ANNUAL REPORT 2023

Board of Directors' Report on Bank Activities & Finnacial Statements for the Year Ended 31st December 2023.

ALEXBANK | بنك الإسكندرية
Intesa Sanpaolo Group

FOR ALL THAT COUNTS.

2023 ANNUAL REPORT
OUTLINE

01

INTRODUCTION

FINANCIAL HIGHLIGHTS (2023)

NET LOANS PORTFOLIO
EGP 58,398M
4.68% YOY

CUSTOMERS' DEPOSITS
EGP 133,340M
20.45% YOY

NET INTEREST INCOME
EGP 12,010
65.60% YOY

NET FEES & COMMISSIONS
EGP 1,244M
48.89% YOY

NET PROFIT BEFORE INCOME TAX
EGP 7,400M
79.39% YOY

NET PROFIT FOR THE YEAR
EGP 5,006M
75.70% YOY

COST TO INCOME RATIO
30.4% ⇔

CAPITAL ADEQUACY RATIO
31.45% ⇔

EARNINGS PER SHARE
EGP 1.78

LETTER FROM CHAIRMAN

As we reflect on the past year and look ahead to the future, I want to express my sincere gratitude to all our stakeholders for their firm support and trust in our institution. In an environment of unprecedented challenges, your confidence in our bank has been a driving force behind our commitment to excellence and resilience.

2023 was another exceptional year for global and local economies. The persistence of high-interest environment and disruptions to supply chains following the dramatic events affecting the world, have created a turbulent environment. Locally, the Egyptian economy has shown a slowing trajectory amid soaring inflation and high interest rates, with widespread difficulties for the productive activities, that the escalating geopolitical risks in neighboring countries have certainly concurred in intensifying.

As a leading Egyptian bank, ALEXBANK is keen on being a central source of strength and steadiness also during these challenging times. We continue to support our clients and help them in sustaining and boosting their businesses, while we keep strengthening our Balance Sheet and recording healthy results. The bank's financial performance reflected prudent management and dedication to sound business practices, as also endorsed by the recent ratings.

The bank keeps modernizing its infrastructure to increase agility, with the aim to deliver the best and most diversified services also via innovative digital channels, while strongly committed in affirming its solid values of sustainability, customers' care, gender equality, and inclusion.

In full alignment with the Intesa Sanpaolo Group's sustainability targets, ALEXBANK has further enhanced its already significant commitment to ESG goals, seeking to foster the green transition through dedicated programs, and elevating its transparent disclosure on the bank's ESG efforts and performance, applying the most qualifying international frameworks.

Fostering knowledge for employees and the community through multiple training and internship programs has been another goal during the past year, intended to continue, with the aim to feed trust and financial literacy & inclusion to the common benefit. ALEXBANK also placed significant emphasis and efforts to focus on Controls & Governance and Cybersecurity related topics.

The bank recognizes the importance of adaptability in a rapidly changing landscape and remains committed to embrace innovation while upholding the principles that have defined its success over the years. As we navigate the path ahead, we can confirm that ALEXBANK's commitment to responsible banking practices is unwavering.

Thank you for your trust, confidence, and shared vision. Here's to a prosperous and collaborative journey ahead.

LETTER FROM THE CEO

The year just concluded has seen a surge of instability, with the eruption of new conflicts added to others already ongoing. The economic environment has been still dominated by high interest rates, even if signs of possible more accommodating policies have started materializing towards the end of the year, with possible effects expected starting from mid-2024.

In 2023, worldwide, results in the banking sector have generally benefitted by the high interest rates environment, with Egypt in particular, where several interest rates hikes increasing the reference rates by 800 Bps between September 2022 and December 2023, have magnified the growth of the NII across the entire sector.

Our 2023 results show a notable performance, particularly when considering the disciplined and prudent stance applied in classifying our assets, as confirmed by the significant level of provisions accounted. The achieved profitability allows the bank to maintain a Capital Adequacy Ratio well above the regulatory requirements and at the top of the market ranking. These accomplishments were met amid the market conditions above indicated, but also in a very volatile and complex economic scene, negatively affected by geopolitical risks.

During last year, ALEXBANK's total liabilities increased considerably by about 20% driven by the growth of Customer Deposits. The bank's total assets grew by almost 22%, with a total growth of loans to customers of about 5%, spread across the different segments. ALEXBANK maintained its prudent risk-management strategy, with a resilient portfolio quality that, coupled with an adequate provisions' formation, allowed the bank to record in 2023 a Net NPL ratio slightly above 1%. Net Profit exceeded for the first time ever the level of EGP 5 Bln, after having accounted taxes for about 2.4 Bln.

We expect in 2024 to continue improving our results by strengthening our commercial efforts and efficacy, while improving our efficiency thanks to the completion of several projects aimed at increasing the centralization and automation of internal processes. This will further relieve the network's personnel from administrative tasks, allowing to direct more resources to the business promotion and to customers' care.

Pursuing the consolidation and diversification of our sources of income will be extremely important to be ready for the scenario in which the interest rates will start subsiding, as the growing operating costs alimented by the combined effects of inflation and EGP depreciation, also in a situation of an increase of the weight of regulatory and technological costs, could affect the results' sustainability if not properly addressed.

We have started in 2023 addressing these topics by promoting a thoroughly review of all expenses, especially those necessarily incurred in foreign currency, while expanding our efforts in the bancassurance, opening a new collaboration in the P&C stream, adding to those already affirmed in the life stream.

Full attention on credit risks appears critical in this environment of uncertainties, reason for which we have grown in 2023 our attention and abilities in detecting warning signals at a very early stage, with the aim to quickly meet borrowers to share our concerns, ready to provide advice and support in overcoming situations of difficulties, when these appears to be temporary and suitable to be addressed through the bank's direct support. This has been done across all the segments, including the microfinance, a segment that we aim to serve with a particularly high concept of customer protection.

We want to keep meeting the always growing expectations of all our stakeholders, through enhancing our commercial imprinting also supported by technological enrichments meant to make our operations more efficient and capable of growing faster.

In closing, I would like to extend my deepest appreciation to all the bank's direct and indirect staff for the commitment and dedication showed all across the year, and to all other stakeholders for their support and conducive partnership. Challenges may persist, but together, we are well-positioned to seize opportunities and build a future that can benefit all of us.

ABOUT THE BANK

Established in 1957, **ALEXBANK** is today one of Egypt's leading private sector banks, participated by the Intesa Sanpaolo Group since 2007.

ALEXBANK owns one of the largest private sector branch networks with a total of 173 branches and banking units located in every major Egyptian governorate employing over 4,380 individuals who proudly serve about 1.7 million customers, playing a vital role in Egypt's economic present and future. **ALEXBANK** actively serves the widest spectrum of segments by providing value added financial products, services and solutions to Retail, Small Business, Medium and Corporate Enterprises.

ALEXBANK is currently in the midst of a radical digital transformation aimed at providing our customers with the most unique banking experiences via our seamless multi-channel experience incorporating Internet & Mobile Banking, Cards, Electronic wallets, and the latest generation of point-of-sale & ATMs, all powered through the power of Big Data and empowered by key players in the Fintech ecosystem.

OUR MISSION AND VALUES

OUR MISSION

Conscious of the value of our activity in Egypt, we promote a style of growth that is attentive to financial strength and capital solidity, sustainable results and value creation through a process of trust deriving from customer and shareholder satisfaction, a sense of belonging on the part of our employees and close monitoring of the needs of the community and the local area.

OUR VALUES

Integrity

ALEXBANK pursues its goals with honesty, fairness and responsibility in the full and true respect of the rules and professional ethics and in the spirit of signed agreements.

Excellence

ALEXBANK sets itself the target of continuous improvement, farsightedness, anticipating challenges, cultivating extensive creativity aimed at innovation; moreover, it recognizes and rewards merits.

Transparency

ALEXBANK is committed to making transparency the basis of its actions, advertising and contracts to allow all its stakeholders to make independent and informed decisions.

Respect for Specific Qualities

It is **ALEXBANK's** intention to combine large-scale operations with profound local roots and to be a bank with a broad vision, without losing sight of individuals.

Equality

ALEXBANK is committed to eliminating all forms of discrimination from its conduct and to respect differences in sex, age, race, religion, political and union persuasions, language or disability.

Values of Individual

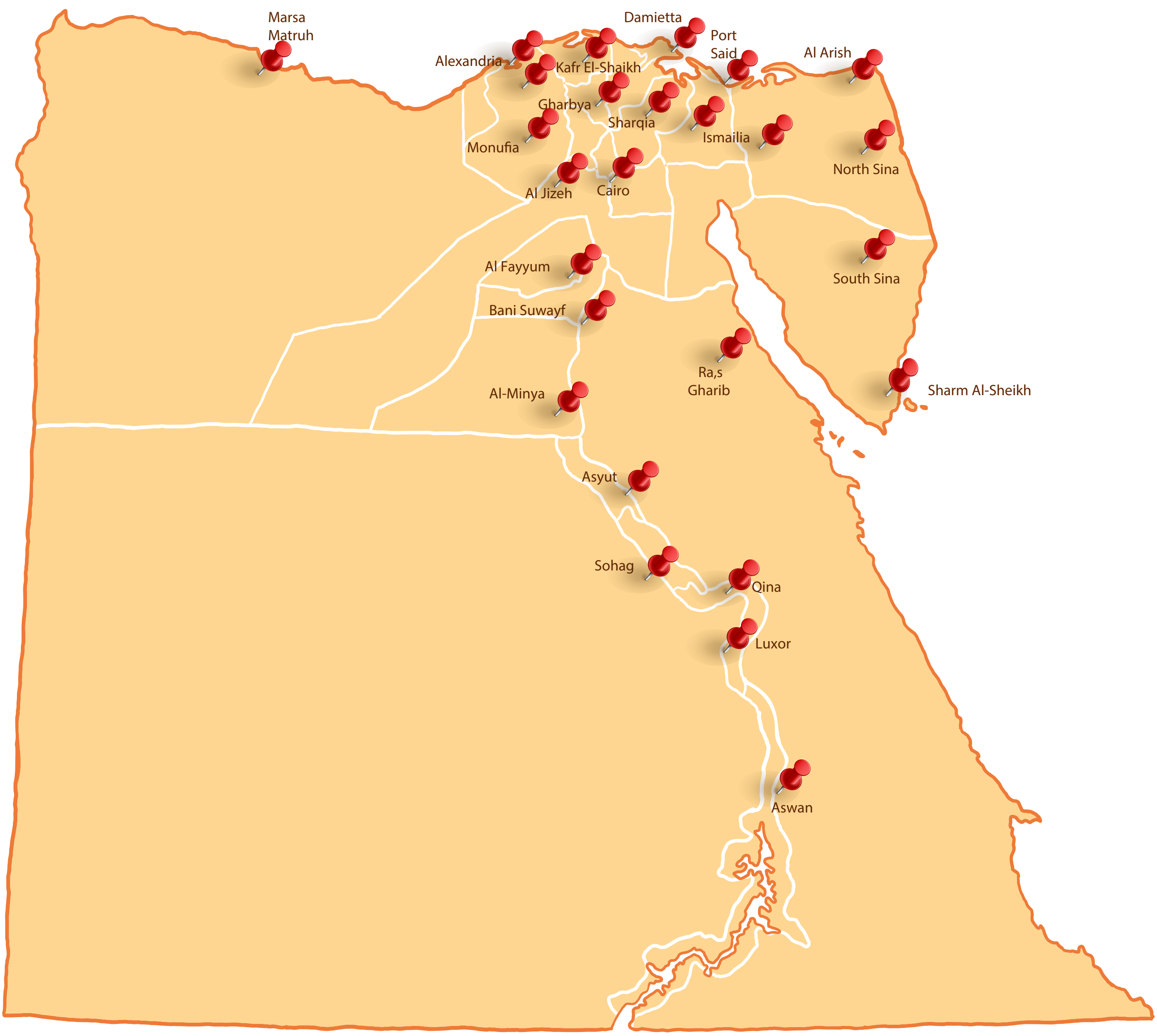
The value of each single person is a guide for **ALEXBANK's** routine, which adopts listening and dialogue as tools for continuously improving its relationships with all stakeholders.

Responsibility in the Use of Resources

ALEXBANK aims to use all its resources attentively, promote behaviour based on the best use of resources and the avoidance of waste and ostentation.

OUR BRANCHES

No. Of Branches	173
No. of Employees	4,380
No. Of Cutomers	1.7M
No. of ATMs	754
No. Of POS	7,002



BOARD OF DIRECTORS

DR. ZIAD AHMED BAHAA EL-DIN
NON-EXECUTIVE CHAIRMAN REPRESENTING ISP

MR. CARLO PERSICO
NON-EXECUTIVE DEPUTY CHAIRMAN REPRESENTING ISP

MR. DANTE CAMPIONI
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

MR. ALESSIO CIONI
EXECUTIVE BOARD MEMBER REPRESENTING ISP & DEPUTY CEO

MRS. ALESSANDRA ALCESI
NON-EXECUTIVE BOARD MEMBER REPRESENTING ISP

MR. GIANFRANCO PIZZUTTO
NON-EXECUTIVE BOARD MEMBER REPRESENTING ISP

MR. STEFANO COZZI
NON-EXECUTIVE BOARD MEMBER REPRESENTING ISP

DR. EHAB MOHAMMED HASSAN ABOUAISH
NON- EXECUTIVE BOARD MEMBER REPRESENTING THE MINISTRY OF FINANCE

MR. KHALID M. NOFAL
NON-EXECUTIVE BOARD MEMBER REPRESENTING MINISTRY OF FINANCE

02 CORPORATE GOVERNANCE HIGHLIGHTS

CORPORATE GOVERNANCE HIGHLIGHTS IN 2023

ALEXBANK BOARD OF DIRECTORS CONSTITUTION AS OF DECEMBER 31st, 2023

1.	DR. ZIAD BAHAA EL-DIN	CHAIRMAN	NON-EXECUTIVE	ISP REPRESENTATIVES
2.	MR. CARLO PERSICO	DEPUTY CHAIR	NON-EXECUTIVE	ISP REPRESENTATIVES
3.	MR. DANTE CAMPIONI	MANAGING DIRECTOR & CEO	EXECUTIVE	ISP REPRESENTATIVES
4.	MR. GIANFRANCO PIZZUTTO	MEMBER	NON-EXECUTIVE	ISP REPRESENTATIVES
5.	MR. ALESSIO CIONI	MEMBER	EXECUTIVE	ISP REPRESENTATIVES
6.	MRS. ALESSANDRA ALCESI	MEMBER	NON-EXECUTIVE	ISP REPRESENTATIVES
7.	MR. STEFANO COZZI	MEMBER	NON-EXECUTIVE	ISP REPRESENTATIVES
8.	DR. EHAB ABOUAISH	MEMBER	NON-EXECUTIVE	MINISTRY OF FINANCE REPRESENTATIVES
9.	MR. KHALED NOFAL	MEMBER	NON-EXECUTIVE	MINISTRY OF FINANCE REPRESENTATIVES

BOARD HIGHLIGHTS IN 2023:

1. Mrs. Sherine El Sharkawy, resigned as of 18th January 2023.
2. Based on the CBE approval dated 25/10/2023, the amendment of the capacity of Mr. Carlo Persico to become "Non-executive Deputy Chairman" instead of "Non-executive Board Member"- ISP Representative. Mrs. Alessandra Alcesi to become "Non-executive Board Member" instead of "Non-executive Deputy Chair"- ISP Representative.
3. Mr. Khaled Nofal, appointed as of 1st November 2023

- During the selection and nomination of Board members, the local regulations and requirements have been duly respected. The shareholders review and approve all the changes introduced to the Board after obtaining the CBE's approval on the nominations.
- The Annual Shareholders Meeting will review & approve the constitution of the Board of Directors including the 2023 appointments during its meeting scheduled on 21st March 2024.
- 9 Board Meetings were held during 2023.

BOARD OF DIRECTORS REMUNERATION:

The General Assembly annually determines the remuneration and other benefits of ALEXBANK's Non-Executive Board members. As for any executive directors, their remuneration and other benefits are determined in accordance with the rules and procedures established by the Board of Directors and in alignment with the local regulations and group's policies.

BOARD OF DIRECTORS ASSESSMENT:

The Board adopts a specific self-assessment mechanism. Performance of the Board and Committees thereof is assessed as a whole, whereas each member can assess individually. Each Board member conducts a self-assessment, including assessing performance of job obligations and what is required to improve performance.

The annual assessment is carried out via two Questionnaires:

1) Annual Questionnaire of individual assessment of the Board Members
2) Annual Board Assessment Questionnaire

DESCRIPTION OF ALEXBANK'S BOARD AND MANAGEMENT COMMITTEES IN 2023;

BOARD COMMITTEES:

The Board currently has four committees that are tasked with supporting the Board in the decision-making process. The Board Committees (Audit, Risk, Remuneration and Governance & Nominations) held 28 meetings with a minimal number of circulations compared to 25 in 2022.

1. RISK COMMITTEE (5 MEETINGS)

The Risk Committee is a standing Committee established by the Board of Directors of the Bank in accordance with Parent Company guidelines, the bank's internal regulations, laws, rules and regulations set by the competent Authorities.

2. REMUNERATION COMMITTEE: (9 MEETINGS)

The Remuneration Committee is a body of the Board of Directors set with the purpose of:
Supporting the Board of Directors in all activities concerning remuneration, independently assessing the remuneration principles and providing support to the Board of Directors concerning the adoption and regular review of the general principles of the policy.

3. GOVERNANCE & NOMINATIONS COMMITTEE: (7 MEETINGS)

The Governance and Nomination Committee is a Committee of the Board of Directors of Bank of ALEXBANK set up with the purpose of regularly evaluating the Bank's governance system; supporting the Board of Directors in the consulting, selection and propositional tasks regarding the composition of the Board of Directors and its Committees.

4. AUDIT COMMITTEE (7 MEETINGS)

The Audit Committee is a standing Committee established by the Board of Directors in accordance with Parent Company guidelines, Bank's internal regulations, laws, rules and regulations set by the competent Authorities. The Committee has respectively recommended, advisory and supporting functions towards the Board of Directors, with particular reference to the periodic evaluation of the adequacy and effectiveness of the overall internal control system of the Bank.

MANAGEMENT COMMITTEES;

ALEXBANK has nine permanent Management Committees responsible for taking decisions and giving directions on critical operational activities. Each decision making, advisory and consultative committee was established by the Board and reports to the Board on their respective areas. The Management Committees have convened 148 meetings throughout the year compared to 127 meetings in 2022 .

1. EXECUTIVE MANAGEMENT COMMITTEE (EXCO): (22 MEETINGS)

2. CREDIT RISK GOVERNANCE COMMITTEE (10 MEETINGS)

3. CREDIT COMMITTEE (CC) (39 MEETINGS)

4. PROBLEM ASSETS COMMITTEE (PAC) (13 MEETINGS)

5. ASSETS & LIABILITIES MANAGEMENT COMMITTEE (18 MEETINGS)

6. OPERATIONAL RISK COMMITTEE (8 MEETINGS)

7. CHANGE MANAGEMENT COMMITTEE (12 MEETINGS)

8. INTERNAL CONTROLS COORDINATION COMMITTEE (4 MEETINGS)

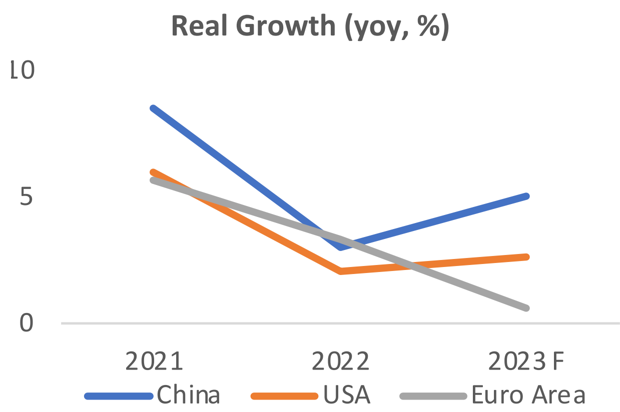
9. TENDER COMMITTEE (22 MEETINGS)

03
MACROECONOMIC DEVELOPMENTS

GLOBAL CHALLENGES PERSIST

Growth, Inflation & Monetary Policies:

According to the IMF, global economy continued to slowly recover in 2023 from the "blows of the pandemic, Russia's invasion of Ukraine, and unprecedented tightening of global monetary conditions to combat decades-high inflation". However, growth remained uneven with persistent challenges facing major economies. Industrial production in top European economies stumbled during 4Q 2023, pointing to a possible recession in the region. Germany's output fell 0.4% in October to the lowest level since August 2020. Chinese economy, despite benefitting from the base year effect after ending the zero-Covid policy, is facing rising concerns about the future of its property market. The country's biggest private developer "Country Garden" was the latest property giant to partially default on its overseas debt.



Source: IMF, ECB, Fed

The Fed's favored metric for inflation PCE is seen to decline to 2.8% by the end of the years against 3.3% in September. PCE is set to gradually ease to 2.4% and 2.1% in 2024 and 2025 respectively. Hence, most analysts expect the Fed to slash rates to a median 4.6% by the end of 2024 from the current targeted range between 5.25-5.5%.

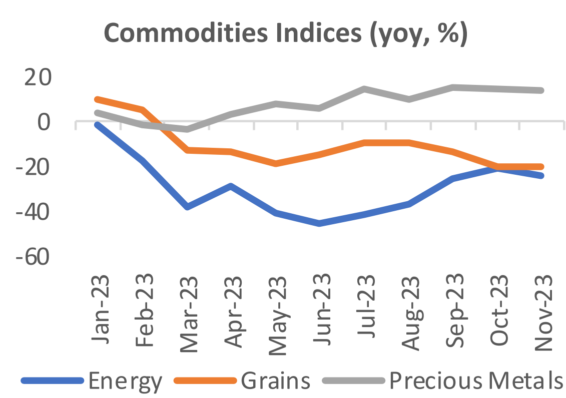
Debt:

The Institute of International Finance said that global debt already hit a record USD307 trillion in 2023. This covers borrowing by governments, businesses and households. The new level pushed the global debt-to-GDP ratio to 336% considering higher rates and increasing government interest expenses. The IMF estimates that at least 100 countries will have to reduce spending on health, education and social protection to meet debt payments.

Commodities:

By the end of 2023, energy prices were affected by two opposing forces: (1) supply cuts by OPEC+ and escalating tensions in the Middle East (2) concerns over growth and global recovery.

Grains prices are back to pre-war levels. The decline was mainly attributed to a sharp fall in world maize prices after an increase in farmers' selling activity in Argentina and higher supplies in the US. Wheat prices also declined, mainly driven by increased seasonal supplies in Argentina and Australia in addition to strong competition from the Russian Federation.



Source: World Bank

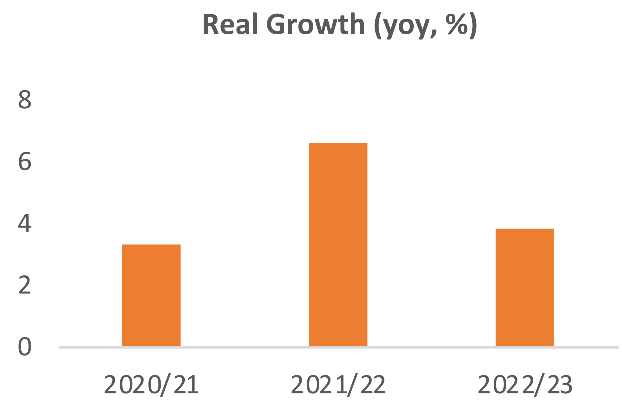
Finally, gold was the top winner, supported by declining yields and high purchases from central banks.

Geopolitical Risks:

The world is facing increasing threats geopolitically on multiple fronts, including Gaza War and Houthis attacks targeting vessels in the Red Sea since November, forcing major shipping companies to go around the Cape of Good Hope instead of the Suez Canal. Africa is witnessing deadly clashes as well, where fighting in Sudan between the country's two military factions left 25 million people in urgent humanitarian need and 6 million displaced.

EGYPT'S ECONOMY IS STILL UNDER PRESSURE

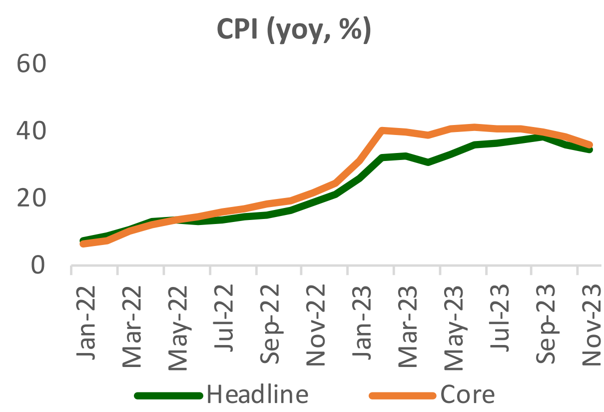
Annual real growth stood at 3.8% in FY 2022/23 against 6.6% one year earlier, mainly driven by the contraction of gas and non-oil manufacturing sectors by 5.7% and 3.5% yoy respectively. Declining production of Zohr field and soaring inflation rates are the main reasons behind this stumbling performance. On the other hand, service sectors such as tourism, Suez Canal and telecommunication showed resilience and continuous improvement.



Source: MPED

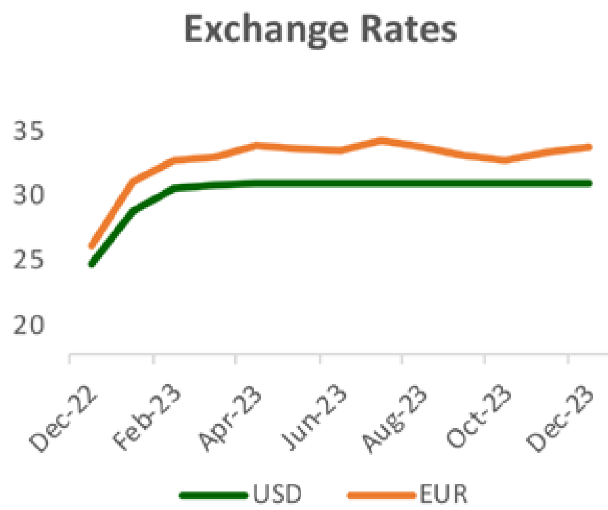
Inflation rates

recorded unprecedented levels, where annual headline CPI augmented to 33.8% on average during 11M 2023 against 13.1% in the same period last year. Core CPI, which excludes the most volatile items, increased as well to 38.7%. This can be mainly attributed to the depreciation of the local currency by nearly 50% against the USD in the official market and shortages in foreign funds.



Source: CBE

These developments urged the Central Bank of Egypt to raise key interest rates by 11% since 2022 to anchor inflation expectations. Overnight deposit and lending interest rates recorded 19.25% and 20.25% respectively. Accordingly, interest payments accounted for 60.3% of government's total expenditure in the first three months of FY2023/24.



Source: CBE

Top 3 rating agencies Fitch, S&P and Moody's downgraded Egypt's credit rating by one notch to B-, B- and Caa1 respectively due to increasing financial risks and high government debt.

For the future of exchange rate, the IMF Director, Kristalina Georgieva, stated that the Fund is going to focus on helping Egypt control soaring inflation and then "will look at the exchange rate policies". Hence, more analysts are expecting the country to adopt a more flexible exchange rate during 2024 instead of at end-2023. The move will be supported by:

(1) a higher loan package from the IMF (it is considering granting Egypt more funds vs a USD3 billion initial agreement),

(2) an EU plan to bolster Egypt with a proposal to include EUR9 billion of investments (according to Bloomberg),

(3) FDIs in oil and gas and renewables (particularly Green Hydrogen),

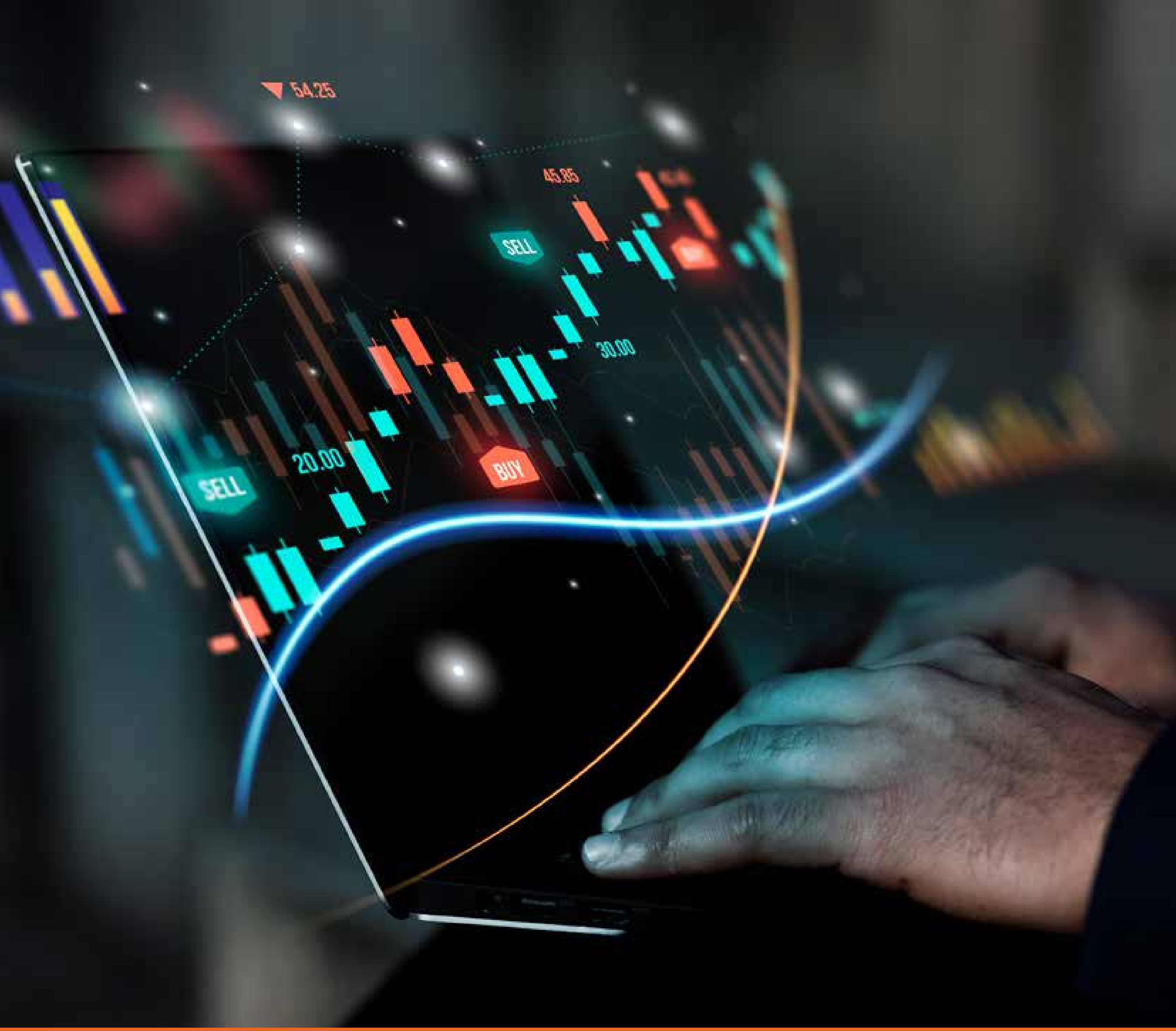
(4) finalising of deals related to the sale of the Wataniya and Chillout fuel stations and Jabal El Zeit Wind farm (as per Egypt's Minister of Planning and Economic Development).

Balance Of Payment (USD BN)

	2021/22	2022/23
Trade Balance	-43.4	-31.2
Exports	43.9	39.6
Petroleum	18.0	13.8
Other	25.9	25.8
Imports	-87.3	-70.8
Petroleum	-13.5	-13.4
Other	-73.8	-57.4
Suez Canal	7.0	8.8
Tourism	10.7	13.6
Net Investment Income	-15.8	-17.3
Remittances	31.9	22.1
Current Account	-16.6	-4.7
Net FDIs	8.9	10.0
Net Portfolio Investments	-21.0	-3.8
Net Other Investments	24.4	3.4
Overall Balance	-10.5	0.9

Source: CBE

Moving to a more flexible exchange rate regime will be accompanied by more tightening of conditions, with an expected 200-300 bps rise in key interest rates, before the CBE starts to lower rates again in 2H 2024, when global central banks are likely to depart from their hawkish stances.

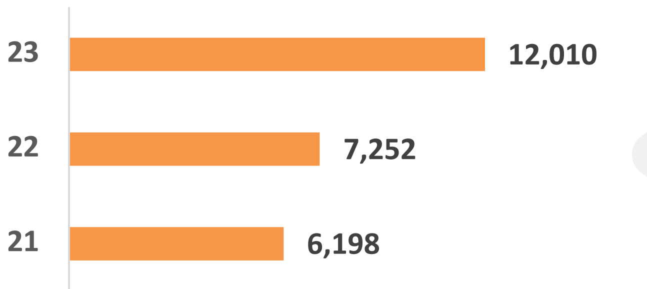


04

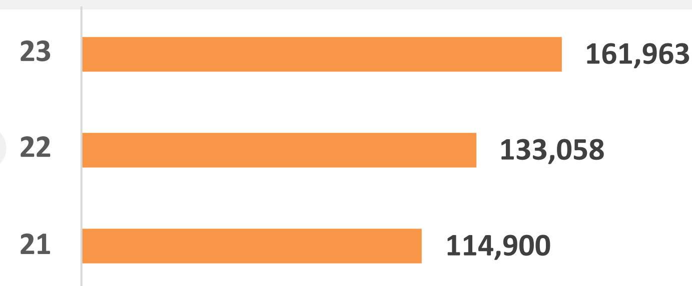
FINANCIAL POSITION KEY DRIVERS

FINANCIAL HIGHLIGHTS

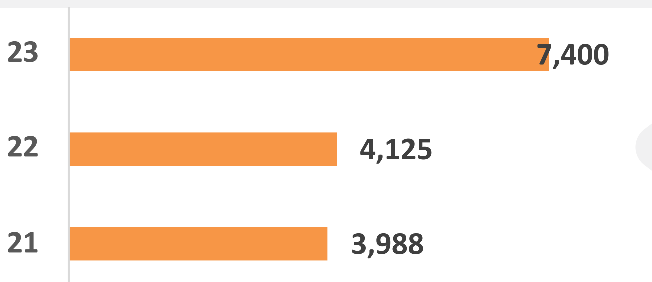
NET INTEREST INCOME (EGP MLN)



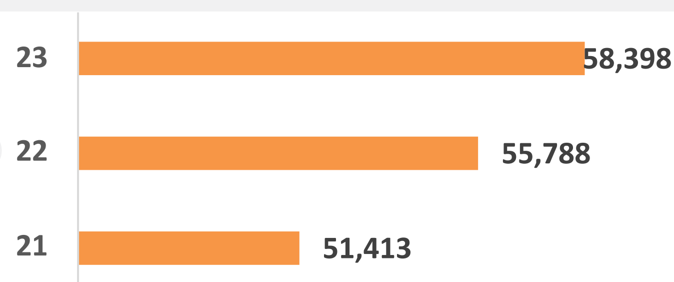
TOTAL ASSETS (EGP MLN)



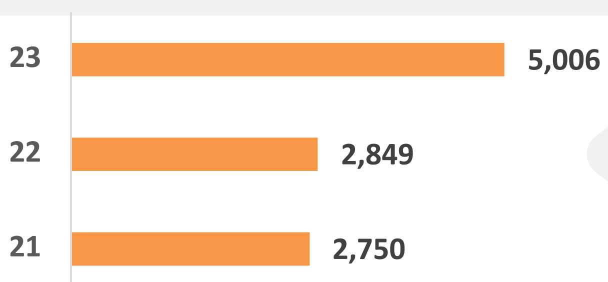
NET PROFIT BEFORE INCOME TAX (EGP MLN)



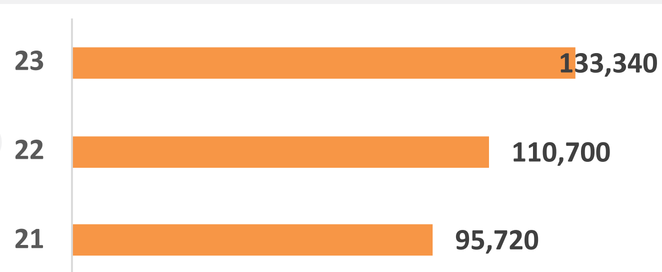
NET LOANS (EGP MLN)



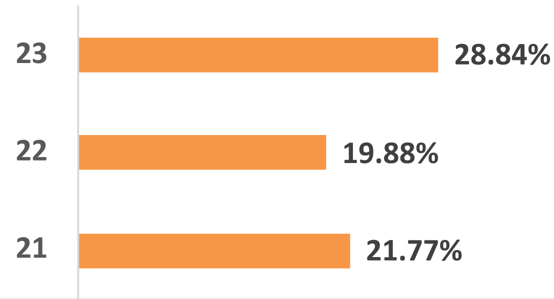
NET PROFIT (EGP MLN)



CUSTOMERS' DEPOSITS (EGP MLN)

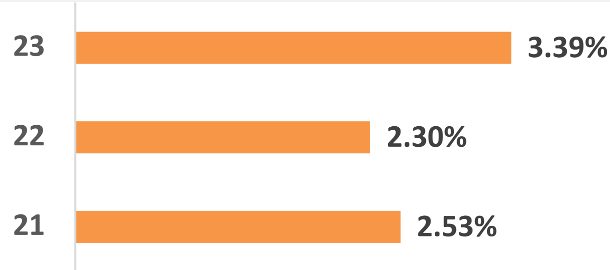


RETURN ON AVERAGE EQUITY (%)

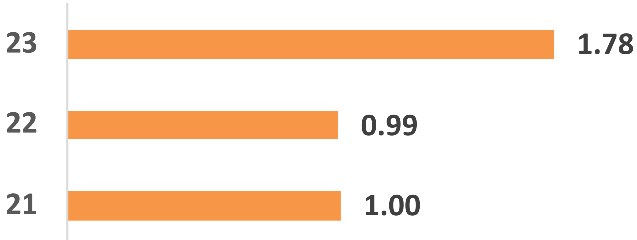


LOANS (NET) / DEPOSITS (%)

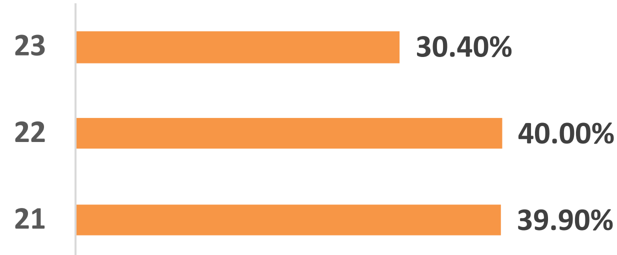
RETURN ON AVERAGE ASSETS (%)



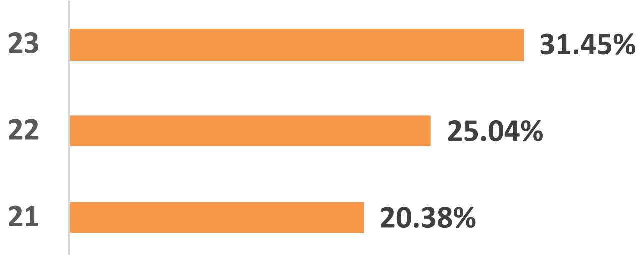
EARNINGS PER SHARE (EGP)



COST / INCOME (%)

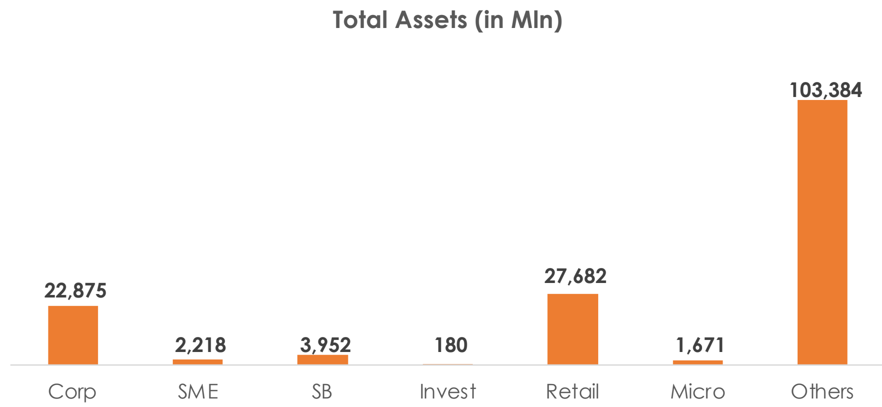


CAPITAL ADEQUACY (BASEL II) (%)

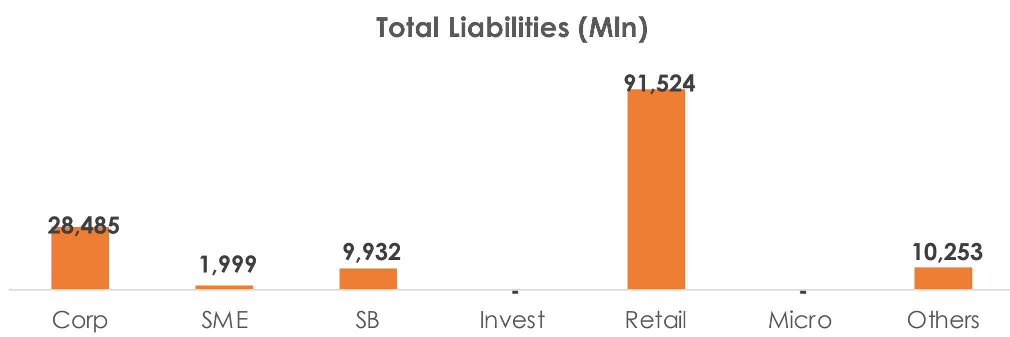


COMMENTS ON OPERATIONS

- **ALEXBANK** reported a remarkable set of results in FY2023, with **net income** up **63.87%** y-o-y to reach EGP 13.25 billion.
- **Net interest income** reached EGP 12.01 billion, up **65.60%** from 2022, while **net fees and commission income** grew **48.89%** over the previous year to EGP 1.2 billion.
- **Net profit** recorded 5,006 million in FY2023 up **75.70%** y-o-y.
- The bank was able to maintain its operational efficiency in 2023, with the **cost-to-income ratio** standing at **30.40%** compared to **40.0%** in 2022.
- **Return on average equity (ROAE)** recorded **28.84%** from **19.88%** in 2022.
- **Return on average assets (ROAA)** recorded **3.39%** in 2023, from **2.30%** in 2022.
- **ALEXBANK taxation team** finalized FY2020 – FY2021 stamp duty inspection with no tax due.
- **Total assets** stood at EGP 161.96 billion FY2023, up by **21.72%** from EGP 133.01 billion in 2022 segmented as follows:



- **Total Liabilities** recorded EGP 142.19 billion FY2023, up by 20.39% from EGP 118.11 billion in 2022 segmented as follows:



- **Gross loan portfolio** stood at EGP 63.93 billion at year-end, growing 7.25% from EGP 59.61 billion y-o-y, while customer deposits recorded 133.34 billion, up by 20.45% from 110.70 billion in 2022.
- Through the bank's prudent risk-management strategy, **asset quality** remained resilient in 2023 while booking provisions adequate to mitigate any potential risks. **Provision** expense for 2023 amounted to EGP 1,897 million, bringing the loan provision balance to EGP 5.19 billion.
- **NPLs** represented 6.52% of the gross loan portfolio, cushioned by a solid 76.84% **coverage ratio. Thanks to this, net NPLs ratio stands at 1.12%.**
- Total capital was EGP 19.23 billion and 31.45% of risk-weighted assets as of December-2023, while Tier I capital was EGP 18.57 billion.

BALANCE SHEET (ASSETS)

- **Total Assets** increased by 21.72**%** or EGP 28.91 billion, to reach EGP 161.96 billion, mainly due to the following:
- **Cash and Balances at CBE** recorded EGP 13.05 billion **(**up by 55.04**%)** vs EGP 8.42 billion in FY 2022, of which EGP 3 billion driven by the mandatory reserve.
- **Due from banks** recorded EGP 44.15 billion vs EGP 32.36 billion in 2022 **(**up by 36.42**%)**, due to the increase in bank deposits by EGP 11.43 billion.
- **Net Loans and advances to customers** reached EGP 58.40 billion, adding EGP 2.6 billion or 4.68% y-o-y. This is mainly attributed to the increase in the corporate loans by EGP 2.36 billion or 8.45**% (**concentrated in bilateral loans**)**.
- **Gross NPLs** increased by 14.77**%** or EGP 536 million, as so affected by the EGP devaluation against the USD.
- **Financial assets** classified at fair value through comprehensive income increased by EGP 7.1 billion **(+**23.98**%)** to record EGP 36.94 billion from EGP 29.79 billion at the end of FY 2022. The increase is due to the rise in Treasury Bills reaching EGP 33.61 billion compared to EGP 22.76 billion at the end of FY 2022. Governmental debt instruments at Amortized cost also increased by EGP 1.95 billion to reach EGP 4.47 billion.

BALANCE SHEET (LIABILITIES)

- **Total Liabilities** increased by 20.39% or EGP 24.08 billion to record EGP 142.19 billion, mainly driven by **Customer Deposits** which recorded EGP 133.34 billion with an increase of 22.64 billion (20.45% y-o-y) comparing to EGP 110.70 billion in FY 2022. The noticeable increase is in the Corporate sector by EGP 19.94 billion (+7.82%) mainly in the demand deposits.

BALANCE SHEET (SHAREHOLDERS' EQUITY)

- **Total Shareholders' Equity** increased by EGP 4.8 billion or 32.26% through the increase of retained earnings by EGP 4.7 billion (62.22%) to record EGP 12.27 billion against EGP 7.56 billion by the end of 2022.

INCOME STATEMENT

- **Net profit** recorded EGP 5,006 million versus EGP 2,849 million FY2022 (up by EGP 2,157 million, a 75.70% increase from FY2022), supported with a significant increase in net profits before tax by EGP 3,275 million (+79.4%).

- **Net Income** reached EGP 13,254 million, up by 63.87% vs 2022, driven by the increase in both net interest income and net fee and commission income compared to FY2022.

(1) Net Interest Income

- Net interest income reached EGP 12,010 million (up 65.60% y-o-y).

(2) Net fee and commission income

- Net fees and commissions income reached EGP 1,244 million, up by 48.89% y-o-y, where fees and commissions income substantially increased by EGP 651 million. This increase was partially offset by an EGP 243 million rise in fees expenses, resulting in a net effect of EGP 409 million increase compared to FY2022.

- **Impairment (Charge) / Recovery on credit losses** increased by EGP 1,055 million to record EGP 1,967 million versus EGP 912 million in FY2022, based on the bank's very conservative stance.
- **Administrative expenses** showed an increase of EGP 692 million or 21.76% to reach EGP 3,873 million from EGP 3,180 million in FY 2022. Out of which:

- Employee cost reached EGP 1,794 million
- Other administrative expenses reached EGP 2,078 million. In Scope marketing expenses in 2023 amounted to EGP 75.7 million.

- **Income Tax expenses** increased by EGP 1,118 million (+88%) to reach EGP 2,393 million versus EGP 1,276 million in FY2022.

05

BUSINESS ACHIEVEMENTS & STRATEGIES

BUSINESS ACHIEVEMENTS & STRATEGIES

Relying on our strong presence in Egypt and the support of the parent company, one of the biggest and most solid financial institutions in Europe, ALEXBANK has been always committed to support sustainable economic development in the country, boosting its business growth consistently and responsibly through an integrated set of services and products.

BRANCHES NETWORK

ALEXBANK is privileged with its widely spread branches network, comprising 173 branches. These branches serve the entire Egyptian population across all governorates, supported by a very efficient contact center, offering continuous support to customers. In 2023, the bank has added 2 new branches to its network in newly developed cities (New Assiut / New Damietta) and optimized 5 existing branches with the most up - to- date technologies to provide customers with a splendid, easy, and valuable banking experience. 34 branches of our network are currently equipped and certified as accessible to persons with special needs, to which priority in servicing is provided. The policy of the bank implies that no one is left behind both in branch network and headquarter and with extra measures taken to the benefit of both customers and employees.

ALEXBANK offers blended advisory & digital services through some of our network branches that include digital corner, providing a personalized communication through our digital tools and technologies, interactive screens, video conference and customer service advisory. This blended interaction establishes trust and a proximate relation between the bank and branches visitors, as it re-assures to our customers that our front-liners are always available for advisory support through the most convenient and accessible form.

Our customer's Journey is designed based on customer centric approach we have been embracing for years. Our front-liners are always socially responsible, trained to provide banking advisory & solutions to our customer, applying strict rules of customer's rights and protection.

ALEXBANK also views MSMEs as an untapped catalyst for propelling the Egyptian economy and a key pillar of sustainable development. Accordingly and thanks to its extended geographical outreach nationwide, ALEXBANK is currently serving MSMEs customers through 88 dedicated branches with a team of experts, providing innovative financial solution & advisory with an expected extension in 2024 to reach 110 dedicated branches.

For Affluent & HNW customers, our personalized service provides a dedicated banking experience with products and services tailored to satisfy our customers' needs and lifestyle through building partnership & trust. Our Magnifica relationship managers provide our customer with world-class customer care, financial services and advisory through Magnifica corners in 67 selected branches.

Our ambition for 2024 is to continue in the network optimization as we aim to help our customers easily access our services with the aim of reaching all different social segments and fostering financial inclusion.

RETAIL BUSINESS

ALEXBANK has been always a pioneer in retail banking, leveraging on its network, highly trained employees, wide set of products and services it offers and international flavor brought by its foreign mother company. During 2023, the bank has focused on offering banking and non-banking products via selected partnerships. It managed to form a Property and Casualty Bancassurance agreement with AXA Insurance company to provide ALEXBANK customers with Non-Life insurance programs, in addition to the current Life Bancassurance agreement with MetLife company to be the first Egyptian bank to have 2 Bancassurance agreements. Boosting financial inclusion was also a priority for us, so we launched Ebda' Saving Account, which offers a flexible saving plan for micro-savers. The cards team was also active during the year, launching multiple products to meet Egypt's dynamic market. These products included a USD Signature Debit card, Signature Debit Card for private segment and the instalment transaction with 0% interest for purchases through credit cards.

DIGITAL TRANSFORMATION

ALEXBANK has an ambitious digital and customer centric strategy, focused on providing innovative digital banking solutions that caters for all consumers' needs from the comfort of their homes with few simple steps through different channels such as Internet Banking and Ma7fazty Mobile Wallet. Number of INSTAPAY transactions as a percentage from total transactions reached 67% in 2023 against 26% in 2022. Also, the percentage of online booking of deposits through digital channels recorded 78% for units and 56% for volumes for 2023.

Year	2020	2021	2022	2023
Internet/Mobile Banking Customers	345,306	492,075	603,122	761,050
Active Users of Internet/Mobile Banking	40,791	74,141	96,956	143,856
Internet/Mobile Banking Transfers	215,231	559,999	1,421,720	5,323,761

MSMES

ALEXBANK is focusing on MSMEs to support the country's efforts for economic affirmation and reform, given the importance of that segment for the whole economy. The bank succeeded in reaching the CBE target set for MSMEs minimum portfolio back in 2022, and we remain focused on this segment, with special attention to the rural areas despite all existing challenges. This strategic direction started in 2018 and enabled us to focus on the Agri & Agri related activities. ALEXBANK approach is to ensure being close to our customers to overcome any challenges they are facing and offer them specially designed lending schemes to ensure their ability to perform better in their businesses and their borrowing performance. We are also proud to say that female entrepreneurs have acquired a high share of our portfolio, that surpassed EGP 10 billion in the MSMEs sector. Our route to 2025 is to help many sectors including agriculture, industrial & medical services by providing sustainable lending schemes and also non-financial services. It's also important to mention that our commitment to ESG principles and sustainable finance is solid and now fully embedded in our policies.

CORPORATE

ALEXBANK offers companies a bundle of financial solutions aimed at helping clients in growing their businesses, through its corporate and investment banking platform that is articulated in 4 areas:

(1) Domestic Large Corporate, applying a centralized approach and sector specialization where corporate banking is divided into teams each handling a number of sectors/sub-sectors. Accordingly, this enables high level of knowledge and sophisticated risk/business assessment, to ensure providing tailored structures to fit the needs of different corporations working in diversified sectors,

(2) Multinationals, maintaining a highly qualified approach in servicing multinational companies in general with a specific focus on Italian related companies,

(3) Investment Banking, capitalizing on expertise and mature track record in the market, provide for a full suite of innovative advisory and financing solutions including highly structured and specialized deals. With a special emphasis on the ability to initiate, finance and successfully complete complex transactions, the Investment Banking team provides tailor-made solutions based on a deep industry knowledge, with a special focus on green financing solutions,

(4) Global Transaction Banking, offering a host of efficient and cost-effective Cash & Trade Management solutions to meet the working capital needs of Corporate and Financial institutions, both domestically and globally across all industry segments. ALEXBANK has a significant role to play in the functioning of a corporates by enabling the safe flow of money from one country to another (also known as cross-border payment transactions), trade financial deals though LCs, LGs, IDCs, mitigation of risks, cash flow management services, fostering secure payment services between banking institutions, clients and partners.

(5) Financial Institutions, devoted to support the growing trade business and to seize the maximum opportunity by capitalizing on Intesa Sanpaolo's Group international presence as well as the wide network of correspondents that AEXBANK maintains,

06

DEVELOPING HUMAN CAPITAL AND COMMUNITIES

ALEXBANK has been always keen on developing its employees and work environment in addition to supporting the Egyptian society in a sustainable manner.

HUMAN CAPITAL

In 2023, the bank's Training & Development Team has offered multiple trainings for the staff to develop their skills, where number of trainees (Active staff) recorded 3,944 (98% of the bank's eligible staff). Those employees received 270,080 Training Hours (Vs 140,132 hours in 2022).

Trainings covered a wide array of topics, targeting the creation of a healthy and professional working environment and promoting our people's career excellence. The topics included:

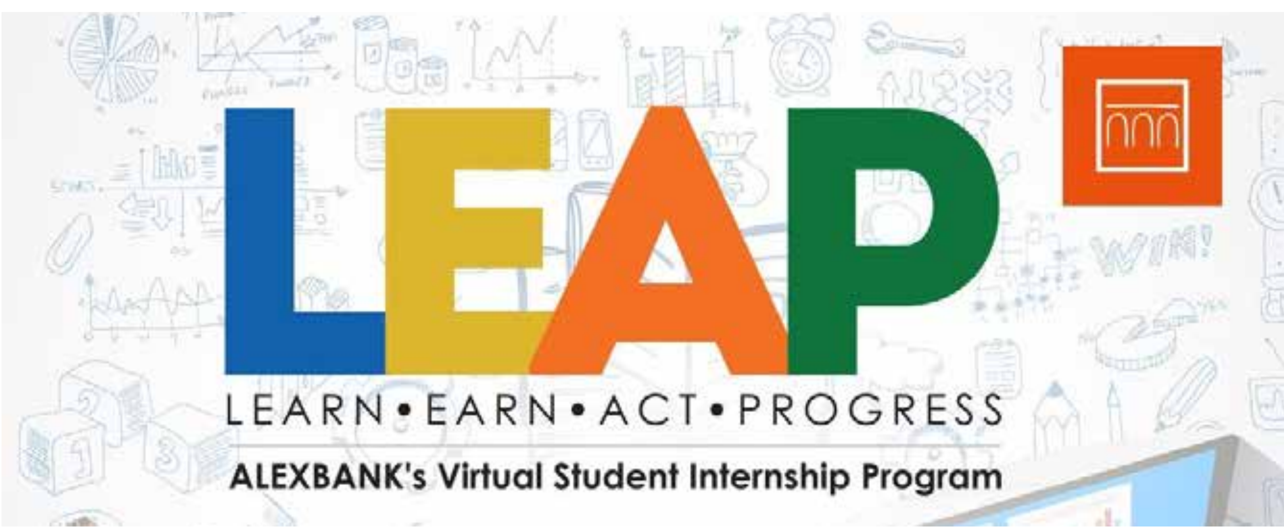
- **Control & Governance**
- **Gender & Equal Opportunities**
- **Diversity & Inclusion**
- **Cyber Security & Digital Transformation**

It has also offered training opportunities for other citizens through diversified **internship programs**, including:

Summer Internship Induction "LEAP", offered 480 university students an opportunity to obtain an online training scholarship for a month,

"LEAP & SHINE", aimed at supporting women who are interested in learning fundamental skills needed of entrepreneurship,

and **"LEAP JUNIORS"**, targeted secondary school students to provide them with an overview about Intesa Sanpaolo Group and ALEXBANK Products & Initiatives.



SUPPORTING COMMUNITIES

The bank has also reinforced its efforts and commitments towards a sustainable world with significant ESG commitment. In 2023, the corporate social responsibility donation budget has increased by 19% y-o-y. These donations play a vital role in enriching and serving communities by reaching more than 67,000 beneficiaries, leveraging ALEXBANKs powerful partnerships and initiatives in various impact areas:

CONTROL & GOVERNANCE	GENDER & EQUAL OPPORTUNITIES	DIVERSITY & INCLUSION	CYBER SECURITY & DIGITAL TRANSFORMATION

ALEXBANK has provided donations, trainings, and initiatives in co-operation with long-term Strategic Partnerships including but not limited to, Ministry of Social Solidarity, Sawiris Foundation for Social Development, Drosos Foundation, Samusocial, Azza Fahmy Foundation and Ora Egypt Developers.

ALEXBANK's strong ties with communities have continued to deliver outcomes that are well attuned to local needs. Geographical reach and breadth of efforts allowed the bank to benefit diverse groups such as mothers and children, youth and students, craftsmen and refugees. ALEXBANK has also focused on synergies between its activities, supporting marginalized children through training on financial literacy, environmental awareness, and agricultural entrepreneurship in efforts to help build more inclusive, resilient, and sustainable communities through supporting non-profits, and aid organizations to contribute to a flourishing society.

MEMBERSHIPS

ALEXBANK's memberships and endorsements define our commitment to promoting sustainability through multiple international frameworks and incorporating diversity in our approach. Amongst these memberships are:
- Equator Principles
- The United Nations Global Compact (UNGC)
- Federation of Egyptian Banks (FEB)
- United Nations Environmental Programme Finance Initiative (UNEP FI)

REPORTING & TRANSPARENCY

In order to promote a culture of transparency and be able to report accurately on our impact and progress made on targets, implementation of the principles, and the SDGs in general, we have developed multiple measures to establish an ongoing communication channel with our parent company Intesa Sanpaolo Group, as well as our partners and stakeholders. The most prominent reports are:
- ALEXBANK's 2022 Sustainability Report according to the GRI standards
- News & Topics Edition 8
- Principles for Responsible Banking Self Reporting
- UN Global Compact progress report
- CBE Sustainable Finance regular reports

FOR MORE DETAILS ABOUT ALEXBANK-S COMMUNITY DEVELOPMENT INITIATIVES, PLEASE REFER TO ALEXBANKS 2023 ANNUAL SUSTAINABILITY REPORT.

07

FINANCIAL STATEMENTS

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"

Contents **Page no.**

Allied for Accounting & Auditing EY
Public Accountant & Consultants

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.

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 on 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.

Auditors

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

Iman Abd Elmoneim 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

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**

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 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		**(11 557 301)**	**(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.

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 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
	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000
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 form 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 form 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 Campioni
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
Deduct / Add:		
Gain from sale of fixed assets transferred to capital reserve according to law	(2 210)	(3 394)
Bank risk reserves	49 816	318 228
Appropriated profit for the year (1)	**5 053 926**	**3 164 205**
Retained earnings at year beginning (*)	7 260 054	4 393 986
Total	**12 313 980**	**7 558 191**
Appropriation		
Legal reserve (**)	-	
Shareholders' Dividends (***)	3 285 052	-
Banking system support and development fund (****)	50 539	31 642
Employees' profit share	505 393	316 420
Retained earnings (at year end)	8 472 996	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 amended on RE.

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

(***) The dividend pay-out for year 2023 will be approved from AGM.

(****) 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

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.

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.

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 signification 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:

	31 December 2023		**31 December 2022**	
Bank's Assessment	**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.

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**

(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**

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**

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.

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
	Oerdraft accounts	Credit Cards	Personal Loans	Mortgage	Oerdraft 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**	**-**	**46 904 326**

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
	Oerdraft accounts	Credit Cards	Personal Loans	Mortgage	Oerdraft 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
	Oerdraft accounts	Credit Cards	Personal Loans	Mortgage	Oerdraft 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	-	**3 107 910**

EGP 000

31 December 2022 Assessment	Retail				Corporate				Net exposure of loans and facilities to customers
	Oerdraft accounts	Credit Cards	Personal Loans	Mortgage	Oerdraft 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	73 753	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:

EGP 000

31 December 2023 Assessment	Retail				Corporate				Net exposure of loans and facilities to customers
	Oerdraft accounts	Credit Cards	Personal Loans	Mortgage	Oerdraft 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)	(1 113 187)	-	-	**(3 202 992)**
Net	**5 693**	**5 068**	**278 105**	**9**	**352 668**	**323 719**	**-**	**-**	**965 262**
The fair value of collaterals	**7 903**	**2 317**	**211 957**	**-**	**3 000**	**1 181**	**-**	**-**	**226 358**

EGP 000

31 December 2022 Assessment	Retail				Corporate				Net exposure of loans and facilities to customers
	Oerdraft accounts	Credit Cards	Personal Loans	Mortgage	Oerdraft 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)	(1 645 423)	(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 :

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

Aquired 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 re-pricing of interest rate. The Bank maintains this level and treasury department monitors this level daily.

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.)

			EGP 000
31 December 2023	**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 facilitie	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 facilitie	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.

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	**Corporate**	**Medium and small enterprises**	**Investment**	**Retail**	**Other activities**	**Total**
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	**9 206 700**	**(1 070 339)**	**(736 628)**	**7 399 733**
Income tax	(2 977 870)	346 197	238 260	(2 393 413)
Profit for the year	**6 228 830**	**(724 142)**	**(498 368)**	**5 006 320**

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	**4 630 981**	**(327 132)**	**(178 797)**	**4 125 052**
Income tax	(1 432 140)	101 166	55 293	(1 275 681)
Profit for the year	**3 198 841**	**(225 966)**	**(123 504)**	**2 849 371**

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)**

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
	9 110 686	**6 632 364**
- Treasury bills and bonds	7 359 834	4 444 294
- Current accounts and term deposits	5 752 499	2 363 761
	22 223 019	**13 440 419**
Interest expense on deposits and similar expenses:		
Current accounts and deposits to:		
- Banks	(15 069)	(9 669)
- Customers	(10 160 041)	(6 155 087)
	(10 175 110)	**(6 164 756)**
Other loans	(38 191)	(23 445)
	(10 213 301)	**(6 188 201)**
Net	**12 009 718**	**7 252 218**

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
	2 094 293	**1 442 830**
Fee and commission expense		
- Other paid fees	(850 083)	(607 199)
	(850 083)	**(607 199)**
Net	**1 244 210**	**835 631**

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	**8 257**	**16 033**

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	**5 736**	**3 879**

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	**28 632**	**67 767**

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)
	(1 794 299)	**(1 598 722)**
Other administrative expenses	(2 078 275)	(1 581 686)
Total	**(3 872 574)**	**(3 180 408)**

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 assests 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	**(78 695)**	**38 701**

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.

16-Cash and balances at Central Bank of Egypt

	31 December 2023 EGP 000	31 December 2022 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 EGP 000	31 December 2022 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 EGP 000	31 December 2022 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**

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**

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 **Retail**	**Overdraft accounts EGP 000**	**Credit Cards EGP 000**	**Personal Loans EGP 000**	**Mortgage loans EGP 000**	**Total EGP 000**
Balance at the beginning of the year	**219 748**	**8 258**	**309 064**	**1 109**	**538 179**
Impairment charge/(Rcovery) 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**

Corporate	**Overdraft accounts EGP 000**	**Direct Loans EGP 000**	**Syndicated Loans EGP 000**	**Other loans EGP 000**	**Total EGP 000**
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 **Retail**	**Overdraft accounts EGP 000**	**Credit Cards EGP 000**	**Personal Loans EGP 000**	**Mortgage loans EGP 000**	**Total EGP 000**
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**

Corporate	**Overdraft accounts EGP 000**	**Direct Loans EGP 000**	**Syndicated Loans EGP 000**	**Other loans EGP 000**	**Total EGP 000**
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.

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

	31 December 2023	31 December 2022
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**

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**	**Bank's share percentage**	**Bank's share in shareholders' equity**
	EGP 000		**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**	**Bank's share percentage**	**Bank's share in shareholders' equity**
	EGP 000		**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**	***Company's Liabilities (without shareholders' equity)**	**Company's Revenues**	***Profits of the company**	**Share Percentage**
			EGP 000	EGP 000	EGP 000	EGP 000	
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**	***Company's Liabilities (without shareholders' equity)**	**Company's Revenues**	***Profits of the company**	**Share Percentage**
			EGP 000	EGP 000	EGP 000	EGP 000	
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	Computer software programs
	EGP 000	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**

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**

25- Due to banks

	31 December 2023 EGP 000	31 December 2022 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 EGP 000	31 December 2022 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 EGP 000	31 December 2022 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	Sofr 6 month+2.85%	56 187	89 986
Green Loan for Growth Fund-Tranche one amounted to USD 15 million	Sofr 6 month+2.95%	231 698	174 672
European Bank Loan for Reconstruction and Development-Tranche amounted USD 15 million	Sofr 6 month+3.25%	66 199	159 065
European Investment Bank Loan - Tranche amounted USD 7.5 million	Sofr 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.

28- Other liabilities

	31 December 2023 EGP 000	31 December 2022 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 EGP 000	31 December 2022 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 18 225 699 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	31 December 2022	31 December 2023	31 December 2022
	EGP 000	EGP 000	EGP 000	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	31 December 2022	31 December 2023	31 December 2022
	EGP 000	EGP 000	EGP 000	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	31 December 2022
	EGP 000	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.

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	92 mortality cases every year
Employee turnover	2.5% pa at age 20 decreasing to 0.2% after age 50 and to 0% after age 54	15% pa at age 20 decreasing to 0.2% after age 50 , 0% after age 54

* 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	(316 421)	(238 198)
Banking development system fund	(31 643)	(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	**12 266 373**	**7 561 585**

34- Dividends

Dividends are not recorded until they are approved by the General Assembly of Shareholders. The dividend for shareholders' and 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	**For the year From 01-01-2022 To 31-12-2022**
	EGP 000	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	15 119	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	14 109	1 964
Expenses	71 324	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

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"

Contents

Allied for Accounting & Auditing EY
Public Accountant & Consultants

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.

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 on 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.

Auditors

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

Iman Abd Elmoneim 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

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**
Other Comprehensive income that will not be reclassified to the income statement		
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)**
Other Comprehensive income that may be reclassified to the income statement		
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**

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 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		**(11 557 301)**	**(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.

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 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
	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000	EGP 000
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 form 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 form 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 Campioni
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
Deduct / Add:		
Gain from sale of fixed assets transferred to capital reserve according to law	(2 210)	(3 394)
Bank risk reserves	49 816	318 228
Appropriated profit for the year (1)	**5 053 926**	**3 164 205**
Retained earnings at year beginning (*)	7 260 054	4 393 986
Total	**12 313 980**	**7 558 191**
Appropriation		
Legal reserve (**)	-	
Shareholders' Dividends (***)	3 285 052	-
Banking system support and development fund (****)	50 539	31 642
Employees' profit share	505 393	316 420
Retained earnings (at year end)	8 472 996	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 amended on RE.

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

(***) The dividend pay-out for year 2023 will be approved from AGM.

(****) 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

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.

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.

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 signification 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.

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**

(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**

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**

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.

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
	Oerdraft accounts	Credit Cards	Personal Loans	Mortgage	Oerdraft 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**	-	**46 904 326**

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
	Oerdraft accounts	Credit Cards	Personal Loans	Mortgage	Oerdraft 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
	Oerdraft accounts	Credit Cards	Personal Loans	Mortgage	Oerdraft 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	-	**3 107 910**

31 December 2022 EGP 000

Assessment	Retail				Corporate				Net exposure of loans and facilities to customers
	Oerdraft accounts	Credit Cards	Personal Loans	Mortgage	Oerdraft 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	73 753	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 EGP 000

Assessment	Retail				Corporate				Net exposure of loans and facilities to customers
	Oerdraft accounts	Credit Cards	Personal Loans	Mortgage	Oerdraft 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)	(1 113 187)	-	-	(3 202 992)
Net	**5 693**	**5 068**	**278 105**	**9**	**352 668**	**323 719**	-	-	965 262
The fair value of collaterals	7 903	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
	Oerdraft accounts	Credit Cards	Personal Loans	Mortgage	Oerdraft 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)	(1 645 423)	(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**

Aquired 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 re-pricing of interest rate. The Bank maintains this level and treasury department monitors this level daily.

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.)

			EGP 000
31 December 2023	**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 facilitie	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 facilitie	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.

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	Corporate	Medium and small enterprises	Investment	Retail	Other activities	Total
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	Corporate	Medium and small enterprises	Investment	Retail	Other activities	Total
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	Corporate	Medium and small enterprises	Investment	Retail	Other activities	Total
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	**9 206 700**	**(1 070 339)**	**(736 628)**	7 399 733
Income tax	(2 977 870)	346 197	238 260	(2 393 413)
Profit for the year	**6 228 830**	**(724 142)**	**(498 368)**	5 006 320

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	**4 630 981**	**(327 132)**	**(178 797)**	**4 125 052**
Income tax	(1 432 140)	101 166	55 293	(1 275 681)
Profit for the year	**3 198 841**	**(225 966)**	**(123 504)**	**2 849 371**

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)**

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
	9 110 686	**6 632 364**
- Treasury bills and bonds	7 359 834	4 444 294
- Current accounts and term deposits	5 752 499	2 363 761
	22 223 019	**13 440 419**
Interest expense on deposits and similar expenses:		
Current accounts and deposits to:		
- Banks	(15 069)	(9 669)
- Customers	(10 160 041)	(6 155 087)
	(10 175 110)	**(6 164 756)**
Other loans	(38 191)	(23 445)
	(10 213 301)	**(6 188 201)**
Net	**12 009 718**	**7 252 218**

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
	2 094 293	**1 442 830**
Fee and commission expense		
- Other paid fees	(850 083)	(607 199)
	(850 083)	**(607 199)**
Net	**1 244 210**	**835 631**

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	**8 257**	**16 033**

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	**5 736**	**3 879**

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	**28 632**	**67 767**

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)
	(1 794 299)	**(1 598 722)**
Other administrative expenses	(2 078 275)	(1 581 686)
Total	**(3 872 574)**	**(3 180 408)**

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 assests 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	**(78 695)**	**38 701**

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.

16-Cash and balances at Central Bank of Egypt

	31 December 2023 EGP 000	31 December 2022 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 EGP 000	31 December 2022 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 EGP 000	31 December 2022 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**

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**

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 **Retail**	Overdraft accounts EGP 000	Credit Cards EGP 000	Personal Loans EGP 000	Mortgage loans EGP 000	Total EGP 000
Balance at the beginning of the year	**219 748**	**8 258**	**309 064**	**1 109**	**538 179**
Impairment charge/(Rcovery) 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**

Corporate	Overdraft accounts EGP 000	Direct Loans EGP 000	Syndicated Loans EGP 000	Other loans EGP 000	Total EGP 000
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 **Retail**	Overdraft accounts EGP 000	Credit Cards EGP 000	Personal Loans EGP 000	Mortgage loans EGP 000	Total EGP 000
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

Corporate	Overdraft accounts EGP 000	Direct Loans EGP 000	Syndicated Loans EGP 000	Other loans EGP 000	Total EGP 000
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.

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

	31 December 2023	31 December 2022
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

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	Bank's share percentage	Bank's share in shareholders' equity
	EGP 000		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	Bank's share percentage	Bank's share in shareholders' equity
	EGP 000		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	*Company's Liabilities (without shareholders' equity)	Company's Revenues	*Profits of the company	Share Percentage
			EGP 000	EGP 000	EGP 000	EGP 000	
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	*Company's Liabilities (without shareholders' equity)	Company's Revenues	*Profits of the company	Share Percentage
			EGP 000	EGP 000	EGP 000	EGP 000	
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	Computer software programs
	EGP 000	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**

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**

25- Due to banks

	31 December 2023 EGP 000	31 December 2022 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 EGP 000	31 December 2022 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 EGP 000	31 December 2022 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	Sofr 6 month+2.85%	56 187	89 986
Green Loan for Growth Fund-Tranche one amounted to USD 15 million	Sofr 6 month+2.95%	231 698	174 672
European Bank Loan for Reconstruction and Development-Tranche amounted USD 15 million	Sofr 6 month+3.25%	66 199	159 065
European Investment Bank Loan - Tranche amounted USD 7.5 million	Sofr 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.

28- Other liabilities

	31 December 2023 EGP 000	31 December 2022 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 EGP 000	31 December 2022 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 18 225 699 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	31 December 2022
	EGP 000	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.

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	92 mortality cases every year
Employee turnover	2.5% pa at age 20 decreasing to 0.2% after age 50 and to 0% after age 54	15% pa at age 20 decreasing to 0.2% after age 50 , 0% after age 54

* 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	(316 421)	(238 198)
Banking development system fund	(31 643)	(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	**12 266 373**	**7 561 585**

34- Dividends

Dividends are not recorded until they are approved by the General Assembly of Shareholders. The dividend for shareholders' and 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	For the year From 01-01-2022 To 31-12-2022
	EGP 000	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 EGP 000	31 December 2022 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 EGP 000	31 December 2022 EGP 000
Statement of financial position		
Due from banks	28 692	8 016
Debit balances and other assets	15 119	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	14 109	1 964
Expenses	71 324	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