

Bank of Alexandria
“Egyptian Joint Stock Company”

Annual Financial Statements and Auditors' Report
for the year ended December 31,2023

Bank of Alexandria
"Egyptian Joint Stock Company"

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Allied for Accounting & Auditing EY
Public Accountant & Consultants

mazars

MOSTAFA SHAWKI
Public Accountant & Consultants

*Translation of Auditor's
Report Originally issued in
Arabic.*

Auditors' Report

To: the Shareholders of Bank of Alexandria (S.A.E)

Report on the financial statements

We have audited the accompanying financial statements of Bank of Alexandria (S.A.E) represented in the statement of financial position as of 31 December 2023 and the related statements of income, comprehensive income, cash flows and changes in shareholders' 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 these financial statements in accordance with the rules of preparation and presentation of Banks' financial statements and basis of recognition and measurement issued by the Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the prevailing Egyptian laws. 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; this responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

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 assessments, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bank of Alexandria (S.A.E) as of 31 December 2023, and its financial performance and its cash flows for the year then ended, in accordance with the rules of preparation and presentation of Banks' financial statements, and the basis of recognition and measurement issued by the Central Bank of Egypt on 16 December 2008 as amended by the regulations issued on 26 February 2019 and in light of the related prevailing Egyptian laws and regulations.

Emphasis of Matter

Without qualifying our opinion, we draw attention that statement of profit appropriation (Proposed) as of 31 December 2023 had been amended related to shareholders dividends in accordance with subsequent decision from the Board of directors dated by 28 March 2024. The Board of directors approved reissuing the statement of profit appropriation (Proposed) to reflect the revised decision, our audit report on these reissued financial statements supersedes our audit report dated 19 February 2024 on the financial statements of the Bank for the year ended 31 December 2023. Our subsequent event procedures are restricted to the amendment of the statement of profit appropriation (Proposed) to the accompanying financial statements.

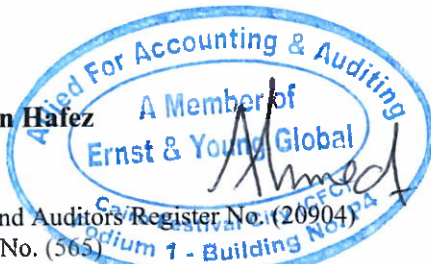
Report on Legal and Other Regulatory Requirements

Except for the contravention related to (note 40), we are not aware of any other contravention to the provisions of the Central Bank of Egypt and Banking Sector Law No 194 for 2020 during the financial year ended 31 December 2023.

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

The financial information included in the Board of Directors' report, prepared according to Law No. 159 of 1981 and its Executive Regulations and their amendments, are in agreement with the Bank's accounting records.

Ahmed Amin Hafez



Accountants and Auditors Register No. (20904)
CBE Register No. (565)
Member of Egyptian Society of Accountants and Auditors
Allied for Accounting & Auditing EY

Auditors

Iman Abd Elmonem Mohamed



Accountants and Auditors Register No. (4973)
CBE Register No. (103)
Fellow of Egyptian Society of Accountants and Auditors
Member of Egyptian Tax Society
MAZARS MOSTAFA SHAWKI
153 Mohamed Farid St., Bank Misr Tower, Cairo


Cairo: 19 February 2024 except for the statement of profit appropriation (Proposed) which is as of 28 March 2024

Bank of Alexandria (Egyptian Joint Stock Company)
Statement of financial position
As of 31 December 2023

	Note	31 December 2023 EGP 000	31 December 2022 EGP 000
Assets			
Cash and balances at Central Bank of Egypt	(16)	13 049 714	8 417 138
Due from banks	(17)	44 145 286	32 360 064
Loans and advances to banks	(18)	438 767	50 038
Loans and advances to customers	(18)	58 398 465	55 787 967
Financial assets classified at fair value through profit and loss	(19)	13 309	9 472
Financial investments			
-Fair value through other comprehensive income	(20)	36 937 640	29 793 332
-Fair value through profit and loss	(20)	13 966	11 801
-Amortized cost	(20)	4 471 345	2 520 880
Investments in associates	(21)	68 620	56 556
Intangible assets	(22)	296 405	398 560
Other assets	(23)	3 176 647	2 626 100
Deferred tax assets	(30)	359 530	319 185
Fixed assets	(24)	593 241	706 790
Total assets		161 962 935	133 057 883
Liabilities and shareholders' equity			
Liabilities			
Due to banks	(25)	371 898	457 820
Customers' deposits	(26)	133 339 950	110 699 637
Other loans	(27)	569 789	528 978
Other liabilities	(28)	4 469 798	3 622 395
Other provisions	(29)	406 590	457 775
Current income tax liabilities		1 465 092	872 687
Retirement benefits obligations	(31)	1 569 590	1 470 368
Total Liabilities		142 192 707	118 109 660
Shareholders' equity			
Share capital	(32)	5 000 000	5 000 000
Reserves	(33)	2 503 855	2 386 638
Retained earnings	(33)	12 266 373	7 561 585
Total Shareholders' equity		19 770 228	14 948 223
Total liabilities and Shareholders' equity		161 962 935	133 057 883

Auditors' Report "attached"

The accompanying notes from page (7) to page (62) are an integral part of these Annual financial statements and are to be read therewith.



Dante Campioni
CEO and Managing Director

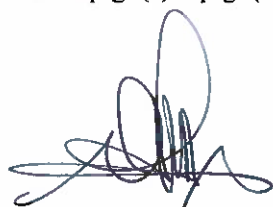


Michele Formenti
Chief Financial Officer

Bank of Alexandria (Egyptian Joint Stock Company)
Statement of income
For the year ended 31 December 2023

	Note	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
Interest and similar income	(6)	22 223 019	13 440 419
Interest and similar expense	(6)	(10 213 301)	(6 188 201)
Net interest income		12 009 718	7 252 218
Fee and commission income	(7)	2 094 293	1 442 830
Fee and commission expense	(7)	(850 083)	(607 199)
Net fee and commission income		1 244 210	835 631
Net income		13 253 928	8 087 849
Dividends' income	(8)	8 257	16 033
Net income from financial instruments classified at fair value through profit and loss	(9)	5 736	3 879
Change in financial assets classified at fair value through profit and loss		2 165	1 193
Net trading income	(10)	28 632	67 767
Gain from financial investments	(20)	5 695	504
Bank's share in undistributed profit of associated companies		13 457	1 818
Impairment (Charge) for credit losses	(13)	(1 966 868)	(912 284)
Administrative expenses	(11)	(3 872 574)	(3 180 408)
Other operating (expenses) / revenues	(12)	(78 695)	38 701
Net profit before income tax		7 399 733	4 125 052
Income tax expense	(14)	(2 393 413)	(1 275 681)
Net profit for the year		5 006 320	2 849 371
Earnings per share (EGP/share) - Basic	(15)	1.78	1.00

The accompanying notes from page (7) to page (62) are an integral part of these Annual financial statements and are to be read therewith.



Dante Campioni
CEO and Managing Director



Michele Formenti
Chief Financial Officer

Bank of Alexandria (Egyptian Joint Stock Company)
Statement of other comprehensive income
For the year ended 31 December 2023

	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
Net profit for the year	5 006 320	2 849 371
<u>Other Comprehensive income that will not be reclassified to the income statement</u>		
Net change in fair value in financial instruments (Equity instruments) at fair value through other comprehensive income	9 500	430 312
Amounts transferred to retained earnings	(109)	(603 531)
	9 391	(173 219)
<u>Other Comprehensive income that may be reclassified to the income statement</u>		
Net change in fair value - debt instruments	166 556	(363 221)
Expected credit loss of debt instrument	(12 308)	1 284
	154 248	(361 937)
Comprehensive income for the year after tax	163 639	(535 156)
Total comprehensive income attributable to shareholders' for the year	5 169 959	2 314 215

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Dante Campioni
CEO and Managing Director



Michele Formenti
Chief Financial Officer

Bank of Alexandria (Egyptian Joint Stock Company)
Statement of cash flow
For the year ended 31 December 2023

	Note	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
Cash flows from operating activities			
Net profit before tax		7 399 733	4 125 052
Adjustments to reconcile net profit to cash flows from operating activities			
Depreciation and amortization	(22,24)	257 476	230 745
Impairment charge on credit losses (loans and advances to customers)	(13)	1 896 825	914 435
Other provisions (recovery)	(29)	(31 982)	(29 473)
Impairment on credit losses (Treasury bills)		11 250	(464)
(Recovery) on credit losses (Treasury bonds)		(146)	(13)
Impairment on credit losses (Due from banks)		(58 938)	(1 674)
Impairment losses of Investments on other assets		(724)	(859)
Impairment losses of Investments in associates		-	7 500
Net income from financial assets classified at fair value		(5 736)	(3 879)
Other provisions utilization (other than loans provision)	(29)	(13 606)	(7 173)
Foreign currencies revaluation differences of other provisions	(29)	(25 770)	(21 752)
Foreign currencies revaluation differences of other loans		88 234	154 577
Change in financial assets by fair value through profit and loss		2 165	1 193
Foreign currencies revaluation differences of financial investments		(164 802)	(121 930)
Foreign currencies revaluation differences of fair value reserves	(33 C)	12 307	-
Gain from treasury bonds and bills		-	(200)
(Gains) from selling fixed assets	(12)	(2 210)	(3 394)
Dividends' income	(8)	(8 257)	(16 033)
Gains from selling financial investments		-	(8 004)
Gains of financial investments transferred from reserve of fair value		-	603 531
Amortization of discount for bonds		571 274	-
Change in fair value of investments through other comprehensive income		154 168	-
Bank's share in undistributed profit of associates		(13 457)	(1 818)
Operating profits before changes in assets and liabilities provided from operating activities		10 067 804	5 820 367
Net decrease/(increase) in assets and (decrease)/increase in liabilities			
Balances with CBE within the mandatory reserve requirements		(3 258 194)	(2 373 284)
Due from banks		9 395 914	(1 237 170)
Treasury bills and other governmental notes		17 924 780	1 889 669
Loans and advances to banks		(388 729)	(50 038)
Loans and advances to customers		(4 507 323)	(5 288 959)
Financial instruments at fair value through profit and loss since inception		1 719	(3 230)
Financial assets classified at fair value through profit and loss		(2 165)	(48 789)
Other assets		(603 744)	(933 680)
Due to banks		(85 922)	(9 827)
Customers' deposits		22 640 313	14 979 597
Other liabilities		847 403	600 530
Retirement benefits obligations		99 223	146 886
Taxes paid		430 022	(1 108 141)
Net cash flows provided operating activities		52 561 101	12 383 931
Cash flows from investing activities			
Payments of purchase of fixed assets and branches constructions		(15 468)	(155 849)
Proceeds from selling fixed assets		(2 123)	3 510
Proceeds from selling financial investments other than Trading		77 311 096	62 527 010
Payments to purchase of financial investments		(88 832 251)	(63 517 706)
Payments to purchase of intangible assets		(26 812)	(202 853)
Dividends received (Including dividends from Associates)		8 257	16 033
Net cash flows (used in) investing activities		(11 587 301)	(1 329 855)
Cash flows from financing activities			
Proceeds from other loans		195 259	43 474
Payments of other loans		(249 307)	(239 690)
Dividends paid		(348 063)	(662 192)
Net cash flows (used in) financing activities		(402 111)	(858 408)
Net change in cash and cash equivalents during the year		40 601 689	10 195 668
Cash and cash equivalents at the beginning of the year		33 022 049	22 826 381
Cash and cash equivalents at the end of the year		73 623 738	33 022 049
Cash and cash equivalents are represented in the following (note no. 35):			
Cash and balances at Central Bank of Egypt		13 049 714	8 417 138
Due from banks		44 145 286	32 360 064
Treasury bills and other governmental notes		33 614 654	22 759 848
Balances at CBE within the mandatory reserve percentage		(9 776 177)	(6 517 983)
Deposits at banks with maturity more than three months *		(2 183 864)	(1 237 170)
Treasury bills and other governmental notes (with maturity more than 3 months)*		(5 225 875)	(22 759 848)
Cash and cash equivalents		73 623 738	33 022 049
Non-Cash transactions			
For the purpose of preparing the statement of cash flows, the following non - cash transactions were eliminated:			
EGP 21 830 thousand from both payments for acquiring fixed assets and intangible assets (amounts transferred from assets under construction) and the change in the other debit balances.			
EGP 154 168 thousand from both changes in fair value reserve and financial investments (investments valuation differences).			

* From the date of acquisition.

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Dante Campioni
CEO and Managing Director





Michele Formenti
Chief Financial Officer

Bank of Alexandria (Egyptian Joint Stock Company)
Statement of changes in shareholders' equity
For the year ended 31 December 2023

	Share Capital	Capital Increase	Legal Reserve	General Reserve	Special Reserve	Other Reserves	Fair Value Reserve for Investments through OCI	General Banking Risks Reserve - Credit	Specific Reserve General Risk Reserve	Retained Earnings	Total
Balance as of 1 January 2022	800 000	4 200 000	400 000	29 312	418 158	289 188	336 807	368 044	35 135	6 845 042	13 721 686
Dividends paid for the year 2021	-	-	-	-	-	-	-	-	-	(1 691 209)	(1 691 209)
Transferred from Amounts under capital increase	4 200 000	(4 200 000)	-	-	-	-	-	-	-	-	-
Net change in other comprehensive income	-	-	-	-	-	-	68 375	-	-	-	68 375
Transferred to Legal reserve from General Reserve	-	-	29 312	(29 312)	-	-	-	-	-	-	-
Transferred to Legal reserve from Other Reserve	-	-	289 188	-	-	(289 188)	-	-	-	-	-
Transferred to Legal reserve from Special Reserve	-	-	418 123	-	(418 123)	-	-	-	-	-	-
Transferred to Legal reserve from Retained Earnings	-	-	1 363 377	-	-	-	-	-	-	(1 363 377)	-
Transferred to Special Reserve from Retained Earnings	-	-	-	-	1	-	-	-	-	(1)	-
Reclassification of the net change in fair value of equity instruments upon derecognition	-	-	-	-	-	-	(603 531)	-	-	603 531	-
Net profit for the year ended 31 December 2022	-	-	-	-	-	-	-	-	-	2 849 371	2 849 371
Transferred from Banking Risks Reserve to Retained earnings	-	-	-	-	-	-	-	(318 228)	-	318 228	-
Balance as of 31 December 2022	5 000 000	-	2 500 000	-	36	-	(198 349)	49 816	35 135	7 561 585	14 948 223
Balance as of 1 January 2023	5 000 000	-	2 500 000	-	36	-	(198 349)	49 816	35 135	7 561 585	14 948 223
Dividends paid for the year 2022	-	-	-	-	-	-	-	-	-	(348 063)	(348 063)
Transferred from Amounts under capital increase	-	-	-	-	-	-	-	-	-	-	-
Net change in other comprehensive income	-	-	-	-	-	-	163 748	-	-	-	163 748
Reclassification of the net change in fair value of equity instruments upon derecognition	-	-	-	-	-	-	(109)	-	-	109	-
Transferred to Special Reserve from Retained Earnings	-	-	-	-	3 394	-	-	-	-	(3 394)	-
Net profit for the year ended 31 December 2023	-	-	-	-	-	-	-	-	-	5 006 320	5 006 320
Transferred from Banking Risks Reserve to Retained earnings	-	-	-	-	-	-	-	(49 816)	-	49 816	-
Balance as of 31 December 2023	5 000 000	-	2 500 000	-	3 430	-	(34 710)	-	35 135	12 266 373	19 770 228

The accompanying notes from page (7) to page (62) are an integral part of these Annual financial statements and are to be read therewith.


Dante Campioffi
CEO and Managing Director


Michele Formenti
Chief Financial Officer

Bank of Alexandria
(Egyptian Joint Stock Company)
Statement of profit appropriation (Proposed)
For the year ended 31 December 2023

	For the year end 31 December 2023 EGP 000	For the year end 31 December 2022 EGP 000
Net profit for the year (from income statement)	5 006 320	2 849 371
<u>Deduct / Add:</u>		
Gain from sale of fixed assets transferred to capital reserve according to law	(2 210)	(3 394)
Bank risk reserves IFRS9	49 816	318 228
Appropriated profit for the year (1)	5 053 926	3 164 205
Retained earnings at year beginning - Adjusted (*)	7 260 054	4 393 986
Total	12 313 980	7 558 191
<u>Appropriation</u>		
Legal reserve (**)	-	-
Shareholders' Dividends	1 501 896	-
Banking system support and development fund (***)	50 539	31 642
Employees' profit share	505 393	316 420
Retained earnings (at year end)	10 256 152	7 210 129
Total	12 313 980	7 558 191

(*) Includes EGP 110 thousand being gain from disposal of equity instruments through OCI which is not distributed yet, While for year ended 31 Dec 2022, it includes EGP 603 531 thousand added to Retained Earnings


(**) In accordance with the Bank's Articles of Association, deduction should stop when it reaches 50% of the issued share capital and paid-up.

(***) According to article 178 of the Central Bank and banking system law No 194 for year 2020, to deduct an amount not exceeding 1% of the distributable year net profits for the benefit of the Support and Development Fund.

The accompanying notes from page (7) to page (62) are an integral part of these Annual financial statements and are to be read therewith.

Dante Campioni
 CEO and Managing Director


Michele Formenti
 Chief Financial Officer

ON BEHALF OF


1- General information

Bank of Alexandria provides retail, corporate and investment banking services in Arab Republic of Egypt through its Head Office in Cairo (49, Kasr El Nil street) and through 182 branches' and banking units licenses and employs 4 380 staff members as of December 31,2023.

Bank of Alexandria (S.A.E) was established on 17 April 1957, as a State wholly owned commercial bank, until 31 October 2006, when SanPaolo I.M.I (Italian Bank) acquired 80% of its issued capital. On 1 January 2007, a merger was announced between SanPaolo I.M.I and Banca Intesa S.P.A., and the name of shareholder SanPaolo I.M.I has been amended to be Intesa SanPaolo S.P.A.

Bank of Alexandria currently performs its activities under the provisions of the Central Bank of Egypt, Banking Sector, according to the Monetary Law No. 88/2003 and the Law No. 194/2020.

On September 14th 2020, International Finance Corporation (IFC) sold its participation of 9.75% (with the exception of one share) in Bank of Alexandria to Intesa Sanpaolo S.P.A. The share of Intesa SanPaolo S.P.A became 80% (approximately). IFC in 2021 sold the remaining one share to Mr. Ahmed Saeed Al-Falal who has a share of 0.00000025% in the Bank capital.

The Bank's Board of directors has approved the financial statements hereunder on 1st of February 2024, Subsequently the Board of directors approved, on 28 March 2024, an amendment on the decision related to shareholders dividends payout in terms of the statement of profit appropriation (Proposed) for the year ended 31 December 2023.

2- Summary of Accounting Policies

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

2-A. Basis of the Preparation of the Financial Statements

The financial statements have been prepared in accordance with the Egyptian Accounting Standards (EAS) issued in 2006 and their amendments, and in accordance with the instructions of the Central Bank of Egypt (CBE), approved by its Board of Directors on 16th December 2008. Moreover, since January 2019 IFRS 9 "Financial Instruments" has been applied in accordance with the instructions of the Central Bank of Egypt (CBE) dated February 26, 2019. The financial statements were prepared under the historical cost convention, modified by the revaluation of the following balance sheet items: financial assets, liabilities held for trading, financial assets and liabilities classified at inception at fair value through profit and loss, financial investments at Fair Value through Other Comprehensive Income (FVOCI), and all financial derivatives contracts. The financial statements of the Bank have been prepared in accordance with the provisions of the relevant local laws.

2-B. Associates' Companies

Associates' companies are entities over which the bank exercises a direct or indirect significant influence without reaching the extent of control where the Bank holds ownership equities ranging between 20% and 50% of the voting rights.

Purchase method of accounting has been applied for the companies in which the Bank acquired a stake. The acquisition cost is measured through the fair value or the equivalent value offered by the Bank for the acquired assets and/or issued shareholders' equity instruments and/or obligations the Bank incurred and/or obligations the Bank accepted on behalf of the acquired company, to complete the acquisition process at the date of the exchange process, plus any costs that can be directly attributed to the acquisition process. Net assets, including acquired defined potential obligations, are measured at fair value at the acquisition date regardless of the minority's rights existence. The excess of the acquisition cost over the fair value of the Bank's share in the net assets is considered goodwill. Moreover, if there is a decrease in the acquisition cost below the net fair value referred to, the difference shall be recorded directly in the income statement under the account "Other operating income (expenses)".

The associates' companies in the Bank's financial statements are accounted for by the equity method. In addition, dividend pay-outs are deducted in the carrying value of the investment when approved.

2-C. Segment Reporting

A business segment is a group of assets and operations related to providing products or services subject to risk and returns, different from those that are related to other business segments. A geographical segment is related to providing products and services within the same economic environment subject to risk and returns, different from those that are related to other geographical segments that operate in a different economic environment.

2-D. Foreign Currencies Translation

2-D.1. Functional and Presentation Currency:

The Bank's financial statements is presented to the nearest thousand Egyptian pounds, which represents the Bank's functional and presentation currency.

2-D.2. Transactions and Balances in Foreign Currencies

The bank holds its accounting records in the Egyptian pound. Transactions in foreign currencies during the fiscal year are recorded using the prevailing exchange rates at the date of the transaction. Monetary assets and liabilities in foreign currency are re-evaluated at the end of the reporting year using the prevailing exchange rates at that date. The gains and losses resulting from settlement of such transactions, as well as the differences resulting from the re-evaluation, are recognized in the income statement among the following items:

- Net trading income for financial instruments classified since inception at fair value through profit and loss or assets/liabilities held for trading.
- Shareholders' equity for financial derivatives that are eligible for cash flow qualified hedge or eligible for net investment qualified hedge.
- Other operating income (expenses) for the remaining items.
- Changes in the fair value of the financial instruments with monetary nature in foreign currencies and classified as investments at Fair Value through Other Comprehensive Income (debt instruments), are differentiated into revaluation differences resulting from changes in the amortized cost of the instruments, revaluation differences resulting from changes in the prevailing exchange rates and, revaluation differences resulting from the changes in the instrument's fair value. The revaluation differences resulting from the changes in the amortized cost are recognized in the income statement within "Interest and Similar Income". The differences related to exchange rate changes are recognized in "Other Operating Income (expenses)", whereas the change in the fair value (fair value reserve/financial investments at Fair Value through Other Comprehensive Income (FVOCI) are recognized within shareholders' equity.

- The revaluation differences resulting from items other than those with monetary nature include the gains and losses resulting from the change of the fair value such as the equity instruments held at fair value through profit and loss. The revaluation differences resulting from equity instruments classified as financial investments at Fair Value through Other Comprehensive Income (FVOCI) are recognized within the fair value reserve in the shareholders' equity.

2-E. Financial Assets

The bank classifies financial assets among the following categories:

- Financial Assets classified at Fair Value Through Profit and Loss (FVTPL).
- Financial Assets at amortized cost (Loans and Receivables).
- Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI).

The management determines the classification of its investments at initial recognition.

2-E.1. Financial Assets classified at Fair Value Through Profit and Loss:

This category includes:

A financial instrument is classified as an instrument held for trading if it is primarily acquired for the purpose of the sale in the short term, or if it represents a part of a portfolio of specific financial instruments that are managed together and there is evidence of recent actual transactions that resulted in short-term profit taking. Further, derivatives are classified as held for trading (Unless hedge accounting is applied).

Financial assets are classified at inception at the fair value through profit and loss in the following cases:

- When such classification reduces the measurement inconsistency that could arise from handling the related derivative as held for trading at the time of the valuation of the financial instrument, in the place of the derivative at amortized cost for loans and facilities to banks and customers and issued debt instruments.
- When managing some investments, such as investments in equity instruments, if valued at fair value according to the investment strategy or risk management and reports are prepared for the top management on this basis.
- Financial instruments such as held debt instruments, which contain one or more embedded derivatives that strongly affect cash flows.
- Gains and Losses resulting from changes in the fair value of financial derivatives that are managed in conjunction with assets and liabilities classified at inception at fair value through profit and loss and are recorded in the income statement under "Net income from financial instruments classified at inception at fair value through profit and loss".
- Reclassification of any financial derivative related to a group of financial instruments evaluated at fair value through profit and loss is not possible during the period in which it is held or during its validity period. In addition, any financial instrument from the group of financial instruments evaluated at fair value through profit and loss cannot be reclassified if it has been classified by the Bank at its initial recognition as an instrument evaluated at fair value through profit and loss.

2-E.2. Loans and Receivables

Loans and Receivables represent non-derivative financial assets with fixed or determinable payment that are not quoted in an active market, with the exception of :

- Assets which the bank intends to sell immediately or in the short term. In which case, they are classified as assets held for trading or assets classified at inception at Fair Value Through Profit and Loss.
- Assets classified by the bank at Fair Value through Other Comprehensive Income (FVOCI) at initial recognition.
- Assets for which the bank will not be able to substantially recover the value of its initial investment for reasons other than creditworthiness deterioration.

2-E.3. Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Investments classified at Fair Value through Other Comprehensive Income (FVOCI) are non-derivative financial assets held within the Bank model whose objective is to hold cash flows, including principal and interest, or may be sold in response to needs for liquidity or to decrease in instrument creditworthiness or to changes in interest rates, exchange rates, or equity prices (Liquidity Management portfolio).

The following is applied to financial assets:

Purchase and sale transactions of the financial assets classified at Fair Value Through Profit and Loss (FVTPL), and financial investments classified at Fair Value Through Other Comprehensive Income (FVOCI) shall be recognized in the ordinary way on the trade date on which the Bank is committed to purchase or sell the asset.

The financial assets, which are not classified at inception at fair value through profit and loss, shall be recognized at fair value plus the transaction costs, whereas financial assets classified at inception at fair value through profit and loss are recognized only at fair value with the transaction' costs associated to those assets being reported in the income statement under the "Net Trading Income" item.

Financial assets shall be derecognized when the contractual right validity to receive cash flows from the financial asset expires or when the bank transfers most of the risk and returns associated with the ownership to a third party. Financial liabilities are derecognized when they expire by either discharging, cancellation, or the expiration of the contractual period.

Financial assets at Fair Value through Other Comprehensive Income (FVOCI) and financial assets classified at Fair Value Through Profit and Loss (FVTPL) shall be subsequently measured at fair value. Loans and receivables are subsequently measured at amortized cost.

Gains and losses resulting from changes in the fair value of assets classified at fair value through profit and loss shall be recognized in the income statement in the year in which they are made, while the gains and losses arising from changes in the fair value of the investments at Fair Value Through Other Comprehensive Income (FVOCI) shall be directly recognized in shareholders' equity statement, until the asset is derecognized or impaired. In which case, the cumulative profit and losses previously recognized in shareholders' equity statement shall be recognized in the income statement.

Income calculated with the amortized cost method and gains and losses on foreign currencies related to the assets with monetary nature classified at fair value through Other Comprehensive Income Assets shall be recognized in the income statement. Dividends resulting from equity instruments classified at fair value through Other Comprehensive Income shall be recognized in the income statement when the right of the bank to receive payment is established.

Fair value of the investments listed in active markets shall be defined pursuant to the current Bid Prices. In case there is no active market for the financial assets, or the current Bid Prices are unavailable, the bank shall define the fair value by using one of the valuation methods. This includes either using arm's length transactions, discounted cash flow analysis, options pricing models or other valuation methods commonly used by market traders. In case the Bank is unable to estimate the fair value of equity instruments classified at Fair Value Through Other Comprehensive Income, their value shall be measured by cost after deducting any impairment in value.

If the Bank adjusts its estimates of payments or receivables, the book value of the financial asset (or the group of financial assets) shall be settled in a way that reflects the actual cash flows and the adjusted estimates, provided that the book value is determined by calculating the present value of estimated future cash flows by the actual return rate of the financial instrument. The result of the settlement shall be recognized as revenue or expenses in the profit and loss.

In all cases it shall not be permissible to reclassify the financial (Debt Instruments) assets between different classifications (classified at amortized cost, classified at Fair Value Through Other Comprehensive Income, and classified at fair value through profit and loss) except if the bank changes the business model(s), which procedures takes place infrequently and rarely, other than the first classification change when implementing the impact of IFRS 9 first time adoption for financial instruments.

2-F. Accounting Standards applied starting from January 1st 2019:

Starting from December 31, 2018, the financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules, approved by its Board of Directors, except the effect of the instructions of the Central Bank of Egypt dated February 26, 2019 to prepare financial statements according to IFRS 9 "Financial Instruments: classification and measurements".

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:

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

Stage 2: Includes financial assets that have had a significant increase in credit risk since initial recognition, but that do not have objective evidence of impairment. For these assets, lifetime expected credit loss are recognized, but interest is still calculated on the gross carrying amount of asset. Lifetime expected credit loss are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

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

2-F.1. Definition of default:

The bank applies a single definition of default for classifying assets and determining the probability of default of its obligors for risk modelling purpose.

The definition of default is based on quantitative and qualitative criteria. A counterparty is classified as default at the latest when material payments of interest, principal or fees are overdue for more than 90 days.

2-F.2. Significant Increase in Credit Risk:

IFRS 9 does not provide a specific definition for significant increase in credit risk. The bank's assessment of the credit risk is based on forward-looking analysis based on management assessment, quantitative analysis (predictive model) and qualitative information. An estimate of whether there is a significant increase in credit risk includes comparing the current default risk at financial reporting date, with the initial default risk at inception lending date, during that the bank took into account all quantitative and qualitative information including historical data and prospective outlook, which are available without effort and cost is not required, which depends on the ability of the bank to provide data objectively.

The Bank considers different economic scenarios in estimating the probability of default at the initial lending date and successively in each financial reporting date, each scenario outcome has different results, and the Bank adjust weighted factor for each of the different scenarios.

The Bank calculates the expected credit loss for the entire life of the instrument when there is a significant decrease in the creditworthiness that reflects the cash flow deficit resulting from all the events and factors affecting the creditworthiness weighted by the risk of default.

The bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant decrease in credit risk and to measure the loss allowance based on lifetime rather than 12-months ECL.

2-F.3. Write-Off:

Debt is written off when all or part of the debt is uncollectible or agreed to be exempt from it. Loans, credit facilities and debt instruments are considered to be impaired when the Bank has no reasonable expectation of collection of these financial assets (in whole or in part), this scenario occurs when the Bank determines that the borrower has no other assets or resources from the cash flows to repay the loan. The Bank may continue to take legal actions to collect all or part of the debt after the debt is executed, which may lead to the collection of certain amounts granted to the borrower.

Written-off loans reduce the principal amount granted, and when collection of debts has been written off, these amounts are recognized on collection.

2-F.4. Market Risk:

Market risk represents the expected loss resulting from the negative effects of market variables. Market variables represent several factors such as interest rate, currency risk, exchange rate, equity prices, credit risk margin and commodity prices. These variables may be not reliably measurable, such as volatility and bonding factors with each other.

Market risk includes risks related to the source of the financial instrument and investment risk.

• **Financial instrument risk:** The possibility of loss arising from changes in fair value due to events related to the credit loss affecting the issuer and which the Bank is exposed to through investments and derivatives derived from the source of the financial instrument.

• **Investment risk:** Risks related to the volume of held financial investments.

Market Risk Management: The Bank's objective of managing market risk is to control and manage exposure to market variables in order to maximize returns while ensuring adequate solvency.

With regard to liquidity risk, the task of the concerned committees is to ensure effective market risk management across the Bank's various sectors. The main activities for managing these risks are as follows:

- Identification of the main types of risks and their causes.
- Neutral independent measurement and evaluation of these risks and their effects.
- Use evaluation results as a basis for managing return / risk ratios.
- Risk control and reporting.

2-F.5. Changes in accounting policies and significant professional estimates and assumptions:

Main Changes in Bank Accounting policies upon adopting IFRS 9

The following is a summary of the major changes in the Bank's accounting policies resulting from the adoption of IFRS 9.

Classification of Financial Assets and Financial Liabilities

IFRS 9 includes three major asset classes:

- Amortized Cost
- Fair Value Through Comprehensive Income
- Fair Value Through Profit and Loss.

The classification of financial assets in accordance with IFRS 9 is generally based on the business model in which the financial assets and contractual cash flow characteristics are managed. The standard eliminates the previous classes in accordance with IAS 39: held to maturity, loans and receivables, and available for sale investments.

Impairment of Financial Assets

IFRS 9 replaces the "recognized losses" model in IAS 39 with the "expected credit loss" future model. The new impairment model also applies to certain loan commitments and financial guarantees contracts, but does not apply to equity investments. In accordance with IFRS 9, credit losses are recognized earlier in relation to IAS 39.

Classification of Financial Assets and Liabilities (SPPI test)

The SPPI test evaluates the contractual terms of the financial assets (as a whole) that give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

Impairment of financial instruments

The Bank assesses whether credit risk on financial assets has increased significantly since initial recognition and includes future information in measuring expected credit losses.

2-G. Offsetting of financial instruments

Financial assets and liabilities are offset in case the Bank has a legal right in force to undertake the offsetting of the recognized amounts, and it intends to settle the amounts on a net basis or to receive the asset and settle the liability simultaneously.

The items of the agreements for purchasing treasury bills with commitment to resell, and the agreements for selling treasury bills with commitment to repurchase shall be presented based on the net basis in the financial position within the item of treasury bills and other governmental notes.

2-H. Financial Derivatives

Derivatives shall be recognized at fair value at the date of the entering into its contract and subsequently be re-measured at fair value. The fair value is defined either from the quoted market prices in the active markets, recent market transactions, or valuation techniques such as discounted cash flow models and options pricing models, as appropriate. All derivatives shall be recognized within the assets if their fair value is positive or within the liabilities if their fair value is negative.

2-I. Interest Income and Expense

Interest income and expense of all interest-bearing financial instruments, except those classified as held-for-trading or which have been classified at inception at fair value through profit and loss, shall be recognized in the income statement under "Interest income on loans and similar income" item or "Interest expenses on deposits and similar charges" by using the effective interest rate method.

The effective interest rate is the method to calculate the amortized cost of a financial asset or liability and to distribute the interest income or expenses over the related instruments' lifetime. The actual rate of return is the rate used to discount the estimated future cash flows of expected payments or receivables during the expected lifetime of the financial instrument or shorter period of time when appropriate, in order to reach accurately the book value of a financial asset or liability. When the effective rate of return is calculated, the Bank estimates the cash flows by considering all the contractual terms and conditions of the financial instrument's contract (for example accelerated repayment options) and does not consider the future credit losses. The method of calculation includes all fees paid or received by and between the contract's parties, which are considered part of the effective interest rate. The cost of the transaction includes any premiums or discounts.

When loans or receivables are classified as non-performing or impaired ones as the case may be, the related interest income shall not be recognized nor recorded as off-balance sheet items out of financial statements. However, such interest income shall be recognized under the revenue item pursuant to the cash basis according to the following:

2-I.1 As for consumer loans, mortgage loans for personal housing and small loans for economic activities, when the interest income is collected and after arrears are fully recovered.

2-I.2 As for corporate loans, interest income is recognized as revenue only after the payment of 25% of the amount rescheduled and with a minimum of one year of regular payments. In case of the customer keeps repaying regularly, then the calculated interest will be capitalized to the loan balance and to be recorded as revenues (return on the rescheduled loan balance), without considering the marginal interest before reschedule, which will not be recorded in the revenues until the full payment of loan balance before scheduling as recorded in the financial position.

2-J. Fee and commission income

Due fees from servicing the loan or facility shall be recognized in the income when performing the service, while the fee and commission income related to non-performing or impaired loans or receivables shall not be recognized, as it shall be on off-balance sheet of the financial statements. Then, it shall be recognized within the income pursuant to the cash basis when the interest income is recognized according to item (2.I.2). As for the fees, which represent an integral part of the actual return of the financial assets in general, they shall be treated as an amendment to the effective rate of return.

Commitment fees on loans shall be postponed, if there is a probability that these loans will be withdrawn, taking into account that these fees that the bank receives are a compensation for the constant intervention to acquire the financial instrument. Then they shall be recognized by amending the effective rate of return on the loan. When the period of commitment expires without the loan being issued by the bank, these fees shall be recognized within the income at the expiry of the commitment's validity.

Fees on debt instruments measured at fair value shall be recognized within revenue at the initial recognition. Fees on the promotion of the syndicated loans shall be recognized within revenue when the promotion process is completed, and the bank does not retain any portion of the loan, or if the bank retains a portion for itself earning of the actual rate return which is available to other participants as well.

Fees and commission resulting from negotiations or the participation in negotiations on a transaction in favour of a third party, shall be recognized within the income statement - such as the arrangement of the acquisition of shares or other financial instruments, or the acquisition or selling of premises - when the specific transaction is completed. The administrative consultations fees and other services are normally recognized based on the distribution over time relative to the service performance period. However, the financial planning management fees and conservation services fees, which are provided for long periods of time, are recognized over the period during which the service is performed.

2-K. Dividend Income

Dividend income shall be recognized when the right to receive such income is established.

2-L. Purchase and Resale Agreements and Sale and Repurchase Agreements

Financial instruments sold under repurchase agreements "REPO's" are presented within the assets added to the balances of treasury bills and other government notes in the financial position, while the liability (purchase and resale agreements) is deducted from the treasury bills and other governmental notes in the financial position. The difference between the selling price and repurchase price is recognized as a return over the period of the agreement by applying the effective interest rate method.

2-M. Impairment of Financial Assets

2-M.1. Financial Assets Recorded at Amortized Cost

At reporting dates, the Bank assesses whether there is an objective evidence on the impairment of a financial asset or a group of financial assets. The financial asset or the group of financial assets shall be considered impaired, and impairment losses shall be recognized when there is objective evidence on the impairment as a consequence of an event or more events that occurred after the initial recognition of the asset, and such (Loss Event) affects the reliability of the estimated future cash flow of the financial asset or the group of financial assets which can be reliably estimated.

The indicators that the bank considers determining the existence of objective evidence on impairment losses include the following:

- Significant financial difficulties that face the borrower / debtor;
- Breach of the terms of the loan facility, such as the stopping of repayments;
- Expectation of the declaration of the borrower's bankruptcy, the entering into the liquidation lawsuit or the restructuring of the granted finance;
- Deterioration of the competitive position of the borrower;
- Granting privileges or concessions by the Bank to the borrower for legal or economic reasons related to the latter's financial difficulties, which the Bank may not accept granting the same in ordinary circumstances;
- The impairment of the collateral's value;
- The deterioration of the credit situation and positions.

Objective evidence of the impairment losses of a group of financial assets, includes the existence of observable data indicating a decrease in the measurement in the future's cash flows of the group since the initial recognition. Though it is not possible to determine the decline of each individual asset, such as the increase of default cases in regards with a Bank product.

The Bank estimates the period between the loss event and its identification for each specific portfolio. This period normally ranges between three and twelve months.

Further, the bank first assesses whether there is objective evidence of impairment exists for each individual financial asset if it represents significance. The assessment is made individually or collectively for the financial assets that are not significant on an individual basis. In this regard, the following shall be taken into account:

If the Bank identifies there is no objective evidence on the impairment of a financial asset assessed separately whether it has a significance of its own or not, then this asset shall be added to the group of financial assets with similar credit risk features for assessment together to estimate impairment pursuant to historic default ratios.

If the Bank identifies the existence of objective evidence of impairment of a financial asset assessed separately, then this asset shall not be included in the group of assets for which impairment losses are assessed on a collective basis.

If the aforementioned assessment resulted in the non-existence of impairment losses, then the asset is included in the group of financial assets shall be considered impaired.

The amount of impairment loss provision shall be measured by the difference between the asset's book value and the present value of expected future cash flows, discounted by applying the original effective interest rate of the asset; future credit losses not incurred should not be included in the above. The book value of the asset shall be reduced by using the impairment losses provision's account, and the impairment charge on credit losses shall be recognized in the income statement.

If the loan or investment held to maturity date bears a variable interest rate, then the discount rate applied to measure any impairment losses, shall be the effective interest rate pursuant to the contract on determining the existence of objective evidence of the impairment of the asset. For practical purposes, the Bank may measure the impairment loss value based on the instrument's fair value by applying the quoted market rates. As for collateralized financial assets, the present value of the future cash flows expected from the financial asset shall be capitalized. Besides, the flows that result from the implementation and selling of the collateral after deducting the expenses related thereto shall be also credited.

For the purposes of the estimation of impairment on group basis, the financial assets are pooled in groups of similar characteristics in terms of credit risk, based on classification process conducted by the Bank, taking into consideration the type of asset, the industry, the geographical location, the collateral type, the position of arrears, and the other related factors. These characteristics are related to the assessment of future cash flows of the groups of these assets, as they are deemed an indicator of the debtors' ability to repay the amounts due pursuant to the contractual conditions of the assets under consideration.

Upon estimating the impairment of a group of the financial assets based on historical default ratios, the future cash flows of the group shall be estimated based on the contractual cash flows of the banks' assets, and the amount of historical losses of these assets with similar credit risk characteristics of these assets held by the Bank. The amount of historical losses shall be adjusted based on the current disclosed data in a way that reflects the impact of the current conditions that did not occur in the period over which the amount of historical losses has been identified. Besides, this will cause that the effects of the conditions that existed in the historical periods, but no longer exist, are cancelled.

The Bank takes into account when forecasting the changes in cash flows of a group of assets the changes in relevant reliable data which occur from time to time; for example, changes in Macro-Economic factors like changes in unemployment rates, and changes in Micro-Economic factors like real estate prices, the position of repayments and any other factors indicating changes in the likelihood of loss in the group and its amount. The Bank conducts a periodic review of the method and assumptions used to estimate future cash flows.

2-M.2. Financial Investments at Fair Value Through Other Comprehensive Income

On each reporting date, the bank estimates whether there is objective evidence on the impairment of a financial asset, or a group of financial assets classified within financial investments at Fair Value Through Other Comprehensive Income.

In the case of the existence of investments in equity instruments classified as investments at Fair Value Through Other Comprehensive Income, the significant or prolonged decline in the fair value of the instrument below its book value shall be taken into account upon the estimation of whether there is impairment in the asset or not.

2-N. Investments' Property

Investments' property represents lands and buildings the bank owns in order to obtain rental revenues or capital appreciation. Consequently, these investments do not include the real estate assets where the bank practices its business and activities or the assets reverted to the bank in settlement of debts. The same accounting method applied for fixed assets, shall be applied for investments property.

2-O. Intangible Assets

2-O.1. Computer Software

Expenditure on the development or maintenance of the computer software shall be recognized when being incurred in the income statement. Expenditures associated directly with specific software under the bank's control that are expected to generate economic benefits exceeding their cost for more than a year, shall be recognized as intangible asset. The direct expenses include the cost of the staff involved in the software development, in addition to an adequate share of related overheads.

Expenditure that leads to the increase or expansion in the performance of computer software beyond their original specifications, shall be recognized as a development cost and shall be added to the cost of the original software.

The cost of the computer software shall be amortized over their expected useful life with a maximum of three years starting from the year 2010.

2-O.2. Other Intangible Assets

Other intangible assets represent intangible assets other than goodwill and computer software (for example but not limited to trademark, licenses, and benefits of rental contracts).

The recognition of other intangible assets, at their acquisition cost, shall be recognized and amortized on the straight-line method or based on the economic benefits expected from these assets over their estimated useful life. Concerning the assets which do not have a finite useful life, they shall not be subject to amortization; however, they shall be annually assessed for impairment and the value of impairment, (if any), shall be charged to the income statement.

2-P. Fixed Assets

Lands and buildings are mainly represented in head office premises, branches, and offices. All fixed assets shall be disclosed at historical cost minus accumulated depreciation and impairment losses. The historical cost includes expenses directly attributable to the acquisition of the fixed assets items.

Subsequent expenditures shall be recognized within the book value of the outstanding asset or as an independent asset, as appropriate, when the generation of future economic benefits to the bank from the concerned asset and the reliable determination of its cost become possible. Any maintenance and fixing expenses, during the period in which they are incurred, shall be carried to other operating expenses.

Land shall not be subject to depreciation, while depreciation of other fixed assets shall be calculated using the straight-line method to allocate the cost over the useful life of the asset in a way that the remaining carrying value would equal to its residual value as follows:

Buildings and constructions	20 years
Elevators	10 years
Leased real estate improvements	4 years or leasing period, whichever is less
Office furniture	10 years
Machinery	10 years
Means of transport	5 years
Computers and core systems *	5 years-10 years
Fittings and fixtures	10 years

The residual value and useful life of the fixed assets shall be reviewed on each reporting date and shall be adjusted whenever required. Depreciated assets shall be reviewed for purposes of determining the extent of impairment when an event or a change in conditions suggesting that the book value may not be redeemable occurs. Consequently, the book value of the asset shall be reduced immediately to the asset net realizable value in case of the increase of the book value over the net realizable value.

The net realizable value represents the net selling value of the asset or its utilization value whichever is greater. Gains and Losses from the disposal of fixed assets shall be determined by comparing the net proceeds at book value. Gains (losses) shall be included within other operating income (expenses) in the income statement.

* Core banking system will depreciated over 10 years.

2-Q. Impairment of Non-Financial Assets

Assets other than goodwill, which do not have a finite useful life, shall not be subject to amortization and shall be reviewed annually to determine whether there is any indication of impairment. Impairment of depreciable assets shall be assessed, whenever there are events or changes in conditions suggesting that the book value may not be redeemable.

The impairment loss shall be recognized, and the asset value shall be reduced by the increase in the asset book value over its net realizable value. The net realizable value represents the net selling value of the asset or its utilization value whichever is greater. For purposes of the estimation of impairment, the asset shall be linked to the smallest available cash-generating unit. On the date of the preparing the financial statements, the non-financial assets that have been impaired shall be reviewed to assess a reversal of the impairment to the income statement.

2-R. Finance Lease

The finance lease is accounted in accordance with the instructions of the Central Bank. An agreement is recognized as financial lease when the following conditions are fulfilled: (1) the contract gives the right to the lessee to purchase the asset on a specified date; (2) the contract specifies the agreed value for re-purchase; (3) the contract period represents at least 75% of the expected useful life of the asset, or the present value of the total payments represents at least 90% of the asset's value.

Other leasing contracts shall be considered as operating leasing.

2-R.1. Lease

With regard to financial leasing contracts, the lease cost including the maintenance cost of leased assets shall be recognized within the expenses in the income statement for the period in which it has been incurred. If the bank decides to exercise the right of the purchase of leased assets, then the cost of the purchasing right shall be capitalized as fixed assets and amortized over the expected remaining useful life of the asset in the same way applied to similar assets.

Payments under the operational leasing minus any discounts granted by the lessor shall be recognized within expenses in the income statement by applying the straight-line method over the period of contract.

2-S. Cash and Cash Equivalents

For the purpose of presentation of the statement of cash flows, cash and cash equivalents shall include the balances with maturity not exceeding three months from the date of the acquisition, and cash and balances at the Central Bank of Egypt, other than those that are deemed within the compulsory reserve, due from banks, treasury bills and other governmental notes.

2-T. Other Provisions

The restructuring costs and legal claims' provision shall be recognized when there is a legal or a present indicative obligation due to previous events, and it is also likely that the situation shall require the utilization of the bank's resources to settle the mentioned obligations with the provision of a reliable estimation of the obligation's value being possible.

When there are similar obligations, the cash outflow that can be used in settlement shall be identified, taking into consideration this set of liabilities. The related provision shall be recognized even if there is a little possibility that an outflow with respect to any one item is included in the same class of obligations.

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

2-U. Employees' Benefits

2-U.1. Retirement Benefits Obligations

The Bank manages a variety of retirement benefit plans that are often funded through payments that are defined based on periodical actuarial calculations and are made to insurance companies and other specialized funds. The bank has defined benefits and defined contribution plans.

Defined benefit plans: these are retirement rules, which specify the amount of the retirement benefits that the employee will be granted by the end of the period of service. This benefit normally depends on one factor or more such as age, years of services and income.

The recognized liability in the financial position with regards to defined benefit plans is represented in the present value of the defined benefit liabilities at the reporting date, after deducting the fair value of the retirement plans' assets and debiting (crediting) unrealized actuarial reconciliations of profits (losses), as well as the cost of additional benefits related to prior service terms.

An independent actuary who applies the Projected Unit Credit Method calculates the liability of the defined benefit plans (future cash flows expected to be paid) annually. The present value of the identified plans liability is determined through deducting these expected future cash flows to be paid by using the rate of return of high-quality corporate bonds or the rate of return of the government bonds in the same currency to be used in payment of the benefits and which have almost the same maturity period of the related obligations of the retirement benefits.

Gains (losses) resulting from changes and adjustments in actuarial estimates and assumptions shall be calculated, and such gains shall be deducted from (the losses shall be added to) the income statement, if they do not exceed 10% of the plan assets' value or 10% of the defined benefits' liability whichever is higher. In case gains (losses) rise above the mentioned percentage, then the increase shall be deducted (added) in the income statements over the average of the remaining years of service.

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Regarding the defined contribution plans, the bank pays contributions according to the retirement's insurance regulations in the public and private sectors on either mandatory or voluntary contractual basis, and the bank has no further obligations following the payment of contributions. These contributions shall be recognized within the employees' benefit expenses when maturing (vesting). Paid contributions paid in advance shall be recognized within assets to the extent where the advance payment reduces future payments or cash refund.

2-U.2. Liabilities of Other Post-Service's Benefits

The bank provides health care benefits to retirees, after the end of service term. Usually, such benefits are given provided that the employee remains in the employ of the bank's service until the retirement age and completes a minimum period of service. The expected costs of these benefits are accrued (vested) over the period of employment by adopting an accounting method similar to the method adopted in the defined benefit plans previously explained in the item 2-T.1

2-V. Income Tax

The income tax on the year's profit or loss includes the tax of the current year and the deferred tax and shall be recognized in the income statement, with the exception of the income tax on the items of shareholder's equity, which is directly recognized within shareholders' equity.

The income tax shall be recognized based on the net profit subject to tax through the application of the applicable tax rates at the date of preparing the financial position, in addition to the tax adjustments related to previous years.

Deferred tax arising from temporary timing differences between the book value of assets and liabilities calculated according to the accounting principles, as well as its values shall be recognized according to the tax principles. Deferred tax assets and liabilities are measured at the tax rates expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates enacted or substantively enacted by the end of the reporting year.

The deferred tax assets shall be recognized when profits to be subject to tax in the future are likely to be generated, through which this asset can be utilized. The deferred tax shall be decreased with the portion from which the expected taxable benefit will not be achieved over the coming years. In case of the increase of the expected taxable benefits, the deferred tax assets shall be increased within the limit of previous reduction in the value of deferred tax assets.

2-W. Borrowing

Loans obtained by the bank shall be recognized at inception at fair value minus the cost of the loan obtaining. Subsequently, the loans shall be measured by amortized cost. The difference between net proceeds and the amount to be paid over the borrowing period using the effective interest rate shall be recognized to the income statement.

The fair value of the portion that represents a liability regarding bonds convertible into shares, shall be defined by applying the market equivalent rate of return of non-convertible bonds. This liability shall be recognized by the amortized cost method until conversion or maturity of bonds. The remaining proceeds shall be charged to the conversion option included within shareholders' equity in net value after deduction of the income tax effect.

The preferred shares that either carry mandatory coupons or are redeemed at a defined date or according to the shareholders' option, shall be included within the financial liabilities and be presented in the item of "Other loans". The dividends of these preferred shares shall be recognized in the income statement under "Interest expense on deposits and similar charges" item based on the amortized cost method and by using the effective rate of return.

2-X. Share Capital

2-X.1. Cost of Capital

The issuance expenses, directly attributable to the issuance of new shares or shares against the acquisition of an entity, or the issuance of options shall be presented as a deduction from the shareholders' equity in net proceeds after taxes.

2-X.2. Dividends

Dividends shall be recognized through deducting from shareholders' equity in the period where the General Assembly meeting of shareholder approves these dividends. These include the employees' share in profits and the remuneration of the board of directors prescribed by the article of association of the bank and the law.

2-Y. Custody Activities

The bank practices custody services, which leads to owning or managing private assets of individuals, trust funds, or post service benefits funds. These resulting assets and profits shall be excluded from the financial statements, as they are not considered among the bank's assets.

2-Z. Comparative Figures

Comparative figures shall be reclassified whenever it is necessary to conform to the changes in the adopted presentation of the current year.

3- Financial Risk Management

The Bank is exposed to a variety of financial risks, while it practices its business and activities, and the acceptance of risk is considered the basis of financial business. Some risk aspects or a combination of risk are analysed, assessed, and managed. The Bank targets to achieve adequate balance between the risk and return, and to minimize likely adverse impacts on its financial performance. The most important types of risk are credit risk, market risk, liquidity risk and other operating risks. Market risk includes the risk of foreign exchange rates, interest rates and the other pricing risks.

The bank has developed risk management policies to define, analyse and control risk, and set, control and comply with its limits through a variety of reliable methods and up to date information systems. The bank conducts regular reviews and amendments of the risk management policies in order to reflect changes in the markets, products, and services, as well as the best up to date applications.

Risk Management Division carries out risk management in the light of the policies approved by the Board of Directors. Risk division identifies, assesses, and hedges against the financial risk in close collaboration with the different operating units of the bank. The board of directors provides written principles for risk management as a whole, in addition to written policies, which cover defined risk areas such as credit risk, foreign exchange risk, interest-rate risk, and the use of derivatives and non-derivatives financial instruments. In addition, Risk division is responsible for the periodic review of risk management and control environment independently.

3-A. Credit Risk

The bank is exposed to credit risk, which is the risk of default of one party on its obligations. Credit risk is considered as the most important risk the Bank faces. Thus, the top management carefully manages risk exposure. Credit risk is mainly represented in lending business from which loans and facilities arise, and in investment activities which include debt instruments. Credit risk is also found in the financial instruments off-balance sheet, such as loan commitments. The credit risk management team in the division conducts all operations related to the management and control of the credit risk.

3-A.1. Measurement of Credit Risk

Loans and Facilities to Banks and Customers

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

- Probability of default of the customer or a third party on their contractual obligations.
- The current position and the likely expected future development from which the bank can conclude the balance exposed to default (Exposure at default).
- Loss given default.

The daily activities of the bank's business involve the measurement of credit risk which reflects the expected loss (The Expected Loss Model) required by the Basel Committee on Banking Supervision. The operating measures may contradict with the impairment charge according to IFRS 9, which depends on losses realized at the reporting date (realized losses model) and not on expected losses (Note 3.a).

The bank estimates the probability of default at the level of every customer by applying internal rating methods to rate the creditworthiness of the different categories of customers in detail. These methods have been developed for internal rating and statistical analyses are taken into account together with the personal reasoning of credit officials to reach the adequate rating. The bank's customers have been divided into three categories of creditworthiness rating. The structure of creditworthiness adopted by the bank as illustrated in the following table reflects how probable default of each category is, which mainly means that credit positions move among mentioned categories pursuant to the change in the assessment of the extent of default probability.

The assessment methods are reviewed and developed whenever required. Further, the Bank periodically assesses the performance of the creditworthiness rating methods and how they are able to predict default cases.

Classification	The classification Category
1	Stage 1 (Performing loans)
2	Stage 2 (Watch list)
3	Stage 3 (Non-performing loans)

The position exposed to default depends on the amounts the Bank expects to be outstanding when the default takes place; for example, as for a loan, the position is the nominal value while for commitments, the Bank enlists all already withdrawn amounts in addition to these amounts expected to be withdrawn until the date of default, if it happens.

Loss given default or loss severity represents the Bank's expectations of the loss when claiming repayment of debt, if the default occurs. Expressed by the percentage of loss to the debt, it certainly differs in accordance with category of the debtor, the claim's seniority and availability of guarantees or other credit mitigation.

Debt Instruments, Treasury Bills and Other Bills

Concerning debt instruments and bills, the Bank uses the external foreign rating such as the rating of "Standard and Poor's" or of similar agencies to manage credit risk. If such ratings are not available, then the Bank applies similar methods to those applied to credit customers. Investment in securities, financial papers, and bonds shall be considered as a way to gain a better credit quality and maintain a readily available source to meet funding requirements at the same time.

3-A.2. Risk Mitigation Policies

The bank manages, mitigates, and controls credit risk concentration at the level of debtor, groups, industries, and countries.

The bank structures the levels of credit risk tolerance by placing limits for the risk tolerance in relation to each borrower or a class of borrowers, and at the level of economic activities and geographical sectors. Such risk shall be constantly monitored, controlled and shall be subjected to reviews on an annual basis or more frequently if necessary. Limits of credit risk at the level of borrower/ the group / producer, the sector and the country shall be quarterly approved by the Board of Directors.

Lines of credit for any borrower including banks, shall be divided into sub-lines which include in- and off- the balance sheet amounts, and the daily risk limit related to trading items such as: forward foreign exchange contracts. Actual amounts shall be compared daily with the mentioned limits. Credit risk exposure is also managed by the regular analysis of the present and the potential borrowers' ability to fulfil their obligations and by amendment of the lending lines when appropriate.

Following are some methods to mitigate risk:

- Collaterals

The Bank designs several policies and controls for credit risk mitigation such as collaterals for funds provided. The Bank lays down guidelines for specific categories of the accepted collaterals.

The main types of collaterals for Loans and credit facilities to customers are:

- Cash or equivalent;
- Mortgage;
- Pledge on business assets like machinery and merchandise;
- Pledge in financial instruments like debt and equity instruments.

Longer term finance and lending to corporate are often secured, while for credit facilities granted to retail customers, the main collateral is cash or equivalent (i.e. Term and Certificate of deposit). The Bank attempts to mitigate the credit risk through additional collaterals from the concerned parties immediately on arising of impairment indicators for any of the loans or facilities.

Collateral are held as a security against assets other than loans and facilities; debt instruments and treasury bills are normally unsecured with the exception of asset-backed securities and the similar instruments backed by a securities' portfolio.

-Derivatives

The Bank maintains control procedures over the net open positions for derivatives i.e. the difference between purchase and sale contracts at the level of value and period. The amount exposed to credit risk is at any time defined at the fair value of the instrument that achieves benefit to the bank i.e. an asset that has a positive fair value and represents a small portion of the contractual (nominal) value adopted to express the volume of the outstanding instrument. This credit risk is managed as a part of the aggregate lending line granted to the customer together with the expected risk due to market changes.

Collateral or other security is not usually obtained against credit risk exposures in these instruments, except where the bank requires that collateral shall be taken as margin deposit from the counterparties.

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

Master Netting Arrangements

The Bank mitigates the credit risk by entering into Master Netting Arrangements with counterparties that represent a significant volume of transaction. In general, these arrangements do not result in conducting offset between balance sheet assets and liabilities at financial position, because these settlements are always conducted on a gross basis. However, the credit risk associated to the contracts that serve the bank's interest is reduced through master netting arrangements, as in case of default, all amounts with the counterparty are settled by clearance.

The bank's overall exposure to credit risk resulting derivative instruments that subject to master netting arrangements, can be substantially changed within a short period, as it is affected by each transaction subject to these arrangements.

Credit Related Commitments

The primary purpose of credit related commitments is to ensure the availability of funds to the customer at demand. Guarantees and standby letters of credit also carry the same credit risk related to loans. Documentary and commercial letters of credit which are issued by the bank on behalf of its customer - to grant a third party the right of withdrawal from the bank within the limit of certain amounts and under predefined conditions - are collateralized by the underlying shipments of goods and consequently carry a lesser degree of risk, compared to direct loans.

The commitments for granting credit represent the unutilized part of the authorized limit to grant loans, guarantees, or documentary letters of credit. The bank is exposed to a potential loss that represents the amount equal to the total of the unutilized commitments in relation to credit risk arising from credit granting commitments. Nevertheless, the amount of loss that is likely to occur is below the unutilized commitments, as most credit granting commitments represents potential liabilities of customers who have defined credit specifications. The bank monitors the duration until maturity date of the credit commitments, as long-term commitments have a high degree of credit risk, compared to short-term commitments.

3-A.3. Impairment Policies and Provisions

The internal systems of aforementioned assessments (note no. 3.A.1) focus to a great extent on the planning of the credit quality, from the starting point of the recognition of lending and investment activities. However, the impairment losses incurred at the reporting date are only recognized for purpose of the preparation of financial statements based on objective evidence, which refers to impairment pursuant to the disclosure below in light of the implementation of different methods.

The impairment loss provision included in the financial position at the end of the fiscal year is derived from the three internal categories. The following table shows the percentage for the items within the financial position relate to loans and facilities and the relevant impairment for each of the Bank's internal categories:

Bank's Assessment	31 December 2023		31 December 2022	
	Loans and advances %	Impairment loss provision %	Loans and advances %	Impairment loss provision %
1- Stage 1 (Performing loans)	81.72%	22.22%	80.16%	35.64%
2- Stage 2 (Regular watching)	11.76%	8.68%	13.75%	8.58%
3- Stage 3 (Non-performing loans)	6.52%	69.10%	6.09%	55.78%
	100%	100%	100%	100%

The Bank's policies require the review of all financial assets, which exceed defined relative importance at least annually or more if necessary. The impairment charge is to be defined to the accounts that have been assessed on an individual basis, by assessing the realized loss at the reporting date on each individual case and is to be applied individually to all accounts that have relative importance. The assessment usually includes the outstanding collateral with a reconfirmation of the possibility to realize the collateral as well as the expected collections from these identified accounts.

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The impairment loss provision shall be made on the basis of a group of homogeneous assets by using the available historical experience, personal judgment, and statistical methods.

The following table shows the financial assets quality based on the credit-worthiness stages during the year:

(A) Due from banks:				EGP 000
31 December 2023	Stage 1	Stage 2	Stage 3	Total
1-Performing loans	-	-	-	-
2-Regular watching	42 252 283	1 983 732	-	44 236 015
3-Non-performing loans	-	-	-	-
	42 252 283	1 983 732	-	44 236 015
Allowances for impairment losses	(90 640)	(89)	-	(90 729)
Carrying amount	42 161 643	1 983 643	-	44 145 286
31 December 2022				
1-Performing loans	-	-	-	-
2-Regular watching	31 884 084	501 468	-	32 385 552
3-Non-performing loans	-	-	-	-
	31 884 084	501 468	-	32 385 552
Allowances for impairment losses	(25 177)	(311)	-	(25 488)
Carrying amount	31 858 907	501 157	-	32 360 064
(B) Debt Instruments at Fair Value Through Other Comprehensive Income – Treasury bills:				EGP 000
31 December 2023	Stage 1	Stage 2	Stage 3	Total
1-Performing loans	-	-	-	-
2-Regular watching	33 614 654	-	-	33 614 654
3-Non-performing loans	-	-	-	-
	33 614 654	-	-	33 614 654
Allowances for impairment losses	(16 561)	-	-	(16 561)
Carrying amount	33 598 093	-	-	33 598 093
31 December 2022				
1-Performing loans	-	-	-	-
2-Regular watching	22 759 848	-	-	22 759 848
3-Non-performing loans	-	-	-	-
	22 759 848	-	-	22 759 848
Allowances for impairment losses	(4 253)	-	-	(4 253)
Carrying amount	22 755 595	-	-	22 755 595

(C) Debt Instruments at Fair Value Through Other Comprehensive Income – Treasury bonds:				EGP 000
31 December 2023	Stage 1	Stage 2	Stage 3	Total
1-Performing loans	-	-	-	-
2-Regular watching	3 238 397	-	-	3 238 397
3-Non-performing loans	-	-	-	-
	3 238 397	-	-	3 238 397
Allowances for impairment losses	-	-	-	-
Carrying amount	3 238 397	-	-	3 238 397
31 December 2022				
1-Performing loans	-	-	-	-
2-Regular watching	6 951 212	-	-	6 951 212
3-Non-performing loans	-	-	-	-
	6 951 212	-	-	6 951 212
Allowances for impairment losses	(118)	-	-	(118)
Carrying amount	6 951 094	-	-	6 951 094
(D) Debt Instruments at Amortized Cost – Treasury bonds:				EGP 000
31 December 2023	Stage 1	Stage 2	Stage 3	Total
1-Performing loans	-	-	-	-
2-Regular watching	4 471 345	-	-	4 471 345
3-Non-performing loans	-	-	-	-
	4 471 345	-	-	4 471 345
Allowances for impairment losses	-	-	-	-
Carrying amount	4 471 345	-	-	4 471 345
31 December 2022				
1-Performing loans	-	-	-	-
2-Regular watching	2 520 880	-	-	2 520 880
3-Non-performing loans	-	-	-	-
	2 520 880	-	-	2 520 880
Allowances for impairment losses	-	-	-	-
Carrying amount	2 520 880	-	-	2 520 880

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(E) Loans and Advances to Customers:				EGP 000
31 December 2023	Stage 1	Stage 2	Stage 3	Total
1- Corporate Loans	19 459 666	3 809 557	2 371 055	25 640 278
2- Medium Enterprise	1 497 816	540 028	553 390	2 591 234
3- Small & Micro Enterprise	5 186 193	1 162 384	589 086	6 937 663
4- Retail Loans	26 102 449	2 007 114	654 723	28 764 286
Total Loans and Advances to Customers	52 246 124	7 519 083	4 168 254	63 933 461
Impairment loss provision	(935 166)	(1 047 361)	(3 202 992)	(5 185 519)
Unearned discount	(37 405)	-	-	(37 405)
Interest under settlement from customer loans	-	(746)	(309 156)	(309 902)
Suspended interest	-	-	(2 170)	(2 170)
Net balance as of 31 December 2023	51 273 553	6 470 976	653 936	58 398 465
31 December 2022	Stage 1	Stage 2	Stage 3	Total
1- Corporate Loans	15 570 324	4 119 834	1 647 671	21 337 829
2- Medium Enterprise	2 002 208	516 475	682 125	3 200 808
3- Small & Micro Enterprise	4 695 937	1 354 048	610 488	6 660 473
4- Retail Loans	25 516 552	2 201 913	691 691	28 410 156
Total Loans and Advances to Customers	47 785 021	8 192 270	3 631 975	59 609 266
Impairment loss provision	(662 853)	(870 518)	(1 986 972)	(3 520 343)
Unearned discount	(19 404)	-	-	(19 404)
Interest under settlement from customer loans	-	(9 580)	(269 682)	(279 262)
Suspended interest	-	-	(2 290)	(2 290)
Net balance as of 31 December 2022	47 102 764	7 312 172	1 373 031	55 787 967

The following table shows changes in impairment credit losses between the beginning and ending of the year because of these factors

31 December 2023				
Corporate Loans	Stage 1	Stage 2	Stage 3	Total
Allowance for impairment losses (Opening balance)	569 754	709 566	1 702 844	2 982 164
New financial assets purchased or issued	337 644	488 618	84 396	910 658
Financial assets matured or derecognized	(337 644)	(488 619)	(84 398)	(910 661)
Transfer to stage 1	17 632	(14 108)	(3 524)	-
Transfer to stage 2	(91 333)	138 133	(46 800)	-
Transfer to stage 3	-	(1 100)	1 100	-
Of failure and balance exposed to failure	312 255	(44 066)	1 407 622	1 675 811
Loans written-off during current year	-	-	(404 767)	(404 767)
Collections of loans previously written-off	-	-	71 589	71 589
Foreign exchange translation differences	28 431	81 324	109 082	218 837
Balance as of 31 December 2023	836 739	869 748	2 837 144	4 543 631

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Retail Loans	Stage 1	Stage 2	Stage 3	Total
Allowance for impairment losses (Opening balance)	93 099	160 952	284 128	538 179
New financial assets purchased or issued	112 362	40 089	15 280	167 731
Financial assets matured or derecognized	(112 361)	(40 086)	(15 282)	(167 729)
Transfer to stage 1	16 282	(11 662)	(4 620)	-
Transfer to stage 2	(66 642)	119 951	(53 309)	-
Transfer to stage 3	(9 848)	(6 734)	16 582	-
Of failure and balance exposed to failure	65 481	(84 897)	240 431	221 015
Loans written-off during current year	-	-	(156 712)	(156 712)
Collections of loans previously written-off	-	-	39 298	39 298
Foreign exchange translation differences	54	-	52	106
Balance as of 31 December 2023	98 427	177 613	365 848	641 888
Total Loans	Stage 1	Stage 2	Stage 3	Total
Allowance for impairment losses (Opening balance)	662 853	870 518	1 986 972	3 520 343
New financial assets purchased or issued	450 006	528 707	-	978 713
Financial assets matured or derecognized	(450 005)	(528 705)	(99 680)	(1 078 390)
Transfer to stage 1	33 914	(25 770)	(8 144)	-
Transfer to stage 2	(157 975)	258 084	(100 109)	-
Transfer to stage 3	(9 848)	(7 834)	17 682	-
Of failure and balance exposed to failure	377 736	(128 963)	1 648 053	1 896 826
Loans written-off during current year	-	-	(561 479)	(561 479)
Collections of loans previously written-off	-	-	110 887	110 887
Foreign exchange translation differences	28 485	81 324	109 134	218 943
Balance as of 31 December 2023	935 166	1 047 361	3 103 316	5 085 843
Treasury bills	Stage 1	Stage 2	Stage 3	Total
Allowance for impairment losses (Opening balance)	4 253	-	-	4 253
New financial assets purchased or issued	11 251	-	-	11 251
Financial assets matured or derecognized	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Of failure and balance exposed to failure	-	-	-	-
Foreign exchange translation differences	1 057	-	-	1 057
Balance as of 31 December 2023	16 561	-	-	16 561

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Treasury bonds	Stage 1	Stage 2	Stage 3	Total
Allowance for impairment losses (Opening balance)	118	-	-	118
New financial assets purchased or issued	-	-	-	-
Financial assets matured or derecognized	(146)	-	-	(146)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Of failure and balance exposed to failure	-	-	-	-
Foreign exchange translation differences	28	-	-	28
Balance as of 31 December 2023	-	-	-	-
Due from banks	Stage 1	Stage 2	Stage 3	Total
Allowance for impairment losses (Opening balance)	1 269	24 219	-	25 488
New financial assets purchased or issued	-	-	-	-
Financial assets matured or derecognized	1 093	312	-	1 405
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Of failure and balance exposed to failure	(2 410)	59 943	-	57 533
Foreign exchange translation differences	220	6 083	-	6 303
Balance as of 31 December 2023	172	90 557	-	90 729

3-A.4. The General Model for Measurement of Banking Risk

In addition to the three-creditworthiness ratings shown in note no. 3.A.1, the management also prepares ratings in the form of more detailed subgroups, which are in line with the requirements of the Central Bank of Egypt (CBE). Assets exposed to credit risk shall be rated in these subgroups pursuant to detailed rules and terms, which depend largely on customer's related information, business and activities, financial position, and regularity of payments thereof.

The bank calculates the provision required for the impairment of these assets exposed to credit risk, including credit related commitments based on defined rates set by the Central Bank of Egypt. In case the impairment loss provision required according to Central Bank of Egypt's rules, exceeds the provisions as required for the purposes of the preparation of the financial statements in accordance with the instructions of the Central Bank of Egypt (CBE) dated February 26th, 2019 that excess, shall be debited to retained earnings and carried to the general reserve for banking risk in the shareholders' equity section. Such reserves shall be regularly adjusted by any increase or decrease so that the reserve shall always be equal to the amount of increase between the two provisions. Such provision shall not be subject to distribution.

Following is an indication of the corporate creditworthiness categories according to internal rating principles, compared to the rating principles of the Central Bank of Egypt, and of the required provision percentages for the impairment of assets exposed to credit risk.

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Central Bank of Egypt's rating	Rating's meaning	Provision's ratio required	Internal Rating	Meaning of Internal Rating
1	Low risk	Zero	1	Stage 1
2	Average risk	1%	1	Stage 1
3	Satisfactory risk	1%	1	Stage 1
4	Reasonable risk	2%	1	Stage 1
5	Acceptable risk	2%	1	Stage 1
6	Marginally acceptable risk	3%	2	Stage 2
7	Watch List	5%	2	Stage 2
8	Substandard	20%	3	Stage 3
9	Doubtful	50%	3	Stage 3
10	Bad debt	100%	3	Stage 3

3-A.5. The Maximum Limit for Credit Risk before Collateral

Credit Risk exposures in the statement of financial position:

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Treasury bills and other governmental notes	33 614 654	22 759 848
Loans and advances to banks	438 767	50 038
Loans to individuals (Retail):		
Overdraft accounts	147 281	446 602
Credit cards	667 931	423 955
Personal loans	27 946 276	27 535 937
Mortgage	2 798	3 662
Corporate loans:		
Overdraft accounts	11 659 084	11 156 784
Direct loans	22 306 001	18 687 584
Syndicated loans	1 204 090	1 354 742
Unearned Discount	(37 405)	(19 404)
Interest under settlement from customer loan	(309 902)	(279 262)
Suspended interest	(2 170)	(2 290)
Financial investments:		
Debt instruments	10 585 649	9 483 893
Other assets	1 197 408	1 380 579
Total	109 420 462	92 982 668

Off balance sheet items exposed to credit risk:	31 December 2023	31 December 2022
	EGP 000	EGP 000
Financial guarantees	4 804 807	4 133 564
Non-revocable credit-related commitments for loans and other liabil	901 036	1 368 737
Revocable credit-related commitments for loans and other liabilities	8 575 074	9 517 076
Letters of credit	4 451 621	4 844 350
Letters of guarantee (incentive)	8 107 607	7 988 990
Total	26 840 145	27 852 717

The previous table represents the maximum limit of exposure as of 31 December, 2023 and as of 31 December, 2022, without taking into consideration any financial guarantees. As for the financial position items, the enlisted amounts depend on the net book value presented in the statement of financial position.

As illustrated in the previous table 58.03 % of the maximum limit exposed to credit risk on 31 December 2023 arises from loans and advances to banks and customers versus 63.8 % as of 31 December, 2022, whereas investments in the debt instruments represent 9.7 % on 31 December 2023 versus 10.2 % as of 31 December 2022.

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

- 0.02% of the loans and advances' portfolio is classified in the two higher categories of the internal assessment (low/average risks) as of 31 December 2023, versus 0.03% on 31 December 2022.

- 75.08% of the loans and advances' portfolio is free from any delays or impairment indicators on 31 December 2023 versus 81 % as of 31 December 2022.

- The loans and facilities covered by collaterals represent an important group in the portfolio.

- Loans and facilities that have been assessed on an individual basis reach EGP 4 168 254 thousand as of 31 December 2023 versus EGP 3 631 975 thousand as of 31 December 2022. From the individual assessment, 76.84 % of the provision are formed on 31 December 2023 versus 54.7 % as of 31 December 2022.

- More than 99.9% as of 31 December 2023 and 99.8% as of 31 December 2022, of the investments in debt instruments and treasury bills represents debt instruments issued by the Egyptian government.

3-A.6. Loans and Advances

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

	31 December 2023	31 December 2022
	EGP 000	EGP 000
	Loans and advances to customers	Loans and advances to customers
With no past dues or impairment	48 004 231	48 286 833
With past dues but not subject to impairment	11 760 976	7 690 458
Subject to impairment	4 168 254	3 631 975
Total Gross Loans	63 933 461	59 609 266
Less:		
Impairment loss provision	(5 185 519)	(3 520 343)
Unearned discount	(37 405)	(19 404)
Interest under settlement from customer loans	(309 902)	(279 262)
Suspended interest	(2 170)	(2 290)
Total Net Loans	58 398 465	55 787 967

The total impairment charges on loans and advances facilities reached EGP 5 185 519 thousand as of 31 Decembr 2023, versus EGP 3 520 343 thousand as of 31 December 2022, including EGP 3 202 992 thousand as of 31 December 2023, versus EGP 1 986 972 thousand as of 31 December 2022, of impairment on individual basis, while on the remaining loans the impairment amounts to EGP 1 982 527 thousand versus EGP 1 533 371 thousand as of 31 December 2022 are impairment charges on a collective basis (Note no. 18).

Loans and facilities with no past dues or impairment:

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

31 December 2023		EGP 000							
Assessment	Retail				Corporate				Net exposure of loans and facilities to customers
	Overdraft accounts	Credit Cards	Personal Loans	Mortgage	Overdraft accounts	Direct Loans	Syndicated Loans	Other Loans	
1- Performing	-	-	-	-	5 285 019	10 234 373	682 624	-	16 202 016
2- Regular Watching	106 244	609 172	22 870 717	285	1 281 928	5 577 022	255 518	-	30 700 886
3- Watch List	-	-	-	-	6	1 418	-	-	1 424
Total	106 244	609 172	22 870 717	285	6 566 953	15 812 813	938 142	-	46 904 325

The guaranteed loans were subjected to impairment as for the non-performing loans category after taking into consideration the collectability of these guarantees.

31 December 2022		EGP 000							
Assessment	Retail				Corporate				Net exposure of loans and facilities to customers
	Overdraft accounts	Credit Cards	Personal Loans	Mortgage	Overdraft accounts	Direct Loans	Syndicated Loans	Other Loans	
1- Performing	-	-	-	-	4 879 217	11 212 818	317 680	-	16 409 715
2- Regular Watching	152 604	385 769	21 580 765	668	2 757 972	5 550 000	422 786	-	30 850 564
3- Watch List	-	-	-	-	-	7 098	-	-	7 098
Total	152 604	385 769	21 580 765	668	7 637 189	16 769 916	740 466	-	47 267 377

Loans and facilities with past dues but are not subject to impairment

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

31 December 2023		EGP 000							
Assessment	Retail				Corporate				Net exposure of loans and facilities to customers
	Overdraft accounts	Credit Cards	Personal Loans	Mortgage	Overdraft accounts	Direct Loans	Syndicated Loans	Other Loans	
Past dues up to 30 days	10 854	27 515	3 570 619	62	2 404 837	1 735 756	136 934	-	7 886 577
Past dues more than 30 days to 60 days	6 909	-	522 977	-	179 291	2 055 375	-	-	2 764 552
Past dues more than 60 days to 90 days	1 149	13 522	93 497	-	59 865	59 192	-	-	227 225
Total	18 912	41 037	4 187 093	62	2 643 993	3 850 323	136 934	-	10 878 354
Fair value of Collaterals	16 265	14 370	2 935 292	-	79 764	25 126	37 093	-	3 187 910

31 December 2022		EGP 000							
Assessment	Retail				Corporate				Net exposure of loans and facilities to customers
	Overdraft accounts	Credit Cards	Personal Loans	Mortgage	Overdraft accounts	Direct Loans	Syndicated Loans	Other Loans	
Past dues up to 30 days	4 220	18 685	4 319 463	124	156 236	605 297	357 904	-	5 461 929
Past dues more than 30 days to 60 days	846	-	779 104	165	73 751	126 245	-	-	980 113
Past dues more than 60 days to 90 days	2 694	8 023	211 214	71	233 311	261 841	17 346	-	734 500
Total	7 760	26 708	5 309 781	360	463 300	993 383	375 250	-	7 176 542
Fair value of Collaterals	4 000	-	3 110 304	-	43 515	3 772	361 137	-	3 522 728

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

Loans and facilities subject to impairment on an individual basis

The balance of loans and facilities which are subject to impairment on an individual basis, before taking into account the cash flow from collaterals, amounted to EGP 4 168 254 thousand as of 31 December 2023 versus EGP 3 631 975 thousand as of 31 December 2022.

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

31 December 2023 Retail		EGP 000							
Assessment	Retail				Corporate				Net exposure of loans and facilities to customers
	Overdraft accounts	Credit Cards	Personal Loans	Mortgage	Overdraft accounts	Direct Loans	Syndicated Loans	Other Loans	
Balance	20 924	12 497	618 855	2 447	2 076 625	1 436 906	-	-	4 168 254
Provision	(15 231)	(7 429)	(340 750)	(2 438)	(1 723 957)	(1 183 187)	-	-	(3 202 992)
Net	5 693	5 068	278 105	9	352 668	323 719	-	-	965 262
The fair value of collaterals	7 983	2 317	211 957	-	3 000	1 181	-	-	226 358

31 December 2022		EGP 000							
Assessment	Retail				Corporate				Net exposure of loans and facilities to customers
	Overdraft accounts	Credit Cards	Personal Loans	Mortgage	Overdraft accounts	Direct Loans	Syndicated Loans	Other Loans	
Balance	285 485	8 241	395 423	2 542	2 827 113	113 171	-	-	3 631 975
Provision	(218 995)	(5 020)	(59 097)	(1 017)	(1 648 423)	(57 420)	-	-	(1 986 972)
Net	66 490	3 221	336 326	1 525	1 181 690	55 751	-	-	1 645 003
The fair value of collaterals	12 502	-	278 336	-	726 581	78	-	-	1 017 497

Restructured Loans and Facilities:

The restructuring activities include extending of repayment's arrangements, implementation of obligatory management programs, amending and postponing repayment. The policies of restructuring application depend on the indicators or standards that refer to the high prospects of continuance repayment, based on the management's personal judgment. These policies are reviewed on regular basis. Restructuring is usually applied on long-term loans, especially customers financing loans. Loans which have been subject to renegotiations have reached EGP 116 305 thousand as of 31 December 2023 versus EGP 639 981 thousand as of 31 December 2022.

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Loans and facilities to customers		
Corporate		
Direct loans	116 305	639 981
Total Corporate Loans	116 305	639 981

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

The following table represents an analysis of debt instruments, treasury bills and other governmental notes at the end of the fiscal year based on the assessment of Standard & Poor's rating or its equivalent:

	EGP 000		
31 December 2023	Treasury bills and other governmental notes	Investments in Securities	Total
Less than -A	33 614 654	7 709 742	41 324 396
Unclassified	-	13 966	13 966
Total	33 614 654	7 723 708	41 338 362

3-A.8. Acquisition of collaterals

During the current financial year, the Bank has obtained the following assets by acquiring some collaterals as follows :

	EGP 000
Asset type	Book value
Land and Buildings	19 820
Total	19 820

Acquired assets are sold whenever practical, and recorded under "Other Assets" item in the balance sheet.

3-A.9. 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, distributed in accordance with the geographical segment as of 31 December 2023.

31 December 2023	EGP 000			
	Cairo	Alex, Delta and Sinai	Upper Egypt	Total
Treasury bills and other governmental notes	33 614 654	-	-	33 614 654
Loans and facilities to banks	438 767	-	-	438 767
Loans and facilities to customers:				
- Loans to individuals :				
Overdraft accounts	79 368	51 259	16 654	147 281
Credit cards	667 931	-	-	667 931
Personal loans	8 752 022	12 383 695	6 810 559	27 946 276
Mortgage	2 719	18	61	2 798
- Loans to corporate :				
Overdraft accounts	9 761 407	1 542 325	355 352	11 659 084
Direct loans	13 907 115	6 153 927	2 244 959	22 306 001
Syndicated loans	1 204 090	-	-	1 204 090
Unearned discount	(37 405)	-	-	(37 405)
Interest under settlement from customer loans	(287 127)	(21 100)	(1 675)	(309 902)
Suspended interest	(2 170)	-	-	(2 170)
Financial Investments				
Debt instruments	10 585 649	-	-	10 585 649
Other assets	880 273	212 810	104 325	1 197 408
Total as of 31 December 2023	79 567 293	20 322 934	9 530 235	109 420 462
Total as of 31 December 2022	63 914 118	19 770 824	9 297 726	92 982 668

- Business Segment

The following represents an analysis of the most important boundaries of credit risk at book value, distributed according to the customers' business and activities

31 December 2023								EGP 000
	Financial Institutions	Industrial Institutions	Real estate Activity	Wholesale and retail trade	Governmental sector	Other activities	Individuals	Total
Treasury bills and other governmental notes	-	-	-	-	33 614 654	-	-	33 614 654
Loans and facilities to banks	438 767	-	-	-	-	-	-	438 767
Loans and facilities to customers:								
- Loans to individuals (Retail):								
Overdraft accounts	-	-	-	-	-	-	147 281	147 281
Credit cards	-	-	-	-	-	-	667 931	667 931
Personal loans	-	-	-	-	-	-	27 946 276	27 946 276
Mortgage	-	-	-	-	-	-	2 798	2 798
- Loans to corporate								
Overdraft accounts	-	1 970 665	3 195 335	826 654	2 864 306	2 802 124	-	11 659 084
Direct loans	-	6 866 856	297 770	1 320 581	10 494 919	3 325 875	-	22 306 001
Syndicated loans	-	476 438	124 756	-	-	305 000	-	906 194
Unearned discount	(37 405)	-	-	-	-	-	-	(37 405)
Interest under settlement from customer loans	-	(24 577)	(258 135)	(7 798)	(16 964)	(2 428)	-	(309 902)
Suspended interest	-	(2 170)	-	-	-	-	-	(2 170)
Financial Investments								
Debt instruments	13 966	-	-	-	10 571 683	-	-	10 585 649
Other assets	11 262	-	-	-	612 361	237 831	335 954	1 197 408
Total as of 31 December 2023	426 590	9 287 212	3 359 726	2 139 437	58 140 959	6 668 402	29 100 240	109 122 566
Total as of 31 December 2022	75 299	7 442 702	3 317 694	2 432 194	42 126 424	8 904 953	28 683 402	92 982 668

3-B. Market Risk

3-B.1. Methods of Measuring Market Risk

As part of the market risk management, the Bank enters into interest rate swaps in order to balance the risk associated with the debt instruments and long-term loans with fixed interest rate in case the fair value option is applied. The following are the most important measurement methods applied to control the market risk

Value at Risk

The bank applies "value at risk" method for trading and non-trading portfolios, in order to estimate the market risk of outstanding positions and the maximum limit of expected loss based on a number of assumptions for the various changes of market conditions. The Board of Directors sets limits for "Value at Risk" which the bank can accept for trading and non-trading separately and monitored daily by the Market Risk department in the bank.

Value at Risk is a statistical estimate of the potential movements of the present portfolio due to market's adverse moves. It is an expression of the maximum value the bank can lose using a defined confidence factor (99%), consequently there is a statistical probability of (1%) that the actual loss may be greater than the expected Value at Risk. The Value at Risk model assumes a defined retention period (ten days) before closing of the open positions. It also assumes that the market movement during the retention period will follow the same pattern of movement that occurred during the previous ten days. The Bank should assess these historical changes in rates, prices, and indicators directly on current positions, a method known as historical simulation. Actual outputs should be monitored and controlled on a regular basis to measure the integrity of the assumptions and factors applied to calculate value at risk.

The use of this method does not prevent the losses over these limits and within the limits of large movements in the market. Since the Value at Risk is an essential part of the banks' system in control of the market risk. The Board of Directors sets the Value at Risk limits annually for each of the trading and non-trading and split on units of activity. The actual Values at Risk are compared with limits set by the Bank and reviewed daily by the bank's risk management. The average daily Value at Risk during the financial year ended 31 December, 2023 amounted to EGP 98 264 thousand, versus EGP 64 760 thousand during the comparative year.

The quality of Value at Risk model is continuously monitored by reinforcing testing to reinforce the results of Value at Risk of the trading portfolio and the results of such tests are usually reported to senior management and Board of Directors.

Stress Testing

Stress testing gives an indicator of the potential size of losses, which may arise from extremely adverse conditions. Stress testing is designed in a way that suites business and activity by applying typical analysis of defined scenarios. The market risk department undertakes Stress Testing to include the stress testing of risk factors where a set of extreme movements is applied to each risk category. There is also stress testing applied to emerging markets, which are subject to extreme movements, and special stress testing that includes potential events, which may affect certain centres or regions such as what can happen in a region currency peg break. The senior management and Board of Director's monitor and review the results of stress testing.

3-B.2. Summary of Value at Risk

- Total value at risk according to the risk type

EGP 000

	31 December 2023			31 December 2022		
	Medium	Higher	Lower	Medium	Higher	Lower
Exchange rate risk	1 989	4 705	341	431	2 770	30
Interest rate risk	96 275	104 326	89 973	64 329	75 432	44 638
Total value at risk	98 264	109 031	90 314	64 760	78 202	44 668

- Value at risk of the trading portfolio according to the risk type.

EGP 000

	31 December 2023			31 December 2022		
	Medium	Higher	Lower	Medium	Higher	Lower
Exchange rate risk	-	-	-	-	-	-
Interest rate risk	-	-	-	-	-	-
Total value at risk	-	-	-	-	-	-

- Value at risk of the non-trading portfolio according to the type of risk.

EGP 000

	31 December 2023			31 December 2022		
	Medium	Higher	Lower	Medium	Higher	Lower
Exchange rate risk	1 989	4 705	341	431	2 770	30
Interest rate risk	96 275	104 326	89 973	64 329	75 432	44 638
Total value at risk	98 264	109 031	90 314	64 760	78 202	44 668

The bank did not estimate equity instruments risk as the data is not available.

The increase in the Value at Risk, especially interest rate risk, is related to the increase in the sensitivity of interest rates in international financial markets.

The previous three results of the Value at Risk are calculated separately and independently from the concerned positions and historical movements of markets. Total Values at Risk for trading and non-trading do not form the bank's value at risk given the correlation between these types of risks and the types of portfolios and the subsequent diverse impacts.

3-B.3. The Risk of Fluctuations in Foreign exchange rates

The Bank is exposed to the risk of fluctuations in foreign exchange rates on its financial position and cash flows. The Board of Directors have set limits of foreign currencies in total value for each position at the end of the day and during the day, which are monitored on the spot. The following table summarizes the extent of the bank's exposure to fluctuations in foreign exchange rates risk on 31 December 2023. The following table includes the book value of financial instruments distributed into its component currencies:

The Concentration of Currency Risk of Financial Instruments

Equivalent in EGP 000

31 December 2023	EGP	USD	Euro	GBP	Other Currencies	Total
Financial assets:						
Cash and Balances with Central Bank of Egypt	12 700 959	231 304	92 287	17 496	7 668	13 049 714
Due from banks	35 353 741	6 467 389	2 009 676	208 057	106 423	44 145 286
Treasury bills and other governmental notes	33 273 966	340 688	-	-	-	33 614 654
Loans and facilities to banks	-	438 767	-	-	-	438 767
Loans and facilities to customers	48 537 165	9 364 082	497 214	4	-	58 398 465
Financial assets classified at fair value through profit and loss	-	-	13 309	-	-	13 309
Financial Investments:						
- Classified at FVOCI	3 321 663	-	1 323	-	-	3 322 986
- Classified at Fair Value through profit and loss	13 966	-	-	-	-	13 966
- Classified at Amortized cost	4 471 345	-	-	-	-	4 471 345
Total financial assets	137 672 805	16 842 230	2 613 809	225 557	114 091	157 468 492
Financial liabilities:						
Due to banks	35 325	288 515	25 667	47	22 344	371 898
Customers' deposits	114 502 952	16 192 048	2 318 096	218 937	107 917	133 339 950
Other loans	52 135	517 654	-	-	-	569 789
Total financial liabilities	114 590 412	16 998 217	2 343 763	218 984	130 261	134 281 637
Net of financial position	23 082 393	(155 987)	270 046	6 573	(16 170)	23 186 855
Credit related commitments	6 391 652	5 839 193	4 690 137	185 388	257 665	17 364 035
31 December 2022						
Total financial assets	112 669 338	14 039 438	1 979 408	183 333	79 175	128 950 692
Total financial liabilities	95 532 671	14 143 567	1 763 248	170 763	76 186	111 686 435
Net of financial position	17 136 667	(104 129)	216 160	12 570	2 989	17 264 257
Credit related commitments	5 948 044	5 393 361	5 147 118	222 224	256 157	16 966 904

3-B.4. Interest rate risk

The bank is exposed to the impact of the fluctuations in the levels of interest rates prevailing in the market. The impact refers to the cash flow risk caused by interest rate movements and is represented in the volatility of future cash flow of a financial instrument due to changes in the interest rate of the mentioned instrument. It also includes the interest rate Fair Value Risk, which is the risk of fluctuations in the value of the financial instrument due to changes in interest rates in the market. The interest margin may rise due to these changes but still the profits may decrease if unexpected movements occur. The Board of Directors of the bank set limits for the management of the interest rate risk at a level of the difference in the repricing of interest rate. The Bank maintains this level and treasury department monitors this level daily.

Bank of Alexandria (Egyptian joint stock company)
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Translated from Arabic Version

The following table summarizes the extent of the Bank's exposure to the risk of fluctuations in interest rates that includes the book value of financial instruments distributed based on the price of re-pricing dates or maturity dates, whichever is sooner.

	EGP 000						
As of 31 December 2023	Up to 1 month	1 -3 months	More than 3 months-1 year	1- 5 years	More than 5 years	Interest free	Total
Financial assets:							
Cash and balance with Central Bank of Egypt	-	-	-	-	-	7 723 395	7 723 395
Due from banks	36 197 404	4 185 360	602 421	-	-	298 698	41 283 883
Treasury bills and other governmental notes	2 261 486	13 536 869	14 253 987	-	-	-	30 052 342
Loans and facilities to banks	360 425	-	-	-	-	-	360 425
Loans and facilities to customers	30 273 417	2 687 216	5 399 700	13 221 395	5 172 729	28 915	56 783 372
Financial assets classified at fair value through profit and loss	12 996	-	-	-	-	-	12 996
Financial Investments:							
- Classified at FVOCI	2 950 001	-	3 150 000	47 954	36 197	-	6 184 152
- Classified at Fair Value through profit and loss	-	-	-	13 240	-	-	13 240
- Classified at Amortized cost	-	2 000 000	1 250 000	1 217 720	-	-	4 467 720
Other financial Investments	-	-	-	-	-	1 929 927	1 929 927
Total financial assets	72 055 729	22 409 445	24 656 108		5 208 926	9 980 935	148 811 452
Financial liabilities							
Due to banks	241 958	-	-	-	-	375 873	617 831
Customers' deposits	50 483 428	9 870 636	13 185 304	31 323 673	3 914	18 553 686	123 420 641
Other loans	-	11 872	207 285	311 020	51 489	-	581 666
Other financial liabilities	-	-	-	-	-	649 299	649 299
Total financial liabilities	50 725 386	9 882 508	13 392 589	31 634 693	55 403	19 578 858	125 269 437
The interest gap re-pricing	21 330 343	12 526 937	11 263 519	(31 634 693)	5 153 523	(9 597 923)	23 542 015
As of 31 December 2022							
Total financial assets	51 974 243	33 240 052	13 203 642	17 589 725	4 447 681	10 118 331	130 573 674
Total financial liabilities	40 492 837	8 777 214	8 828 984	36 736 199	4 015	17 233 522	112 072 771
Interest gap re-pricing	11 481 406	24 462 838	4 374 658	(19 146 474)	4 443 666	(7 115 191)	18 500 903

3-C. Liquidity Risk

The liquidity risk is the risk based on which the bank is unable to meet its commitments associated with its financial obligations at maturity date and replacing the funds that are withdrawn, and that may result in the failure in meeting obligations related to repayment of the depositor's funds or meeting the borrowing commitments.

- Liquidity Risk Management

The processes of liquidity risk control carried by the Assets and Liabilities management department in the bank include the following:

- The daily funding is managed by monitoring and controlling the future cash flows to ensure the ability to fulfil all obligations and requirements. This includes replenishment of funds as they mature or is borrowed by customers. The bank maintains an active presence in the global money markets to ensure achievement of this target.
- Maintaining a portfolio of highly marketable assets, which can easily be liquidated to meet any unexpected interruption in cash flows.
- Monitoring liquidity ratios in relation to the internal requirements of the Bank and the Central Bank of Egypt's requirements.
- Management of concentration and list of the debt maturities.

For the purpose of monitoring, the reporting takes the form of cash flow measurements and projections for the next day, week, and month respectively, which are the main periods for managing liquidity. The starting point for these projections is represented by the analysis of the contractual maturities of financial liabilities and expected collection dates of financial assets.

Assets and Liabilities Management Department controls the unmatched medium-term assets, the level and type of the unutilized portion of loans' commitments, the extent of utilizing overdraft accounts advances and the impact of contingent liabilities such as letters of guarantees and letters of credit.

- Financing Approach

Liquidity resources are reviewed by a separate team in the Assets and Liabilities Management Department of the Bank in order to provide a wide variety of currencies, geographical regions, resources, products, and maturities.

- Non-Derivative Cash Flows

The following table represents the cash flows payable by non-derivative financial liabilities distributed based on the remaining periods from the contractual maturities on the financial position date, according to original amount in addition to Interest. The amounts presented in the table represent the undiscounted contractual cash flows, while the Bank manages the liquidity risk based on "expected" instead of contractual undiscounted cash flows.

	EGP 000					
31 December 2023	Up to 1 month	1 -3 months	More than 3 months - 1 year	1- 5 years	More than 5 years	Total
Financial liabilities (According to original amount + Interest)						
Due to banks	378 598	-	-	-	-	378 598
Customers' deposits	75 064 903	6 038 615	14 466 729	53 070 499	5 308	148 646 054
Other loans	149 400	34 374	62 077	298 720	51 488	596 059
Other financial liabilities	496 291	-	-	-	-	496 291
Total financial liabilities according to contractual maturity date	76 089 192	6 072 989	14 528 806	53 369 219	56 796	150 117 002
Total financial assets according to contractual maturity date	85 821 371	27 385 561	24 750 635	33 735 359	10 081 256	181 774 182
· The amount reported are including the original amount plus interest.						
31 December 2022	Up to 1 month	1 -3 months	More than 3 months - 1 year	1- 5 years	More than 5 years	Total
Financial liabilities (According to original amount + Interest)						
Due to banks	457 820	-	-	-	-	457 820
Customers' deposits	55 067 915	14 348 609	8 039 368	44 429 520	5 847	121 891 259
Other loans	-	322 618	110 622	143 911	-	577 151
Other financial liabilities	1 622 982	-	-	-	-	1 622 982
Total financial liabilities according to contractual maturity date	57 148 717	14 671 227	8 149 990	44 573 431	5 847	124 549 212
Total financial assets according to contractual maturity date	43 274 493	33 818 878	27 641 408	34 684 615	10 397 288	149 816 682

The assets available to meet all liabilities and to hedge commitments related to loans include cash and balances with Central Bank, due from banks, treasury bills and other governmental bills and loans and facilities to banks and customers. In the normal course of business, a proportion of customer loans contractually repayable within one year are extended through normal course of business with the Bank. The bank has the ability to meet unexpected net cash flows by selling financial securities as well as raising other funding resources

- Off-balance sheet items

The following is according to Note no. (36 C)

31 December 2023	EGP 000		
	Less than 1 year	1-5 years	Total
Commitments of loans and facilities for customers	9 476 110	-	9 476 110
Financial guarantees, accepted bills and other financial facilities	17 364 035	-	17 364 035
Commitments on operational leasing contracts	46 492	121 765	168 257
Capital commitments due to fixed assets' acquisition	16 009	-	16 009
Total	26 902 646	121 765	27 024 411
31 December 2022	Less than 1 year	1-5 years	Total
Commitments of loans and facilities for customers	10 885 813	-	10 885 813
Financial guarantees, accepted bills and other financial facilities	16 966 904	-	16 966 904
Commitments on operational leasing contracts	6 596	10 646	17 242
Capital commitments due to fixed assets' acquisition	72 877	-	72 877
Total	27 932 190	10 646	27 942 836

3-D. The fair value of financial assets and liabilities

3-D.1. Financial instruments measured at fair value by applying valuation methods

The change in the estimated fair value reached EGP 8 76 million during the financial year ended 31 December 2023 using market approach and DCF method which being from the common revaluation methods from Market participants

Financial instruments not measured at fair value

The following table summarizes the present value and the fair value of the financial assets and liabilities, not presented in the bank's statement of financial position at fair value

	EGP 000			
	31 December 2023		31 December 2022	
Financial Assets:	Book value	Fair value	Book value	Fair value
Due from banks	44 145 286	44 145 286	32 360 064	32 360 064
Loans and facilities to banks	438 767	438 767	50 038	50 038
Loans and facilities to customers:				
Current balances	32 137 846	32 137 846	29 827 272	29 827 272
Financial liabilities:				
Due to banks	371 898	371 898	457 820	457 820
Customers' deposits:				
Current balances	39 148 804	39 148 804	27 203 074	27 203 074
Other loans	569 789	569 789	528 978	528 978

- Due from Banks

The fair value of the Due from Banks is the book value since all Due from banks mature within a year

- Loans and Facilities to Banks

Loans and facilities to banks are represented by loans other than deposits with banks. The expected Fair Value for Loans and Facilities, represents the discounted value of future cash flows expected for collection. Cash flows are discounted by adopting the current market rate to determine the fair value

- Loans and Facilities to Customers

Loans and facilities are presented on net basis after discounting the impairment loan loss provision. Loans and facilities to customers are divided to current and non-current balances and the book value of current balances is equal to the fair value but it is difficult to obtain the fair value of non-current balances.

- Due to banks

The fair value of the due to banks is the book value since all due to banks mature within a year

- Customers' deposits

Customers' deposits are divided to current and non-current balances and the book value of current balances is equal to the fair value while could not obtain the present value of non-current balances.

3-E. Capital Management

For capital management purposes, the bank's capital includes total equity as reported in the financial position, in addition to other elements that are managed as capital. The Bank manages its capital to ensure that the following objectives are achieved :

- Comply with the legal capital requirements in Arab Republic of Egypt and in countries where the bank's branches operate.
- Protect the bank's ability to continue as going concern and enabling it to continue in generating return to shareholders and other parties dealing with the bank.
- Maintain a strong capital base that supports the growth of business.

- Capital adequacy and capital utilizations according to the regulator requirements (the Central Bank of Egypt in Arab Republic of Egypt) are reviewed and monitored by the bank's management through models, which depend on the guidelines developed by the Basel Committee as implemented by the Banking Supervision. Required information is submitted to the Central Bank of Egypt on a quarterly basis.

Central Bank of Egypt requires each bank to do the following:

- Maintaining an amount of EGP 5 billion as a minimum requirement for the issued and paid-up-capital.
- Maintaining a minimum level of capital adequacy ratio of 10%, calculated as the ratio between total value of the capital elements, and the risk-weighted assets and contingent liabilities of the Bank, with an additional 2.5% added to the minimum level of the ratio as prudential pillar.

In accordance with the requirements of Basel II, the numerator of the capital adequacy ratio consists of the following two tiers:

Tier One:

A. Ongoing capital:

Consists of issued and paid-up share capital, legal, statutory, and capital reserve and retained earnings (retained losses) and approved interim earnings excluding the following: -

- Treasury Shares
- Goodwill
- Bank investments in financial companies (Banks and Companies) and insurance companies [more than 10% or more of the company's issued capital].
- Increase in all bank investments where each investment individually is less than 10% of the company's issued capital for the value of 10% of ongoing capital after regulatory amendments (capital base before excluding investments in financial companies and insurance companies).

The following elements are treated as follows:

- Fair value reserve of financial investments through other comprehensive income (if negative).
- Foreign currency translation differences reserve (if negative).
- Where the above items are deducted from Basic capital if the balance is negative, while it's not considered if it is positive.

B. Additional ongoing capital:

It consists of permanent non-cumulative preferred shares, interim quarterly profit (loss), minority rights and the difference between the nominal value and the current value of supplementary loans (deposits).

Interim profits are recognized only after approval of the auditor and the General Assembly in addition to the approval of CBE. Banks are permitted to include the periodical net profits to the capital base after a limited review performed by the external auditors for the financial statements of the bank, interim losses are deducted without conditions.

Tier Two:

Consists of the following:

- 45% of the increase in fair value above the book value of financial investments (FVOCI fair value reserve if positive, and investments in associates and subsidiaries).
- 45% of the special reserve.
- 45% of positive foreign currency translation differences reserve.
- Hybrid financial instruments.
- Supplementary loans (deposits).
- Impairment loss provision of loans and contingent liabilities (must not exceed 1.25% of the total credit risk of performing assets and contingent liabilities weighted by risk weights, thus, the impairment loss provision should be sufficient to meet the obligations for which the provision is allocated).

Exclusions of 50% of Tier I and 50% Tier II:

Investments in non-financial companies (each individually) equal to 15% or higher of the base ongoing capital of the bank before the regulatory amendments.

Total value of bank investments in non-financial companies (each individually) less than 15% of the base ongoing capital before regulatory amendments; these investments must exceed (collectively) 60% of the ongoing base capital of the Bank before the regulatory amendments.

Securitization of portfolios.

The share (in general banking risks reserve) of assets reverted to the Bank in settlement of debts.

When calculating the total numerator of capital adequacy, it should be noted that supplementary loans (deposits) must not exceed 50% of Tier I after exclusions.

Assets and contingent liabilities are likely weighted by credit risk weights, market risk and operating risks.

The Bank has met all of the domestic capital requirements over the past two years. The following table summarizes the components of basic and additional capital ratios and capital adequacy according to Basel II requirements at the end of 31 December 2023, and 31 December 2022 :

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Capital		
Tier one (Ongoing basic capital)		
Share capital	5 000 000	5 000 000
Legal reserve	2 500 000	2 500 000
Other reserves	3 431	36
Retained earnings	6 563 555	3 955 863
General Risks' Reserve	35 135	35 135
Total Accumulated Other Comprehensive income	(34 709)	(198 349)
Profit for the year*	4 497 993	2 816 143
Total ongoing basic capital	18 565 405	14 108 828
Tier two (Supplementary basic capital)		
Equivalent to general risks provisions	669 317	661 884
Total supplementary basic capital	669 317	661 884
Total capital	19 234 722	14 770 712
Risk weighted assets and contingent liabilities:		
Credit Risk	53 545 377	52 950 739
Market Risk	749 505	25 757
Operational Risk	6 872 590	6 023 550
Total risk weighted assets and contingent liabilities	61 167 472	59 000 046
Capital adequacy ratio (%)	31.45%	25.04%

* The dividend pay-out for year 2023 will be defined by the BoD and presented to AGM for approval.

3-E.1. Financial leverage Ratio

Central Bank of Egypt Board of Directors had approved in its meeting held on July 7, 2015 special supervisory instructions related to leverage ratio. The Bank needs to maintain a minimum level of leverage ratio of 3% to be reported on a quarterly basis.

Financial leverage ratio reflects the relationship between Tier I for capital that are used in capital adequacy ratio (after Exclusions) and the bank's assets (on and off-balance sheet items) not risk weighted.

Ratio Components

The Numerator Components

The numerator consists of Tier I for capital that are used in capital adequacy ratio (after Exclusions) in accordance with the requirements of the Central Bank of Egypt (CBE)

The Denominator Components

The denominator consists of all Bank's assets (on and off-balance sheet items) according to the financial statements, called "Bank exposures" including the following totals:

- 1- On balance sheet exposure items after deducting Tier I Exclusions for capital base.
- 2- Derivatives contracts exposure.
- 3- Financing Financial securities operations exposures.
- 4- Off-balance sheet exposures "weighted exchange transactions".

The Financial leverage ratio as of 31 December 2023 and 31 December 2022 is summarized in the following table:

	31 December 2023	31 December 2022
	EGP 000	EGP 000
First: Tier I capital after exclusions	18 565 405	14 108 828
Total on-balance sheet exposures items (1)	161 799 474	133 067 720
Total contingent liabilities	9 420 084	9 505 856
Total commitments	1 492 291	2 480 753
Total exposures off-balance sheet (2)	10 912 375	11 986 609
Total exposures on and off-balance sheet (1+2)	172 711 849	145 054 329
Financial leverage ratio	10.75%	9.73%

4- The Significant Accounting Estimates and Assumptions

The Bank applies estimates and assumptions, which affect the amounts of assets and liabilities disclosed in the next fiscal year. The estimates and assumptions are continuously assessed based on historical experience and other factors as well, including expectations of future events, which are considered reasonable in light of the available information and surrounding circumstances.

4-A. Impairment loss on loans and facilities (Expected Credit Losses)

The Bank reviews its portfolio of loans and facilities to assess the impairment on a quarterly basis at least. The Bank determines at its own discretion whether the impairment charges should be recorded in the income statement, in order to know if there is any reliable data referring to the existence of a measurable decline in the expected future cash flows of the loan portfolio, before identifying the decline of the level of each loan in the portfolio. Such evidence may include observable data referring to a negative change in the ability of a borrower to repay the Bank, or to local or economic circumstances related to default in the bank's assets.

To predict the future cash flows, the management use estimates based on prior loss experience for assets with same credit risk characteristics, in the presence of objective evidence, which refers to impairment similar to those included in the portfolio. The method and assumptions used in estimating both the amount and timing of future cash flows are reviewed on a regular basis to minimize any differences between estimated and actual losses based on experience. If the net present value of estimated cash flows differs by +/-5%, then the estimated impairment loss provision will increase or decrease by EGP 141 857 thousand of the formed provisions.

4-B. Fair Value of Derivatives

Fair values of derivative financial instruments not listed in active markets are determined by using valuation methods. When these methods are used to determine the fair value, they are tested and reviewed periodically by qualified personnel who are independent of the body that prepared them. All such models have been approved before being used and after being tested to ensure that their results reflect actual data and prices that can be compared with the market to the extent that is deemed practical. Reliable data is only used in these models; however, areas such as credit risk related to the banks and counterparties, volatility or correlations require the management to use estimates. Changes in assumptions surrounding these factors may affect the fair value of the disclosed financial instruments.

4-C. Income Tax

The Bank records the liabilities of the expected results of tax examination according to the estimates of the probability of the emergence of additional tax. When there is a discrepancy between the result of the Tax Authority and the amounts previously recorded, then these discrepancies will affect the income tax and deferred tax provision for the year, in which the discrepancy has been identified.

5- Segment Analysis

5-A Business Segment Analysis

A business segment includes operational processes, as well as assets used in providing banking services and management of related risk and return that are different from those of other segments. The Bank uses the following Business Segments:

Corporate

This segment includes the activities of current accounts, deposits, overdraft accounts, loans, credit facilities and financial derivatives of large domestic, multinational and mid-corp enterprises.

Medium and Small Enterprises

This segment includes the activities of current accounts, deposits, overdraft accounts, loans, credit facilities and financial derivatives of medium and small businesses.

Investments

This segment includes the activities of Bank's mergers, the purchase of investments, the financing of company restructuring and financial instruments.

Retail

This segment includes the activities of current and savings accounts, deposits, credit cards, personal loans, and mortgage loans of private individuals.

Other activities

This segment includes other types of banking business activities such as treasury management.

Transactions between the segmental activities are made in accordance with the bank's ordinary course of business and include operational assets and liabilities as presented in the Bank statement of financial position.

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	EGP 000					
31 December 2023	Corporate	Medium and small enterprises	Investment	Retail	Other activities	Total
Income and expenses according to segmental business activity						
Business activity income	6 489 972	3 116 395	47 516	16 422 116	(1 594 264)	24 481 735
Business activity expenses	(6 198 188)	(2 057 237)	(36 756)	(13 013 840)	7 174 601	(14 131 420)
Results of activity business	291 784	1 059 158	10 760	3 408 276	5 580 337	10 350 315
Unclassified expenses	-	-	-	-	(2 950 582)	(2 950 582)
Profit before income tax of the year	291 784	1 059 158	10 760	3 408 276	2 629 755	7 399 733
Income tax	(94 377)	(342 580)	(3 480)	(1 102 393)	(850 583)	(2 393 413)
Profit for the year	197 407	716 578	7 280	2 305 883	1 779 172	5 006 320

31 December 2023						
Assets and liabilities according To segmental business activity						
Business activity assets	22 875 498	7 840 836	180 484	27 682 133	103 383 984	161 962 935
Business activity liabilities	28 485 242	11 930 464	-	91 523 953	30 023 276	161 962 935
Other items of business segment						
Depreciations	-	-	-	-	(257 897)	(257 897)
Impairment for other provisions on income statement	-	-	-	-	(1 934 886)	(1 934 886)

31 December 2022						
Income and expenses according to segmental business activity						
Business activity income	3 147 553	1 841 598	34 527	11 824 032	(1 709 164)	15 138 546
Business activity expenses	(2 493 745)	(1 309 553)	(26 560)	(9 432 994)	3 831 044	(9 431 808)
Results of activity business	653 808	532 045	7 967	2 391 038	2 121 880	5 706 738
Unclassified expenses	-	-	-	-	(1 581 686)	(1 581 686)
Profit before income tax of the year	653 808	532 045	7 967	2 391 038	540 194	4 125 052
Income tax	(202 191)	(164 536)	(2 464)	(739 434)	(167 056)	(1 275 681)
Profit for the year	451 617	367 509	5 503	1 651 604	373 138	2 849 371

31 December 2022						
Assets and liabilities according To segmental business activity						
Business activity assets	20 148 126	8 140 360	159 117	27 549 545	77 060 735	133 057 883
Business activity liabilities	15 359 185	9 546 179	-	84 726 917	23 425 602	133 057 883
Other items of business segment						
Depreciations	-	-	-	-	(230 745)	(230 745)
Impairment for other provisions on income statement	-	-	-	-	(882 811)	(882 811)

5.B. Geographical Segment analysis
Analysis performed based on the branch location.

	EGP 000			
31 December 2023	Cairo	Alex., Delta and Sinai	Upper Egypt	Total
Income and expenses according to geographical segment analysis				
Geographical segment income	19 178 807	3 535 698	1 767 230	24 481 735
Geographical segment expense	(9 972 107)	(4 606 037)	(2 503 858)	(17 082 002)
Profit before income tax of the year	<u>9 206 700</u>	<u>(1 070 339)</u>	<u>(736 628)</u>	<u>7 399 733</u>
Income tax	(2 977 870)	346 197	238 260	(2 393 413)
Profit for the year	<u>6 228 830</u>	<u>(724 142)</u>	<u>(498 368)</u>	<u>5 006 320</u>
31 December 2023	Cairo	Alex., Delta and Sinai	Upper Egypt	Total
Assets and liabilities according to geographical segment				
Geographical segment assets	132 621 159	19 939 699	9 402 077	161 962 935
Geographical segment liabilities	87 912 233	49 156 324	24 894 378	161 962 935
Other items of geographical segment				
Depreciations	(257 897)	-	-	(257 897)
Impairment and other provisions on income statement	(1 934 886)	-	-	(1 934 886)
31 December 2022	Cairo	Alex., Delta and Sinai	Upper Egypt	Total
Income and expenses according to geographical segment analysis				
Geographical segment income	11 026 303	2 715 462	1 396 782	15 138 547
Geographical segment expense	(6 395 322)	(3 042 594)	(1 575 579)	(11 013 495)
Profit before income tax of the year	<u>4 630 981</u>	<u>(327 132)</u>	<u>(178 797)</u>	<u>4 125 052</u>
Income tax	(1 432 140)	101 166	55 293	(1 275 681)
Profit for the year	<u>3 198 841</u>	<u>(225 966)</u>	<u>(123 504)</u>	<u>2 849 371</u>
31 December 2022	Cairo	Alex., Delta and Sinai	Upper Egypt	Total
Assets and liabilities according to geographical segment				
Geographical segment assets	104 787 566	19 205 420	9 064 897	133 057 883
Geographical segment liabilities	66 531 570	44 206 099	22 320 214	133 057 883
Other items of geographical segment				
Depreciations	(230 745)	-	-	(230 745)
Impairment and other provisions on income statement	(882 811)	-	-	(882 811)

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6- Net interest income

	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
Interest income on loans and similar income:		
Loans and advances to:		
- Customers	9 110 686	6 632 364
	<u>9 110 686</u>	<u>6 632 364</u>
- Treasury bills and bonds	7 359 834	4 444 294
- Current accounts and term deposits	5 752 499	2 363 761
	<u>22 223 019</u>	<u>13 440 419</u>
Interest expense on deposits and similar expenses:		
Current accounts and deposits to:		
- Banks	(15 069)	(9 669)
- Customers	(10 160 041)	(6 155 087)
	<u>(10 175 110)</u>	<u>(6 164 756)</u>
Other loans	(38 191)	(23 445)
	<u>(10 213 301)</u>	<u>(6 188 201)</u>
Net	<u>12 009 718</u>	<u>7 252 218</u>

7-Net fee and commission income

	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
Fee and commission income:		
- Fee and commission related to credit	933 572	623 695
- Custody fees	16 313	3 703
- Other fees	1 144 408	815 432
	<u>2 094 293</u>	<u>1 442 830</u>
Fee and commission expense		
- Other paid fees	(850 083)	(607 199)
	<u>(850 083)</u>	<u>(607 199)</u>
Net	<u>1 244 210</u>	<u>835 631</u>

8-Dividends income

	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
Dividends income from:		
- Investments at fair value through other comprehensive income	8 257	16 033
Total	<u>8 257</u>	<u>16 033</u>

9-Net Income from Financial Instruments Classified at Fair value Through Profit and Loss

	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
Net income from:		
- Equity instruments	5 736	3 879
Total	<u>5 736</u>	<u>3 879</u>

10-Net trading income

	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
Foreign currency transactions:		
- Profit from foreign currencies	28 630	68 105
- Profit / (Loss) from currency exchange	2	(338)
Total	<u>28 632</u>	<u>67 767</u>

11-Administrative expenses

	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
Employees' cost:		
- Salaries and wages	(1 402 538)	(1 218 477)
- Social insurance	(102 860)	(88 369)
Pension cost:		
- Defined-benefit plans (Note no.31)	(288 901)	(291 876)
	<u>(1 794 299)</u>	<u>(1 598 722)</u>
Other administrative expenses	(2 078 275)	(1 581 686)
Total	<u>(3 872 574)</u>	<u>(3 180 408)</u>

12-Other operating revenues / (expenses)

	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
- Revaluation Gains of monetary assets and liabilities balances in foreign currencies	84 950	134 633
- Impairment losses of Investments on other assets	(724)	(859)
- Gains from sale of fixed assets of the bank	2 210	3 394
- Rents	(169 020)	(135 229)
- Operating and finance lease	(42 229)	(18 731)
- Recovery of impairment on other provisions (Note 29)	31 982	29 473
- Others	14 136	26 020
Total	<u>(78 695)</u>	<u>38 701</u>

13-Impairment (Charge) / Recovery for Credit losses

	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
- (Charge) of impairment Loans and advances to customers (Note no. 18)	(1 896 825)	(914 435)
- (Charge) / Recovery of impairment of due from banks balances (Note no. 17)	(58 938)	1 674
- (Charge) / Recovery of impairment of treasury bills and bonds	(11 105)	477
Total	(1 966 868)	(912 284)

14-Income Tax Expenses

	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
- Current taxes	(2 436 485)	(1 279 147)
- Deferred income taxes (Note no. 30)	43 072	3 466
Total	(2 393 413)	(1 275 681)

Additional information about income tax already disclosed in note No. (30), Taxes on bank profit differ from the value that will result from applying the applicable tax rates as follows :

	For the year ended 31/12/2023 EGP 000	For the year ended 31/12/2022 EGP 000
Accounting profit before tax	7 399 734	4 125 052
Tax at rate 22.5%	1 664 940	928 137
Add / deduct:		
Un-deductible Expenses	709 919	319 556
Tax exemptions	(6 548)	(5 924)
Tax impact of provisions	103 310	42 087
Dividend's payout	1 742	1 603
Previous year's tax adjustments	(38 016)	(8 285)
Other Taxes	1 139	1 973
Tax from income statement	2 436 486	1 279 147
Effective Tax Rate	32.93%	31.01%

Tax Position

Bank Tax Policy

A-Corporate Income Tax:

-Financial year 2017: inspection is conducted with no remarks.

-Financial years from 2018 to 2019 ; inspection is in progress.

-Financial years from 2020 to 2023: tax declaration presented to Tax Authority with tax due payment within the legal due dates, the Bank paid also the Medical Health Contribution.

B-Stamp Tax Duty

-Period from 1/8/2006 to 31/12/2021: inspection is conducted with no remarks.

-Financial years from 2022 and 2023: stamp duty tax dues were paid to Tax Authority within legal due dates.

C-Real estate tax

-In accordance with Law No. 196 of 2008 amended by Law No. 117 of 2014, the Bank pays tax claims received on owned buildings with regard to real-estate tax that is consistent with the estimates of the Housing and Development Bank, while for real estate tax on leased premises Bank of Alexandria bears the real-estate tax under the rent contract until 31/12/2023 and appeals against the overestimated estimates.

D-Payroll Tax

-Financial years to 2019: tax inspection was conducted, and the Bank received the final inspection forms and currently the bank is waiting for final form (9)

15-Basic earnings per share

	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
Net profit for the year	5 006 320	2 849 371
Banking System Support and Development Fund share	(50 063)	(31 642)
Employees' profit share	(500 632)	(316 421)
Shareholders' share in the year net profit (1)	4 455 625	2 501 308
The weighted average of the ordinary issued shares (2)* "shares in thousands"*	2 500 000	2 500 000
Basic earnings per share (in EGP) (1:2)	1.78	1.00

* The comparative figures are amended to conform with the Egyptian Accounting standard no. (22), as this increase is a non-cash increase related to the transfer from the bank's reserve.

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16-Cash and balances at Central Bank of Egypt

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Cash	3 273 537	1 899 155
Balances at Central bank within the mandatory reserve ratio*	9 776 177	6 517 983
Total	13 049 714	8 417 138
Non-interest-bearing balances	13 049 714	8 417 138

* This amount refers to money deposited with the Central Bank of Egypt in the context of the rule of the 18% mandatory reserve, which is non - interest bearing.

17-Due from Banks

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Current accounts	800 596	386 073
Deposits	43 435 419	31 999 479
Less: Allowance for impairment loss provision	(90 729)	(25 488)
Total	44 145 286	32 360 064
Central banks other than the obligatory reserve ratio *	36 568 701	26 333 072
Local banks	1 626 839	1 237 520
Foreign banks	6 040 475	4 814 960
Less: Allowance for impairment loss provision	(90 729)	(25 488)
Total	44 145 286	32 360 064
Non-interest-bearing balances	298 698	48 797
Fixed interest rate balances	12 328 588	7 485 267
Variable interest rate balances	31 518 000	24 826 000
Total	44 145 286	32 360 064
Current balances	42 160 200	30 857 768
Non-current balances	1 985 086	1 502 296
Total	44 145 286	32 360 064

* Including the amount of EGP 1 985 086 thousand (10% of the customers' deposits), that the Bank has to maintain, as per the instructions of the Central Bank of Egypt, 10% in foreign currencies as interest bearing reserve with the CBE.

Impairment provision of due from banks balances:

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Beginning balance for the year	25 488	17 099
Charge/(Recovery) of impairment of provision during the year (Note no. 13)	58 938	(1 674)
Foreign currencies revaluation differences	6 303	10 063
Closing Balance	90 729	25 488

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18-Loans and advances to customers and banks

	31 December 2023 EGP 000	31 December 2022 EGP 000
(1) Retail		
- Overdraft accounts	147 281	446 602
- Credit cards	667 931	423 955
- Personal loans	27 946 276	27 535 937
- Mortgage loans	2 798	3 662
Total (1)	28 764 286	28 410 156
(2) Corporate including small loans for economic activities		
-Overdraft accounts	11 659 084	11 156 784
- Direct loans	22 306 001	18 687 584
- Syndicated loans	1 204 090	1 354 742
Total (2)	35 169 175	31 199 110
Total loans and facilities to customers (1+2)	63 933 461	59 609 266
Less:		
- Impairment loss provision	(5 185 519)	(3 520 343)
- Unearned discount	(37 405)	(19 404)
- Interest under settlement from customer loans	(309 902)	(279 262)
- Suspended interest	(2 170)	(2 290)
Net	58 398 465	55 787 967
Distributed to:		
- Current balances	32 137 846	29 827 272
- Non-current balances	26 260 619	25 960 695
	58 398 465	55 787 967

B - Loans and advances to banks

	31 December 2023 EGP 000	31 December 2022 EGP 000
- Loans to banks	438 767	50 038
	438 767	50 038

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Impairment loss provision

An analysis of the movement in the impairment loss provision for loans and advances to customers according to types:

31 December 2023	Overdraft accounts EGP 000	Credit Cards EGP 000	Personal Loans EGP 000	Mortgage loans EGP 000	Total EGP 000
Retail					
Balance at the beginning of the year	219 748	8 258	309 064	1 109	538 179
Impairment charge/(Recovery) during the year	(173 012)	2 512	390 184	1 333	221 017
Amounts written-off during the year	(30 408)	(1 867)	(124 437)	-	(156 712)
Amounts recovered during the year *	-	3 745	35 553	-	39 298
Differences in revaluation of foreign currencies	106	-	-	-	106
Balance at the year end	16 434	12 648	610 364	2 442	641 888

	Overdraft accounts EGP 000	Direct Loans EGP 000	Syndicated Loans EGP 000	Other loans EGP 000	Total EGP 000
Corporate					
Balance at the beginning of the year	1 874 603	868 535	239 026	-	2 982 164
Impairment charge/(recovery) during the year	443 939	1 395 233	(163 372)	8	1 675 808
Amounts written-off during year	(404 767)	-	-	-	(404 767)
Amounts recovered during the year *	71 589	-	-	-	71 589
Differences in revaluation of foreign currencies	110 106	55 378	53 361	(8)	218 837
Balance at the year end	2 095 470	2 319 146	129 015	-	4 543 631
				Total	5 185 519

*From amounts that have been previously written off.

31 December 2022	Overdraft accounts EGP 000	Credit Cards EGP 000	Personal Loans EGP 000	Mortgage loans EGP 000	Total EGP 000
Retail					
Balance at the beginning of the year	46 916	11 327	402 265	5 720	466 228
Impairment (Recovery)/charge during the year	308 870	8 094	(110 341)	(4 611)	202 012
Amounts written-off during the year	(136 090)	(18 425)	(234)	-	(154 749)
Amounts recovered during the year *	-	7 262	17 374	-	24 636
Differences in revaluation of foreign currencies	52	-	-	-	52
Balance at the year end	219 748	8 258	309 064	1 109	538 179

	Overdraft accounts EGP 000	Direct Loans EGP 000	Syndicated Loans EGP 000	Other loans EGP 000	Total EGP 000
Corporate					
Balance at the beginning of the year	1 099 103	788 624	217 014	422	2 105 163
Impairment (Recovery)/charge during the year	752 226	39 138	(78 516)	(424)	712 424
Amounts written-off during year	(153 032)	-	-	-	(153 032)
Amounts recovered during the year *	22 044	-	-	-	22 044
Differences in revaluation of foreign currencies	154 262	40 773	100 528	2	295 565
Balance at the year end	1 874 603	868 535	239 026	-	2 982 164
				Total	3 520 343

*From amounts that have been previously written off.

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19- Financial assets classified at fair value through profit and loss

	31 December 2023 EGP 000	31 December 2022 EGP 000
Equity instrument at fair value:		
- Listed in the market	13 309	9 472
Total Financial Assets Classified at Fair Value Through Profit and Loss	13 309	9 472

The value represents 165 644 shares of ISP equity shares owned by the bank with the dividends to be credited to the Bank account. The shares are held to meet the obligation towards the expatriates who are beneficiary of these shares under the Parent Company's Remuneration System for Top Management.

20- Financial investments

	31 December 2023 EGP 000	31 December 2022 EGP 000
Financial assets classified at Fair Value through Other Comprehensive Income		
A- Debt instrument:		
- Listed in the market (Governmental debt instruments)	3 238 397	6 951 212
- Not listed in the market (Treasury bills and other governmental notes)	33 614 654	22 759 848
B- Equity instrument:		
- Not listed in the market	84 589	82 272
Total financial assets classified at Fair Value through Other Comprehensive Income (1)	36 937 640	29 793 332
Financial assets classified at Fair Value through profit and loss		
Equity instrument:		
- Not listed in the market	13 966	11 801
Financial assets classified at Fair Value through profit and loss (2)	13 966	11 801
Financial assets classified at Amortized cost:		
Debt instrument:		
- Listed in the market (Governmental debt instruments)	4 471 345	2 520 880
Financial assets classified at Amortized cost (3)	4 471 345	2 520 880
Total of Financial investments (1+2+3)	41 422 951	32 326 013
Current balances	36 853 051	29 711 060
Non-current balances	4 569 900	2 614 953
	41 422 951	32 326 013
Debt instrument with fixed interest rate	41 324 396	32 231 940
Debt instrument with variable interest rate	13 966	11 801
	41 338 362	32 243 741
Treasury bills and other governmental notes at FVOCI		
Treasury bills due 91 days	29 833 938	-
Treasury bills due 181 days	5 225 075	-
Treasury bills due 273 days	800	-
Treasury bills due 364 days	-	23 629 404
Unearned interest	(1 371 032)	(799 725)
Fair value Revaluation impact	(74 127)	(69 831)
Total	33 614 654	22 759 848

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An analysis of the movement in Financial investments

	Financial Assets at FVOCI EGP 000	Financial Assets at FVTPL EGP 000	Financial Assets at amortized cost EGP 000	Total EGP 000
Balance as of 1 January 2023	29 793 332	11 801	2 520 880	32 326 013
Additions	88 713 767	-	1 958 723	90 672 490
Disposals (sale/redemption)	(81 152 085)	-	-	(81 152 085)
Translation differences resulting from monetary foreign currencies assets	2 913	-	-	2 913
(Loss) from changes in fair value reserve (Note no.33.c)	152 766	-	-	152 766
Change in Fair Value Through profit and Loss	-	2 165	-	2 165
Amortized cost	(1 779)	-	-	(1 779)
Amortization of Discount	(571 274)	-	(8 258)	(579 532)
Balance as of 31 December 2023	36 937 640	13 966	4 471 345	41 422 951

	Financial Assets at FVOCI EGP 000	Financial Assets at FVTPL EGP 000	Financial Assets at amortized cost EGP 000	Total EGP 000
Balance as of 1 January 2022	32 256 580	60 590	-	32 317 170
Additions	59 047 825	-	4 469 881	63 517 706
Disposals (sale/redemption)	(60 493 999)	(49 982)	(1 940 002)	(62 483 983)
Translation differences resulting from monetary foreign currencies assets	100 196	-	-	100 196
(Loss) from changes in fair value reserve (Note no.33.c)	(369 047)	-	-	(369 047)
Change in Fair Value Through profit and Loss	-	1 193	-	1 193
Amortized cost	(5 649)	-	-	(5 649)
Amortization of premium / Discount	91 801	-	(8 999)	82 802
Sale of equity instruments	(834 375)	-	-	(834 375)
Balance as of 31 December 2022	29 793 332	11 801	2 520 880	32 326 013

20.A. Gain / (Loss) on financial investments

	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
Gain on financial investments		
Gain on selling financial assets classified at Fair Value through Profit and loss	-	30
Impairment losses of associates	-	(7 500)
Gain on selling financial assets - Governmental Bills	5 695	7 974
Total	5 695	504

21- Investments in associates

The Bank investments in associates are as follows:

31 December 2023	Total shareholders' equity EGP 000	Bank's share percentage	Bank's share in shareholders' equity EGP 000
Misr International Towers Co.	246 336	27.86%	68 620
Misr Alexandria Mutual Fund Company for Financial Investments*	-	25.00%	-
	246 336		68 620

31 December 2022	Total shareholders' equity EGP 000	Bank's share percentage	Bank's share in shareholders' equity EGP 000
Misr International Towers Co.	203 030	27.86%	56 556
Misr Alexandria Mutual Fund Company for Financial Investments*	37 695	25.00%	-
	240 725		56 556

*) The Extraordinary General Assembly for Misr Alexandria Mutual Fund for Financial Investment Company agreed on October 12, 2020, on making a decision to liquidate the company on December 31, 2020, and to indicate that the company is under liquidation in the commercial registry and to appoint a legal liquidator, hence authorizing the Board of Directors to take the necessary procedures to finalize the liquidation process with the Financial Regulatory Authority and other entities.

We conducted an impairment of the bank's share in the company, as there was objective evidence of impairment losses in the value of the investment, and the situation will be followed up.

The financial data of associates are as follows:

31 December 2023	Country of the Company's Head Office	Balance Sheet date	Company's Assets EGP 000	*Company's Liabilities (without shareholders' equity) EGP 000	Company's Revenues EGP 000	*Profits of the company EGP 000	Share Percentage
Misr International Towers Co.	Egypt	2023/06/30	454 077	207 741	99 623	50 215	27.86%
Misr Alexandria Mutual Fund Company for Financial Investments	Egypt	2021/12/31	-	-	-	-	25.00%
			454 077	207 741	99 623	50 215	

31 December 2022	Country of the Company's Head Office	Balance Sheet date	Company's Assets EGP 000	*Company's Liabilities (without shareholders' equity) EGP 000	Company's Revenues EGP 000	*Profits of the company EGP 000	Share Percentage
Misr International Towers Co.	Egypt	2022/09/30	414 444	211 414	33 737	10 871	27.86%
Misr Alexandria Mutual Fund Company for Financial Investments	Egypt	2021/12/31	47 040	9 345	2 429	1 457	25.00%
			461 484	220 759	36 166	12 328	

* It includes the effect of the decision of dividend pay-out (The Board members' and the employees' share).

22- Intangible assets

	31 December 2023	31 December 2022
	Computer software programs EGP 000	Computer software programs EGP 000
Cost at the beginning of the year	1 099 548	770 402
Additions	26 812	329 146
Total cost	1 126 360	1 099 548
Amortization at the beginning of the year	(700 988)	(601 531)
Amortization for the year	(128 967)	(99 457)
Accumulated amortization	(829 955)	(700 988)
Net book value at the year end	296 405	398 560

23- Other assets

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Accrued revenues	1 312 761	1 458 620
Prepaid expenses	172 248	131 380
Payments under purchase of fixed assets	961 968	331 916
Assets reverted to the Bank in settlement of debts	51 119	31 299
Insurance and custodies	8 720	7 335
Others	770 390	734 742
Total	3 277 206	2 695 292
Less: Provisions for doubtful receivables	(100 559)	(69 192)
Closing balance	3 176 647	2 626 100

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24-Fixed assets

	Land and Buildings EGP 000	Improvements on leased assets EGP 000	Machinery and Equipment EGP 000	Others EGP 000	Total EGP 000
Balance as at 01/01/2022					
Cost	457 506	116 668	369 741	728 806	1 672 721
Accumulated depreciation	(197 708)	(82 010)	(164 282)	(546 376)	(990 376)
Net book value at 01/01/2022	259 798	34 658	205 459	182 430	682 345
Additions	13 676	20 329	26 428	95 416	155 849
Disposals	-	-	(9 615)	(15 712)	(25 327)
Depreciation for the year	(18 847)	(15 211)	(32 013)	(65 217)	(131 288)
Disposals' accumulated depreciation	-	-	9 517	15 694	25 211
Net Book value as at 31/12/2022	254 627	39 776	199 776	212 611	706 790
Balance as at 1/01/2023					
Cost	471 182	136 997	386 554	808 510	1 803 243
Accumulated depreciation	(216 555)	(97 221)	(186 778)	(595 899)	(1 096 453)
Net book value at 01/01/2023	254 627	39 776	199 776	212 611	706 790
Additions	552	669	4 872	9 375	15 468
Disposals	(373)	-	(135)	-	(508)
Depreciation for the year	(19 191)	(15 686)	(33 048)	(61 005)	(128 930)
Disposals' accumulated depreciation	373	-	48	-	421
Net Book value as at 31/12/2023	235 988	24 759	171 513	160 981	593 241
Balance as at 31/12/2023					
Cost	471 361	137 666	391 291	817 885	1 818 203
Accumulated depreciation	(235 373)	(112 907)	(219 778)	(656 904)	(1 224 962)
Net book value	235 988	24 759	171 513	160 981	593 241

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25- Due to banks

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Current accounts	371 898	457 820
Total	371 898	457 820
Local banks	17 153	13 873
Foreign banks	354 745	443 947
Total	371 898	457 820
Non-interest-bearing balances	375 873	457 820
Fixed interest rate balances	(3 975)	-
Total	371 898	457 820
Current balances	371 898	457 820
Total	371 898	457 820

26- Customers' deposits

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Demand deposits	50 353 003	34 400 857
Term and notice deposits	10 356 569	7 275 862
Certificates of deposits and savings	53 981 251	51 682 663
Savings deposits	17 908 152	16 458 622
Other deposits	740 975	881 633
Total	133 339 950	110 699 637
Corporate deposits	45 458 890	25 509 804
Retail deposits	87 881 060	85 189 833
Total	133 339 950	110 699 637
Non-interest-bearing balances	21 253 895	16 389 366
Variable interest rate balances	78 891 407	73 971 600
Fixed interest rate balances	33 194 648	20 338 671
Total	133 339 950	110 699 637
Current balances	39 148 804	27 203 074
Non-current balances	94 191 146	83 496 563
Total	133 339 950	110 699 637

Customers' deposits include deposits amounted to EGP 2 306 773 thousand as of 31 December 2023 versus EGP 1 694 482 thousand as of 31 December 2022 which represent collateral of customer loans, letters of credit, and letters of guarantee

27- Other loans

	Interest Rate	31 December 2023	31 December 2022
	%	EGP 000	EGP 000
Loan within the framework of the Agricultural Sector Development Program	3.5% and 5.0%	1 444	4 263
Long-term loans from CBE	3%	50 691	100 992
Sanad Loan Fund for MSME	Soft 6 month+2.85%	56 187	89 986
Green Loan for Growth Fund-Tranche one amounted to USD 15 million	Soft 6 month+2.95%	231 698	174 672
European Bank Loan for Reconstruction and Development-Tranche amounted USD 15 million	Soft 6 month+3.25%	66 199	159 065
European Investment Bank Loan - Tranche amounted USD 7.5 million	Soft 6 month+5.04%	163 570	-
Total long-term loans		569 789	528 978
Current balances		216 357	247 811
Non-current balances		353 432	281 167
Total		569 789	528 978

The bank has fulfilled all of its loan obligations in terms of principal, interest or any other terms and conditions during the current year and the comparative year.

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28- Other liabilities

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Accrued interest	496 291	386 336
Prepaid revenues (*)	520 072	438 795
Accrued expenses	837 025	653 812
Creditors	314 857	255 125
Dividends' payable	1 029 017	1 029 017
Remittances of Egyptian workers in Iraq – due to customers	57 980	57 993
Other credit balances	1 214 556	801 317
Total	4 469 798	3 622 395

29- Other provisions

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Balance at the beginning of the year	457 775	420 479
Differences in valuation of foreign currencies	25 770	21 752
(Charge) to income statement - (Note 12)	(31 982)	(29 473)
Used amounts during the year.	(13 606)	(7 119)
Recovery /Transfers to doubtful amounts provisions (other assets)	(31 367)	52 136
Balance at the end of the year	406 590	457 775

Other provisions include an amount of EGP 112 419 thousand on 31 December 2023 to meet contingent liabilities and contractual commitments that amount to EGP 17 364 034 thousand, versus EGP 186 995 thousand as of 31 December 2022 to meet contingent liabilities and contractual commitments that amount to EGP 16 966 904 thousand; it also includes an amount of EGP 29 846 thousand to meet loans commitments of EGP 9 476 110 thousand as of 31 December 2023.

30- Deferred tax

The deferred income tax has been calculated in full on the deferred tax differences according to the liabilities method by applying the actual tax rate of 22.5% for the current financial year

Following are the balances and the movement in deferred tax assets and liabilities:

30-A. Recognized Deferred Tax

	Deferred tax assets		Deferred tax liabilities	
	31 December 2023 EGP 000	31 December 2022 EGP 000	31 December 2023 EGP 000	31 December 2022 EGP 000
Fixed assets (depreciation)	-	-	(80 564)	(91 286)
Fair value differences	-	-	(17 527)	(14 800)
Other provisions	103 372	93 378	-	-
Retirement benefits plan and pilgrimage vacation	354 249	331 893	-	-
Total deferred tax assets (liabilities)	457 621	425 271	(98 091)	(106 086)
Net balance of DTA	359 530	319 185		

30-B. Movement of deferred tax

	Deferred tax assets		Deferred tax liabilities	
	31 December 2023 EGP 000	31 December 2022 EGP 000	31 December 2023 EGP 000	31 December 2022 EGP 000
Balance at the Beginning of the year	425 271	386 463	(106 086)	(121 034)
Additions through profit and loss	32 350	38 808	10 722	(35 342)
Excluded / Additions through equity	-	-	(2 727)	50 290
Total deferred tax assets (liabilities)	457 621	425 271	(98 091)	(106 086)
Net balance of DTA	359 530	319 185		

31- Retirement benefits obligations

	31 December 2023 EGP 000	31 December 2022 EGP 000
Liabilities included in the financial position statement for:		
Post-retirement medical benefits	1 569 590	1 470 368
Total	1 569 590	1 470 368

	31 December 2023	31 December 2022
Amounts recognized in the income statement:		
Post-retirement medical benefits (Note no. 11)	288 901	291 876
Closing Balance	288 901	291 876

	31 December 2023	31 December 2022
The balances in the statement of financial position are presented as follows:		
The present value of funded obligations	2 048 170	1 887 281
Unrealized actuarial (loss) *	(478 580)	(416 913)
The liabilities in the financial position statement	1 569 590	1 470 368

* Whereas actuarial losses are higher than 10% of the defined benefits liability, then the amortized amount has been recognized in the income statement.

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The movement in liabilities during the year is represented in the following:

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Beginning balance of the year	1 470 368	1 323 482
Current service cost	13 128	7 307
Interest cost	260 742	248 698
Actuarial losses	15 031	35 871
Paid benefits	(189 679)	(144 990)
Balance at the end of the year	1 569 590	1 470 368

The recognized amounts in the statement of income are presented as follows:

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Current service cost	13 128	7 307
Interest cost	260 742	248 698
Actuarial losses	15 031	35 871
Balance at the end of the year	288 901	291 876

The principal actuarial assumptions used are presented as follows:

	31 December 2023	31 December 2022
	%	%
Discount rate	25.29	14.7
Previous service cost inflation rate	10.9	10
Future service assumption cost inflation rate	18.89	10.9
Mortality assumption	92 mortality cases every year 2.5% pa at age 20 decreasing to 0.2% after age 50 and to 0% after age 54	92 mortality cases every year 15% pa at age 20 decreasing to 0.2% after age 50 , 0% after age 54
Employee turnover		

* Whereas actuarial losses are higher than 10% of the defined benefits liability, then the amortized amount has been recognized in the income statement.

32- Share capital	No. of Shares (In millions)	Ordinary Shares	Total
Balance at the beginning of the year	2 500	5 000 000	5 000 000
Balance at the end of the year	2 500	5 000 000	5 000 000

- The bank's authorized capital amounts to EGP 5 000 million.

- The issued and subscribed capital amounts to EGP 5 000 million, divided into 2 500 million shares with a par value of EGP 2 each and it has been fully subscribed and paid.

- On February 23rd, 2007, the Ministry of Investment (State owned assets management program) invited investment banks to submit their proposals for the public offering of 15% of the issued share capital and the remaining 5% to Alex Bank's employees, but the subscription program has not been implemented yet.

- On September the 14th 2020, International Finance Corporation (IFC) sold its participation of 9.75% (with exception of one share) in Bank of Alexandria to Intesa Sanpaolo S.P.A. The share of Intesa Sanpaolo S.P.A became 80% (approximately). IFC in year 2021 sold the remaining one share to Mr. Ahmed Saeed Al-Falal representing 0.00000025%.

- As per the Banking Law No. 194 issued in September 2020, and with reference to Article 64, the minimum paid-up capital for banks became five billion Egyptian pounds. Approval was obtained from the Central Bank for the convening of an extraordinary general assembly on September 28, 2021. The ratification of the decisions of the minutes of the extraordinary general assembly meeting was approved, and the commercial register and the Article of Association were amended accordingly. The capital increase of EGP 4,200,000 thousand was funded from the retained earnings maintaining the same percentage of ownership and not changing the share price. As a result, the new capital structure is as follows:

Name	Shareholding %	No. of Shares	Nominal value Shares EGP 000
Intesa Sanpaolo S.P. A	79.99999975%	1 999 999 993	3 999 999
Ministry of finance (Share of State)	20%	500 000 000	1 000 000
Ahmed Saeed Al-Falal	0.00000025%	7	1
	100%	2 500 000 000	5 000 000

33- Reserves and retained earnings

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Legal reserve	2 500 000	2 500 000
Special capital reserve	3 430	36
General Banking Risks Reserve – Credit	-	49 816
Fair value reserve for investments through OCI	(34 710)	(198 349)
General Risk Reserve *	35 135	35 135
Total reserves	2 503 855	2 386 638

* No amounts shall be distributed from the balance of general Risk Reserve except after obtaining the approval of the Central Bank of Egypt (CBE).

The movement in reserves is as follows:

33-A. Legal reserve

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Balance at the beginning of the year	2 500 000	400 000
Transferred from reserve	-	736 623
Transferred from retained earnings	-	1 363 377
Balance at the End of the Year	2 500 000	2 500 000

According to Bank's Articles of Association, 5% of net profit of the year shall be transferred to a non-distributable statutory reserve until it reaches 50% of the bank's capital.

33-B. Special capital reserve

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Balance at the Beginning of the Year	36	418 158
Transferred to Legal reserve	-	(418 123)
Formed from the financial year 's profits 2022,2021	3 394	1
Balance at the End of the Year	3 430	36

No amounts shall be distributed from the balance of special Reserve except after obtaining the approval of the Central Bank of Egypt (CBE).

33-C. Fair Value Reserve/ Financial Investments

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Balance at the Beginning of the year	(198 349)	336 807
Differences of valuation of treasury bonds and bills ECL provisions in foreign currency	12 307	1 773
Net (Losses) from change in fair value	107 870	16 513
Net change of fair value due to maturity of debt instruments	46 298	(200)
Net (Gains) transferred to Retained earnings due to disposals	(109)	(603 531)
Deferred tax liability (Note no.30)	(2 727)	50 289
Balance at the end of the year	(34 710)	(198 349)

33-D. Retained earnings

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Balance at the beginning of the year	7 561 585	6 845 042
Net profits of the current year	5 006 320	2 849 371
Transferred from / to general banking risk reserve – Credit	49 816	318 228
Employees' share in financial year 2022/2021 profit	(316 420)	(238 198)
Banking development system fund	(31 642)	(23 820)
Transferred to Legal reserve	-	(1 363 377)
Transferred to Special capital reserve	(3 394)	(1)
Shareholders' Dividends 2022/2021	-	(1 429 191)
Net Gains of financial instruments measured at FVOCI -disposals	109	603 531
Balance at the end of the year	12 266 375	7 561 585

34- Dividends

Dividends are not recorded until approved by the General Assembly of Shareholders. The dividend for employees' share in profits shall be recorded in the year ended 31 December 2024.

35- Cash and cash equivalents

For the presentation of the cash flows statement, cash and cash equivalents include the following balances with maturities of no later than three months from the acquisition date.

	For the year From 01-01-2023 To 31-12-2023 EGP 000	For the year From 01-01-2022 To 31-12-2022 EGP 000
Cash and balances at Central Bank of Egypt (Note no.16)	3 273 537	1 899 155
Due from banks (Note no. 17)	41 961 422	31 122 894
Treasury bills and other governmental notes	28 388 780	-
	73 623 739	33 022 049

36- Contingent liabilities and commitments:

36-A. Legal Claims

There are a number of cases filed against the bank on 31 Decemebr 2023, and the balance of the claims' provision amounted to EGP 40 661 thousand.

36-B. Capital commitments

Fixed Assets and Fittings and Fixtures of Branches

The value of the commitments related to the purchase contracts of fixed assets, and the fittings and fixtures of the branches under construction until the reporting date amounted to EGP 16 009 thousand on 31 December 2023, versus EGP 72 877 thousand on 31 December 2022. The bank Management is sufficiently confident in generating revenues and providing the finance required to cover these commitments.

36-C. Commitments related to Loans, Guarantees, and Facilities

The bank's commitments related to loans, guarantees and facilities are represented in the following:

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Loan commitments	9 476 110	10 885 813
Accepted documentation	2 626 771	3 153 570
Letters of guarantee	12 912 414	12 122 554
Letters of credit "import"	1 824 849	1 640 731
Letters of credit "export"	-	50 049
Total	26 840 144	27 852 717

36-D. Commitments on Operational Leasing Contracts

The total of minimum lease payments on irrevocable operational leasing contracts is as follows:

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Less than one year	46 492	6 596
More than one year and less than 5 years	121 765	10 646
Total	168 257	17 242

37- Transactions with Related Parties

- Intesa Sanpaolo S.P.A. owns roughly 80% of the ordinary shares, whereas the remaining percentage 20% is owned by Ministry of finance (Share of Republic of Egypt) and another shareholder.
- The bank has entered into many transactions with the related parties within the context of its normal business. These transactions include loans, deposits, as well as foreign currency exchange.
- The transactions and the balances of the related parties at the end of the financial year are as follow:

37-A. Transactions with Related Parties (Associate companies)

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Statement of Financial Position		
Loans and Advances	142 957	160 539
Customers' Deposits	184 905	9 446
	For the year From 01-01-2023 To 31-12-2023	For the year From 01- 01-2022 To 31-12-2022
Income Statements		
Interest Expenses	7 260	544
Interest Revenues	30 348	13 800

37-B. Transactions with the Parent Bank (Intesa Sanpaolo Bank)

	31 December 2023	31 December 2022
	EGP 000	EGP 000
Statement of financial position		
Due from banks	28 692	8 016
Debit balances and other assets	15 280	9 168
Due to banks	5	3 519
Credit balances and other liabilities	1 098 200	1 111 765
	For the year From 01-01-2023 To 31-12-2023	For the year From 01-01-2022 To 31-12-2022
Income statements		
Revenues	19 821	1 964
Expenses	72 400	77 343

37-C. Board of Directors and the Top Management Benefits

The monthly average amount of the top 20 employees' salaries for the current year amounted to EGP 9.28 million as of 31 December 2023 versus EGP 6.16 million as of 31 December 2022.

38- Mutual funds

It is an activity authorized to be performed by the Bank by virtue of Capital Market Law No. 95/1992 and its Executive Regulations. These funds, which are managed by EFG- Hermes Fund Management Company, are as follows:

38-A. Bank of Alexandria Mutual Fund (with periodical return and capital growth)

The certificates of the fund were 3 million with an amount of EGP 300 million at initiation of the fund (after increasing the capital of the mutual fund on March 26th, 2006 with an amount of EGP 100 million). The bank in line with the articles of association of the fund allocated 2% of the fund's size to provide its services, with a maximum of 5 million Egyptian pounds. The Bank investment in the fund amounted to 2.3 thousand certificates (including certificates of activity undertaking), and their redeemable value amounted to EGP 1.8 million as of 31 December 2023.

The redeemable value of each certificate as of 31 December 2023 amounted to EGP 776.67 and the outstanding certificates at that date reached 51 thousand certificates

According to the fund's management contract and its prospectus, the Bank shall be paid fees and commissions in return for its supervision of the fund and other administrative services rendered thereby. Total commissions amounted to EGP 334.5 thousand as of 31 December 2023, which were presented under the item of "Fee and commission income" in the income statement.

38-B. Bank of Alexandria's Mutual Fund (with daily-accumulated return in Egyptian Pound)

The certificates of the fund were 20 million certificates with an amount of EGP 200 million at the initiation of the fund. As the fund is an open fund, the Bank adjusts its allocated percentage on a daily basis. The bank in line to the articles of association of the fund allocated 2% of the fund's size to provide its services, with a maximum of 5 million Egyptian pounds. The Bank investments in the fund amounted to 106.6 thousand certificates (including certificates of activity undertaking), and their redeemable value amounted to EGP 6.3 million as of 31 December 2023.

The redeemable value of each certificate amounted to EGP 59.5201 as of 31 December 2023, and the outstanding certificates at that date reached 43,529,182 thousands certificates.

According to the fund's management contract and its prospectus, the Bank shall be paid fees and commissions for its supervision on the fund and other administrative services rendered thereby. Total commissions amounted to EGP 8,818.2 thousands as of 31 December 2023, which were presented under the item of "Fee and commission income" in the income statement.

38-C. Bank of Alexandria Fixed Income Fund (with quarterly return)

The certificates of the fund were 10 million certificates with an amount of EGP 100 million at the initiation of the fund. It is worth mentioning that the fund is an open fund with a quarterly return. The bank in line to the article of association of the fund allocated 2% of the fund's size to provide its services, with a maximum of 5 million Egyptian pounds.

The Bank investments in the fund amounted to 146 thousand certificates (including certificates of activity undertaking), and their redeemable value amounted to EGP 5.808 million as of 31 December 2023.

The redeemable value of each certificate amounted to EGP 39.78397 as of 31 December 2023 and the outstanding certificates at that date reached 2,306.8 thousands certificates.

According to the fund's management contract and its prospectus, the Bank shall be paid fees and commissions for its supervision on the fund and other administrative services rendered thereby. Total commissions amounted to EGP 281.02 thousand as of 31 December 2023 which were presented under the item of "Fee and commission income" in the income statement.

39- Comparative figures

The comparative figures have been reclassified to conform to the changes in the approved presentation for the current year.

40- Subsequent Events

The Bank has received an instruction from the Central Bank of Egypt, dated 24th January 2024, to deposit an amount for a period of 6 months with the Central Bank, without return.



Dante Campioni
CEO and Managing Director



Michele Formenti
Chief Financial Officer