priority of claim, the availability of guarantees and any other means of credit cover.

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

  For debt instruments and bills, the Bank is using the external classifications such as Standard & Poor's or equivalent institutions to manage credit risk, in case such ratings are not available, methods similar to those applied to credit customers are used. Investments in securities and treasury bills are regarded as a way to get better credit quality and at the same time provides a source available to meet finance requirements.

(A/2) Limiting and avoiding risks policies

The Bank manages limits and controls credit risk concentrations on the levels of borrowers, groups, industries and countries.

The Bank manages the credit risk it undertakes by placing limits on the amount of risk accepted in relation to every single borrower, or groups of borrowers, and on the levels of economic activities and geographic segments. Such risks are monitored on regular basis and subjected to annual or more frequent reviews, whenever necessary. The Board of Directors reviews on quarterly basis the levels of credit risk on the levels of the borrower, group of borrowers, product and industry segments and country credit concentration.

The lines of credit are divided for any borrower including Banks, into sub limits based on amounts in and off-balance sheet, the daily limit risk on trading items such as forward foreign exchange contracts where the actual amounts are compared with the limit every day.

Exposure to credit risk is also managed through regular analysis of the existing and potential borrowers' ability to meet their obligations and through changing the lending limits whenever appropriate.

The following are other controls used by the Bank to limit the credit risk.

Collaterals

The Bank use different methods to limit its credit risk. One of these methods is accepting collaterals against loans and facilities granted by the Bank. The Bank implements guidelines for collaterals to be accepted. The major types of collateral against loans and facilities are:

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

The long-term finance and loans to corporate entities are generally guaranteed while individual credit facilities are unsecured. In addition, to minimize the credit loss, the Bank will seek additional collaterals from all the concerned parties as soon as impairment indicators are noticed for a loan or facility.

The Bank determines the type of collaterals held by the Bank as security for financial assets other than loans and facilities according to the nature of the instrument, generally, debt securities and treasury bills are unsecured, except for Asset-Backed Securities and similar instruments secured by a financial instrument portfolio.

Credit-related commitments

The primary purpose of these commitments is to ensure that funds are available to customer when required. Guarantees and standby letters of credit are of the same credit risks as loans, documentary and commercial letters of credit – which are issued by the Bank on behalf of the customer by which authorizing a third party to draw within a certain limit in accordance to specific terms and conditions and guaranteed by the goods under shipment are of lower risk than a direct loan. Credit related commitments represent the unused portion of credit limit of loans, guarantees or letters of credit. With respect to credit risk related to credit commitments, the Bank is exposed to probable loss of amount equal to the total unused limit. However, the probable amount of loss is less than the unused limit commitments, as most commitments represent commitments to customers maintaining certain credit standards. The Bank monitors the maturity term of the credit commitments because long-term commitments are usually of high credit risk than short-term commitments.

(A/3) Impairment and provisioning policies (Measurement of expected credit loss)

The policies of the Bank requires determining three stages to classify the financial assets measured at amortized cost, loan commitments, financial guarantees and debt instruments at fair value through other comprehensive income based on the changes of credit quality since the initial recognition and measurement of impairment loss (expected credit loss) in value related to these instruments as follows:

The financial asset that is not impaired at initial recognition is classified in the first stage and the credit risk shall be continuously monitored by the Credit Risk Department of the Bank.

In case there is a significant increase in credit risk since initial recognition, the financial asset is to be transferred to the second stage and it shall not be considered as impaired financial asset in this stage (the expected credit loss over lifetime under lack of impairment in credit value).

In case of indicators of impairment in the value of the financial asset, it shall be transferred to the third stage. The indicators used by the Bank to determine whether there are objective evidences indicating the following:

- Significant increase of interest of the financial asset as a result of increase in credit risk
- Significant adverse changes in business activity, financial and/or economic conditions in which the borrower operates
- Request of debt rescheduling as a result of difficulties encountering the borrower.
- Significant adverse change in actual or expected operating results or cash flows of the borrower .
- Adverse future economic changes which affects the borrower's future cash flows.
- Early signs of cash flow/liquidity problems such as delay in servicing of creditors/ trade loan.
- Cancellation of one of the direct facilities on the part of the Bank due to an increase in credit risk of the borrower.

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

Ratings of The Bank	31/12/2022 Loans &Facilities	31/12/2022 Impairment provision	31/12/2021 Loans &Facilities	31/12/2021 Impairment provision
	%	%	%	%
Performing loans	12.91	0.03	7.49	0.02
Regular watching	31.31	17.09	33.98	15.66
Watch list	21.19	17.62	24.46	15.83
Non-performing loans	34.59	65.26	34.07	68.49
Total	**100**	**100**	**100**	**100**

The internal evaluation instruments help the management to determine whether there are objective evidences of impairment according to the Egyptian Accounting Standard No. 47 and based on the following indicators specified by the Bank:

- Severe financial insolvency encountered by the borrower or the debtor.
- Violation of loan agreement such as default of payment.
- Expecting the Bankruptcy of the borrower, entering into liquidation case or restructuring the finance granted to him.
- Deterioration in the competitive status of the borrower.
- Granting concessions or privileges to the borrower due to economic, legal or financial insolvency encountered by the borrower which may not be given by the Bank in normal circumstances.
- Impairment of guarantee value.
- Deterioration of the creditworthiness.

The policies adopted by the Bank require reviewing all the financial assets exceeding specific relative significance at least once a year or more when the circumstances necessitate to do so.
The impairment charge shall be determined on the accounts that are evaluated on case by case basis through the evaluation of the loss realized on the date of the balance sheet. Such policies are expected to be implemented on all accounts attributed by relative significance on case by case basis. The evaluation usually includes the outstanding guarantee that embraces the reassurance of the implementation on the guarantee and expected collections from the said accounts. The impairment losses provision is formed based on a group of assets of similar kind using the historical empirical experience available, personal judgment and statistical methods.

(A/4) Banking general risk measurement model

In addition to the four categories of the Bank's internal credit rating indicated in Note (3- A/1), management classifies loans and advances based on more detailed subgroups in accordance with the CBE requirements. Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending heavily on information related to the customer, his activities, financial position and commitment to the payment schedules.

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 of having required increment in impairment losses provision according to the rules of the Central Bank of Egypt that exceeds the amount required by using the expected credit loss, the General Banking Risk Reserve shall be set aside in equity and deducted from the retained earnings with an amount equivalent to such increment. The said reserve shall be amended on regular basis as an increase or decrease in a manner that is always equivalent to the amount of increase when comparing the two provisions. The said reserve shall not be distributable.

The following are the categories of credit ratings for the institutions in accordance with the four internal rating grades compared to the bases of the CBE assessment and provisions percentage required for the impairment of assets exposed to credit risk:

CBE Ratings	Rating indications	Provision percentage required %	Internal Ratings	Internal Ratings Granting
1	Low risk	Zero	1	Performing loans
2	Moderate risk	1	1	Performing loans
3	Satisfactory risk	1	1	Performing loans
4	Appropriate 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 debt	100	4	Non-performing loans

(A/5) Maximum limits for credit risk before collaterals

Balance sheet items exposed to credit risks	31/12/2022	31/12/2021
Treasury bills and government notes	2 045 745	3 065 437
Due from Banks	828 748	866 991
Loans to Banks	75 649	29 476
Loans and facilities to customers:		
Retail loans:		
Debit current accounts	39	40
Credit cards	1 641	1 705
Personal loans	32 060	38 671
Corporate loans:		
Debit current accounts	18 988	5 216
Syndicated loans	143 002	151 220
Direct loans	296 665	330 752
Other assets	9 692	10 169
Total	**3 452 229**	**4 499 677**
Off-balance sheet items exposed to credit risk		
Letters of credit	4 566	3 393
Letters of guarantee	101 407	125 129
Companies loans commitments	19 521	1 928
Money Market papers for facilities to suppliers	469	18 760
Total	**125 963**	**149 210**

- The above table represents the Bank maximum exposure to credit risk on December 31, 2022 – December 31, 2021 before taking into consideration any held collaterals. For assets recognized in the balance sheet, the exposures set out above are based on total carrying amounts as reported in the balance sheet. As shown above 16.45% of the total maximum exposure is derived from loans and facilities to Banks and customers as at December 31, 2022, compared to 12.38 % as at December 31, 2021.
- Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both its loans and facilities portfolio and debt instruments based on the following:
- On December 31, 2022, 44.22 % of the loans and facilities portfolio to Banks and customers are concentrated in the top two grades of the internal credit risk rating system compared to 41.47% on December 31, 2021.
- On December 31, 2022, 66.7 % of loans and facilities portfolio to Banks and customers are neither past due nor impaired compared to 54.83% on December 31, 2021.
- Loans and facilities assessed individually amounted to US$ 257 707 thousand on December 31, 2022 compared to US$ 328 035 thousand on December 31, 2021.
- The Bank has implemented more prudent processes when granting loans and facilities during the financial year ended on December 31, 2022.
- On December 31, 2022 and on December 31, 2021, 100% of the investments in debt instruments and treasury bills represent debt instruments on the part of the Egyptian Government.

The following tables indicates information about the financial asset's quality during the financial period:

31/12/2022

Due from banks	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	51 549	18 892	-	70 441
Regular watching	5 849	752 614	-	758 463
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	57 398	771 506	-	828 904
Less impairment loss provision	-	(156)	-	(156)
Book value	**57 398**	**771 350**	**-**	**828 748**

31/12/2021

Due from banks	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	413 973	108 535	-	522 508
Regular watching	7 734	337 283	-	345 017
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	421 707	445 818	-	867 525
Less impairment loss provision	(7)	(527)	-	(534)
Book value	**421 700**	**445 291**	**-**	**866 991**

31/12/2022

Treasury bills	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	450 061	-	-	450 061
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	450 061	-	-	450 061
Less impairment loss provision	(1 634)	-	-	(1 634)
Book value	**448 427**	**-**	**-**	**448 427**

31/12/2021

Treasury bills	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	484 672	-	-	484 672
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	484 672	-	-	484 672
Less impairment loss provision	(1 891)	-	-	(1 891)
Book value	**482 781**	**-**	**-**	**482 781**

31/12/2022

Loans and credit facilities to Banks	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	-	-	-	-
Regular watching	50 000	26 270	-	76 270
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	50 000	26 270	-	76 270
Less impairment loss provision	(499)	(122)	-	(621)
Book value	**49 501**	**26 148**	**-**	**75 649**

31/12/2021

Loans and credit facilities to Banks	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	-	-	-	-
Regular watching	30 000	-	-	30 000
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	30 000	-	-	30 000
Less impairment loss provision	(524)	-	-	(524)
Book value	**29 476**	**-**	**-**	**29 476**

31/12/2022

Loans and credit facilities to individuals	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	33 740	-	-	33 740
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	66	66
	33 740	-	66	33 806
Less impairment loss provision	-	-	(66)	(66)
Book value	**33 740**	**-**	**-**	**33 740**

31/12/2021

Loans and credit facilities to individuals	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	40 420	-	-	40 420
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	135	135
	40 420	-	135	40 555
Less impairment loss provision	(4)	-	(135)	(139)
Book value	**40 416**	**-**	**-**	**40 416**

31/12/2022

Loans & credit facilities to corporate	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	62 490	-	-	62 490
Regular watching	43 706	189 646	-	233 352
Watch list	-	157 917	-	157 917
Non-performing loans	-	-	257 641	257 641
	106 196	347 563	257 641	711 400
Less impairment loss provision	(218)	(87 629)	(164 898)	(252 745)
Book value	**105 978**	**259 934**	**92 743**	**458 655**

31/12/2021

Loans & credit facilities to corporate	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	17 970	-	-	17 970
Regular watching	82 162	182 745	-	264 907
Watch list	-	128 344	62 397	190 741
Non-performing loans	-	-	265 503	265 503
	100 132	311 089	327 900	739 121
Less impairment loss provision	(2 143)	(61 178)	(188 612)	(251 933)
Book value	**97 989**	**249 911**	**139 288**	**487 188**

31/12/2022

Debt instruments at amortized cost	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	196 897	-	-	196 897
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	196 897	-	-	196 897
Less impairment loss provision	(1 175)	-	-	(1 175)
Book value	**195 722**	**-**	**-**	**195 722**

31/12/2021

Debt instruments at amortized cost	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	274 100	-	-	274 100
Regular watching	-	-	-	-
Watch list	-	-	-	-
Non-performing loans	-	-	-	-
	274 100	-	-	274 100
Less impairment loss provision	(1 376)	-	-	(1 376)
Book value	**272 724**	**-**	**-**	**272 724**

The following tables indicates changes in expected credit loss (ECL) between the beginning and end of the period due to these results:

31/12/2022

Due from Banks	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2022	7	527	-	534
Net impairment charge	(7)	(368)	-	(375)
Written off during the year	-	-	-	-
Foreign exchange differences	-	(3)	-	(3)
Balance at the end of the year	**-**	**156**	**-**	**156**

31/12/2021

Due from Banks	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2021	13	579	-	592
Net impairment charge	(6)	(38)	-	(44)
Written off during the year	-	-	-	-
Foreign exchange differences	-	(14)	-	(14)
Balance at the end of the year	**7**	**527**	**-**	**534**

31ديسمبر 2022

Treasury bills	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2022	1 891	-	-	1 891
Net impairment charge	(213)	-	-	(213)
Written off during the year	-	-	-	-
Foreign exchange differences	(44)	-	-	(44)
Balance at the end of the year	**1 634**	**-**	**-**	**1 634**

31/12/2021

Treasury bills	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2021	1 927	-	-	1 927
Net impairment charge / reverse	8	-	-	8
Written off during the year	-	-	-	-
Foreign exchange differences	(44)	-	-	(44)
Balance at the end of the year	**1 891**	**-**	**-**	**1 891**

31/12/2022

Loans and credit facilities to Banks	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2022	524	-	-	524
Net impairment charge / reverse	(25)	194	-	169
Written off during the year	-	-	-	-
Foreign exchange differences	-	(72)	-	(72)
Balance at the end of the year	**499**	**122**	**-**	**621**

31/12/2021

Loans and credit facilities to Banks	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2021	873	-	-	873
Net impairment charge	(349)	-	-	(349)
Written off during the year	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**524**	**-**	**-**	**524**

31/12/2022

Loans and credit facilities to individuals	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2022	3	-	136	139
Net impairment charge during the year	(1)	-	(70)	(71)
Written off during the year	-	-	-	-
Proceeds from loans previously written off	-	-	-	-
Foreign exchange differences	(2)	-	-	(2)
Balance at the end of the year	**-**	**-**	**66**	**66**

31/12/2021

Loans and credit facilities to individuals	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2021	3	-	339	342
Net impairment charge during the year	-	-	(203)	(203)
Written off during the year	-	-	-	-
Proceeds from loans previously written off	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**3**	**-**	**136**	**139**

31/12/2022

Loans & credit facilities to corporate	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2022	2 143	61 178	188 612	251 933
Net impairment charge / reverse	(1 476)	15 192	(1 462)	12 254
Reclassification between stages	-	16 103	(16 103)	-
Transfers from loans provision	-	-	(807)	(807)
Written off during the year	-	-	(2 942)	(2 942)
Foreign exchange differences	(449)	(4 844)	(2 400)	(7 693)
Balance at the end of the year	**218**	**87 629**	**164 898**	**252 745**

31/12/2021

Loans & credit facilities to corporate	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2021	2 632	75 522	191 166	269 320
Net impairment charge / reverse	(488)	3 842	(2 324)	1 030
Written off during the year	-	(18 192)	-	(18 192)
Foreign exchange differences	(1)	6	(230)	(225)
Balance at the end of the year	**2 143**	**61 178**	**188 612**	**251 933**

31/12/2022

Debt instruments at amortized cost	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2022	1 376	-	-	1 376
Net impairment charge	(201)	-	-	(201)
Written off during the year	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**1 175**	**-**	**-**	**1 175**

31/12/2021

Debt instruments at amortized cost	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit loss provision as at 1 January 2021	1 991	-	-	1 991
Net impairment charge	(615)	-	-	(615)
Written off during the year	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**1 376**	**-**	**-**	**1 376**

(A/6) Loans and facilities

The following table indicates the distribution of Loans and facilities balances based on credit rating:

	31 December 2022		31 December 2021	
	Loans & facilities to customers	**Loans & facilities to Banks**	**Loans & facilities to customers**	**Loans & facilities to Banks**
Neither past due nor impaired	471 666	76 270	413 973	30 000
Past due but not impaired	15 833	-	37 668	-
Impaired	257 707	-	328 035	-
Total	**745 206**	**76 270**	**779 676**	**30 000**
Less: Impairment loss provision	(252 811)	(621)	(252 072)	(524)
Net	**492 395**	**75 649**	**527 604**	**29 476**

Total impairment provision for loans and facilities reached US$ 252 811 thousand at the end of the current financial period compared to US$ 252 072 thousand at the end of the comparative year that included US$ 164 964 thousand that represents loans impairment provision of loans individually valued (the third stage)compared to US$ 188 748 thousand at the end of the comparative year. The rest of the loans portfolio which amounted to US$ 87 847 thousand represent the loans impairment provision formed for the first and second stage of the credit portfolio compared to US$ 63 324 thousand at the end of the comparative year.

Loans and facilities neither past due nor impaired:

The credit quality for the loans and facilities portfolio (neither past due nor impaired) valued upon the internal valuation used by the Bank.

Loans and facilities to customers

	Individuals			
31/12/2022	**Debit current accounts**	**Credit cards**	**Personal loans**	**Total**
1. Performing loans	39	1 627	32 060	33 726
2. Regular watching	-	-	-	-
3. Watch list	-	-	-	-
Total	**39**	**1 627**	**32 060**	**33 726**

Corporate

31/12/2022	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
1.Performing loans	1 759	45 528	-	47 287
2.Regular watching	5 593	166 448	60 694	232 735
3.Watch list	15	62 493	95 410	157 918
Total	**7 367**	**274 469**	**156 104**	**437 940**

The Non-performing loans category secured by cash guarantees were not considered as impaired after taking into consideration that such guarantees can be collected.

Loans and facilities to customers

Individuals

31/12/2021	Debit current accounts	Credit cards	Personal loans	Total
4. Performing loans	40	1 704	38 675	40 419
5. Regular watching	-	-	-	-
6. Watch list	-	-	-	-
Total	**40**	**1 704**	**38 675**	**40 419**

Corporate

31/12/2021	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
4. Performing loans	1	16 791	-	16 792
5. Regular watching	4 511	148 091	75 817	228 419
6. Watch list	325	53 376	74 643	128 344
Total	**4 837**	**218 258**	**150 460**	**373 555**

The Non-performing loans category secured by cash guarantees were not considered as impaired after taking into consideration that such guarantees can be collected.

Past due loans and facilities but not impaired

They are loans and facilities having past due but not considered impaired, unless there is information to the contrary. The loans and facilities to customers having past due and not subject to impairment are represented in the following:

Individuals

31/12/2022	Debit current accounts	Credit cards	Personal loans	Total
Past due up to 30 days	-	14	-	14
Past due more than 30 to 60 days	-	-	-	-
Past due more than 60 to 90 days	-	-	-	-
Total	**-**	**14**	**-**	**14**

Corporate

31/12/2022	Debit current accounts	Credit cards	Syndicated loans and facilities	Total
Past due up to 30 days	11 700	4 119	-	15 819
Past due more than 30 to 60 days	-	-	-	-
Past due more than 60 to 90 days	-	-	-	-
Total	**11 700**	**4 119**	**-**	**15 819**

Individuals

31/12/2021	Debit current accounts	Credit cards	Personal loans	Total
Past due up to 30 days	-	1	-	1
Past due more than 30 to 60 days	-	-	-	-
Past due more than 60 to 90 days	-	-	-	-
Total	**-**	**1**	**-**	**1**

Corporate

31/12/2021	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
Past due up to 30 days	1	6 811	-	6 812
Past due more than 30 to 60 days	-	30 854	-	30 854
Past due more than 60 to 90 days	-	-	-	-
Total	**1**	**37 665**	**-**	**37 666**

Past due loans and facilities represent the amounts that entirely or partially fall due and were not paid on the dates contractually agreed upon and they include past due amounts for periods exceeds one day.

Accordingly, the amounts presented in the Note represent the total balance of the loan or facility and not only the past due portion while the rest of the loans balances and other facilities granted to the customer are not included as long as the customer has not been entirely or partially in default.

On the date of initial recognition for the loans & facilities, the presented collaterals fair value is estimated if any - as per the valuation methods usually used in valuation of similar assets provided that they shall not be recognized in the financial statement of the Bank as they do not represent assets of the Bank on that date. In subsequent periods, the fair value of such collaterals will be adjusted as per the price or the market prices of the similar assets.

- Loans and facilities individually subject to impairment

Loans and facilities to customers

The balance of Loans and facilities individually subject to impairment (the third stage) at the end of the current financial period before taking into consideration cash flows from guarantees amounted to US$ 257 707 thousand compared to US$ 328 035 thousand at the end of the comparative year. The following tables include a breakdown of the total loans and facilities individually subject to impairment and the fair value of collaterals taken into consideration when provisions are calculated.

Individuals

31/12/2022	Debit current accounts	Credit cards	Personal loans	Total
Loans individually subject to impairment	66	-	-	66
Fair value of collaterals	-	-	-	-

Corporate

31/12/2022	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
Loans individually subject to impairment	3 239	207 828	46 574	257 641
Fair value of collaterals	-	17 312	8 896	26 208

Individuals

31/12/2021	Debit current accounts	Credit cards	Personal loans	Total
Loans individually subject to impairment	71	-	64	135
Fair value of collaterals	-	-	-	-

Corporate

31/12/2021	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
Loans individually subject to impairment	3 743	277 613	46 544	327 900
Fair value of collaterals	-	38 716	5 076	43 792

Restructured loans and facilities

Restructuring activities include extending periods of payment arrangements, implementing compulsory management programs, amending and deferring settlement of payments. The policies of implementing the restructuring depend on indicators or criteria which indicate that there is a high probability of continued payment, based on the personal judgment of the management. These policies are subject to continuous review. Restructuring of long-term loans is commonly applied, especially to customers' financing loans. The renegotiated loans amounted to US$ 150 612 thousand, compared to US$ 68 373 thousand at the end of the comparative year.

	31 December 2022	31 December 2021
Loans & Facilities to Customers		
Institutions		
– Debit current accounts	3 174	3 658
– Direct loans	147 438	64 715
Total	**150 612**	**68 373**

(A/7) Debt instruments, treasury bills and other government notes

The table below shows an analysis of debt instruments, treasury bills and other government notes (before deducting any impairment allowances) according to the rating agency of Standard & Poor's or its equivalent at the end of the financial year.

	Rating	31 December 2022	31 December 2021
Egyptian treasury bills			
At fair value through other comprehensive income	B	1 401 596	2 309 932
At amortized cost	B	450 061	484 672
Egyptian treasury bonds			
At amortized cost	B	196 897	274 100
Total		**2 048 554**	**3 068 704**

(A/8) Acquisition of Collaterals

- The Bank has not acquired assets based on the acquisition of collaterals during the current financial year.
- The assets acquired by the Bank are classified under the item of other assets in the balance sheet and these assets are to be sold whenever applicable.

(A/9) Concentration of financial assets risks exposed to credit risk

- Geographical sectors

The following table represents an analysis of the most significant credit risk limits of the Bank at book value and their distribution according to the geographical sectors at the end of the current financial year. When we prepared this table, we distributed the risks over the geographical sectors based on the areas related to the customers of the Bank.

	Greater Cairo	Alexandria	Port Said	Sharm EL Sheikh	Total
Treasury bills & other government notes	2 048 554				2 048 554
Loans & facilities to Banks	76 270				76 270
Loans and facilities to customers:					
- Loans to individuals:					
- Debit current accounts	104	1	-	-	105
- Credit cards	1 468	138	21	14	1 641
- Personal loans	29 049	1 916	160	935	32 060
- Loans to Corporate:					
- Debit current accounts	22 306	-	-	-	22 306
- Direct loans	473 365	13 051	-	-	486 416
- Syndicated loans	202 678	-	-	-	202 678
Total as at 31 December 2022	**2 853 794**	**15 106**	**181**	**949**	**2 870 030**
Total as at 31 December 2021	**3 858 963**	**18 098**	**275**	**1 043**	**3 878 379**

- Activity Sectors

The following table represents an analysis of the most significant credit risk limits of the Bank at book value distributed according to the business activity practiced by the customers of the Bank.

	Financial Institutions	Industrial Institutions	Commercial	Mining &Petroleum Services	Real Estate Activities	Government Sector	Other Activities	Total
Treasury bills & other government notes						2 048 554		2 048 554
Loans & facilities to Banks	76 270	-	-	-	-	-	-	76 270
Loans and facilities to customers:								
- Loans to individuals:								
- Debit current accounts	-	-	-	-	-	-	105	105
- Credit cards	-	-	-	-	-	-	1 641	1 641
- Personal loans	-	-	-	-	-	-	32 060	32 060
- Loans to Corporate:								
- Debit current accounts	-	16 495	498	2 016	-	-	3 297	22 306
- Direct loans	27 227	104 244	30 363	141 775	1 452	-	181 355	486 416
- Syndicated loans	22 667	23 908	-	56 678	4 017	-	95 408	202 678
Total as of 31 December 2022	**126 164**	**144 647**	**30 861**	**200 469**	**5 469**	**2 048 554**	**313 866**	**2 870 030**
Total as of 31 December 2021	**77 290**	**136 212**	**28 904**	**210 957**	**6 002**	**3 068 704**	**350 310**	**3 878 379**

B- Market risk

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

The market risk management resulting from trading and non-trading portfolios is concentrated in the risk department of the Bank and they are followed up by two separate teams. Interim reports on market risk are presented to the Board of Directors, Assets and Liabilities Committee (ALCO) and the heads of business activity units on regular basis.

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

(B/1) Market risk measurement techniques

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

Value at Risk (VaR)

The Bank applies a 'value at risk' methodology (VaR) for trading and non-trading portfolios to estimate the market risk of positions held and the maximum expected losses based on a number of assumptions for various changes in market conditions. The Board of Directors sets limits for the value of risk that may be accepted by the Bank for trading and non- trading portfolios on separate basis and they are daily monitored by the Market Risk Management Department in the Bank. Value at Risk (VaR) is a statistic expectation of the current portfolio potential losses resulting from the adverse movements of the market and the maximum loss that may be incurred by the Bank based on using a specific confidence coefficient (98%). Subsequently, there is a statistical probability at a ratio of (2%) that the effective loss is higher than the expected Value at Risk (VaR). VaR model assumes a defined holding period of (ten days) before closing the open positions. It also assumes that the market movements during the defined holding period of (ten days) shall follow the same market movements model which occurred during the previous ten days. The Bank estimates the previous movements based on the data of the last five years. The Bank also applies such historic changes of ratios, prices and indicators in a direct manner on the current positions. This method is known as historic simulation. The effective outputs are regularly monitored to measure the soundness of assumptions and coefficients used to measure Value at Risk (VaR). However, applying such method does not overcome the loss of such limits in case of having greater movements in the market.

Stress Testing

Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios.

The stress testing carried out by the Risk Management Department of the Bank include, risk factor stresstesting where sharp movements are applied to each risk category and test of emerging market stress, as emerging market portfolios are subject to sharp movements; and subject to special stress test including possible stress events to specific positions or regions - for example the stress outcome to a region due to applying a free foreign currency exchange rate. The results of the stress testing are reviewed by the Top Management and the Board of Directors

Summary of value exposed to risk

Total value exposed to risk according to each risk category:

	31/12/2022			31/12/2021		
Foreign Exchange Risk	Average	Higher	Lesser	Average	Higher	Lesser
	4 884	17 317	3	84	1 201	2

Total value exposed to risk according to each risk category (Non-trading):

	31/12/2022			31/12/2021		
Foreign Exchange Risk	Average	Higher	Lesser	Average	Higher	Lesser
	4 884	17 317	3	84	1 201	2

(B/2) Foreign exchange volatility risk

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The Board of Directors set aggregate limits for foreign exchange for each position at the end of the day, and during the day which is controlled on timely basis. The following table summarizes the Bank exposure to foreign exchange volatility risk at the end of the financial year.

The table also includes the carrying amounts of the financial instruments in their currencies as follows:

31 December 2022	USD	Euro	GBP	L.E	Other	Total
Financial assets						
Cash and balances with the Central Bank	10 325	9 025	652	295 400	194	315 596
Due from Banks	726 744	46 933	52 861	690	1 520	828 748
Treasury bills	375 276	71 989	-	1 402 758	-	1 850 023
Loans and facilities to customers	386 873	2 339	30	103 153	-	492 395
Loans and facilities to banks	49 500	-	-	26 149	-	75 649
Financial investments:						
- Available for sale at fair value through other comprehensive income	25 787	-	-	-	-	25 787
- At amortized cost	146 752	-	-	48 970	-	195 722
Investments in subsidiaries and associates	137 494	-	-	230 052	-	367 546
Other assets	20 777	40	54	38 470	-	59 341
Total financial assets	**1 879 528**	**130 326**	**53 597**	**2 145 642**	**1 714**	**4 210 807**
Financial liabilities						
Due to Banks	57 086	2 294	181	246	48	59 855
Customers deposits & certificates of deposits	1 230 622	127 857	52 774	1 899 961	1 698	3 312 912
Other liabilities	23 029	280	22	14 467	294	38 092
Total financial liabilities	**1 310 737**	**130 431**	**52 977**	**1 914 674**	**2 040**	**3 410 859**
Net financial position	**568 791**	**(105)**	**620**	**230 968**	**(326)**	**799 948**

31 December 2021	USD	Euro	GBP	L.E	Other	Total
Financial assets						
Cash and balances with the Central Bank	9 814	5 819	1 591	304 750	90	322 064
Due from Banks	774 727	33 920	55 733	188	2 423	866 991
Treasury bills	375 536	77 169	-	2 340 008	-	2 792 713
Loans and facilities to customers	413 402	2 688	53	111 461	-	527 604
Loans and facilities to banks	29 476	-	-	-	-	29 476
Financial investments:						
- Available for sale at fair value through other comprehensive income	26 502	-	-	-	-	26 502
- At amortized cost	156 075	-	-	116 649	-	272 724
Investments in subsidiaries and associates	137 675	-	-	230 052	-	367 727
Other assets	17 778	192	45	69 237	-	87 252
Total financial assets	**1 940 985**	**119 788**	**57 422**	**3 172 345**	**2 513**	**5 293 053**
Financial liabilities						
Due to Banks	37 800	2 080	879	191 784	104	232 647
Customers deposits & certificates of deposits	1 315 183	117 505	56 135	2 721 085	2 303	4 212 211
Other liabilities	30 140	595	8	27 239	-	57 982
Total financial liabilities	**1 383 123**	**120 180**	**57 022**	**2 940 108**	**2 407**	**4 502 840**
Net financial position	**557 862**	**(392)**	**400**	**232 237**	**106**	**790 213**

(B/3) Interest rate risk

The Bank is exposed to the effect of fluctuations in the prevailing levels of market interest rates. The interest rate risk is the cash flow interest rate risk that is represented in the fluctuation of the future cash flows of a financial instrument due to the changes in market interest rates of the instrument. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but the profit may decrease if unexpected movements arise. The Board of Directors of the Bank sets limits on the level of mismatch of interest rate re-pricing that may be undertaken by the Bank, the matter that is monitored on daily basis by the Bank's Risk Management Department.

The table below summarizes the Bank's exposure to interest rate risk fluctuation. It includes the financial instruments at carrying amounts categorized based on re-pricing or maturity dates, whichever earlier.

31 December 2022	Up to 1 month	More than1 month to 3 Months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Non-interest bearing	Total
Financial Asset							
Cash and balances with the Central Bank	-	-	-	-	-	315 596	315 596
Due from Banks	670 283	144 169	-	-	-	14 296	828 748
Treasury bills & government notes	592 365	1 135 356	122 302	-	-	-	1 850 023
Loans and facilities to customers	87 921	99 667	102 387	10 786	191 634	-	492 395
Loans and facilities to banks	-	-	-	75 649	-	-	75 649
Financial investments:							
- Financial investments at fair value through other comprehensive income	-	-	-	-	-	25 787	25 787
- At amortized cost	-	-	-	195 722	-	-	195 722
Investments in subsidiaries and associates	-	-	-	-	-	367 546	367 546
Other assets	-	-	-	-	-	59 341	59 341
Total financial assets	**1 350 569**	**1 379 192**	**224 689**	**282 157**	**191 634**	**782 566**	**4 210 807**
Financial liabilities							
Due to Banks	3 376	-	50 000	246	-	6 233	59 855
Customers' deposits & certificates of deposits	1 932 533	649 750	194 377	458 449	-	77 803	3 312 912
Other financial liabilities	-	-	-	-	-	38 092	38 092
Total financial liabilities	**1 935 909**	**649 750**	**244 377**	**458 695**	**-**	**122 128**	**3 410 859**
Interest re-pricing gap	**(585 340)**	**729 442**	**(19 688)**	**(176 538)**	**191 634**	**660 300**	**799 810**

31 December 2021	Up to 1 month	More than1 month to 3 Months	More than 3 months to 1 year	More than 1 year to 5 years	Over 5 years	Non-interest bearing	Total
Total financial assets	**1 310 591**	**974 845**	**1 675 689**	**191 492**	**322 594**	**817 842**	**5 293 053**
Total financial liabilities	**2 775 641**	**590 444**	**454 993**	**539 698**	**46**	**142 018**	**4 502 840**
Interest re-pricing gap	**(1 465 050)**	**384 401**	**1 220 696**	**(348 206)**	**322 548**	**675 824**	**790 213**

C- Liquidity risk

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

Liquidity risk management

The Bank's liquidity management control process is carried out by the Department of Risk Management that includes the following:

- Daily funding is managed by monitoring future cash flows to ensure that all requirements can be met when due, this includes availability of liquidity as they fall due or when lent to customers. To ensure that the Bank achieves this objective, the Bank maintains an active presence in global money markets.
- The Bank maintains a portfolio of highly marketable assets that can be easily liquidated in the event of an unforeseen interruption of cash flows.
- Monitoring liquidity ratios in relation with internal requirements of the Bank and the requirements of the Central Bank of Egypt.
- Managing loans concentration and making a statement of their dues.

For control and report preparation purposes, the cash flows of the day, week and next month are measured and expected as they represent the main period for liquidity management and the starting point to calculate these expectations to analyze the contractual dues of the financial liabilities and the expected dates of the financial assets' collections.

The Department of Assets and Liabilities Management monitors the mismatch between medium term assets, the level and nature of unused loans commitments, debit current accounts utilizations, and the effect of contingent liabilities such as letters of guarantee and letters of credit.

Funding approach

Sources of liquidity are regularly reviewed by a separate team from the Department of Risk Management of the Bank to maintain a wide diversification by currency, geography, sources, products and terms.

Non-derivative cash flows

The following table represents the cash flows paid by the Bank based on the non-derivative financial liabilities method that are distributed over the remaining period of the contractual dues on the date of the balance sheet. The amounts included in the table represent undiscounted contractual cash flows while the Bank manages the liquidity risk based on the expected undiscounted cash flows not the contractual ones.

31 December 2022	Up to 1 month	More than one month & up to three months	More than three months & up to one year	More than one year & up to five years	More than five years	Non-interest bearing	Total
Financial liabilities							
Due to banks	3 376	-	50 000	246	-	6 233	59 855
Customers deposits & Certificates of deposits	1 932 529	649 750	194 377	458 449	-	77 803	3 312 908
Other financial liabilities	-	-	-	-	-	37 432	37 432
Total financial liabilities based on the contractual maturity date	**1 935 905**	**649 750**	**244 377**	**458 695**	**-**	**121 468**	**3 410 195**
Total financial assets based on the contractual maturity date	**(591 541)**	**729 642**	**(58 724)**	**(177 159)**	**237 317**	**661 731**	**(801 266)**

31 December 2021	Up to 1 month	More than one month & up to three months	More than three months & up to one year	More than one year & up to five years	More than five years	Non-interest bearing	Total
Total financial liabilities based on the contractual maturity date	**2 775 641**	**590 444**	**454 993**	**539 698**	**46**	**142 018**	**4 502 840**
Total financial assets based on the contractual maturity date	**1 310 591**	**974 845**	**1 675 689**	**191 492**	**322 594**	**817 842**	**5 293 053**

Assets available to meet all liabilities and cover loan commitments include cash, balances with the Central Bank of Egypt, balances due from banks, treasury bills and other government notes in addition to loans and facilities to banks and customers. Maturity term of a percentage of loans granted to customers that fall due within one year is extended through the normal course of business of the Bank.

Moreover, some debt instruments, treasury bills and other government notes are pledged to cover liabilities. The Bank has the ability to meet unexpected net cash flows through the sale of financial

securities, and finding other financing sources.

D- Operating risk:

The definition of operating risk comprises "the risk of a change in value caused by the fact that actual direct losses and / or indirect losses incurred due to inadequacy or failure of internal processes, systems, human factor or external events including legal risk or any operating events that impact negatively on the reputation of the Bank, the continuity of the business as a going concern and / or the market value of the Bank."

The Framework of the Operating Risk Department

The operating risk department is considered as a significant part that supports the various activities of the Bank with respect to its role in identifying and assessing the relevant risks and the required controls to prevent and mitigate the operating losses in addition to participating in enhancing the competency and efficiency of utilizing the various resources of the Bank.

The policy of the operating risk department aims at laying out a general framework to consolidate its efficiency and providing support to the governance system through enlightenment and spreading the risk culture among all employees, providing complete awareness of the targets of the operating risk department, how to classify risks, the difference between the operating risk and the other kinds of risks, the duties and responsibilities of management and supervision, the methods and approaches used inside the Bank for determination, measurement, reporting and follow up to limit and mitigate the operating risks.

The Operating Risk Department is concentrating its attention on the spreading of risk culture and the awareness of the importance of identifying, reviewing, examining policies, procedures and work systems, making researches to enhance systems and their security methods, the efficiency of oversight controls to prevent and mitigate the operating risks. Meanwhile, the Operating Risk Department is taking the lead in cooperation with all the departments of the Bank to identify indications that give early warning concerning the events that may expose the Bank to any sort of possible risks.

The operating risk department started working on establishing operating events database along with their classification that is in conformity with the standards laid out by "Basel II" Accords and the classification of operating risks stated therein. The data collection process relies on the internal operating events reports in addition to all relevant external events. The said data is used in analyzing and monitoring the root causes of the operating risks, the frequency of events, evaluating the corrective measures and the controls adopted by the Bank to prevent and mitigate the operating risks.

E- Fair value of financial assets and liabilities

Financial instruments not measured at fair value

The table below summarizes the current value and fair value for those financial assets and liabilities not presented on the Bank's balance sheet at their fair value:

	31 December 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Due from banks	828 748	828 748	866 991	866 991
Loans and facilities to Banks	75 649	75 649	29 476	29 476
Loans and facilities to customers	492 395	Not Identified	527 604	Not Identified
Financial investments:				
At fair value through other comprehensive income (unquoted)	25 582	Not Identified	26 219	Not Identified
At amortized cost	195 722	Not Identified	272 724	Not Identified
Financial liabilities:				
Due to banks	59 855	59 855	232 647	232 647
Customers deposits	3 312 912	Not Identified	4 212 211	Not Identified

Loans and facilities to customers:

Loans and facilities to customers are presented as net amount after deducting the provision of impairment losses.

Debt instruments at amortized cost:

The fair value of the debt instruments "Egyptian treasury bonds" is determined at amortized cost as per Bloomberg prices declared at the end of the financial period.

Customers' deposits and due to other banks:

Represent the estimated fair value of demand deposits that includes the deposits of non-bearing interest for the amount paid on demand.

It was not practically possible to measure the fair value of the remaining items of the financial assets at the end of the financial year.

F- Capital management

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

- Compliance with the legal requirements of capital in The Arab Republic of Egypt.
- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the Bank.
- Maintaining a strong capital base to enhance growth of activity. Capital adequacy and its uses are reviewed on a monthly basis according to the regulatory authority's requirements (CBE) by the Bank's management through models based on the instructions of Basel committee for banking control, these data are submitted to CBE on quarterly basis.

CBE requires the following from the Bank:

- Maintaining L.E 500 million as a minimum requirement for the issued and paid up capital.
- Maintaining a ratio between risk-weighted elements of capital and elements of assets, and contingent liabilities that are credit risk, market risk and operating risk weighted including a percentage of 12.50% as a conservation buffer.

The numerator in capital adequacy comprises the following two tiers:

Tier 1:

It is the core capital comprising of paid up capital (after deducting the carrying amount of the treasury stocks) if any, retained earnings and reserves resulting from profit appropriations less any goodwill previously recognized, and any carried forward losses.

Tier 2:

It is the supplementary capital (Tier 2 Capital) that is comprised of the equivalent of the general risk provision which is formed based on the Obligor Risk Rating and Provisioning Rules issued by the Central Bank of Egypt in a manner that does not exceed 1.25% of the total risk-weighted assets and contingent liabilities, subordinated loans / deposits of more than five-year-maturity period (while amortizing 20% of their value in each year of the last five years of their maturity period) in addition to 45% of the increase resulting from the difference between the fair value and the carrying value of both financial investments available for sale and investments held to maturity date in addition to investments in subsidiaries and associates.

When calculating the total numerator of the capital adequacy ratio it should be taken into consideration that the supplementary capital does not exceed in any way the core capital and that subordinated loans (deposits) do not exceed half of the core capital.

Assets are risk-weighted differently classified according to the nature of each asset of the debtor to reflect the credit risk associated with it and taking the cash collaterals into consideration. In addition, the same treatment is used for off-balance amounts after adjustments to reflect the contingent nature and the potential loss of those amounts. The Bank has been in compliance with the local capital requirements.

The following table summarizes the components of the core and supplementary capital in addition to the capital adequacy percentages as at 31 December 2022.

	31/12/2022	31/12/2021
Core capital (Tier One)		
Paid up capital	600 000	600 000
Reserves	232 836	230 765
Retained earnings	123 302	99 831
General risk reserve	-	-
Total balance of items of the accumulated other comprehensive income after regulatory amendments	(153 114)	(94 589)
Quarterly interim profits	48 208	31 220
Minority interest / Non-controlling interest	178 855	183 573
Difference between nominal value and current value of subordinated loans (deposit)	734	854
Total Core capital	**1 030 821**	**1 051 654**
Less:		
Investments In Financial Institutions:		
Amount exceeding 10% of the issued capital of the company for each separate investment (shares)	(84 894)	(91 499)
Amount exceeding 10% of the fund assets for each separate investment (mutual funds)	(1 009)	(1 242)
Subordinated loans	(26 270)	
Intangible assets	(5 683)	(3 628)
Disregarded elements:		
Reserve balance of fair value for investments available for sale (if negative)	-	-
Reserve for foreign currencies translation differences (if negative)	-	-
Total Tier 1 Capital	**912 965**	**955 285**
Tier 2 Capital (core capital)		
Significant elements of required allowances for debt instruments, loans, credit facilities and contingent liabilities included in stage 1	27 627	22 914
45% of the specific reserve	31	31
45 % of the increase in fair value over the book value of financial investments in associates	250	153
Total Tier 1 Capital	**27 908**	**23 098**
Total capital base (1)	**940 873**	**978 383**
Risk-weighted assets & contingent liabilities		
Credit risk for items in & off-balance sheet	3 926 013	4 206 638
Market risk – foreign exchange rates	304 320	269 143
Operating risk *	280 490	343 711
Total Risk-weighted assets & contingent liabilities (2)	**4 510 823**	**4 819 492**
Capital adequacy ratio (1) / (2)	**% 20.86**	**% 20.30**

Capital Adequacy Ratio was prepared for the balances of the consolidated financial statements of the Bank in compliance with the instructions of the Central Bank of Egypt issued on 24 December 2012.

*According to the instructions of the Central Bank of Egypt, as of the beginning of 2022, the Approach of Calculating Operating Risk has been changed from the Basic Indicator Approach to the Standardized Approach.

The following table summarizes the financial leverage ratio

	31/12/2022	31/12/2021
Tier 1 Capital after disposals (1)	**912 965**	**955 285**
Cash and Due from Central Bank	1 453 163	1 217 037
Balances due from Banks	532 633	1 493 893
Loans and credit facilities to banks	26 270	-
Treasury bills & other government notes	2 402 100	3 320 185
Financial assets at fair value through other comprehensive income	247 530	501 135
Financial assets at amortized cost	331 999	643 021
Investments in subsidiaries & associates	213 552	240 752
Loans & credit facilities granted to customers	2 098 889	2 610 195
Fixed assets (after deducting impairment loss provision and accumulated depreciation)	101 517	90 789
Other assets	125 091	172 446
The amount of exposure deducted (after disposing the first tier of the capital base)	(433 945)	(419 168)
Total banks' exposure of items in the balance sheet after deducting the disposals of the first tier	7 098 799	9 870 285
Letters of credit – imports	3 892	12 696
Letters of credit – exports	20 108	16 612
Letters of guarantee	121 290	130 399
Letters of guarantee upon other Banks' request or by their warranty	10 327	10 235
Accepted bills	18 798	44 298
Rediscounted bills	-	-
Total contingent liabilities	**174 415**	**214 240**
Total commitments	**49 646**	**68 286**
Total off- balance sheet exposure	**224 061**	**282 526**
Total in & off- balance sheet exposure (2)	**7 322 860**	**10 152 811**
Financial leverage ratio (1/2)	**% 12.47**	**% 9.41**

4- Significant accounting estimates and assumptions

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities that shall be disclosed during the next financial year. Estimates and assumptions are continually evaluated based on historical experience and other factors including the expectations of future events that are believed to be reasonable in the light of available circumstances & information.

The implementation of the financial policies disclosed in Note No. (3) requires that management uses judgements, estimates and assumptions with respect to the carrying value of some assets and liabilities that other sources cannot provide. The said estimates and accompanied assumptions are based on historical experience in addition to other relevant factors. However, the actual results may differ from such estimates.

The assumptions and estimates are reviewed on regular basis and recognition of change in accounting estimates shall take place either in the period in which the change is occurring, in case its effect is confined to such period only, or in the period in which the change is occurring and the future periods, if the change in accounting estimates affects both of current period and the subsequent periods.

The following is a summary of the most prominent assumptions related the future and the sources of unconfirmed information at the end of the financial period that are attributed by high risk leading to a significant amendment introduced to the fair value of assets and liabilities during the following financial period.

(4/1) Impairment losses for loans and facilities (expected credit loss)

The Bank reviews the portfolio of loans and facilities on quarterly basis at least. The Bank uses personal judgment in determining whether it is necessary to recognize impairment charge in the income statement, to identify if there are reliable evidences indicating a decline that can be measured in the expected future cash flows from loan portfolio before identifying any decline on the level of each separate loan in the portfolio. These evidences include data indicating negative changes in borrowers' portfolio ability to repay the Bank, or local or economic circumstances related to default in the assets of the Bank. On rescheduling future cash flows, the management uses the previous experience with respect to assets loss of similar credit risk to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio in question. The method and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on the management experience.

(4/2) Financial derivatives fair value

The fair value of financial derivatives that are not quoted in active markets are determined by using valuation techniques. When these valuation techniques are used (such as pricing models), they shall be examined and periodically reviewed by qualified personnel who are independent from the entity which prepared them.

All models are certified after trial and before they are used to ensure that the results reflect reliable data and prices which can be compared with those of the market. The said models use the data taken from the market only, whenever it is possible to be practically obtained.

However, some factors such as credit risk related to the Bank, counterparty, volatilities and correlations require that the management uses its personal judgement. Changes in assumptions of these factors may affect the disclosed fair value of the financial instruments.

(4/3) Debt instruments at amortized cost

The Bank classifies non-derivative financial assets with fixed determinable payments or fixed maturity as debt instruments at amortized cost included in "the business model of financial assets held to collect contractual cash flows".

In case the Bank ceases to classify debt instruments as debt instruments at amortized cost included in the portfolio, the carrying value of this type of investments will be increased at the end of the current financial period with the amount of US$ 2 911 thousand to reach its fair value in return for recognition thereof in the fair value reserve of other comprehensive income statement.

5- Segment Analysis

A- Segment analysis of business activities as at 31 December 2022

Revenues and expenses according to economic activity	Large corporate	Medium enterprises	Investment	Retail Banking	Other activities	Total
Revenue of business segment activity	13 803	22 809	224 725	11 649	12 514	285 500
Expenses of business segment activity	(9 902)	(275)	-	(184 165)	-	(194 342)
Segment operating income	**3 901**	**22 534**	**224 725**	**(172 516)**	**12 514**	**91 158**
Unclassified expenses						(63 376)
Profit for the year						**27 782**
Assets and liabilities of the segment activity						
Segment activity assets	1 137 968	301 142	2 519 154	33 914	-	3 992 178
Unclassified assets						283 565
Total assets						**4 275 743**
Segment activity liabilities	1 859 728	38 793	-	1 475 692	-	3 374 213
Unclassified liabilities						901 530
Total liabilities						**4 275 743**

Comparative year as at 31 December 2021

Revenues and expenses according to economic activity	Large corporate	Medium enterprises	Investment	Retail Banking	Other activities	Total
Revenue of business segment activity	7 650	21 283	318 183	9 736	8 991	365 843
Expenses of business segment activity	(29 066)	(1 411)	-	(243 930)	-	(274 407)
Segment operating income	**(21 416)**	**19 872**	**318 183**	**(234 194)**	**8 991**	**91 436**
Unclassified expenses						(68 089)
Profit for the year						**23 347**
Comparative year as at 31 December 2020 Assets and liabilities of the segment activity						
Segment activity assets	1 144 949	345 422	3 620 366	40 841	-	5 151 578
Unclassified assets						204 550
Total assets						**5 356 128**
Segment activity liabilities	2 662 219	32 072	-	1 750 547	-	4 444 838
Unclassified liabilities						911 290
Total liabilities						**5 356 128**

B - Geographical Segments Analysis

31 December 2022

Revenues &expenses according to the geographical segments	Greater Cairo	Alexandria	Port said	Sharm EL Sheikh	Total
- Geographical segments revenues	340 331	2 558	306	239	343 434
- Geographical segments expenses	(305 206)	(7 494)	(1 933)	(1 019)	(315 652)
Segment operating income	**35 125**	**(4 936)**	**(1 627)**	**(780)**	**27 782**
Profit (loss) for the year	**35 125**	**(4 936)**	**(1 627)**	**(780)**	**27 782**
Assets & liabilities according to the geographical segments					
- Geographical segments assets	4 256 085	17 340	606	1 712	4 275 743
Total assets	**4 256 085**	**17 340**	**606**	**1 712**	**4 275 743**
Geographical segments liabilities	4 107 485	126 572	32 684	9 002	4 275 743
Total liabilities	**4 107 485**	**126 572**	**32 684**	**9 002**	**4 275 743**

31 December 2021

Revenues &expenses according to the geographical segments	Greater Cairo	Alexandria	Port said	Sharm EL Sheikh	Total
- Geographical segments revenues	363 508	1 447	187	111	365 253
- Geographical segments expenses	(330 063)	(8 743)	(2 171)	(929)	(341 906)
Segment operating income	**33 445**	**(7 296)**	**(1 984)**	**(818)**	**23 347**
Profit (loss) for the year	**33 445**	**(7 296)**	**(1 984)**	**(818)**	**23 347**
31 December 2020 Assets & liabilities according to the geographical segments					
- Geographical segments assets	5 347 244	6 566	1 046	1 272	5 356 128
Total assets	**5 347 244**	**6 566**	**1 046**	**1 272**	**5 356 128**
Geographical segments liabilities	**5 133 527**	**156 779**	**36 398**	**29 424**	**5 356 128**

6- Net interest income

	31/12/2022	31/12/2021
Interest from loans and similar revenues from loans and facilities:		
- Banks	4 764	2 195
- Customers	36 675	29 506
	41 439	**31 701**
Bonds & treasury bills	271 388	311 753
Deposits with Banks	15 339	1 742
Total	**328 166**	**345 196**
Costs of Deposits and similar costs:		
Deposits and current accounts:		
- Banks	(8 407)	(23 172)
- Customers	(232 641)	(251 424)
Total	**(241 048)**	**(274 596)**
Net	**87 118**	**70 600**

7- Net income from fees and commissions

	31/12/2022	31/12/2021
Fees and commission income:		
Fees and commissions related to credit	3 841	3 238
Institutions' finance services fees	385	925
Other fees	1 099	1 155
Total	**5 325**	**5 318**
Fees and commission expenses:		
Other fees paid	(105)	(123)
Net	**5 220**	**5 195**

8- Dividends income

	31/12/2022	31/12/2021
Equity instruments at fair value through other comprehensive income	397	378
Subsidiaries & associates	5 411	6 964
Total	**5 808**	**7 342**

9- Net trading income

	31/12/2022	31/12/2021
Forex gain	1 537	2 034
Total	**1 537**	**2 034**

10- Financial investments profits / losses

	31/12/2022	31/12/2021
Financial investments profits /losses	113	-
Financial investments profits through other comprehensive income – treasury bills	127	278
Total	**240**	**278**

11- Administrative expenses

	31/12/2022	31/12/2021
Staff costs		
Wages & salaries and their equivalents	45 768	46 701
The Bank contribution in employees fund	3 686	3 867
	49 454	**50 568**
Fixed assets depreciation	3 174	3 297
Software amortization	352	1 301
Other administrative expenses	9 938	10 611
Total	**62 918**	**65 777**

The average monthly salary of the twenty largest bonuses and salaries earned in the bank amounted to US$ 420 908 for the year ended December 31, 2022 compared to US$ 506 685 on December 31, 2021

12- Other operating revenues (expenses)

	31/12/2022	31/12/2021
Gain (loss) revaluation of assets & liabilities balances other than trading or originally classified at fair value through profit & loss	1 619	(22)
Other revenues	986	742
Other provisions charge / reverse	1 394	(603)
Other expenses	(1 659)	(1 409)
Total	**2 340**	**(1 292)**

13- Credit impairment charge / reverse

	31/12/2022	31/12/2021
Loans and facilities to customers	(12 183)	(827)
Loans and facilities to banks	(169)	349
Balances with banks	375	44
Treasury bills	213	(8)
Debt instruments at amortized cost	201	615
Total	**(11 563)**	**173**

14- Earnings per share

	31/12/2022	31/12/2021
Net profit for the year	27 782	23 347
Less:		
Board of Directors' remunerations	695	361
Employees share in profit	12 403	12 249
The Banking System Support and Development Fund	276	231
Net profit before distribution to the shareholders of the Bank	**14 408**	**10 506**
Issued common shares	30 000	30 000
Earnings per share (US$ /share)	**480.27**	**350.20**

15- Classification and measurement of financial assets & liabilities

The following table indicates total financial assets & liabilities (before deducting any impairment provisions) according to the classification of the business model:

31 December 2022	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Total carrying value
Cash and balances with CBE	315 596	-	-	315 596
Due from banks	828 904	-	-	828 904
Treasury bills	450 061	1 401 596	-	1 851 657
Loans and facilities to customers	745 206	-	-	745 206
Loans and facilities to banks	76 270	-	-	76 270
Financial investments at fair value through other comprehensive income	-	-	25 787	25 787
Financial investments at amortized cost	196 897	-	-	196 897
Financial investments at fair value through profit or loss	-	-	-	-
Other Financial assets	9 692	-	-	9 692
Total financial assets	**2 622 626**	**1 401 596**	**25 787**	**4 050 009**
Due to banks	59 855	-	-	59 855
Customers' deposits	3 312 912	-	-	3 312 912
Other financial liabilities	15 910	-	-	15 910
Total financial liabilities	**3 388 677**	**-**	**-**	**3 388 677**

31 December 2021	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Total carrying value
Cash and balances with CBE	322 064	-	-	322 064
Due from banks	867 525	-	-	867 525
Treasury bills	484 672	2 309 932	-	2 794 604
Loans and facilities to customers	779 676	-	-	779 676
Loans and facilities to banks	30 000	-	-	30 000
Financial investments at fair value through other comprehensive income	-	-	26 502	26 502
Financial investments at amortized cost	274 100	-	-	274 100
Financial investments at fair value through profit or loss	-	-	-	-
Other Financial assets	10 169	-	-	10 169
Total financial assets	**2 768 206**	**2 309 932**	**26 502**	**5 104 640**
Due to banks	232 647	-	-	232 647
Customers' deposits	4 212 211	-	-	4 212 211
Other financial liabilities	26 023	-	-	26 023
Total financial liabilities	**4 470 881**	**-**	**-**	**4 470 881**

16- Cash and Due from Central Bank

	31/12/2022	31/12/2021
Cash	24 787	24 352
Due from the Central Bank of Egypt (within the required reserve ratio in L.E)	290 809	297 712
Balance	**315 596**	**322 064**
Non-interest-bearing balances	315 596	322 064
Balance	**315 596**	**322 064**

17- Due from Banks

	31/12/2022	31/12/2021
Current accounts	36 316	56 795
Deposits	792 588	810 730
Total	828 904	867 525
Less: impairment loss provision	(156)	(534)
Balance	**828 748**	**866 991**
Due from the Central Bank of Egypt (other than the required reserve ratio in L.E)	144 326	155 454
Local Banks	626 865	219 628
Foreign Banks	57 713	492 443
Total	828 904	867 525
Less: impairment loss provision	(156)	(534)
Balance	**828 748**	**866 991**
Non- interest-bearing balances	20 830	14 661
Fixed interest balances	808 074	852 864
Total	828 904	867 525
Less: impairment loss provision	(156)	(534)
Balance	**828 748**	**866 991**
Current balances	828 904	867 525
Non-current balances	-	-
Total	828 904	867 525
Less: impairment loss provision	(156)	(534)
Balance	**828 748**	**866 991**

18- Treasury bills & other government notes

	31/12/2022	31/12/2021
A -At amortized cost		
180 days maturity	1 192	-
364 days maturity	453 296	489 936
Balance	454 488	489 936
Less: unearned interest	(4 427)	(5 264)
Total	450 061	484 672
Less: impairment loss provision	(1 634)	(1 891)
Net (1)	**448 427**	**482 781**
B - At fair value through other comprehensive income		
91 days maturity	1 426 301	1 188 779
270 days maturity	-	425 084
364 days maturity	-	738 068
Balance	1 426 301	2 351 931
Less: unearned interest	(24 615)	(42 213)
Total	**1 401 686**	**2 309 718**
Reserve for change in fair value	(90)	214
Net (2)	1 401 596	2 309 932
Net (1+2)	1 850 023	2 792 713

19- Loans and facilities to banks

	31/12/2022	31/12/2021
Loans	76 270	30 000
Less: impairment loss provision	(621)	(524)
Total	75 649	29 476
Non-current balances	75 649	29 476
Total	**75 649**	**29 476**

Loan of Société Arabe Internationale de Banque (SAIB)

- On 24 October 2016, the Board of Directors of the Bank, approved a subordinated loan that amounted to US$ 50 million to support the tier 2 of the capital base, of Société Arabe Internationale de Banque (SAIB) (one of AIB subsidiaries) upon calculating the percentage rate of capital adequacy to maintain the percentage required by the Central Bank of Egypt.
- The term of this loan is five years, starting from 2 November 2016, to 1 November 2021. The total amount of the loan will be paid in full in one payment at the end of the loan term on 1 November 2021. Société Arabe Internationale de Banque (SAIB) may settle the loan on equal annual installments in a manner that does not exceed 20% of the loan amount.

The annual interest rate of the loan 4 % (four percent) above LIBOR rate is calculated over six months and the interest is paid every six months.

- On 26 December 2019, an addendum to the subordinated loan contract mentioned above was signed and accordingly the term of the loan contract was extended as of 1 November 2019, for a period of five years which end on 1 November 2024 provided that the said loan must be paid in full at the end of the loan term. The annual interest rate of the loan 4 % (four percent) above LIBOR rate is calculated over six months while having the rest of the conditions stipulated in the subordinated loan referred thereto as it is without introducing any amendments.
- On October 18, 2022, a new an addendum to the subordinated loan contract dated November 1, 2016, that was referred to above, was concluded, and accordingly, the subordinated loan of October 18, 2022 that amounted to US $ 30 million, its term was extended and its amount was increased by adding US $ 20 million as a new support for the capital base, and made the total subordinated loan amounting to US $ 50 million for a period of 5 years, starting from October 18, 2022 and ending on October 17, 2027, provided that the loan is fully repaid at the end of the period, and a return rate of 4% is calculated on the loan amount above the Term Reference Rate SOFR6M for six months, extracted from the screen of Reuters (SR6M). The return is paid every six months, bringing the loan balance as of December 31, 2022 to US $ 50 million.

Loan of the Suez Canal Bank (SCB)

- On March 30, 2022, the Board of Directors of the Arab International Bank agreed to grant a subordinated loan that amounted to 650 million Egyptian pounds, in order to support the second tranche of the capital base of the Suez Canal Bank (SCB) when calculating the capital adequacy ratio in order to maintain the ratio established by the Central Bank of Egypt.

The term of this loan is five years starting from June 9, 2022 and ending by June 8, 2027, provided that the loan is paid in full at the end of the period in one payment by June 8, 2027, and the Suez Canal Bank (SCB) may repay this loan in annual installments that do not exceed more than 20% of the value of the loan.

A return rate of 1.50% annually, is calculated on the loan amount over the corridor rate, and the interest is paid every three months.

20- Loans and facilities to customers

	31 December 2022			31 December 2021		
	Total	Impairment loss provision	Net	Total	Impairment loss provision	Net
Individuals						
Debit current accounts	105	(66)	39	111	(71)	40
Credit cards	1 641	-	1 641	1 705	-	1 705
Personal loans	32 060	-	32 060	38 739	(68)	38 671
Total (1)	**33 806**	**(66)**	**33 740**	**40 555**	**(139)**	**40 416**
Corporate including small loans for economic activities						
Debit current accounts	22 306	(3 318)	18 988	8 581	(3 365)	5 216
Direct loans	486 416	(189 751)	296 665	533 535	(202 783)	330 752
Syndicated loans and facilities	202 678	(59 676)	143 002	197 005	(45 785)	151 220
Total (2)	**711 400**	**(252 745)**	**458 655**	**739 121**	**(251 933)**	**487 188**
Total (1+2)	**745 206**	**(252 811)**	**492 395**	**779 676**	**(252 072)**	**527 604**

Provision for impairment losses

31 December 2022

	Individuals			
	Debit current accounts	Credit cards	Personal loans	Total
Balance as at 1 January 2022	71	-	68	139
Net impairment charge / reverse for the year	(4)	-	(67)	(71)
Amounts written off during the year	-	-	-	-
Proceeds from loans previously written off	-	-	-	-
Foreign exchange differences	(2)	-	-	(2)
Balance at the end of the year	**65**	**-**	**1**	**66**

	Corporate			
	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
Balance as at 1 January 2022	3 365	202 783	45 785	251 933
Net impairment charge / reverse for the year	623	(2 400)	14 031	12 254
Amounts transferred from loans provision	-	(807)	-	(807)
Amounts written off during the year	(115)	(2 827)	-	(2 942)
Foreign exchange differences	(555)	(6 998)	(140)	(7 693)
Balance at the end of the year	**3 318**	**189 751**	**59 676**	**252 745**

31 December 2021

	Individuals			
	Debit current accounts	Credit cards	Personal loans	Total
Balance as at 1 January 2021	63	-	279	342
Net impairment charge / reverse for the year	8	-	(211)	(203)
Amounts written off during the year	-	-	-	-
Proceeds from loans previously written off	-	-	-	-
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**71**	**-**	**68**	**139**

	Corporate			
	Debit current accounts	Direct loans	Syndicated loans and facilities	Total
Balance as at 1 January 2021	3 290	220 544	45 486	269 320
Net impairment charge / reverse for the year	75	652	303	1 030
Proceeds from loans previously written off	-	(18 192)	-	(18 192)
Amounts written off during the year	-	(221)	(4)	(225)
Foreign exchange differences	-	-	-	-
Balance at the end of the year	**3 365**	**202 783**	**45 785**	**251 933**

21- Financial investments

At fair value through other comprehensive income:	**31/12/2022**	**31/12/2021**
A - Debt instruments - at fair value :		
Treasury Bills	1 401 596	2 309 932
B - Equity instruments at fair value through other comprehensive income:		
Quoted	205	283
Unquoted	25 582	26 219
Total equity instruments at fair value through other comprehensive income	**25 787**	**26 502**
At fair value through profit or loss Total financial investments at fair value through other comprehensive income (1)	**1 427 383**	**2 336 434**
At amortized cost:		
Debt instruments:		
- Quoted	196 897	274 100
Less: impairment loss provision	(1 175)	(1 376)
	195 722	**272 724**
Treasury Bills:		
- Treasury Bills (18)	450 061	484 672
Less: impairment loss provision	(1 634)	(1 891)
	448 427	482 781
Total debt instruments at amortized cost (2)	**644 149**	**755 505**
Total financial investments (1+2)	**2 071 532**	**3 091 939**
Current balances	1 728 083	2 020 466
Noncurrent balances	343 449	1 071 473
Total financial investments	**2 071 532**	**3 091 939**
Fixed interest debt instruments	195 722	272 724
Total debt instruments	**195 722**	**272 724**

* It includes equity instruments at fair value through other comprehensive income that are not listed on a stock exchange and their token value is one dollar in return for 1 291 shares with a nominal value of 1 291 Egyptian pounds, representing 51.64% of Dimfiber Company's shares, where a part of the client's indebtedness was transferred to the Bank as a participation in the Company's capital in accordance with the settlement that was made with the creditor Banks on 22/6/2006. Since the Company's legal term had lapsed according to the commercial register on 21/3/2015, no general assembly has been held to determine the term of the Company and the Company has not issued any financial statements since 2008, hence, it has not been taken into account when preparing the Bank's consolidated financial statements.

31-12-2022

	At fair value through other comprehensive income	At amortized cost
The following is a summary of financial investments movement during the financial year:		
Balance at the beginning of the current year	**26 502**	**272 724**
Additions	-	45 000
Amortization of Premium / issue discount	-	(842)
Disposals (sale / reimbursement)	-	(87 219)
Impairment in investment value	-	-
Assets of monetary nature valuation differences in foreign currency	-	(34 142)
Changes in fair value reserve	(714)	-
Transferred to retained earnings	-	-
Charge / reverse of impairment of financial investments at amortized cost	-	201
Balance at the end of the financial year	**25 787**	**195 722**

31-12-2021

	At fair value through other comprehensive income	At amortized cost
The following is a summary of financial investments movement during the comparative year:		
Balance at the beginning of the current year	**26 530**	**208 322**
Additions	-	63 627
Amortization of Premium / issue discount	-	67
Disposals (sale / reimbursement)	(85)	-
Impairment in investment value	-	-
Assets of monetary nature valuation differences in foreign currency	-	93
Changes in fair value reserve	57	-
Transferred to retained earnings	-	-
Charge of impairment of financial investments at amortized cost	-	615
Balance at the end of the comparative year	**26 502**	**272 724**

22- Investments in subsidiaries & associates

Investments in subsidiaries & associates are represented in the following companies and institutions:

December 31, 2022
First: Subsidiaries:

Name of Company	Total Assets	Total Liabilities (without equity)	Revenues of the company	Net Profits (losses) of the company	Hosting country of the company	Balance as at 1/1/2022	Balance as at 31/12/2022	Share %
Societe Arab International de Banque (SAIB)(A)	3 489 132	3 146 729	425 129	30 155	A.R.E	82 694	82 694	% 50.438
Compagnie Arab De Financement International « CAFI »(B) under liquidation	-	-	-	-	-	181	-	-
Total subsidiaries						**82 875**	**82 694**	

Second: Associates:

Name of Company	Total Assets	Total Liabilities (without equity)	Revenues of the company	Net Profits (losses) of the company	Hosting country of the company	Balance as at 1/1/2022	Balance as at 31/12/2022	Share %
Suez Canal Co. For Technology (C)	84 211	18 689	20 252	19 453	A.R.E	75 720	75 720	% 24.08
International Company for Tourist Investments (ICIT)	108 751	21 224	14 936	5 944	A.R.E	6 800	6 800	% 20.00
World Trade Centre (WTC) (D)	140 496	14 358	6 204	348	A.R.E	48 000	48 000	% 50.00
Suez Canal Bank (SCB) (E)	2 416 556	2 238 543	233 465	33 660	A.R.E	154 332	154 332	% 41.50
Total associates						284 852	284 852	
Total subsidiaries &associates						367 727	367 546	

A. The Board of Directors of the Central Bank of Egypt (CBE), in its session held on May 19, 2020, agreed to increase the percentage of participation of the Arab International Bank (AIB) in Société Arabe Internationale de Banque (SAIB) to be 50.438% instead of 46,075% by transferring its indirect participation in Société Arabe Internationale de Banque (SAIB) represented in its participation in the capital of the Compagnie Arab De Financement International « CAFI » by approximately 89%, which in turn participates as a direct participation by approximately 4.9% in Société Arabe Internationale de Banque (SAIB).

B. The Extraordinary General Assembly of Compagnie Arab De Financement International « CAFI » decided on 16-11-2020 to make the financial statements issued on 30-9-2020 as a basis for liquidation, and a liquidator was appointed for the company. The contribution account has been settled to receive the distribution proceeds from the liquidation in accordance with the judicial liquidator's order.

C. The balances of the latest approved financial statements of the company were recognized on November 30, 2022

D. The Bank's participation in the capital of the World Trade Center (WTC) Company amounted to 50% and the Bank does not have control over the Company, hence, the investment in the World Trade Centre (WTC) is deemed as an investment in associates.

During year 2019 an impairment provision amounting to US$ 12 million was formed, and the amount of the provision was equivalent to more than 40% of the issued capital of the World Trade Center Company (WTC).

E. During year 2005, the book value of the Bank's participation in Suez Canal Bank was reduced by an amount of US 4.8 million, representing an impairment in the fair value of such participation on that date. At the beginning of 2021, the bank was re-valuated by an independent external body and the revaluation resulted in an increase in the fair value than the book value, accordingly, the above-mentioned impairment by which the participation value was previously reduced, was reversed. Hence, the book value of the participation became equal to the acquisition cost.

22- Investments in subsidiaries & associates (continued)

Investments in subsidiaries & associates are represented in the following companies and institutions:

December 31, 2021

First: Subsidiaries:

Name of Company	Total Assets	Total Liabilities (without equity)	Revenues of the company	Net Profits (losses) of the company	Hosting country of the company	Balance as at 1/1/2021	Balance as at 31/12/2021	Share %
Societe Arab International de Banque (SAIB)	4 534 165	4 183 676	445 641	19 933	A.R. E	79 815	82 694	% 50.438
Compagnie Arab De Financement International « CAFI »	6 458	2	23	(436)	Luxembourg	5 108	181	% 89.04
Total subsidiaries						**84 923**	**82 875**	

Second: Associates:

Name of Company	Total Assets	Total Liabilities (without equity)	Revenues of the company	Net Profits (losses) of the company	Hosting country of the company	Balance as at 1/1/2021	Balance as at 31/12/2021	Share %
Suez Canal Co. For Technology	157 525	4 763	35 203	33 847	A.R. E	75 720	75 720	% 24.08
International Company for Tourist Investments (ICIT)	100 042	15 105	7 102	83	A.R. E	6 800	6 800	% 20.00
World Trade Centre (WTC)	141 372	14 203	2 982	(1 030)	A.R. E	48 000	48 000	% 50.00
Suez Canal Bank (CSB)	3 654 155	3 374 190	311 824	38 473	A.R. E	149 538	154 332	% 41.50
Total associates						**280 058**	**284 852**	
Total subsidiaries &associates						**364 981**	**367 727**	

23- Intangible Asset

	31/12/2022	31/12/2021
Computer software		
Net book value at the beginning of the year	717	1 200
Additions	169	818
Amortization during the year	(352)	(1 301)
Net book value at the end of the year	**534**	**717**
Cost	6 079	5 910
Accumulated amortization	(5 545)	(5 193)
Net book value at the end of the year	**534**	**717**

24- Other Assets

	31/12/2022	31/12/2021
Accrued revenue	9 692	10 169
Accrued dividends	677	7 781
Prepaid expenses	1 154	697
Prepaid amounts to employees under the account of dividends	9 703	9 548
Advance payments to purchase fixed assets	30 620	49 686
Assets reverted to the Bank in return for customers debts	1 986	2 092
Other	17 457	19 078
Total	**71 289**	**99 051**
Less: impairment loss provision	(11 948)	(11 799)
Net	**59 341**	**87 252**

25- Fixed assets

	Land	Buildings & Improvements	Furniture Fittings & Office Equipment	Vehicles	Computers	Total
Balance as at 1 January 2021						
Cost	36 228	32 547	6 578	1 613	7 863	84 829
Accumulated depreciation	-	(8 649)	(4 379)	(1 574)	(6 188)	(20 790)
Net Book Value as at 1 January 2021	**36 228**	**23 898**	**2 199**	**39**	**1 675**	**64 039**
Additions	-	80	179	1 064	292	1 615
Disposals	-	-	-	-	-	-
Depreciation during the year	-	(1 906)	(427)	(196)	(767)	(3 296)
Net Book Value as at 31 December 2021	**36 228**	**22 072**	**1 951**	**907**	**1 200**	**62 358**
Net Book Value as at 31 December 2020	**36 228**	**23 898**	**2 199**	**39**	**1 675**	**64 039**
Balance as at 31 December 2021						
Cost	36 228	32 627	6 757	2 677	8 156	86 445
Accumulated depreciation	-	(10 555)	(4 806)	(1 770)	(6 956)	(24 087)
Net Book Value as at 31 December 2021	**36 228**	**22 072**	**1 951**	**907**	**1 200**	**62 358**

	Land	Buildings & Improvements	Furniture Fittings & Office Equipment	Vehicles	Computers	Total
Balance as at 1 January 2022						
Cost	36 228	32 627	6 757	2 677	8 156	86 445
Accumulated depreciation	-	(10 555)	(4 806)	(1 770)	(6 956)	(24 087)
Net Book Value as at 1 January 2022	**36 228**	**22 072**	**1 951**	**907**	**1 200**	**62 358**
Additions	-	3 160	277	-	1 781	5 218
Disposals	-	-	-	-	-	-
Depreciation during the year	-	(1 803)	(393)	(213)	(765)	(3 174)
Net Book Value as at 31 December 2022	**36 228**	**23 429**	**1 835**	**694**	**2 216**	**64 402**
Net Book Value as at 31 December 2021	**36 228**	**22 072**	**1 951**	**907**	**1 200**	**62 358**
Balance as at 31 December 2022						
Cost	36 228	35 787	7 034	1 953	9 937	90 939
Accumulated depreciation	-	(12 358)	(5 199)	(1 259)	(7 721)	(26 535)
Net Book Value as at 31 December 2022	**36 228**	**23 429**	**1 835**	**694**	**2 216**	**64 402**

26- Due to Banks

	31/12/2022	31/12/2021
Current accounts	9 609	10 863
Deposits	50 000	220 880
Treasury Bills Sale – Repo agreements	246	904
Balance	**59 855**	**232 647**
Local banks	50 674	225 253
Foreign banks	9 181	7 394
Balance	**59 855**	**232 647**
Non - interest bearing balances	2 634	6 233
Interest-bearing balances	57 221	226 414
Balance	**59 855**	**232 647**
Current balance	59 609	232 647
Non – current balance	246	-
Balance	**59 855**	**232 647**

27- Customers deposits

	31/12/2022	31/12/2021
Demand deposits (current accounts)	217 233	193 159
Time and call deposits	1 857 186	2 651 110
Certificates of deposits	625 564	745 942
Saving deposits	586 529	587 093
Other deposits	26 400	34 907
Balance	**3 312 912**	**4 212 211**
Financial institutions deposits	1 838 944	2 463 481
Individual deposits	1 473 968	1 748 730
Balance	**3 312 912**	**4 212 211**
Non-interest-bearing balances	75 098	53 539
Fixed interest-bearing balances	3 235 303	4 131 075
Variable interest-bearing balances	2 511	27 597
Balance	**3 312 912**	**4 212 211**
Current balances	2 720 478	3 415 185
Non-current balances	592 434	797 026
Balance	**3 312 912**	**4 212 211**

28- Other liabilities

	31/12/2022	31/12/2021
Accrued interest	15 910	26 023
Unearned revenues	256	256
Pension fund	3 355	3 314
Employees' alternative benefit plan	10 133	16 990
Sundry credit balances	8 438	11 399
Balance	**38 092**	**57 982**

29- Other Provisions

31 December 2022

	Balance at the beginning of the year	Foreign exchange differences	Formed during the year	Used during the year	Year ending balance
Potential claims provision	646	-	407	-	1 053
Contingent liabilities provision	4 788	(573)	(1 370)	-	2 845
Commitments and facilities provision	848	(250)	(541)	-	57
Total	**6 282**	**(823)**	**(1 504)**	**-**	**3 955**

	31 December 2021			
	Balance at the beginning of the year	Foreign exchange differences	Formed during the year	Used during the year	Year ending balance
Potential claims provision	980	-	(334)	-	646
Contingent liabilities provision	3 612	-	1 176	-	4 788
Commitments and facilities provision	1 188	1	(341)	-	848
Total	**5 780**	**1**	**501**	**-**	**6 282**

30- Owners' Equity

A- Paid in Capital

The fully paid issued and paid in capital as at December 31, 2022 amounted to US$ 600 Million distributed over 30 000 common shares with the value of US$ 20 000 each.

The subscribed share capital is as follows:

	No. Of shares	%	Nominal value	Paid
Arab Republic of Egypt	11 628	38.76	232 560	232 560
Libya	11 628	38.76	232 560	232 560
Abu Dhabi Investment Authority	3 751	12.503	75 020	75 020
State of Qatar	1 495	4.984	29 900	29 900
Sultanate of Oman - Oman Investment Authority	747	2.49	14 940	14 940
International Capital Trading Co.	751	2.503	15 020	15 020
Total	**30 000**	**100**	**600 000**	**600 000**

B- Reserves

	31/12/2022	31/12/2021
Legal Reserve (Analytical Note No. B-1)	136 983	134 648
General Reserve	73 582	73 582
Fair value reserve of financial investments (Analytical Note No. B-2)	3 971	4 989
General Banking risk reserve (Analytical Note No. B-3)	204	-
Total of reserves at the end of the year	**214 740**	**213 219**

(B/1) Legal Reserve

	31/12/2022	31/12/2021
Balance at the beginning of the year	134 648	132 785
Transferred from net profit of the year	2 335	1 863
Balance at the end of the year	**136 983**	**134 648**

In compliance with the articles of associations of the Bank, the amount of 10 % of the net profit of the year is to be retained to support the legal reserve until its balance reaches the equivalent of 100 % of the paid in capital. Whenever the reserve is less than 100 %, the retention of the amount of 10 % of the net profit of the year used to support the legal reserve must be reinstated.

(B/2) Fair value reserve of investments

	31/12/2022	31/12/2021
Balance at the beginning of the year	4 989	12 710
Net change in fair value of financial investments	(1 018)	(7 721)
Balance at the end of the year	**3 971**	**4 989**

(B/3) General banking risk reserve

	31/12/2022	31/12/2021
Balance at the beginning of the year	-	-
Transferred to general banking risk reserve – no longer used	209	-
Reserve / charge of general bank risk reserve	(5)	-
Balance at the end of the year	**204**	**-**

The instructions of the Central Bank of Egypt stipulate the formation of a General Reserve for Banking Risks to meet unexpected risks, and this reserve is not distributed except after obtaining the approval of the Central Bank of Egypt.

- The General Banking Risk Reserve formed during the year is represented in the reserve formed at a rate of 10% for the assets that were reverted to the bank in settlement of debts and that were not disposed of within the legally specified period.

C- Retained earnings

	31/12/2022	31/12/2021
Balance at the beginning of the year	33 787	24 102
Net profit of the year	27 782	23 347
Employees' share in profit	(12 249)	(11 268)
Board of Directors' remunerations	(361)	(345)
General bank risk reserve	(204)	-
Transferred to legal reserve under registration	(2 335)	(1 863)
The Banking system support and development Fund	(231)	(186)
Balance at the end of the year	**46 189**	**33 787**

31- Cash and cash equivalent

For the purpose of preparing the statement of cash flow, the cash and cash equivalent includes the following balances of maturity dates within less than three months from the date of acquisition:

	31/12/2022	31/12/2021
- Cash at hand	24 787	24 352
- Balances with Banks	814 451	766 991
- Treasury Bills	1 399 962	1 174 234
Balance at the end of the year	**2 239 200**	**2 065 577**

32- Commitments and contingent liabilities

A- Legal claims

There are lawsuits filed against the Bank as at 31 December 2022 and there is a loss thereof is expected to be realized with the amount of US$ 1 053 thousand, hence, a provision was formed with full amount.

B- Commitments for loans, guarantees and facilities

	31/12/2022	31/12/2021
Letters of guarantee	101 407	125 129
Letters of Credit – import	4 566	3 393
Commitments for corporate loans	19 521	1 928
Money market papers for facilities to suppliers	469	18 760
Total	**125 963**	**149 210**

33- Transactions with related parties

Related parties' transactions and balances on the balance sheet date are as follows:

A- Loans & facilities to related parties

	Subsidiaries & Associates	
	31/12/2022	31/12/2021
Loans and facilities to customers & banks		
Outstanding loans at the beginning of the year	34 991	54 991
Loans issued during the financial year	46 269	-
Loans paid during the financial year	-	(20 000)
Outstanding loans at the end of the year	**81 260**	**34 991**

B- Deposits from related parties

	Subsidiaries & Associates	
	31/12/2022	31/12/2021
Deposits at the beginning of the year	121 967	124 710
Deposits issued during the financial year	3 300	109
Deposits refunded during the financial year	(3 079)	(2 852)
Deposits at the end of the year	**122 188**	**121 967**

C- Other

	31/12/2022	31/12/2021
Due from Banks	**1 127**	**1 011**
Due to Banks	**50 004**	**30 387**

34- Employees' Pension fund

The Bank has a funded defined benefit contributory pension plan covering all full-time employees until 17 April 2008. The benefits provided by the plan are determined by the Board of Directors. The value of the vested benefit liability according to the plan and the adequacy of the reserve fund are annually determined by an Actuary.

On 8 December 2013, the Board of Directors of the Bank, approved the Voluntarily Early Retirement Plan based on the new conditions and benefits instead of the adopted regulations of the end of service compensation, social insurance and pension plan program through the complete withdrawal from the Bank and the Employees' Pension Fund (without pension) provided that the proposed benefits shall be granted pursuant to the insurance wage as at 31 December 2013.

Accordingly, the Bank shall finance the Employees' Pension Fund by a subordinated loan within the limit of US$ 55 million that represents the difference between the total employees' benefits amounts after being granted the additional benefits of the Voluntarily Early Retirement Plan according to the regulations thereof, and the actuarial pension reserve allocated for such age categories. The settlement of the subordinated loan occupies the second priority after the fulfillment of the Fund's obligations that are established upon the actuarial calculations while taking into consideration that the balance of the subordinated loan is included in the assets of the Fund that are allocated for the fulfillment of its obligations. The subordinated loan balance shall be reduced on monthly basis with an amount equivalent to the surplus resulting from the Voluntarily Early Retirement Plan.

According to the opinion of the actuary expert in his report for the year 2017, the payment of the last part of the subordinated loan amounting to US$ 4 991 thousand has been postponed, provided that that part of the subordinated loan will be settled in the coming years when the reserve fund is quite adequate, in accordance with the directives of the actuary expert referred to above.

On March 9, 2023, the Board of Directors of the Bank decided to increase the investment return rate guaranteed by the Bank on the reserve fund to become 9% instead of 7%, as of the beginning of 2023.

The balance of the reserve fund of the Employees' Fund on December 31, 2022 amounted to US$ 95 786 thousand, compared to US$ 103 806 thousand on December 31, 2021, and pursuant to the Actuary's Report which stated that "in the light of the Bank's guarantee of investment return of 9% on the reserve fund, the fund is actuarially balanced as of December 31, 2022", and after adding the difference of the investment return guaranteed by the Bank by 7% for the fiscal year 2022, that amounted to US$ 3 355 thousand, there will be a surplus in the reserve fund of Employees' Fund amounting to US$ 8 248 thousand, which enables the fund to add the portion of allowances for the years 2020, 2021 and 2022 to the insurance wage, which includes a cost of US$ 5 535 thousand, as well as the recovery of a part of the subordinated loan within the amount of 2 713 thousand US dollars

Based on the opinion of the actuary, the employees' fund was supported this year as a deduction from the income statement with the amount of US$ 3 355 thousand, representing the investment return difference of 7% guaranteed by the bank and the investment return realized for the financial year 2022 referred to in the actuary's report, provided that the allowances for 2020, 2021 and 2022 are a to be added to the insurance wage, as well as the recovery of a portion of the subordinated loan during the following year.

35- Comparative figures

The comparative figures are reclassified whenever necessary to comply with changes in the presentation of the separate financial statements for the current year.

36- Significant events subsequent to the end of the financial year and do not require adjustments in the financial statements

- On September 15, 2020, the Central Bank and the Banking System Law No. 194 of 2020 was issued and canceled the Central Bank, the Banking System and Monetary Law promulgated by Law No. 88 of 2003. The law applies to bodies, the most important of which are the Central Bank of Egypt and the Egyptian Banking System. Those who are addressed by the provisions of the law are obliged to comply with its provisions, within a period not exceeding one year from the date of its enforcement. The Board of Directors of the Central Bank may extend this period for another period or periods not exceeding two years, provided that the Central Bank issues regulations and decisions to the effect of implementing the provisions of the law.

The said law, also stipulated that the financial statements of the Bank should be prepared every three months in accordance with the Egyptian Accounting Standards, and a summary of the Auditor's Report on these financial statements must be attached thereto in accordance with the Egyptian Auditing Standards and the Report of the Board of Directors of the Bank.

The Central Bank of Egypt decided, in its session held on September 28, 2022, to extend the period of compliance with the provisions of the Central Bank of Egypt and the Banking System Law No. 194 of 2020 for banks and foreign exchange companies stipulated in Article 4 of Law No. 194 of 2020 to the effect of issuing the Central Bank and Banking System Law for a period of one year ending on September 14, 2023, with regard to the minimum amount of capital.

The Bank is following up the developments of the Russian and Ukrainian crisis and its impact on the Egyptian economy and the reflection of that crisis on the Bank's clients in various activities and economic sectors. Accordingly, the bank continues to implement internal protection measures by monitoring and reviewing the level of provisions as well as the portfolio coverage ratio to mitigate the impact on the loan portfolio.

It is worth noting that despite the receding of the Corona Virus ("COVID-19") pandemic worldwide due to the success in vaccinating citizens in many countries, including Egypt, the bank is monitoring the situation through a business continuity plan and other risk management practices.

Consolidated Financial Statements

05

KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

Auditors' Report

To The Shareholders of Arab International Bank

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Financial statements of Arab International Bank (the "Bank"), which comprise the consolidated statement of financial position as at 31 December 2022 and the related consolidated statements of income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management' Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of Bank's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the rules, pertaining to the preparation and presentation of the bank's financial statements and measurement and recognition bases approved by the Board of Directors of Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in the light of the prevailing Egyptian laws. Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

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

KPMG Hazem Hassan Auditors

Abdel Hadi Ibrahim	Mahmoud Mohamed El Garahy
Financial Regulatory Authority No. 395	Central Bank of Egypt Register No. 586
Central Bank of Egypt Register No. 577	Accountants and Auditors Register No. 22363
KPMG Hazem Hassan	BDO Khaled & Co.
Public Accountants & Consultants	Public Accountants & Advisers

KPMG Hazem Hassan
Public Accountants and Consultants

BDO Khaled & Co.
Public Accountants & Advisors

Cairo, 29 May 2023

Consolidated Statement of Financial Position

For the Financial Year Ended December 31, 2022

(All amounts are presented in thousand USD)

	Note No.	31-12-2022	31-12-2021
Assets			
Cash and due from Central Bank	(15)	567 609	643 815
Due from banks	(16)	1 417 767	1 493 076
Treasury bills & other government notes	(17)	2 400 466	3 318 294
Loans and facilities to banks	(18)	26 148	-
Loans and facilities to customers	(19)	2 075 388	2 593 407
Financial investments			
- At fair value through other comprehensive income	(20)	247 530	501 135
- Amortized cost	(20)	330 624	641 582
Investments in associates	(21)	213 552	240 752
Intangible assets	(22)	5 683	6 438
Other assets	(23)	119 407	166 008
Fixed assets	(24)	101 517	90 789
Total assets		**7 505 691**	**9 695 296**
Liabilities & Equity			
Liabilities			
Due to Banks	(25)	50 979	278 890
Customer's deposits	(26)	6 258 483	8 172 298
Other loans	(27)	52 909	54 251
Other liabilities	(28)	93 824	119 033
Other provisions	(29)	5 304	7 666
deferred tax liabilities		44	-
Total liabilities		**6 461 543**	**8 632 138**
Equity			
Paid-up capital	(30 - A)	600 000	600 000
Reserves	(30 - B)	231 889	244 956
Foreign exchange translation differences		(151 727)	(108 544)
Difference between current value and nominal value of the subordinated deposit		734	854
Retained earnings	(30 - C)	184 397	142 319
Total AIB shareholders' equity		**865 293**	**879 585**
Minority interest / Non-controlling interest		178 855	183 573
Total equity		**1 044 148**	**1 063 158**
Total liabilities and equity		**7 505 691**	**9 695 296**

- The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith
- Audit report attached

Gamal Zaghloul	**Hisham Ramez**	**Amr Mohamed Kamel**
CFO	Chief Executive Officer Managing Director	Non-Executive Chairman

Consolidated Income Statement

For the Financial Year Ended December 31, 2022

(All amounts are presented in thousand USD)

	Note No.	31-12-2022	31-12-2021
Interest from loans and similar income	(6)	706 111	741 912
Interest on deposits and similar expenses	(6)	(475 820)	(539 108)
Net Interest Income		**230 291**	**202 804**
Fees and commissions income	(7)	37 559	35 871
Fees and commissions expenses	(7)	(10 332)	(11 461)
Net Income from Fees and commissions		**27 227**	**24 410**
Net income from interest, fees and comissions		**257 518**	**227 214**
Dividends income	(8)	969	835
Net trading income	(9)	12 504	8 372
Gains (Losses) from financial investments	(20)	2 531	7 240
Impairment charge for credit losses	(13)	(39 239)	(20 220)
Administrative expenses	(10)	(160 703)	(164 767)
Other operating revenues (expenses)	(11)	340	(1 337)
Gains from investments in associates		20 363	23 995
Profits before tax		**94 283**	**81 332**
Income tax	(12)	(18 243)	(28 964)
Profit For The Year		**76 040**	**52 368**
Minority interest / Non-controlling interest - Profits (losses)		14 945	9 880
AIB shareholders' share		61 095	42 488
Profit For The Year		**76 040**	**52 368**

- The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith

Gamal Zaghloul	**Hisham Ramez**	**Amr Mohamed Kamel**
CFO	Chief Executive Officer Managing Director	Non-Executive Chairman

Consolidated statement of Comprehensive Income

For the Financial Year Ended December 31, 2022

(All amounts are presented in thousand USD)

	31-12-2022	31-12-2021
Net profit for the year	**76 040**	**52 368**
Items that will not be reclassified in the Profit or Loss		
Net change in fair value of financial investments in equity instruments at fair value through other comprehensive income	1 904	5 629
Items transferred to retained earnings – exclusion of "fair value of equity instruments reserve at fair value through other comprehensive income "	80	754
Bank's share in comprehensive income from associates	-	(3)
Income tax	(887)	980
Items that will be reclassified in the Profit or Loss		
Net change in fair value of financial investments in debt instruments at fair value through other comprehensive income	(15 596)	(21 906)
Transferred to income statement (net)	(830)	(544)
Income tax	(28)	248
Expected credit loss for debt instruments at fair value through other comprehensive income	15	(159)
Total other comprehensive income items for the year	**(15 342)**	**(15 001)**
Total comprehensive income for the year	**60 698**	**37 367**

- The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith

Consolidated Statement Of Cash Flows

For the Financial Year Ended December 31, 2022

(All amounts are presented in thousand USD)

	Note No.	31-12-2022	2021-12-31
Cash flows from operating activities			
Net Profit for the year before taxes		94 283	81 332
Adjustments to reconcile net profit to net cash provided from operating activities			
Depreciation & amortization of fixed and intangible assets	(22) (24)	11 235	11 604
Impairment charges for expected credit losses	(13)	39 239	20 220
Other provisions charge / reverse	(29)	(809)	(1 165)
Amounts used from other provisions	(29)	(290)	(732)
Translation differences (non-monetary transactions)		200 171	(1 257)
Impairment charge/ reverse (assets reverted to the bank)		56	(17)
Gain from sale of fixed assets	(11)	(358)	-
Profits / losses of investments in associates		(20 363)	(23 995)
Amortization of premium and issue discount of bonds	(20)	293	(1 198)
Profits / losses of financial investments	(20)	(2 531)	(7 240)
Dividends distribution	(8)	(969)	(835)
Operating profits before changes in assets & liabilities (used in) provided from operating activities		**319 957**	**76 717**
Net change in assets & liabilities			
Due from Banks		92 536	9 334
Treasury bills		1 506 414	1 195 273
Loans and facilities to Banks and customers		105 973	(364 227)
Other assets		45 005	(19 704)
Due to Banks		(207 910)	(245 843)
Customers' deposits		(1 914 477)	348 301
Other liabilities		(24 296)	20 497
Income tax paid		(18 987)	(32 735)
Net cash flows (used in) provided from operating activities (1)		**(95 785)**	**987 613**
Cash flows from Investing Activities			
Payments for fixed and intangible assets purchasing and branches fitting - out furnishing		(19 473)	(11 228)
Proceeds from fixed assets sale		465	-
Proceeds / Payments for purchasing financial investments at amortized cost		42 219	(63 627)
Proceeds / Payments from financial investments through other comprehensive income		-	85
Amounts collected from the liquidation of subsidiaries		181	2 048
Dividends received		6 379	7 679
Purchase of financial investments other than financial assets at fair value through profit or loss		(42 594)	(209 517)
Proceeds from disposal of financial investments other than financial assets at fair value through profit or loss		351 110	-
Proceeds from financial investments sale other than financial assets at fair value through profit or loss		-	508 841
Net cash flows provided from investing activities (2)		**338 287**	**234 281**
Cash flows from Financing Activities			
Collected from other loans		41 000	9 454
Payments received from other loans		(15 971)	(26 852)
Dividends paid		(17 516)	(16 474)
Net cash flows (used in) provided from financing activities (3)		**7 513**	**(33 872)**
Net Increase (decrease) of cash & cash equivalents during the year (1)+(2)+(3)		**250 015**	**1 188 022**
Cash & cash equivalents at the beginning of the year		2 682 112	1 494 090
Cash & cash equivalents at the end of the year		**2 932 127**	**2 682 112**
Cash & cash equivalents are represented in:			
Cash and due from the Central Bank	(15)	567 609	643 815
Due from Banks		1 467 922	1 522 962
Treasury bills	(17)	2 400 466	3 318 294
Due from the Central Bank (within the required reserve ratio)		(534 478)	(603 528)
Due from Banks with maturities of more than three months		(84 504)	(55 451)
Treasury bills with maturity of more than three months		(884 888)	(2 143 980)
Cash & cash equivalents at the end of the year	**(31)**	**2 932 127**	**2 682 112**

- The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith

Consolidated Statement Of Changes InShareholders' Equity

For the Financial Year Ended December 31, 2022

(All amounts are presented in thousand USD)

	Issued and Paid in Capital	Legal reserve	General risk reserve	Capital reserve	Special reserve	Fair value reserve of investments at fair value-through OCI	General banking risk reserve	Foreign exchange translation differences	Reserve of the difference between current value and nominal value of subordinated deposit	Retained earnings	Minority interest	Total
Balance as of 1 January, 2021	**600 000**	**137 535**	**87 578**	**2 671**	**69**	**28 956**	**167**	**(116 103)**	**854**	**118 762**	**183 734**	**1 044 223**
Transferred to capital reserve	-	-		97	-	-	-	-	-	(97)	-	-
Transferred to legal reserve	-	2 884	-	-	-	-	-	-	-	(2 884)	-	-
Net change in fair value of investments at fair value through other comprehensive income	-	-	-	-	-	(15 001)	-	-	-	-	(6 882)	(21 883)
Transferred to general banking risk reserve	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments of mutual funds	-	-	-	-	-	-	-	-	-	-	-	-
Items transferred to retained earnings - gains from selling equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	(754)	(741)	(1 495)
Foreign exchange translation differences	-	-	-	-	-	-	-	7 559	-	-	-	7 559
Dividends distributions for the year 2020	-	-	-	-	-	-	-	-	-	(15 196)	(2 418)	(17 614)
Net profit of the year	-	-	-	-	-	-	-	-	-	42 488	9 880	52 368
Balance at 31 December 2021	**600 000**	**140 419**	**87 578**	**2 768**	**69**	**13 955**	**167**	**(108 544)**	**854**	**142 319**	**183 573**	**1 063 158**
Balance as of 1 January, 2021	**600 000**	**140 419**	**87 578**	**2 768**	**69**	**13 955**	**167**	**(108 544)**	**854**	**142 319**	**183 573**	**1 063 158**
Transferred to capital reserve	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to legal reserve	-	2 582	-	-	-	-	-	-	-	(2 582)	-	-
Net change in fair value of investments at fair value through other comprehensive income	-	-	-	-	-	(15 422)		-	-	-	(16 545)	(31 967)
Transferred to general banking risk reserve	-	-	-	-	-	-	209	-	-	(209)	-	-
Adjustments of profits for the year 2021 difference between estimated and actual profits	-	-	-	-	-	-	-	-	-	(729)	-	(729)
Compagnie Arab De Financement International (CAFI) liquidation settlement	-	(511)	-	-	-	-	-	-	-	(130)	(709)	(1 350)
The bank's share in the difference between current value and nominal value of the subordinated deposit	-	-	-	-	-	-	-	-	(120)	-	-	(120)
Items transferred to retained earnings - gains from selling equity instruments at fair value through other comprehensive income (FVOCI)	-	-	-	-	-	80	-	-	-	(80)	-	-
Reverse / charge of general banking risk reserve	-	-	-	-	-	-	(5)	-	-	5	-	-
Foreign exchange translation differences	-	-	-	-	-	-	-	(43 183)	-	-	-	(43 183)
Dividends distributions for the year 2021	-	-	-	-	-	-	-	-	-	(15 292)	(2 409)	(17 701)
Net profit of the year	-	-	-	-	-	-	-	-	-	61 095	14 945	76 040
Balance at 31 December 2022	**600 000**	**142 490**	**87 578**	**2 768**	**69**	**(1 387)**	**371**	**(151 727)**	**734**	**184 397**	**178 855**	**1 044 148**

- The accompanying notes from (1) to (37) are an integral part of these consolidated Financial Statements and to be read therewith

Notes to The Consolidated Financial Statements

For The Year Ended December 31, 2021

(All amounts in notes are presented in thousand US$ unless otherwise is stated).

1- Background

Arab International Bank was established in 1974 by virtue of an International Treaty.

The registered head office of the Bank is located at 35 Abdel Khalek Tharwat Street, Cairo, Egypt and the Bank carries out its business activities through its network of branches in the Arab Republic of Egypt that is composed of 21 branches. By virtue of the Treaty, the Bank enjoys certain privileges and immunities in the territories of the Member States (shareholders). The following are examples of the most prominent privileges and immunities based on the Establishment Treaty and the resolution taken by the Bank General Assembly meeting that was held on 22 March 2012 and became effective as of 14 April 2015:

- Exemption from laws regulating public institutions, public interest entities, public sector companies or joint stock companies in the Members States in which the Arab International Bank or its branches carry out business activities.
- Immunity from all forms of nationalization, seizure or sequestration of the shares of shareholders or their deposits with the Bank.
- The Bank's documents, records and files are inviolable and immune from judicial, administrative or accounting control and inspection rules and laws.
- Confidentiality of customers' accounts with the Bank are not subject to judicial or administrative attachment orders prior to final judgment issuance.
- Exemption from charges, stamps or taxes of any kind on its funds, profits, dividends and all its various activities and transactions.
- Exemption from taxation and any obligations for the payment, withholding or collection of any tax, stamp or duty, which may be imposed on its customers.
- In this respect the Bank practices its activities in a manner that is not in conflict with the aforementioned and the rest of the articles included in Establishment Treaty and in this context:
  - The Bank is subjected to the oversight of the Central Bank of Egypt according to the provisions of the applicable law of the Central Bank of Egypt and the law of Banking and Monetary System of the hosting state, in addition, the Bank branches in the other Member States are subjected to the oversight of their own Central Banks in accordance with the provisions of laws governing their Banks and credit facilities.
  - All the transactions of the Bank are carried out in all currencies determined by the Board of Directors.

  The necessary actions have been taken to activate these amendments starting from April 1, 2015.

The financial statements for the financial year ended December 31, 2022 were approved by the Board of Directors as at May 28, 2023

2- Summary of Significant Accounting Policies Applied

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 is disclosed.

A- Basis of Consolidated financial statements preparation

These consolidated financial statements are prepared in accordance with the instructions issued by the Central Bank of Egypt and approved by its Board of Directors on 16 December 2008, in addition to the instructions of preparation and presentation of the financial statements of banks in accordance with the requirements of IFRS 9 "financial instruments" issued by the Central Bank of Egypt on 26 February 2019. These consolidated financial statements are prepared in compliance with the relevant local laws.

B- Basis of consolidation

(B/1) Investments in subsidiaries

Subsidiaries are entities (Including Special Purposes Entities / SPEs) which the bank exercises direct or indirect control over its financial and operating policies and usually have an ownership share of more than half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the bank has the control over its investees.

Upon consolidation, transaction, balances and unrealized profits resulting from Intra-group transactions shall be excluded and the unrealized losses shall be excluded unless there is an evidence of impairment in the value of the transferred asset. The accounting policies of subsidiaries are changed whenever necessary to ensure the implementation of unified accounting policies within the companies of the group.

Accounting for acquisition of subsidiary companies by the Bank is carried out according to the purchase method. The recognition of acquisition cost incurred by the Bank is measured at fair value or the value of assets given by the Bank in return for the purchase of companies and / or issued equity instruments and / or any other liabilities incurred by the Bank and / or any liabilities accepted by the Bank on behalf of the acquired company on the date of the asset exchange in addition to any costs directly attributed to the acquisition process. The net assets including the acquired determinable contingent liabilities are measured at fair value on the date of acquisition regardless of the existence of any minority interest / noncontrolling interest. If the increase in acquisition cost is above the fair value of the Bank's share in net assets, it shall be considered as goodwill.

If the acquisition cost is less than the fair value of aforementioned net assets, the difference is directly recorded in the income statement under the item of other operating revenues (expenses).

Due to the fact that the Bank is exercising control over its subsidiaries, the full consolidation method is the adopted basis of preparing the consolidated financial statements of the special purposes related to the Bank. The group financial statements are represented in the financial statements as follows:

The Bank's direct participation in the capital of the Arab International Banking Company "SAIB" is 50.438%, as the Board of Directors of the Central Bank of Egypt, in its session held on May 19, 2020, approved (increasing the percentage of the Arab International Bank's shareholding in the Bank of the Arab International Banking Company "SAIB" to become 50.438% instead of 46.075% by transferring its indirect shareholding in the Bank of the Arab International Banking Company "SAIB" (represented by his shareholding in the capital of the Arab International Finance Company CAFI by about 89%, which in turn contributes by about 4.9% in the bank of the Arab International Banking Company "SAIB" to direct contribution).

Thus, the control is achieved through the Bank's ability to control the financial and operating policies of the investee companies in order to obtain benefits from their activities.

The bases of consolidation include the following:

- Excluding all the balances and transactions exchanged between the Bank and the company in addition to the unrealized profits resulting therefrom.
- The rights of the noncontrolling interest are represented in the other shareholders' equity who have no control in subsidiaries.

Transactions with Minority Interest / Noncontrolling Interest:

- The Group considers the transactions with minority interest / noncontrolling interest as transactions with third parties outside the Group. The profits or losses resulting from sale to minority interest/ noncontrolling interest are recognized in the income statement. The purchase transactions of minority interest / noncontrolling interest result in a goodwill that represents the difference between the amount paid in return for the acquired shares and the book value of the subsidiary's net assets.

- If the share of the minority interest / noncontrolling interest in carried forward losses of a subsidiary is more than its equity in that subsidiary, such increase of share in carried forward losses shall be charged to the equity of the parent company except for the losses where the minority interest / noncontrolling interest has an obligation to incur on the condition of establishing additional investments to cover the losses. In case the subsidiary realizes profits in the future, such profits shall be added to the equity of the parent company to the extent of covering the losses previously incurred by majority interest on behalf of minority interest / noncontrolling interest.

(B/2) Investments in associates

Associates are companies in which the Bank has, directly or indirectly, significant influence, but it does not reach the extent of control, and usually the Bank owns from 20% to 50% of the voting rights. Accounting for the associates is recorded first in the consolidated financial statements according to the cost method and then according to the equity method when subsequent to the date of initial recognition. Accordingly, investments of the Bank in associates are recorded at acquisition cost including any goodwill less any impairment loss in value that was determined at acquisition.

The share of the Bank in associates' profits and losses resulting after acquisition is recorded in the income statement. The share of the Bank in the movement occurring in associates' equity prior to acquisition is recognized in equity. The book value of the associate is adjusted in accordance with the accumulated movement subsequent to acquisition. If the Bank's share in associate's losses is equivalent to or more than its participation in the associate, including any unsecured debit balances, the Bank shall not record any other losses unless the Bank has a commitment to do so or incurred payments on behalf of the associate.

The unrealized profits from transactions with associates are excluded within the limits of the Bank's share in associates. The unrealized losses are excluded provided that the transaction provides an evidence of impairment in value of the exchanged asset. The accounting policies of subsidiaries are changed whenever necessary to ensure that the Bank is implementing unified accounting policies.
The profits and losses resulting from a change in the ownership structure of associates are recognized in the income statement.

C- Segment reporting

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

D- Functional currency, presentation, transactions and balances in foreign currencies

The financial statements of the Bank are presented in US Dollar as it represents the currency of transaction and presentation of the Bank, while transactions other than the US Dollar are recorded in the books during the financial year according to the currency in which the transactions were carried out based on the prevailing exchange rates on that date. For the purposes of presenting the financial statements of the Bank in US Dollar, all assets and liabilities of monetary nature and recorded at the end of the reporting period in various currencies (other than US Dollar) are translated into US Dollar based on the prevailing exchange rates on that date. Gains and losses resulting from the settlement and translation of such transactions and balances are recognized in the income statement and reported according to the differences resulting therefrom.

As for investments in equity instruments at fair value through other comprehensive income (of a non-monetary nature), exchange rate differences are recognized in other comprehensive income in equity.

Changes in the fair value of financial instruments of monetary nature that are denominated in foreign currencies and classified as debt instruments at fair value through other comprehensive income (FVOCI) are analyzed into differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value of the instrument. Differences resulting from changes in the amortized cost are recognized and reported in the income statement under the item of "Interest on loans and similar income" whereas differences resulting from changes in foreign exchange rates are recognized and reported in "Other operating revenues (expenses)". The remaining differences resulting from changes in fair value are recognized in other comprehensive income items of equity under the item of "fair value of financial investments reserve at fair value through other comprehensive income (FVOCI)".

Valuation differences arising from the measurement of non-monetary items at fair value include gains or losses resulting from changes in foreign currency exchange rates used to translate those items. Total valuation differences of fair value changes arising from the measurement of equity instruments classified as fair value through profit or loss are recognized in the income statement, while total valuation differences of fair value changes arising from the measurement of equity instruments at fair value through other comprehensive income (FVOCI) are recognized among the items of other comprehensive income in equity under the item of "fair value of financial investments reserve at fair value through other comprehensive income (FVOCI)".

E- Financial assets

The Bank classifies its financial assets within the following groups: financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (FVOCI) and financial assets at fair value through profit or loss. In general, the classification is based on the business model according to which the financial assets and their contractual cash flows are managed.

(E/1) Financial assets at amortized cost:

The financial asset is retained in the business model of financial assets held for collecting contractual cash flows.

The purpose of the business model is holding the financial asset to collect contractual cash flows represented in the principal amount of investment and returns.

Sale is an exceptional contingent event with respect to the purpose of this business model according to the conditions stipulated in the Standard and represented in:

- Existence of 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 justifications for each sale transaction and the extent of its compliance with the requirements of the Standard.

(E/2) Financial assets at fair value through other comprehensive income (FVOCI):

Business model of financial assets held to collect contractual cash flows and sales.

Both the collection of contractual cash flows and sales are complementary to the objective of the business model.

High sales in terms of turnover and value when compared to the business model retained for the collection of contractual cash flows.

(E/3) Financial assets at fair value through profit or loss:

The financial asset is retained among other business models that 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 cash flows or retain cash flows for the collection of contractual cash flows and sales.

Collecting Contractual Cash flows is a contingent event for the business model objectives.

The characteristics of the business model are represented in the following:

- Structuring a group of activities designed to extract defined outputs.
- A business model that represents a complete framework of defined activity (inputs – activities – outputs).
- The single business model may include sub-business models.

F- Off setting financial instruments:

Financial assets and liabilities can be offset when, there is a currently enforceable legal right to off-set the recognized amounts and there is an intention to settle based on a net basis, or to receive the asset and settle the liability simultaneously.

Treasury bills purchase reverse repo agreements and treasury bills sale repo agreements are netted, and presented on the balance sheet under the item treasury bills and other government notes.

G- Interest income and expense

Interest income and expense related to the financial instruments are recognized under the item of "loans interest income and similar income" or "deposits interest expense and similar charges" using the effective interest method for all the financial instruments charged with interest.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the related instrument. The effective interest rate is the rate that discounts estimated future cash flows payments or receipts over the expected life of the financial instrument or, a shorter period If appropriate, to accurately identify the carrying amount of a financial asset or a financial liability upon initial recognition. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, early payment options) but does not consider future credit losses. The calculation includes all fees paid or received between parties of the contract that is considered part of the effective interest rate and the transaction costs shall include any other premiums or discounts.

Loans interest income is recognized on an accrual basis except for interest income revenues of non-performing loans, which ceases to be recognized as an income when interest recovery or the principle is in doubt. The bank ceases to recognize the income from the interest of non-performing loans, non-performing debts or impaired debts (the third stage) in the income statement and it is recorded in marginalized records, off the balance sheet, provided that it is recognized within the revenues according to the cash basis, as follows:

- When collected and after recovery of all arrears for consumer loans, mortgage loans for personal housing, and small loans for economic activities.
- For loans granted to institutions, the cash basis also applies, as the calculated interests are subsequently grossed up, according to the terms of the loan scheduling contract, until 25% of the loan scheduling installments are paid, with a minimum period of regular payments for one year. In the event that the customer continues to be regular, the calculated returns on the loan balance begins to be included in the revenues (the return on the balance of the regular scheduling) without the marginalized interest before scheduling, which is not included in the revenues until after paying the full loan balance that appears in the balance sheet before scheduling.

H- Fees and commissions income:

Fees and commissions related to loan or facility are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts (Stage 3) – are measured at amortized cost and they are suspended and carried off balance sheet in statistical records and recognized under income according to the cash basis, when interest income is recognized in accordance with note (2-G) above. As for fees and commissions, which represent a complementary part of the financial asset effective rate are recognized as adjustment to the effective interest rate.

Commitment fees of loans are deferred as revenue when there is probability that these loans will be used by the customer, as commitment fees obtained by the Bank, represent compensation for the continuing interference to acquire the financial instrument. Subsequently, they are recognized as adjustments to the effective interest rate of the loan. If the commitment period passed without issuing the loan by the Bank, the commitment fees are recognized as income at the end of the commitment period.

Fees and commissions related to debt instruments measured at fair value are recognized as income at initial recognition. Fees and commission related to marketing of syndicated loan are recognized as income when the marketing is completed, and the loan is fully used, or the Bank did not keep any share of the syndicated loan or kept a share of effective interest rate that is available for the other participants.

Fees and commissions arising from negotiation or participating in a negotiation in the favor of a third party as in share acquisition arrangements, purchase of securities or purchase or sale of entities are recognized as income when the transaction is completed. Fees and commissions related to management advisory and other services are recognized as income based on the contract terms, usually on a relative time-appropriation basis over the financial period. The fees of financial planning and safe custody services provided over a long period of time are recognized over the year in which the service is provided.

I- Dividend income

Dividends from the Bank investments in equity instruments and their equivalents are recognized in the income statement when the Bank's right to receive these dividends is established.

J- Purchase Reverse Repo Agreements and Sale Repo Agreements

Financial instruments sold under agreements to repurchase them are presented within the assets deducted from the balances of treasury bills in the statement of financial position, and the commitment (purchase and resale agreements) is presented in addition to the balances of treasury bills in the statement of the financial position, and the difference between the sale price and the repurchase price is recognized as a return due over the course of agreements using the method of effective rate of return.

K- Impairment of financial assets

The Group reviews all its financial assets except for the financial assets measured at fair value through profit or loss to estimate the extent of impairment existence in value as indicated below.

The financial assets are classified on the date of the financial statements within three stages as follows:

- The first stage: includes the financial assets where there has been no significant increase in credit risk loss since initial recognition date where the expected credit risk is calculated for 12 months.
- The second stage: includes the financial assets where there has been significant increase in credit risk loss since initial recognition or the date of recognizing their functions where the expected credit risk is calculated over the lifetime of the asset.
- The third stage: the financial assets where there has been impairment in their value that requires calculating their expected credit risk over the lifetime of the asset based on the difference between the book value of the instrument and the present value of the expected future cash flows.

The credit loss and the impairment loss in value related to the financial instruments are measured as follows:

- The low risk financial instrument is classified at initial recognition in the first stage and the credit risk shall be continuously monitored by the credit risk department of the Bank.
- If there is a significant increase in credit risk since initial recognition, the financial instrument is to be transferred to the second stage as it shall not be considered as impaired financial instrument yet, in this stage.
- In case of indicators of impairment in the value of the financial instrument, it shall be transferred to the third stage.

Collecting contractual cash flows is a contingent event for the business model objective.

- The financial assets established or acquired by the Bank and include a higher rate of credit risk than the rates of the Bank for low risk financial assets at initial recognition, shall be directly classified in the second stage. Accordingly, their credit loss shall be measured based on the expected credit risk over the lifetime of the asset.

(K/1) Significant increase in credit risk (SICR):

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative factors related to default have been met.

(K/2) Quantitative criteria:

Quantitative criteria are applied when the probability of default (PD) increases over the remaining lifetime of the instrument starting from the date of the balance sheet, compared to the residual Lifetime PD expected at initial recognition according to the structure of credit risk levels accepted by the Bank.

(K/3) Qualitative criteria:

For banking retail loans, small and micro finance enterprise

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

- The borrower requests to change short-term payment to long-term payment as a result of negative effects related to the cash flows of the borrower.
- Extending the grace period of payment upon a request provided by the borrower.
- Previous reiterated arrears within the last [12] months.
- Adverse future economic changes which affects the borrower's future cash flows.

Loans granted to institutions and medium enterprises

If the borrower is on the watchlist and/or the instrument meets one or more of the following events:

- Significant increase of interest of the financial asset as a result of increase in credit risk
- Significant adverse changes in business activity, financial and/or economic conditions in which the borrower operates
- Request of debt rescheduling as a result of difficulties encountering the borrower.
- Significant adverse change in actual or expected operating results or cash flows of the borrower
- Adverse future economic changes which affects the borrower's future cash flows.
- Early signs of cash flow/liquidity problems such as delay in servicing of creditors/ trade loans
- Cancellation of one of the direct facilities on the part of the Bank due to an increase in credit risk of the borrower.

Payment default

Starting from January 1, 2019, loans and facilities granted to institutions, Small, Medium and Micro Enterprise (SMME) and retail banking are recorded under the second stage if the non-payment period is more than (60) days at most and less than (90) days, while taking into consideration that the said period (60 days) will decrease at a rate of (10) days annually to be (30) days after (3) years from the date of implementation. (It is worth noting that this period has been reduced to be a maximum of (30) days, starting from January 1, 2022 until December 31, 2022)

Upgrade and transfer among the three stages (1,2,3)

Upgrade and transfer from the second stage to the first stage:

The financial asset shall not be transferred from the second stage to the first stage unless all elements of quantitative and qualitative criteria of the first stage have been met and the entire arrears of the financial asset and interests are paid in addition to the lapse of three months of regular payment and satisfying the conditions of the first stage.

Upgrade and transfer from the third stage to the second stage:

The financial asset shall not be transferred from the third stage to the second stage unless all following conditions are met:

- All quantitative and qualitative elements of the second stage are met.
- Paying 25% of the financial asset due balances including due suspense interests.
- Regular payment for a period of at least 12 months.

L- Investment Property

Investment property is represented in lands and buildings owned by the Bank for obtaining rental income or capital increase and subsequently it does not include the real estate assets in which the Group practices its business activity or the assets ownership reverted to the bank in settlement of debts. The initial recognition of the investment property is carried out at cost and includes the transaction cost. The accounting of the investment property is implemented in the same manner applied to the accounting of the fixed assets.

M- Intangible assets (Computers software)

The expenses related to the development or maintenance of computers are recognized as an expense charged to income statement when incurred and it is recognized as an intangible asset with respect to the expenses directly related to specific software under the control of the Group when it is expected to generate economic benefits thereof that exceeds its cost for more than one year.

The direct expenses include the cost of employees working in the software development team in addition to a reasonable share of the general expenses relevant thereto.

The expenses that lead to the increase or expansion in the performance of computers software when compared with the original specifications thereof is recognized as development cost and it is added to the original software cost.

The computers software cost recognized as an asset is amortized over the years expected to benefit from them provided that they shall not exceed three years.

N- Fixed assets

They represent land and buildings related to head office, branches and offices. All fixed assets are reported at historical cost less depreciation and impairment losses. The historical cost includes all costs directly related to the acquisition of fixed assets items.

Subsequent costs are included in the fixed asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset, will flow to the Bank and the cost of the asset can be reliably measured. Maintenance and repair expenses are charged to other operating expenses during the financial period in which they are incurred. The Bank does not consider the residual value of its fixed assets to be of relative importance or having a significant impact on the depreciable value, and therefore the depreciation value of those fixed assets is calculated without deducting the residual value of the asset.

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

Buildings	from 20 to 50 years
Furniture	from 5 to 10 years
Computers	5 years
Fixtures and fittings	from 5 to 10 years
Tools & equipment	from 5 to 10 years
Means of transport	5 years

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

Assets that are subject to depreciation are reviewed to determine the impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is reduced immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The redeemable value is represented in the net selling value of the asset or the use value of the asset whichever higher. Gains and losses on disposals are determined by comparing net proceeds with asset carrying amount. These gains and losses are included in other operating income (expenses) in the income statement.

O- Other assets

This item includes the other assets that are not classified as defined assets in the balance sheet where accrued revenues, prepaid expenses, advance payments under the account of fixed assets purchase, deferred balance of the first day losses that is not amortized yet, current assets and noncurrent assets that their ownership reverted to the bank in settlement of debts (after deduction of impairment loss provision), deposits and imprests, gold bullions, commemorative coins, debit suspense accounts and balances that are not classified under any defined asset, are examples of which.

Most of the elements of other assets are measured at cost. If there is an objective evidence for impairment loss in the value of the said assets, then the loss is separately measured for each asset based on the difference between its carrying amount and its net selling value or the present value of the estimated expected future cash flows discounted at the current market rate of similar financial assets, which ever higher.

The book value of the asset is directly reduced, and the loss is recognized in the income statement under the item of "Other operating revenues (expenses)". If the impairment loss is reduced in any subsequent period and such reduction can be objectively related to an event that occurred after the recognition of the impairment loss, then the impairment loss previously recognized is reversed to the income statement provided that such cancellation does not establish an asset book value, on the date of reversing the impairment loss, that exceeds the value of the asset which may be reached if the recognition of such impairment loss has not been recognized.

With reference to the asset's ownership reverted to the bank in settlement of debts, the following has to be taken into consideration:

In accordance with the provisions of Article No. (87) of the Central Bank Law and the law of Banking and Monetary System of the hosting state No. (194) for the year 2020, it is prohibited for banks to deal in movables or real estate whether by purchasing, selling or exchange, except for the real estate allocated for running the business of the Group, used for entertainment purposes of the employees of the Bank, movables or real estate reverted to the Group in settlement of debts due from third parties when the recognition thereof started from the date of conveyance of ownership (the date of debt reduction) and such real state is included in assets reverted to the Group in settlement of debts, provided that the Group shall dispose thereof according to the following:

- Within one year from the date of conveyance of ownership with respect to movables.
- Within five years from the date of conveyance of ownership with respect to real estate.
- The Board of Directors of the Central Bank of Egypt may approve the extension of the period whenever the circumstances deem necessary, in addition, the Board of Directors of the Central Bank of Egypt has the right to exempt some banks from such restriction based on the banks' nature of activity.
- The assets reverted to the Bank in settlement of debts are recorded at the value in which the said assets reverted to the Bank and represented in the value of debts which the Group's Management decided to assign in return for such assets. If there is an objective evidence for impairment loss in the value of the said assets in the subsequent date of conveyance of ownership, then the loss is separately measured for each asset based on the difference between its carrying amount and its net selling value or the present value of the estimated expected future cash flows discounted at the current market rate of similar financial assets, whichever higher. The book value of the asset is reduced through the impairment account and the loss value is recognized in the income statement under the item of "other operating revenues (expenses)". If the impairment loss is reduced in any subsequent period and such reduction can be objectively related to an event that occurred after the recognition of the impairment loss, then the impairment loss previously recognized is reversed to the income statement provided that such cancellation does not establish an asset book value, on the date of reversing the impairment loss, that exceeds the value of the asset which may be reached if the recognition of such impairment loss has not been recognized.
- In the light of the nature of the movables or real estate which their ownership reverted to the bank pursuant to the provisions of the aforementioned article, the movables or real estate are classified in accordance with the plan of the Bank, the nature of expected benefits thereof among the fixed assets, investment property, shares, bonds or other assets available for sale, as the case may be. Accordingly, the bases relevant to the measurement of fixed assets, investment property, shares or bonds are applied to the assets reverted to the bank in settlement of debts and classified under any item of these items.
- As for the other assets, that are not included in any of these classifications and considered as other assets available for sale, they are measured at cost or fair value defined by the accredited experts of the Bank-less the selling costs –whichever is lower. The differences resulting from the valuation of these assets are recognized in the income statement under the item of other operating revenues (expenses) provided that such assets are to be disposed of within the period prescribed by virtue of law.

If the said assets are not disposed of, within the period prescribed by virtue of law in accordance with the provisions of Article No. (87) of Law No. 194 of 2020, the banking risk reserve is to be supported by the equivalent of 10% of the value of the said assets on annual basis. The net revenues and expenses of assets reverted to the bank in settlement of debts during the period of their acquisition by the Bank are recorded in the income statement under the item of "Other operating revenues (expenses)".

P- The impairment of non-financial assets

The financial assets that have no specific useful life are not depreciated – except for the goodwill – and their impairment is examined on annual basis. The impairment of assets that had been depreciated are to be considered whenever there are events or changes in the circumstances indicating that the book value may not be redeemable.

The impairment loss is to be recognized and the asset value shall be reduced with the amount by which the book value of the asset has been increased above the redeemable value. The redeemable value is represented in the net selling value of the asset or the use value of the asset, whichever is higher. For the purpose of assessing the impairment, and in the event that it is not possible to estimate the redeemable value of a single asset, the asset is to be attached to the smallest possible cash-generating unit that includes the asset. The nonfinancial assets that have impairment are to be reviewed to examine whether there is a reverse of impairment to the income statement or not, on the date of preparing every financial statement.

Q- Lease Contracts

All lease contracts concluded with the Group are operating lease contracts.

(Q/1) Lessee

The payments settled under the account of operating lease less any discounts obtained from the lessor under the item of expenses are recognized in the income statement based on the straight-line method over the term of contract.

(Q/2) Lessor

The assets leased out on operating lease basis that are included in the fixed assets in the balance sheet and depreciated over the expected useful life of the asset using the same manner applied to the similar assets. The rent income is recorded less any discounts granted to the lessee based on the straight-line method over the term of contract.

R- Cash and cash equivalents

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

S- Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has a present legal or constructive obligation as a result of past events; it is more likely than not, that an outflow of resources of the Group will be required to settle the obligation and the amount has been reliably estimated.

Where there is a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determined taking into consideration the group of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any obligation in this group is minimal.

Provisions no longer required totally or partially are reversed in other operating income (expense).

Provisions are measured at the present value of the expected required expenditures to settle obligations after one year from balance sheet date using an appropriate rate in accordance with the terms of settlement which reflects the time value of money. If the settlement term is less than one year, the estimated value of the obligation is to be calculated unless it has a significant effect, then it shall be calculated using the present value.

T- Employees' Benefits:

Employees Share in Profits:

The Bank pays a percentage of cash profits expected to be distributed as the employees share in profits and recognizes that share as part of the dividends appropriation in equity and as liabilities when approved by the shareholders general assembly of the Bank and no liabilities shall be recorded in the undistributed employees share in profits.

Employees' Pension Fund & End of Service Compensations

The Bank adopted special benefits plan until 17/4/2008. The Bank's contributory defined pension plan covers the permanent employees' pensions and other end of service benefits. The Bank's contribution to this fund is computed at a certain percentage of the employees' annual salaries, in addition to amounts required to the fund as decided by the Actuary to continue providing its services and maintain the minimum return on its invested funds. As for the employees appointed in the Bank after 17/4/2008, the Bank adopted special benefit plan with respect to the end of service compensation only without pensions and the Bank participates in such compensations by a percentage of the employees' wages who are working under the umbrella of this benefit plan on annual basis.

U- Dividends

Dividends are recognized and deducted from equity in the period when approval thereof is declared by the Shareholders General Assembly. Those dividends include employees' share in the profits and the Board of Directors' remuneration as prescribed by the articles of association.

V- Comparative figures

The comparative figures are to be reclassified whenever necessary to be in agreement with the changes in the presentation of the financial statements for the current period.

W- Trust/Fiduciary Activities

The Bank practices fiduciary activities that entail the acquisition or management of assets on behalf of individuals, trusts, post-employment benefit funds and other institutions. These assets and the profits resulting from them are not recognized in the Bank's Separate Financial Statements as they are neither assets nor profits belonging to the Bank.

3- Financial Risk Management

The Bank, as a result of the activities it exercises, is exposed to various financial risks; acceptance of risks is a basis in the financial activities. Some risks or group of risks are analyzed, evaluated and managed together. The Bank objective is to balance between the risk and return and to reduce the possible negative effects on the Bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency exchange rates, interest rate risk and other pricing risks.

The risk management policies have been set to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated information systems. The Bank regularly reviews the risk management policies and systems and amends them to reflect the changes in markets, products and services and the best updated applications.

Risks are managed by the Risk Management Department in the light of the policies approved by the Board of Directors. Risk Management Department identify, assess, and cover financial risks in close cooperation with other operating units in the Bank. Within the framework of the principles of governance and the sound banking practices related to banking risks management, the Board of Directors provides an integrated supervisory structure of higher committees originated therefrom. The Risk Management Department is in charge of the regular review of risk management and the control environment in an independent manner.

A- Credit risk

The Bank is exposed to credit risk, which is the risk resulting from failure of one party to meet its contractual obligations. Credit risk is considered the most significant risk for the Bank; therefore, the management is conservative and prudent in managing this risk exposure. Credit risks results mainly from lending activities that result in loans and facilities and from investment activities which consequently results in having such debt instruments included in the Bank's assets. Credit risk is also included in off balance sheet financial instruments, such as loan commitments. Managing and monitoring process of credit risk is represented in credit risk department reports presented to the Board of Directors, Top Management and Heads of operating units on regular basis.

(A/1) Credit risk measurement

Loans and facilities to Banks and customers

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

- Probability of default by the client or third parties to fulfill its contractual obligations.
- The current position and its future development from which the Bank concludes the balance exposed to risk. (Exposure at default).
- Loss given default risk.

The daily management of the Group's activities involves measures of credit risk based on the Expected Loss Model required by the Basel Committee on Banking Supervision. Those operational measures could be inconsistent with the impairment loss burden according to EAS 26, which adopts the realized losses model and not the expected losses (Note 3 - A/3) on the date of the financial statements.

The Bank evaluates the default risk for each customer using internal evaluation methods to determine the credit rating for the different customers' categories. These methods were internally improved and developed taking into consideration statistical analysis and the professional judgment of the credit officers to reach the appropriate rating. The customers of the Bank are classified into four credit ratings. Rating scale (shown in the following table) reflects the possibility of defaults for each rating category, in which the credit positions may transfer from one rating to another depending on the change in the degree of possible risk. The customers' rating and the rating process are reviewed and improved whenever necessary.

The Bank periodically evaluates the performance of the credit rating methods and their ability in expecting the customers' defaults.

Bank's internal ratings scale

Rating description	Rating
Performing loans	1
Regular watching	2
Watch list	3
Non-performing loans	4

The Position exposed to default depends on the outstanding balances expected at the time when a default occurs, for example, for the loans, where the position is the book value while for commitments, the Bank includes all actual withdrawals in addition to any other expected withdrawals till the date of the late payment if any.

The expected losses or specific losses represent the Bank's expectation of loss as of the date when the settlement is due, which is loan loss percentage that differs according to the type of debtor, claim priority, the availability of guarantees or any other means of credit cover.

Debt instruments, treasury bills and other bills

For debt instruments and bills, the Bank is using the external classifications such as Standard & Poor's or equivalent to manage credit risk, in case such ratings are not available, methods similar to those applied to credit customers are used. Investments in securities and treasury bills are regarded as a way to get better credit quality and at the same time provides a source available to meet finance requirements.

(A/2) Limiting and avoiding risks policies

The Bank manages limits and controls credit risk concentrations on the levels of borrowers, groups, industries and countries.

The Bank manages the credit risk it undertakes by placing limits on the amount of risk accepted in relation to every single borrower, or groups of borrowers, and on the levels of economic activities and geographic segments. Such risks are monitored on regular basis and subjected to annual or more frequent reviews, whenever necessary. The Board of Directors reviews on quarterly basis the levels of credit risk on the levels of the borrower, group of borrowers, product, segment and country.

The lines of credit are divided for any borrower including Banks, into sub limits based on amounts in and off-balance sheet, the daily limit risk on trading items such as forward foreign exchange contracts where the actual amounts are compared with the limit every day.

Exposure to credit risk is also managed through regular analysis of the existing and potential borrowers' ability to meet their obligations and through changing the lending limits whenever appropriate.

The following are other controls to limit the credit risk.

Collaterals

The Bank uses different methods to limit its credit risk. One of these methods is accepting collaterals against loans and facilities granted by the Bank. The Bank implements guidelines for certain categories of collaterals to be accepted. The major types of collateral against loans and facilities are:

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

The long-term finance and loans to corporate entities are generally guaranteed while individual credit facilities are unsecured. In order to minimize the credit loss to the least, the Bank will seek additional collaterals from all the concerned parties as soon as impairment indicators are noticed for a loan or facility.

The Bank determines the type of collaterals held as a security for financial assets other than loans and facilities according to the nature of the instrument. In general, the debt securities and treasury bills are unsecured, except for Asset-Backed Securities and similar instruments secured by a financial instrument portfolio.

Credit-related commitments

The primary purpose of these commitments is to ensure that funds are available to customer when required. Guarantees and Standby Letters of Credit contracts are of the same credit risks as loans. Documentary and Commercial Letters of Credit – which are issued by the Bank on behalf of the customer by which authorizing a third party to withdraw amounts within a certain limit from the Bank in accordance to specific terms and conditions and guaranteed by the goods under shipment are of lower risk than a direct loan. Credit related commitments represent the unused portion of credit limit of loans, guarantees or letters of credit.

The Bank is exposed to probable loss of amount equal to the total unused limit with respect to credit risk resulting from commitments related to granting the credit. However, the probable amount of loss is less than the unused limit commitments, as most commitments represent commitments to customers maintaining certain credit standards. The Bank monitors the maturity term of the credit commitments because long-term commitments are usually of high credit risk than short-term commitments.

(A/3) Impairment and provisioning policies (Measurement of Expected Credit Losses)

The policies of the Bank require determining three stages to classify the financial assets measured at amortized cost, loan commitments, financial guarantees and debt instruments at fair value through other comprehensive income based on the changes of credit quality since the initial recognition and measurement of impairment loss (expected credit loss) in value related to these instruments as follows:

The financial asset that is not impaired at initial recognition is to be classified in the first stage and the credit risk shall be continuously monitored by the Credit Risk Department of the Bank.

In case there is a significant increase in credit risk since initial recognition, the financial asset is to be transferred to the second stage and it shall not be considered as impaired financial asset in this stage (the expected credit loss over lifetime under lack of impairment in credit value).

In case there are indicators of impairment in the value of the financial asset, it shall be transferred to the third stage. The indicators that shall be used by the Bank to determine whether there are objective evidences shall be based on indicating the following:

- Significant increase of interest of the financial asset as a result of increase in credit risk.
- Significant adverse changes in business activity, financial and/or economic conditions in which the borrower operates.
- Request of debt rescheduling as a result of difficulties encountering the borrower.
- Significant adverse change in actual or expected operating results or cash flows of the borrower.
- Adverse future economic changes which affects the borrower's future cash flows.
- Early signs of cash flow/liquidity problems such as delay in providing services for the creditors/ trade loans.
- Cancellation of one of the direct facilities on the part of the Bank due to an increase in credit risk of the borrower.

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

	31/12/2022	31/12/2021
Ratings of The Bank	**Loans & facilities to customers**	**Loans & facilities to customers**
	%	%
Performing loans	49.63	50.35
Regular watching	26.22	26.7
Watch list	9.81	9.11
Non-performing loans	14.34	13.84
Total	**100**	**100**

The internal evaluation instruments help the management to determine whether there are objective evidences of impairment according to the Egyptian Accounting Standard No. (47) and based on the following indicators as specified by the Bank:

- Severe financial insolvency encountered by the borrower or the debtor.
- Violation of loan agreement such as default of payment.
- Expecting the Bankruptcy of the borrower, entering into liquidation case or restructuring the finance granted to him.
- Deterioration in the competitive status of the borrower.
- Granting concessions or privileges to the borrower due to economic, legal or financial insolvency encountered by the borrower which may not be given by the Bank in normal circumstances.
- Impairment of guarantee value.
- Deterioration of the creditworthiness.

The policies adopted by the Bank require reviewing all the financial assets exceeding specific relative significance at least once a year or more when the circumstances necessitate to do so. The impairment charge shall be determined on the accounts that are evaluated on case by case basis through the evaluation of the loss realized on the date of the balance sheet. Such policies are expected to be implemented on all accounts attributed by relative significance on case by case basis. The evaluation usually includes the outstanding guarantee that embraces the reassurance of the implementation on the guarantee and expected collections from the said accounts. The impairment losses provision is formed based on a group of assets of similar kind using the historical empirical experience available, professional judgment and statistical methods.

(A/4) Banking general risk measurement model

In addition to the four categories of the Bank's internal credit rating indicated in note (3 - A/1), management classifies loans and advances based on more detailed subgroups in accordance with the CBE requirements. Assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending heavily on information related to the customer, his activities, financial position and commitment to the payment schedules.

The Bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit based on the rates determined by CBE. In case of having required increment in impairment losses provision according to the rules of the Central Bank of Egypt that exceeds the amount required for the purposes of preparing the financial statements in accordance with the Egyptian Accounting Standards, the General Banking Risk Reserve shall be set aside in the equity and deducted from the retained earnings with an amount equivalent to such increment. The said reserve shall be adjusted on regular basis as an increase or decrease in a manner that is always equivalent to the amount of increase when comparing the two provisions. The said reserve shall not be distributable.

The following are the categories of credit ratings for the institutions in accordance with the four internal rating grades compared to the bases of the CBE assessment and provisions percentage required for the impairment of assets exposed to credit risk:

CBE Ratings	Rating Indications	Provision Percentage Required %	Internal Ratings	Internal Ratings Granting
1	Low risk	Zero	1	Performing loans
2	Moderate risk	1	1	Performing loans
3	Satisfactory risk	1	1	Performing loans
4	Appropriate 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 debt	100	4	Non-performing loans

(A/5) Maximum limits for credit risk before collaterals:

	31/12/2022	31/12/2021
Balance sheet items exposed to credit risks		
Due from Banks	1 417 767	1 493 076
Treasury bills (net)	2 400 466	3 318 294
Loans & facilities to banks (net)	26 147	-
Loans & facilities to customers (net)	2 075 388	2 593 407
Financial investments: (net)		
- Debt instruments	523 788	1 084 336
Other assets	31 293	53 419
Total	**6 474 849**	**8 542 532**
Off-balance sheet items exposed to credit risk		
Letters of credit	120 024	146 539
Letters of guarantee	267 407	286 079
Loans commitments & irrevocable other liabilities related to credit	19 521	1 928
Money market papers for facilities to suppliers	469	18 760
Total	**407 421**	**453 306**

The above table represents the maximum exposure to credit risk on December 31, 2022 – December 31, 2021, before taking into account any held collateral. As for the items of the balance sheet, the amounts of exposures set out above are based on net carrying amounts as reported in the balance sheet. As shown above 32.46 % of the total maximum exposure is derived from loans and facilities to Banks and customers as at December 31, 2022, compared to 30.36 % as at December 31, 2021 while investments in debt instruments represent 8.09 % as at December 31, 2022, compared to 12.69 % as at December 31, 2021.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk resulting from both its loans and facilities portfolio and debt instruments based on the following:

- On December 31, 2022, 75.85 % of the loans and facilities portfolio to banks & customers are concentrated in the top two grades of the internal credit risk rating system compared to 77.05 % on December 31, 2021.
- On December 31, 2022, 85.78 % of loans and facilities portfolio to banks & customers are considered to be neither past due nor impaired compared to 86.09 % on December 31, 2021.
- Loans and facilities assessed individually are valued at US$ 349 995 thousand on December 31, 2022 compared to US$ 411 826 thousand on December 31, 2021.
- The Bank has implemented more prudent processes when granting loans and facilities during the financial year ended on December 31, 2022.
- On December 31, 2022 and on December 31, 2021, more than 99.5 % of the investments in debt instruments and treasury bills represent debt instruments of the Egyptian Government.

The following table indicates information about the financial asset's quality during the financial period:

31/12/2022

Due from banks	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	555 832	103 892	-	659 724
Regular watching	5 849	752 614	-	758 463
Watch list	-	-	-	-
	561 681	**856 506**	**-**	**1 418 187**
Less: impairment loss provision	(111)	(309)	-	(420)
Book value	**561 570**	**856 197**	**-**	**1 417 767**

31/12/2021

Due from banks	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	1 009 957	138 813	-	1 148 770
Regular watching	7 734	337 283	-	345 017
Watch list	-	-	-	-
	1 017 691	**476 096**	**-**	**1 493 787**
Less: impairment loss provision	(106)	(605)	-	(711)
Book value	**1 017 585**	**475 491**	**-**	**1 493 076**

31/12/2022

Treasury bills at amortized cost	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	450 061	-	-	450 061
	450 061	**-**	**-**	**450 061**
Less: impairment loss provision	(1 634)	-	-	(1 634)
Book value	448 427	-	-	448 427

31/12/2021

Treasury bills at amortized cost	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	484 672	-	-	484 672
	484 672	**-**	**-**	**484 672**
Less: impairment loss provision	(1 891)	-	-	(1 891)
Book value	**482 781**	**-**	**-**	**482 781**

31/12/2022

Loans and credit facilities to individuals	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	141 428	7 611	3 864	152 903
Regular watching	274 645	6 036	14 048	294 729
Watch list	-	8 741	20 003	28 744
	416 073	**22 388**	**37 915**	**476 376**
Less: impairment loss provision	(7 393)	(2 655)	(15 638)	(25 686)
Less: suspense interest	-	-	(91)	(91)
Less: Undue interest	(21 198)	(17)	(54)	(21 269)
Book value	**387 482**	**19 716**	**22 132**	**429 330**

31/12/2021

Loans and credit facilities to individuals	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	231 832	1 355	546	233 733
Regular watching	367 788	9 155	11 592	388 535
Watch list	1 451	5 762	14 307	21 520
	601 071	**16 272**	**26 445**	**643 788**
Less: impairment loss provision	(8 005)	(1 861)	(11 769)	(21 635)
Less: suspense interest	-	-	(143)	(143)
Less: Undue interest	(27 679)	(389)	(416)	(28 484)
Book value	**565 387**	**14 022**	**14 117**	**593 526**

31/12/2022

Loans & credit facilities to corporate	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	1 071 483	12 212	216	1 083 911
Regular watching	165 153	222 495	-	387 648
Watch list	-	165 303	-	165 303
Non-performing loans	-	206	321 046	321 252
	1 236 636	**400 216**	**321 262**	**1 958 114**
Less impairment loss provision	(16 108)	(88 928)	(205 415)	(310 451)
Less: suspense interest	-	-	(865)	(865)
Less: Undue interest	(706)	(34)	-	(740)
Book value	**1 219 822**	**311 254**	**114 982**	**1 646 058**

31/12/2021

Loans & credit facilities to corporate	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	1 230 060	46 189	536	1 276 785
Regular watching	232 998	233 868	-	466 866
Watch list	-	175 436	69 943	245 379
Non-performing loans	-	-	327 909	327 909
	1 463 058	**455 493**	**398 388**	**2 316 939**
Less impairment loss provision	(8 783)	(69 879)	(235 150)	(313 812)
Less: unearned discount of discounted commercial papers	(674)	-	-	(674)
Less: suspense interest	-	-	(2 077)	(2 077)
Less: Undue interest	(494)	-	(1)	(495)
Book value	**1 453 107**	**385 614**	**161 160**	**1 999 881**

31/12/2022

Debt instruments at amortized cost	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	331 999	-	-	331 999
	331 999	**-**	**-**	**331 999**
Less impairment loss provision	(1 375)	-	-	(1 375)
Book value	**330 624**	**-**	**-**	**330 624**

31/12/2021

Debt instruments at amortized cost	First stage 12 months	Second stage Over lifetime	Third stage Over lifetime	Total
Credit rating				
Performing loans	643 021	-	-	643 021
	643 021	**-**	**-**	**643 021**
Less impairment loss provision	(1 439)	-	-	(1 439)
Book value	**641 582**	**-**	**-**	**641 582**

(A/6) Loans and facilities

Loans and facilities status based on credit rating are summarized as follows:

	December 31, 2022		December 31, 2021	
	Loans & facilities		Loans & facilities	
	to customers	to banks	to customers	to banks
Neither past due nor impaired *	2 011 052	26 270	2 462 028	-
Past due but not impaired	73 443	-	86 873	-
Past due but impaired	349 039	-	409 606	-
Total	**2 433 534**	**26 270**	**2 958 507**	**-**
Less: impairment loss provision **	(336 137)	(122)	(335 447)	-
Prepaid interest	(22 009)	-	(28 979)	-
Unearned discount of discounted commercial papers	-	-	(674)	-
Net	**2 075 388**	**26 148**	**2 593 407**	**-**

* Loans and facilities neither past due nor impaired

The credit quality for the loans and facilities portfolio (neither past due nor impaired) valued upon the internal valuation used by the Bank.

** Impairment loss charge for loans and facilities to customers reached US$ 336 137 thousand on December 31, 2022 compared to US$ 335 447 thousand on December 31, 2021. Note No. (19) includes additional information with respect to the impairment loss provision for loans and facilities to customers.

Loans and facilities status based on internal credit rating are summarized as at 31 December 2022 as follows:

Neither past due nor impaired

	Individuals				Corporate				
31/12/2022	Debit current accounts	Credit cards	Personal loans	Real estate loans	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total loans and facilities to individuals & corporate
1- Performing loans	13 335	3 313	94 505	31 248	401 555	243 791	420 078	-	1 207 825
2- Regular watching	38 274	6 626	206 742	-	34 766	239 143	112 372	-	637 923
3- Watch list	-	-	-	-	1 227	68 667	95 410	-	165 304
Total	**51 609**	**9 939**	**301 247**	**31 248**	**437 548**	**551 601**	**627 860**	**-**	**2 011 052**

	Individuals				Corporate				
31/12/2021	Debit current accounts	Credit cards	Personal loans	Real estate loans	Debit current accounts	Direct loans	Syndicated loans	Other loans	Total loans and facilities to individuals & corporate
1- Performing loans	42 540	5 318	108 092	67 260	486 147	285 302	494 800	-	1 489 459
2- Regular watching	88 175	6 581	271 564	-	68 458	247 096	108 114	-	789 988
3- Watch list	-	-	-	-	9 372	61 226	111 983	-	182 581
Total	**130 715**	**11 899**	**379 656**	**67 260**	**563 977**	**593 624**	**714 897**	**-**	**2 462 028**

The Non-performing loans category secured by cash guarantees were not considered as impaired after taking into consideration that such guarantees can be collected.

- Past due loans and facilities and not impaired

They are loans and facilities having past due up to 90 days and not considered impaired, unless there is information to the contrary.

Upon the initial recognition of the loans & facilities, the collaterals fair value is valued as per the valuation benchmark usually used in valuation of similar assets. In the subsequent periods, the fair value will be adjusted as per the market value or the prices of the similar assets.

- Loans and facilities individually subject to impairment

Loans and facilities to customers

The balance of loans and facilities individually subject to impairment before taking into consideration cash flows from guarantees, amounted to US$ 349 995 thousand on December. 31, 2022 compared to US$ 411 826 thousand as of December. 31, 2021.

The breakdown of the total loans and facilities individually subject to impairment including the fair value of collaterals obtained by the Bank in return for such loans are as follows:

31/12/2022	Individuals	Corporate	Total
Loans (separately) subject to impairment	28 744	321 251	**349 995**
Fair value of collaterals	-	26 208	**26 208**

31/12/2021	Individuals	Corporate	Total
Loans (separately) subject to impairment	21 519	390 307	**411 826**
Fair value of collaterals	3 657	53 093	**56 750**

There are not any restructured significant loans.

- Past due loans and facilities and not impaired

They are loans and facilities having past due and not considered impaired, unless there is information to the contrary. Past due loans and facilities and not impaired are represented in the following:

Individuals

31/12/2022	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
Past due up to 30 days	-	2 606	19 948	30 966	**53 520**
Past due more than 30 to 60 days	-	-	-	69	**69**
Past due more than 60 to 90 days	-	-	-	-	**-**
Total	**-**	**2 606**	**19 948**	**31 035**	**53 589**

Corporate

31/12/2022	Debit current accounts	Direct loans	Other loans	Syndicated loans	Total
Past due up to 30 days	12 385	4 948	1 375	-	**18 708**
Past due more than 30 to 60 days	-	493	425	-	**918**
Past due more than 60 to 90 days	55	-	173	-	**228**
Total	**12 440**	**5 441**	**1 973**	**-**	**19 854**

Individuals

31/12/2021	Debit current accounts	Credit cards	Personal loans	Real estate loans	Total
Past due up to 30 days	-	2 240	25 118	4 512	**31 870**
Past due more than 30 to 60 days	-	-	-	802	**802**
Past due more than 60 to 90 days	-	-	-	64	**64**
Total	**-**	**2 240**	**25 118**	**5 378**	**32 736**

Corporate

31/12/2021	Debit current accounts	Direct loans	Other loans	Syndicated loans	Total
Past due up to 30 days	2 217	10 312	-	654	**13 183**
Past due more than 30 to 60 days	620	30 854	-	523	**31 997**
Past due more than 60 to 90 days	98	4 754	3 566	539	**8 957**
Total	**2 935**	**45 920**	**3 566**	**1 716**	**54 137**

Past due loans and facilities represent the amounts that entirely or partially fall due and were not paid on the dates contractually agreed upon and they include past due amounts for periods exceeding one day.

Accordingly, the amounts presented in the Note represent the total balance of the loan or facility and not only the past due portion while the rest of the loans balances and other facilities granted to the customer are not included as long as the customer has not been entirely or partially in default.

On the date of initial recognition for the loans & facilities, the presented collaterals fair value is estimated – if any - as per the valuation methods usually used in valuation of similar assets provided that they shall not be recognized in the financial statements of the Bank as they do not represent assets of the Bank on that date. In subsequent periods, the fair value of such collaterals will be adjusted as per the price or the market prices of similar assets.

(A/7) Debt instruments, treasury bills and other government notes

The table below shows an analysis of debt instruments, treasury bills and other government notes according to the rating agencies based on the rating of Standard & Poor's or its equivalent at the end of the financial year:

31/12/2022	Treasury bills & other government notes	Investments in securities	Total
From (AA-) to (AA+)	-	8 986	**8 986**
From (A -) to (A+)	-	-	**-**
Less than (A-)	2 402 100	515 977	**2 918 077**
	2 402 100	**524 963**	**2 927 063**

31/12/2021	Treasury bills & other government notes	Investments in securities	Total
From (AA-) to (AA+)	-	5 042	**5 042**
From (A -) to (A+)	-	-	**-**
Less than (A-)	3 320 185	1 080 669	**4 400 854**
	3 320 185	**1 085 711**	**4 405 896**

(A/8) Acquisition of Collaterals

The Group has not acquired assets based on the acquisition of collaterals during the current financial year.

The assets acquired are classified under the item of other assets in the balance sheet and these assets are to be sold whenever applicable.

(A/9) Concentration of financial assets risks exposed to credit risk

Geographical sectors

The following table represents an analysis of the most significant credit risk limits of the Group at book value and their distribution according to the geographical sectors at the end of the current financial year. When we prepared this table, we distributed the risks over the geographical sectors based on the areas related to the customers of the Group.

	Greater Cairo	Alexandria, Delta and Sinai	Upper Egypt	Other	Total
Treasury bills & other government notes	2 598 997	-	-	-	2 598 997
Loans & facilities to Banks	26 148	-	-	-	26 148
Loans and facilities to customers:	1 834 587	214 319	18 796	7 686	2 075 388
Financial investments:					
- Debt instruments	202 955	-	-	125 111	328 066
Total as at 31 December 2022	**4 662 687**	**214 319**	**18 796**	**132 797**	**5 028 599**
Total as at 31 December 2021	**6 530 277**	**276 537**	**25 777**	**162 921**	**6 995 512**

Business Sectors

The following table represents an analysis of the most significant credit risk limits of the Bank at book value distributed according to the business activity practiced by the customers of the Bank.

	Financial Institutions	Industrial Institutions	Commercial	Real Estate Activities	Government Sector	Other Activities	Total
Treasury bills & other government notes	-	-	-	-	2 598 997	-	2 598 997
Loans & facilities to banks	26 148	-	-	-	-	-	26 148
Loans and facilities to customers:							
Loans to individuals:							
- Debit current accounts	-	-	-	-	-	50 223	50 223
- Credit cards	-	-	-	-	-	12 581	12 581
- Personal loans	-	-	-	-	-	325 615	325 615
-Real estate loans	-	-	-	-	-	40 912	40 912
Loans to Corporate:							
- Debit current accounts	22 748	214 173	70 755	349	-	156 084	464 109
- Direct loans	106 335	94 899	17 854	11 819	-	339 103	570 010
- Syndicated loans	16 534	31 200	259	10 281	-	550 443	608 717
- Other loans	-	898	1 652	254	-	417	3 221
Financial investments:							
Debt instruments	8 986	-	-	-	319 080	-	328 066
Total as of 31 December 2022	**180 751**	**341 170**	**90 520**	**22 703**	**2 918 077**	**1 475 378**	**5 028 599**
Total as of 31 December 2021	**142 994**	**402 680**	**154 585**	**34 383**	**4 397 587**	**1 863 283**	**6 995 512**

B- Market risk

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

The market risk management resulting from trading and non-trading portfolios is concentrated in the Risk Department of the bank and they are followed up by two separate teams. Interim reports on market risk are presented to the Board of Directors, Assets & Liabilities Committee (ALCO) and the heads of business activity units on regular basis.

Trading portfolios include transactions where the Bank deals directly with clients or with the market; while the non-trading portfolios primarily arise from managing assets and liabilities interest rate related to retail transactions and corporate.

(B/1) Market risk measurement techniques

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

Value at Risk (VaR)

The Bank applies a 'value at risk' methodology (VaR) for trading and non-trading portfolios to estimate the market risk of the outstanding positions and the maximum expected loss based on a number of assumptions for various changes in market conditions. The Board of Directors sets limits for the value of risk that may be accepted by the Bank for trading and non- trading portfolios on separate basis and they are daily monitored by the Market Risk Management Department in the Bank. Value at Risk (VaR) is a statistic expectation of the current portfolio potential losses resulting from the adverse movements of the market and the maximum loss that may be incurred by the Bank based on using a specific confidence coefficient (98%). Subsequently, there is a statistical probability at a ratio of (2%) that the effective loss is higher than the expected Value at Risk (VaR). VaR model assumes a defined holding period of (ten days) before closing the open positions. It also assumes that the market movements during the defined holding period of (ten days) shall follow the same market movements model which occurred during the previous ten days. The Bank estimates the previous movements based on the data of the last five years. The Bank also applies such historic changes of ratios, prices and indicators in a direct manner on the current positions - this method is known as historic simulation. The effective outputs are regularly monitored to measure the soundness of assumptions and coefficients used to measure Value at Risk (VaR). However, applying such method does not overcome the loss of such limits in case of having greater movements in the market.

Stress Testing

Stress testing provides an indicator of the expected loss that may arise from sharp adverse circumstances. Stress testing is designed to match business using standard analysis for specific scenarios.

The stress testing carried out by the Risk Management Department of the Bank includes risk factor stress testing where sharp movements are applied to each risk category and test of emerging market stress, as emerging market are subject to sharp movements; and subject to special stress test including possible stress events affecting specific positions or regions - for example the stress outcome to a region applying a free currency rate. The results of the stress testing are reviewed by the Top Management and the Board of Directors.

Value at Risk (VaR) Summary

Total value at risk by risk type:

	The financial year ended 31 December 2022			The financial year ended 31 December 2021		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	5 050	18 174	5	112	1 300	3

Trading portfolio Value at Risk by risk type:

	The financial year ended 31 December 2022			The financial year ended 31 December 2021		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	166	857	2	28	99	1

Non trading portfolio Value at Risk by risk type:

	The financial year ended 31 December 2022			The financial year ended 31 December 2021		
	Medium	High	Low	Medium	High	Low
Foreign exchange risk	4 884	17 317	3	84	1 201	2

(B/2) Foreign exchange volatility risk

The Bank is exposed to foreign exchange rate volatility risk in terms of the financial position and cash flows. The Board of Directors set aggregate limits for foreign exchange for each position at the end of the day, and during the day which is controlled on timely basis.

31 December 2022	USD	Euro	GBP	L.E	Other	Total
Financial assets						
Cash and balances with the Central Bank	12 611	9 266	754	544 600	378	567 609
Due from Banks	950 675	47 521	56 039	360 544	2 988	1 417 767
Treasury bills	687 399	141 643	-	1 571 424	-	2 400 466
Loans and facilities to customers	869 391	2 424	30	1 203 542	1	2 075 388
Loans and facilities to banks	-	-	-	26 148	-	26 148
Financial investments:						
- At fair value through other comprehensive income	142 489	-	-	105 041	-	247 530
- At amortized cost	183 740	-	-	146 884	-	330 624
Investments in associates	85 897	-	-	127 655	-	213 552
Other assets (Unearned revenue)	11 403	32	48	19 810	-	31 293
Total financial assets	**2 943 605**	**200 886**	**56 871**	**4 105 648**	**3 367**	**7 310 377**
Financial liabilities						
Due to Banks	42 086	8 251	181	413	48	50 979
Customers deposits & certificates of deposits	2 052 165	190 902	56 065	3 956 148	3 203	6 258 483
Other loans	43 000	-	-	9 909	-	52 909
Other liabilities (Unearned interests)	8 397	26	18	27 927	-	36 368
Total financial liabilities	**2 145 648**	**199 179**	**56 264**	**3 994 397**	**3 251**	**6 398 739**
Net financial position	**797 957**	**1 707**	**607**	**111 251**	**116**	**911 638**

31 December 2021	USD	Euro	GBP	L.E	Other	Total
Total financial assets	**3 006 715**	**195 834**	**60 989**	**6 217 788**	**4 154**	**9 485 480**
Total financial liabilities	**2 191 963**	**196 296**	**60 595**	**6 102 622**	**3 939**	**8 555 415**
Net financial position	**814 752**	**(462)**	**394**	**115 166**	**215**	**930 065**

(B/3) Interest rate risk

The Bank is exposed to the effect of fluctuations in the prevailing levels of market interest rates. The interest rate risk is the cash flow interest rate risk that is represented in the fluctuation of the future cash flows of a financial instrument due to the changes in market interest rates of the instrument. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but the profit may decrease if unexpected movements arise. The Board of Directors of the Bank sets limits on the level of mismatch of interest rate re-pricing that may be undertaken by the Bank, the matter that is monitored on daily basis by the Bank's Risk Management Department.

The table below summarizes the Bank's exposure to interest rate risk fluctuation. It includes the book value of the financial instruments that is categorized based on re-pricing dates or maturity dates, whichever earlier.

31 December 2022	Up to 1 month	More than 1 month to 3 Months	More than 3 months to 12 Months	More than 1 year to 5 years	Over 5 years	Non-interest bearing	Total
Financial Asset							
Cash and balances with the Central Bank	-	-	-	-	-	567 609	567 609
Due from Banks	1 017 964	335 771	50 000	-	-	14 032	1 417 767
Treasury bills & government notes	610 088	1 383 178	407 200	-	-	-	2 400 466
Loans and facilities to customers	208 490	672 755	144 114	449 419	585 351	15 259	2 075 388
Loans and facilities to banks	-	-	-	26 148	-	-	26 148
Financial investments:							
- At fair value through other comprehensive income	6 098	3 071	31 217	72 462	80 317	54 365	247 530
- At amortized cost	-	29 355	-	273 431	27 838	-	330 624
Investments in subsidiaries & associates	-	-	-	-	-	213 552	213 552
Other financial assets (Unearned revenue)	-	-	-	-	-	31 293	31 293
Total financial assets	**1 842 640**	**2 424 130**	**632 531**	**821 460**	**693 506**	**896 110**	**7 310 377**
Financial liabilities							
Due to Banks	9 500	35 000	-	246	-	6 233	50 979
Customers' deposits & certificates of deposits	2 922 957	1 424 017	445 828	1 118 950	2 784	343 947	6 258 483
Other loans	-	16 474	9 877	19 211	7 347	-	52 909
Other liabilities (Unearned interests)	-	-	-	-	-	36 368	36 368
Total financial liabilities	**2 932 457**	**1 475 491**	**455 705**	**1 138 407**	**10 131**	**386 548**	**6 398 739**
Interest re-pricing gap	**(1 089 817)**	**948 639**	**176 826**	**(316 947)**	**683 375**	**509 562**	**911 638**

31 December 2021	Up to 1 month	More than 1 month to 3 Months	More than 3 months to 12 Months	More than 1 year to 5 years	Over 5 years	Non-interest bearing	Total
Total financial assets	**1 992 727**	**1 615 056**	**2 551 502**	**1 301 001**	**1 014 707**	**1 010 487**	**9 485 480**
Total financial liabilities	**4 709 090**	**1 278 008**	**959 500**	**1 170 141**	**20 709**	**417 967**	**8 555 415**
Interest re-pricing gap	**(2 716 363)**	**337 048**	**1 592 002**	**130 860**	**993 998**	**592 520**	**930 065**

C- Liquidity risk

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

Liquidity risk management

The liquidity risk management control process carried out by the Department of Risk Management of the Bank includes:

* Daily funding managed by monitoring future cash flows to ensure that all requirements can be met when due. This includes availability of liquidity as they fall due or when lent to customers. To ensure that the Bank achieves this objective, the Bank maintains an active presence in global money markets.

* The Bank maintains a portfolio of highly marketable and diverse assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.

* Monitoring liquidity ratios in relation with internal requirements and the requirements of the Central Bank of Egypt.

* Managing loans concentration and dues.

The main period for liquidity management is the next day, week and month. The Bank calculates the expected cash flow for those periods for monitoring and reporting purposes. The starting point to calculate these expectations, is analyzing the contractual dues of the financial liabilities and expected dates of the financial assets collections.

The Department of Assets and Liabilities Management monitors the mismatch between medium term assets, the level and nature of unused loans commitments, debit current accounts utilizations extent, and the effect of contingent liabilities such as letters of guarantee and letters of credit.

Funding approach

Sources of liquidity are regularly reviewed by a separate team from the Department of Risk Management of the Bank to maintain a wide diversification of currencies, geographical sectors, sources, products and terms.

D- Operating risk:

The definition of operating risk comprises "the risk of a change in value caused by the fact that actual direct losses and / or indirect losses incurred due to inadequacy or failure of internal processes, systems, human factor or external events including legal risk or any operating events that impact negatively on the reputation of the Bank, the continuity of the business as a going concern and / or the market value of the Bank."

The Framework of the Operating Risk Department

The Operating Risk Department is considered as a significant part that supports the various activities of the Bank with respect to its role in identifying and assessing the relevant risks and the required controls to prevent and mitigate the operating losses in addition to participating in enhancing the competency and efficiency of utilizing the various resources of the Bank.

The policy of the Operating Risk Department aims at laying out a general framework to consolidate its efficiency and providing support to the governance system through enlightenment and spreading the risk culture among all employees, providing complete awareness of the targets of the Operating Risk Department, how to classify risks, the difference between the operating risk and the other kinds of risks, the duties and responsibilities of management and supervision, the methods and approaches used inside the Bank in determination, measurement, reporting and follow up to limit and mitigate the operating risks.

The Operating Risk Department is concentrating its attention on the spreading of risk culture and the awareness of the importance of identifying, reviewing, examining policies, procedures and work systems, making researches to enhance systems and their security methods, the efficiency of the oversight controls to prevent and mitigate the operating risks.

Meanwhile, the Operating Risk Department is taking the lead in cooperation with all the departments of the Bank to identify indications that give early warning concerning the events that may expose the Bank to any sort of possible risks.

The Operating Risk Department has started working on establishing operating events database along with their classification that is in conformity with the standards laid out by "Basel II" Accords and the classification of operating risks stated therein. The data collection process relies on the internal operating events reports in addition to all relevant external events. The said data are used in analyzing and monitoring the root causes of the operating risks, the frequency of events, evaluating the corrective measures and the controls adopted by the Bank to prevent and mitigate the operating risks.

E- Fair value of financial assets and liabilities

The table below summarizes the current value and fair value for those financial assets and liabilities not presented on the Bank's balance sheet at their fair value:

	31 December 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Due from banks	1 417 767	1 417 767	1 493 076	1 493 076
Loans and facilities to Banks	26 148	26 148	-	-
Loans and facilities to customers:	2 075 388	Not identified	2 593 407	Not identified
Financial investments:				
- At amortized cost	330 624	Not identified	641 582	Not identified
Financial liabilities				
Due to banks	50 979	50 979	278 890	278 890
Customers' deposits	6 258 483	Not identified	8 172 298	Not identified

Loans and facilities to customers:

Loans and facilities to customers are presented as net amount after deducting the provision of impairment loss.

Debt instruments at amortized cost:

The fair value of the debt instruments "Egyptian treasury bonds" as per Bloomberg prices declared at the end of the financial period.

Customers' deposits and due to other banks:

Represent the estimated fair value of demand deposits that includes the deposits of non-bearing interest for the amount paid on demand.

F- Capital management

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

- Compliance with the legal requirements of capital in The Arab Republic of Egypt.

- Protecting the Bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the Bank.

- Maintaining a strong capital base to enhance growth.
- Capital adequacy and capital uses are reviewed on a monthly basis according to the regulatory authority's requirements (CBE) by the Bank's management through models based on Basel Committee for Banking Control instructions and these data are submitted to CBE on quarterly basis.

  CBE requires the following from the Bank:
- Maintaining L.E 500 million as a minimum requirement for the issued and paid up capital.
- Maintaining a ratio between risk-weighted elements of capital and elements of assets, and contingent liabilities that are credit risk, market risk and operating risk weighted including a percentage of 12.50% as a conservation buffer.

The numerator in capital adequacy comprises the following two tiers:

Tier 1:

It is the primary capital comprising of paid up capital (after deducting the carrying amount of the treasury stocks) if any, retained earnings and reserves resulting from profit appropriations less any goodwill previously recognized, and any carried forward losses.

Tier 2:

It is the supplementary capital (Tier 2 Capital) that is comprised of the equivalent of the general risk provision which is formed based on the Obligor Risk Rating and Provisioning Rules issued by the Central Bank of Egypt in a manner that does not exceed 1.25% of the total risk-weighted assets and contingent liabilities, subordinated loans / deposits of more than five-year-maturity period (while amortizing 20% of their value in each year of the last five years of their maturity period) in addition to 45% of the increase resulting from the difference between the fair value and the carrying value of both financial investments available for sale and held to maturity date as well as investments in subsidiaries and associates.

When calculating the total numerator of the capital adequacy ratio, it should be taken into consideration that the supplementary capital does not exceed in any way the primary capital and that subordinated loans (deposits) do not exceed half of the primary capital.

Assets are risk-weighted differently classified according to the nature of each asset of the debtor to reflect the credit risk associated with it and taking the cash collaterals into consideration. In addition, the same treatment is used for off-balance amounts after adjustments to reflect the contingent nature and the potential loss of those amounts. The Bank has been in compliance with the local capital requirements. The following table summarizes the components of the primary and supplementary capital in addition to the capital adequacy percentages as at 31 December 2022.

	31/12/2022	31/12/2021
Tier 1 Capital (primary capital)		
Paid up capital	600 000	600 000
Reserves	232 836	230 765
Retained earnings	123 302	99 831
General risk reserve	-	-
Total balance of items of the accumulated other comprehensive income after regulatory amendments	(153 114)	(94 589)
Quarterly interim profits	48 208	31 220
Minority interest / Non-controlling interest	178 855	183 573
Difference between nominal value and current value of subordinated loans (deposit)	734	854
Total Primary Capital	**1 030 821**	**1 051 654**
Less:		
Investments in financial institutions:		
Amount exceeding 10% of the issued capital of the company for each separate investment (shares)	(84 894)	(91 499)
Amount exceeding 10% of the fund assets for each separate investment (mutual funds)	(1 009)	(1 242)
Subordinated loans	(26 270)	-
Intangible assets	(5 683)	(3 628)
Disregarded elements:		
Reserve balance of fair value for investments available for sale (if negative)	-	-
Reserve for foreign currencies translation differences (if negative)	-	-
Total Tier 1 Capital	**912 965**	**955 285**
Tier 2 Capital (primary capital)		
Significant elements of required allowances for debt instruments, loans, credit facilities and contingent liabilities included in stage 1	27 627	22 914
45% of the specific reserve	31	31
45% of the increase in the fair value over the book value of financial investments in associate companies.	250	153
Total Tier 2 Capital	**27 908**	**23 098**
Total Capital Base (1)	**940 873**	**978 383**
Risk-weighted assets & contingent liabilities		
Credit risk of included in and off-balance sheet items	3 926 013	4 206 638
Market risk - exchange rates	304 320	269 143
Operating risk	280 490	343 711
Total risk-weighted assets & contingent liabilities (2)	**4 510 823**	**4 819 492**
Capital adequacy ratio (1) / (2)	**20.86 %**	**20.30 %**

Capital Adequacy Ratio was prepared for the balances of the consolidated financial statements of the Bank in compliance with the instructions of the Central Bank of Egypt issued on 24 December 2012.

*According to the instructions of the Central Bank of Egypt, as of the beginning of 2022, the Approach of Calculating Operating Risk has been changed from the Basic Indicator Approach to the Standardized Approach.

The following table summarizes the financial leverage ratio:

	31/12/2022	31/12/2021
Tier 1 Capital after disposals (1)	**912 965**	**955 285**
Cash and Due from Central Bank	1 453 163	1 217 037
Balances due from Banks	532 633	1 493 893
Loans and credit facilities to banks	26 270	-
Treasury bills & other government notes	2 402 100	3 320 185
Financial assets at fair value through other comprehensive income	247 530	501 135
Financial assets at amortized cost	331 999	643 021
Investments in subsidiaries & associates	213 552	240 752
Loans & credit facilities granted to customers	2 098 889	2 610 195
Fixed assets (after deducting impairment loss provision and accumulated depreciation)	101 517	90 789
Other assets	125 091	172 446
The amount of exposure deducted (after disposing the first tier of the capital base)	(433 945)	(419 168)
Total banks' exposure of items in the balance sheet after deducting the disposals of the first tier	**7 098 799**	**9 870 285**
Letters of credit – imports	3 892	12 696
Letters of credit – exports	20 108	16 612
Letters of guarantee	121 290	130 399
Letters of guarantee upon other Banks' request or by their warranty	10 327	10 235
Accepted bills	18 798	44 298
Rediscounted bills	-	-
Total contingent liabilities	**174 415**	**214 240**
Total commitments	**49 646**	**68 286**
Total off- balance sheet exposure	**224 061**	**282 526**
Total balance sheet & off- balance sheet exposure (2)	**7 322 860**	**10 152 811**
Financial leverage ratio (1/2)	**12.47 %**	**9.41 %**

4- Significant accounting estimates and assumptions

The implementation of the financial policies disclosed in Note No. (3) requires that management uses judgements, estimates and assumptions with respect to the carrying value of some assets and liabilities that other sources cannot provide. The said estimates and accompanied assumptions are based on historical experience in addition to other relevant factors. However, the actual results may differ from such estimates. The assumptions and estimates are reviewed on regular basis and recognition of change in accounting estimates shall take place either in the period in which the change is occurring, in case its effect is confined to such period only, or in the period in which the change is occurring and the future periods, if the change in accounting estimates affects both of current period and the subsequent periods.

The following is a summary of the most prominent assumptions related the future and the sources of unconfirmed information at the end of the financial period that are attributed by high risk leading to a significant amendment introduced to the fair value of assets and liabilities during the following financial period.

(4/1) Impairment losses for loans and facilities (expected credit loss)

The Bank reviews the portfolio of loans and facilities on quarterly basis at least. The Bank uses personal judgment in determining whether it is necessary to recognize impairment charge in the income statement, to identify if there are reliable evidences indicating a decline that can be measured in the expected future cash flows from loan portfolio before identifying any decline on the level of each separate loan in the portfolio. These evidences include data indicating negative changes in borrowers' portfolio ability to repay the Bank, or local or economic circumstances related to default in the assets of the Bank. On rescheduling future cash flows, the management uses the previous experience with respect to assets loss of similar credit risk to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio in question. The method and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on the management experience.

(4/2) Financial derivatives fair value

The fair value of financial derivatives that are not quoted in active markets are determined by using valuation techniques. When these valuation techniques are used (such as pricing models), they shall be examined and periodically reviewed by qualified personnel who are independent from the entity which prepared them. All models are certified after trial and before they are used to ensure that the results reflect reliable data and prices which can be compared with those of the market. The said models use the data taken from the market only, whenever it is possible to be practically obtained. However, some factors such as credit risk related to the Bank, counterparty, volatilities and correlations require that the management uses its personal judgement. Changes in assumptions of these factors may affect the disclosed fair value of the financial instruments.

(4/3) Debt instruments at amortized cost

The Bank classifies non-derivative financial assets with fixed determinable payments or fixed maturity as debt instruments at amortized cost included in "the business model of financial assets held to collect contractual cash flows".

In case the Bank ceases to classify debt instruments as debt instruments at amortized cost included in the portfolio, the carrying value of this type of investments, will be consequently increased at the end of the current financial period with the amount of US$ 10 304 thousand to reach its fair value in return for recognition thereof in the fair value reserve of other comprehensive income statement.

5- Segment Analysis

A- Segment analysis of business activities

31 December 2022	Large corporate	Medium enterprises	Investment	Retail Banking	Other activities	Total
Revenues and expenses according to economic activity						
Revenue of business segment activity	181 070	59 849	359 749	89 483	49 016	739 167
Expenses of business segment activity	(154 638)	(5 452)	(12 909)	(273 855)	(134 655)	(581 509)
Segment operating income	**26 432**	**54 397**	**346 840**	**(184 372)**	**(85 639)**	**157 658**
Unclassified expenses						(63 376)
Profit for the year before taxes						**94 282**
Taxes						(18 242)
Profit for the year						**76 040**
Assets and liabilities of the segment activity						
Segment activity assets	2 899 471	530 248	3 272 248	426 713	93 446	7 222 126
Unclassified assets						283 565
Total assets						**7 505 691**
Segment activity liabilities	3 793 696	188 182	-	2 415 533	23 531	6 420 942
Unclassified liabilities						901 530
Total liabilities						**7 322 472**

31 December 2021	Large corporate	Medium enterprises	Investment	Retail Banking	Other activities	Total
Revenues and expenses according to economic activity						
Revenue of business segment activity	173 470	46 159	501 693	85 571	29 607	836 500
Expenses of business segment activity	(175 447)	(4 728)	(14 261)	(363 726)	(128 917)	(687 079)
Segment operating income	**(1 977)**	**41 431**	**487 432**	**(278 155)**	**(99 310)**	**149 421**
Unclassified expenses						(68 089)
Profit for the year before taxes						**81 332**
Taxes						(28 964)
Profit for the year						**52 368**
Assets and liabilities of the segment activity						
Segment activity assets	3 342 574	604 844	4 862 532	581 965	98 900	9 490 815
Unclassified assets						204 550
Total assets						**9 695 365**
Segment activity liabilities	5 187 299	151 082	-	3 210 639	18 833	8 567 853
Unclassified liabilities						911 290
Total liabilities						**9 479 143**

B- Geographical Segments analysis

31 December 2022	Greater Cairo	Alexandria, Delta & Sinai	Upper Egypt	Other	Total
Revenues &expenses according to the geographical segments					
- Geographical segments revenues	753 899	35 298	3 468	4 434	797 099
- Geographical segments expenses	(645 747)	(43 799)	(3 129)	(10 142)	(702 817)
Segment operating income	**108 152**	**(8 501)**	**339**	**(5 708)**	**94 282**
Profit for the year before taxes					**94 282**
Taxes					(18 242)
Profit for the year					**76 040**
Assets & liabilities according to the geographical segments					
- Geographical segments assets	7 246 073	191 919	17 427	50 272	7 505 691
Total assets	**7 246 073**	**191 919**	**17 427**	**50 272**	**7 505 691**
Geographical segments liabilities	6 658 123	522 585	30 224	111 540	7 322 472
Total liabilities	**6 658 123**	**522 585**	**30 224**	**111 540**	**7 322 472**

31 December 2021	Greater Cairo	Alexandria, Delta & Sinai	Upper Egypt	Other	Total
Revenues &expenses according to the geographical segments					
- Geographical segments revenues	791 604	30 335	2 964	4 040	828 943
- Geographical segments expenses	(682 165)	(50 372)	(3 126)	(11 948)	(747 611)
Segment operating income	**109 439**	**(20 037)**	**(162)**	**(7 908)**	**81 332**
Profit for the year before taxes					81 332
Taxes					(28 964)
Profit for the year					**52 368**
Assets & liabilities according to the geographical segments					
- Geographical segments assets	9 359 928	248 668	25 886	60 883	9 695 365
Total assets	**9 359 928**	**248 668**	**25 886**	**60 883**	**9 695 365**
Geographical segments liabilities	8 622 901	632 721	74 961	148 560	9 479 143
Total liabilities	**8 622 901**	**632 721**	**74 961**	**148 560**	**9 479 143**

6- Net interest income

Interest from loans and similar revenues:

	31/12/2022	31/12/2021
Loans and facilities:		
- To banks	2 984	739
- To customers	270 834	221 057
	273 818	**221 796**
Bonds & treasury bills	374 202	481 350
Deposits with Banks	58 091	38 766
Total	**706 111**	**741 912**

Cost of Deposits and similar costs from:

	31/12/2022	31/12/2021
Deposits and current accounts:		
- To banks	(8 383)	(23 417)
- To customers	(463 321)	(512 221)
- Treasury Bills Sale – Repo	(338)	-
- Other loans	(3 778)	(3 470)
Total	**(475 820)**	**(539 108)**
Net	**230 291**	**202 804**

7- Net fees and commissions income

Fees and commissions income:

	31/12/2022	31/12/2021
Fees and commissions related to credit	29 788	26 339
Institution's finance services fees	385	925
Custody and bookkeeping activities fees	567	1 433
Other fees	6 819	7 174
Total	**37 559**	**35 871**
Fees and commission expenses:		
Other fees paid	(10 332)	(11 461)
Net	**27 227**	**24 410**

8- Dividends income

	31/12/2022	31/12/2021
Equity instruments at fair value through other comprehensive income	969	835
Total	**969**	**835**

9- Net trading income

	31/12/2022	31/12/2021
Forex gain	10 185	7 350
Debt instruments at fair value through profit or loss	2 319	1 022
Total	**12 504**	**8 372**

10- Administrative expenses

	31/12/2022	31/12/2021
Staff costs		
Wages & salaries and their equivalents	103 335	105 200
The Bank contribution in employees fund	3 686	3 867
Social insurance	1 766	1 775
	108 787	**110 842**
Amortization & depreciation	11 235	11 604
Other administrative expenses	40 681	42 321
Total	**160 703**	**164 767**

11- Other operating income (expenses)

	31/12/2022	31/12/2021
Gain (loss) revaluation of assets & liabilities balances other than trading or originally classified at fair value through profit & loss	1 619	(22)
Finance lease*	(1 253)	(525)
Operating lease	(483)	(1 219)
Gains from fixed assets sale	358	-
Other provisions charge / reverse	699	1 062
Other expenses	(600)	(633)
Total	**340**	**(1 337)**

* Finance lease expenses are represented in cars installments by virtue of finance lease contracts concluded with the International Company for Leasing S.A.E – Incolease.

12- Income tax

	31/12/2022	31/12/2021
Current tax *	(17 893)	(29 210)
Deferred tax	(350)	246
Balance	**(18 243)**	**(28 964)**

* The current tax is represented in the amount of due tax imposed on the income of treasury bonds and dividends appropriation of contributions for the financial period then ended of SAIB Bank.

13- Credit losses impairment charge

	31/12/2022	31/12/2021
Loans & facilities to customers	(39 640)	(20 861)
Loans & facilities to banks	(164)	43
Due from banks	288	44
Treasury bills	213	(8)
Debt instruments at amortized cost	64	562
Total	**(39 239)**	**(20 220)**

14- Classification and measurement of financial assets & liabilities

The following table indicates total financial assets & liabilities (before deducting any impairment provisions) according to the classification of the business model:

31 December 2022	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total carrying value
Cash and balances with CBE	567 609	-	-	-	567 609
Balances with banks	1 418 187	-	-	-	1 418 187
Treasury bills	454 488	1 988 643	-		2 443 131
Loans and facilities to customers	2 434 490	-	-	-	2 434 490
Loans to banks	26 270	-	-	-	26 270
Financial investments at fair value through other comprehensive income	-	-	247 530	-	247 530
Financial investments at amortized cost	331 999	-	-	-	331 999
Other Financial assets	31 293	-	-	-	31 293
Total financial assets	**5 264 336**	**1 988 643**	**247 530**	**-**	**7 500 509**
Balances due to banks	50 979	-	-	-	50 979
Customers' deposits	6 258 483	-	-	-	6 258 483
Other financial liabilities	36 368	-	-	-	36 368
Total financial liabilities	**6 345 830**	**-**	**-**	**-**	**6 345 830**

31 December 2021	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total carrying value
Cash and balances with CBE	643 815	-	-	-	643 815
Balances with banks	1 493 787	-	-	-	1 493 787
Treasury bills	489 936	2 893 434	-	-	3 383 370
Loans and facilities to customers	2 960 727	-	-	-	2 960 727
Loans to banks	-	-	-	-	-
Financial investments at fair value through other comprehensive income	-	-	501 135	-	501 135
Financial investments at amortized cost	643 021	-	-	-	643 021
Other Financial assets	53 419	-	-	-	53 419
Total financial assets	**6 284 705**	**2 893 434**	**501 135**	**-**	**9 679 274**
Balances due to banks	278 890	-	-	-	278 890
Customers' deposits	8 172 298	-	-	-	8 172 298
Other financial liabilities	49 976	-	-	-	49 976
Total financial liabilities	**8 501 164**	**-**	**-**	**-**	**8 501 164**

15- Cash and Due from Central Bank

	31/12/2022	31/12/2021
Cash	33 131	40 287
Due from Central Bank (within the mandatory reserve percentage in L.E)	534 478	603 528
Balance	**567 609**	**643 815**
Non-interest-bearing balances	567 609	643 815
Balance	**567 609**	**643 815**

16- Due from Banks

	31/12/2022	31/12/2021
Current accounts	39 993	61 469
Deposits	1 378 194	1 432 318
Total	**1 418 187**	**1 493 787**
Less: impairment loss provision	(420)	(711)
Balance	**1 417 767**	**1 493 076**
Due from central Bank (other than the mandatory reserve percentage in L.E)	378 575	573 222
Local Banks	937 155	382 820
Foreign Banks	102 457	537 745
Total	**1 418 187**	**1 493 787**
Less: impairment loss provision	(420)	(711)
Balance	**1 417 767**	**1 493 076**
Non- interest-bearing balances *	23 581	17 519
Variable interest balances	64 471	335 598
Fixed interest balances	1 330 135	1 140 670
Total	**1 418 187**	**1 493 787**
Less: impairment loss provision	(420)	(711)
Balance	**1 417 767**	**1 493 076**
Current balances	1 418 187	1 493 787
Non-current balances	-	-
Total	**1 418 187**	**1 493 787**
Less: impairment loss provision	(420)	(711)
Balance	**1 417 767**	**1 493 076**

Analysis of due from banks impairment loss provision

	31/12/2022	31/12/2021
Balance at the beginning of the year	711	820
Net impairment charge / reverse	(288)	(95)
Foreign exchange differences	(3)	(14)
Balance at the end of the year	**420**	**711**

Analysis of the provision of impairment loss for due to banks categorized into stages

	31/12/2022	31/12/2021
Stage 1 ECL over 12 months	111	106
Stage 2 ECL over lifetime	309	605
Total	**420**	**711**

17- Treasury bills & other government notes

	31/12/2022	31/12/2021
A – Treasury bills at amortized cost		
180 days maturity	1 192	-
364 days maturity	453 296	489 936
Balance	**454 488**	**489 936**
Less: unearned interest	(4 427)	(5 264)
Total	**450 061**	**484 672**
Less: impairment loss provision	(1 634)	(1 891)
Net (1)	**448 427**	**482 781**
B – Treasury bills at fair value through other comprehensive income		
91 days maturity	1 544 928	1 188 859
182 days maturity	41 424	-
270 days maturity	-	425 084
273 days maturity	-	17 963
364 days maturity	402 291	1 261 528
Total	**1 988 643**	**2 893 434**
Less: unearned interest	(36 361)	(58 724)
Reserve of change in fair value	(243)	803
Net (2)	**1 952 039**	**2 835 513**
Net (1+2)	**2 400 466**	**3 318 294**

Analysis of the provision of impairment loss for treasury bills at amortized cost

	31/12/2022	31/12/2021
Balance at the beginning of the year	**1 891**	**1 927**
Net impairment charge / reverse	(213)	8
Foreign exchange differences	(44)	(44)
Balance at the end of the year	**1 634**	**1 891**

Analysis of the provision of impairment loss for Treasury Bills at amortized cost categorized into stages

	31/12/2022	31/12/2021
Stage 1 ECL over 12 months	1 634	1 891
Total	**1 634**	**1 891**

18- Loans and facilities to banks

	31/12/2022	31/12/2021
Loans	26 270	-
Less:		
Impairment loss provision	(122)	-
Total	**26 148**	**-**

19- Loans and facilities to customers

Individuals	31/12/2022	31/12/2021
Personal loans	347 890	424 566
Debit current accounts	51 675	130 787
Credit cards	14 079	14 978
Real estate loans	62 732	73 457
Total (1)	**476 376**	**643 788**
Corporate loans including small loans granted to economic activities:		
Direct loans	769 805	918 670
Syndicated loans	674 433	792 970
Debit current accounts	500 928	591 367
Other loans	12 948	13 932
Total (2)	**1 958 114**	**2 316 939**
Total loans and facilities to customers (1+2)	**2 434 490**	**2 960 727**
Less: Impairment loss provisions	(336 137)	(335 447)
Less: Unearned discount of discounted commercial papers	-	(674)
Less: Suspense interest	(956)	(2 220)
Less: Prepaid interest	(22 009)	(28 979)
Net	**2 075 388**	**2 593 407**

Provision for impairment losses

The Provision for impairment losses movement analysis for loans and facilities to customers is as follows:

	31/12/2022	31/12/2021
Balance at the beginning of the year	335 447	336 040
Impairment charges / reverse during the year	39 640	20 861
Foreign exchange differences	(33 759)	34
Debts written off	(4 487)	(3 334)
Transfers	(807)	-
Proceeds from loans previously written off	-	(18 192)
Amounts reimbursed during the year	103	38
Balance at the end of the year	**336 137**	**335 447**

Analysis of the provision of impairment loss for loans and facilities to customers categorized into stages

31/12/2022	Stage 1 ECL over 12 months	Stage 2 ECL over lifetime	Stage 3 ECL over lifetime	Total
Individuals	7 393	2 655	15 638	25 686
Corporate	16 108	88 928	205 415	310 451
Total	**23 501**	**91 583**	**221 053**	**336 137**

31/12/2021	Stage 1 ECL over 12 months	Stage 2 ECL over lifetime	Stage 3 ECL over lifetime	Total
Individuals	8 005	1 861	11 769	21 635
Corporate	8 783	69 879	235 150	313 812
Total	**16 788**	**71 740**	**246 919**	**335 447**

20- Financial investments

	31/12/2022	31/12/2021
1 - Financial investments at fair value through other comprehensive income		
A - Debt instruments - at fair value		
- Debt instruments – quoted in the market	193 164	442 753
B - Equity instruments at fair value through other comprehensive income		
- Quoted	205	283
- Unquoted	52 297	55 585
- Mutual funds	1 864	2 514
Total financial investments at fair value through other comprehensive income (1)	**247 530**	**501 135**
2 - Financial investments at amortized cost		
A - Debt instruments:		
- Quoted	331 999	643 021
Less: Impairment loss provision	(1 375)	(1 439)
Total financial investments at amortized cost (2)	**330 624**	**641 582**
Total financial investments (1+2)	**578 154**	**1 142 717**
- Current balances	269 785	797 517
- Noncurrent balances	308 369	345 200
Total financial investments	**578 154**	**1 142 717**
Fixed interest debt instruments	515 705	1 084 336
Variable interest debt instruments	8 083	-
	523 788	**1 084 336**

Analysis of financial investments impairment loss provision at amortized cost:

	31/12/2022	31/12/2021
Balance at the beginning of the year	1 439	2 001
Net impairment charge / reverse	(64)	(562)
Balance at the end of the year	**1 375**	**1 439**

Analysis of the provision of impairment loss for financial investments at amortized cost categorized into stages

	31/12/2022	31/12/2021
Stage 1 ECL over 12 months	1 375	1 439
Total	**1 375**	**1 439**

Gains (Losses) of financial investments:

	31/12/2022	31/12/2021
Profits from the sale of financial investments at fair value through other comprehensive income - treasury bonds	1 369	5 686
Profits from the sale of financial investments at amortized cost	-	555
Reverse / (Charge) of equity instruments through other comprehensive income	771	-
Impairment losses charge (reverse) of financial assets at fair value through comprehensive income	77	316
Profits from the sale of financial investments at fair value through other comprehensive income - Treasury bills	314	683
Balance	**2 531**	**7 240**

31 December 2022	Financial investments at fair value through other comprehensive income	Financial investments at amortized cost	Total
Balance as at 1 January 2022	**501 135**	**641 582**	**1 142 717**
Additions	14 670	72 924	**87 594**
Disposals	(75 147)	(361 813)	**(436 960)**
Reclassification of bonds from financial investments at fair value through other comprehensive income to financial investments at amortized cost	(91 944)	91 944	**-**
Amortized issue premium / issuance discount for the year	395	(688)	**(293)**
Translation differences for assets of monetary nature in foreign currency	(68 357)	(113 388)	**(181 745)**
Change in fair value reserve of financial investments in debt instruments at fair value through comprehensive income	(3 099)	-	**(3 099)**
Change in fair value reserve of financial investments in equity instruments at fair value through comprehensive income	(30 123)	-	**(30 123)**
Impairment charge / reverse of financial investments at amortized cost	-	63	**63**
Balance as at 31 December 2022	**247 530**	**330 624**	**578 154**

31 December 2021	Financial investments at fair value through other comprehensive income	Financial investments at amortized cost	Total
Balance as at 1 January 2021	**544 414**	**846 785**	**1 391 199**
Additions	200 892	72 251	273 143
Disposals	(223 344)	(279 340)	(502 684)
Amortized issue premium / issuance discount for the year	809	389	1 198
Translation differences for assets of monetary nature in foreign currency	354	935	1 289
Change in fair value reserve of financial investments in debt instruments at fair value through comprehensive income	(25 614)	-	(25 614)
Change in fair value reserve of financial investments in equity instruments at fair value through comprehensive income	10 326	-	10 326
Transferred to investments in associate companies	(6 702)	(53)	(6 755)
Impairment charge / reverse of financial investments at amortized cost	-	615	615
Balance as at 31 December 2021	**501 135**	**641 582**	**1 142 717**

21- Investments in associates

The investment in associates are represented in the following companies and institutions:

31 December 2022

Name of Company	Assets	Liabilities (without equity)	Revenues	Net Profits (losses)	Country of company's premises	Balance as at 1/1/2022	Balance as at 31/12/2022	Share %
Suez Canal Co. For Technology(C)	84 211	18 689	20 252	19 453	A.R. E	36 696	19 684	% 24.08
International Company for Tourist Investments (ICTI)	108 751	21 224	14 936	5 944	A.R. E	16 985	17 269	% 20
World Trade Centre (WTC) (A)	140 496	14 358	6 204	348	A.R. E	63 586	62 833	% 50
Suez Canal Bank (SCB)	2 416 556	2 238 543	233 465	33 660	A.R. E	114 648	107 970	% 41.50
International Company for leasing - Incolease (D)	164 118	134 781	19 965	3 646	A.R. E	8 831	5 796	% 20.19
Cairo National Company for Brokerage and Securities	59	69	6	(17)	A.R. E	6	-	% 32
Cairo Factoring Company (B)	272	3 079	-	(317)	A.R. E	-	-	% 40
Total of associates						**240 752**	**213 552**	

31 December 2021

Name of Company	Assets	Liabilities (without equity)	Revenues	Net Profits (losses)	Country of company's premises	Balance as at 1/1/2021	Balance as at 31/12/2021	Share %
Suez Canal Co. For Technology	157 525	4 763	35 203	33 847	A.R. E	28 728	36 696	% 24.08
International Company for Tourist Investments (ICTI)	92 867	7 345	5 288	769	A.R. E	16 972	16 985	% 20
World Trade Centre (WTC)	141 372	14 203	2 982	(1 030)	A.R. E	65 039	63 586	% 50
Suez Canal Bank (SCB)	3 654 155	3 374 190	311 824	38 473	A.R. E	100 551	114 648	% 41.50
International Company for leasing - Incolease (D)	218 177	173 551	24 574	5 230	A.R. E	-	8 831	% 20.19
Cairo National Company for Brokerage and Securities	60	41	32	(37)	A.R. E	29	6	% 32
Cairo Factoring Company	483	3 885	112	(499)	A.R. E	-	-	% 40
Total of associates						**211 319**	**240 752**	

A. The percentage of the Bank's participation in the capital of the World Trade Center Company (WTC) is 50 %. The Bank has no control over the Company and therefore the investment in the World Trade Center (WTC) was considered as investments in associate companies. A provision for impairment that amounted to US$ 12 million was formed, and the amount of the provision was equivalent to more than 40% of the issued capital of the World Trade Center Company (WTC) and it was included in the separate financial statements issued on 31/3/2020. The balances were recorded from the latest financial statements of the World Trade Center as of 30/9/2022 and no material subsequent events occurred after this date until 31/12/2022

B. As a result of implementing the equity method, the carrying value of the participation of Société Arabe Internationale de Banque (SAIB) in the capital of Cairo Factoring Company that amounted to 40% at a cost of EGP 4 million, reflected the losses of the Company which exceeded the total equity of the Company as of 31 December 2018 and the continuity of such losses till the last approved balance sheet statement of the Company as at 30 September 2022.

C. The balances were recorded as per the latest financial statements available of the Company as at 30 November 2021 and approved by the Auditor on 15 January 2023.

D. The International Company for Leasing S.A.E – "Incolease" was classified among the investments in its associate companies of the Société Arabe Internationale de Banque (SAIB) as of January 1, 2021 in compliance with the provisions of the Central Bank of Egypt and the Banking System No. 194 of 2020.

22- Intangible Assets

	31/12/2022	31/12/2021
Net book value at the beginning of the year	6 438	5 854
Additions	789	2 939
Amortization for the year	(1 544)	(2 355)
Net book value at the end of the year	**5 683**	**6 438**

23- Other Assets

	31/12/2022	31/12/2021
Accrued revenues	31 293	53 419
Accrued dividends	677	7 781
Prepaid expenses	3 514	7 028
Prepaid amounts to employees under the account of dividends	9 703	9 548
Advance payments to purchase fixed assets	39 819	60 725
Assets reverted to the Bank in return for customers debts (after deducting the impairment)	19 014	19 121
Deposits and imprests	11	402
Other (after deducting of impairment)	15 376	7 984
Total	**119 407**	**166 008**

24- Fixed Assets

	Land	Buildings & Improvements	Furniture Fittings & Office Equipment	Vehicles	Computers	Total
Balance as at 1 January 2021						
Cost	36 637	65 805	34 456	1 978	27 321	166 197
Accumulated depreciation	-	(21 321)	(26 576)	(1 934)	(22 522)	(72 353)
Net Book Value as at 1 January 2021	**36 637**	**44 484**	**7 880**	**44**	**4 799**	**93 844**
Additions	-	1 110	2 547	1 065	1 472	6 194
Depreciation during the year	-	(3 511)	(3 187)	(198)	(2 353)	(9 249)
Net Book Value as at 31 December 2021	**36 637**	**42 083**	**7 240**	**911**	**3 918**	**90 789**
Balance as at 1 January 2022						
Cost	36 637	66 913	37 004	3 043	28 794	172 391
Accumulated depreciation	-	(24 830)	(29 764)	(2 132)	(24 876)	(81 602)
Net Book Value as at 1 January 2022	**36 637**	**42 083**	**7 240**	**911**	**3 918**	**90 789**
Additions	-	6 893	8 623	131	4 878	20 525
Disposals	-	-	-	(127)	-	(127)
Depreciation during the year	-	(3 542)	(3 231)	(237)	(2 681)	(9 691)
Disposals' accumulated depreciation	-	-	-	21	-	21
Net Book Value as at 31 December 2022	**36 637**	**45 434**	**12 632**	**699**	**6 115**	**101 517**
Cost	36 637	73 807	45 626	2 320	33 672	192 062
Accumulated depreciation	-	(28 373)	(32 994)	(1 621)	(27 557)	(90 545)
Net Book Value as at 31 December 2022	**36 637**	**45 434**	**12 632**	**699**	**6 115**	**101 517**

25- Due to Banks

	31/12/2022	31/12/2021
Current Accounts	9 776	20 229
Deposits	40 957	257 757
Treasury Bills Sale – Repo agreements	246	904
Balance	**50 979**	**278 890**
Local Banks	6 635	252 134
Foreign Banks	44 344	26 756
Balance	**50 979**	**278 890**
Non - interest bearing balances	2 634	15 595
Fixed interest bearing balances	48 345	263 295
Balance	**50 979**	**278 890**
Current balance	50 733	278 890
Non – current balance	246	-
Balance	**50 979**	**278 890**

26- Customers deposits

	31/12/2022	31/12/2021
Demand deposits (current accounts)	575 787	719 831
Time and call deposits	3 639 390	4 678 954
Certificates of deposits	1 204 148	1 722 823
Saving deposits	688 136	817 753
Other deposits	151 022	232 937
Balance	**6 258 483**	**8 172 298**
Financial Institutions deposits	3 857 547	4 979 455
Individuals' deposits	2 400 936	3 192 843
Balance	**6 258 483**	**8 172 298**
Non-interest-bearing balances	341 242	337 493
Fixed interest-bearing balances	3 843 925	5 255 565
Variable interest-bearing balances	2 073 316	2 579 240
Balance	**6 258 483**	**8 172 298**
Current balances	4 998 045	6 762 462
Non-current balances	1 260 438	1 409 836
Balance	**6 258 483**	**8 172 298**

27- Other loans

	31/12/2022	31/12/2021
Social Fund for Development loan - development of small enterprises (new & existing)	365	891
Agricultural development loan – (the leading bank / CIB)	19	129
(CBE) Mortgage finance initiative to low income individuals	7 809	13 109
Arab Fund for Economic and Social Development loan	22 000	26 000
Performing MEs financing initiative to fund new machinery, equipment and production lines for industrial and agricultural purposes (CBE)	1 716	5 122
Loan of BANCA UBAE – Italy	21 000	9 000
Total other loans	**52 909**	**54 251**

28- Other liabilities

	31/12/2022	31/12/2021
Accrued interest	36 368	49 976
Unearned revenues	2 047	3 114
Employees' fund	3 355	3 314
Alternative employees benefit plan	10 133	16 990
E-payment System	6 168	11 938
Accrued expenses	6 663	4 715
Dividends payable	23	23
Other credit balances	29 067	28 963
Balance	**93 824**	**119 033**

29- Other Provisions

	31/12/2022					31/12/2021					
	Beginning of the year balance	Exchange differences	Formed/ reversed during the year	Used during the year	Year ending balance	Beginning of the year balance	Exchange differences	Formed/ reversed during the year	Used during the year	Proceeds from previous uses	Proceeds from previous uses
Potential claims provision	738	(30)	423	(20)	1 111	979	-	(235)	(13)	7	738
Contingent liabilities provision	5 406	(869)	(1 067)	-	3 470	4 306	-	1 100	-	-	5 406
Commitments and facilities provision	1 522	(364)	(165)	(270)	723	4 264	7	(2 030)	(719)	-	1 522
Total	**7 666**	**(1 263)**	**(809)**	**(290)**	**5 304**	**9 549**	**7**	**(1 165)**	**(732)**	**7**	**7 666**

30- Owners' Equity

A- Paid in Capital

The fully paid, issued and paid in capital of the Bank is US$ 600 million as at 31 December 2022 distributed over 30.000 common shares whose value is US$ 20 000 each.

The issued and subscribed share capital is as follows:

	No. Of shares	%	Nominal value	Paid
Arab Republic of Egypt	11 628	38.76	232 560	232 560
Libya	11 628	38.76	232 560	232 560
Abu Dhabi Investment Authority	3 751	12.503	75 020	75 020
State of Qatar	1 495	4.984	29 900	29 900
Sultanate of Oman - Oman Investment Authority	747	2.49	14 940	14 940
International Capital Trading Co.	751	2.503	15 020	15 020
Total	**30 000**	**100**	**600 000**	**600 000**

B- Reserves

	31/12/2022	31/12/2021
Legal Reserve (Analytical Note No. B-1)	142 490	140 419
General Reserve	87 578	87 578
Capital reserve	2 768	2 768
Special reserve	69	69
Fair value reserve - financial investments – at fair value through other comprehensive income (Analytical Note No. B-2)	(1 387)	13 955
General banking reserve (Analytical Note No. B-3)	371	167
Total of reserves at the end of the year	**231 889**	**244 956**

(B/1) Legal Reserve

	31/12/2022	31/12/2021
Balance at the beginning of the year	**140 419**	**137 535**
Transferred from the profit of the year	2 582	2 884
Compagnie Arab De Financement International (CAFI) liquidation settlement	(511)	-
Balance at the end of the year	**142 490**	**140 419**

(B/2) Fair value reserve of financial investments at fair value through other comprehensive income

	31/12/2022	31/12/2021
Balance at the beginning of the year	13 955	28 956
Net change in fair value of investments at fair value through other comprehensive income	(15 422)	(15 001)
Gains from selling equity instruments at fair value through other comprehensive income	80	-
Balance at the end of the year	**(1 387)**	**13 955**

(B/3) General banking risk reserve

	31/12/2022	31/12/2021
Balance at the beginning of the year	**167**	**167**
Transferred to general banking reserve	209	-
Reverse / charge of general banking risk reserve	(5)	-
Balance at the end of the year	**371**	**167**

C- Retained earnings

	31/12/2022	31/12/2021
Balance at the beginning of the year	**142 319**	**118 762**
Net profit of the year	61 095	42 488
Dividends appropriations	(15 292)	(15 196)
Transferred to legal reserve	(2 582)	(2 884)
Transferred to capital reserve	-	(97)
Transferred to general banking risk reserve	(209)	-
Adjustments of profits for the year 2021 – difference between estimated and actual profits	(729)	-
Profits from the sale of equity instruments at fair value through other comprehensive income	(80)	(754)
Reverse / charge of general banking risk reserve	5	-
Compagnie Arab De Financement International (CAFI) liquidation settlement	(130)	-
Balance at the end of the year	**184 397**	**142 319**

31- Cash and cash equivalents

For the purpose of preparing the statement of cash flow, the cash and cash equivalent includes the following balances of maturity dates within less than three months from the date of acquisition:

	31/12/2022	31/12/2021
Cash at hand & due balances from the Central Bank of Egypt	33 131	40 287
Balances with Banks	1 383 418	1 467 511
Treasury bills	1 515 578	1 174 314
End of year balance	**2 932 127**	**2 682 112**

32- Contingent Liabilities & Commitments

Commitments for loans, Guarantees and facilities

	31/12/2022	31/12/2021
Letters of guarantee	267 407	286 079
Letters of Credit – import	19 485	63 480
Letters of Credit – export	100 539	83 059
Money market papers for facilities to suppliers	469	18 760
Commitments for corporate loans	182 306	494 832
Accepted and endorsed bills of exchange	18 329	25 538
Total	**588 535**	**971 748**

33- Related parties' transactions

Transactions with related parties have been conducted by the Group, at arm's length in accordance with the norms and the normal course of banking rules in practice. Related parties' transactions and balances on the balance sheet date are as follows:

	Associates	
	31/12/2022	31/12/2021
Loans & facilities to customers and banks	61 555	34 720
Customers' deposits	244 117	285 088
Due from banks	1 235	1 580
Due to banks	7	4
Other balances	1 487	422

34- Investment Funds - financial investments at fair value through other comprehensive income

SAIB Fund 1 - accumulated income fund:

- SAIB Fund 1 is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and it is managed by Prime Investments Asset Management Company (S.A.E.)
- The Bank has established Fund 1 by virtue of the license issued by the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) No. (133) dated 28 February 1996 at a nominal value of L.E 500 per certificate. On 13 March 2007, the Capital Market Authority approved splitting the value of the certificate at a percentage of 1:5 and thus the nominal value of the certificate became L.E 100 instead of L.E 500, accordingly, article No. (6) of the prospectus of Fund 1 was amended as at 29 March 2007.
- On February 3, 2021, the assembly of certificates holders of the investment fund of the Société Arabe Internationale de Banque - (SAIB Fund 1) decided not to extend the term of the (SAIB Fund 1) for another 25 years.
- On March 2, 2021, the Board of Directors of the Financial Regulatory Authority agreed not to extend the term of the investment fund of the Société Arabe Internationale de Banque (SAIB Fund 1 - accumulated income fund) upon the desire of the assembly of certificates holders.
- On March 18, 2021, the Board of Directors of the Société Arabe Internationale de Banque (in its capacity as the founding entity of the fund) decided in its session held to agree not to extend the term of the fund (SAIB Fund 1 - accumulated income fund) as well as appointing a legal liquidator to carry out the liquidation work.
- On September 15, 2021, the Bank of the Société Arabe Internationale de Banque - SAIB notified the Financial Regulatory Authority that all procedures required to end the liquidation process of the First Investment Fund (SAIB Fund 1) had been completed in accordance with the instructions issued by the Financial Regulatory Authority in this regard.

SAIB Fund 2 - accumulated income fund with recurring revenue and bonus certificates:

- SAIB Fund 2 is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and it is managed by Prime Investments Asset Management Company (S.A.E.)
- The Bank has established Fund 2 by virtue of the license issued by the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) No. (178) dated 4 September 1997 at a nominal value of L.E 100 per certificate. On 6 March 2018, the Financial Regulatory Authority approved splitting the value of the certificate at a percentage of 1:5 and thus the nominal value of the certificate became L.E 20 instead of L.E 100
- On May 23, 2022, the assembly of certificates holders of the investment fund of the Société Arabe Internationale de Banque - (SAIB Fund 2) decided to extend the term of the (SAIB Fund 2) for another 25 years, starting from September 4, 2022 and ending as of September 4, 2047.
- On June 26, 2022, the Board of Directors of the Bank agreed to extend the term of the investment fund of the Société Arabe Internationale de Banque (SAIB Fund 2) for another 25 years, ending as of September 4, 2047 based on the approval of the Financial Regulatory Authority and the Central Bank of Egypt.
- On August 31, 2022, the Board of Directors of the Financial Regulatory Authority (Decision No. 76 of 2022) approved the extension of the term of investment fund of the Arab International Banking Company (SAIB Fund 2 - accumulated income fund with recurring revenue and bonus certificates) for a period of twenty-five years, starting from 4/9/ 2022, in accordance with the provision of Article 175 of the Executive Regulations of the Capital Market Law promulgated by virtue of Law No. 95 of 1992.
- On November 3, 2022, a letter was received from the Central Bank of Egypt stating that there is no objection to approving the request of extending the term of the second investment fund of the Arab International Banking Company (SAIB Fund 2 - accumulated income fund with recurring revenue and bonus certificates) for another 25 years, starting from September 4, 2022.
- The number of investment certificates of this fund reached 143 186 certificates and their nominal value amounted to US$ 115 737. The Bank allocated 101 175 certificates with a nominal value of US$ 81 779 to carry out the activity of the fund.
- The redemption value per certificate on the financial position date amounted to L.E 167.23 that represents the equivalent of US$ 6.76.

SAIB Fund 3 - El Rabah Fund - fund with recurring revenue:

- The fund is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and it is managed by EFG Hermes Asset Management instead of Prime Investments Asset Management Company (S.A.E.) due to the termination of the management contract as at 4 November 2013.
- The Bank has established Fund 3 by virtue of the license issued by the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) No. (248) dated 31 December 1998 at a nominal value of L.E 100 per certificate.
- The name of the fund was changed into El Rabah Fund based on the approval of the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) dated 22 April 2007.
- The number of investment certificates of this fund reached 161 304 certificates and their nominal value amounted to US$ 651 907. The Bank allocated 50 000 certificates with a nominal value of US$ 202 074 to carry out the activity of the fund.
- The redemption value per certificate on the financial position date amounted to L.E 239.85 that represents the equivalent of US$ 9.69

SAIB Fund 4 - Sanabil Islamic Fund - accumulated income fund with recurring revenue:

- The fund is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and as of 21 December 2011, the fund turned out to be managed by HC Securities & Investment instead of Prime Investments Asset Management Company (S.A.E.), due to the termination of the management contract as at 20 December 2011.
- The fund management mission has been assigned to CI Asset Management in place of HC Securities and Investment Company as of 1 January 2020.

- The Bank has established Sanabil Islamic Fund based on the provisions of the Islamic law (sharia) in cooperation with Abu Dhabi Islamic Bank (ADIB) –Egypt (formerly The National Bank for Development –NBD) by virtue of the license issued by the Capital Market Authority No. (377) dated 20 December 2006 at a nominal value of L.E 100 per certificate.
- The number of investment certificates of this fund reached 130 905 certificates and their nominal value amounted to US$ 529 050. The Bank allocated 25 000 certificates with a nominal value of US$ 101 037 to carry out the activity of the fund.
- The redemption value per certificate on the financial position date amounted to L.E 195.38 that represents the equivalent of US$ 7.90.

SAIB Fund 5 - Youmy Fund - accumulated daily income fund:

- The fund is one of the banking activities authorized to be practiced by the Bank by virtue of the Capital Market Law No. 95 of 1992 and its executive regulations and it is managed by Beltone Asset Management Company for investment funds management.
- The Bank has established the daily cash fund (Youmy Fund) by virtue of the license issued by the Egyptian Financial Supervisory Authority (currently known as the Financial Regulatory Authority) No. (691) dated 4 June 2014 at a nominal value of L.E 10 per certificate.
- The number of investment certificates of this fund reached 11 566 674 certificates and their nominal value amounted to US$ 4 674 650. The Bank allocated 500 000 certificates with a nominal value of US$ 202 074 to carry out the activity of the fund.
- The redemption value per certificate on the financial position date amounted to L.E 24.65 that represents the equivalent of US$ 1.00

35- Employees' Pension fund

The Bank has a funded defined benefit contributory pension plan covering all full-time employees until 17 April 2008. The benefits provided by the plan are determined by the Board of Directors. The value of the vested benefit liability according to the plan and the adequacy of the reserve are annually determined by an Actuary.

On 8 December 2013, the Board of Directors of the Bank, approved the Voluntarily Early Retirement Plan based on the new conditions and benefits instead of the adopted regulations of the end of service compensation, social insurance and pension plan program through the complete withdrawal from the Bank and the Employees' Pension Fund (without pension) provided that the proposed benefits shall be granted pursuant to the insurance wage as at 31 December 2013.

In addition, the Bank shall finance the Employees' Pension Fund by a subordinated loan within the limit of US$ 55 million that represents the difference between the total employees' benefits amounts after being granted the additional benefits of the Voluntarily Early Retirement according to the regulations and the actuarial pension reserve allocated for such age categories. The settlement of the subordinated loan occupies the second priority after the fulfillment of the Fund's obligations that are established upon the actuarial calculations while taking into consideration that the balance of the subordinated loan is included in the assets of the Fund that are allocated for the fulfillment of its obligations. The subordinated loan balance shall be reduced on monthly basis with an amount equivalent to the surplus resulting from the Voluntarily Early Retirement Plan.

According to the opinion of the actuary expert in his report for the year 2017, the payment of the last part of the subordinated loan amounting to US$ 4 991 thousand has been postponed, provided that that part of the subordinated loan will be settled in the coming years when the reserve fund is quite adequate, in accordance with the directives of the actuary expert referred to above.

On March 9, 2023, the Board of Directors of the Bank decided to increase the investment return rate guaranteed by the Bank on the reserve fund to become 9% instead of 7%, as of the beginning of 2023.

The balance of the reserve fund of the Employees' Fund on December 31, 2022 amounted to US$ 95 786 thousand, compared to US$ 103 806 thousand on December 31, 2021, and pursuant to the Actuary's Report which stated that "in the light of the Bank's guarantee of investment return of 9% on the reserve fund, the fund is actuarially balanced as of December 31, 2022", and after adding the difference of the investment return guaranteed by the Bank by 7% for the fiscal year 2022, that amounted to US$ 3 355 thousand, there will be a surplus in the reserve fund of Employees' Fund amounting to US$ 8 248 thousand, which enables the fund to add the portion of allowances for the years 2020, 2021 and 2022 to the insurance wage, which includes a cost of US$ 5 535 thousand, as well as the recovery of a part of the subordinated loan within the amount of 2 713 thousand US dollars.

Based on the opinion of the actuary, the Employees' Fund has been supported this year by deduction on the income statement this year with an amount of US$ 3 355 thousand, representing the investment return difference of 7% guaranteed by the Bank and the investment return achieved for the fiscal year 2022 referred to in the Actuary's Report, provided that the portion of allowances of the years 2020, 2021, and 2022 are added to the insurance wage, as well as the recovery of a part of the subordinated loan during the following year.

36- Comparative figures

The comparative figures are to be reclassified whenever necessary to be in agreement with the changes in the presentation of the separate financial statements for the current period.

37- Significant events subsequent to the end of the financial year and do not require adjustments in the financial statements

On September 15, 2020, the Central Bank and the Banking System Law No. 194 of 2020, which canceled the Central Bank, the Banking System and Monetary Law issued by virtue of Law No. 88 of 2003.

The law applies to bodies, the most important of which are the Central Bank of Egypt and the Egyptian banking system. Those who are addressed by the provisions of the law are obliged to comply with its provisions, within a period not exceeding one year from the date of its enforcement. The Board of Directors of the Central Bank may extend this period for another period or periods not exceeding two years, provided that the Central Bank issues the regulations and decisions relevant to implementing the provisions of the law.

The said law, also stipulated that the financial statements of the Bank should be prepared every three months in accordance with the Egyptian Accounting Standards, and a summary of the Auditor's Report on these financial statements must be attached thereto in accordance with the Egyptian Auditing Standards and the Report of the Board of Directors of the Bank.

The Central Bank of Egypt decided, in its session held on September 28, 2022, to extend the period of compliance with the provisions of the Central Bank of Egypt and the Banking System Law No. 194 of 2020 for banks and foreign exchange companies stipulated in Article 4 of Law No. 194 of 2020 to the effect of issuing the Central Bank and Banking System Law for a period of one year ending on September 14, 2023, with regard to the minimum amount of capital.

The Bank is following up the developments of the Russian and Ukrainian crisis and its impact on the Egyptian economy and the reflection of that crisis on the Bank's clients in various activities and economic sectors. Accordingly, the bank continues to implement internal protection measures by monitoring and reviewing the level of provisions as well as the portfolio coverage ratio to mitigate the impact on the loan portfolio.

It is worth noting that despite the receding of the Corona Virus ("COVID-19") pandemic worldwide due to the success in vaccinating citizens in many countries, including Egypt, the bank is monitoring the situation through a business continuity plan and other risk management practices.

06

Interconnection with the Bank

Addresses of the Bank Branches

Head Office:	

35 Abd El-Khalek Tharwat Street, Cairo, Arab Republic of Egypt.

Swift Code: ARIBEGCX 001

Email: cairobranch@aib.com.eg

Cairo Governorate:

Cairo Main branch:	1

35 Abd El-Khalek Tharwat Street, Cairo, Arab Republic of Egypt.

Telephone: 23970342 - 23970241

Fax: 23938179 - 23938743

Swift Code: ARIBEGCX 007

Email: cairobranch@aib.com.eg

Zamalek Branch:	2

55 Mohammed Mazhar Street, Zamalek, Cairo, Arab Republic of Egypt.

Telephone: 27369616 – 27369617

Fax: 27369615

Swift Code: ARIBEGCX 017

Email: zamalekbranch@aib.com.eg

Heliopolis Branch:	3

95 A El Merghany Street, Heliopolis, Cairo, Arab Republic of Egypt.

Telephone: 22902069 – 22907592

Fax: 22900261 - 24173524 - 22902491

Swift Code: ARIBEGCX 005

Email: heliopoles.branch@aib.com.eg

Nasr City Branch:	4

77 B Nasr Road, Nasr City, Cairo, Arab Republic of Egypt.

Telephone: 22605914 – 22606359

Fax: 24034904

Swift Code: ARIBEGCX 004

Email: nasrcitybranch@aib.com.eg

Maadi Branch:	5

2 Amr Street of El Nasr Street, El Maadi, Cairo, Arab Republic of Egypt.

Telephone: 25178355 – 25178356

Fax: 25178353

Swift Code: ARIBEGCX 011

Email: maadi.branch@aib.com.eg

Abo Dawood Branch:	6

21 Abu Dawood Elzahry Street, Nasr City, Cairo, Arab Republic of Egypt.

Telephone: 22715900 – 22715880

Fax: 22715890

Swift Code: ARIBEGCX 019

Email: AbouDawoodELZahery@aib.com.eg

Ammar Ibn Yasser Branch:	7

2 Mostafa Mokhtar Street, off Ammar Ibn Yasser Street, Heliopolis, Cairo, Arab Republic of Egypt.

Telephone: 26227432- 26227433 - 26227431

Fax: 26227429

Swift Code: ARIBEGCX 014

Email: ammarbranch@aib.com.eg

Downtown Mall Branch:	8

Downtown Mall, 5th settlement, S4 building, Cairo, Arab Republic of Egypt.

Telephone: 23146398 - 23146399

Fax: 23146396

Swift Code: ARIBEGCX 020

Email: DownTownBranch@aib.com.eg

Stella Branch:	9

Stella Compound, first settlement, 9 Mohamed Naguib Axis, next to The Waterway, Cairo, Arab Republic of Egypt.

Telephone: 25308127 - 25308128

Fax: 25308129

Swift Code: ARIBEGCX 013

Email: stellabranch@aib.com.eg

Giza Governorate:

El Tahrir Branch:	10

5 Weissa Wasef Street, El Riyadh Tower, Giza, Arab Republic of Egypt.

Telephone: 35695525

Fax: 35695541 - 35695542

Swift Code: ARIBEGCX 003

Email: tahrirbranch@aib.com.eg

Mohandessin Branch:	11

60 Gueziret El Arab Street, Giza, Arab Republic of Egypt.

Telephone: 33029652 - 33037247

Fax: 33039651

Swift Code: ARIBEGCX 008

Email: mohandessinbranch@aib.com.eg

Addresses of the Bank Branches

Al Batal Ahmed Abdel-Aziz Branch:	12

14 Al Batal Ahmed Abdel-Aziz street, Mohandessin, Giza, Arab Republic of Egypt.

Swift Code: ARIBEGCX 022

Email: El-batalahmed.branch@aib.com.eg

El-Sheikh Zayed Branch:	13

Americana Plaza Mall, First Floor, El-Sheikh Zayed, Giza, Arab Republic of Egypt.

Telephone: 38517127 – 38517126

Fax: 38517124

Swift Code: ARIBEGCX 010

Email: zayed.branch@aib.com.eg

6 Oct University Branch:	14

6 October City, Central Axis, Part 1/1 Mall Building, Second Floor, Giza, Arab Republic of Egypt.

Telephone: 38362148

Fax: 38350554

Swift Code: ARIBEGCX 009

Email: 6octuniversitybranch@aib.com.eg

Sodic Branch:	15

SODIC Compound, The Strip Mall (8H), Sheikh Zayed, Giza, Arab Republic of Egypt.

Telephone: 38863704

Fax: 38863715

Swift Code: ARIBEGCX 021

Email: sodicbranch@aib.com.eg

Alexandria Governorate:

Alexandria Branch:	16

2 El-Horeya Rd, Al Mesallah Sharq, Qesm Al Attarin, Alexandria, Arab Republic of Egypt.

Telephone: (03) 4843006 - 4869681 - 4876014

Fax: (03) 4873230 - 4870328

Swift Code: ARIBEGCX 002

Email: alexandriabranch@aib.com.eg

Kafr Abdo Branch:	17

26 Ismailia Street, Kafr Abdo, Alexandria, Arab Republic of Egypt.

Telephone: (03) 5463898 - 5465991

Fax: (03) 5464676

Swift Code: ARIBEGCX 015

Email: Kafrabdobranch@aib.com.eg

Smouha Branch:	18

9 Fawzy Moaz Street, Continental Tower, Smouha, Alexandria, Arab Republic of Egypt.

Telephone: (03) 4273087 - 4272917

Fax: (03) 4272846

Swift Code: ARIBEGCX 016

Email: smouhabranch@aib.com.eg

Port Said Governorate:

Port Said Branch:	19

23 July & Salah El Din Street, Port Said, Arab Republic of Egypt.

Telephone: (066) 3202139 – 3227623

Fax: (066) 3225908

Swift Code: ARIBEGCX 006

Email: portsaidbranch@aib.com.eg

South Sinai Governorate:

Sharm El-Sheikh Branch:	20

Rixos Hotel and Resort Gate, Sharm El-Sheikh, Arab Republic of Egypt.

Telephone: (069) 93710828

Fax: (069) 3710827

Swift Code: ARIBEGCX 012

Email: sharmbranch@aib.com.eg

Dakahlia Governorate:

Mansoura Branch:	21

205 Al Goumhoureya Street, Nile View Tower, Al Mansoura, Arab Republic of Egypt.

Telephone: (050) 2306703 - 2310630

Fax: (050) 2325271

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AIB

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ARAB INTERNATIONAL BANK