

**Abu Dhabi Islamic Bank” S.A.E”
condensed interim consolidated financial statements
for the financial period ending on June 30, 2023
and the limited review report**

Limited Review Report of Condensed Consolidated Interim Financial Statements

To : Board of Directors of Abu Dhabi Islamic Bank (ADIB) - Egypt (SAE)

Introduction

We have performed a limited review on the accompanying condensed consolidated interim statement of financial position of Abu Dhabi Islamic Bank (ADIB) Egypt (SAE) (the Bank) and its subsidiaries (together “the Group”) as at 30 June 2023 and the related condensed consolidated interim statements of income, comprehensive Income, changes in equity and cash flows for the six months then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim 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 December 16, 2008 as amended by the regulation issued on February 26, 2019 and its subsequent interpretive instructions and central bank of Egypt board of directors resolution on 3 May 2020 regarding issuing condensed consolidated interim financial statements for banks and with the requirements of applicable Egyptian laws and regulations. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with the Egyptian standard on review engagements (2410) “Review of interim financial information performed by the independent auditor of the entity”. A limited review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Group and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that accompanying condensed consolidated interim financial statements are not prepared, in all material respects, 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 December 16, 2008 as amended by the regulation issued on February 26, 2019 and its subsequent interpretive instructions and Central Bank of Egypt board of directors resolution on 3 May 2020 regarding issuing condensed consolidated interim financial statements for banks and with the requirements of applicable Egyptian laws and regulations.



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Cairo, 10 August 2023

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Translation of Financial statements originally issued in Arabic Condensed consolidated interim statement of financial position as at 30 June 2023

	Note No	30 June 2023 EGP (In thousands)	31 December 2022 EGP (In thousands)
Assets			
Cash and due from Central Bank of Egypt	13	9,734,739	9,926,973
Due from banks	14	34,546,918	14,214,129
Conventional financing to customers (net of expected credit losses)	15	19,116	14,659
Financing and facilities to customers (net of expected credit losses)	15	61,050,867	58,558,054
Islamic forward exchange contracts		4,828	12,953
Financial investments			
- Fair value through profits and losses	16/1	140,864	186,600
- Financial investments at FVOCI	16/2	3,907,824	4,003,093
- Financial investments at amortized cost	16/3	23,735,182	26,889,619
Investments in associates		289,518	214,875
Intangible assets		24,392	20,936
Other assets		3,125,953	2,666,551
Fixed assets (net of accumulated depreciation)	17	524,888	496,468
Investments properties (net)		15,315	16,108
Financial leased assets to others		1,887,369	1,479,357
Deferred tax assets		189,304	126,776
Total assets		139,176,877	116,827,151
Liabilities and equity			
Liabilities			
Due to banks	18	4,785,999	74,840
Customers' deposits	19	110,500,982	97,614,326
Islamic forward / Islamic currency swap contracts		-	2,507
Subordinated Financing	20	3,721,077	3,085,265
Other liabilities		6,244,037	5,539,247
Current income tax liability		987,374	842,374
Other provisions	21	944,440	744,578
Defined benefits obligations		238,754	220,215
Total liabilities		127,402,863	107,923,352
Equity			
Paid up Capital	22	5,000,000	4,000,000
Reserves	23	670,773	542,887
Difference between face value and present value for non-interest subordinated financing		33,125	35,780
Retained earnings		6,050,739	4,311,574
Total equity attributable to equity holders' of the bank		11,754,637	8,890,241
Non-controlling interests		19,577	13,558
Total equity		11,774,214	8,903,799
Total liabilities and equity		139,176,877	116,827,151

The Limited Review Report is attached

The accompanying notes from (1) to (25) are integral part of these financial statements.

Mohamed Aly

Chief Executive Officer and
Managing Director



M.D
Mohamed Shawky

Chief Financial Officer

Cairo on August 10, 2023

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Condensed consolidated interim income statement for the period ended 30 June 2023

	Note No	Six Months ended 30 June 2023 EGP (in thousands)	Six Months ended 30 June 2022 EGP (in thousands)	Three Months ended 30 June 2023 EGP (in thousands)	Three Months ended 30 June 2022 EGP (in thousands)
Income from Murabaha, Musharaka, Mudaraba and similar income		8,308,456	4,859,756	4,469,770	2,546,358
Cost of deposits and similar costs		(4,414,210)	(2,713,112)	(2,384,792)	(1,372,964)
Net income from funds	6	3,894,246	2,146,644	2,084,978	1,173,394
Fees and commissions income		989,154	487,955	493,229	240,550
Fees and commissions expenses		(143,078)	(96,216)	(67,939)	(50,746)
Net fees and commission income	7	846,076	391,739	425,290	189,804
Dividend income	8	4,779	2,432	4,470	2,367
Net trading income	9	218,436	73,298	94,595	29,182
Administrative expenses		(886,784)	(737,508)	(464,074)	(383,273)
Other operating expenses	10	(359,590)	(129,327)	(94,265)	7,280
Expected credit losses	11	(654,917)	(228,827)	(466,287)	(203,275)
Gain on sale of the financial investments in subsidiaries		-	168	-	-
Gain/Loss on financial investments		5	33,778	-	33,778
Share Of Associates Results		34,891	31,060	25,458	25,460
Net profit for the period before tax		3,097,142	1,583,457	1,610,165	874,717
Income tax expense	12	(929,462)	(560,586)	(449,268)	(296,435)
Net profit for the period From continuous operations		2,167,680	1,022,871	1,160,897	578,282
discontinuous operations					
Profit for the period from Discontinued Operations		-	(5,981)	-	(5,689)
Net profit for the period From continuous operations		2,167,680	1,016,890	1,160,897	572,593
Attributable to:					
Shareholder's equity of the bank		2,165,317	1,023,917	1,159,401	577,630
Non-controlling interests		2,363	(7,027)	1,496	(5,037)
Net profit for the period From continuous operations		2,167,680	1,016,890	1,160,897	572,593
Earnings per share		4.33	4.28	2.21	2.41

The accompanying notes from (1) to (25) are integral part of these financial statements.

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Condensed consolidated interim statement of comprehensive income for the period ended 30 June 2023

	Six Months ended 30 June 2023 EGP (in thousands)	Six Months ended 30 June 2022 EGP (in thousands)	Three Months ended 30 June 2023 EGP (in thousands)	Three Months ended 30 June 2022 EGP (in thousands)
Net profit for the period	2,167,680	1,016,890	1,160,897	572,593
<u>Items that will not be reclassified to the Profit and Loss:</u>				
Change in fair value reserve of equity instruments at fair value through other comprehensive income	15,701	36,257	1,218	33,036
Tax impact related to other comprehensive income that will not be reclassified to the profit or loss	(3,532)	(8,156)	(273)	(7,431)
<u>Other comprehensive income items reclassified to the profit and loss:</u>				
Change in fair value reserve of debt instruments at fair value through other comprehensive income	3,200	(50,262)	4,385	(47,067)
Expected credit loss for fair value of debt Instruments measured at fair value through other comprehensive income	1,198	-	1,198	-
Deffered Income tax related to items that are reclassified to the profits and losses	(720)	11,309	(987)	10,590
Total other comprehensive income/(loss) for the period, net of tax	15,847	(10,852)	5,541	(10,872)
Total comprehensive income for the period net of tax	2,183,527	1,006,038	1,166,438	561,721
<u>Attributable to:</u>				
Shareholder's equity of the bank	2,181,164	1,013,065	1,164,942	566,758
Non-controlling interests	2,363	(7,027)	1,496	(5,037)
Total comprehensive income for the period net of tax	2,183,527	1,006,038	1,166,438	561,721

The accompanying notes from (1) to (25) are integral part of these financial statements.

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Condensed consolidated interim statement of cash flows for the period ended 30 June 2023

	Note No.	30 June 2023 EGP (in thousands)	30 June 2022 EGP (in thousands)
Cash flows from operating activities			
Net profit for the period before tax		3,097,142	1,583,457
Adjustments to reconcile profits with cash flows from operating activities			
Depreciation and Amortization of fixed and intangible assets		40,945	55,744
Depreciation of investment property		614	578
Charge / (release) impairment loss of financing and facilities to customers recoveries from written off financing	11	644,268	228,902
Charge / (release) other provisions	15	11,177	21,975
Provisions no longer required other than financing provision	21	117,747	554,880
Provisions used other than financing provision	21	(3,007)	(58,227)
Bonds' premium and discount amortization		(3,967)	(3,241)
Foreign currency valuation differences of financing provisions in foreign currencies		(104,567)	(4,978)
Foreign currency valuation differences of provisions in foreign currencies other than financing provisions	15	133,513	53,641
Foreign currency valuation differences of due from banks provisions in foreign currencies	21	81,960	31,157
Foreign currency valuation differences of financial investments at FVOCI in foreign currencies	14	376	22
Foreign currency valuation differences of financial assets at AC in foreign currencies	2/16	(12,561)	(6,127)
Valuation differences provisions in foreign currencies for financial instruments at AC	3/16	-	(37,495)
Foreign currency valuation differences of subordinated financing - With coupon	3/16	7,135	3,514
Foreign currency valuation differences of subordinated financing - Zero coupon	20	295,368	148,133
Foreign currency valuation differences of subordinated financing - Zero coupon - Equity	20	204,342	104,168
Losses / (Gains) valuation of financial investments at FVPL		10,628	22,219
Gains (losses) from revaluation of Forward contracts	9	(7,216)	1,082
Charge /(release) impairment loss of due from banks	11	(2,810)	(41,062)
Charge /(release) impairment loss provisions of FVOCI instruments		10,201	(75)
Charge /(release) impairment loss of financial investments at amortized cost	11	1,198	-
Charge /(release) impairment loss provisions of investments in subsidiaries & associates		(750)	-
Charge /(release) Impairment loss of assets reverted to bank	12	-	(32,535)
Impairment loss of Non Current Assets Held for Sale	12	-	(20,000)
Losses / (Gains) sale of equity instruments at FVPL	9	-	462
Losses / (Gains) sale of equity instruments at FVOCI		(8,387)	(2,511)
Gains / (Losses) from sale of investments in subsidiaries & associates		(5)	(1,243)
Losses / (Gains) on sale of fixed assets	10	-	(168)
Losses / (Gains) on sale of Investment Property	10	(41,556)	(722)
Bank's Share of Associates' results		(222)	(212)
Dividends income from equity instruments at FVOCI		(34,891)	(31,060)
Amortization of subordinated financing using EIR method	8	(4,779)	(2,432)
Financing expenses for other long term loans	20	13,283	14,680
Employees Benefits charged		-	18,086
		-	187
Operating profits before changes in assets and liabilities resulting from operating activities		4,445,179	2,600,799
Net change in assets & liabilities			
Due from banks with maturity more than 90 days		3,505,473	1,086,666
Treasury bills with maturity more than 90 days		(2,802,360)	1,560,001
Financial investments at FVPL		61,338	3,235
Financing and facilities to customers and banks	15	(5,422,965)	(6,371,843)
Other assets		(384,272)	(174,059)
Non Current Assets held for sale		-	45,845
Receivables of Leased assets		(412,909)	(386,955)
Due to banks	18	4,691,159	(666,488)
Customers' deposits	19	12,758,191	6,514,598
Financial derivatives		8,428	(15,058)
Other liabilities		751,156	75,353
Employees' Benefits obligations		18,539	18,351
Income tax paid		(631,257)	(369,660)
Net Cash flows generated from/(used in) Operating activities		16,585,700	3,920,785

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Condensed consolidated interim statement of cash flows for the period ended 30 June 2023

		30 June 2023 EGP (in thousands)	30 June 2022 EGP (in thousands)
Cash flows from investing activities			
Payments to purchase of fixed assets & Branches fixtures	17	(68,732)	(10,985)
Proceeds from sale of fixed assets		48,466	479
Payments to purchase of intangible assets		(10,999)	(656)
Proceeds from Sale of Investment Property		400	450
Payments to purchase financial investments at FVOCI		(224,617)	-
Proceeds from recovery of financial investments at FVOCI		50,010	-
Payments to purchase financial investments at AC		(1,529,612)	(1,467,040)
Proceeds from recovery of financial investments at AC		3,205,509	774,028
Payments to purchase investment in subsidiaries and associates		-	168
Proceeds from dividends income		4,779	2,919
Net Cash flows generated from/(used in) generated from Investing activities		1,475,204	(700,637)
Cash flows from financing activities			
Paid up capital under registration		1,000,000	-
General Reserve		3,584	-
Proceeds / (Paid) from other long term loans		237,656	374,743
Difference between FV & PV of subordinated financing		-	(36,855)
Dividends income paid		(314,294)	(162,028)
Net Cash flows generated from/(used in) generated from financing activities		926,946	175,860
Net increase (decrease) in cash and cash equivalents during the period		18,987,850	3,396,008
Cash and Cash Equivalents at the beginning of the period		16,137,515	4,481,510
Cash and cash equivalents at the end of the period		35,125,365	7,877,518
Cash and cash equivalents are represented in			
Cash and due from CBE	13	9,734,739	5,798,491
Due from banks	14	34,559,053	5,741,257
Treasury bills		10,259,875	11,480,808
CBE Reserve		(8,762,403)	(5,246,479)
Due from banks with maturity more than three months from date of acquisition		(435,148)	-
Treasury bills with maturity more than three months from date of acquisition		(10,230,751)	(9,896,559)
Cash and cash equivalents at the end of the period		35,125,365	7,877,518

The accompanying notes from (1) to (25) are integral part of these financial statements.

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Condensed consolidated interim statement of changes in equity for the period ended 30 June 2023

	Paid up capital	Paid under capital increase	Capital Reserve	Legal reserve	General reserve	Special reserve	General banking risk reserve	General risk reserve	Fair value reserve	Difference between face value and present value for subordinated financing	Retained earnings	Total	EGP (in thousands) Non-controlling interest	Total
30 June 2022														
Balance at 1 January 2022	2,000,000	1,861,418	3,698	80,261	42,522	22,688	451,763	273,022	66,613	30,864	2,064,121	6,896,970	(17,362)	6,879,608
Transferred to reserves	-	-	365	68,978	-	-	(77,991)	-	-	-	8,648	-	-	-
Dividends distributions to employees, board members and the banking system development fund	-	-	-	-	-	-	-	-	-	-	(159,714)	(159,714)	-	(159,714)
Remuneration for board members and Employees' Subsidiaries	-	-	-	-	-	-	-	-	-	-	(6,924)	(6,924)	-	(6,924)
Net change in other comprehensive income items	-	-	-	-	-	-	-	-	(10,852)	-	-	(10,852)	-	(10,852)
Amortization of the difference between face value and present value of subordinated financing	-	-	-	-	-	-	-	-	-	7,538	14,681	22,219	-	22,219
Transfer From / To Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prior periods impact of subsidiaries & associates adjustments	-	-	-	-	-	2,259	-	(53,043)	-	-	(243,123)	(293,907)	37,478	(256,429)
Net profit for the period	-	-	-	-	-	-	-	-	-	-	1,023,917	1,023,917	(7,027)	1,016,890
Balance at 30 June 2022	2,000,000	1,861,418	4,063	149,239	42,522	24,947	373,772	219,979	55,761	38,402	2,701,606	7,471,709	13,089	7,484,798
30 June 2023														
Balance at 1 January 2023	4,000,000	-	4,063	149,239	51,371	25,295	9,062	219,979	83,878	35,780	4,311,574	8,890,241	13,558	8,903,799
Transferred to reserves	-	-	685	106,252	3,584	-	(9,062)	-	-	-	-	101,459	-	101,459
Dividends distributions to employees, board members and the banking system development fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration for board members and Employees' Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(96)	(96)
Net change in other comprehensive income items	-	-	-	-	-	-	-	-	15,847	-	-	15,847	-	15,847
Amortization of the difference between face value and present value of subordinated financing	-	-	-	-	-	-	-	-	-	(2,655)	-	(2,655)	-	(2,655)
Transfer From / To Liabilities	1,000,000	-	-	-	-	-	-	-	-	-	-	1,000,000	-	1,000,000
Prior years Impact of subsidiaries adjustments	-	-	-	-	-	10,580	-	-	-	-	-	10,580	3,752	14,332
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	2,363	2,363
Balance at 30 June 2023	5,000,000	-	4,748	255,491	54,955	35,875	-	219,979	99,725	33,125	4,311,574	10,015,472	19,577	10,035,049

The accompanying notes from (1) to (25) are integral part of these financial statements.

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

1. GENERAL INFORMATION

Abu Dhabi Islamic Bank (“ADIB”) - Egypt (formerly National Development Bank - a joint stock company) was incorporated as an Egyptian joint stock company under Law No. 43/1974 and its executive regulations in the Arab Republic of Egypt. The main office of the Bank is located at 9 Rustom Street - Garden City, Cairo. The bank is listed on the Egyptian Stock Exchange.

ADIB was registered in the Commercial Register on April 3, 2013 by changing the bank's name from National Development Bank to Abu Dhabi Islamic Bank (ADIB) - Egypt.

ADIB provides corporates, retail banking and investment services in the Arab Republic of Egypt through 70 branches, delegates and agencies employing more than 2,341 employees on the date of the financial statements.

These condensed separate interim financial statements for the period ended June 30, 2023 were approved by the Board of Directors on 10 August, 2023.

2. BASIS OF PREPARATION OF THE CONDENSED SEPARATE FINANCIAL STATEMENTS

These condensed separate financial statements have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its board of directors on December 16th, 2008, and as per IFRS (9) "Financial Instruments" in accordance with the instructions of the CBE dated February 26th, 2019, and in light of the revised Egyptian Accounting Standards (EAS) issued during the year 2015; related amendments and the provisions of local laws and as per of Egyptian laws and regulations related to the preparation of these separate financial statements.

The financial statements of the Bank had been prepared till 31st December 2018 using rules for the preparation and presentation of the financial statements of banks and the recognition and measurement principles issued by (CBE) on 16th December 2008; however, as from 1st January 2019 and based on the instructions issued by the (CBE) relevant to preparation of the financial statements of banks in the accordance with (IFRS 9) "Financial Instruments" as of 26th February 2019, the management has modified certain accounting policies to conform to those instructions. The following note details the changes in accounting policies.

These condensed separate interim financial statements do not include all information and disclosures required for full annual separate financial statements prepared in accordance with CBE rules mentioned above and should be read in conjunction with the bank's financial statements as at year ended December 31, 2022.

In preparing these condensed separate interim financial statements, significant judgements made by the management in applying the bank's accounting policies and the key sources of estimation were the same as those were applied to the separate financial statements as at year ended December 31, 2022.

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

3.FINANCIAL RISK MANAGEMENT

3/1/1 Loans and Financing:

The following is the position of financing and facilities balances in terms of creditworthiness compared to the three stages of calculating the expected credit losses (ECL)

Retail	30 June 2023				31 December 2022			
	Stage One	Stage Two	Stage Three	Total	Stage One	Stage Two	Stage Three	Total
	12 Month	Lifetime	Lifetime		12 Month	Lifetime	Lifetime	
EGP (in thousands)								
Creditworthiness as per CBE classification								
Good debts *	14,102,273	293,479	3,987	14,399,739	13,233,531	226,659	3,798	13,463,988
Regular follow-up	-	219,326	52,977	272,303	-	283,352	39,129	322,481
Special follow-up	-	-	25,150	25,150	-	40	44,824	44,864
Non-performing loans	-	-	485,029	485,029	-	-	559,724	559,724
Total	14,102,273	512,805	567,143	15,182,221	13,233,531	510,051	647,475	14,391,057
(Less) Impairment loss provision	(191,813)	(81,869)	(299,377)	(573,059)	(202,316)	(82,568)	(347,582)	(632,466)
(Less) Profit in suspense	(1,390)	(5,738)	(91,287)	(98,415)	(1,830)	(4,239)	(105,197)	(111,266)
Book value	13,909,070	425,198	176,479	14,510,747	13,029,385	423,244	194,696	13,647,325

* The second and third stages include some debts that repayments have been organized but have not fulfilled yet all the conditions for progression to a higher stage.

Corporate	30 June 2023				31 December 2022			
	Stage One	Stage Two	Stage Three	Total	Stage One	Stage Two	Stage Three	Total
	12 Month	Lifetime	Lifetime		12 Month	Lifetime	Lifetime	
EGP (in thousands)								
Creditworthiness as per CBE classification								
Good debts	25,514,839	105,492	3,890	25,624,221	23,769,547	144,234	954	23,914,735
Regular follow-up	20,067,445	2,652,412	9,937	22,729,794	17,598,312	1,231,880	1,277	18,831,469
Special follow up	-	545,424	-	545,424	-	1,763,717	21,084	1,784,801
Non-performing loans	-	-	479,997	479,997	-	-	458,914	458,914
Total	45,582,284	3,303,328	493,824	49,379,436	41,367,859	3,139,831	482,229	44,989,919
(Less) Impairment losses provision	(1,439,599)	(885,099)	(495,097)	(2,819,795)	(1,037,885)	(545,970)	(480,607)	(2,064,462)
(Less) Profit in suspense	-	(356)	(50)	(406)	-	(10)	(59)	(69)
Book value	44,142,685	2,417,873	(1,323)	46,559,235	40,329,974	2,593,851	1,563	42,925,388

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

3.FINANCIAL RISK MANAGEMENT- Continued

3/1/2 Financing and facilities

The balances of financing and facilities in terms of credit worthiness are as follows:

	30 June 2023		31 December 2022	
	Financing and facilities to customers	Total Financing and facilities	Financing and facilities to customers	Total Financing and facilities
Financing and facilities				
Neither past due nor impaired	59,684,555	59,684,555	54,601,389	54,601,389
Past due but not impaired	3,816,134	3,816,134	3,649,881	3,649,881
Impaired	1,060,966	1,060,966	1,129,704	1,129,704
Total	64,561,655	64,561,655	59,380,974	59,380,974
Less:				
impairment loss provision	(3,392,853)	(3,392,853)	(2,696,928)	(2,696,928)
Profit in suspense	(98,819)	(98,819)	(111,333)	(111,333)
Net	61,069,983	61,069,983	56,572,713	56,572,713

- Secured financing are not considered to be impaired for the non-regular category, taking into account the viability of such guarantees.
- During the period ended 30 June 2023, the Bank's portfolio of financing and facilities increased by 8.72% (31 December 2022, an increase of 26.09%).

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

3. Financial risk management - Continued

3/1/3 Financing and facilities-continued

	EGP (in thousands)							
	30 June 2023				31 December 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail	12 Month	Life time	Life time		12 Month	Life time	Life time	
Balance of expected credit losses on 1 January 2023	202,316	82,568	347,582	632,466	82,082	114,295	375,103	571,480
Transferred from stage 1	(4,915)	45,786	18,023	58,894	(9,478)	62,425	74,009	126,956
Transferred from stage 2	7,374	(30,153)	24,920	2,141	6,855	(64,145)	56,938	(352)
Transferred from stage 3	80	321	(842)	(441)	302	218	(1,745)	(1,225)
Charge / (Release) of Impairment loss during the period/year	(15,911)	(6,435)	53,392	31,046	121,410	(11,618)	158,645	268,437
Financial assets purchased during the period/year	6,205	-	-	6,205	7,659	-	-	7,659
Financial assets disposed of/ paid during the period/year	(3,336)	(10,218)	(67,678)	(81,232)	(6,514)	(18,607)	(129,209)	(154,330)
Used provisions during the period/year	-	-	(76,020)	(76,020)	-	-	(186,159)	(186,159)
Balance at 30 June 2023	191,813	81,869	299,377	573,059	202,316	82,568	347,582	632,466

	EGP (in thousands)							
	30 June 2023				31 December 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate	12 Month	Life time	Life time		12 Month	Life time	Life time	
Balance of expected credit losses on 1 January 2023	1,037,885	545,970	480,607	2,064,462	475,948	179,181	522,864	1,177,993
Transferred from stage 1	(24,400)	179,130	8,703	163,433	(29,302)	72,201	33,589	76,488
Transferred from stage 2	41,085	(44,800)	3,986	271	2,398	(5,038)	5,705	3,065
Transferred from stage 3	-	-	-	-	-	235,326	(105,059)	130,267
Charge / (Release) of Impairment loss during the period/year	395,603	215,485	2,430	613,518	490,182	82,462	70,464	643,108
Financial assets purchased during the period/year	76,454	-	-	76,454	139,232	-	-	139,232
Financial assets disposed of/ paid during the period/year	(87,028)	(10,686)	1,534	(96,180)	(40,573)	(18,162)	106,545	47,810
Used provisions during the period/year	-	-	(2,163)	(2,163)	-	-	(153,501)	(153,501)
Balance at 30 June 2023	1,439,599	885,099	495,097	2,819,795	1,037,885	545,970	480,607	2,064,462

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

3.FINANCIAL RISK MANAGEMENT- Continued

3/1/4 Concentration risk of financial assets exposed to credit risk

Geographical sectors

The following table represents an analysis of the Bank's most significant credit risk limits at book value, distributed by geographical segment at the end of the current period. When preparing this table, risk is allocated to the geographical segments according to the regions associated with the Bank's customers.

	<u>EGP (in thousands)</u>			
	Cairo	<u>Arab Republic of Egypt</u> Alexandria, Delta & Sinai	Upper Egypt	Total
<u>Debt instruments at FVOCI</u>				
- Egyptian treasury Bonds	120,551	-	-	120,551
- Egyptian treasury bills	3,428,270	-	-	3,428,270
<u>Debt instruments at amortized cost</u>				
- Egyptian treasury Bonds	16,946,396	-	-	16,946,396
- Egyptian treasury bills	6,823,759	-	-	6,823,759
<u>Facilities to banks</u>				
<u>Retail</u>				
- Debit current accounts	4,159	1,540	248	5,947
- Credit cards	565,324	67,707	13,327	646,358
- Personal financings	9,726,774	3,491,086	854,735	14,072,595
- Real estate financings	330,314	26,141	2,369	358,824
<u>Corporate</u>				
- Debit current accounts	9,491,588	1,029	64	9,492,681
- Credit cards	152	-	-	152
- Direct financings	38,890,495	346,711	253,384	39,490,590
- Syndicated financings	395,689	-	-	395,689
Balance at 30 June 2023	86,723,471	3,934,214	1,124,127	91,781,812
Balance at 31 December 2022	72,043,436	4,218,895	1,091,565	77,353,896

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

3.FINANCIAL RISK MANAGEMENT- Continued

3/2 Market Risk

The Bank is exposed to market risk represented in fluctuations in fair value or future cash flows arising from changes in market prices. The market risk arises from the open positions of the yield rates and foreign currencies, as each is exposed to general and private movements in the market and changes in the level of sensitivity to market rates or prices such as rates of yield and exchange rates. The Bank splits its exposure to market risk into trading and non-trading portfolios. The market risk management is monitored by two separate teams. Market risk reports are reported to the Risk Committee of the Board of Directors and heads of operating units on a regular basis.

The portfolios of financial investments at fair value through profit or loss include those positions resulting from the Bank's direct dealing with customers or with the market, while non-trading portfolios arise primarily from managing the yield rate on assets and liabilities. These portfolios include foreign exchange risk and equity instruments arising from financial investments at amortized cost and financial investments at fair value through other comprehensive income.

3/2/1 Risk of fluctuations in foreign exchange rates

- The Bank is exposed to risk of fluctuations in foreign exchange rates on its financial position and cash flows. The Board of Directors has set limits on foreign exchange at the total value of each of the positions at the end of the day as well as during the day. The following table summarizes the Bank's exposure to foreign exchange risk at the end of the financial year. The following table presents the book value of financial instruments distributed in their respective currencies:

	EGP (in thousands)						
30 June 2023	EGP	USD	Euro	Sterling Pound	Japanese Yen	Other currencies	Total
Assets							
Cash and due from CBE	9,485,026	185,432	1,776	41,296	-	21,209	9,734,739
Due from banks	18,416,551	13,889,552	524,867	1,488,537	5,294	222,117	34,546,918
Financings and facilities to customers	48,184,039	11,239,776	45,227	1,600,941	-	-	61,069,983
Islamic forward / Islamic currency swap contracts	4,828	-	-	-	-	-	4,828
Financial investments at FVPL	140,864	-	-	-	-	-	140,864
Financial investments at FVOCI	3,633,034	271,255	-	3,335	-	-	3,907,624
Financial investments at amortized cost	18,937,636	4,614,991	-	182,555	-	-	23,735,182
Other assets	3,936,344	197,498	480	8,875	-	744	4,143,941
Total assets	102,738,322	30,398,504	572,350	3,325,539	5,294	244,070	137,284,079
Liabilities and shareholders' equity							
Due to banks	9,744	3,645,721	392,607	681,307	-	36,620	4,765,999
Customers' deposits	86,902,394	20,072,603	176,801	2,637,917	3,777	707,490	110,500,982
Subordinated financings	1,198,734	2,522,343	-	-	-	-	3,721,077
Other liabilities	204,551	76,788	583	779	-	(190)	282,511
Total Liabilities and shareholders' equity	88,315,423	26,317,455	569,991	3,320,003	3,777	743,920	119,270,569
Net financial position	14,422,899	4,081,049	2,359	5,536	1,517	(499,850)	18,013,510
31 December 2022							
Total assets	93,051,706	19,978,192	84,464	1,798,556	6,580	218,018	115,137,516
Total Liabilities and shareholders' equity	81,659,035	16,841,246	83,013	1,815,595	4,266	567,920	100,971,075
Net financial position	13,287,572	3,136,946	1,451	(17,039)	2,314	(349,902)	16,061,342

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

3.FINANCIAL RISK MANAGEMENT- Continued

3/2/2 Profit Rate Risk

- The Bank is exposed to the effects of fluctuations in the prevailing market yield rates, which is the risk of the cash flows of the yield rate of the future cash flows of a financial instrument due to changes in the instrument's yield rate and the risk of the fair value of the rate of yield, which is the risk of fluctuations in the value of the instrument due to changes in market yield rates, The margin of yield may increase as a result of those changes, but profits may fall in the event of unexpected movements. The Asset-Liability Committee (ALCO) sets limits on the level of variation in the re-pricing of the yield that the Bank may hold, and this is monitored daily by the Bank's risks.

3/3 Liquidity Risk

Liquidity risk is the risk that the Bank will encounter difficulties in meeting its obligations associated with its financial obligations at due date and the replacement of amounts withdrawn. This could result in failure to meet the repayment obligations of depositors and to meet financing commitments.

3/4 Capital Management

The objectives of the Bank in managing capital, in addition to the apparent equity in the financial position, are as follows:

- Compliance with the legal requirements of capital in the Arab Republic of Egypt and in the countries in which the Bank's branches operate.
- To protect the Bank's ability to continue and enable it to continue to generate yield for shareholders and other parties dealing with the Bank.
- Maintain a strong capital base that supports growth in activity.

Capital adequacy and capital uses are reviewed in accordance with the requirements of the regulatory body (the Central Bank of Egypt in the Arab Republic of Egypt or the supervisory bodies in which the foreign branches of the Bank operate) daily through the Bank's management, through models based on Basel Committee guidelines for banking supervision. The required data are provided to the Central Bank of Egypt on a quarterly basis.

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

3. FINANCIAL RISK MANAGEMENT- Continued

3/4 Capital Management - Continued

The following table summarizes the basic and supporting capital components and capital adequacy ratios.

	30 June 2023	31 December 2022
According to Basel II	EGP (in thousands)	EGP (in thousands)
Total basic going concern capital after disposal	9,176,710	8,542,820
Total additional basic capital	2,197,431	35,780
Total Tier 1 after disposal (basic capital)	11,374,141	8,578,600
Total Tier 2 after disposal	2,680,839	2,316,009
Total capital base after disposal	14,054,980	10,894,609
Total assets and contingent liabilities weighted by credit, market, operational risks	90,292,989	75,921,585
Capital Adequacy Ratio	15.57%	14.35%

According to the Central Bank Circular No. 68 issued on April 22, 2020, it decided to exempt banks for a period of one year from the date of issuance of the decision from implementing the decision of the Board of Directors of the Central Bank of Egypt on January 6, 2016 issued according to the circular dated January 11, 2016 regarding the limits of concentration of credit banks' portfolios with the largest 50 clients and associated parties.

3/5 Leverage Ratio

The Board of Directors of the Central Bank of Egypt (CBE) at its meeting dated 7 July 2015 issued a resolution approving the supervisory instructions for the financial leverage, with the banks' commitment to the minimum rate of 3% on a quarterly basis as a binding control ratio starting from 2019.

In preparation for consideration of the first support of the Basel (Minimum Capital Adequacy) in order to preserve the strength and integrity of the Egyptian banking system and to comply with the best international supervisory practices in this regard. The leverage reflects the relationship between the first tier of capital used in the standard Capital adequacy (after exclusions), and bank assets (both within and outside the balance sheet) are not weighted by risk weights.

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

3.FINANCIAL RISK MANAGEMENT- Continued

3/5 Leverage Ratio – Continued

	30 June 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Tier 1 capital after disposals (1)	11,374,141	8,578,600
Total on-balance sheet exposures, financial derivatives contracts and financing financial securities	140,661,009	117,851,194
Total exposures off-balance sheet	17,266,369	15,708,863
Total exposures on-balance sheet and off-balance sheet (2)	157,927,378	133,560,057
Financial leverage ratio (1/2)	7.20%	6.42%

4.SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Bank shall use estimates and assumptions that affect the amounts of assets and liabilities disclosed during the next fiscal period / year. Estimates and assumptions shall be continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and information available.

A. Estimates:

Information on estimates used in applying accounting policies that have a material impact on the amounts recognized in the financial statements:

- **Classification of financial assets:** Valuation of the business model in which the asset shall be retained and evaluated whether contractual terms of the financial asset shall result in the generating of cash flows in the form of payment of profit and installments on the outstanding balances of those assets.

B. Uncertainty Related with Assumptions and Estimates

Uncertainties related with assumptions and estimates of significant risks that may result in material adjustments in the financial year ended on 31 March 2023 shall be appeared in the following notes:

- **Impairment of financial instruments:** An assessment of whether there has been a significant increase in credit risk on financial assets since the initial recognition, taking into account, the impact of future information upon measuring the expected credit losses.
- **Determination of the fair value of financial instruments:** using unobservable inputs upon measuring.
- **Measurement of defined benefit liabilities:** Key actuarial assumptions.
- **Recognition of deferred tax assets:** the existence of future taxable profits that may be benefited from forward tax losses.

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

5.SEGMENTS ANALYSIS

The activity segments shall include the operations, assets used in the provision of banking services, the management of the risks surrounding them, and the profit related with this activity, which may differ from other activities. The segment analysis of operations in accordance with the banking business shall include:

Corporates

Including current account activities, deposits, debit current accounts receivable, finance, credit facilities and financial derivatives.

Investment

Including corporate mergers, investment purchasing, financing of corporate restructuring and financial instruments.

Retail

Including current account activities, savings, deposits, credit cards, personal finance and real estate finance.

Other activities

Including other banking activities as the management of funds and transactions between activity segments in accordance with the normal course of business of the Bank; assets and liabilities shall include operating assets and liabilities as presented in the Bank's financial position.

	EGP (in thousands)				
	corporate	Investment	Retail	Other activities	Total
30 June 2023					
Revenues and expenses by activity segment					
Revenues of activity segment	1,935,572	807,678	1,453,588	675,597	4,872,435
Expenses of activity segment	(786,516)	(40,472)	(674,398)	(273,907)	(1,775,293)
Net profit for the period before tax	1,149,056	767,206	779,190	401,690	3,097,142
Tax	(258,540)	(305,505)	(185,568)	(179,849)	(929,462)
Net profit for the period	890,516	461,701	593,622	221,841	2,167,680
Assets and liabilities by activity segment					
Assets of activity segment	45,526,828	61,965,581	16,696,083	-	124,188,492
Un-classified assets	-	-	-	14,988,385	14,988,385
Total assets	45,526,828	61,965,581	16,696,083	14,988,385	139,176,877
Liabilities of activity segment	52,869,896	7,740,833	56,508,140	-	117,118,869
Un-classified liabilities	-	-	-	10,283,794	10,283,794
Total liabilities	52,869,896	7,740,833	56,508,140	10,283,794	127,402,663

	EGP (in thousands)				
	corporate	Investment	Retail	Other activities	Total
31 December 2022					
Revenues and expenses by activity segment					
Revenues of activity segment	2,059,758	1,322,856	2,278,105	451,201	6,111,920
Expenses of activity sectors	(699,426)	(47,767)	(1,371,109)	(693,143)	(2,811,445)
Profit for the year before tax	1,360,332	1,275,089	906,996	(241,942)	3,300,475
Tax	(307,967)	(761,070)	(227,924)	186,233	(1,110,728)
Profit for the year	1,052,365	514,019	679,072	(55,709)	2,189,747
Assets and liabilities by activity segment					
Assets of activity sectors	41,975,571	44,745,406	16,578,447	-	103,299,424
Non-Classified assets	-	-	-	13,527,727	13,527,727
Total assets	41,975,571	44,745,406	16,578,447	13,527,727	116,827,151
Liabilities of activity sectors	42,096,854	2,732,407	53,959,341	-	98,788,602
Non-classified liabilities	-	-	-	9,134,750	9,134,750
Total liabilities	42,096,854	2,732,407	53,959,341	9,134,750	107,923,352

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

6.NET REVENUE FROM FUNDS

	Six Months ended 30 June 2023 EGP (in thousands)	Six Months ended 30 June 2022 EGP (in thousands)	Three Months ended 30 June 2023 EGP (in thousands)	Three Months ended 30 June 2022 EGP (in thousands)
Income from Murabaha, Musharaka, Mudaraba and other similar income				
Financing and facilities				
To customers	4,933,625	2,789,484	2,602,035	1,507,881
Total	4,933,625	2,789,484	2,602,035	1,507,881
Financial investments in debt instruments at AC and FVOCI	3,005	-	3,005	-
Deposits and current accounts	3,196,079	1,979,958	1,770,954	989,635
Income from Lease Receivable	175,747	90,314	93,776	48,842
Total	8,308,456	4,859,756	4,469,770	2,546,358
Cost of deposits and similar costs				
Deposits and current accounts:				
To banks	(44,409)	(109,626)	(19,604)	(53,625)
To customers	(4,155,027)	(2,497,892)	(2,243,844)	(1,260,187)
other financings	(214,128)	(104,375)	(121,047)	(58,572)
Financing financial instruments and sales transactions of financial instruments with a repurchase commitment	(646)	(1,219)	(297)	(580)
Total	(4,414,210)	(2,713,112)	(2,384,792)	(1,372,964)
Net profit income	3,894,246	2,146,644	2,084,978	1,173,394

7. NET FEES AND COMMISSION INCOME

	Six Months ended 30 June 2023 EGP (in thousands)	Six Months ended 30 June 2022 EGP (in thousands)	Three Months ended 30 June 2023 EGP (in thousands)	Three Months ended 30 June 2022 EGP (in thousands)
Fees and commissions income:				
Credit related fees and commissions	588,927	317,461	293,886	174,731
Fees of corporate financing	17,601	51,749	8,785	23,827
Custody fees	830	-	830	-
Other fees	381,796	118,745	189,728	41,992
Total	989,154	487,955	493,229	240,550
Fees and commissions expenses:				
Paid brokerage fees	(201)	(78)	(77)	(35)
Various banking commission	(13,204)	(9,811)	(5,500)	(5,158)
Credit cards paid commissions	(91,977)	(48,585)	(43,696)	(24,953)
Other fees and commissions paid	(37,696)	(37,742)	(18,666)	(20,600)
Total	(143,078)	(96,216)	(67,939)	(50,746)
Net fees and commission income	846,076	391,739	425,290	189,804

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

8. DIVIDENDS INCOME

	Six Months ended 30 June 2023 EGP (in thousands)	Six Months ended 30 June 2022 EGP (in thousands)	Three Months ended 30 June 2023 EGP (in thousands)	Three Months ended 30 June 2022 EGP (in thousands)
Equity instruments at FVPL	532	96	223	45
Equity instruments at FVOCI	4,247	2,322	4,247	2,322
Mutual funds at FVPL	-	14	-	-
Total	4,779	2,432	4,470	2,367

9.NET TRADING INCOME

	Six Months ended 30 June 2023 EGP (in thousands)	Six Months ended 30 June 2022 EGP (in thousands)	Three Months ended 30 June 2023 EGP (in thousands)	Three Months ended 30 June 2022 EGP (in thousands)
Foreign currencies operations:				
Gains from fx deals	197,971	30,832	82,702	38,451
(Losses) / gains of Islamic forward contracts revaluation	2,810	41,062	(3,422)	(10,061)
Gains / (Losses) of currency option contracts revaluation	2,018	(25)	7,713	(8)
Gain / (Loss) of revaluation of forward exchange contracts	34	-	34	-
Equity Instruments at FVPL	4,347	(771)	1,577	(250)
Mutual funds at FVPL	11,256	2,200	5,991	1,050
Total	218,436	73,298	94,595	29,182

10.OTHER OPERATING EXPENSES

	Six Months ended 30 June 2023 EGP (in thousands)	Six Months ended 30 June 2022 EGP (in thousands)	Three Months ended 30 June 2023 EGP (in thousands)	Three Months ended 30 June 2022 EGP (in thousands)
Gain / (Loss) on translation of monetary assets and liabilities denominated in foreign currencies other than those held for trading or initially designated at FVPL	(83,137)	474,220	(49,081)	79,579
Gain (Loss) on sale of assets reverted to bank	25,611	11,437	24,711	-
Gain on sale of fixed assets	41,556	722	36,272	446
Gain on sale of investment properties	222	212	222	-
Software cost	(93,989)	(53,071)	(52,128)	(28,000)
operating lease expense	(65,617)	(57,587)	(34,390)	(29,304)
Gain / (loss) on impairment of assets reverted to the bank	-	20,000	-	20,000
Other provisions (net of reversed provision)*	(114,740)	(496,653)	1,787	(22,637)
Other income (expense)	(69,496)	(28,607)	(21,658)	(12,804)
Total	(359,590)	(129,327)	(94,265)	7,280

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

11. IMPAIRMENT CHARGES FOR CREDIT LOSSES

	Six Months ended 30 June 2023 EGP (in thousands)	Six Months ended 30 June 2022 EGP (in thousands)	Three Months ended 30 June 2023 EGP (in thousands)	Three Months ended 30 June 2022 EGP (in thousands)
Financing and facilities to customers	(629,419)	(229,523)	(452,732)	(202,519)
Due from banks	(10,201)	75	(6,466)	(28)
Financial investments at FVOCI	(1,198)	-	(1,198)	-
Financial investments at amortized cost	750	-	(2,403)	-
Leased Assets	(14,849)	621	(3,488)	(728)
Total	(654,917)	(228,827)	(466,287)	(203,275)

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

12. INCOME TAX EXPENSES

	Six Months ended 30 June 2023 EGP (in thousands)	Six Months ended 30 June 2022 EGP (in thousands)	Three Months ended 30 June 2023 EGP (in thousands)	Three Months ended 30 June 2022 EGP (in thousands)
Current tax	(976,242)	(576,594)	(450,016)	(289,343)
Deferred tax	46,780	16,008	748	(7,092)
Total	(929,462)	(560,586)	(449,268)	(296,435)

Tax on bank's profits are different from the amount resulting from application of current tax rates as follows:

Reconciliation to calculate effective tax rate

	Six Months ended 30 June 2023 EGP (in thousands)	Six Months ended 30 June 2022 EGP (in thousands)	Three Months ended 30 June 2023 EGP (in thousands)	Three Months ended 30 June 2022 EGP (in thousands)
Profit before tax	3,097,142	1,583,457	1,610,165	874,717
Applicable tax rate	22.5%	22.5%	22.5%	22.5%
Income tax (expenses) based on applied tax rate	696,857	356,278	362,287	196,811
Tax impact for				
Non-taxable revenues	(356,573)	(406,624)	(174,749)	(208,252)
Non-deductible tax expenses	296,085	263,078	119,780	132,058
Tax of treasury bills and bonds and dividends	293,094	347,854	141,951	175,818
Income tax expenses according to effective tax rate	929,462	560,586	449,268	296,435
Effective tax rate	30.01%	35.40%	27.90%	33.89%

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

13.CASH AND DUE FROM CBE

	30 June 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Cash	972,336	595,101
Balances with CBE within mandatory reserve ratio	8,762,403	9,331,872
Total	9,734,739	9,926,973
Non-Profit bearing balances	9,734,739	9,926,973
Total	9,734,739	9,926,973

14.DUE FROM BANKS

	30 June 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Current accounts	253,960	200,475
Bank deposits*	34,305,093	14,015,212
Murabaha due from local banks*	30,183,744	32,795,172
Restricted wakala due to local banks*	(30,183,744)	(32,795,172)
	34,559,053	14,215,687
(less) Impairment loss provision	(12,135)	(1,558)
Total	34,546,918	14,214,129
Balances with CBE other than mandatory reserve ratio	2,311,951	1,747,395
Local banks	30,986,537	11,566,270
Murabaha due from local banks*	30,183,744	32,795,172
Restricted wakala due to local banks*	(30,183,744)	(32,795,172)
Foreign Banks	1,260,565	902,022
(less) Impairment loss provision	(12,135)	(1,558)
Total	34,546,918	14,214,129
Non-Profit bearing balances	253,961	200,475
Variable profit bearing balances	31,994,622	12,267,817
Fixed profit bearing balances	2,310,470	1,747,395
(less) Impairment loss provision	(12,135)	(1,558)
Total	34,546,918	14,214,129
Due from banks' impairment loss provision analysis		
Balance at beginning of the year	1,558	128
Net impairment loss recognized during the period	10,201	1,339
Used from provision during the period	376	91
Total	12,135	1,558

*Balances at banks include an amount of EGP 30,183,744 representing a Wakala with a local bank corresponding to an investment-restricted Wakala due to the same bank for the same amount to invest the amount of the restricted Wakala in government debt instruments, An offset was conducted between both Wakalas as they fulfil the requirements of offsetting between the assets and liabilities mentioned in the rules of preparing and presenting the financial statements issued by the Central Bank of Egypt on 16 December 2008.

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

15.FINANCING AND FACILITIES TO CUSTOMERS - (net of expected credit loss)

	30 June 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
<u>Retail</u>		
Debit current accounts	5,947	5,807
Credit cards	648,277	578,597
Personal financing	14,169,173	13,561,302
Real estate Financing	358,824	245,351
Total	15,182,221	14,391,057
<u>Corporate (including SMEs)</u>		
Debit current accounts	9,492,681	8,125,484
Direct financing	39,491,003	36,507,884
Syndicated financing	395,689	356,460
Credit cards	63	91
Total	49,379,436	44,989,919
Total financing and facilities to customers	64,561,657	59,380,976
<u>Deduct:</u>		
Impairment loss provision	(3,392,853)	(2,696,928)
Profit in suspense	(98,821)	(111,335)
Total	(3,491,674)	(2,808,263)
Net	61,069,983	56,572,713
<u>Classified in balance sheet as follow</u>		
Conventional financing to customers (net of impairment losses)	19,116	14,659
Financing to customers (net of impairment losses)	61,050,867	56,558,054
Net	61,069,983	56,572,713
Variable-profit bearing balances	42,804,117	37,416,375
Fixed-profit bearing balances	18,265,866	19,156,338
Total	61,069,983	56,572,713
Financing and Facilities to customers' impairment loss provision analysis	30 June 2023	31 December 2022
	EGP (in thousands)	EGP (in thousands)
Balance at beginning of the year	2,696,928	1,749,473
Subsidiaries writ off	-	248,519
Net impairment loss during the period	629,419	827,581
Recoveries from previously written-off financings	11,177	31,158
Used from provision during the period	(78,184)	(339,659)
Foreign exchange translation differences	133,513	179,856
Total	3,392,853	2,696,928

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

15.FINANCINGS AND FACILITIES TO CUSTOMERS - Continued

Analysis of the movement of impairment loss provision for the customers' financing and facilities based on types:

EGP (in thousands)

30 June 2023	<u>Retail</u>				Total
	Debit current accounts	Credit cards	Personal financing	Real estate Financing	
Balance at beginning of the year	-	56,138	574,268	2,060	632,466
Net impairment charge during the year	-	8,669	(2,728)	1,026	6,967
Recoveries from previously written-off financings	-	6,562	3,084	-	9,646
Used from provision during the year	-	(9,657)	(66,363)	-	(76,020)
Balance at 30 June 2023	-	61,712	508,261	3,086	573,059

Corporate

30 June 2023	Debit current accounts	Direct financing	Syndicated financing	Other financings	Total
	Balance at beginning of the year	72,462	1,933,162	58,839	
Net impairment charge during the year	27,302	544,569	50,579	-	622,450
Recoveries from previously written-off financings	-	1,532	-	-	1,532
Used from provision during the year	-	(2,163)	-	-	(2,163)
Foreign exchange translation differences	-	133,513	-	-	133,513
Balance at 30 June 2023	99,764	2,610,613	109,418	-	2,819,795

EGP (in thousands)

31 December 2022	<u>Retail</u>				Total
	Debit current accounts	Credit cards	Personal financing	Real estate Financing	
Balance at beginning of the year	-	54,948	516,400	132	571,480
Net impairment charge during the year	-	10,501	219,404	1,928	231,833
Recoveries from previously written-off financings	-	14,431	881	-	15,312
Used from provision during the year	-	(23,742)	(162,417)	-	(186,159)
Balance at 31 December 2022	-	56,138	574,268	2,060	632,466

Corporate

31 December 2022	Debit current accounts	Direct financing	Syndicated financing	Other financings	Total
	Balance at beginning of the year	54,598	1,092,555	30,840	
Net impairment charge during the year	17,864	549,886	27,999	-	595,749
Disposals resulting from sale of subsidiaries	-	248,519	-	-	248,519
Recoveries from previously written-off financings	-	15,846	-	-	15,846
Used from provision during the year	-	(153,501)	-	-	(153,501)
Foreign exchange translation differences	-	179,856	-	-	179,856
Balance at 31 December 2022	72,462	1,933,161	58,839	-	2,064,463

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

16. FINANCIAL INVESTMENTS

	30 June 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
16/1 Financial investments at FVPL		
A) Listed equity instruments		
Local corporate shares	14,422	8,485
Total equity instruments	14,422	8,485
B) Mutual funds certificates		
Un-Listed in stock exchange market	126,442	178,115
Total mutual funds certificates	126,442	178,115
Total financial investments at FVPL (1)	140,864	186,600
16/2 Financial investments at FVOCI		
A) Treasury bonds - at FV		
Listed in stock exchange market	120,551	91,951
Total Treasury bonds	120,551	91,951
B) Corporate bonds - at FV		
Listed in stock exchange market	143,858	-
Total corporate bonds	143,858	-
B) Government treasury bills - at FV		
Un-Listed in stock exchange market	3,428,270	3,724,458
Total Government treasury bills	3,428,270	3,724,458
Detailed T-bills maturities as the following:		
Treasury bills of 91 days maturity	29,125	2,497,875
Treasury bills of 182 days maturity	2,453,225	1,950
Treasury bills of 273 days maturity	338,250	50,350
Treasury bills of 364 days maturity	1,109,350	1,221,125
Total	3,929,950	3,771,300
Unearned revenues	(493,834)	(43,326)
Valuation differences of treasury bills at FV	(7,846)	(3,516)
Net	3,428,270	3,724,458
C) Equity instruments at FV		
Listed in stock exchange market	27,199	23,709
Un-Listed in stock exchange market	161,328	138,717
Total equity instruments	188,527	162,426
D) Mutual funds certificates at FV		
Un-Listed in stock exchange market	26,418	24,258
Total mutual funds certificates	26,418	24,258
Total financial investments at FVOCI (2)	3,907,624	4,003,093

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

16.FINANCIAL INVESTMENTS - Continued

16/3 Financial investments at AC	30 June 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
A) Government treasury bonds		
Listed in stock exchange market	16,946,396	18,214,440
Un-Listed in stock exchange market	-	305,473
Less: Impairment loss provision	(2,398)	(2,525)
Total government treasury bonds	16,943,998	18,517,388
B) Government treasury bills		
Un-Listed in stock exchange market	6,862,576	8,455,497
Less: Impairment loss provision	(32,575)	(26,063)
Total government treasury bills	6,830,001	8,429,434
Detailed T-bills maturities as the following:		
Treasury bills of 91 days maturity	-	2,200,000
Treasury bills of 182 days maturity	-	1,690,000
Treasury bills of 273 days maturity	1,525,000	400,000
Treasury bills of 364 days maturity	5,632,755	4,420,686
Total	7,157,755	8,710,686
Unearned revenues	(295,179)	(255,189)
Deduct: Impairment loss provision	(32,575)	(26,063)
Net (1)	6,830,001	8,429,434
REPOs		
Treasury bills sold with repurchase commitment within one	(38,528)	(56,772)
Total	(38,528)	(56,772)
Unearned revenues	(289)	(431)
Net (2)	(38,817)	(57,203)
Net (1+2)	6,791,184	8,372,231
Total financial investments at AC (3)	23,735,182	26,889,619
Total financial investments (1+2+3)	27,783,670	31,079,312
Non-profit bearing balances	214,945	186,684
Fixed-profit bearing balances	27,468,725	30,892,628
Variable-profit bearing balances	100,000	-
Total financial investments	27,783,670	31,079,312
Debt instruments impairment loss analysis	30 June 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Balance at the beginning of the year	28,588	18,200
Net impairment loss during the year	(750)	-
Foreign exchange translation differences	7,135	10,388
Total	34,973	28,588

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

16.FINANCIAL INVESTMENTS - Continued

16/4 Debt instruments at fair value

- The bank determines the fair value on the basis that it is the price that will be obtained to sell an asset or that will be paid to transfer a liability in an orderly transaction between market participants at the measurement date, taking into account when measuring fair value, the characteristics of the asset or liability in the event that market participants take those characteristics. Characteristics that are taken into account when pricing the asset and/or liability at the measurement date. These characteristics include the condition and location of the asset, restrictions on selling or using the asset and how market participants view it.
 - The Bank uses the market approach to determine the fair value of financial assets and liabilities, considering that this approach uses prices and other relevant information resulting from market transactions that include assets or liabilities or a group of assets and liabilities, and are identical or comparable. Thus, the bank may use valuation techniques consistent with the market approach such as market multiples derived from comparable groups. And then the selection of the appropriate multiplier from within the scope requires the use of personal judgment, taking into account the quantitative and qualitative factors of the measurement.
 - When the market approach cannot be relied upon in determining the fair value of a financial asset or a financial liability, the bank uses the income approach to determine the fair value, according to which future amounts such as cash flows or income and expenses are transferred to a current (discounted) amount so that the fair value measurement reflects market expectations current about future amounts.
 - When it is not possible to rely on the market approach or the income approach in determining the fair value of a financial asset or a financial liability, the bank uses the cost approach in determining the fair value so that it reflects the amount that is currently requested to replace the asset in its current condition (the current replacement cost), so that the fair value reflects the cost incurred by a market participant as a buyer from acquiring a substitute asset that has a similar benefit since the market participant as a buyer will not initially pay more than the amount by which the benefit is exchanged for the asset.
- Level One - inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the bank has access to at the measurement date.
 - Level Two - The second level inputs are all inputs other than advertised prices within the first level, and these inputs are directly or indirectly observable to the asset or liability.
 - Level Three - Level three inputs are the unobservable inputs of the asset or liability.

The following table shows the change in the methods for measuring the fair value of financial assets on June 30, 2023, from the comparative figures on December 31, 2022.

	EGP (in thousands)			
	Level One	Level Two	Level Three	Total
30 June 2023				
Financial investments in debt instruments	264,409	3,428,270	-	3,692,679
Mutual funds certificates	-	-	26,418	26,418
Equity instruments	27,199	-	161,328	188,527
31 December 2022				
Financial investments in debt instruments	91,951	3,724,458	-	3,816,409
Mutual funds certificates	-	-	24,258	24,258
Equity instruments	23,709	-	138,717	162,426

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

17. FIXED ASSETS (NET)

31 December 2022	EGP (in thousands)			
	Lands & Premises	& Machinery Equipment	Other assets	Total
Cost	257,452	104,786	947,315	1,309,553
Accumulated Depreciation	(45,195)	(54,876)	(531,359)	(631,430)
Disposals resulting from the sale and reclassification of subsidiaries	(77,100)	(41,286)	(63,269)	(181,655)
Net Book Value	135,157	8,624	352,687	496,468
Net Book Value at the beginning of the year	140,836	8,310	369,125	518,271
Additions	-	1,840	52,244	54,084
Disposals	(8)	(1,235)	(3,582)	(4,825)
Disposals' Accumulated Depreciation	8	1,215	3,343	4,566
Depreciation for the year	(5,679)	(1,506)	(68,443)	(75,628)
Net Book Value	135,157	8,624	352,687	496,468

30 June 2023	EGP (in thousands)			
	Lands & Premises	& Machinery Equipment	Other assets	Total
Cost	246,390	104,931	1,006,029	1,357,350
Accumulated Depreciation	(43,386)	(55,807)	(551,614)	(650,807)
Disposals resulting from the sale and reclassification of subsidiaries	(77,100)	(41,286)	(63,269)	(181,655)
Net Book Value	125,904	7,838	391,146	524,888
Net Book Value at the beginning of the year	135,157	8,624	352,687	496,468
Additions	-	145	68,587	68,732
Disposals	(11,062)	-	(9,873)	(20,935)
Disposals' Accumulated Depreciation	4,679	-	9,346	14,025
Depreciation for the year	(2,870)	(931)	(29,601)	(33,402)
Net Book Value	125,904	7,838	391,146	524,888

18. DUE TO BANKS

	30 June 2023	31 December 2022
	EGP (in thousands)	EGP (in thousands)
Current Accounts	393,440	74,840
Deposits	4,372,559	-
Total	4,765,999	74,840
Local Banks	2,639,988	14,526
Foreign Banks	2,126,011	60,314
Total	4,765,999	74,840
Non-profit bearing balances	393,440	74,840
Variable profit bearing balances	4,372,559	-
Total	4,765,999	74,840

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

19.CUSTOMERS' DEPOSITS

	30 June 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Demand Deposits	33,202,467	29,313,558
Time and call deposits	31,444,093	26,600,969
Saving and deposit certificates	30,784,088	26,962,397
Saving Deposits	10,788,168	11,009,014
Other Deposits	4,282,166	3,728,388
Total	110,500,982	97,614,326
Corporate deposits	50,676,854	48,184,207
Retail deposits	59,824,128	49,430,119
Total	110,500,982	97,614,326
Non-profit bearing balances	16,435,769	13,659,966
Fixed profit bearing balances	94,065,213	83,954,360
Total	110,500,982	97,614,326

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

20.SUBORDINATED FINANCING

	30 June 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Subordinated Financing without coupon*	1,039,292	821,667
Subordinated Financing with coupon**	1,483,051	1,187,683
Other Financings	1,198,734	1,075,915
Total	3,721,077	3,085,265
<u>Subordinated Financing without coupon*</u>		
Balance at the beginning of the financial year- face value of subordinated financing	821,667	534,421
Subordinated financing cost using effective interest rate method	13,283	24,089
Foreign currency valuation differences	204,342	300,017
Readjustment effect for Subordinated Financing	-	(36,860)
Total	1,039,292	821,667

***Subordinated Financing with no coupon**

The subordinated financing without interest represents an amount of 39 million US dollars granted by the Abu Dhabi Islamic Bank, the UAE, under a framework agreement for the agency with investment for a period of 6 years, starting from December 27, 2012, and in 2016 a supplementary agreement was concluded for the support financing contract by extending the term of the contract to end on December 27, 2023. On March 30, 2022, another supplementary agreement was concluded for the support financing contract, by extending the contract term to end on March 29, 2029 instead of December 27, 2023. The bank recorded the supporting financing at the current value using a discount rate of 3.25%, and these supplementary agreements resulted in the loading of equity net The amount of 12.465 thousand Egyptian pounds, which represents the difference between the nominal value and the present value of the financing at the date of the term extension agreement.

This agreement also resulted in an expected profit for the agent of 6.25% of the investment amount.

****Subordinated Financing with coupon**

** On 29 September 2016 the bank was granted an additional subordinated financing of USD 9mn from Abu Dhabi Islamic Bank-UAE under Wakala investment agreement for 7 years starting from 29 September 2016 with a profit rate equals to 6.50% from the investment amount, which is not significantly different from the market discount rate.

**On 29 December 2016 the bank was granted an additional subordinated financing of USD 9mn from Abu Dhabi Islamic Bank-UAE under Wakala investment agreement for 7 years starting from 29 December 2016 with a profit rate equals to 5.88% from the investment amount, which is not significantly different from the market discount rate.

**On 28 March 2019, the bank was granted an additional subordinated financing of USD 30mn from Abu Dhabi Islamic Bank-UAE under Wakala investment agreement for 7 years starting from 28 March 2019 with a profit rate equals 9.88% from the investment amount, which is not significantly different from the market discount rate.

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

21. OTHER PROVISIONS

	EGP (in thousands)				
	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Other Provisions	Total
30 June 2023					
Balance at beginning of the year	17,432	45,519	679,617	2,010	744,578
Impairment charged during the period	18,392	3,000	96,355	-	117,747
Used provision during the period	(857)	(3,110)	-	-	(3,967)
Amounts written-off during the period	(563)	-	(2,444)	-	(3,007)
Foreign exchange translation differences	-	-	81,960	-	81,960
Transfer From/ To Liabilities	4,996	2,133	-	-	7,129
Balance at 30 June 2023	39,400	47,542	855,488	2,010	944,440

	Provisions for Contingent Claims*	Tax Provision	Provision for Contingent Liabilities	Other Provisions	Total
31 December 2022					
Balance at beginning of the year	1,305,879	38,348	387,800	2,010	1,734,037
Impairment charged during the period	628,376	10,575	257,408	-	896,359
Collections of amounts previously written-off	-	-	-	-	-
Used provision during the period	(1,900,379)	(3,404)	-	-	(1,903,783)
Amounts written-off during the period	(18,386)	-	(57,874)	-	(76,260)
Foreign exchange translation differences	1,942	-	92,283	-	94,225
Balance at 31 December 2022	17,432	45,519	679,617	2,010	744,578

In reference to what was stated in the minutes of the ordinary general assembly of the bank on October 18, 2015, regarding the different opinions on the basis for calculating the amounts of US dollars paid under the capital increase account by Abu Dhabi Islamic Bank - UAE as amounts in Egyptian pounds, which may result in a possible claim from Abu Dhabi Islamic Bank, UAE. Based on the assessment of the external legal advisor of Abu Dhabi Islamic Bank - Egypt for the potential loss resulting from the change in the exchange rate, the bank has established a provision for potential claims in the amount of EGP 1.895 million to Date 31 December 2022 Which Represents the Expected Cash Inflow to meet the current obligation.

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

22.CAPITAL

22.1 The Authorized Capital

- The authorized capital amounted to EGP 7 billion (31 December 2022: EGP 7 billion).

22.2 Issued and paid up capital

- The issued and paid-up capital amounted to EGP 5 billion (December 31, 2021: 2 billion EGP) represented by 400 million shares with a nominal value of EGP 10 per share.
- The Ordinary General Assembly of Abu Dhabi Islamic Bank - Egypt, which was held on October 4, 2022, agreed to increase the issued and paid-up capital in cash from EGP 4 billion to EGP 5 billion, with an increase of EGP 1 billion distributed over 100 million shares, with a nominal value of 10 pounds. per share, through subscription for the old shareholders, and the subscription was opened from December 18, 2022 to January 16, 2023, according to the subscription prospectus.

23.RESERVES

	30 June 2023 EGP (in thousands)	31 December 2022 EGP (in thousands)
Legal Reserve	255,491	149,239
General Reserve	54,955	51,371
Special Reserve	35,875	25,295
General Banking Risk Reserve	-	9,062
Capital Reserve	4,748	4,063
General Risk Reserve	219,979	219,979
Fair value reserve	99,725	83,878
Total reserves	670,773	542,887

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

24.RELATED PARTIES TRANSACTIONS

Transactions balances with related parties included through the period are as follows:

Relationship Nature	Account Nature	Transaction Nature	30 June 2023	31 December 2022
			EGP (in thousands)	EGP (in thousands)
Major Shareholders	Assets	Due from banks	23,239	8,618
Major Shareholders	Assets	Other Assets	114,827	35,797
Major Shareholders	Liabilities	Due to banks	22,930	13,617
Major Shareholders	Liabilities	Subordinated financing	2,522,343	2,009,350
Major Shareholders	Liabilities	Management fees	189,927	160,634
Major Shareholders	Shareholders equity	Difference between face value and present value for subordinated financing	33,125	35,780
Associates Companies	Liabilities	Customers deposits	97,652	110,832

The related parties transactions during the year are represented as follows:

Relationship Nature	Account Nature	Transaction Nature	30 June 2023	30 June 2022
			EGP (in thousands)	EGP (in thousands)
Major Shareholders	Expenses	Cost of subordinated financing with no coupon using EIR method	(13,283)	(14,681)
Major Shareholders	Expenses	Cost of subordinated financing with coupon	(101,776)	(48,010)

*Wages, salaries and benefits in kind on June 30, 2023, include an amount of 21,583 thousand Egyptian pounds, which is the total amount received by the largest twenty employees of the owners of bonuses, salaries and benefits in the bank combine

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Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

25.SIGNIFICANT EVENTS

Interest rate on interbank loans (IBOR)

Interest rate risk

Shifting from the interest rate on mutual funds between banks:

- Regulators and central banks in various jurisdictions have held national staff meetings to set replacement rates for IBOR to facilitate an orderly transition to IBOR.
- The traditional rates for this indicator are replaced by new revised alternative reference rates such as the exchange of the LIBOR dollar (interbank rate) in London with SOFR, the British pound LIBOR being replaced by SONIA, the euro being replaced by LIBOR by ESTR, the Swiss franc LIBOR being replaced by SARON and the yen Japanese LIBOR by TONAR.
- The official publication of the following LIBOR rates will cease immediately after December 31, 2021 for the LIBOR indices of the British Pound, Euro, Swiss Franc and Japanese Yen. As for the US dollar LIBOR, the publication of the 1-week and 2-month periods will stop by December 31, 2021 and other interest rates from the LIBOR rate will stop on June 30, 2023.
- LIBOR rates are forward looking and published for a borrowing period (eg 1 months, 3 months, 6 months, etc.) and adjusted according to the spread of credit risk, while the alternative reference rates are overnight rates based on actual transactions, so you need to enter Adjustments to the distribution of the term, as it must be economically equivalent to its predecessor in the transition stage.
- The bank has begun to develop a transformational program for EIBOR, and the program is currently focusing on evaluating the impact of the EIBOR transition on existing contracts and its impact on the risk of return rate, as well as adding a paragraph in these contracts that indicates the eligibility of the bank to use an alternative reference rate with other parties and customers.

Economic factors

- The global economy has faced many responses and challenges that it has not seen in years, such as the Corona pandemic and closure policies, then followed by the Russian-Ukrainian conflict, which had dire economic repercussions, which caused pressure on the Egyptian economy, which called for taking reform measures by the Central Bank of Egypt to ensure macroeconomic stability and achieve sustainable economic growth, and to achieve this, the exchange rate will reflect the value of the Egyptian pound against other foreign currencies by the forces of supply and demand within the framework of a flexible exchange rate, and in order to support the goal of price stability, a committee decided Monetary Policy (MPC) Raising the rates of the overnight deposit and lending return and the price of the main operation of the Central Bank by 200 basis points on 2 April 2023, compared to the comparison year, to reach 18.25%, 19.25% and 18.75%, respectively. Then, on August 3, 2023, the Monetary Policy Committee of the Central Bank of Egypt decided to raise the rates of the overnight deposit and lending return and the price of the main operation of the Central Bank by 100 basis points, to reach 19.25%, 20.25%, and 19.75%, respectively. The credit and discount rate was also raised by 100 basis points to 19.75%.

Abu Dhabi Islamic Bank (ADIB) – Egypt – S.A.E

Notes to condensed consolidated interim financial statements for the period ended 30 June 2023

Supporting financing contract

- Abu Dhabi Islamic Bank - Egypt has signed a supportive financing agreement compatible with the principles of Islamic law with the International Finance Corporation, with a Murabaha system, at a value of 50 million USD, and the financing period is 5 years, starting from the date of July 7, 2023, which aims to support the bank's capital and the strength of its financial position.