Suez Canal Bank S.A.E
Financial Statements
For the year ended 31 December 2022
And Auditors' Report

KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co
Public Accountants & Advisers

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Public Accountants & Advisers

Translation of financial statements originally issued in Arabic

Auditors' Report

To the Shareholders of
Suez Canal Bank (S.A.E)

Report on the financial statements

We have audited the accompanying financial statements of Suez Canal Bank (S.A.E) which comprise the statement of financial position as of 31 December 2022 and the related statements of income, comprehensive income, cash flows, and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

KPMG Hazem Hassan
Public Accountants & Consultants

BDO Khaled & Co.
Public Accountants & Advisers

Opinion

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

Report on Legal and Other Regulatory Requirements

There were no contravention noted during the financial year ended on December 31, 2022 of Central Bank and Banking Sector Law No. 194 of 2020. Taking into consideration procedures and plan that have been provicded by the bank's management during the grace period to comply with the provisions of the law.

The bank keeps proper records, which include all that is required by law and the statues of the bank, and the accompanying financial statements are in agreement therewith.

The financial information contained in the Board of Directors' report prepared in confirmity with Law No. 159 of 1981 and its Executive Regulations and their amendments, is in agreement with the bank's accounting records within the limits that such information is recorded therein.

Auditors

KPMG Hazem Hassan
Public Accountants and Consultants
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Ahmed Abdel Aziz Helmy
FRA No. 379

KPMG Hazem Hassan
Public Accountants & Consultants

Mohamed Mortada Abd El Hamed
Chartered Accountant
FRA No. 157

BDO Khaled & Co.
BDO
Public Accountants & Advisors

BDO Khaled & Co.
Public Accountants & Advisers

Cairo, 28 February 2023

Assets:	Note	31 December 2022 EGP. 000	31 December 2021 EGP. 000
Cash and due from Central Bank of Egypt	(15)	**8 769 051**	4 921 918
Due from banks	(16)	**7 655 000**	6 933 872
Treasury bills	(17)	**9 449 426**	4 059 652
Loans and credit facilities to customers	(18)	**29 617 315**	23 063 721
Financial investment:			
-Fair value through other comprehensive income	(19)	**4 552 368**	9 480 024
- Amortized cost	(19)	**10 281 726**	5 275 016
- Fair value through profit or loss	(19)	**334 790**	302 136
Investments in associates	(20)	**211 218**	164 619
Intangible assets	(21)	**62 539**	57 039
Other assets	(22)	**2 843 917**	2 306 251
Property and equipment	(23)	**890 127**	867 011
Total assets		**74 667 477**	57 431 259
Liabilities and Equity:			
Liabilities:			
Due to banks	(24)	**883 093**	1 138 719
Customer deposits	(25)	**65 802 788**	50 586 852
Other loans	(26)	**1 080 527**	424 351
Other liabilities	(27)	**1 264 661**	767 575
Other provisions	(28)	**34 076**	15 754
Deferred tax liabilities	(29)	**102 016**	97 884
Total liabilities		**69 167 161**	53 031 135
Equity:			
Paid-in capital	(30)	**2 904 326**	2 200 000
Retained amount for capital increase	(30)	**695 674**	704 326
Reserves	(31)	**460 831**	281 426
Difference between P.V. and face value for subordinate deposits	(32)	**5 328**	19 283
Retained earnings	(33)	**1 434 157**	1 195 089
Total equity		**5 500 316**	4 400 124
Total liabilities and equity		**74 667 477**	57 431 259

The attached notes from page (10) to page (43) are an integral part of these financial statements and to be read therewith.
(Auditors' report attached)

Tamer Abdelwahed
Chief Financial Officer

Hussein Ahmed Refaie
Chairman and Managing Director

	Note	From 1 January 2022 To 31 December 2022 EGP. 000	From 1 January 2021 To 31 December 2021 EGP. 000
Interest from loans and similar income	(6)	5 643 322	4 282 972
Cost of deposits and similar expenses	(6)	(3 753 025)	(2 758 622)
Net interest income		**1 890 297**	**1 524 350**
Fees and commissions income	(7)	346 603	219 398
Fee and commission expense	(7)	(50 352)	(30 684)
Net fees and commissions income		**296 251**	**188 714**
Net interest, fees and commissions income		**2 186 548**	**1 713 064**
Dividends income	(8)	27 487	10 759
Net trading income	(9)	171 181	136 514
Gain on financial investments	(19)	961 186	112 545
Share of results of associates	(20)	63 898	58 959
Impairment credit losses	(13)	(243 702)	(31 164)
Administrative expenses	(10)	(1 210 413)	(1 030 652)
Other operating (expenses) revenue	(11)	(323 161)	79 697
Profit before income tax		**1 633 024**	**1 049 722**
Income tax (expense)	(12)	(592 985)	(445 047)
Net profit		**1 040 039**	**604 675**
Earnings per share (EGP/share)	(14)	3.16	1.84

The attached notes from page (10) to page (43) are an integral part of these financial statements and to be read therewith.

	Note	From 1 January 2022 To 31 December 2022 EGP. 000	From 1 January 2021 To 31 December 2021 EGP. 000
Net profit		**1 040 039**	**604 675**
Items that will not be reclassified to income statement			
Change in fair value of investments	(17,19)	249 290	14 670
Bank share in comperehinsive income of associates	(19)	-	(122)
Income tax	(29)	(52 914)	37 129
		196 376	**51 677**
Items that might be reclassified to income statement			
Net changes in fair value	(17,19)	(3 491)	(51 003)
Net transfer to income statement		(49 511)	(20 605)
Income tax	(29)	(1 674)	9 418
Expected credit loss	(13)	3 238	-
		(51 438)	**(62 190)**
Total other comprehensive income		**144 938**	**(10 513)**
Total comprehensive income		**1 184 977**	**594 162**

The attached notes from page (10) to page (43) are an integral part of these financial statements and to be read therewith.

31 December 2021	Paid-in capital	Retained amount for capital increase	Reserves							Difference between PV and face value for subordinate deposits	Retained earnings	Total
			Legal reserve	General reserve	Special reserve	Capital reserve	Fair value reserve	General risk reserve	General banking risk reserve			
	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000
Balance at the beginning of the year	**2 000 000**	**200 000**	**62 834**	**24 117**	**45 158**	**61 490**	**(13 944)**	**38 851**	**40 268**	**25 027**	**1 384 075**	**3 867 876**
Transfer to reserves according to AGM	-	-	29 691	-	-	7 840	-	-	15 231	-	(52 762)	-
Transfer from general banking risk reserve to R/E	-	-	-	-	-	-	-	-	(19 597)	-	19 597	-
Transfer from R/E to capital increase according to AGM	-	704 326	-	-	-	-	-	-	-	-	(704 326)	-
Transfer from capital increase to paid-in capital	200 000	(200 000)	-	-	-	-	-	-	-	-	-	-
Dividend for the year 2020	-	-	-	-	-	-	-	-	-	-	(56 197)	(56 197)
Transfer to banking sector support and development fund	-	-	-	-	-	-	-	-	-	-	(5 717)	(5 717)
Net change in OCI items	-	-	-	-	-	-	(10 513)	-	-	-	-	(10 513)
Amortization of subordinate deposit difference	-	-	-	-	-	-	-	-	-	(5 744)	5 744	-
Net profit for the period	-	-	-	-	-	-	-	-	-	-	604 675	604 675
	2 200 000	**704 326**	**92 525**	**24 117**	**45 158**	**69 330**	**(24 457)**	**38 851**	**35 902**	**19 283**	**1 195 089**	**4 400 124**

31 December 2022	Paid-in capital	Retained amount for capital increase	Reserves							Difference between PV and face value for subordinate deposits	Retained earnings	Total
			Legal reserve	General reserve	Special reserve	Capital reserve	Fair value reserve	General risk reserve	General banking risk reserve			
	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000	EGP. 000
Balance at the beginning of the year	**2 200 000**	**704 326**	**92 525**	**24 117**	**45 158**	**69 330**	**(24 457)**	**38 851**	**35 902**	**19 283**	**1 195 089**	**4 400 124**
Transfer to reserves according to AGM	-	-	30 934	-	-	(14 002)	-	-	19 785	-	(36 717)	-
Transfer from R/E to capital increase according to AGM	-	695 674	-	-	-	-	-	-	-	-	(695 674)	-
Transfer from capital increase to paid-in capital	704 326	(704 326)	-	-	-	-	-	-	-	-	-	-
Dividend for the year 2021	-	-	-	-	-	-	-	-	-	-	(71 383)	(71 383)
Transfer to banking sector support and development fund	-	-	-	-	-	-	-	-	-	-	(6 242)	(6 242)
Net change in OCI items	-	-	-	-	-	-	144 938	-	-	-	-	144 938
Net change in fair value transferred to R/E after tax deduction	-	-	-	-	-	-	(2 250)	-	-	-	2 250	-
Net change of subordinate deposit difference	-	-	-	-	-	-	-	-	-	(13 955)	6 795	(7 160)
Net profit for the period	-	-	-	-	-	-	-	-	-	-	1 040 039	1 040 039
	2 904 326	**695 674**	**123 459**	**24 117**	**45 158**	**55 328**	**118 231**	**38 851**	**55 687**	**5 328**	**1 434 157**	**5 500 316**

The attached notes from page (10) to page (43) are an integral part of these financial statements and to be read therewith.

	Note	31 December 2022	31 December 2021
Cash flows from operating activities		**EGP.000**	**EGP.000**
Profit before tax		1 633 024	1 049 722
Adjustments to reconcile net profit to net cash flows from operating activities			
Depreciation of property and equipment	(23)	74 263	66 546
Amortization of intangible assets	(21)	57 350	15 843
Impairment credit losses	(13)	243 702	31 164
Revaluation of investment at FVTPL	(9)	(13 388)	(65 551)
Share of results of associates	(20)	(63 898)	(58 959)
Reversed impairment for associates	(20)	17 299	(10 598)
Net formed other provision	(28)	18 350	2 714
Gain on sale of property and equipment	(11)	(1 395)	14 002
Gain from selling financial investment other than financial investment at FVTPL	(19)	(978 485)	(101 947)
Translation differences of other provisions in foreign currencies	(28)	946	(102)
Translation differences of financial investment other than financial investment at FVTPL	(19)	(353 809)	1 286
Translation differences of impairment losses in foreign currencies		417 011	(1 405)
Dividend income	(8)	(27 487)	(10 759)
Amortization of premium/discount of financial investment other than FVTPL	(19)	9 067	55 186
Reverse of amortization of subordinate deposit difference	(32)	6 795	5 744
Operating profits before changes in assets and liabilities from operating activities		**1 039 345**	**992 887**
Net (increase) decrease in assets and increase (decrease) in liabilities			
Due from Central Bank of Egypt within the mandatory reserve	(15)	(3 746 777)	(3 510 785)
Due from banks with maturity more than three months	(16)	(1 706 107)	-
Treasury bills	(17)	(4 382 109)	3 420 950
Loans and credit facilities to customers	(18)	(7 235 298)	(5 427 854)
Financial assets at FVTPL	(19)	(19 267)	121 892
Other assets	(22)	(556 255)	(16 150)
Due to banks	(24)	(255 626)	(3 277 600)
Customers' deposits	(25)	15 215 936	6 243 110
Other liabilities	(27)	414 086	(27 576)
Income taxes paid		(548 561)	(471 994)
Other provisions used	(28)	(974)	(2 497)
Net cash flows used in operating activities		**(1 781 607)**	**(1 955 616)**

	Note	31 December 2022 EGP.000	31 December 2021 EGP.000
Cash flows from investing activities			
Payments for purchase property and equipment	(23)	(47 593)	(59 805)
Payments for purchase intangible assets	(21)	(62 850)	(41 922)
Proceeds from sale of property and equipment	(23)	1 395	225
Proceeds from selling of financial investments other than financial investment at FVTPL	(19)	8 002 382	12 455 564
Payments for purchase financial investments other than financial investment at FVTPL	(19)	(6 583 390)	(12 837 567)
Dividends income from financial investment	(8)	27 487	10 759
Net cash flows (used in) investing activities		**1 337 431**	**(472 746)**
Cash flows from financing activities			
Payment for other loans	(26)	(262 780)	(358 943)
Proceeds from other loans	(27)	905 000	-
Dividends	(33)	(71 383)	(56 197)
Net cash flows provided by (used in) financing activities		**570 837**	**(415 140)**
Net changes in cash and cash equivalent		126 662	(2 843 503)
Cash and cash equivalent at the beginning of the period		8 127 632	10 971 135
Cash and cash equivalent at the end of the period	(34)	**8 254 294**	**8 127 632**
Cash and cash equivalent are represented in			
Cash and due from Central Banks	(15)	8 771 592	4 922 684
Due from banks	(16)	7 655 336	6 933 892
Treasury bills	(17)	9 449 620	4 058 317
Due from Central Bank within the mandatory reserve	(15)	(8 456 826)	(4 710 049)
Due from banks with maturity more than three months	(16)	(1 706 107)	-
Treasury bills with maturity more than three months	(17)	(7 459 321)	(3 077 212)
Cash and cash equivalent at the end of the period	(34)	**8 254 294**	**8 127 632**

For the purpose of statement of cash flow preparation the following non cash transactions were excluded:

* Amout of EGP 49 785 thousands represents transfers from other assets (assets under construction) to property and equipment.

* Amout of EGP 6 795 thousands represents net change in difference between the present value and face value of subordinate deposit.

* Amout of EGP 695 674 thousands represents retained amount for capital increase.

The attached notes from page (10) to page (43) are an integral part of these financial statements and to be read therewith.

	31 December 2022	31 December 2021
	EGP.000	EGP.000
Net profit for the year (according to income statement)	1 040 039	604 675
Capital reserve	(1 395)	14 002
General banking risk reserve	(19 783)	(19 785)
Transfers to retained earnings during the year	9 045	25 341
Distributable net profits for the year	**1 027 906**	**624 233**
Beginning balance of retained earnings	385 073	565 073
Total	**1 412 979**	**1 189 306**
To be distributed as follows:		
Legal reserve	51 932	30 934
Shareholders' first tier dividends 5% of paid-up capital (Stock dividends)*	180 000	145 216
Staff profit share	102 791	54 883
Remuneration of Board members	16 500	16 500
Banking sector support and development fund**	10 279	6 242
Shareholders' second tier dividends(Stock dividends)	820 000	550 458
Retained earnings at the end of the year	231 477	385 073
Total	**1 412 979**	**1 189 306**

* The proposed dividend are bonus shares: 0.2777778 share / one share.

** According to article 178 of CBE law no. 194 for 2020 to deduct an amount of no more than 1% of net profit available for distribution for banking sector support and development fund

The attached notes from page (10) to page (43) are an integral part of these financial statements and to be read therewith.

1- Activity

Suez Canal Bank (SAE) established as a commercial bank in pursuance of the ministerial decree no. 55 of 1978, issued in the official Gazette on 4 March 1978 and in accordance with provisions of investment law no. 43 of 1974 and its amendments, which was superseded by law no. (8) Of investment guarantees and incentives the head office located In 7,9 Abdel Kader Hamza, Garden City , Cairo - commercial register no 9709 (Cairo Investment). The bank is subject to Investment Law and the bank is listed in the Egyptian stock exchange.

Suez Canal Bank (S.A.E) provides retail, corporate and investment banking services in Arab Republic of Egypt through 49 branches and served by 1442 staff member at the date of the financial statements.

These financial statements have been approved for publishing by the board of director in February 27, 2023.

2-Summary of accounting policies

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

A- Basis of preparation of financial statements

The financial statements are prepared in accordance with Central Bank of Egypt instructions approved by its Board of Directors on 16 December 2008. and according to IFRS 9 "Financial Instruments-measurement and classification" in accordance with the instructions of the Central Bank of Egypt (CBE) dated on 26 February 2019.
Reference is made to what was not mentioned in the instructions of the Central Bank of Egypt to the Egyptian Accounting Standards.

These financial statements have been prepared according to relevant local laws and regulations.

B- Subsidiaries and Associates

B-1 Subsidiary firms

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

B-2 Associate firms

Associates are all companies over which the bank has owned directly or indirectly a major influence, but it doesn’t control them ,or joint control themgenerally the bank owns between 20% and 50% of the potential voting rights.

The purchase method is used to account for the acquisition of subsidiaries by the bank, The cost of an acquisition is measured as the fair value of the assets, and/or asset given and/or equity instruments issued and liabilities on the bank or liabilities for acquisition company loans assumed at the date of exchange, plus costs directly attributable to the acquisition. Net assets including contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the minority interest. The excess of acquisition cost over the bank’s share fair value in the net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets, the difference is recognized directly in the income statement under the item "Other operating income/ expenses”.

Accounting for associate in the financial statements is recorded by using equity method, Dividends are recorded when declared and deducted from assets proven value.

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 by which, provide products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

D - Foreign currency translation

D-1 Functional and presentation currency

The financial statements are presented by Thousand Egyptian Pound, which is the bank’s functional and presentation currency.

D-2 Foreign currencies transactions and balances

The bank maintains its accounting records in Egyptian pound. Foreign currency transactions are translated into Egyptian pound using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the end of each year at the exchange rates then prevailing. Foreign exchange gains and losses resulting from settlement of such transactions and valuation differences are recognized in the income statement under the following items:

D - Foreign currency translation (follow)

- Net trading income assets /liabilities at FVTPL.
- Other operating income (expenses) for the other items.
- Investments in equity instrument recognized at fair value through other comprehensive income.
- Changes in the fair value of monetary financial instruments in foreign currencies classified as investments available for sale (debt instruments) are classified as valuation differences resulting from changes in amortized cost of the instrument and differences resulted from changes in applicable exchange rates and differences resulted from changes in the instrument fair value. Valuation differences relating to changes in amortized cost are recognized in income statement under "Interest and similar income" while differences relating to changes in exchange rates are recognized under item "other operating income (expenses)". Differences resulting from changes in fair value are recognized under "fair value for financial statement through other comprensive income " in the equity caption.

- Valuation differences resulting from non-monetary items include profits and losses resulting from changes in fair value such as equity instruments held at fair value through profits and losses, while valuation differences resulting from equity instruments classified as financial investments available for sale are recognized as "fair value for financial statement through other comprensive income" under the equity caption.

E-Financial assets

Financial assets classified as amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

The classification depends on the business model of the financial assets that are managed with its contractual cash flow and is determined by management at the time of initial recognition.

Financial assets classified as amortized cost

The financial asset is retained in the business model of financial assets held to collect contractual cash flows. The objective from this business model is to collect contractual cash flows which represented in principal and interest. The sale is an exceptional event for the purpose of this model and under the terms of the standard represented in following:

- A deterioration in the credit capacity of the source of financial management.
- Less sales in terms of periodicity and value.
- Clear and certified documentation of the justification for each sale and its compliance with the requirements of the standard.

Financial assets classified as fair value through other comprehensive income

The financial asset is retained in the business model of financial assets held to collect contractual cash flows and sales.held to collect contractual cash flows and sales are integrated to achieve the objective of the model.

Sales are high in terms of turnover and value as compared to the business model retained for the collection of contractual cash flows.

Financial assets classified as fair value through profit or loss

The financial asset is held in other business models including trading, management of financial assets at fair value, maximization of cash flows through sale.

The objective of the business model is not to retain the financial asset for the collection of contractual or retained cash flows for the collection of contractual cash flows and sales. Collecting contractual cash flows is an incidental event for the objective of the model.

F – Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

G - Interest income and interest expense

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

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

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

When collected and after recovery of all arrears for retail loans, personal loans, small and medium business loans., real estate loans for personal housing and small loans for businesses.

For loans granted to corporate, interest income is recognized on cash basis after the bank collects 25% of the scheduling installments and after the installments continued to be regular for at least one year. In case the client is continuing in performing the payment, the calculated interest is added to the loan's balance without the marginal interest not included in the income until after paying the loan's balance in the balance sheet before the reschedule.

H - Fees and commission income

Fees and commissions related to loan and facilities are recognized as income when the service is rendered. Fees and commission income related to non-performing or impaired loans or debts are suspended and are carried off balance sheet and are recognized under income according to the cash basis when interest income is recognized in accordance with note (H) above. Fees and commissions which represent part of the financial asset effective rate is recognized as adjustment to the effective interest rate.

H - Fees and commission income (follow)

Commitment fees are recognized as revenue when there is probability that this loan will be used by the customer, as commitment fees represent compensation for the continuing interference to own the financial asset. Subsequently it's recognized as adjustments to the effective interest rate of the loan. If the commitment period passed without issuing the loan, commitment fees is recognized as income at the end of the commitment period.

Fees and commission related to debt instruments measured by fair value is recognized as income at initial recognition. Fees and commission related to marketing of syndicated loans is recognized as income when the marketing is completed and the loan is fully used or the bank kept its share of the loan using the effective interest rate as used by the other participants.

Fees and commission arising from negotiation, or participating in a negotiation to the favor of a third party as in share acquisition arrangements or purchase of securities or purchase or sale of businesses are recognized as income when the transaction is completed. Commission and fees related to management advisory and other services are recognized as income based on the contract terms, usually on a time-appropriation basis. Asset management fees are recognized over the year in which the service is provided.

I- Dividends income

Dividends are recognized in the profit and loss when the bank's right to receive those dividends is established.

J- Sale and repurchase agreements (repos)

Financial instrument sold under repurchase agreements are not derecognised from the statement of financial position. The proceed are shown in the liability side in the statement of financial position.

K- Impairment of financial assets

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

Financial assets are classified at three stages at each reporting date:

Stage 1 : Financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, and the expected credit loss is calculated for 12 months.

Stage 2 : Financial assets that have experienced a significant increase in credit risk since the initial recognition or the date on which the investments are made, and the expected credit loss is calculated over the life of the asset.

Stage 3 :Impairment of financial assets whose expected credit loss is to be recognized over the life of the asset on the basis of the difference between the carrying amount of the instrument and the present value of expected future cash flows.

Credit losses and impairment losses on the value of financial instruments are measured as follows:

- The low risk financial instrument is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk management.
- If it is determined that there has been a significant increase in credit risk since the initial recognition, the financial instrument is transferred to the second stage where it is not yet considered impaired at this stage.

If there are indicators of impairment of the financial instrument, it is transferred to the third stage.

The financial assets created or acquired by the Bank and include a high credit risk ratio for the Bank's low risk financial assets are recognized on the initial recognition of the second stage directly and therefore the expected credit losses are measured on the basis of expected credit losses over the life of the asset.

Significant increase in credit risk

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

Quantitative factors

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

Retail loans,micro and small businesses

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

Corporate loans and medium businesses

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

Nonpayments

The loans and facilities of institutions, medium, small, micro and retail banking are included in stage two if the period of non-payment is more than (60) days and less than (90) days, (180 days for SMEsaccording to CBE circular dated 14, December 2021).
Note that this period (60 days) will be reduced by (10) days per year to become (30) days during (3) years from the date of application (year 2019).

Transfer between the three stages (1,2,3)

Transfer from second stage to first stage:

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

Transfer from third stage to second stage:

The financial asset shall not be transferred from the third stage to the second stage until all the following conditions have been met:

- Completion of all quantitative and qualitative elements of the second stage.
- Repayment of 25% of the balance of the outstanding financial assets, including accrued segregated / statistical interest.
- Regularity of payment for at least 12 months

L- Computer software

Expenses related to development or maintenance of computer software are recognized as expenses on Income Statement at the time of incurring them. They are recognized as intangible assets in the expenses correlated directly to specific software that are under the control of the Bank from which the generation of economic benefits is expected whose cost exceeds more than one year. Direct expenses include the cost of employees on the software team in addition to appropriate share in related general expenses.

It is recognized as development cost in expenses if it leads to increasing or expanding the performance of the computer software above its original specifications, and is added to cost of the original software.

The amortization cost of computer software recognized as assets is for along the year from which it is expected to make use of in the manner not exceeding five years core system for the bank .

M- property and equipment

The bank represent land and buildings related to head office, branches and offices, and all property and equipment are reported at historical cost minus depreciation and impairment losses. The historical cost includes the charges directly related to acquisition of property and equipment items. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. Maintenance and repair expenses are charged to other operating expenses during the financial period in which they are incurred. Land is not depreciated, depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings and installations	30-50 years
Integrated automated systems	5 years
Vehicles	5 years
Machinery and equipment	3-10 years
Fixtures and fittings	8-10 years
Furniture	5-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The recoverable amount is the higher of the asset's fair value less costs to sell or value in use.

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

N- Impairment of non-financial assets

Assets having no fixed useful life except for goodwill shall not be amortized, and their impairment shall be tested at least annually. The impairment of amortized assets is studied to determine if there are events or changes in the circumstances indicating that the book value may not be recoverable.

The impairment loss is recognized by the excess amount of book value over the realizable value. The recoverable value represents net realizable value of the asset or the usage amount whichever is higher. For the purpose of estimating the impairment, the asset is grouped with the smallest cash generating unit. At each balance sheet date, non-financial assets with impairment has to be reviewed to determine if there is impairment reversal made to the income statement at the date of preparing the financial statements .

O - Leasing

O -1 As a lessee

Lease payments made under operating leases, net of any discounts received from the lessor, are recognized as an expense in the profit or loss on a straight-line basis over the lease term.

O -2 As a lessor

Assets leased out under operating lease contracts are reported as part of the property and equipment in the statement of financial position and are depreciated over the expected useful lives of the assets, on the same basis as other property assets. Lease rental income is recognized in profit or loss, net of any discounts granted to the lessee, using the straight line method over the contract term

P-Cash and cash equivalents

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

Q- 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 will be required to settle the obligation and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow is required to settle an obligation is determine taking into consideration the group of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any obligation in the group is minimal.the provision no longer required is recorded with other operating revenues (expenses) .

R- Staff Benefits

The Staff benefit consist of:
• Wages, salaries, paid annual leave and rewards (if accrued within 12 months form financial statement date).
• Non- cash benefits (transportation, medical care and insurance) for exiting staff.
All staff benefits expensed to the income statement for the period were incurred.

S- Income tax

The income taxes on the year's profits or losses include the tax of the current year and the deferred tax and they are recognized in the income statement with the exception of the income tax on the items of shareholder's equity which is directly recognized within equity.

The income tax is recognized on the basis of the net profit subject to tax through the application of enacted tax rates at the date of preparing the balance sheet in addition to the tax adjustments related to previous years.

Deferred taxes are recognized from temporary timing differences between the book value of assets and liabilities according to accounting bases and their values according to tax bases. Deferred tax assets and liabilities are measured at the tax rates that expected to apply in the period in which the ability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax assets are recognized when there is likelihood to achieve taxable profits in the future through which this asset can be utilized. The value of deferred tax assets is reduced by the portion which will not realize the expected taxable benefit in the coming years, in case of the increase in expected taxable benefits the deferred tax assets should be increased within the limit of previous reduction.

T- Borrowing

Loans obtained by the bank initially recognized at fair value net of transactions cost incurred in connection with obtaining the loan. Subsequently the loans are measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective interest rate is to be recognized to the income statement.

U- Capital

U-1 Cost of capital

Issuance cost directly related to issuing new shares or issuing shares related to acquisition or share options is charged to shareholders' equity of total proceeds net of tax.

U-2 Dividends

Dividends are charged when declared by the General Assembly of shareholders. Those dividends include employees’ share in the profits and the Board of Directors’ bonus as prescribed by the articles of association and law.

V- Comparative figures

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

3- Financial Risk Management:

The bank, as a result of the activities it exercises, is exposed to various financial risks. Since the basis of financial activity is to accept risks; some risks or group of risks are analyzed, evaluated and managed together. The bank intends to strike a balance between the risk and return and to reduce the probable adverse effects on the bank’s financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency exchange rates, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyze the risks, set limits to the risk and control them through reliable methods and updated systems. The bank regularly reviews the risk management policies and systems and amend them to they reflect the changes in market, products and services and the best updated applications.Those risks are managed by risk department in the light of policies approved by Board of Directors.

The risk department determines, evaluates and covers the financial risks, in collaboration with the bank’s various operating units, and the Board of Directors provides written policies for management of risks as a whole, in addition to written policies covering specific risk areas, like credit risk, foreign exchange rate risk, interest rate risk, and using the financial derivative and non–derivative instruments. Moreover, the risk department is independently responsible for periodical review of risk management and control environment.

A- Credit risk

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

Credit risk measurement

Loans and credit facilities to customers

In measuring credit risk of loans and facilities to customers and to banks at a counterparty level, the bank reflects three components:
-The "probability of default" by the client or counterparty on its contractual obligations.
-Current exposures to the counterparty and its likely future development, from which the bank derive the ‘exposure at default .
-The likely recovery ratio on the defaulted obligations (the ‘loss given default’).

A- Credit risk (follow)

The bank's daily operational management embedd these credit risk measurements, which reflect expected loss (the 'expected loss model') and are required by the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee).

The operational measurements can be contrasted with impairment allowances required under EAS 26, which are based on losses that have been incurred at the balance sheet date (the 'incurred loss model') rather than expected losses .

The bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. They have been developed internally and combine statistical analysis with credit officer judgment and are validated, where appropriate, by comparison with externally available data. Clients of the bank are segmented into four rating classes. The bank's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The bank regularly validates the performance of the rating and their predictive power with regard to default events.

Bank's internal ratings scale

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

The amount of default represent the outstanding balances at the time when a late settlement occurred for example the loans expected amount of default represent its book value. For commitments, the default amount represents all actual withdrawals in addition to any withdrawals occurred till the date of the late payment if any

Loss given default or loss severity represents the bank expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure and typically varies by type of debtor, type and seniority of claim and availability of collateral or other credit mitigation.

Debt instruments and treasury bills

For debt securities and other bills, external rating such as standard and poor's rating or their equivalents are used by bank treasury for managing of the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

A-1 Limiting and preventing risks policies

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

The bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by borrower /group, product, industry sector and by country are approved quarterly by the Board of Directors.

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

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

The following are other controls used by the bank to limit the credit risk:

Collaterals

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

• Mortgages over residential properties.

• Pledge on business assets like machinery and merchandise .

• Pledge in financial instruments like debt instrument and equity.

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

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

Credit-related commitments

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

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

A-2 Impairment and provisioning policies

The internal rating systems described in note (A-1) focus more on credit-quality from the beginning of validation activities. only impairment provisions recognized at the balance sheet date for financial reporting purposes are losses that have been incurred and based on objective evidence of impairment as will be mentioned below. Due to the different methods applied, the amounts of incurred credit losses charged to the financial statements are usually lower than the expected amount determined by the expected loss used for Central Bank of Egypt’s regulations (note A-5). the impairment provision appeared in the balance sheet at the end of the period is derived from the four internal rating grades. However, the majority of the impairment provision comes from the last two ratings. The table below shows the percentage of in-balance sheet items relating to loans and facilities and the related impairment provision for each rating:

A-3 Bank's rating

The Bank's policies require the identification of three stages of classifying financial assets measured at amortized cost, loan commitments and financial guarantees as well as debt instruments at fair value through other comprehensive income in accordance with changes in credit quality since initial recognition and thereafter measuring the impairment losses (expected credit losses) as follows:

The un-impaired financial asset is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk management.

In the case of a significant increase in credit risk since the initial recognition, the financial asset is transferred to the second stage and the financial asset is not considered at this stage (the expected credit loss over the life of the asset without impairment).

In case of indications of impairment of the financial asset, it is transferred to the third stage. The Bank relies on the following indicators to determine whether there is objective evidence of impairment:

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

The impairment loss allowance reported in the financial position is derived from the four internal ratings. However, the majority of allowance derived from last two rating.

The following table illustrates the proportional distribution of loans and credit facilities reported in the financial position for each of internal ratings of the Bank and their relevant impairment losses:

	31 December 2022		31 December 2021	
	Loans & credit facilities	**Provision for impairment loss**	**Loans & credit facilities**	**Provision for impairment loss**
1-Performing loans	78.08%	6.15%	74.33%	4.06%
2-Regular watching	10.43%	10.01%	9.29%	0.96%
3-Watch List	5.93%	16.24%	8.19%	26.29%
4-Non performing loans	5.56%	67.60%	8.19%	68.69%
	100%	**100%**	**100%**	**100%**

A-4 Quality of financial assets

The following table reflect the quality of financial assets:

	Stage 1 12 months EGP . 000	Stage 2 Life time EGP . 000	Stage 3 Life time EGP . 000	Total EGP . 000
Cash and due from Central Bank of Egypt	8 771 592	-	-	8 771 592
Expected credit loss provision	(2 541)	-	-	(2 541)
	8 769 051	-	-	**8 769 051**
Due from banks	7 655 335	-	-	7 655 335
Expected credit loss provision	(335)	-	-	(335)
	7 655 000	-	-	**7 655 000**
Treasury bills	9 449 426	-	-	9 449 426
Expected credit loss provision	-	-	-	-
	9 449 426	-	-	**9 449 426**
Debt instruments at amortized cost	10 288 036	-	-	10 288 036
Expected credit loss provision	(6 310)	-	-	(6 310)
	10 281 726	-	-	**10 281 726**
Investment at fair value through comprehensive income	4 552 368	-	-	4 552 368
Expected credit loss provision	(3 239)	-	-	(3 239)
	4 552 368	**-**	**-**	**4 552 368**
Loans and credit facilities				
Financial institutions	20 693 228	4 884 758	1 670 249	27 248 235
Medium enterprises	1 639 228	218 012	79 988	1 937 228
Small and micro enterprises	147 624	38 795	8 646	195 065
Retail	2 501 484	227 999	27 211	2 756 694
	24 981 564	**5 369 564**	**1 786 094**	**32 137 222**
Expect credit loss provision	(102 005)	(533 434)	(1 326 243)	(1 961 682)
Interest in suspense	-	(226 130)	(332 095)	(558 225)
	24 879 559	**4 610 000**	**127 756**	**29 617 315**

A-5 The General model for measuring banking risks

In addition to the four categories of credit rating indicated in note (A-1), the management makes more detailed groups in accordance with the Central Bank of Egypt requirements.assets exposed to credit risk in these categories are classified according to detailed conditions and terms depending on information related to the customer, it's activity, financial position and payment schedules.

The bank calculates the provisions required for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by Central Bank of Egypt. In case, the provision required for impairment losses as per Central Bank of Egypt regulations exceeds the provision required for financial statements preparation purposes according to the Egyptian Accounting Standards, this increase shall be debited from the retained earnings to and credited to the "general banking risk reserve" under the equity caption .this reserve is regularly adjusted with this increase and decrease, to equal the amount of increase in the two provisions. This reserve is not distributable.

Note (31-c) shows the "general banking risk reserve" movement during the financial year.

Below is a statement of credit rating for firms as per internal valuation basis compared to Central Bank of Egypt valuation basis and the percentages of provisions required for impairment of assets exposed to credit risk.

CBE rating	Description	Required Provision %	Internal Rating	Internal Description
1	Low risk	0	1	Good debts
2	Moderate risks	1	1	Good debts
3	Satisfactory risks	1	1	Good debts
4	Appropriate risks	2	1	Good debts
5	Acceptable risks	2	1	Good debts
6	Marginally acceptable risks	3	2	Normal watch-list
7	Watch-list	5	3	Special watch-list
8	Substandard debts	20	4	Non-performing loans
9	Doubtful debts	50	4	Non-performing loans
10	Bad debts	100	4	Non-performing loans

A/6 Maximum limits for credit risk before collaterals

Items exposed to credit risk	**31 December 2022 EGP.000**	**31 December 2021 EGP.000**
Due from Central Bank of Egypt (Net)	8 454 285	4 709 283
Due from banks (Net)	7 655 000	6 933 872
Treasury bills (Net)	9 449 426	4 059 652
Loans and facilities to customers:		
A-Individuals loans:		
Overdraft	124 874	164 969
Credit cards	36 463	29 842
Personal loans	2 595 357	1 594 627
B-Corporate loans including SMEs		
Overdraft	13 081 208	11 721 050
Direct loans	6 692 092	3 929 702
Syndicated loans	9 607 228	8 242 044
Provision for impairment loss	(1 961 682)	(2 210 590)
Interest in suspense	(558 225)	(407 410)
Interest under settlement	0	(513)
Debt instruments (Net):		
At fair value through comprehensive income	3 548 817	8 792 156
At amortized cost	10 281 726	5 275 016
Other financial assets	772 904	590 914
	69 779 473	**53 424 614**

Off balance sheet items exposed to credit risk:	**31 December 2022 EGP.000**	**31 December 2021 EGP.000**
Letters of guarantee and financial guarantees	9 664 646	7 825 962
Letters of credits	2 579 279	3 166 288
Total	**12 243 925**	**10 992 250**

The previous table represents the maximum limit of exposure without taking into consideration any financial guarantees. As for the balance sheet items, the listed amounts depend on the net book value presented in the balance sheet.

As illustrated in the previous table 13.53 % of the maximum limit exposed to credit risk arises from treasury bills against 7.60% in previous year. 10.97 % due from banks against 12.98% in previous year. 42.44 % from loans and facility to customers against 43.17% in previous year. 19.82 % investment of debt instruments against 26.33% in previous year .

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

89.49% of the loans and facilities portfolio is classified in the highest two categories of the internal assessment (against 86.74 % in previous year).

92.05% of the loans and facilities portfolio is neither past due nor impaired (against 88.82 % in previous year).

Loans and facilities individually impaired reach EGP 1 786 million (against EGP 2 099 million in previous year).

More than 85.50 % (against 78.37 % in previous year), of the investment in debt instruments represent treasury bills and bonds on the Egyptian Government .

A/7 Loans and facilities

Loans and facilities are summarized according to the credit worthiness as follows:

Loans and facilities to Customers	**31 December 2022 EGP.000**	**31 December 2021 EGP.000**
Neither past due nor impaired	29 583 898	22 812 087
Past due not subject to impairment	767 519	770 981
Individually impaired	1 785 805	2 099 166
	32 137 222	**25 682 234**
Less		
Provision for impairment loss	(1 961 682)	(2 210 590)
Interest in suspense	(558 225)	(407 410)
Interest under settlement	-	(513)
	29 617 315	**23 063 721**

The total provision for impairment losses for loans and facilities at the end of the current fiscal period amounted to 1 961 682 thousand Egyptian pounds, compared to 2 210 590 thousand Egyptian pounds at the end of the comparison year. Of these,1 326 243 thousand Egyptian pounds represents the provision for impairment losses for individual loans (stage 3) compared to 1 577 793 thousand Egyptian pounds at the end of the comparison year, and the rest represents the provision for impairment losses component (stage 1 and 2) in the credit portfolio of 635 440 thousand Egyptian pounds.compared to 632 797 thousand Egyptian pounds at the end of the comparison year.

Disclosure no.(18) includes further information on the impairment losses provision of loans and facilities to customers.

Loans and facilities to customers :

Loans and facilities neither past due nor impaired

The credit quality of the loans and advances portfolio with no past dues nor impairment is assessed with reference to the internal assessment adopted by the bank .

31 December 2022	**Retail**			**Corporate**			**EGP.000**
Assessment	**Overdraft**	**Credit Cards**	**Personal loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Total**
Performing	88 878	34 949	2 377 657	9 894 901	4 983 809	7 466 929	24 847 123
Regular watch-list	-	-	-	784 380	218 878	2 140 299	3 143 557
Special watch-list	32 692	-	194 385	98 983	1 267 158	-	1 593 218
	121 570	**34 949**	**2 572 042**	**10 778 264**	**6 469 845**	**9 607 228**	**29 583 898**

Non-performing loans secured against collaterals in the form of cash and cash equivalent are not considered subject to impairment taking into consideration the collectibility of these collaterals.

31 December 2021	**Retail**			**Corporate**			**Total**
Assessment	**Overdraft**	**Credit Cards**	**Personal loans**	**Overdraft**	**Direct Loans**	**Syndicated Loans**	**EGP.000**
Performing	115 438	28 808	1 582 239	7 871 812	2 744 599	6 096 484	18 439 380
Regular watch-list	-	-	-	1 121 127	161 799	1 758 876	3 041 802
Special watch-list	43 974	186	5 102	358 500	841 334	81 809	1 330 905
	159 412	**28 994**	**1 587 341**	**9 351 439**	**3 747 732**	**7 937 169**	**22 812 087**

Past due not subject to impairment

31 December 2022	**Retail**			**Corporate**			**EGP.000**
Assessment	**Overdraft**	**Credit Cards**	**Personal loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**Total**
Up to 30 days	-	-	-	236 838	9 212	-	246 050
More than 30 to 60 days	-	706	-	208 077	354	-	209 137
More than 60 to 90 days	-	216	-	277 641	34 475	-	312 332
	-	**922**	**-**	**722 556**	**44 041**	**-**	**767 519**

31 December 2021	**Retail**			**Corporate**			**Total**
Assessment	**Overdraft**	**Credit Cards**	**Personal loans**	**Overdraft**	**Direct loans**	**Syndicated loans**	**EGP.000**
Up to 30 days	-	-	-	381 535	19 026	207 349	607 910
More than 30 to 60 days	-	701	-	48 187	8 092	5 449	62 429
More than 60 to 90 days	-	-	-	8 509	56	92 077	100 642
	-	**701**	**-**	**438 231**	**27 174**	**304 875**	**770 981**

Loans and facilities individually impaired

Loans and facilities to customers

The balance of loans & facilities which are subject to impairment on an individual basis, before taking into account the cash flow from collaterals, amounted to EGP 1 785 805 thousand (EGP 2 099 166 thousand in previous year) .

Below is the analysis of the total value of loans and facilities subject to impairment on individual basis including fair value of collaterals obtained against these loans

31 December 2022	**Retail**			**Corporate**		**Total**
	Overdraft	**Credit Cards**	**Personal Loans**	**Overdraft**	**Direct Loans**	**EGP.000**
Impaired loans	3 304	592	23 315	1 580 389	178 205	1 785 805
The fair value of collaterals	**714**	**-**	**1 779**	**21 814**	**5 456**	**29 763**

31 December 2021	**Retail**			**Corporate**		**Total**
	Overdraft	**Credit Cards**	**Personal Loans**	**Overdraft**	**Direct Loans**	**EGP.000**
Impaired loans	5 557	147	7 286	1 931 380	154 796	2 099 166
The fair value of collaterals	**-**	**-**	**-**	**45 374**	**3 637**	**49 011**

A-8 Debt instruments and treasury bills

The following table represents an analysis of debt instruments, treasury bills and other governmental notes (before deduction of any loss impairment) according to evaluation agencies at the end of the financial period.

	Note	Evaluation	31 December 2022 EGP 000	31 December 2021 EGP 000
Treasury Bills	(17)	B	9 449 426	4 059 652
Treasury Bond at FVTOCI	(19)	B	172 310	4 508 684
Treasury Bond at amortized cost	(19)	B	10 281 726	5 276 449
Total			**19 903 462**	**13 844 785**

A-9 Acquisition of collateral

During the current fiscal year, the bank has acquired certain guarantees as follows :

Nature of asset	31 December 2022 EGP.000	31 December 2021 EGP.000
Land and Building	31 197	78 067

Assets acquired are classified under other assets in the balance sheet and sold whenever practicable

A/10 The concentration of financial assets' risks exposed to credit risk

Geographical segments

The following table represents an analysis of the bank's most important boundaries of credit risk at book value, Risks distributed on geographical segments in accordance with areas related to the bank customers.

	Cairo	Alex,Delta and Sinai	Upper Egypt	Other countries	EGP 000 Total
Due from Central Bank of Egypt	8 456 826	-	-	-	**8 456 826**
Treasury bills	9 449 426	-	-	-	**9 449 426**
Due from banks	5 747 608	-	-	1 907 727	**7 655 335**
Loans and facilities to customers :					
Individuals Loans					
Overdraft	37 537	85 339	1 998	-	**124 874**
Credit cards	27 396	8 089	978	-	**36 463**
Personal loans	1 492 080	877 227	226 050	-	**2 595 357**
Corporate Loans					
Overdraft	11 260 147	1 789 221	31 840	-	**13 081 208**
Direct loans	5 588 017	1 090 811	13 264	-	**6 692 092**
Syndicated loans	9 607 228	-	-	-	**9 607 228**
Financial investments					
Debt instruments	13 836 854	-	-	-	**13 836 854**
Other assets	746 918	23 627	2 359	-	**772 904**
31 December 2022	**66 250 037**	**3 874 314**	**276 489**	**1 907 727**	**72 308 567**
31 December 2021	**51 708 328**	**2 969 808**	**149 125**	**1 216 749**	**56 044 010**

-Activities Segments

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

	Governmental	Retail	Real Estate	Financial	Services	Manufactures	Commercial	Tourism	Others	Total EGP 000
Due from Central Bank of Egypt	8 769 051	-	-	-	-	-	-	-	-	8 769 051
Treasury bills	9 449 426	-	-	-	-	-	-	-	-	9 449 426
Due from banks	17 895	-	-	7 637 105	-	-	-	-	-	7 655 000
Loans and facilities to customers										
Individuals Loans										
Overdraft	-	124 874	-	-	-	-	-	-	-	124 874
Credit cards	-	36 463	-	-	-	-	-	-	-	36 463
Personal loans	-	2 595 357	-	-	-	-	-	-	-	2 595 357
Corporate Loans										
Over draft	-	-	1 779 866	1 948 009	1 185 384	5 858 430	1 370 193	667 441	271 885	13 081 208
Direct loans	-	-	406 073	927 275	171 924	334 828	129 328	4 721 081	1 583	6 692 092
Syndicated loans	-	-	174 509	173 728	6 065 382	1 194 592	69 400	1 929 618	-	9 607 228
Financial investments :										
Debt instruments	10 460 346	-	-	-	3 376 508	-	-	-	-	13 836 854
Other assets	481 644	-	-	68 398	-	-	-	-	222 863	772 904
31 December 2022	**29 178 362**	**2 756 694**	**2 360 448**	**10 754 515**	**10 799 198**	**7 387 850**	**1 568 921**	**7 318 140**	**496 331**	**72 620 457**
31 December 2021	**21 952 881**	**1 789 438**	**1 261 241**	**8 560 487**	**10 444 784**	**5 480 396**	**1 859 009**	**4 665 026**	**243 933**	**56 257 195**

B- Market risk

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

Bank risk division is responsible for managing the market risks arising from trading and non-trading activities of which monitored by two separate teams. Regular reports are submitted to the Board of Directors and each business unit head periodically.

Trading portfolios include transactions where the bank deals direct with clients or with the market; non-trading portfolios primarily arise from managing assets and liabilities interest rate relating to retail transactions. These non-trading portfolios 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 fixed-rate long-term loans if the fair value option been applied. The major measurement techniques used to measure and control market risk are outlined below:

Value at Risk

The bank applies a 'value at risk' methodology (VAR) 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 separately and monitored on daily basis by the bank's management.

VAR is a statistical estimation of the expected losses on the current portfolio from adverse market movements in which it represents the 'maximum' amount the bank expect to lose using confidence level (98%). Therefore there is statistical probability of (2%) that actual losses could be greater than the VAR estimation. The VAR module assumes that the holding period is ten days before closing the opening position. It also assumes that market movements during the holding period will be the same as ten days before. The bank's assessment of past movements is based on data for the past five years. The bank applies these historical changes in rates prices indicators directly to its current positions - this approach called historical simulation. Actual outcomes are monitored regularly to test the validity of the assumptions and factors used in the VAR calculation.

The use of this approach does not prevent losses from exceeding these limits if there are significant market movements.

As VAR considered a primary part of the bank's market risk control technique, VAR limits are established by the Board of Directors annually for all trading and non-trading transactions and allocated to business units. Actual values exposed to market risk are compared to the limits established by the bank and reviewed by the bank risk division on daily basis.
The quality of the VAR model is continuously monitored through examining the VAR results for trading portfolio and results are reported to the top management and Board of Directors.

Stress testing

Stress tests provide an indication of the potential size of losses that could arise under extreme market conditions. Therefore, the bank computes on daily basis trading stress VAR, combined with trading normal VAR, to capture the abnormal movements in the financial markets and to give more comprehensive picture of risk .the results of the stress tests are reviewed by executive management and Board of Directors.

Value Exposed to risk for trading portofolio according to type of risk:

EGP.000

Description	31 December 2022			31 December 2021		
	Average	Highest	Lowest	Average	Highest	Lowest
Foreign exchange risk	1 175	3 357	17	789	2 515	15
Equity instrument risk	8 364	10 248	6 927	9 664	11 331	7 753
Matual funds	2 374	3 046	2 039	2 536	2 760	2 373

The increase in value exposure to risk is related to the increase in rate of return in global market.
The above results for the value exposed to risk are calculated separately from said positions and historical cost for markets. The total value exposed to risk for trading and non-trading is not represent the value exposed to risk for the bank. This because the relation among kinds of portfolios and risks and different effect applied.

B-2 Foreign exchange rates fluctuations risk

The bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows. The board of directors has set limits of foreign currencies in total value for each position at the end of the day and also intraday which are controlled on the spot. The following table summarizes the extent of the bank's exposure to fluctuations in exchange rates risk at the end of the fiscal period. The said table includes the book value of financial instruments broken down into its component currencies:

The concentration of currency risk of financial instruments

31 December 2022						EGP.000
Financial assets	**EGP**	**USD**	**EURO**	**GBP**	**Other Currencies**	**Total**
Cash and due from Central Bank of Egypt	6 097 709	2 629 418	37 893	2 365	1 666	8 769 051
Due from banks	831	7 454 678	83 122	85 929	30 440	7 655 000
Treasury bills	6 918 089	1 231 380	1 299 957	-	-	9 449 426
Loans and facilities to customers	20 532 206	8 912 443	172 230	423	13	29 617 315
Financial Investments						
At fair value through comprehensive income (FVTOCI)	3 604 475	947 893	-	-	-	4 552 368
At amortized cost	9 202 412	839 865	239 449	-	-	10 281 726
At fair value through profit or loss (FVTPL)	264 280	70 510	-	-	-	334 790
Other financial assets	982 110	83 165	10 063	14	-	1 075 352
Total financial assets	**47 602 112**	**22 169 352**	**1 842 714**	**88 731**	**32 119**	**71 735 028**
Financial liabilities						
Due to banks	33 856	173 475	669 009	6 746	7	883 093
Customers' deposits	42 767 840	21 761 356	1 160 837	81 548	31 207	65 802 788
Other loans	1 080 527	-	-	-	-	1 080 527
Other financial liabilities	1 290 760	107 632	2 255	25	81	1 400 753
Total financial liabilities	**45 172 983**	**22 042 463**	**1 832 101**	**88 319**	**31 295**	**69 167 161**
Currency concentration risk on financial instruments	**2 429 129**	**126 889**	**10 613**	**412**	**824**	**2 567 867**
Other non- financial assets	2 932 449	-	-	-	-	2 932 449
Other non- financial liabilities and equity	5 500 316	-	-	-	-	5 500 316
Net financial position	**(138 738)**	**126 889**	**10 613**	**412**	**824**	**-**

31 December 2021	EGP	USD	Euro	GBP	Other Currencies	Total
Total financial assets	40 647 386	12 832 932	1 338 883	35 857	23 475	54 878 533
Total financial liabilities	38 913 312	12 741 179	1 319 923	35 719	21 001	53 031 135
Other non- financial assets	2 552 084	642	-	-	-	2 552 726
Other non- financial liabilities and equity	4 170 036	197 460	27 300	837	4 492	4 400 125
Net financial position	**116 122**	**(105 065)**	**(8 340)**	**(699)**	**(2 018)**	**-**

B-3 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Interest margins may increase as a result of such changes but may profit decrease in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate reprising that may be undertaken which is monitored daily by bank risk division.

B-3 Interest rate risk (follow):

The table below summarizes the bank's exposure to interest rate risks. It includes the bank's financial instruments at carrying amounts categorized by the earlier of re-pricing or maturity dates:

31 December 2022	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 5 year	More than 5 years	Free Interest	EGP.000 Total
Financial assets							
Cash and due from Central Bank of Egypt	-	2 563 870	-	-	-	6 238 512	**8 802 382**
Due from banks	7 594 112	67 066	-	-	-	-	**7 661 178**
Treasury bills	5 561 418	854 815	3 200 012	-	-	-	**9 616 245**
Loans and facilities to customers	21 856 978	5 242 791	2 285 869	1 800 395	916 545	-	**32 102 578**
Financial Investments							
At fair value through comprehensive income	278 780	2 453 899	584 575	519 175	8 616	997 242	**4 842 287**
At amortized cost	783 982	405 221	1 812 382	10 187 326	908 706	-	**14 097 617**
At fair value through profit or loss	-	-	-	-	-	334 790	**334 790**
Other financial assets	-	-	-	-	-	228 516	**228 516**
Total financial assets	**36 075 270**	**11 587 662**	**7 882 838**	**12 506 896**	**1 833 867**	**7 799 060**	**77 685 593**
Financial liabilities							
Due to banks	637 667	212 155	-	-	-	-	**849 822**
Customers' deposits	31 594 764	12 423 940	13 206 521	10 679 694	-	-	**67 904 919**
Other loans	-	694 137	51 126	465 665	-	-	**1 210 928**
Other financial liabilities	288	-	13 514	21 056	-	-	**34 858**
Total financial liabilities	**32 232 719**	**13 330 232**	**13 271 161**	**11 166 415**	**-**	**-**	**70 000 527**
The interest re-pricing gap	**3 842 551**	**(1 742 570)**	**(5 388 323)**	**1 340 481**	**1 833 867**	**7 799 060**	**7 685 066**
31 December 2021							
Total financial assets	22 480 801	10 814 308	7 676 585	13 596 508	1 710 549	4 790 831	**61 069 582**
Total financial liabilities	25 568 087	6 859 522	8 521 484	13 011 659	-	-	**53 960 752**
Re-pricing gab	**(3 087 286)**	**3 954 786**	**(844 899)**	**584 849**	**1 710 549**	**4 790 831**	**7 108 830**

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 results in failure in fulfilling the bank obligation to repay to the depositors and fulfilling lending commitments.

Liquidity risk management process

The bank's liquidity management process carried out by the bank risk division includes:

- Daily funding managed by monitoring future cash flows to ensure that all obligations can be met when due. This includes availability of liquidity as they due or to be borrowed to customers. the bank maintains an active presence in global money markets to ensure that the bank met its objective.
- 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 compared to the internal requirements and Central Bank of Egypt requirements.
- Managing loans concentration and maturities.
- 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 financial liabilities contractual dues and expected collections dates for the financial assets .

Liquidity risk management process (follow)

Assets and liabilities department monitors the mismatch between medium term assets, the level and nature of unused loans limits, overdraft utilizations, and the effect of contingent liabilities such as letters of guarantees and letters of credit.

Funding approach

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

D- Fair value of financial assets and liabilities

D-1 Financial instruments measured at fair value

The carrying amount of financial assets held for trading represents by fair value according to announced prices as at financial statements date. Changes in fair value of those assets are recognized in income statement included in net income from trading. Also the carrying amount of quoted financial assets that classified as FVOCI represents by fair value according to announced prices as at financial statements date . Changes in fair value of those assets are recognized in the statement of comprehensive income. Regarding unquoted financial assets or in case of no active market the valuation technique used (Discounted Cash Flow, Multiples Method). Changes in fair value of those assets are recognized in the statement of other comprehensive income.

D-2 financial instruments not measured at fair value

Due from banks

All Due from Banks are current balances with maturity of less than one year

Loans and facilities to customers

Loans and facilities to customers is presented less provisions for Impairment losses

Investment by amortised cost

Including governmental debt instrument listed in market therefore fair value can be determined according to market price.

Due to banks

All Due to Banks are current balances with maturity of less than one year

Customer deposits

Represent deposits with unspecified maturityies which include non-interest bearing deposits

E -Capital management

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

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

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

Central Bank of Egypt requires the following from the bank:

- Maintaining a minimum amount of 5 billion pounds for the issued and paid up capital. The paid-up capital to the bank at the end of the current fiscal period amounted to EGP 2 904 326 thousand Egyptian pounds. In the light of compliance to this requirement and according to reconciliation plan the increase of EGP 695 674 thousand of paid capital was proved in commercial registry on January 25,2023. after the increase the paid capital will become EGP 3 600 000 thousand .
- Maintaining a minimum capital adequacy ratio of 10%, calculated on the basis of the ratio between the sum of the capital elements and the sum of the elements of the assets and contingent liabilities weighted by the risk weights - the prudential pillar, and the minimum capital adequacy criterion is 12.5% .

The numerator in capital adequacy comprises the following 2 tiers:

- **Tier 1**: basic capital which comprises paid-up capital (net of treasury stock), plus: retained earnings and reserves resulting from profit appropriations (other than general reserve for banking risks & special reserve), less: any goodwill previously recognized and any carried forward losses, plus: the carrying amount of other comprehensive income.
- **Tier 2**: subordinated capital which comprises with equivalent amount of the loans provision for debt instrument / Loans and credit facilities at stage 1 which does not exceed 1.25% from the total risk-weighted average of assets and contingent liabilities, plus: the carrying amount of subordinated loans/deposits maturing over more than 5 years (provided that such carrying amount shall be reduced by 20 % of its value in each of the last five years of their maturity),in calculating number of the capital adequacy ratio, total value of tier 2 should not exceed total value of tier 1. also,total value of subordinated loan (deposits) should not exceed 50% of tier 1 .

Assets are risk weighted at a range of 0 to 200%. Risk classification of these assets is based on the type of the debtor as to reflect the associated credit risk and after consideration of cash collaterals. The same treatment is applied for the off-balance sheet items which shall be adjusted to reflect the contingent nature of and potential loss on these amounts.

Capital adequacy Standard had been prepared based on Basel II requirements, and Central Bank of Egypt Board of Directors had approved in its meeting held on December 18, 2012, in accordance with the instructions of the Central Bank of Egypt for the capital adequacy ratio (Basel II)

The tables below summarizes the compositions of Tier 1, Tier 2 and the capital adequacy ratio based on Basel II:

Capital Adequacy Ratio	31 December 2022 EGP.000	31 December 2021 EGP.000 *
Tier one (basic and additional capital)		
Share Capital earnings	3 600 000	3 600 000
Reserves	202 904	202 904
General risk reserve	38 851	38 851
Retained earnings	387 323	379 330
Net profit from period	1 040 039	-
Total exclusions from basic and supplementary capital	(263)	(89 401)
Total Tier one after exclusions	**5 268 854**	**4 131 684**
Tier two (Supplementary capital)		
45% Balance of special reserve	20 321	20 321
subordinate deposits/loans	1 075 000	255 000
Total provision for impairment losses on contingent liabilities	125 410	87 265
Total Tier two after exclusions	**1 174 377**	**362 586**
Total capital	**6 443 230**	**4 494 270**
Risk weighted assets and contingent liabilities		
Credit risk	39 197 599	31 243 823
Market risk	813 361	542 276
Operational risk	3 608 091	2 784 094
Total risk weighted assets and contingent liabilities	**43 619 051**	**34 570 193**
Capital adequacy ratio	**14.77%**	**13.00%**

* After bank's AGM approval.

Leverage financial ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on 7 July 2015 on special supervisory instructions related to leverage ratio which maintaining aminimum level of leverage ratio of 3% to be reported in quarterly basis to be obligatory ratio started from year 2018.

This ratio will be included in Basel requirement Tier1 in order to maintain Egyptian Banking system strong and safe, as long to keep up with best international regulatory treatments.

Leverage financial ratio reflect relationship between Tier 1 for capital that is used in capital adequacy ratio (after exclusions) and other assets (on balance sheet and off-balance sheet) that are not risk weighted assets.

Ratio Elements

I- The numerator elements

The numerator consists of Tier 1 for capital that is used in capital adequacy ratio (after exclusions) in accordance with the requirements of the regulatory authority represented by the Central Bank of Egypt (CBE).

II- The denominator elements

The denominator consists of all bank assets (on balance sheet and off-balance sheet) according to financial statements called "Bank exposures" which include total the following:

On balance sheet exposure items after deducting some of Tier I Exclusions for capital base.

Derivatives contracts exposures.

Financing Financial papers operations exposures.

Off-balance sheet items (weighted by credit conversion factor).

Leverage financial ratio	31 December 2022 EGP.000	31 December 2021 EGP.000*
Trer 1 Capital after exclusions	**5 268 854**	**4 131 684**
Total exposures on balance sheet	71 240 172	57 348 008
Total exposures off- balance sheet	9 597 163	5 709 734
Total exposures on balance sheet and off- balance sheet	**80 837 335**	**63 057 742**
Leverage financial ratio	**6.52%**	**6.55%**

*After bank's AGM approval.

4-Significant accounting estimates and assumptions

In the application of the bank's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future years if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

A) Impairment of Loans and credit facilities (Expected Credit Loss)

The Bank reviews its Loans and credit facilities portfolio, at least, on a quarterly basis. Management uses its discretionary judgment in determining whether it is necessary to recognize impairment loss in the income statement. This requires it to identify any reliable evidence indicating measurable decline in the expected future cash flows from loan portfolio before identifying any decline for each individual loan.this evidence includes data indicating negative change in the ability of a portfolio of borrowers to repay the bank, or local and economic circumstances related to default. On scheduling future cash flows, the management use estimates based on previous experience related to impairment of assets having similar credit risks. Such experience refers to impairment similar to that of the portfolio in question. The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on management given experience.

B) Debit instruments with amortized cost

Non-derivatives financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity. This classification requires high degree of judgment; in return the bank tests the intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity except for certain circumstances like selling an insignificant amount of held-to-maturity investments near to maturity date, then all held to maturity investment portfolio should be reclassified as available for sale which will be measured at fair value instead of amortized cost. In addition the bank should suspend classifying investments as held to maturity caption.

C) Income Tax

The Bank is subject to income taxes in several tax departments which require the use of a significant estimate to determine the total provision of the income taxes. There are some accounts and operations that are difficult to comprehensively determine the final tax on them. the Bank records obligations derived from the expected results of tax inspection based on estimates of the emergence probability of additional taxes. When there is a variance between the final taxes' result and the amounts previously recorded, these variances will affect the income tax and the deferred tax provision for the year in which the variance is identified

5 - Geographical segment analysis

Income and expenses to geographical segment

For the year ended 31 December 2022	**Great Cairo**	**Alex. ,Delta & Sinai**	**Upper Egypt**	**EGP.000 Total**
Geographical segment income	2 178 544	854 147	54 448	3 087 139
Geographical segment expense	(1 309 021)	(121 337)	(23 757)	(1 454 115)
Net profit before tax	**869 523**	**732 810**	**30 691**	**1 633 024**
Income tax	(421 198)	(164 882)	(6 905)	(592 985)
Net profit	**448 325**	**567 928**	**23 786**	**1 040 039**

For the year ended 31 December 2021	**Great Cairo**	**Alex. ,Delta & Sinai**	**Upper Egypt**	**Total**
Geographical segment income	1 764 696	348 498	29 028	2 142 222
Geographical segment expense	(968 511)	(103 975)	(20 014)	(1 092 500)
Net profit before tax	**796 185**	**244 523**	**9 014**	**1 049 722**
Income tax	(388 001)	(55 018)	(2 028)	(445 047)
Net profit	**408 184**	**189 505**	**6 986**	**604 675**

Assets and liabilities to geographical segment

31 December 2022	**Great Cairo**	**Alex. ,Delta & Sinai**	**Upper Egypt**	**Total**
Geographical segment assets	70 223 122	4 099 136	345 219	74 667 477
Total of assets	**70 223 122**	**4 099 136**	**345 219**	**74 667 477**
Geographical segment liabilities	57 507 442	10 654 297	1 005 422	69 167 161
Total of liabilities	**57 507 442**	**10 654 297**	**1 005 422**	**69 167 161**

Assets and liabilities to geographical segment

31 December 2021	**Great Cairo**	**Alex. ,Delta & Sinai**	**Upper Egypt**	**Total**
Geographical segment assets	54 050 616	3 163 445	217 198	57 431 259
Total of assets	**54 050 616**	**3 163 445**	**217 198**	**57 431 259**
Geographical segment liabilities	42 814 912	9 061 839	1 154 384	53 031 135
Total of liabilities	**42 814 912**	**9 061 839**	**1 154 384**	**53 031 135**

6 - Net Interest Income

	From 1 January 2022 To 31 December 2022 EGP.000	From 1 January 2021 To 31 December 2021 EGP.000
Interest from loans and similar income		
Loans and facilities to Customers	2 812 686	1 816 508
Treasury bills	599 985	407 644
Bonds:		
Governmental bonds	1 457 269	1 577 534
Other bonds	459 202	353 124
Deposits and current accounts with banks	314 180	128 162
	5 643 322	**4 282 972**
Cost of deposits and similar expenses		
Current accounts and deposits :		
Customers	(3 422 288)	(2 563 332)
Banks	(208 931)	(119 933)
Other	(121 806)	(75 357)
	(3 753 025)	**(2 758 622)**
	1 890 297	**1 524 350**

7 -Net Fees and Commissions Income

	From 1 January 2022 To 31 December 2022 EGP.000	From 1 January 2021 To 31 December 2021 EGP.000
Fees and Commissions Income		
Credit fees and commissions	56 307	38 258
Trade finance fees and commissions	279 345	173 459
Custody fees	3 115	2 591
Other fees	7 836	5 090
	346 603	**219 398**
Fees and Commissions Expenses		
Other paid fees	(50 352)	(30 684)
	(50 352)	**(30 684)**
	296 251	**188 714**

8 – Dividends Income

	From 1 January 2022 To 31 December 2022 EGP.000	From 1 January 2021 To 31 December 2021 EGP.000
Financial instrument at FVTPL	14 230	200
Financial instrument at FVTOCI	13 257	10 559
	27 487	**10 759**

9 - Net Trading Income

	From 1 January 2022 To 31 December 2022 EGP.000	From 1 January 2021 To 31 December 2021 EGP.000
Gains from dealing in foreign currencies	157 793	70 963
Translation differences of financial investment at FVTPL	13 388	65 551
	171 181	**136 514**

10 - Administrative Expenses

	From 1 January 2022 To 31 December 2022 EGP.000	From 1 January 2021 To 31 December 2021 EGP.000
Wages and salaries	633 403	551 574
Social Insurance	122 434	106 202
Other administrative expenses	454 576	372 876
	1 210 413	**1 030 652**

11- Other operating income (expense)

	From 1 January 2022 To 31 December 2022 EGP.000	From 1 January 2021 To 31 December 2021 EGP.000
Gain (loss) on sale of property and equipment	1 395	(14 002)
Other income / (expenses)	29 013	96 365
Foreign exchange translation differences of non-monetary items	(335 219)	49
Release (charge) of other provisions	(18 350)	(2 714)
	(323 161)	**79 697**

12 - Income tax expense

	From 1 January 2022 To 31 December 2022 EGP.000	From 1 January 2021 To 31 December 2021 EGP.000
Current taxes	(625 319)	(410 320)
Deferred taxes (note 29)	32 334	(34 726)
	(592 985)	**(445 047)**

Note (29) includs additional information about differed income tax

Adjustments to calculate the effective tax rate	From 1 January 2022 To 31 December 2022 EGP.000	From 1 January 2021 To 31 December 2021 EGP.000
Profit before income tax	1 633 024	1 049 722
Tax rate	22.50%	22.50%
Income tax calculated based on accounting profit	**367 430**	236 188
Add /(deduct)		
Non-deductible expenses	221 576	112 470
Tax exemptions	(155 797)	(115 164)
Provisions impact	38 952	(15 163)
Depreciation impact	6 603	(6 368)
Tax pool	158 119	164 926
Others	(43 899)	68 158
Income tax expenses	**592 985**	**445 047**
Effective tax rate	**36.31%**	**42.40%**

13 - Charge of impairment credit losses	From 1 January 2022 To 31 December 2022 EGP.000	From 1 January 2021 To 31 December 2021 EGP.000
Loans and credit facilities to banks	6	-
Loans and advances to customers	(236 155)	(36 917)
Due from Central Bank of Egypt	(1 152)	182
Due from banks	(286)	425
Debt instruments at FVTOCI	(3 239)	-
Treasury bills	-	5 798
Debt instruments at amortized cost	(2 876)	(652)
	(243 702)	**(31 164)**

14 - Earnings per share	From 1 January 2022 To 31 December 2022 EGP.000	From 1 January 2021 To 31 December 2021 EGP.000
Net profit	1 040 039	604 675
Profit share of Staff and board members*	(122 779)	(71 383)
Profit available	917 260	533 292
Weighted average for outstanding shares (thousand)	290 433	290 433
Earnings per share (EGP/share) **	**3.16**	**1.84**

*Proposed dividends distribution and subject to the approval of AGM. after fiscal year end.

**No. of shares adjusted in comparative year according to the accounting standard.

15- Cash and Due from Central Bank of Egypt	31 December 2022 EGP.000	31 December 2021 EGP.000
Cash	314 766	212 635
Due from CBE mandatory reserve	8 456 826	4 710 049
Less: Allowance for impairment losses	(2 541)	(767)
	8 769 051	4 921 918
Non-interest bearing balances	6 238 511	3 684 382
Fixed interest bearing balances	2 533 081	1 238 303
Less: Allowance for impairment losses	(2 541)	(767)
	8 769 051	4 921 918

Movement of allowance for impairment losses for due from Central Bank of Egypt

	31 December 2022 EGP.000	31 December 2021 EGP.000
Opening balance	767	950
Charge (release) of impairment credit loss	1 152	(182)
Foreign exchanges revaluation differences	622	(1)
	2 541	767

16 - Due from banks	31 December 2022	31 December 2021
	EGP.000	EGP.000
Current accounts	223 290	95 848
Deposits	7 432 045	6 838 044
Less: Allowance for impairment losses	(335)	(20)
	7 655 000	6 933 872
Due from CBE other than those under the mandatory reserve	17 895	2 750 000
Local banks	5 729 711	2 967 144
Foreign banks	1 907 729	1 216 748
Less: Allowance for impairment losses	(335)	(20)
	7 655 000	6 933 872
Non-interest bearing balances	223 290	95 848
Fixed balances at floating interest bearing	7 432 045	6 838 044
Less: Allowance for impairment losses	(335)	(20)
	7 655 000	6 933 872
Current balances	**7 655 000**	6 933 872

Movement of allowance for impairment losses for due from banks	31 December 2022	31 December 2021
	EGP.000	EGP.000
Opening balance	20	446
Charge (release) of impairment loss	286	(425)
Foreign exchanges revaluation differences	29	(1)
	335	**20**

17 - Treasury bills	31 December 2022	31 December 2021
	EGP.000	EGP.000
Treasury bills at FVTOCI		
Maturity 91 days	2 004 925	1 000 150
Maturity 182 days	4 500 650	18 725
Maturity 273 days	501 100	532 375
More the 364 day maturity	2 609 570	2 690 257
Total	**9 616 245**	**4 241 507**
Less :	-	-
Unearned interest less than 91 days	(14 626)	(19 045)
Unearned interest more than 91 days	(151 999)	(164 145)
	9 449 620	**4 058 317**
Revaluation reserve	(194)	**1 335**
Total	**9 449 426**	**4 059 652**

18 - Loans and facilities to customers

	31 December 2022			31 December 2021		
	Total	Provision	Net	Total	Provision	Net
	EGP.000	EGP.000	EGP.000	EGP.000	EGP.000	EGP.000
Retail						
Overdraft	124 874	(3 114)	121 760	164 969	(17 614)	147 355
Credit cards	36 463	(2 641)	33 822	29 842	(7 088)	22 754
Personal loans	2 595 357	(85 052)	2 510 305	1 594 627	(64 995)	1 529 632
Total (1)	**2 756 694**	**(90 807)**	**2 665 887**	**1 789 438**	**(89 697)**	**1 699 741**
Corporate including SMEs						
Overdraft	13 081 208	(1 360 436)	11 720 772	11 721 050	(1 800 768)	9 920 282
Direct loans	6 692 092	(380 092)	6 312 000	3 929 702	(228 275)	3 701 427
Syndicated loans	9 607 228	(130 347)	9 476 881	8 242 044	(91 849)	8 150 195
Total (2)	**29 380 528**	**(1 870 875)**	**27 509 653**	**23 892 796**	**(2 120 892)**	**21 771 904**
Total loans and facilities to customers (1+2)	**32 137 222**	**(1 961 682)**	**30 175 540**	**25 682 234**	**(2 210 589)**	**23 471 645**
Less:						
Interest in suspense			(558 225)			(407 410)
Interest under settlement			-			(513)
Net loans and facilities to customers			**29 617 315**			**23 063 722**
Current balances			26 938 980			14 379 662
Non-current balances			2 678 335			8 684 060
			29 617 315			**23 063 722**

Allowance of impairment losses

Analysis of the movement of the impairment loss provision for loans and facilities to customers :

31 December 2022

	Retail			
	Overdraft	Credit Cards	Personal Loans	Total
	EGP.000	EGP.000	EGP.000	EGP.000
Opening balance	17 614	7 088	64 995	89 697
Impairment Charge	(14 513)	(4 447)	20 070	1 110
Used	-	-	(13)	(13)
	13	-	-	13
	3 114	**2 641**	**85 052**	**90 807**

	Corporate			
	Overdraft	Direct Loans	Syndicated Loans	Total
	EGP.000	EGP.000	EGP.000	EGP.000
Opening balance	1 800 769	228 275	91 849	2 120 893
Impairment Charge	148 037	67 410	19 599	235 046
Used	(902 915)	-	-	(902 915)
Proceeds from previously written off debts	3 512	-	-	3 512
Foreign exchange translation differences	311 033	84 407	18 899	414 339
	1 360 436	**380 092**	**130 347**	**1 870 875**
				1 961 682

31 December 2021

	Retail			
	Overdraft	Credit Cards	Personal Loans	Total
	EGP.000	EGP.000	EGP.000	EGP.000
Opening balance	36 528	7 257	32 430	76 215
Impairment Charge	(18 914)	(169)	32 588	13 505
Used	-	-	(23)	(23)
	17 614	**7 088**	**64 995**	**89 697**

31 December 2021

	Corporate			
	Overdraft	Direct Loans	Syndicated Loans	Total
	EGP.000	EGP.000	EGP.000	EGP.000
Opening balance	1 869 158	207 480	21 541	2 098 179
Charge (release) of impairment loss	(67 836)	20 925	70 323	23 412
Used	(72 825)	-	-	(72 825)
Proceeds from previously written off debts	73 300	-	-	73 300
Foreign exchange translation differences	(1 028)	(130)	(15)	(1 173)
	1 800 769	**228 275**	**91 849**	**2 120 893**
				2 210 590

19 –Financial investments

	31 December 2022 EGP.000	31 December 2021 EGP.000
At FVTOCI		
a) Debt instruments at FVTOCI		
Listed in the market*	3 548 817	8 792 156
	3 548 817	**8 792 156**
b) Equity instruments at FVTOCI		
Listed in the market	3 124	3 123
Unlisted in the market	923 914	638 885
	927 038	**642 008**
c) Mutual funds		
Unlisted in the market **	76 513	45 860
	76 513	**45 860**
Total financial investments at FVTOCI (1)	**4 552 368**	**9 480 024**
At Amortized Cost		
a) Debt instruments		
Listed in the market	10 288 036	5 276 449
Less: Allowance for impairment losses	(6 310)	(1 433)
Total financial investments at Amortized Cost (2)	**10 281 726**	**5 275 016**
At FVTPL		
a) Equity instruments at FVTPL		
Listed in the market	194 236	185 903
	194 236	**185 903**
b) Mutual funds		
Non-listed in the market	140 554	116 233
	140 554	**116 233**
Total financial investments at FVTPL (3)	**334 790**	**302 136**
Total Financial investments (1+2+3)	**15 168 884**	**15 057 176**
Current balances	3 746 177	8 981 183
Not-current balances	11 422 707	6 075 993
Total Financial investments	**15 168 884**	**15 057 176**
Fixed interest rates debt instruments	11 064 641	11 007 638
Floating interest rates debt instruments	2 765 903	3 059 534

*Including securitized bonds and sukuk of EGP 3 376 507 (EGP 4 283 472 in previous year).

**Includes seed capital in mutual funds established by the bank (note38)

Summary of the financial investment movement	At FTVOCI	At Amortized Cost	Total
31 December 2022	EGP.000	EGP.000	EGP.000
Opening balance	**9 480 024**	**5 275 016**	**14 755 040**
Addition	1 235 912	5 347 478	6 583 390
Disposal / maturity (redemption)	(6 452 172)	(639 358)	(7 091 530)
Foreign exchange translation differences	44 988	307 103	352 091
Net change in fair value reserve	249 047	-	249 047
Discount (premium) amortization	(5 431)	(3 636)	(9 067)
Release /(charge) Allowance for impairment losses	-	(4 877)	(4 877)
	4 552 368	**10 281 726**	**14 834 094**
31 December 2021			
Opening balance	**10 224 341**	**4 137 062**	**14 361 403**
Addition	11 161 301	1 709 866	12 871 166
Disposal maturity (redemption)	(11 829 383)	(553 354)	(12 382 737)
Foreign exchange translation differences	(1 100)	(186)	(1 286)
Net change in fair value reserve	(37 668)	-	(37 668)
Discount (premium) amortization	(37 466)	(17 720)	(55 186)
Release /(charge) Allowance for impairment losses	-	(652)	(652)
	9 480 024	**5 275 016**	**14 755 040**

Gain on Financial Investments	From 1 January 2022 To 31 December 2022 EGP.000	From 1 January 2021 To 31 December 2021 EGP.000
Gain on sale of debt instrument and treasury bills	978 485	101 947
Release (charge) of impairment losses of associates	(17 299)	10 598
	961 186	**112 545**

Movement of allowance for impairment losses for Investments at Amortized Cost

	31 December 2022 EGP.000	31 December 2021 EGP.000
Opening balance	1 433	782
Charge (release) of impairment loss	2 876	652
Foreign exchanges revaluation differences	2 001	(1)
	6 310	**1 433**

20- Investments in associates

EGP.000

	Share Precentage	31 December 2021	Share of profit in associates in income statement	31 December 2022
Al Maadi for touristic investments and entertainment	29.69%	9 928	679	10 607
Credit guarantee company	9.09%	103 934	65 961	169 895
Orientals for industrial projects	11.83%	10 558	(5 676)	4 882
Elshorouk for markets and shops	66.78%	40 199	2 934	43 133
		164 619	**63 898**	**228 517**
Allowance for impairment losses		**-**		**(17 299)**
		164 619		**211 218**

21 – Intangible assets	31 December 2022	31 December 2021
	EGP.000	EGP.000
Opening balance	107 452	65 530
Additions	62 850	41 922
Total cost	**170 302**	**107 452**
Accumulated amortization	(50 413)	(34 570)
Amortization expenses	(57 350)	(15 843)
Accumulated amortization	**(107 763)**	**(50 413)**
	62 539	**57 039**

22 – Other assets	31 December 2022	31 December 2021
	EGP.000	EGP.000
Accrued revenues	772 904	590 914
Prepaid expenses	46 224	37 728
Advance payment for acquisition of property and equipment	1 224 131	911 394
Asset reverted to the bank in settlement of debts	709 427	679 554
Insurance and custodies	4 510	3 942
Others	86 719	82 719
	2 843 917	**2 306 251**

23 – property and equipment

	Lands	Buildings and installations	Integrated automated systems	Vehicles	Machinery & Equipment	Fixtures & fitting	Furniture	Total
	EGP.000	**EGP.000**	**EGP.000**	**EGP.000**	**EGP.000**	**EGP.000**	**EGP.000**	**EGP.000**
Cost	88 934	539 374	115 687	20 742	123 846	180 214	54 681	1 123 478
Accumulated depreciation	-	(95 076)	(74 988)	(13 842)	(43 803)	(78 847)	(19 244)	(325 800)
Net book value as at 1 January 2021	**88 934**	**444 298**	**40 699**	**6 900**	**80 043**	**101 367**	**35 437**	**797 678**
Additions	-	46 159	55 507	-	15 222	17 543	1 448	135 879
Disposals	-	-	-	(365)	-	-	-	(365)
Depreciation	-	(15 749)	(18 229)	(2 877)	(14 861)	(10 294)	(4 536)	(66 546)
Accumulated depreciation of disposals	-	-	-	365	-	-	-	365
Net book value as at 31 December 2021	**88 934**	**474 708**	**77 977**	**4 023**	**80 404**	**108 616**	**32 349**	**867 011**
Cost	88 934	585 533	171 194	20 378	139 068	197 757	56 129	1 258 993
Accumulated depreciation	-	(110 825)	(93 217)	(16 355)	(58 664)	(89 141)	(23 780)	(391 982)
Net book value as at 31 December 2021	**88 934**	**474 708**	**77 977**	**4 023**	**80 404**	**108 616**	**32 349**	**867 011**
Additions	-	46 422	2 518	1 980	15 130	27 279	4 050	97 379
Disposals	-	-	(59)	(1 449)	(1 421)	-	-	(2 929)
Depreciation	-	(14 834)	(23 461)	(2 454)	(16 984)	(11 805)	(4 725)	(74 263)
Accumulated depreciation of disposals	-	-	59	1 449	1 421	-	-	2 929
Net book value as at 31 December 2022	**88 934**	**506 296**	**57 034**	**3 549**	**78 550**	**124 090**	**31 675**	**890 127**
Cost	88 934	631 955	173 653	20 909	152 777	225 036	60 179	1 353 443
Accumulated depreciation	-	(125 659)	(116 619)	(17 360)	(74 227)	(100 946)	(28 505)	(463 316)
Net book value as at 31 December 2022	**88 934**	**506 296**	**57 034**	**3 549**	**78 550**	**124 090**	**31 674**	**890 127**

*property and equipment balance at the financial position includes an amount of EGP 73 million represent assets not registered yet as the legal department is in-process to register these assets.

24 - Due to banks	31 December 2022	31 December 2021
	EGP.000	EGP.000
Current accounts	191 676	406 078
Deposits	658 050	682 136
Treasury bills sold with re-purchase agreement	33 367	50 505
	883 093	**1 138 719**
Central banks	93 622	140 085
Local banks	659 705	368 216
Foreign banks	129 766	630 418
	883 093	**1 138 719**
Non interest rate accounts	98 781	270 514
Fixed interest rate accounts	784 312	868 205
	883 093	**1 138 719**
Current balances	**883 093**	**1 138 719**

25 - Customer's deposits	31 December 2022	31 December 2021
	EGP.000	EGP.000
Demand deposits	18 965 822	16 558 780
Time deposits and call accounts	34 468 490	22 694 916
Term saving certificates	8 098 888	8 465 778
Savings deposits	2 310 173	1 973 516
Other deposits	1 959 415	893 862
	65 802 788	**50 586 852**
Corporate deposits	52 994 094	39 379 866
Retail deposits	12 808 694	11 206 986
	65 802 788	**50 586 852**
Non interest bearing accounts	573 482	4 416 413
Fixed interest rate accounts	64 485 422	44 685 901
Floating interest rate accounts	743 884	1 484 538
	65 802 788	**50 586 852**
Current balances	57 512 575	41 971 257
Non-current balances	8 290 213	8 615 595
	65 802 788	**50 586 852**

26 - Other Loans	Maturity date	31 December 2022	31 December 2021
		EGP.000	EGP.000
Project development authority loans*	Feb. 2024	10 855	18 635
Two subordinate deposits **	May 2024	125 528	308 720
Subordinate deposits ***	Dec. 2024	39 144	96 996
Subordinate Loans ****	Jun. 2027	650 000	-
Three subordinate deposits ****	Jan. 2028	255 000	-
		1 080 527	**424 351**
Current balances		133 400	5 100
Non-current balances		947 127	419 251
		1 080 527	**424 351**

*A loan contract had been signed with the Projects development Authority to obtain a stake in loans to develop small projects. The loan bears interest paid to Projects development Authority in order to provide low cost finance for the bank's client according to agreed upon contract.

** In accordance with the bank`s AGM approval dated 31 January 2019, a subordinated deposit contract were signed on February 2019 with Arab Contractors Employees Insurance Fund amounted to EGP 325 Million to support tier two of the bank Capital Base in the calculation of Capital Adequacy Ratio in accordance with basel guidelines and to maintain CBE enacted ratio. Amendment contaract signed on 13 December 2022 to amend the sum of deposit to become EGP 130 Million.

The duration of the subordinated deposit is 63 months starts from February 2019 and to be paid at the end of the period in full, and interest to be paid every three months.

*** In accordance with the bank`s AGM approval dated 31 January 2019, a subordinated deposit contract were signed on September 2019 with Arab Contractors Employees pension Fund amounted to EGP 100 Million to support tier two of the bank capital base in the calculation of Capital Adequacy Ratio in accordance with basel guidelines and to maintain CBE enacted ratio. Amendment contaract signed on 13 December 2022 to amend the sum of deposit to become EGP 40 Million.

The duration of the subordinated deposit is 63 months starts from September 2019 and to be paid at the end of the period in full, and interest to be paid every three months.

**** In accordance with the bank`s AGM approval dated 24 March 2022, a subordinated Loan contract were signed on June 2022 with Arab International Bank amounted to EGP 650 Million to support tier two of the bank Capital Base in the calculation of Capital Adequacy Ratio in accordance with basel guidelines and to maintain CBE enacted ratio.

The duration of the subordinated loan is five years starts from June 2022 due at June 2027, to be paid at the end of the period in full. Suez canal bank can make partial repayments on an annual base with a maximum 20% of total loan.

****On December 13, 2022, a modification contract has been signed to modify subordinate deposits of Arab Contractors Employees Insurance Fund hereby amount of deposits decreased by EGP 255 Million and new deposits issued with a maturity of 61 months till January 12,2028. This modification has a positive effect on second tier of bank's capital base as it increases bank's financing ability and enhance competitive position.

27 - Other liabilities	**31 December 2022 EGP.000**	**31 December 2021 EGP.000**
Accrued interest	422 300	205 483
Unearned revenues	27 040	17 868
Accrued expenses	80 786	54 192
Creditors	13 179	13 033
Other payables	721 356	476 999
	1 264 661	**767 575**

28 - Other Provisions	**31 December 2022 EGP.000**	**31 December 2021 EGP.000**
Opening balance	15 754	15 639
Net foreign currencies exchange differences	946	(102)
Charge (release) povision	18 350	2 714
Used	(974)	(2 497)
	34 076	**15 754**

29 - Deferred tax assets and liabilities

Deferred tax has been calculated on temporary tax differences using the balance sheet method and using the expected tax rate on a time that the Bank will recognize benefit from assets / incurre liabilities for current financial period .

Balance of deferred tax assets and liabilities are as follows:	**31 December 2022 EGP.000**		**31 December 2021 EGP.000**	
	Asset	**Liability**	**Asset**	**Liability**
Depreciation of property and equipment	-	(37 517)	-	(46 425)
Other provisions (other than loan provision)	13 671	-	4 044	-
Debt instruments at FVTOCI	13 080	-	-	(3 310)
Equity instruments at FVTOCI	-	(83 844)	-	(30 989)
Other	75 424	(82 830)	-	(21 205)
Total deferred tax asset (liability)	**102 175**	**(204 191)**	**4 044**	**(101 928)**
Net tax deferred tax asset (liability)	**-**	**(102 016)**	**-**	**(97 884)**

Movement of deferred tax assets and liabilities are as follows:	**31 December 2022 EGP.000**		**31 December 2021 EGP.000**	
	Asset	**Liability**	**Asset**	**Liability**
Opening balance	4 044	(101 928)	7 749	(125 967)
Depreciation of property and equipment	-	8 907	-	(9 817)
Other provisions (other than loan provision)	9 627	-	(3 705)	-
Debt instruments at FVTOCI	-	(1 674)	-	9 418
Disposal of debt instruments at FVTOCI	13 081	4 983	-	8 515
Equity instruments at FVTOCI	-	(52 914)	-	37 128
Disposal of equity instruments at FVTOCI	-	58	-	-
Other	75 424	(61 625)	-	(21 205)
	102 176	**(204 191)**	**4 044**	**(101 928)**

30- Capital

(A) Authorized Capital

Authorized capital amounted to EGP 5 billion. on 4 April 2019, Extra ordinary assembly meeting approved an increase in authorized capital by EGP 3 billion to be EGP 5 billion and record has been marked at commercial registry.

(B) Issued and paid - up capital

Issued and paid – up capital amounted to EGP 2.904 billion distributed on 290.4 million shares in cash with nominal value of EGP 10 each

(C) Retained amount for capital increase

Amount of EGP 695 674 thousand has retained for capital increase.

On 24 March 2022 the bank's AGM has approved the capital increase by EGP 695 674 thousand with anominal value of EGP 10 through distributions of 0.23953027 bonus share for each one share. capital increased has been recorded in commercial registry on 25 January 2023.

31- Reserves	**31 December 2022 EGP.000**	**31 December 2021 EGP.000**
Legal reserve	123 459	92 525
General reserve *	24 117	24 117
Special reverse	45 158	45 158
Capital reserve	55 328	69 330
Fair value reserve (a)	118 231	(24 457)
General risk reserves	38 851	38 851
General bank risk reserve **(b)	55 687	35 902
	460 831	**281 426**

*The value of residual amount from issuing expenses of capital increase from EGP. 1 billion to EGP. 2 billion.

**In accordance with the instructions of the CBE, the general banking risk reserve is supported annually by 10%of the value of the assets owned by the Bank in return for debt if these assets are not disposed of within the period specified in the law.

31/a- Fair Value reserve	**31 December 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Opening balance	(24 457)	(13 944)
Net change in fair value transferred to R/E	(2 250)	-
Net change in FVOCI	144 938	(10 513)
	118 231	**(24 457)**

31/b- General banking risk reserve	**31 December 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Opening balance	35 902	40 268
Transferred from retained earnings	19 785	15 231
Transferred to retained earnings	-	(19 597)
	55 687	**35 902**

32- Difference between the present value and face value for subordinate deposits	**31 December 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Opening balance	19 283	25 027
No more required	(7 160)	-
Amortization of difference of subordinate deposit	(6 795)	(5 744)
	5 328	**19 283**

33- Retained earnings	**31 December 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Opening balance	1 195 089	1 384 075
Transferred to legal reserve	(30 934)	(29 691)
Transferred to capital reserve	14 002	(7 840)
Transferred to general banking risk reserve	(19 785)	(15 231)
Transferred to retained amount for capital increase	(695 674)	(704 326)
Transferred from general banking reserve	-	19 597
Amortization of difference of subordinate deposit	6 795	5 744
Staff profit share	(54 883)	(43 197)
Banking system support and development fund	(6 242)	(5 717)
Board Members' bonus	(16 500)	(13 000)
Net change in fair value transferred to R/E	2 250	-
Net profit	1 040 039	604 675
	1 434 157	**1 195 089**

34- Cash and cash equivalents

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

	31 December 2022	**31 December 2021**
	EGP.000	**EGP.000**
Cash and due from CBE (note 15)	314 766	212 635
Due from banks (note 16)	5 949 229	6 933 892
Treasury bills (note 17)	1 990 299	981 105
	8 254 294	**8 127 632**

35- Contingent and commitments liabilities
(A)-Legal claims :

There is a few cases against the bank without provision as the bank doesn't expect to incur losses from it at financial statement date . A provision for legal cases that are expected to incur losses has been charged amount of EGP 15 274 thousand as at financial statement date (In 31 Dec. 2021 : amounted to EGP 8 537 thousand)

B-Capital commitments:

B/1 - property and equipment and branches of equipment

The Bank has a commitment to contracts for property and equipments purchase and branches preparations and new head office in New Capital City (building, furniture, integrated system and, fixtures&fitting) amounting to EGP 533 829 as current period (EGP 493 220 thousand prior year). Management is sufficiently confident that net profit shall be realized and finance shall be made available to cover these commitments.

B/2 - Financial Investments

The capital commitments for the financial investments reached on the date of financial position as follows:

	Amount of commitment	Amount Paid	Remaining
Financial investments in associate	12 000	3 000	9 000
Financial investments through OCI	197 000	50 285	146 715

C-Contingent liabilities:	**31 December 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Letters and financial of guarantees	6 737 532	5 513 438
Letter of credits import, export and facilities to suppliers	732 481	1 938 259
Other Contingent Liabilities	13 957	103 828
	7 483 971	**7 555 525**

D- Credit facilities commitments	**31 December 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Not more than one year	3 381	405 590
More than one year	1 497 151	1 188 061
	1 500 532	**1 593 651**

E- Commitments operating lease contracts	**31 December 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Not more than one year	30 854	15 189
More than one year and less than 5 years	147 103	45 684
More than 5 years	54 647	2 816
	232 604	63 689

36- Related party transactions

The bank deals with its related parties on the same basis as with others in compliance with accepted banking rules and regulations. The nature of these transactions and its balances are represented on the balance sheet date as follows:

A) Loans and credit facilities to related parties:	**31 December 2022**	**31 December 2021**
Loans and facilities to customers	**EGP.000**	**EGP.000**
Balance at beginning of the year	9 828	10 827
Collected loans	(9 826)	(999)
	2	**9 828**

B) Deposits from related parties:	**31 December 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Balance at beginning of the year	40 165	48 518
Deposits received	45 222	7 592
Deposits redeemed	(14 618)	(15 942)
Net foreign exchange difference	1 243	(3)
	72 012	**40 165**

C) Other	**31 December 2022**	**31 December 2021**
	EGP.000	**EGP.000**
Due from banks	5 033	2 999
Investment in associates	211 218	164 619
Due to banks	9	9
Other loans	1 069 672	405 716
Other payables	372	372

According to CBE instructions dated 23 August 2011 . the Average monthly salary and rewards of top twenty salary and rewards together during fiscal year ended 31 December 2022 is EGP 4 140 907.

37 -Tax position

A. Corporate income tax:

- For the years from 1978 till 2004, inspection completed and the bank has paid amounts due .
- For the year from 2005 to 2020 inspection completed and the bank paid all taxes due except for retained tax losses for year 2010 which will be settled as part of the agreement between tax authority and Egyptian Bank federation, thus no taxes due regarding this period.
- For the year 2021 the bank had submitted the annual tax return in due date and there is no taxes due .

B . Salaries tax:

- For the years from 1978 till 2020,inspection completed for the employees salary tax, and the bank has paid all the amounts due.
- For the year 2021 the salary tax is deducted and paid regularly to the Tax Authority in accordance to law 91 for 2005.

C . Stamp duty tax:

- For the periods beginning from the activity commencing date and till 31 July 2006 , the inspection completed for all branches in accordance with law no. 111 of the year 1980 and the bank have paid all the amounts due .
- For the period from 1 August 2006 to 31 December 2021, the bank has been completed inspection, in accordance with law no. 111 of the year 1980 and the bank have paid all the amounts due .
- From the years 2022, the bank paid stamp duty tax (Bank and customers shares) based on highest utilization of debit balance for each quarter period in accordance to Law .

38-Mutual Funds

	Suez Canal Bank First Fund "With Cumulative Periodical Return" and Distribution	Suez Canal Bank Second Fund "Agial - With Cumulative Periodical Return"	Suez Canal Bank Monetary Fund for Liquidity " With Cumulative Daily Return"
Registration number and est. date	No. 143 , in 24 March 1996	No. 355, in 30 June 2008	No. 790 in 10 August 2020
Under the license of the capital market law and its executive regulations		Financial markets law no. 95 of 1992 and its executive regulations no. 22 for 2014	
Fund manager	HC for managing funds.	Beltone for managing funds.	CI Assets Management.
Currency	EGP	EGP	EGP
A-Fund shares upon issuance:			
Number of investment certificates (ICs)	200 000	10 000 000	25 000 000
Nominal value of IC	500	10	10
Total nominal value of ICs	100 000 000	100 000 000	250 000 000
The nominal value of the bank's ICs in the fund	35 900 000	7 096 710	5 000 000
B-At financial position date :			
Market price per IC	669	19	13
Total market value of ICs	50 366 833	19 957 086	277 541 460
No.of outstanding ICs	75 253	1 035 480	22 000 176
Total Bank's ICs classified as investment at FVTOCI	10 000	500 000	500 000
Total Bank's ICs classified as investment at FVTPL	61 800	209 671	-
	71 800	**709 671**	**500 000**
Total Fair value of bank's ICs classified as investment at FVTOCI	6 693 000	9 636 635	6 307 710
Total Fair value of bank's ICs classified as investment at FVTPL	41 362 740	4 041 046	-
	48 055 740	**13 677 681**	**6 307 710**
Fees and Commission for supervising fund and other services through PL	**262 258**	**183 987**	**980 690**

39 -Significant events

The coronavirus (“COVID-19”) pandemic has spread across various geographies globally, causing disruption to business and economic activities.COVID-19 has brought about uncertainties in the global economic environment. SCB is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

Based on the uncertainties caused by COVID-19 and in anticipation of the expected economic slowdown, SCB is closely monitoring the loan portfolio considering the relevant impact of COVID-19 on the qualitative and quantitative factors where determining the significant increase in Credit Risk is specifically for the exposures of the mostly affected sectors.

Accordingly, Suez Canal Bank has taken internal protective action by building up proper provisions as a mitigation plan for the COVID-19 impact on the loan portfolio as of end of December 2022. Further build up of provisions might be taken, precautionary, till the end of the grace period, till actual performance of the portfolio start revealing itself.

40- Subsequent events

On January 25,2023, the capital increase of EGP 695 674 thousand has been recorded in commercial registry of the bank thus the paid capital reached EGP 3 600 000 thousand.

41- Translation

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