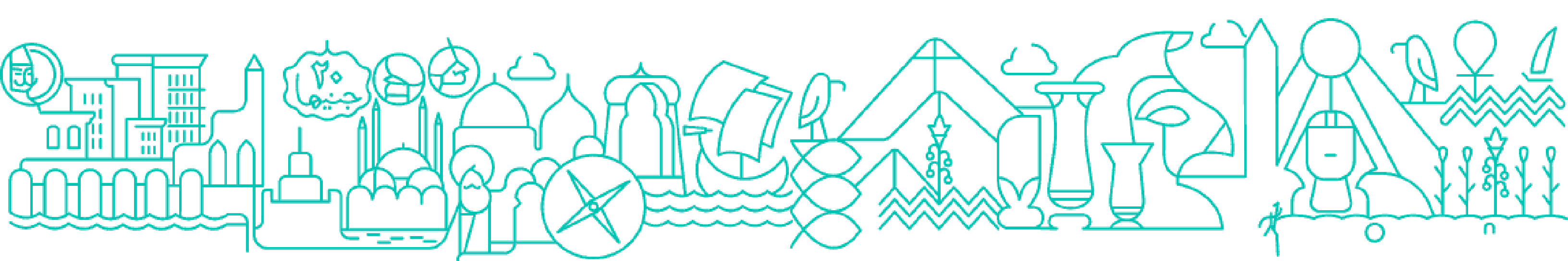
Consolidated Interim Financial Statements June 2023

Together With Limited Review Report



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KRESTON EGYPT
Public Accountant & Consultants

Originally Issued In Arabic

Report on Limited Review of Consolidated Interim Financial Statements

To: Chairman and members of board of directors of Egyptian Gulf Bank (S.A.E)

Introduction

We have performed a limited review for the accompanying consolidated interim financial position of **Egyptian Gulf Bank (S.A.E)** as of June 30, 2023 and the related consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six -months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Central Bank of Egypt's rules pertaining to the preparation and presentation of the financial statements and measurement and recognition bases approved by its Board of Directors on December 16, 2008 and amended according to the instructions issued on February 26, 2019 and in light of the prevailing Egyptian Laws relating to the preparation of these consolidated interim financial statements. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with Egyptian Standard on Review Engagements 2410, "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the bank, 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 consolidated interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated interim financial position of the bank as at June 30, 2023, and of its consolidated financial performance and its consolidated cash flows for the six-months then ended in accordance with Central Bank of Egypt's rules pertaining to the preparation and presentation of the financial statements and measurement and recognition on December 16, 2008 and amended according to the instructions issued on February 26, 2019 and in light of the prevailing Egyptian Laws relating to the preparation of these consolidated interim financial statements.

CAIRO: August 13, 2023

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CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2023

	Note	30 June 2023 L.E.	31 December 2022 L.E.
Assets			
Cash and balances with the Central bank of Egypt	(15)	**8,677,094,263**	8,485,947,903
Due from banks	(16)	**21,044,952,668**	11,332,697,155
Loans, facilities and morabahat to customers (net)	(17)	**30,395,264,137**	26,898,256,852
Financial investments:			
- Fair value through other comprehensive income	(18)	**25,366,231,068**	25,828,214,244
- At amortized cost	(18)	**12,989,627,127**	10,187,851,049
- At fair value through profit or loss	(18)	**2,936,108**	3,729,357
Investment in associates	(19)	**279,058,652**	233,505,993
Employee stock ownership plan (ESOP)	(20)	**69,879,638**	69,879,638
Intangible assets	(21)	**15,311,556**	18,930,640
Other assets	(22)	**4,294,958,103**	2,653,052,782
Fixed assets	(23)	**1,002,615,026**	1,017,569,834
Non current Assets - Held for sale		**13,217,494**	7,927,342
Total Asssets		**104,151,145,840**	86,737,562,789
Liabilities and equity:			
Liabilities:			
Due to banks	(24)	**14,374,306,967**	5,205,390,670
Customers' deposits	(25)	**78,545,106,287**	71,722,412,487
Other loans and Subordinated deposits	(26)	**2,653,814,000**	2,346,462,500
Other liabilities	(27)	**2,426,514,555**	1,851,801,185
Other provisions	(28)	**390,225,267**	294,301,885
Dividends Payable		**280,310**	280,310
Non current Liabilities - Held for sale		**31,219,303**	14,931,603
Total Liabilities		**98,421,466,689**	81,435,580,640
Equity:			
Issued and Paid-up capital	(29)	**5,005,000,001**	5,005,000,001
Reserves	(30)	**(316,898,098)**	(184,185,774)
Employee stock ownership plan (ESOP)	(20)	**41,769,085**	39,048,835
Retained earnings including profit for the period / year	(30)	**999,795,853**	442,107,686
Total equity attributable to equity holders of the bank		**5,729,666,841**	5,301,970,748
Non-controlling interests		**12,310**	11,401
Total equity		**5,729,679,151**	5,301,982,149
Total liability and equity		**104,151,145,840**	86,737,562,789

Vice Chairman & Managing Director

Nidal El Kassem Assar

Chairman

Raed Jawad Ahmed Bukhamseen

- Limited review report "attached.
- The accompanying notes from (1) to (36) are an integral part of these consolidated interim financial statements and are to be read therewith.

CONSOLIDATED INTERIM STATEMENT OF INCOME
FOR THE PERIOD ENDED 30 JUNE 2023

	Note	From 1/4/2023 To 30/6/2023 L.E.	From 1/1/2023 To 30/6/2023 L.E.	From 1/4/2022 To 30/6/2022 L.E.	From 1/1/2022 To 30/6/2022 L.E.
Continued operation					
Interest from loans and similar income	(6)	2,878,609,220	5,480,614,500	1,937,132,929	3,831,094,899
Interest on deposits and similar expenses	(6)	(2,035,522,462)	(3,712,529,237)	(1,250,621,776)	(2,465,921,727)
Net interest income		843,086,758	1,768,085,263	686,511,153	1,365,173,172
Fees and commissions income	(7)	179,837,879	347,970,094	99,704,642	212,638,056
Fees and commissions expenses	(7)	(67,365,411)	(129,489,915)	(50,014,125)	(98,418,858)
Net fees and commission income		112,472,468	218,480,179	49,690,517	114,219,198
Dividends income	(8)	81,462	389,577	1,041,613	1,112,949
Net trading income	(9)	106,951,497	306,878,410	19,743,426	51,874,320
Gain from sale of financial investments	(18)	7,635,872	10,364,434	7,743,306	13,168,543
Impairment (charge) release for credit losses	(12)	(5,388,421)	(127,295,329)	(24,752,569)	(63,092,797)
Administrative expenses	(10)	(466,359,728)	(1,007,592,430)	(379,422,817)	(731,672,318)
Other operating income (expenses)	(11)	(57,812,516)	(71,156,382)	19,814,595	13,470,752
The Bank's share of results of associates		21,854,200	10,164,884	1,171,851	293,512
Net Profit before income tax		562,521,592	1,108,318,606	381,541,075	764,547,331
Current Income tax		(203,040,851)	(429,657,676)	(168,661,756)	(357,916,735)
Net profit from continued operations		359,480,741	678,660,930	212,879,319	406,630,596
Discontinued operations					
(Losses) for the period from discontinued operations before tax		--	(6,402,084)	--	--
(Losses) for the period from Discontinued operations		--	(6,402,084)	--	--
Net profit for the period ended		359,480,741	672,258,846	212,879,319	406,630,596
Attributable to:					
Bank`s equity holders		359,479,832	672,257,937	212,878,283	406,629,838
Non-controlling interests		909	909	1,036	758
Net profit for the period		359,480,741	672,258,846	212,879,319	406,630,596
Earnings per basic share (EGP/ share) for the period	(13)	0.59	1.13	0.38	0.72

Vice Chairman & Managing Director

Nidal El Kassem Assar

Chairman

Raed Jawad Ahmed Bukhamseen

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

CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2023

	Note	**From 1/4/2023 To 30/6/2023 L.E.**	**From 1/1/2023 To 30/6/2023 L.E.**	From 1/4/2022 To 30/6/2022 L.E.	From 1/1/2022 To 30/6/2022 L.E.
Net profit for the period / year		**359,480,741**	**672,258,846**	212,879,319	406,630,596
Other comprehensive income items that is or may be reclassified to the profit or loss:					
Net change in fair value of financial investment at fair value through OCI – debt instruments	(30)	**(304,543,120)**	**(492,198,405)**	(530,931,909)	(909,400,913)
Total other comprehensive income items		**(304,543,120)**	**(492,198,405)**	(530,931,909)	(909,400,913)
Total other comprehensive income for the period		**54,937,621**	**180,060,441**	(318,052,590)	(502,770,317)
Attributable to:					
Bank's equity holders		**54,936,712**	**180,059,532**	(318,053,626)	(502,771,075)
Non-controlling interests		**909**	**909**	1,036	758
Total other comprehensive income for the period		**54,937,621**	**180,060,441**	(318,052,590)	(502,770,317)

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

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2023

	Note	30 June 2023 L.E.	30 June 2022 L.E.
Cash flows from Operating Activities			
Profit before income tax from continued operations		**1,108,318,606**	764,547,331
(Loss) before income tax from discontinued operations		**(6,402,084)**	--
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization for fixed assets and intangiable assets	**(23-21)**	**65,147,810**	69,774,454
Impairment charge for credit losses	**(12)**	**127,295,329**	63,092,797
Impairment (release) charge for other provisions	**(28)**	**102,625,778**	(1,872,779)
Other provisions used, other than provisions for loans	**(28)**	**(12,014,126)**	(1,430,612)
Translation differences for other provision in foreign currencies	**(28)**	**5,311,730**	18,706,207
Translation differences for monetory financial investments in foreign currencies	**(18)**	**(1,540,656,296)**	(803,580,633)
Amortization of premium / discount for bonds	**(18)**	**(234,932,714)**	(24,680,532)
Gain from sale fixed assets	**(11)**	**(10,000)**	--
Dividends income	**(8)**	**(389,577)**	(1,112,949)
Gains from sale of financial investment at fair value through OCI		**(85,654,866)**	(15,147,774)
Bank's Share of results of associates applying the equity method		**(10,164,884)**	(293,512)
Share based payments (employee stock ownership plan)	**(20)**	**2,720,250**	3,557,727
Investment Income fair value through profit or losses		**(30,426)**	(15,429)
Revaluation differences for financial investments through profit or losses		**(254,424)**	(58,414)
Operating profit before changes in assets and liabilities provided from operating activities		**(479,089,894)**	71,485,882
Net decrease (increase) in assets and liabilities			
Due from banks		**(1,912,203,591)**	(1,458,021,634)
Treasury bills		**(1,117,272,957)**	10,387,496,368
Disposal of financial investment at fair value through profit or loss		**1,047,673**	(69,379)
Loans, advances and morabahat to customers		**(3,583,423,688)**	(1,909,959,471)
Other assets		**(1,390,451,905)**	(626,454,430)
Due to banks		**9,168,916,297**	(4,182,590,427)
Customers' deposits		**6,822,693,800**	6,391,898,139
Other liabilities		**145,055,694**	(436,920,711)
Investment held for sale		**10,997,549**	--
Net cash flows provided from operating activities	**(1)**	**7,666,268,978**	8,236,864,337
Cash flows from Investing Activities			
Payments to purchase fixed assets and branches improvement		**(324,325,475)**	(76,038,276)
Proceeds from sale of fixed assets		**10,000**	134,022
Payments to purchase financial investment other than trading investments	**(18)**	**2,075,983,900**	15,429
Proceeds from financial investment fair value through profit or loss		**30,426**	2,801,935,489
Purchased of financial investments other than trading investments	**(18)**	**(1,606,270,097)**	(2,310,944,495)
Payments to purchase Investments in associates		**(67,770,300)**	(7,681,173)
Change in associates Investments		**32,382,525**	--
Dividends received		**246,905**	939,419
Stock ownership plan	**(20)**	**--**	(1,414,975)
Net cash flows provided from (used in) investing activities	**(2)**	**110,287,884**	406,945,440
Cash flows from Financing Activities			
Change in long long-term loans and Subordinated deposits		**307,351,500**	161,175,322
Dividends paid		**(64,414,597)**	(92,941,984)
Net cash flows (used in) provided from financing activities	**(3)**	**242,936,903**	68,233,338
Net change in cash and cash equivalents during the period	**(1+2+3)**	**8,019,493,765**	8,712,043,115
Cash and cash equivalents at beginning of the year		**8,824,434,835**	5,243,818,408
Cash and cash equivalents at the end of the period		**16,843,928,600**	13,955,861,523

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2023

Cash and cash equivalents are represented in (note 31)			
Cash and balances with the CBE	(15)	**8,677,094,263**	8,079,280,348
Due from banks	(16)	**21,052,635,884**	12,674,057,637
Treasury bills	(18)	**6,972,591,801**	7,907,707,969
Balance with CBE within the limit of statutory reserve		**(9,654,714,682)**	(8,835,429,025)
Due from banks with Maturity more than 3 months		**(3,260,240,000)**	(752,112,000)
Treasury bills with maturity more than 3 months		**(6,943,438,666)**	(5,117,643,406)
Cash and cash equivalents at the end of the period		**16,843,928,600**	13,955,861,523

- The accompanying notes from (1) to (37) are an integral part of these consolidated interim financial statements and are to be read therewith.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

	Note	paid-in Capital L.E.	Retained for capital increase L.E.	Reserves L.E.	General Risk Reserve L.E.	ESOP L.E.	Retained Earnings L.E.	Equity Attributable to Equity Holders L.E.	Non-Controlling Interests L.E.	Total L.E.
30 June 2022										
Balance as of 1/1/2022		3,623,748,165	476,874,349	609,619,708	208,750,579	52,799,441	766,019,868	5,737,812,110	12,837	5,737,824,947
Retained for capital increase	(29)	476,874,349	(476,874,349)	--	--	--	--	--	--	--
Capital increase (stock dividnds)		--	525,509,705	--	--	--	(525,509,705)	--	--	--
Distributed dividends	(29)	--	--	--	--	--	(93,145,536)	(93,145,536)	--	(93,145,536)
Transferred to legal reserves	(30)	--	--	69,508,051	--	--	(69,508,051)	--	--	--
Net Change in other comprehensive income items	(30)	--	--	(911,380,144)	--	--	--	(911,380,144)	--	(911,380,144)
Transferred to general banking risk reserve from retained earnings	(30)	--	--	2,151,122	--	--	(2,151,122)	--	--	--
Transferred to capital reserve from retained earnings	(30)	--	--	578,480	--	--	(578,480)	--	--	--
Banking system support and development fund		--	--	--	--	--	(6,942,316)	(6,942,316)	--	(6,942,316)
Stock ownership plan	(20)	--	--	--	--	(17,308,333)	--	(17,308,333)	--	(17,308,333)
Net profit for the period	(30)	--	--	--	--	--	406,629,838	406,629,838	458	406,630,296
Balance as of 30 June 2022		4,100,622,514	525,509,705	(229,522,783)	208,750,579	35,491,108	474,814,496	5,115,665,619	13,295	5,115,678,914
30 June 2023										
Balance as of 1/1/2023		5,005,000,001	--	(392,936,353)	208,750,579	39,048,835	442,107,686	5,301,970,748	11,401	5,301,982,149
Distributed dividends	(29)	--	--	--	--	--	(64,414,597)	(64,414,597)	--	(64,414,597)
Transferred to legal reserves	(30)	--	--	44,569,564	--	--	(44,569,564)	--	--	--
Net Change in other comprehensive income items	(30)	--	--	(575,124,709)	--	--		(575,124,709)	--	(575,124,709)
Change in fair value of reclassified debt instruments		--	--	396,718,674	--	--		396,718,674	--	396,718,674
Transferred to general banking risk reserve from retained earnings	(30)	--	--	760,834	--	--	(760,834)	--	--	--
Transferred to capital reserve from retained earnings	(30)	--	--	363,313	--	--	(363,313)	--	--	--
Banking system support and development fund		--	--	--	--	--	(4,462,371)	(4,462,371)	--	(4,462,371)
Stock ownership plan	(20)	--	--	--	--	2,720,250	--	2,720,250	--	2,720,250
Net profit for the period	(30)	--	--	--	--		672,258,846	672,258,846	909	672,259,754
Balance as of 30 June 2023		5,005,000,001	--	(525,648,677)	208,750,579	40,408,960	999,795,853	5,729,666,841	12,310	5,729,679,150

- The accompanying notes from (1) to (37) are an integral part of these consolidated interim financial statements and are to be read therewith.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

1. General information

Egyptian Gulf Bank provides corporate, retail banking and investment banking services in various areas of Egypt through its head officeThe Address Building, 45 North 90 St., 5th Settlement, Egypt, Giza and Sixty branches, and employs over 2128 employees as of the balance sheet date.

Parent Company

Egyptian Gulf Bank S.A.E was established under the minister decree No.296 at 14 October 1981 according to the Investment Law No.43 for 1974, that was replaced by investment law No.230 for the 1989 that was canceled by law No.8 for 1997 which is concerned for the issuance of guarantees and incentives of investment and its executive regulations in the Arab Republic of Egypt, The Bank is listed in the Egyptian Stock Exchange.

Subsidiary Company

Egyptian Gulf Holding company S.A.E was established under the capital market law no. 95 of 1992 and its executive regulations. The company was registered in the Commercial Register No.27221 at 18 September 2012, the initial contract and Articles of Association of the Company were puplished in the companies journal No.56 in June 2012

On 30 June 2023, The Bank owns a stake in Egyptian Gulf Holding of 3 999 700 shares that represent %99.99

Non current Investments held for sale

Hamens for German Technology Industries Company S.A.E was established in accordance with the Law No.159 of 1981 by issuing the Companies Law and its Executive Regulations and its amendments, and the company was registered in the commercial register No. 98638 on 3/5/1994.

On 31 March 2023, The Bank owns a stake in Hamenz for German Technology Industries Company of 30498 shares with an ownership of 99.99%. Our bank’s share in the company’s capital was increased on July 1, 2019

On 31 March 2023, The Bank owns a stake in the Hamens for German Technology Industries Company of 30498 shares with an ownership of 99.99%. Our bank’s share in the company’s capital was increased on July 1, 2019

Consolidated financial statements were approved by the Board of Directors on 13 August 2023.

2. Summary of significant accounting policies

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

2.A Basis of preparation of the consolidated financial statements

These consolidated 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 16, 2008; to under IFRS 9 "Financial Instruments" in accordance with the instructions of the Central Bank of Egypt (CBE) dated February 26, 2019.

These consolidated financial statements have been prepared in accordance with the applicable laws of Egypt.

Consolidated financial statements include the Bank as well as the following companies:

Egyptian Gulf Holding co.	99.99%

The consolidated financial statements at December 31, 2018 have been prepared in accordance with the instructions of the Central Bank of Egypt (CBE) rules approved by its Board of Directors on December 16, 2008 and starting from January 01, 2019, the financial statements have been prepared according to Central Bank of Egypt (CBE) instructions dated February 26, 2019 to prepare financial statements according to IFRS 9 "Financial Instruments".

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023

The accounting policies set out below have been changed by the management to comply with the adoption of mentioned instructions that described the changes in accounting policies in the following disclosers.

2.B Changes in accounting policies

The Bank applied the instructions of the Central Bank of Egypt (CBE) rules IFRS 9 "Financial Instruments" dated February 26, 2019 starting from January 01, 2019, the following summarize the main accounting policies changes resulted from applying the required instructions.

Classification of financial assets and financial liabilities

At initial recognition, Financial assets have been classified and measured according to amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

The financial assets have been classified according to how they are managed (the entity's business model) and their contractual cash flow characteristics.

The financial assets measured at amortized cost if it is not measured at fair value through profit or loss and the following two conditions met:

- The management intension maintaining the asset in business model to collect contractual cash flow and;
- This contractual conditions of financial assets will build cash flow in certain dates which limited only on payment of principle and interest (SPPI).

The debt instruments measured at fair value through other comprehensive income if it is not measured at fair value through profit or loss and the following two conditions met:

- The management intension maintaining the asset in business model to collect contractual cash flow or selling it and;
- This contractual conditions of financial assets will build cash flow in certain dates which limited only on payment of principle and interest (SPPI).

2. Summary of significant accounting policies – continued

2.B Changes in accounting policies – continued

The Bank may choose without return to measure equity investment which not classified trading investments to be as a fair value through other comprehensive income at initial recognition. And this choice will be made per each investment.

All other financial assets will be classified as fair value through profit or loss.

In addition to that, the bank may choose without return financial asset that will be measured at amortized cost or fair value through other comprehensive income to measured at fair value through profit or loss in the initial recognition, and in such a case that this reclassification will lead to prevent accounting mismatch.

Business model assessment

The Bank makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice, specially to know whether these management policies concentrate to gain the contractual interest or reconcile financial assets period with financial liabilities period which finance these assets or target cash flow from selling the assets.

- How the performance of the portfolio is evaluated and reported to the Bank's management.
- The risks that affect the performance of the business model and the financial assets held within that business model and how those risks are managed.
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Impairment of financial assets

According to Central Bank of Egypt (CBE) instructions dated February 26, 2019 to implement IFRS 9 to replace impairment loss model recognized according to previous instructions dated December 16, 2008 with excepted credit loss (ECL).

Excepted credit loss is applied on all financial assets in addition to some financial guarantees and loan commitments.

According to IFRS 9; Expected credit loss will be recognized earlier than being applied by Central Bank of Egypt (CBE) instructions dated December 16, 2008.

The Bank apply three stages to measure expected credit loss on financial assets that are recognized at amortized cost and debt instruments that are recognized at fair value through other comprehensive income. The financial assets can transfer between three stages according to changes in credit quality since initial recognition.

2. Summary of significant accounting policies – continued

2.B Changes in accounting policies – continued

Stage 1: 12 months Expected Credit Loss

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: Lifetime Expected Credit Loss - not credit impaired

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 the 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: Lifetime Expected Credit Loss - credit impaired

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.C Transactions Eliminated on Consolidation

Intra-group balances, and income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.D Loss of Control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments, depending on the level of influence retained.

2.E Investments in associates

An associate is an entity over which the Group has significant influence that is not control or joint control. Significant influence exists where the bank holds voting rights of 20% to 50% in an entity.

Acquisitions of Associates are accounted for using the purchase method; goodwill arising on acquisition of an associate, if any, is not presented separately, but is rather included within the carrying amount of the investment. Investments in associates are accounted for subsequently in the consolidated financial statements using the equity method.

According to the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and is subsequently adjusted to recognize the Group's share in profit or loss, and other changes in the net assets, of the associate.

2. Summary of significant accounting policies – continued

2.F Segment reporting

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

2.G Foreign currency translation

2.G.1 Functional and presentation currency

The financial statements are presented in Egyptian pound, which is the Bank's functional and presentation currency.

2.G.2 Transactions and balances in foreign currencies

The bank maintains its accounting records in Egyptian pound, Transactions in foreign currencies during the financial year are translated into Egyptian pound using the prevailing exchange rates on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the end of the reporting period at the prevailing exchange rates, Foreign exchange gains and losses resulting from settlement and translation of such transactions and balances are recognized in the income statement and reported under the following line items.

- Net trading income through profit and loss from held-for-trading assets and liabilities or through profits and losses by type.
- Other operating revenues (expenses) from the remaining assets and liabilities.
- Other comprehensive income items for financial investments at FVTOCI.

- Changes in the fair value of investments in debt instruments; which represent monetary financial instruments, denominated in foreign currencies and classified as available for sale assets are analyzed into valuation differences resulting from changes in the amortized cost of the instrument, differences resulting from changes in the applicable exchange rates and differences resulting from changes in the fair value, of the instruments.Valuation differences resulting from changes in the amortized cost are recognized and reported in the income statement in income from loans and similar revenues' whereas difference resulting from changes in foreign exchange rates are recognized and reported in 'other operating revenues (expenses)', The remaining differences resulting from changes in fair value are deferred in equity and accumulated in the 'Revaluation reserve of available-for-sale investments'.
- Valuation differences resulting from the non-monetary items include gains and losses of the change in fair value of such equity instruments held at fair value through profit and loss, as for recognition of the differences of valuation resulting from equity instruments classified as financial investments available for sale within the fair value reserve in equity.

2. Summary of significant accounting policies – continued

2.H Financial assets

2.H.1 Financial Policies applied starting from January 1, 2019

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

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

Financial assets classified as amortized cost

The financial asset is retained in the business model of financial assets held to collect contractual cash flow.

The objective from this business model is to collect contractual cash flow which represented in principle and interest.

The sale is an exceptional event for the purpose of this model and under the terms of the standard represented in following:

- Significant deterioration for the issuer of financial instrument;
- Lowest sales In terms of rotation and value;
- A clear and reliable documentation process for the justification of each sale and its conformity with the requirements of the standard.

Financial assets classified as fair value through other comprehensive income

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

- Held to collect contractual cash flows and sales are integrated to achieve the objective of the model.
- Sales are high in terms of turnover and value as compared to the business model retained for the collection of contractual cash flows.

Financial assets classified as fair value through profit or loss

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

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

Collecting contractual cash flows is an incidental event for the objective of the model.

The characteristics of the business model are as follows:

- Structuring a set of activities designed to extract specific outputs.
- Represents a complete framework for a specific activity (inputs - activities - outputs).
- One business model can include sub-business models.

2.I Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to offset the recognized amounts and there is an intention to be settled on a net basis, or realize the asset and settle the liability simultaneously.

Agreements of repos and reverse repos are shown by the net in the financial statement in treasury bills and other governmental notes.

2. Summary of significant accounting policies – continued

2.J Interest income and expense

Interest income and expense for all financial instruments except for those classified as held-for-trading or designated at fair value are recognized in “Interest income” and “Interest expense” in the income statement using the effective interest method.

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

Once loans or debts are classified as non-performing or impaired, the revenue of interest income will not be recognized and will be recorded off balance sheet, and are recognized as income subsequently based on a cash basis according to the following:

- When all arrears are collected for consumer loans, personal mortgage and micro-finance loans.

- When calculated interest For corporate are capitalized according to the rescheduling agreement condition until paying 25 % from rescheduled payments for a minimum performing period of one year, if the customer continues to perform, the calculated interest will be recognized in interest income [interest on the performing rescheduling agreement balance] without the marginalized before the rescheduling agreement which will be recognized in interest income after the settlement of the outstanding loan balance.

2.K Fees and commission income

Fees charged for servicing a loan or facility that is measured at amortized cost, are recognized as revenue as the service is provided fees and commissions on non-performing or impaired loans or receivable cease to be recognized as income and are rather recorded off balance sheet, These are recognized as revenue, on a cash basis, only when interest income on those loans is recognized in profit and loss, at that time, fees and commissions that present an integral part of the effective interest rate of a financial asset, are treated as an adjustment to the effective interest rate of the financial asset.

Commitment fees and related direct costs for loans and advances where draw down is probable are deferred and recognized as an adjustment to the effective interest on the loans drawn, commitment fees in relation to facilities where draw down is not probable are recognized at the maturity of the term of the commitment.

Fees are recognized on the debt instruments that are measured at fair value through profit and loss on initial recognition and syndicated loan fees received by the bank are recognized when the syndication has been completed and the bank does not hold any portion of it or holds a part at the same effective interest rate used for the other participants portions.

Commission and fees arising from negotiation, or participating in the negotiation of a transaction for a third party such as the arrangement of the acquisition of shares of other securities and the purchase or sale of properties are recognized upon completion of the underlying transaction in the income statement. Other management advisory and service fees are recognized based on the applicable service contracts, usually on accrual basis, financial planning fees related to investment funds are recognized steadily over the period in which the service is provided the same principle is applied for wealth management; financial planning and custody services that are provided on the long term are recognized on the accrual basis also.

2.L Dividend income

Dividends are recognized in the income statement when the right to collect it is declared.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023

2. Summary of significant accounting policies – continued

2.M Sale and repurchase agreements

Securities may be lent or sold according to commitment to repurchase (REPOs) are reclassified in the financial statement and deducted from Treasury Bills balance, Securities borrowed or purchased according to a commitment to resell them (reverse REPOs) are reclassified in the financial statement and added to treasury bills balance, The difference between sale and repurchase price is treated as interest and accrued over the life of the agreement using the effective interest rate method.

2.N Impairment of financial assets

Financial Policies applied starting from January 01, 2019

The bank reviews all its financial assets, except those classified as at fair value through profit or loss, to assess whether an indication exists that these assets have suffered an impairment loss as described below:

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

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

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

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

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

- The low risk financial instrument is classified at initial recognition in the first stage and credit risk is monitored continuously by the Bank's credit risk management.
- If it is determined that there has been a significant increase in credit risk since the initial recognition, the financial instrument is transferred to the second stage where it is not yet considered impaired at this stage.
- Financial instrument, it is transferred to the third stage.
- The financial assets created or acquired by the Bank and include a high credit risk ratio for the Bank's low risk financial assets are recognized on the initial recognition of the second stage directly and therefore the expected credit losses are measured on the basis of expected credit losses over the life of the asset.

Significant increase in credit risk

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023

2. Summary of significant accounting policies – continued

2.O Impairment of financial assets – continued

- **Quantitative factors**

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

- **Qualitative factors**

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

Corporate loans and medium businesses

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

Unpayments

The loans and facilities of institutions, medium, small, micro and retail banking are included in stage two if the period of non-payment is more than 60 days and less than 90 days. Note that this period (60 days) will be reduced by (10) days per year to become (30) days during (3) years from the date of application non payment period has been decreased to become (30) days during the period ended 30 December 2022

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

- **Transfer from second stage to first stage:**

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

- **Transfer from third stage to second stage:**

The financial asset shall not be transferred from the third stage to the second stage until all the following conditions have been met:
- Completion of all quantitative and qualitative elements of the second stage.
- Repayment of 25% of the balance of the outstanding financial assets, including accrued segregated / statistical interest.
- Regularity of payment for at least 12 months.

2. Summary of significant accounting policies – continued

2.P Intangible assets

Software (computer programs)

Expenditures related to the development or maintenance of computer programs, are to be charged on income statement, as incurred, Expenditures connected directly with specific software and which are subject to the Bank's control and expected to produce future economic benefits exceeding their cost for more than one year, are to be recognized as an intangible asset, The expenses include staff cost of the team involved in software upgrading, in addition to a portion of overhead expenses.

The expenditures that lead to the development of computer software beyond their original specifications are recognized as an upgrading cost and are added to the original software cost.

The computer software cost is recognized as an asset that is amortized over the expected useful life time not exceeding four years, except for the main software for the bank that is amortized over 10 years.

2.Q Other assets

Non-current Assets held for Sale

Non-current assets are classified as non-current assets held for sale if it is expected to recover their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This includes assets bought for loans settlement, fixed assets which the bank suspends their use to sell it, and the subsidiaries and associates companies which the bank buy for the purpose of selling them.

The asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets.

The asset (or disposal group) that is classified as assets held for sale based on the book value in the classification date, or the fair value deducting the sale costs whichever is less.

If the bank changes the sale plan, the book value of the asset will be modified to the amount by which the asset would have been measured in case it was not classified as an asset held for sale taking into consideration any value decline. As for assets gained against loans settlement, if the bank fails to sell them within the legally set period, the bank should form 10% from the asset value annually as a general bank risk reserve

The changes in the value of non-current assets held for sale, the profit and loss of sale shall be acknowledged in the item other operating revenues (expenses).
residual values over estimated useful lives, as follows:

- Buildings	50	Years
- Safes	40	Years
- Furniture	10	Years
- Tools and Machinery	8	Years
- Fixtures and Fitting	8	Years
- Equipment	5	Years
- Computers	8	Years
- Transportation	5	Years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, on each balance sheet date, depreciable assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered, An asset's carrying amount is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable amount, The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing the selling proceeds with asset carrying amount and charge to other operating Income expenses in the income statement.

2. Summary of significant accounting policies – continued

2.U Impairment of non-financial assets

Assets that have an indefinite useful life are not amortized and are tested annually for impairment, assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell or value in use, Assets are tested for impairment with reference to the lowest level of cash generating unit(s), a previously recognized impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstance leads to a change in the estimates used to determine the fixed asset's recoverable amount, The carrying amount of the fixed asset will only be increased up to the amount that the original impairment not been recognized.

2.T Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

2.U Other provisions

Provisions for restructuring costs and legal claims are recognized when the Bank has present legal or constructive obligation as a result of past events; where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

In case of similar obligations, the related cash outflow should be determined in order to settle these obligations as a group, The provision is recognized even in case of minor probability that cash outflow will occur for an item of these obligations.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income (expense),

Provisions for obligations, order than those for credit risk or employee benefits, due within more than 12 month from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle the present obligation on the balance sheet date, An appropriate pretax discount rate that reflects the time value of money is used to calculate the present value of such provisions, For obligations due within less than twelve months from the balance sheet date, provision are calculated based on undiscounted expected cash outflows unless the time value of money has significant impact on the amount of provision, then it is measured at the present value.

2.V Employee's benefits

2.V.1 Social insurance

The bank contributes to the social insurance scheme related to the Social Insurance Authority for the benefit of its employees; the income statement is charged with these contributions on an accrual basis and is included in the employee's benefit account.

2.V.2 Profit share

The Bank pay a percentage of the cash profits expected to be distributed as employee's profit share through item ”dividends declared” in the owners' equity, and as liability when the its approved by the shareholders general assembly, There is no recorded liability for the employees share in the unpaid dividends portion.

2. Summary of significant accounting policies – continued

2.R Employee's benefits - continued

2.V.3 Other retirement liability

The bank provides healthcare benefits to retirees and usually the benefits are granted under the condition that the retiree has reached the retirement age when employed by the bank and completes the minimum required service period, the expected costs are accrued during the period of services rendered by the employee under the defined benefit plans accounting method.

2.V.4 Employee stock ownership plan (ESOP)

The extraordinary general assembly meeting held on 9 May 2017 approved the establishment of the employee stock ownership plan (ESOP) by granting after amending the bank's article of association according to the decision of the extraordinary general assembly meeting held on 23 March 2016 based on a proposal from the bank's board of directors on 29 February 2016, this plan will be applied on 9 August 2017 which is the date of the approval of the Egyptian Financial Supervisory Authority (EFSA) on this plan in accordance with the law.

Equity securities of this plan will be granted to the bank's executive members, departments' heads, general managers, first line managers and employees of the bank based on their annual performance and appraisal according to the bank's financial performance and personal performance report based on his functional grade.

2.W Income tax

Income tax on the profit and loss for the year and deferred tax are recognized in the income statement except for income tax relating to items of equity that are recognized directly in equity.

The income tax is recognized based on net taxable profit using the tax rates applicable on the date of the balance sheet in addition to tax adjustments for previous years.

Deferred taxes arising from temporary time differences between the book value of assets and liabilities are recognized in accordance with the principles of accounting and value according to the foundation of the tax, this is determining the value of deferred tax on the expected manner to realize or settle the values of assets and liabilities, using tax rates applicable on the date of the balance sheet.

Deferred taxes assets of the bank recognized when there is likely to be possible to achieve profits subject to tax in the future to be possible through to use that asset, And is reducing the value of deferred tax assets with part of that will come from tax benefit expected during the following years that in the case of expected high benefit tax, deferred tax assets will increase within the limits of the above reduced.

2.X Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost.

2.Y Capital Dividends

Dividends on ordinary shares and profit sharing are recognized as a charge of equity upon the general assembly approval, Profit sharing include the employee' Profit share and the board of director' remuneration as prescribed by the bank's articles of incorporation and the corporate law.

3. Financial risk management

The Bank's activities expose it to variety financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks, Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business, The bank's aim is therefore to achieve an appropriate balance between risk and rewards and minimize potential adverse effect on the Bank's financial performance, The most important types of financial risks are credit risk, market risk, liquidity risk and other operating risks, Also market risk includes exchange rate risk, rate of return risk and other prices risks.

The bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems, the bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by risk department under policies approved by the Board of Directors; Bank treasury identifies, evaluates and hedges financial risks in close co-operation with the bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non–derivative financial instruments; In addition, credit risk management is responsible for the independent review of risk management and control environment.

3.A Credit risk

The Bank takes on exposure to credit risk, which is the risk that counterparty will cause a financial loss for the bank by failing to discharge an obligation, Management therefore carefully manages its exposure to credit risk, Credit exposures arise principally in loans and advances, dept., securities and other bills, There is also credit risk in off-balance sheet financial arrangement such as loan commitments, The credit risk management and control are centralized in a credit risk Management team in bank treasury and reported to the Board of Directors and Heads of each business unit regular.

3.A.1 Credit risk measurement

Loans and advances to banks and customers

In measuring credit risk of Loans and facilities to banks and customers at counterparty level, the bank reflect three components.

- The 'probability of default' by the client or counterparty on its contractual obligation.
- Current exposures to the counterparty and its likely future development, from which the bank derive the 'exposure at default'.
- The likely recovery ratio on the defaulted obligation (the 'loss given default').

These credit risk measurements, which reflect expected loss (expected loss model) are required by the Basel committee on banking regulations and the supervisory practices (the Basel committee), and are embedded in the bank's daily operational management, The operational measurements can be contrasted with impairment allowance required under EAS 26, which are based on losses that have been incurred on the balance sheet data (incurred loss model) rather than expected losses.

3. Financial risk management – continued

3.A Credit risk – continued

3.A.1 Credit risk measurement – continued

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

Bank's internal ratings scale

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

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

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

Debt instruments, treasury bills and other bills

For Debt instruments and bills external rating such as standard and poor's rating or their equivalents are used for managing of the credit risk exposures, and if this rating is not available, then other ways similar to those used with the credit customers are uses, the investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

3.A.2 Risk limit and mitigation policies

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

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

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.A Credit risk – continued

3.A.2 Risk limit and mitigation policies – continued

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

Some other specific control and mitigation measures are outlined below:

Collaterals

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

- Mortgages over residential properties.
- Mortgages Business assets such as machines and inventory.
- Mortgages financial instruments such as debt securities and equities.

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

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

Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions, master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on gross basis, However, the credit risk associated with favorable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis, the bank overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required.

Guarantees and standby letters of credit carry the same credit risk as loans, documentary and commercial letters of credit - which are written undertakings by the bank on behalf of a customer authorizing a third party to draw drafts on the bank up to a stipulated amount under specific terms and condition - are collateralized by underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

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

3. Financial risk management – continued

3.A Credit risk – continued

3.A.3 Impairment and provisioning policies

The internal rating systems focus more on credit-quality at the inception of lending and investment activities, Conversely, for only financial reporting purposes impairment losses are recognized for that has been incurred on the balance sheet date when there is an objective evidence of impairment. Due to the different methodologies applied, the amount of incurred impairment losses in balance sheet are usually lower than the amount determined from the expected loss model that is used for internal operational management and CBE regulation purposes.

The impairment provision reported in the balance sheet at the end of the period is derived from the four internal rating grades; However, the majority of the impairment provision comes from the last two rating degrees.

The following table illustrates the proportional distribution of loans and advances reported in the balance sheet for each of the four internal credit risk ratings of the bank and their relevant impairment losses:

Bank's rating	Loans and advances		Impairment losses provision	
	%	%	**%**	%
	30 June 2023	31 December 2022	**30 June 2023**	31 December 2022
Performing loans	**%30.73**	29.25%	**%0.64**	0.40%
Regular watching	**%57.22**	58.70%	**%10.62**	9.84%
Watch list	**%7.45**	7.50%	**%30.88**	34.03%
Non-performing loans	**%4.60**	4.55%	**%57.86**	55.73%
	%100	100%	**%100**	100%

The internal rating tools assists management to determine whether objective evidence of impairment exists under EAS 26, based on the following criteria set out by the bank:

- Cash flow difficulties experienced by the borrower or debtor
- Breach of loan covenants or conditions
- It is becoming probable that the borrower will enter bankruptcy or financial re-organization. Deterioration of the borrower's competitive position.
- Bank granted concessions may not be approved under normal circumstances due to economic, legal reasons and financial difficulties facing the borrower.
- Deterioration of the collateral value.
- Deterioration of the credit situation.

The Bank's policy requires the review of all financial assets that are above materiality thresholds at least annually or more regularly when circumstances require, impairment provision on individually assessed accounts are determined by an evaluation of the incurred loss at balance sheet date, and are applied to all significant accounts individually, The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipt for that individual account, collective Impairment provisions are provided portfolios of homogenous assets by using the available historical loss experience, experienced judgment and statistical techniques.

3. Financial risk management – continued

3.A Credit risk – continued

3.A.4 Pattern of measure the general banking risk

In addition to the four categories of the bank's internal credit rating indicated in note (3.A.1) management classifies loans and advances based on more detailed subgroups in accordance with the CBE regulations, Assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his repayment track record.

The Bank calculates required provisions for impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE, In case, the provision required for impairment losses as per CBE credit worthiness rules exceeds the required provision by the application used in balance sheet preparation in accordance with Egyptian Accounting Standards, that excess shall be debited to retained earnings and carried to the equity section, such reserve is always adjusted, on a regular basis, by any increase or decrease so, that reserve shall always be equivalent to the amount of increase between the two provisions, such reserve is not available for distribution, note no. (30.A) represents the movement of general bank risk reserve during the financial year.

Below is a statement of institutional worthiness according to internal ratings, compared to CBE ratings and rates of provisions needed for assets impairment related to credit risk:

CBE rating	Categorization	Provision %	Internal rating	Categorization
1	Low risk	0	1	Performing loans
2	Average risk	1	1	Performing loans
3	Satisfactory risk	1	1	Performing loans
4	Reasonable risk	2	2	Regular watching
5	Acceptable risk	2	2	Regular watching
6	Marginally acceptable risk	3	3	Watch list
7	Watch list	5	3	Watch list
8	Substandard	20	4	Non – performing loans
9	Doubtful	50	4	Non – performing loans
10	Bad debts	100	4	Non – performing loans

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.A Credit risk – continued

3.A.5 Maximum exposure to credit risk before collateral held

	30 June 2023	31 December 2022
	L.E	L.E
In balance sheet items exposed to credit risk		
Due from banks	**21,052,635,884**	11,339,102,348
Financial assets at (FVTPL) – debt instruments	**2,936,108.00**	3,729,357
Treasury bills and other governmental notes	**7,154,066,801**	6,006,245,129
Loans and advances to customers		
Retail loans		
- Overdraft	**45,174,883**	90,738,476
- Credit cards	**109,155,769**	99,575,012
- Personal loans	**8,324,249,095**	8,012,199,759
- Mortgage loans	**376,697,750**	338,453,595
Corporate loans		
- Overdraft	**2,733,693,844**	3,432,148,074
- Direct loans	**12,236,238,358**	8,494,991,169
- Syndicated loans	**8,319,537,356**	7,977,735,190
Financial investments		
- Debt instruments	**31,131,585,101**	29,946,574,503
Other assets	**3,378,078,578**	2,149,002,267
Total	**94,864,049,527**	77,890,494,879
Off-balance sheet items exposed to credit risk		
Letters of credit	**28,267,000**	399,597,000
Letters of guarantee	**2,400,113,000**	2,156,577,000
Total	**2,428,380,000**	2,556,174,000

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.A Credit risk – continued

3.A.5 Maximum exposure to credit risk before collateral held

	30 June 2023			
Due from banks	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	**Total**
Credit rating				
Performing loans	**21,052,635,884**	--	--	**21,052,635,884**
Regular watching	--	--	--	--
Watch list	--	--	--	--
Non-performing loans	--	--	--	--
Total	**21,052,635,884**	--	--	**21,052,635,884**
Expected Credit Losses	**(7,683,216)**	--	--	**(7,683,216)**
Book value	**21,044,952,668**	--	--	**21,044,952,668**

	31 December 2022			
Due from banks	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	**Total**
Credit rating				
Performing loans	11,339,102,348	--	--	11,339,102,348
Regular watching	--	--	--	--
Watch list	--	--	--	--
Non-performing loans	--	--	--	--
Total	11,339,102,348	--	--	11,339,102,348
Expected Credit Losses	(6,405,193)	--	--	(6,405,193)
Book value	11,332,697,155	--	--	11,332,697,155

	30 June 2023			
Treasury bills	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	**Total**
Credit rating				
Performing loans	**7,154,066,801**	--	--	**7,154,066,801**
Regular watching	--	--	--	--
Watch list	--	--	--	--
Non-performing loans	--	--	--	--
Total	**7,154,066,801**	--	--	**7,154,066,801**
Expected Credit Loss	**(42,466,695)**	--	--	**(42,466,695)**
Book value	**7,111,600,106**	--	--	**7,111,600,106**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.A Credit risk – continued

3.A.5 Maximum exposure to credit risk before collateral held

Treasury bills	31 December 2022			
	Stage 1	Stage 2	Stage 3	**Total**
	12 months	Life time	Life time	
Credit rating				
Performing loans	6,006,245,129	--	--	6,006,245,129
Regular watching	--	--	--	--
Watch list	--	--	--	--
Non-performing loans	--	--	--	--
Total	6,006,245,129	--	--	6,006,245,129
Expected Credit Loss	(14,544,505)	--	--	(14,544,505)
Book value	5,991,700,624	--	--	5,991,700,624

Retail loans	**30 June 2023**			
	Stage 1	Stage 2	Stage 3	**Total**
	12 months	Life time	Life time	
Credit rating				
Performing loans	**3,404,520,479**	**254,262,950**	**--**	**3,658,783,429**
Regular watching	**4,745,888,526**	**--**	--	**4,745,888,526**
Watch list	--	**220,934,204**	--	**220,934,204**
Non-performing loans	--	**--**	**229,671,338**	**229,671,338**
Total	**8,150,409,005**	**475,197,154**	**229,671,338**	**8,855,277,497**
Expected Credit Loss	**(60,467,208)**	**(55,489,386)**	**(178,293,691)**	**(294,250,285)**
Book value	**8,089,941,797**	**419,707,768**	**51,377,647**	**8,561,027,212**

Retail loans	31 December 2022			
	Stage 1	Stage 2	Stage 3	**Total**
	12 months	Life time	Life time	
Credit rating				
Performing loans	3,237,664,110	232,209,234	--	3,469,873,344
Regular watching	4,672,924,921	--	--	4,672,924,921
Watch list	--	167,813,112	--	167,813,112
Non-performing loans	--	--	230,355,465	230,355,465
Total	7,910,589,031	400,022,346	230,355,465	8,540,966,842
Expected Credit Loss	(49,176,895)	(36,410,323)	(140,220,346)	(225,807,564)
Book value	7,861,412,136	363,612,023	90,135,119	8,315,159,278

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.A Credit risk – continued

3.A.5 Maximum exposure to credit risk before collateral held – continued

30 June 2023

Corporate loans	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	**Total**
Credit rating				
Performing loans	**1,735,326,751**	**4,484,328,167**	**--**	**6,219,654,918**
Regular watching	**13,206,433,449**	**438,738,236**	**--**	**13,645,171,685**
Watch list	**69,805,773**	**2,105,384,448**	**--**	**2,175,190,221**
Non-performing loans	**--**	**--**	**1,249,452,734**	**1,249,452,734**
Total	**15,011,565,973**	**7,028,450,851**	**1,249,452,734**	**23,289,469,558**
Expected Credit Loss	**(130,145,882)**	**(490,405,793)**	**(834,286,505)**	**(1,454,838,180)**
Book value	**14,881,420,091**	**6,538,045,058**	**415,166,229**	**21,834,631,378**

31 December 2022

Corporate loans	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	**Total**
Credit rating				
Performing loans	4,850,568,290	17,071	--	4,850,585,361
Regular watching	11,958,339,842	67,078,742	--	12,025,418,584
Watch list	702,247,307	1,263,793,455	--	1,966,040,762
Non-performing loans	--	--	1,062,829,726	1,062,829,726
Total	17,511,155,439	1,330,889,268	1,062,829,726	19,904,874,433
Expected Credit Loss	(207,845,721)	(390,297,365)	(723,242,519)	(1,321,385,605)
Book value	17,303,309,718	940,591,903	339,587,207	18,583,488,828

30 June 2023

Debt instruments at fair value through OCI	Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	**Total**
Credit rating				
Performing loans	**18,083,464,285**	--	--	**18,083,464,285**
Regular watching	--	--	--	--
Watch list	--	--	--	--
Non-performing loans	--	--	--	--
Total	**18,083,464,285**	--	--	**18,083,464,285**
Expected Credit Loss	**(18,244,160)**	--	--	**(18,244,160)**
Book value	**18,065,220,125**	--	--	**18,065,220,125**

3. Financial risk management – continued

3.A Credit risk – continued

3.A5 Maximum exposure to credit risk before collateral held – continued

Debt instruments at fair value through OCI	31 December 2022 Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	**Total**
Credit rating				
Performing loans	19,741,652,292	--	--	19,741,652,292
Regular watching	--	--	--	--
Watch list	--	--	--	--
Non-performing loans	--	--	--	--
Total	19,741,652,292	--	--	19,741,652,292
Expected Credit Loss	(48,479,987)	--	--	(48,479,987)
Book value	19,693,172,305	--	--	19,693,172,305

Debt instruments at amortized cost	**30 June 2023** Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	**Total**
Credit rating				
Performing loans	**13,048,120,816**	--	--	**13,048,120,816**
Regular watching	--	--	--	--
Watch list	--	--	--	--
Non-performing loans	--	--	--	--
Total	**13,048,120,816**	--	--	**13,048,120,816**
Expected Credit Loss	**(58,493,689)**	--	--	**(58,493,689)**
Book value	**12,989,627,127**	--	--	**12,989,627,127**

Debt instruments at amortized cost	**31 December 2022** Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	**Total**
Credit rating				
Performing loans	10,204,922,211	--	--	10,204,922,211
Regular watching	--	--	--	--
Watch list	--	--	--	--
Non-performing loans	--	--	--	--
Total	10,204,922,211	--	--	10,204,922,211
Expected Credit Loss	(17,071,162)	--	--	(17,071,162)
Book value	10,187,851,049	--	--	10,187,851,049

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.A Credit risk – continued

3.A.5 Maximum exposure to credit risk before collateral held – continued

The following table shows changes in impairment credit losses between the beginning and ending of the year ended as a result of these factors:

	30 June 2023			
Due from banks	Stage 1	Stage 2	Stage 3	**Total**
	12 months	Life time	Life time	
Provision for credit losses on 1 January 2023	**6,405,193**	--	--	**6,405,193**
New financial assets purchased or issued	--	--	--	--
Matured or disposed financial assets	**(330,900)**	--	--	**(330,900)**
Transferred to stage 1	--	--	--	--
Transferred to stage 2	--	--	--	--
Transferred to stage 3	--	--	--	--
Changes in the probability of default and loss in case of default and the exposure at default	--	--	--	--
Changes in model assumption and methodology	--	--	--	--
Write off during the period	--	--	--	--
Foreign currencies translation differences	**1,608,923**	--	--	**1,608,923**
Balance at the end of the period	**7,683,216**	--	--	**7,683,216**

	31 December 2022			
Due from banks	Stage 1	Stage 2	Stage 3	**Total**
	12 months	Life time	Life time	
Provision for credit losses on 1 January 2022	2,591,459	--	--	2,591,459
New financial assets purchased or issued	1,564,140	--	--	1,564,140
Matured or disposed financial assets	--	--	--	--
Transferred to stage 1	--	--	--	--
Transferred to stage 2	--	--	--	--
Transferred to stage 3	--	--	--	--
Changes in the probability of default and loss in case of default and the exposure at default	--	--	--	--
Changes in model assumption and methodology	--	--	--	--
Write off during the year	--	--	--	--
Foreign currencies translation differences	2,249,594	--	--	2,249,594
Balance at the end of the year	6,405,193	--	--	6,405,193

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.A Credit risk – continued

3.A.5 Maximum exposure to credit risk before collateral held – continued

	30 June 2023			
Treasury bills	Stage 1	Stage 2	Stage 3	**Total**
	12 months	Life time	Life time	
Provision for credit losses on 1 January 2023	**14,544,505**	**--**	**--**	**14,544,505**
New financial assets purchased or issued	**24,194,091**	**--**	**--**	**24,194,091**
Matured or disposed financial assets	**--**	**--**	**--**	**--**
Transferred to stage 1	**--**	**--**	**--**	**--**
Transferred to stage 2	**--**	**--**	**--**	**--**
Transferred to stage 3	**--**	**--**	**--**	**--**
Changes in the probability of default and loss in case of default and the exposure at default	**--**	**--**	**--**	**--**
Changes in model assumption and methodology	**--**	**--**	**--**	**--**
Write off during the period	**--**	**--**	**--**	**--**
Foreign currencies translation differences	**3,728,099**	**--**	**--**	**3,728,099**
Balance at the end of the period	**42,466,695**	**--**	**--**	**42,466,695**

	31 December 2022			
Treasury bills	Stage 1	Stage 2	Stage 3	**Total**
	12 months	Life time	Life time	
Provision for credit losses on 1 January 2022	9,430,578	--	--	9,430,578
New financial assets purchased or issued	(5,009,366)	--	--	(5,009,366)
Matured or disposed financial assets	--	--	--	--
Transferred to stage 1	--	--	--	--
Transferred to stage 2	--	--	--	--
Transferred to stage 3	--	--	--	--
Changes in the probability of default and loss in case of default and the exposure at default	--	--	--	--
Changes in model assumption and methodology	--	--	--	--
Write off during the year	--	--	--	--
Foreign currencies translation differences	10,123,293	--	--	10,123,293
Balance at the end of the year	14,544,505	--	--	14,544,505

3. Financial risk management – continued

3.B Credit risk – continued

3.A.5 Maximum exposure to credit risk before collateral held – continued

Retail loans	30 June 2023 Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2023	**49,176,895**	**36,410,323**	**140,220,346**	**225,807,564**
New financial assets purchased or issued	**16,697,904**	**1,047,639**	**58,776**	**17,804,319**
Matured or disposed financial assets	**(2,928,219)**	**(10,951,026)**	**(6,783,747)**	**(20,662,992)**
Transferred to stage 1	**747,769**	**(639,201)**	**(108,568)**	**--**
Transferred to stage 2	**(35,243,846)**	**37,724,640**	**(2,480,794)**	**--**
Transferred to stage 3	**(17,541,347)**	**(19,974,349)**	**37,515,696**	**--**
Changes in the probability of default and loss in case of default and the exposure at default	**49,557,966**	**11,871,308**	**(2,000,693)**	**59,428,581**
Changes in model assumption and methodology	**--**	**--**	**--**	**--**
Proceeds from bad debts	**--**	**--**	**11,856,702**	**11,856,702**
Foreign currencies translation differences	**86**	**52**	**15,973**	**16,111**
Balance at the end of the period	**60,467,208**	**55,489,386**	**178,293,691**	**294,250,285**

Retail loans	31 December 2022 Stage 1 12 months	Stage 2 Life time	Stage 3 Life time	Total
Provision for credit losses on 1 January 2022	82,101,010	38,325,870	122,788,805	243,215,685
New financial assets purchased or issued	25,224,972	6,601,088	10,848,429	42,674,489
Matured or disposed financial assets	(1,862,135)	(12,123,881)	(67,308,238)	(81,294,254)
Transferred to stage 1	652,549	(574,933)	(77,616)	--
Transferred to stage 2	(13,415,600)	13,936,640	(521,040)	--
Transferred to stage 3	(1,894,813)	(10,523,114)	12,417,927	--
Changes in the probability of default and loss in case of default and the exposure at default	(41,630,457)	768,544	99,731,255	58,869,342
Changes in model assumption and methodology	--	--	--	--
Proceeds from bad debts	--	--	21,773,804	21,773,804
Write off during the year	--	--	(59,468,036)	(59,468,036)
Foreign currencies translation differences	1,369	109	35,056	36,534
Balance at the end of the year	49,176,895	36,410,323	140,220,346	225,807,564

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.A Credit risk – continued

3.A.5 Maximum exposure to credit risk before collateral held – continued

	30 June 2023			
Corporate loans	Stage 1	Stage 2	Stage 3	**Total**
	12 months	Life time	Life time	
Provision for credit losses on 1 January 2023	**207,845,721**	**390,297,365**	**723,242,519**	**1,321,385,605**
New financial assets purchased or issued	**17,121,754**	**2,695**	**--**	**17,124,449**
Matured or disposed financial assets	**(109,461)**	**(14,988,381)**	**(29,426,099)**	**(44,523,941)**
Transferred to stage 1	**24,111,806**	**(8,236,035)**	**(15,875,771)**	**--**
Transferred to stage 2	**(3,044,079)**	**3,044,355**	**(276)**	**--**
Transferred to stage 3	**(7,385)**	**(4,177,269)**	**4,184,654**	**--**
Changes in the probability of default and loss in case of default and the exposure at default	**(134,115,582)**	**120,185,059**	**93,155,860**	**79,225,337**
Changes in model assumption and methodology	**--**	**--**	**--**	**--**
Proceeds from bad debts	**--**	**--**	**--**	**--**
Transferred from other provisions	**--**	**--**	**--**	**--**
Write off during the period	**--**	**--**	**(39,530,877)**	**(39,530,877)**
Foreign currencies translation differences	**18,343,108**	**4,278,004**	**98,536,495**	**121,157,607**
Balance at the end of the period	**130,145,882**	**490,405,793**	**834,286,505**	**1,454,838,180**

	31 December 2022			
Corporate loans	Stage 1	Stage 2	Stage 3	**Total**
	12 months	Life time	Life time	
Provision for credit losses on 1 January 2022	21,913,018	309,762,507	1,044,084,915	1,375,760,440
New financial assets purchased or issued	17,245,201	90,391	33,379,725	50,715,317
Matured or disposed financial assets	(1,273,407)	(16,356,464)	(427,692,582)	(445,322,453)
Transferred to stage 1	10,041,367	(10,038,323)	(3,044)	--
Transferred to stage 2	(51,751,496)	51,754,222	(2,726)	--
Transferred to stage 3	(9,910)	(41,360,668)	41,370,578	--
Changes in the probability of default and loss in case of default and the exposure at default	186,632,618	88,121,562	345,755,668	620,509,848
Changes in model assumption and methodology	--	--	--	--
Proceeds from bad debts	--	--	45,300	45,300
Transferred from other provisions	--	--	--	--
Write off during the year	--	--	(499,881,954)	(499,881,954)
Foreign currencies translation differences	25,048,330	8,324,138	186,186,639	219,559,107
Balance at the end of the year	207,845,721	390,297,365	723,242,519	1,321,385,605

3. Financial risk management – continued

3.A Credit risk – continued

3.A.5 Maximum exposure to credit risk before collateral held – continued

	30 June 2023			
Debt instruments at fair value through OCI	Stage 1	Stage 2	Stage 3	**Total**
	12 months	Life time	Life time	
Provision for credit losses on 1 January 2023	**48,479,987**	**--**	**--**	**48,479,987**
New financial assets purchased or issued	**--**	**--**	**--**	**--**
Matured or disposed financial assets	**(41,927,831)**	**--**	**--**	**(41,927,831)**
Transferred to stage 1	**--**	**--**	**--**	**--**
Transferred to stage 2	**--**	**--**	**--**	**--**
Transferred to stage 3	**--**	**--**	**--**	**--**
Changes in the probability of default and loss in case of default and the exposure at default	**--**	**--**	**--**	**--**
Changes in model assumption and methodology	**--**	**--**	**--**	**--**
Write off during the year	**--**	**--**	**--**	**--**
Foreign currencies translation differences	**11,692,004**	**--**	**--**	**11,692,004**
Balance at the end of the period	**18,244,160**	**--**	**--**	**18,244,160**

	31 December 2022			
Debt instruments at fair value through OCI	Stage 1	Stage 2	Stage 3	**Total**
	12 months	Life time	Life time	
Provision for credit losses on 1 January 2022	34,280,814	--	--	34,280,814
New financial assets purchased or issued	--	--	--	--
Matured or disposed financial assets	(3,464,864)	--	--	(3,464,864)
Transferred to stage 1	--	--	--	--
Transferred to stage 2	--	--	--	--
Transferred to stage 3	--	--	--	--
Changes in the probability of default and loss in case of default and the exposure at default	--	--	--	--
Changes in model assumption and methodology	--	--	--	--
Write off during the year	--	--	--	--
Foreign currencies translation differences	17,664,037	--	--	17,664,037
Balance at the end of the year	48,479,987	--	--	48,479,987

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.A Credit risk – continued

3.A.5 Maximum exposure to credit risk before collateral held – continued

	30 June 2023			
Debt instruments at amortized cost	Stage 1	Stage 2	Stage 3	**Total**
	12 months	Life time	Life time	
Provision for credit losses on 1 January 2023	**17,071,162**	**--**	**--**	**17,071,162**
New financial assets purchased or issued	**36,964,216**	**--**	**--**	**36,964,216**
Matured or disposed financial assets	**--**	**--**	**--**	**--**
Transferred to stage 1	**--**	**--**	**--**	**--**
Transferred to stage 2	**--**	**--**	**--**	**--**
Transferred to stage 3	**--**	**--**	**--**	**--**
Changes in the probability of default and loss in case of default and the exposure at default	**--**	**--**	**--**	**--**
Changes in model assumption and methodology	**--**	**--**	**--**	**--**
Write off during the period	**--**	**--**	**--**	**--**
Foreign currencies translation differences	**4,458,311**	**--**	**--**	**4,458,311**
Balance at the end of the period	**58,493,689**	**--**	**--**	**58,493,689**

	31 December 2022			
Debt instruments at amortized cost	Stage 1	Stage 2	Stage 3	**Total**
	12 months	Life time	Life time	
Provision for credit losses on 1 January 2022	11,174,404	--	--	11,174,404
New financial assets purchased or issued	--	--	--	--
Matured or disposed financial assets	(420,496)	--	--	(420,496)
Transferred to stage 1	--	--	--	--
Transferred to stage 2	--	--	--	--
Transferred to stage 3	--	--	--	--
Changes in the probability of default and loss in case of default and the exposure at default	--	--	--	--
Changes in model assumption and methodology	--	--	--	--
Write off during the year	--	--	--	--
Foreign currencies translation differences	6,317,254	--	--	6,317,254
Balance at the end of the year	17,071,162	--	--	17,071,162

3. Financial risk management – continued

3.A Credit risk – continued

3.A.5 Maximum exposure to credit risk before collateral held – continued

The above table represents the maximum limit for credit risk as of 30 June 2023 and 31 December 2022, without taking into considerations any collateral, for on-balance-sheet items, amounts stated depend on net carrying amounts shown in the balance sheet.

As shown in the preceding table %34.06 of the total maximum limit exposed to credit risk resulted from loans and advances to customers against %32.01as at 31 December 2022; While 41.19% represents investments in debt instruments against 41.63 %as at 31 December 2022.

The management is confident of its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from loans and advances, and debt instruments as follows:

- 92.36% of the loans and advances portfolio are classified at the highest two ratings in the internal rating against 92.28% as at 31 December 2022.
- 89.98% of the loans and advances portfolio has no past due or impairment indicators against 87.84% as at 31 December 2022.
- The bank has applied a more conservative selection plan for the granted loans during the period ended 30 June 2023.
- 99.93% from the Investments in debt instruments and treasury bills contain. against 99.54% as at 31 December 2022 due from the Egyptian government.

3.A.6 Loans and advances

	30 June 2023 **Loans and advances to customers** **L.E.**	31 December 2022 Loans and advances to customers L.E.
Neither past due nor impaired	**28,601,124,389**	25,637,733,941
Past due but not impaired	**2,145,906,067**	1,627,124,084
Individually impaired	**1,397,716,599**	1,180,983,250
Gross	**32,144,747,055**	28,445,841,275
less: impairment losses, advances and restricted interests in suspense	**(1,749,482,918)**	(1,547,584,423)
Net	**30,395,264,137**	26,898,256,852

- As a result to the economic and political circumstances in Egypt loans and advances portfolios has increase 13% as of 30 June 2023 compared to its balance at 31 December 2022.
- Note (17) includes additional information regarding impairment loss on loans and advances to customers.
- The credit quality of the loans and advances portfolio that neither has past due nor subject to impairment is determined by the internal rating of the bank.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.A Credit risk – continued

3.A.6 Loans and advances – continued

Loans and advances to customers and banks (net)

	30 June 2023							
	Retail				Corporate			
	Overdraft	Credit cards	Personal loans	Mortgage Loans	Overdraft	Direct loans	Syndicated loans	Total loans and advances to customers
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Performing	38,864,912	51,521,433	3,567,202,114	--	977,783,703	1,276,712,610	3,955,106,372	9,867,191,144
Regular follow up	3,609,853	51,852,610	4,265,350,005	365,432,764	1,440,443,576	10,216,474,368	1,862,097,128	18,205,260,304
Watch list	59,299	1,311,746	158,630,953	5,699,326	29,018,960	369,420,062	1,291,885,129	1,856,025,475
Non-performing	--	424,164	47,413,834	3,551,383	43,040,557	43,419,362	328,937,914	466,787,214
Total	**42,534,064**	**105,109,953**	**8,038,596,906**	**374,683,473**	**2,490,286,796**	**11,906,026,402**	**7,438,026,543**	**30,395,264,137**

According to the bank's internal rating scale, the loans granted to retail customers are considered regular follow up.

	31 December 2022							
	Retail				Corporate			
	Overdraft	Credit cards	Personal loans	Mortgage	Overdraft	Direct loans	Syndicated loans	Total loans and advances to customers
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Performing	74,281,409	42,649,539	3,352,674,792	--	504,330,921	625,334,412	3,715,019,558	8,314,290,631
Regular follow up	13,362,793	51,852,372	4,232,560,416	326,111,202	2,341,045,804	7,210,943,984	2,370,215,158	16,546,091,729
Watch list	313,346	1,192,513	126,330,563	3,620,258	115,672,570	294,863,027	1,065,398,541	1,607,390,818
Non-performing	--	425,594	83,143,667	6,537,998	98,466,789	65,041,007	176,868,619	430,483,674
Total	87,957,548	96,120,018	7,794,709,438	336,269,458	3,059,516,084	8,196,182,430	7,327,501,876	26,898,256,852

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.A Credit risk – continued

3.A.6 Loans and advances – continued

Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless there is an objective evidence of impairment:

	30 June 2023			
Retail	**Credit cards**	**Personal loans**	**Mortgage**	**Total**
	L.E.	**L.E.**	**L.E.**	**L.E.**
Past due up to 30 days	**518,232**	**578,539,839**	**28,414**	**579,086,485**
Past due from 30 to 60 days	**258,641**	**129,289,548**	**22,211**	**129,570,400**
Past due from 60 to 90 days	**426,566**	**59,981,980**	**56,155**	**60,464,701**
Total	**1,203,439**	**767,811,367**	**106,780**	**769,121,586**

	30 June 2023			
Corporate	**Overdraft**	**Direct loans**	**Syndicated loans**	**Total**
	L.E.	**L.E.**	**L.E.**	**L.E.**
Past due up to 30 days	**--**	**544,824,279**	**--**	**544,824,279**
Past due from 30 to 60 days	**4,350,080**	**115,070,382**	**--**	**119,420,462**
Past due from 60 to 90 days	**27,198,350**	**291,955,749**	**393,385,641**	**712,539,740**
Total	**31,548,430**	**951,850,410**	**393,385,641**	**1,376,784,481**

	31 December 2022			
Retail	Credit cards	Personal loans	Mortgage	Total
	L.E.	L.E.	L.E.	L.E.
Past due up to 30 days	642,678	569,385,088	27,182	570,054,948
Past due from 30 to 60 days	227,867	115,245,106	15,809	115,488,782
Past due from 60 to 90 days	116,498	51,420,719	48,192	51,585,409
Total	987,043	736,050,913	91,183	737,129,139

	31 December 2022			
Corporate	Overdraft	Direct loans	Syndicated loans	Total
	L.E.	L.E.	L.E.	L.E.
Past due up to 30 days	2,490,828	375,820,962	--	378,311,790
Past due from 30 to 60 days	--	16,786,935	--	16,786,935
Past due from 60 to 90 days	36,175,529	65,637,168	393,083,523	494,896,220
Total	38,666,357	458,245,065	393,083,523	889,994,945

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.A Credit risk – continued

3.A.6 Loans and advances – continued

Individually impaired loans

Loans and advances to customers

Loans and advances subject to individual impairment before taking into consideration cash flows from guarantees in 31 March 2023 amounted to EGP **1,380,084,133** against EGP 1,180,983,250 as of 31 December 2022.

The breakdown of the total loans and advances subject to individual impairment including fair value of collateral obtained by the bank against these loans is as follows:

	Individual				Corporate			Total
	Overdraft	Credit cards	Personal loans	Mortgage loans	Overdraft	Direct Loans	Syndicated Loans	
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Individually impaired loans 30 June 2023	**2,097**	**895,263**	**147,314,437**	**52,069**	**273,282,359**	**240,110,522**	**736,059,852**	**1,397,716,599**
Individually impaired loans 31 December 2022	5,614	475,745	117,636,771	35,394	313,899,374	254,062,352	494,868,000	1,180,983,250

Loans and advances Restructured

Restructuring activities include renegotiating in terms of payments terms extension, restructure of mandatory management policies, and adjusting ,postponing repayment terms, renegotiating policies depend on indicators or standards in addition to the management personal judgment to show that regular payments are of high probability, these policies are subject to regular review, Long-term loans, especially loans to customers are usually subject to renegotiation, total renegotiated loans reached EGP 376,131 thousand at 30 June 2023 against EGP 390,434 thousand at 31 December 2022.

	30 June 2023 In thousand EGP	31 December 2022 In thousand EGP
Loans and advances to customers		
Corporate		
- Overdraft	**9,382**	4,859
- Direct Loans	**333,636**	385,575
Total	**343,018**	390,434

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

The table below shows an analysis of debt instruments, treasury bills and other governmental notes by rating agency designation at end of financial year, based on standard & Poor's and their equivalent.

	Treasury bills	Investments securities	Total
	L.E.	L.E.	L.E.
From A to +AA	--	**28,470,259**	**28,470,259**
B	**38,387,280,775**	--	**38,387,280,775**
Total	**38,387,280,775**	**28,470,259**	**38,415,751,034**

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023**

3. Financial risk management – continued

3.B Market risk

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

The market risk management department is responsible for managing the market risks arising from trading and non-trading activities which are monitored by two separate teams, regular reports are submitted to the Board of Directors and each business unit head, trading portfolios include transactions where the Bank deals direct with clients or with the market; Non-trading portfolios include positions that primarily arise from the interest rate management of the group's retail and commercial banking assets and liabilities, non-trading portfolios also includes foreign exchange risk and equity instruments risks arising from the bank's held to maturity and available for sale investments.

3.B.1 Market risk measurement techniques

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

Stress Testing

Stress testing provides an indicator of the expected losses that may arise from sharp adverse circumstances, stress testing is designed to match business using standard analysis for specific scenarios, the stress testing is carried out by the bank treasury and includes risk factor stress testing where sharp movements are applied to each risk category and test emerging market stress, as emerging market are subject to sharp movements, and subject to special stress testing including possible events effect specific positions or regions - for example the stress outcome to a region applying a free currency rate, The results of the stress testing are reviewed by Top Management and the Board of Directors.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.B Market risk – continued

3.B.2 Foreign exchange volatility risk

The bank is exposed to foreign exchange volatility risk in terms of the financial position and cash flows, The Board of Directors set aggregate limits for foreign exchange for each position at the end of the day, and during the day which is controlled on timely basis, the following table summarizes the bank' exposure to foreign exchange volatility risk at the end of the financial year and includes the carrying amounts of the financial instruments in currencies:

Amount to the nearest EGP equivalent

	EGP	USD	GBP	EUR	Other currencies	Total
Financial assets as of 30 June 2023						
Cash and balances with the CBE	**8,005,645,625**	**580,812,810**	**16,991,883**	**58,445,413**	**15,198,532**	**8,677,094,263**
Due from Banks	**6,404,151,297**	**7,002,784,057**	**842,785,822**	**6,769,635,114**	**25,596,378**	**21,044,952,668**
Treasury bills	**435,059,316**	**5,867,545,242**	**--**	**627,520,548**	**--**	**6,930,125,106**
Loans and advances to customers	**22,966,560,600**	**7,428,651,302**	**9,468**	**40,072**	**2,695**	**30,395,264,137**
Financial investments:						
-At fair value through profit and loss	**2,936,108**	**--**	**--**	**--**	**--**	**2,936,108**
- At fair value through OCI	**16,581,540,312**	**1,679,456,308**	**--**	**175,109,342**	**--**	**18,436,105,962**
- At amortized cost	**7,659,801,111**	**4,625,329,216**	**--**	**704,496,800**	**--**	**12,989,627,127**
Total financial assets	**62,055,694,369**	**27,184,578,935**	**859,787,173**	**8,335,247,289**	**40,797,605**	**98,476,105,371**
Financial liabilities 30 June 2023						
Due to banks	**3,759,999,999**	**4,529,053,527**	**707,193,081**	**5,378,060,360**	**--**	**14,374,306,967**
Customer deposits	**55,808,654,170**	**19,527,737,641**	**224,907,635**	**2,930,961,642**	**52,845,199**	**78,545,106,287**
Other loans \ Subordinated deposits	**800,000,000**	**1,853,814,000**	**--**	**--**	**--**	**2,653,814,000**
Total financial liabilities	**60,368,654,169**	**25,910,605,168**	**932,100,716**	**8,309,022,002**	**52,845,199**	**95,573,227,254**
Net financial position 30 June 2023	**1,687,040,200**	**1,273,973,767**	**(72,313,543)**	**26,225,287**	**(12,047,594)**	**2,902,878,117**
Financial assets and Liabilities as of 31 December 2022						
Total financial assets	59,624,593,791	20,021,514,798	200,420,179	2,846,455,084	43,712,708	82,736,696,560
Total financial liabilities	56,986,715,368	19,140,582,289	198,316,202	2,896,502,568	52,149,230	79,274,265,657
Net financial position 31 December 2022	2,637,878,423	880,932,509	2,103,977	(50,047,484)	(8,436,522)	3,462,430,903

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.B Market risk – continued

3.B.3 Interest rate risk

The bank is exposed to the effect of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Cash flow interest rate risk is the risk of fluctuation in future cash flows of a financial instrument due to changes in market interest rates. Fair value interest rate risk is the risk whereby the value of a financial instrument fluctuates because of changes in market interest rates, Interest margins may increase as a result of such changes but profit may decrease in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate reprising that may be undertaken and is monitored daily.

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

	Up to one Month	1-3 Months	3-12 Months	1-5 years	Over 5 years	Total
Financial assets as of 30 June 2023						
Cash and balances with the CBE	**6,045,650,651**	**2,778,686,123**	--	--	--	**8,824,336,774**
Due from Banks	**10,808,099,124**	**1,594,534,536**	--	--	--	**12,402,633,660**
Treasury bills	**140,700,000**	**522,501,600**	**6,744,962,240**	--	--	**7,408,163,840**
Bonds and other financial instruments	**1,830,915,346**	**7,023,900,144**	**8,774,663,232**	**14,816,386,557**	**2,510,482,354**	**34,956,347,633**
Performing loans and advances to customers	**22,964,687,468**	**1,896,339,349**	**2,008,581,066**	**4,064,585,157**	**991,847,280**	**31,926,040,320**
Non performing loans and advances to customers	--	--	--	--	**280,775,859**	**280,775,859**
Other Assets	--	**19,680,000**	--	--	--	**19,680,000**
Total financial assets	**41,790,052,589**	**13,835,641,752**	**17,528,206,538**	**18,880,971,714**	**3,783,105,493**	**95,817,978,086**
Financial liabilities as of 30 June 2023						
Due to banks	**13,178,929,536**	**1,593,615,614**	-	-	-	**14,772,545,150**
Demand deposits	**12,887,644,820**	**1,739,745,336**	**5,219,236,007**	**7,530,647,213**	-	**27,377,273,376**
Saving deposits	**658,463,763**	**124,261,361**	**372,784,082**	**620,955,507**	-	**1,776,464,713**
Time and call deposits	**11,910,427,454**	**10,912,309,535**	**14,023,678,114**	**5,090,688,210**	-	**41,937,103,313**
Certificates of deposits	**186,906,937**	**454,240,146**	**3,148,543,596**	**6,737,456,081**	**6,255,364**	**10,533,402,124**
Long term loans	**14,453,867**	**804,129,676**	**41,296,763**	**163,122,212**	**1,699,329,500**	**2,722,332,018**
Total financial liabilities	**38,836,826,377**	**15,628,301,668**	**22,805,538,562**	**(5,277,332,023)**	**1,705,584,864**	**99,119,120,694**
Net financial position 30 June 2023	**2,953,226,212**	**(1,792,659,916)**	**(5,277,332,023)**	**(1,261,897,509)**	**2,077,520,629**	**(3,301,142,608)**
Financial assets and liabilities as of 31 December 2022						
Total financial assets	23,984,925,458	22,056,397,496	7,220,427,120	22,635,288,258	4,179,732,251	80,076,770,583
Total financial liabilities	25,165,826,891	10,749,679,146	20,716,819,928	25,302,944,073	1,367,138,021	83,302,408,059
Re-pricing gap	(1,180,901,433)	11,306,718,350	(13,496,392,808)	(2,667,655,815)	2,812,594,230	(3,225,637,476)

3. Financial risk management – continued

3.C Liquidity risk

Liquidity risk represents difficulty encountering the bank in meeting its financial commitments when they fall due or to replace funds when they are withdrawn, this may result in failure in fulfilling the bank's obligation to repay to the depositors and fulfilling lending commitments.

Liquidity risk management

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

- Daily funding is managed by monitoring future cash flows to ensure that all requirements can be met, this includes availability of liquidity when due or borrowed by customers, to ensure that the Bank reaches its objective it maintains an active presence in global money markets.
- The Bank maintains a portfolio of highly marketable that ,are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow
- Monitoring liquidity ratios are according to internal requirements and Central Bank of Egypt requirements,
- Managing loans concentration and dues.

For monitoring and reporting purposes, the Bank calculates the expected cash flow and liquidity are expected and monitored on the next day, week and month basis, which are the main times to manage liquidity the starting point to calculate these expectations is through analyzing the financial liabilities dues and expected financial assets collections.

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.C Liquidity risk – continued

Funding approach

Sources of liquidity are regularly reviewed by separate team in the bank to maintain a wide diversification according to currency, geographic locations, sources, products and terms.

	Up to one Month L.E.	1-3 Months L.E.	3-12 Months L.E.	1-5 years L.E.	Over 5 year L.E.	Total L.E.
Financial liabilities as of 30 June 2023						
Due to banks	**12,801,036,968**	**1,573,269,999**	**--**	**--**	**--**	**14,374,306,967**
Customer deposits	**17,684,691,101**	**12,693,442,537**	**23,275,757,932**	**16,314,473,733**	**8,576,740,984**	**78,545,106,287**
Other loans \ Subordinated deposits	**--**	**--**	**--**	**--**	**2,653,814,000**	**2,653,814,000**
Total financial liabilities	**30,485,728,069**	**14,266,712,536**	**23,275,757,932**	**16,314,473,733**	**11,230,554,984**	**95,573,227,254**
Total financial assets	**59,040,671,750**	**8,048,605,847**	**16,012,408,142**	**8,921,634,655**	**6,452,784,977**	**98,476,105,371**
Financial liabilities as of 31 December 2022						
Due to banks	5,205,390,670	--	--	--	--	5,205,390,670
Customer deposits	15,115,760,294	8,323,968,223	20,971,441,104	22,765,485,500	4,545,757,366	71,722,412,487
Other loans	--	--	--	--	2,346,462,500	2,346,462,500
Total financial liabilities	20,321,150,964	8,323,968,223	20,971,441,104	22,765,485,500	6,892,219,866	79,274,265,657
Total financial assets	50,677,863,483	7,530,558,115	9,526,930,354	7,919,578,818	7,081,765,790	82,736,696,560

Assets available to meet all liabilities and cover loan commitments include cash, balances with central banks, due from banks, treasury bills, other governmental notes and loans and credit facilities to banks and clients. Maturity term is extended for a part of clients' loans that are maturing within a year in the normal course of the bank's business. Moreover, some debt instruments, treasury bills and other governmental notes are pledged to cover liabilities. The Bank has the ability to meet unexpected net cash flows through selling securities, and finding other financing sources.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.D Fair value of financial assets and liabilities

3.D.1 Financial instruments not measured at fair value

The table below summarizes the carrying amounts and fair values for those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Book value		FMV	
	30 June 2023	31 December 2022	**30 June 2023**	31 December 2022
	L.E.	L.E.	**L.E.**	L.E.
Financial assets				
Due from banks	**8,677,094,263**	11,332,697,155	**8,677,094,263**	11,332,697,155
Loans and advances to customers				
A- Retail				
- Overdraft	**42,534,064**	87,957,548	**42,534,064**	87,957,548
- Credit cards	**105,109,953**	96,120,018	**105,109,953**	96,120,018
- Personal loans	**8,038,596,906**	7,794,709,438	**8,038,596,906**	7,794,709,438
- Mortgage loans	**374,683,473**	336,269,458	**374,683,473**	336,269,458
B- Corporate				
- Overdraft	**2,490,286,796**	3,059,516,084	**2,490,286,796**	3,059,516,084
- Direct loans	**11,906,026,402**	8,196,182,430	**11,906,026,402**	8,196,182,430
- Syndicated loans	**7,438,026,543**	7,327,501,876	**7,438,026,543**	7,327,501,876
Financial investments				
- At fair value through other comprehensive income	**158,313,350**	158,313,351	**158,313,350**	158,313,351
- At amortized cost	**12,989,627,127**	10,187,851,049	**11,281,573,125**	9,952,467,064
Financial liabilities				
Due to banks	**14,374,306,967**	5,205,390,670	**14,374,306,967**	5,205,390,670
Customers deposits				
- Corporate	**59,075,367,079**	54,237,422,970	**59,075,367,079**	54,237,422,970
- Retail	**19,469,739,208**	17,484,989,517	**19,469,739,208**	17,484,989,517
Other loans / Subordinated deposits	**2,653,814,000**	2,346,462,500	**2,653,814,000**	2,346,462,500

Due from banks

Fair value of placements and deposits bearing variable interest rate for one day is its current value, the expected fair value for deposits bearing variable interest is based on the discounted cash flow using rate of similar loans of similar credit risk and due dates.

Loans and advances to banks

Loans and advances to banks are represented in loans other than deposits hold in banks, fair value expected for loans and advances represents the discounted value of future cash flows expected to be collected and cash flows are discounted using the current market interest rate to determine the fair value.

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023**

3. Financial risk management – continued

3.D Fair value of financial assets and liabilities – continued

3.D.1 Financial instruments not measured at fair value – continued

Loans and advances to customers

Loans and advances are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Financial investments

Financial investments shown in the above schedule includes only held to maturity assets investments; as available for sale investments are measured at fair value except for equity instruments for which the market value can't be reliably determined, Fair value of held-to-maturity investments is based on market prices or broker prices, Fair value is estimated using quoted market prices for securities with similar credit and maturity and yield characteristics where information is not available.

Due to banks and customers

The estimated fair value of deposits of indefinite maturity which includes interest-free deposits is the amount paid on call.

The estimated fair value of fixed interest-bearing deposits and other loans not traded in an active market is based on discounted cash flows using interest rates for new debts of similar maturity dates.

Issued debt instrument

Total Fair value is calculated based on current financial markets' rates. As for securities that have no active market, discounted cash flows model is used in the first time according to the current rate applicable to the remaining period till maturity date.

3.E Capital management

For capital management purpose, the bank's capital includes total equity as reported in the balance sheet plus some other elements that are managed as capital; the bank manages its capital to ensure that the following objectives are achieved:

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

Capital adequacy and the use of regulatory capital are monitored on a daily basis by the bank's management. Employing techniques based on the guidelines developed by the Basel committee as implemented by the banking supervision unit in the central bank of Egypt on a quarterly basis.

The CBE requires the bank to comply with the following:

- Maintaining EGP 500 million as a minimum requirement for the issued and paid-up capital.
- Maintaining a minimum level of capital adequacy ratio of 11.875%, calculated as the ratio between total value of the capital elements, and the risk weighted average of the bank's assets and contingent liabilities.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.E Capital management – continued

According to new instructions issued in 18 December 2012:

The numerator of the capital adequacy ratio consists of the following two tiers:

Tier One:

Consists of two parts which are continuous basic paid in capital and additional basic paid in capital.

Tier Two:

Is the supported paid in capital and consist of:

- 45% from positive foreign currencies translation reserve.
- 45% from special reserve.
- 45% from fair value increment over the book value for financial investments. (Positive portion only)
- 45% from fair value reserve balance for financial investment available for sale.
- 45% from fair value increment over the book value for financial investments held for maturity.
- 45% from fair value increment over the book value for financial investments in associates and affiliates.
- Financial instruments with embedded derivative.
- Loans (Supportive deposits with 20% amortization from its value each year from the last five years from its maturity).
- Impairment loss provision for performing loans, advances and contingent liabilities (should not be more than 1.25% from total performing weighted assets and weighted contingent liabilities, also impairment loss provision for non-performing loans, advances and contingent liabilities should be sufficient to meet liabilities for which the provision was created).
- 50% disposals from tier 1 and 2.
- Assets reverted to the bank value in general banking risk reserve.

- When calculating the numerator of capital adequacy ratio, the rules limits the subordinated deposits to no more than 50% of tier1 after exclusion.
- Assets and contingent liabilities are weighted by credit risk, market risk and operational risk.

For denominator of capital adequacy ratio consists of:

- Credit risk
- Market risk
- Operational risk

Assets risk weight scale ranging from zero to 100% is based on the counterparty risk to reflect the related credit risk scheme, taking into consideration the cash collaterals.

Similar criteria are used for off balance sheet items after adjustments to reflect the nature of contingency and the potential loss of those amounts.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

3. Financial risk management – continued

3.E Capital management – continued

The tables below summarize the capital adequacy ratio according to Basel II for the current and previous years:

	30 June 2023 In thousand EGP	31 December 2022 In thousand EGP
Tier 1 capital		
Issued and paid up capital	**5,005,000**	5,005,000
Legal reserve	**575,503**	530,933
Other reserves	**31,336**	30,973
General risk reserve	**208,750**	208,750
Retained earnings	**327,537**	1,603
Additional capital	**500,012**	370,876
Total other comprehensive income	**(1,147,936)**	(969,530)
Total deductions from tier 1 capital	**(227,483)**	(230,159)
Total qualifying tier 1 capital	**5,272,719**	4,948,446
Tier 2 capital		
Impairment provision for loans and regular contingent liabilities and debt instruments stage 1	**516,128**	428,313
Loans (subordinated deposits)	**1,659,598**	1,728,560
Total qualifying tier 2 capital	**2,175,726**	2,156,873
Total capital 1+2	**7,448,445**	7,105,319
Risk weighted assets and contingent liabilities		
Total Credit risk	**46,872,895**	34,265,072
Total Market risk	**247,043**	--
Total Operation risk	**3,443,233**	3,443,233
The value of exceeding the limits set for employment in countries is weighted by risk weights	**--**	--
Top 50 concentration	**4,398,255**	--
Total risk weighted assets and contingent liabilities	**54,961,426**	37,708,305
Capital Adequacy Ratio (%)	**%13.55**	%18.84

3.F Leverage Financial Ratio

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

- Guidance ratio starting from reporting period September 2015 till 2017.
- Obligatory ratio started from year 2018.

This ratio will be included in Basel requirement tier 1 in order to maintain the Egyptian Banking System strong and safe, as long to keep up with the best international regulatory treatments. Leverage financial ratio reflect relationship between tier 1 for capital that is used in capital adequacy ratio (After Exclusions) and Banks' assets (on balance sheet and off-balance sheet) that are not risk weighted assets.

3. Financial risk management – continued

3.G Leverage Financial Ratio – continued

Ratio Elements:

A- The numerator elements

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

B-The denominator elements

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

1- On the balance sheet exposure items after deducting some of tier 1 exclusions for capital base.
2- Financing financial papers operations exposures.
3- Off-balance sheet items (weighted by credit conversion factor).

The table below summarizes the leverage financial ratio:

	30 June 2023 In thousand EGP	31 December 2022 In thousand EGP
Tier 1 capital after exclusions	**5,272,719**	4,948,446
On-balance sheet items, derivatives and financing securities	**104,114,665**	86,769,176
Off-balance sheet items	**3,146,450**	2,429,659
Total exposures	**107,261,115**	89,198,835
Leverage Financial Ratio (%)	**%4.92**	%5.55

Liquidity coverage ratio and net stable fund ratio:

- Liquidity coverage ratio (LCR):

Liquidity coverage ratio aims to ensure that the bank maintains sufficient non-encumbered high quality liquid assets to meet the net outflows within the next 30 days under an unfavorable conditions scenario, and is calculated as follow:

Liquidity coverage ratio (LCR) = High quality liquid assets / Net outflows within 30 days.

This ratio shouldn't be less than 80% in 2017 and to gradually reach 100% by 2019.

For 30 June 2023 LCR ratio record LCY 277.45%, FCY 197.66% and total of 301.36%.

- Net stable fund ratio (NSFR):

Net stable fund ratio represents the relation between the available stable funding (the numerator) and the required stable funding (the denominator), this ratio seeks to face the mismatch of the long-term financing structure by encouraging banks to use a stable long-term fund sources for at least one year in order to cover assets' investments and any financing claims resulting from off-balance sheet commitments to help the bank to structure its fund sources. This ratio shouldn't be less than 100%, and is calculated as follow:

Net stable fund ratio (NSFR) = Available stable funding / required stable funding ≥ 100%

For 30 June 2023 NSFR ratio record LCY 177.94%, FCY 183.86% and total of 179.34%.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

4. Significant accounting estimates and assumptions

The bank makes subjective estimates and judgments that affect the reported amounts of assets and liabilities for the following financial year consistent estimations and judgments are continually evaluated based on historical experience and other factors including the expectations of future events that are believed to be reasonable.

4.A Impairment losses for loans and advances

The bank reviews the portfolio of loans and advance sat least quarterly to evaluate their impairment, the bank uses discretionary judgment on determining whether it is necessary to record impairment loss in the income statement, the bank has to identify if there is objective evidence indicating a decline in the expected future cash flows from loan portfolio before identifying any decline on individual basis, this evidence includes data indicating negative changes in a borrower’s portfolio ability to repay to the bank or local or economic circumstances related to default, on scheduling future cash flows the management uses the past experience to determine the credit impairment loss for assets when there is objective evidence of impairment similar to that of the portfolio in question.

The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on experience.

4.B Held-to-maturity investments

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

If classification of investments as held to maturity is suspended the carrying amount shall decrease by

EGP (1,449,607,209) to reach its fair value by increasing the valuation reserve available for sale within the equity caption.

4.C Income tax

The bank is subject to income tax which requires the use of important estimates to calculate the income tax provision, there are a number of complicated processes and calculations to determine the final income tax, the bank records a liability related to the tax inspection estimated results, according to estimates of probabilities of extra taxes ,when there is a difference between the final result of the actual tax inspection and the amounts previously recorded by the bank such, differences affect the income and deferred tax provision at the year which the differences were noted.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023

5. By activity segment

Activity segment include operations and assets used in providing banking services and managing related risks and yields which may differ from other activities, the segmentation analyses of operations according to the banking activities are as follows:

- **Large enterprises medium and small ones**
  Activities include current accounts, deposits, overdrafts, loans, credit facilities and financial derivatives.
- **Investments**
  Include merging companies, purchasing investments, financing company's restructure and financial instruments.
- **Individuals**
  Activities include current accounts, savings, deposits, credit cards, personal loans and mortgage loans.
- **Other activities**
  Include other banking activities such as fund management.

6. Net interest income

	From 1/4/2023 To 30/6/2023 L.E.	From 1/1/2023 To 30/6/2023 L.E.	From 1/4/2022 To 30/6/2022 L.E.	From 1/1/2022 To 30/6/2022 L.E.
Interest from loans and similar income from:				
Loans and advances to customers	1,160,250,435	2,239,210,134	741,231,298	1,401,209,387
Treasury bills and treasury bonds	1,203,803,452	2,370,645,333	921,926,339	1,940,990,715
Purchase and resale agreements - reverse repos	511,628,884	863,281,567	--	--
Deposits and current accounts	2,926,449	7,477,466	268,276,930	477,084,424
Investments in debt instruments	2,878,609,220	5,480,614,500	5,698,362	11,810,373
Total			1,937,132,929	3,831,094,899
Interest on Deposits and similar expenses from:	(172,739,167)	(297,972,316)		
Deposits and current accounts from banks	(1,802,173,408)	(3,298,528,398)	(26,624,088)	(52,202,010)
Deposits and current accounts from customers	(1,014,389)	(2,028,792)	(1,185,751,200)	(2,342,546,057)
Treasury bills sale and repurchase agreement	(59,595,498)	(113,999,731)	(3,710,508)	(7,721,128)
Subordinated deposits	(2,035,522,462)	(3,712,529,237)	(34,535,980)	(63,452,532)
Total	843,086,758	1,768,085,263	(1,250,621,776)	(2,465,921,727)
Net interest income	1,160,250,435	2,239,210,134	686,511,153	1,365,173,172

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023

7. Net fees and commission income

	From 1/4/2023 To 30/6/2023 L.E.	From 1/1/2023 To 30/6/2023 L.E.	From 1/4/2022 To 30/6/2022 L.E.	From 1/1/2022 To 30/6/2022 L.E.
Fees and commission income				
Fees and commissions related to credit banking services	164,129,745	316,693,691	86,999,097	188,646,795
Custody fees	161,554	877,216	104,000	1,059,612
Other fees	15,546,580	30,399,187	12,601,545	22,931,649
Total	179,837,879	347,970,094	99,704,642	212,638,056
Fees and commission expenses				
Brokerage fees paid	(5,717,874)	(11,093,154)	(4,260,824)	(8,392,214)
Other fees paid	(61,647,537)	(118,396,761)	(45,753,301)	(90,026,644)
Total	(67,365,411)	(129,489,915)	(50,014,125)	(98,418,858)
Net fees and commission income	112,472,468	218,480,179	49,690,517	114,219,198

8. Dividends income

	From 1/4/2023 To 30/6/2023 L.E.	From 1/1/2023 To 30/6/2023 L.E.	From 1/4/2022 To 30/6/2022 L.E.	From 1/1/2022 To 30/6/2022 L.E.
investment funds	60,057	142,672	102,194	173,530
Dividens from Financial investments	--	225,500	939,419	939,419
Dividens investment in subsidiaries and associates	21,405	21,405	--	--
Total	81,462	389,577	1,041,613	1,112,949

9. Net trading income

	From 1/4/2023 To 30/6/2023 L.E.	From 1/1/2023 To 30/6/2023 L.E.	From 1/4/2022 To 30/6/2022 L.E.	From 1/1/2022 To 30/6/2022 L.E.
Foreign exchange trading gains	103,600,698	299,215,603	17,353,073	43,757,509
Gain from selling debt instruments at fair value through profit or loss	3,243,132	7,444,004	2,345,907	7,989,018
Gain from financial investments at FVTPL	107,667	218,803	44,446	127,793
Total	106,951,497	306,878,410	19,743,426	51,874,320

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

10. Administrative expenses

	From 1/4/2023 To 30/6/2023 L.E.	From 1/1/2023 To 30/6/2023 L.E.	From 1/4/2022 To 30/6/2022 L.E.	From 1/1/2022 To 30/6/2022 L.E.
Staff costs				
Wages and salaries	(175,154,491)	(347,980,881)	(145,196,315)	(291,807,795)
Social insurance	(9,635,263)	(19,358,591)	(8,650,099)	(17,237,511)
Other	(52,173,923)	(192,718,924)	(61,384,611)	(106,195,404)
Pension cost				
Retirement benefits	(843,401)	(3,219,158)	(252,379)	(545,414)
Total	(237,807,078)	(563,277,554)	(215,483,404)	(415,786,124)
Other administrative expenses	(228,552,650)	(444,314,876)	(163,939,413)	(315,886,194)
Total	(466,359,728)	(1,007,592,430)	(379,422,817)	(731,672,318)

11. Other operating income (expenses)

	From 1/4/2023 To 30/6/2023 L.E.	From 1/1/2023 To 30/6/2023 L.E.	From 1/4/2022 To 30/6/2022 L.E.	From 1/1/2022 To 30/6/2022 L.E.
Gain from sell property and equipment	10,000	10,000	--	--
Release (charge) of other provisions	(83,845,383)	(102,625,778)	(2,050,166)	1,872,779
Others	26,022,867	31,459,396	21,864,761	11,597,973
Total	(57,812,516)	(71,156,382)	19,814,595	13,470,752

12. Impairment (charge) release for credit losses

	From 1/4/2023 To 30/6/2023 L.E.	From 1/1/2023 To 30/6/2023 L.E.	From 1/4/2022 To 30/6/2022 L.E.	From 1/1/2022 To 30/6/2022 L.E.
Loans and advances to customers (note 17)	(19,146,567)	(108,395,753)	(32,905,207)	(51,954,874)
Due from banks	(532,065)	330,900	(2,631,639)	(2,587,054)
Treasury bills	10,831,172	(24,194,091)	9,063,213	(9,357,483)
Debt instruments at FVTOCI	3,261,857	41,927,831	1,394,676	830,746
Debt instruments at Amortized cost	197,182	(36,964,216)	326,388	(24,132)
Total	(5,388,421)	(127,295,329)	(24,752,569)	(63,092,797)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023

13. Earnings per basic share of net profit of the period

	From 1/4/2023 To 30/6/2023 L.E.	From 1/1/2023 To 30/6/2023 L.E.	From 1/4/2022 To 30/6/2022 L.E.	From 1/1/2022 To 30/6/2022 L.E.
Profits available for distribution for the year after tax	340,643,030	656,948,965	212,058,954	409,467,170
Less:				
Employees profit share	(32,827,070)	(65,654,139)	(18,106,037)	)36,212,073(
Board of directors remuneration	(13,418,847)	(26,837,693)	(6,043,877)	(12,087,753)
Dividends to shareholders	294,397,113	564,457,133	187,909,041	361,167,344
Weighted average number of shares	499,502,252	499,502,252	443,339,161	443,339,161
Earnings per share (EGP/ share)	0.59	1.13	0.42	0.81

*According to the separate financial statements

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

14. Classification and measurement of financial assets and financial liabilities

The following table shows the gross financial assets and financial liabilities (excluding allowances for impairment) according to the business model classification:

30 June 2023	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial Assets through profit or loss	Total Carrying amount
Cash and balances with the CBE	8,677,094,263	--	--	--	8,677,094,263
Due from banks	21,044,952,668	--	--	--	21,044,952,668
Treasury bills		6,972,591,801	--	--	6,972,591,801
Loans and advances to customers	32,144,747,055	--	--	--	32,144,747,055
Financial investments at FVTOCI		18,083,464,285	370,885,837	--	18,454,350,122
Financial investments at amortized cost	13,048,120,816	--	--	--	13,048,120,816
Financial investments at FVTPL	--	--	--	2,936,108	2,936,108
Other financial assets	2,353,931,468	--	--	--	2,353,931,468
Total financial assets	**77,268,846,270**	**25,056,056,086**	**370,885,837**	**2,936,108**	**102,698,724,301**
Due to banks	14,374,306,967	--	--	--	14,374,306,967
Customers' deposits	78,545,106,287	--	--	--	78,545,106,287
Other loans	2,653,814,000	--	--	--	2,653,814,000
Other financial liabilities	501,205,686	--	--	--	501,205,686
Total financial liabilities	96,074,432,940	--	--	--	96,074,432,940

31 December 2022	Amortized cost	Debt instruments at fair value through other comprehensive income	Equity instruments at fair value through other comprehensive income	Financial Assets through profit or loss	Total Carrying amount
Cash and balances with the CBE	8,485,947,903	--	--	--	8,485,947,903
Due from banks	11,339,102,348	--	--	--	11,339,102,348
Treasury bills	--	5,824,220,129	--	--	5,824,220,129
Loans and advances to customers	28,445,841,275	--	--	--	28,445,841,275
Financial investment at FVTOCI	--	19,741,652,292	325,366,315	--	20,067,018,607
Financial investments at amortized cost	10,204,922,211	--	--	--	10,204,922,211
Financial investments at FVTPL	--	--	--	3,729,357	3,729,357
Other financial assets	1,584,032,543	--	--	--	1,584,032,543
Total financial assets	60,059,846,280	25,565,872,421	325,366,315	3,729,357	85,954,814,373
Due to banks	5,205,390,670	--	--	--	5,205,390,670
Customer deposits	71,722,412,487	--	--	--	71,722,412,487
Other loans	2,346,462,500	--	--	--	2,346,462,500
Other financial liabilities	420,074,146	--	--	--	420,074,146
Total financial liabilities	79,694,339,803	--	--	--	79,694,339,803

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

15. Cash and balances with the Central Bank of Egypt (CBE)

	30 June 2023	31 December 2022
	L.E.	L.E.
Cash	1,255,916,482	882,941,958
Due from the CBE (within the required limit of statutory reserve percentage)	7,421,177,781	7,603,005,945
Total	**8,677,094,263**	8,485,947,903
Non-interest bearing balances	8,677,094,263	8,485,947,903
Total	**8,677,094,263**	8,485,947,903

16. Due from banks

	30 June 2023	31 December 2022
	L.E.	L.E.
Current accounts	139,317,543	100,599,165
Deposits	20,913,318,341	11,238,503,183
Expected Credit Losses	(7,683,216)	(6,405,193)
Total	**21,044,952,668**	11,332,697,155
Central Banks otherwise the required limit of statutory reserve percentage	8,648,971,449	7,985,783,292
Local banks	12,052,126,623	3,087,078,650
Foreign banks	351,537,812	266,240,406
Expected Credit Losses	(7,683,216)	(6,405,193)
Total	**21,044,952,668**	11,332,697,155
Non-interest bearing balances	139,317,543	100,599,165
Variable Interest bearing balances	20,913,318,341	11,238,503,183
Expected Credit Losses	(7,683,216)	(6,405,193)
Total	**21,044,952,668**	11,332,697,155
Current balance	21,052,635,884	11,339,102,348
Expected Credit Losses	(7,683,216)	(6,405,193)
Total	**21,044,952,668**	11,332,697,155

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

17. Loans, advances and morabahat to customers (net)

	30 June 2023 L.E.	31 December 2022 L.E.
Retail		
Overdraft	**45,174,883**	90,738,476
Credit cards	**109,155,769**	99,575,012
Personal loans	**8,324,249,095**	8,012,199,759
Mortgage loans	**376,697,750**	338,453,595
Total (1)	**8,855,277,497**	8,540,966,842
Corporate		
Overdraft	**2,733,693,844**	3,432,148,074
Direct loans	**12,236,238,358**	8,494,991,169
Syndicated loans	**8,319,537,356**	7,977,735,190
Total (2)	**23,289,469,558**	19,904,874,433
Total loans and advance to customers (1+2)	**32,144,747,055**	28,445,841,275
Less:		
Impairment losses provision	**(1,749,088,465)**	(1,547,193,169)
Restricted Interest in suspense	**(394,453)**	(391,254)
Net loans, advances and morabahat to customers	**30,395,264,137**	26,898,256,852

Movement to impairment losses provision

Retail	30 June 2023 Overdraft L.E.	Credit cards L.E.	Personal loans L.E.	Mortgage loans L.E.	Total L.E.
Balance at the beginning of the period	**2,780,928**	**3,454,994**	**217,387,505**	**2,184,137**	**225,807,564**
Impairment (charge) release	**(156,220)**	**220,427**	**56,694,061**	**(188,360)**	**56,569,908**
Recovered amounts during the year	**--**	**370,395**	**11,467,807**	**18,500**	**11,856,702**
Foreign currencies translation differences	**16,111**	**--**	**--**	**--**	**16,111**
Balance at the end of the year	**2,640,819**	**4,045,816**	**285,549,373**	**2,014,277**	**294,250,285**

Corporate	30 June 2023 Overdraft L.E.	Direct loans L.E.	Syndicated loans L.E.	Total L.E.
Balance at the beginning of the period	**372,343,552**	**298,808,739**	**650,233,314**	**1,321,385,605**
Impairment (charge) release	**(142,004,232)**	**59,654,678**	**134,175,399**	**51,825,845**
Written-off amount	**--**	**(39,530,877)**	**--**	**(39,530,877)**
Foreign currencies translation differences	**12,776,091**	**11,279,416**	**97,102,100**	**121,157,607**
Balance at the end of the year	**243,115,411**	**330,211,956**	**881,510,813**	**1,454,838,180**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

Impairment losses Provision transaction

	31 December 2022				
Retail	Overdraft L.E.	Credit cards L.E.	Personal loans L.E.	Mortgage L.E.	Total L.E.
Balance at the beginning of the year	6,383,233	3,025,668	222,812,106	10,994,678	243,215,685
Impairment (charge) release	(3,638,839)	(397,683)	33,288,694	(9,002,595)	20,249,577
written-off amount	--	(771,087)	(58,696,949)	--	(59,468,036)
Recoveries during the year	--	1,598,096	19,983,654	192,054	21,773,804
Foreign currencies translation differences	36,534	--	--	--	36,534
Balance at the end of the year	2,780,928	3,454,994	217,387,505	2,184,137	225,807,564

	31 December 2022			
Corporate	Overdraft L.E.	Direct Loans L.E.	Syndicated loans L.E.	Total L.E.
Balance at the beginning of the year	345,804,019	552,681,517	477,274,904	1,375,760,440
Impairment (charge) release	93,262,957	12,150,151	120,489,604	225,902,712
written-off amount	(91,245,471)	(408,636,483)	--	(499,881,954)
Recoveries during the year	--	45,300	--	45,300
Foreign currencies translation differences	24,522,047	142,568,254	52,468,806	219,559,107
Balance at the end of the year	372,343,552	298,808,739	650,233,314	1,321,385,605

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

18. Financial investments

	30 June 2023 L.E.	31 December 2022 L.E.
Investments at fair value through other comprehensive income (FVTOCI)		
Debt instruments at FV (listed)	**18,083,464,285**	19,741,652,292
Treasury Bills and other governmental notes (18-1)	**6,972,591,801**	5,824,220,129
Equity instruments (unlisted)	**158,313,350**	158,313,351
Investment managed by other	**1**	1
Egyptian Gulf Bank Mutual fund's CDs	**21,631,000**	17,326,605
Egyptian Gulf Bank money market fund (Tharaa)	**18,477,139**	17,242,886
Azimut Egypt Fund	**172,464,347**	132,483,472
Total investments at fair value through OCI	**25,426,941,923**	25,891,238,736
Expected Credit Losses	**(60,710,855)**	(63,024,492)
Net Fair value through other comprehensive income (1)	**25,366,231,068**	25,828,214,244
Amortized cost		
Debt instruments (listed)	**13,048,120,816**	10,204,922,211
Total Amortized cost	**13,048,120,816**	10,204,922,211
Expected Credit Losses	**(58,493,689)**	(17,071,162)
Net Amortized cost (2)	**12,989,627,127**	10,187,851,049
Fair value through profit and loss		
Thraa Funds	**2,936,108**	3,729,357
Total Fair value through profit and loss (3)	**2,936,108**	3,729,357
Total financial investments (1+2+3)	**38,358,794,303**	36,019,794,650

	30 June 2023		
	Financial investment at (FVTOCI) L.E.	Financial investment at amortized cost L.E.	Total L.E.
Beginning balance	20,067,018,607	10,204,922,211	30,271,940,818
Additions	1,606,270,097	--	1,606,270,097
Disposals (selling / mature)	(1,112,444,118)	(960,811,220)	(2,073,255,338)
Foreign currencies monetary balances with translation differences	1,143,357,898	413,448,713	1,556,806,611
losses from change in FV (note 30)	(490,942,638)	--	(490,942,638)
Amortization of (premium) discount	237,677,051	(2,744,337)	234,932,714
Transfer from investments at fair value to amortized cost	(2,996,586,775)	3,393,305,449	396,718,674
Total	18,454,350,122	13,048,120,816	31,502,470,938
Expected Credit Loss	(18,244,160)	(58,493,689)	(76,737,849)
Balance at the end of the year	18,436,105,962	12,989,627,127	31,425,733,089

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

	31 December 2022		
	inancial investment at (FVTOCI)	Financial investmet at amortization cost	Total
	L.E.	L.E.	L.E.
Balance at the beginning of the year	19,631,596,412	4,894,826,721	24,526,423,133
Additions	8,150,145,920	5,380,848,537	13,530,994,457
Disposals (selling / mature)	(8,369,291,192)	(776,117,400)	(9,145,408,592)
Foreign currencies monetary balances with transaction differences	1,678,390,856	689,070,829	2,367,461,685
Gain from change in FV (note 30)	(1,201,566,489)	--	(1,201,566,489)
Amortization of (premium) discount	177,743,100	16,293,524	194,036,624
Total	20,067,018,607	10,204,922,211	30,271,940,818
Expected Credit Loss	(48,479,987)	(17,071,162)	(65,551,149)
Balance at the end of the year	20,018,538,620	10,187,851,049	30,206,389,669

18-1 Treasury bills and other governmental notes

	30 June 2023	31 December 2022
	L.E.	L.E.
Treasury bills 91 days	**150,000**	550,000
Treasury bills 182 days	**17,800,000**	203,250,000
Treasury bills 273 days	**790,700,000**	200,000,000
Treasury bills 365 days	**6,599,513,840**	5,672,314,960
Total	**7,408,163,840**	6,076,114,960
Less/ Add:		
Unearned interest	**(249,303,676)**	(66,332,235)
Changes in fair value reserve	**(4,793,363)**	(3,537,596)
Total (1)	**7,154,066,801**	6,006,245,129
Treasury bills sale and repurchase agreemennts	**(181,475,000)**	(182,025,000)
Total (2)	**(181,475,000)**	(182,025,000)
Total (1+2)	**6,972,591,801**	5,824,220,129
Expected Credit Loss	**(42,466,695)**	(14,544,505)
Total	**6,930,125,106**	5,809,675,624

* Treasury bills include EGP 5,870,677,000 (equivalent to USD 190 million) as in USD Treasury bills and EGP 627,552,840 (equivalent to EUR 18.6 million) as in EUR Treasury bills.

Gain from sale of financial investments

	30 June 2023	31 December 2022
	L.E.	L.E.
Gain from selling financial investments at FVOCI-debt instruments	**7,635,872**	10,364,434
Total	**7,635,872**	10,364,434

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

19. Investments in associates

The banks share of investment in subsidiaries and associates is as follows:

30 June 2023	Country	Company's assets L.E.	Company's liabilities less owners' equity L.E.	Company's revenues L.E.	Company's profits / (losses) L.E.	Book value L.E.	Share %
Associates							
Prime holding for financial investments*	Egypt	**652,085,328**	**387,249,273**	**42,436,891**	**145,769**	**10,511,712**	**%4.0015**
Ostool	Egypt	**1,425,181,653**	**1,295,137,297**	**566,046,826**	**35,115,514**	**63,029,614**	**%27.69**
Aur capital Lease	Egypt	**2,268,800,871**	**1,941,065,490**	**269,000,047**	**48,808,341**	**102,183,845**	**%25**
Aur Microfinance	Egypt	**669,747,738**	**582,915,311**	**25,647,499**	**(9,508,805)**	**35,958,107**	**%25**
Financial technology	Egypt	**88,022,392**	**113,168,419**	**8,021,649**	**(53,430,348)**	**1**	**%24,45**
Shari Microfinance	Egypt	**72,114,321**	**38,085,896**	**--**	**(17,341,820)**	**14,778,537**	**%43,43**
Shari Holding	Egypt	**182,945,576**	**749,385**	**3,326,644**	**(1,024,778)**	**52,596,836**	**%28.9**
Total		**5,358,897,879**	**4,358,371,071**	**914,479,556**	**2,763,873**	**279,058,652**	

31 December 2022	Country	Company's assets L.E.	Company's liabilities less owners' equity L.E.	Company's revenues L.E.	Company's profits / (losses) L.E.	Book value L.E.	Share %
Associates							
Prime holding for financial investments*	Egypt	1,248,095,527	973,593,186	69,462,704	(48,644,528)	3,100	**%0.0015**
Ostool	Egypt	1,333,558,233	1,175,274,827	607,117,400	71,696,409	69,529,925	%27.69
Aur capital Lease	Egypt	2,323,867,821	2,072,594,957	276,323,382	23,016,334	74,970,647	%25
Aur Microfinance		423,381,907	378,504,572	53,134,724	(35,037,227)	11,219,333	%25
Financial technology	Egypt	91,069,846	134,639,769	16,977,831	(40,811,375)	1	%28
Shari Microfinance	Egypt	29,649,650	5,505,946	71,751	(23,806,296)	6,548,426	%25
Shari Holding	Egypt	185,260,077	2,211,916	15,044,577	3,048,163	52,900,919	%28.9
Total		5,634,883,061	4,742,325,173	1,038,132,369	(50,538,520)	215,172,351	

* Prime Holding Company (indirect shareholding 4,0015%) were included in the investments in associates (through the company Egyptian Gulf Holding for Financial Investments of the Bank), in addition to influential influence represented by Membership of the boards of directors of that company.

20. Employee stock ownership plan (ESOP)

The extraordinary general assembly meeting held on 9 May 2017 approved the establishment of the employee stock ownership plan (ESOP) by granting after amending the bank's article of association according to the decision of the extraordinary general assembly meeting held on 23 March 2016 based on a proposal from the bank's board of directors on 29 February 2016, this plan will be applied starting from 9 August 2017 which is the date of the approval of the Egyptian Financial Supervisory Authority (EFSA) on this plan in accordance with the law.

Equity securities of this plan will be granted to the bank's executive members, departments' heads, general managers, first line managers and employees of the bank based on their annual performance and appraisal according to the bank's financial performance and personal performance report based on his functional grade.

The balance of the employee stock ownership plan amounted EGP **69,879,638** as at 30 June 2023 according to of **7,430,062** shares, the fair value EGP **87,923,733** the revaluation differences amounted EGP **18,044,095**

ESOP movement during the period as follows:

	30 June 2023		31 December 2022	
	Shares	**L.E.**	Shares	L.E.
Balance at the beginning of period / year	**7,430,062**	**69,879,638**	8,126,659	89,330,723
Purchased during the period / year	**--**	**--**	715,555	1,414,975
Granted during the period / year	**--**	**--**	(1,412,152)	(20,866,060)
Balance at the end of period / year	**7,430,062**	**69,879,638**	7,430,062	69,879,638

* Additions during the year of 31 December 2022 include 493,264 shares represented in bonus dividends for the profits of 2020 in accordance with the decision of the General Assembly on 7 March 2021.

ESOP movement in equity during the period as follows:

	30 June 2023	31 December 2022
	L.E.	L.E.
Balance at the beginning of the period	**39,048,835**	52,799,441
Granted during the period	**--**	(20,866,060)
Amortization during the period	**2,720,250**	7,115,454
Balance at the end of the period	**41,769,085**	39,048,835

* The amount represents the value of 1,412,152 shares granted to the bank's employees during the financial period. The share price on the stock exchange at the time of grant amounted to 0.397 US dollars.

Year	**Promised**	**Free shares**	**Forfeited**	**Total**	**Granted**	**To be Granted**
2017	1,470,644	342,942	(277,574)	**1,536,012**	1,412,152	123,860
2018	1,101,156	264,302	(254,224)	**1,111,234**	--	1,111,234
2019	1,726,773	295,673	(112,326)	**1,910,120**	--	1,910,120

21. Intangible assets

	30 June 2023	31 December 2022
	L.E.	L.E.
Net book value at the beginning of the period	**18,930,640**	27,222,614
Amortization during the period	**(3,619,084)**	(8,291,974)
Net book value at the end of the period	**15,311,556**	18,930,640

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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22. Other assets

	30 June 2023	31 December 2022
	L.E.	L.E.
Accrued revenues	**2,351,680,773**	1,584,032,543
Prepaid expenses	**342,318,757**	207,241,303
Advances to purchase fixed assets	**574,560,768**	296,809,211
Assets reverted to the bank (after deducting the impairment)	**162,927,210**	184,906,560
Impress & Guarantee	**15,553,408**	13,128,634
Assets held for sale - investments reverted to the bank*	**77,857,902**	69,588,490
Other	**770,059,285**	297,346,041
Total	**4,294,958,103**	2,653,052,782

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED IN 30 JUNE 2023

23. Fixed assets

	Land & Buildings L.E.	Office Furniture L.E.	Equipment & Machinery L.E.	Computers L.E.	Furniture L.E.	Vehicles L.E.	Other L.E.	Total L.E.
Cost, 1 January 2022	418,896,664	314,109,323	23,393,252	179,160,083	73,619,226	21,396,640	133,380,184	1,163,955,372
Accumulated depreciation	(52,743,217)	(165,355,576)	(12,952,001)	(94,941,693)	(27,587,977)	(12,270,868)	(80,059,612)	(445,910,944)
Net book value	366,153,447	148,753,747	10,441,251	84,218,390	46,031,249	9,125,772	53,320,572	718,044,428
31 December 2022								
Net book value at the beginning of the year	357,465,522	167,998,207	8,408,534	82,895,445	47,724,208	10,226,200	58,232,853	732,950,969
Additions	90,090,223	282,023,334	2,427,230	21,215,832	13,600,831	2,160,000	9,814,424	421,331,874
Reclassification	--	(4,077,240)	(12,201)	--	(14,303)	--	4,103,744	--
Disposals	(128,520)	(236,479)	(178,670)	--	(308,406)	(1,112,000)	(282,086)	(2,246,161)
Depreciation	(8,719,092)	(71,099,270)	(2,691,676)	(18,595,146)	(9,459,730)	(3,192,195)	(22,609,939)	(136,367,048)
Accumulated depreciation of Reclassification assets	--	(71,191)	254	--	71,191	--	(254)	--
Accumulated depreciation of disposal assets	--	--	133,219	--	384,759	1,112,000	270,222	1,900,200
Net book value	438,708,133	374,537,361	8,086,690	85,516,131	51,998,550	9,194,005	49,528,964	1,017,569,834
Cost, 1 January 2023	**508,087,630**	**649,723,818**	**25,771,406**	**215,945,432**	**97,090,025**	**24,362,510**	**177,646,699**	**1,698,627,520**
Accumulated depreciation	**(69,379,497)**	**(275,186,456)**	**(17,683,217)**	**(130,429,301)**	**(45,091,475)**	**(15,168,505)**	**(128,119,235)**	**(681,057,686)**
Net book value	**438,708,133**	**374,537,362**	**8,088,189**	**85,516,131**	**51,998,550**	**9,194,005**	**49,527,464**	**1,017,569,834**
30 June 2023								
Net book value at the beginning of the year	**438,708,133**	**374,537,362**	**8,088,189**	**85,516,131**	**51,998,550**	**9,194,005**	**49,527,464**	**1,017,569,834**
Additions	--	**24,914**	**51,500**	**43,162,333**	**450,619**	--	**2,884,552**	**46,573,918**
Reclassification	**127,446,297**	**(142,986,778)**	--	--	**271,533**	--	**15,268,948**	--
Depreciation	**(5,496,833)**	**(25,237,321)**	**(1,309,473)**	**(12,120,666)**	**(4,719,915)**	**(1,538,071)**	**(11,106,447)**	**(61,528,726)**
Accumulated depreciation of disposal assets	**(15,930,788)**	**17,873,347**	--	--	**(33,942)**	--	**(1,908,617)**	--
Net book value	**544,726,809**	**224,211,524**	**6,830,216**	**116,557,798**	**47,966,845**	**7,655,934**	**54,665,900**	**1,002,615,026**
Cost 30 June 2023	**635,533,927**	**506,761,954**	**25,822,906**	**259,107,765**	**97,812,177**	**24,362,510**	**195,800,199**	**1,745,201,438**
Accumulated depreciation	**(90,807,118)**	**(282,550,430)**	**(18,992,690)**	**(142,549,967)**	**(49,845,332)**	**(16,706,576)**	**(141,134,299)**	**(742,586,412)**
Net book value	**544,726,809**	**224,211,524**	**6,830,216**	**116,557,798**	**47,966,845**	**7,655,934**	**54,665,900**	**1,002,615,026**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

24. Due to banks

	30 June 2023	31 December 2022
	L.E.	L.E.
Current accounts	21,504,866	86,835,670
Deposits	14,352,802,101	5,118,555,000
Total	14,374,306,967	5,205,390,670
Central Banks	--	8,043,436
Local banks	11,950,274,689	5,118,555,000
Foreign banks	2,424,032,278	78,792,234
Total	14,374,306,967	5,205,390,670
Non-interest bearing balances	21,504,866	86,835,670
Interest bearing balances	14,352,802,101	5,118,555,000
Total	14,374,306,967	5,205,390,670
Current balances	14,374,306,967	5,205,390,670
Total	14,374,306,967	5,205,390,670

25. Customers' deposits

	30 June 2023	31 December 2022
	L.E.	L.E.
Demand deposits	26,797,584,589	23,314,734,020
Time and call deposits	39,845,870,869	36,523,846,115
Certificates of deposits	9,358,363,710	9,481,008,427
Saving deposits	1,750,508,933	1,804,820,443
Other deposits	792,778,186	598,003,482
Total	78,545,106,287	71,722,412,487
Corporate deposits	59,075,367,079	54,237,422,970
Retail deposits	19,469,739,208	17,484,989,517
Total	78,545,106,287	71,722,412,487

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

26. Other loans and Subordinated deposits

	30 June 2023	31 December 2022
	L.E.	L.E.
European Investment Bank loan	**2,499,329,500**	185,575,500
Subordinated Deposits*	**154,484,500**	2,160,887,000
Total	**2,653,814,000**	2,346,462,500

* The bank entered into an agreement with Misr Insurance Company (S.A.E.) on 13 November 2017, whereby the company deposited an amount of EGP 800 million divided into 5 deposits where the last deposit should be made within one month and a half from the date of signing the contract, the term of each deposit will be seven years and six months starting from the date of each deposit separately.

* The bank entered into an agreement with Misr Insurance Company (S.A.E.) on 5 May 2020 , whereby the company deposited an amount of EGP 35 million, deposit should be made within one month from the date of signing the contract the term of deposit will be seven starting from the date of deposit separately.

* The bank entered into an agreement with Misr Live Insurance Company (S.A.E.) on 5 May 2020 , whereby the company deposited an amount of EGP 20 million, deposit should be made within one month from the date of signing the contract the term of deposit will be seven starting from the date of deposit separately

This deposit is subject to the terms and conditions of the Central Bank of Egypt and the bank can use this deposit in all areas that deem appropriate for investment.

As this deposit is subject to the conditions of the Central Bank of Egypt and meets the requirements to be included in tier (2) of the capital base as it is not designated for specific activity or to meet specific assets and is issued and fully paid, this deposit follows the rights of the depositors and creditors at liquidation and is not guaranteed from the issuer and not subject to any legal or economic arrangements and does not include conditions to be recoverable before the due date.

27. Other liabilities

	30 June 2023	31 December 2022
	L.E.	L.E.
Accrued interest	**501,205,686**	420,074,146
Prepaid revenue	**157,187,669**	36,008,837
Accrued expenses	**753,310,649**	694,925,346
Creditors	**841,364,217**	531,936,192
Other credit balances	**173,446,334**	168,856,664
Total	**2,426,514,555**	1,851,801,185

28. Other Provisions

	30 June 2023	31 December 2022
	L.E.	L.E.
Balance at the beginning of the period	**294,301,885**	242,253,398
Foreign currencies translation differences	**5,311,730**	20,254,087
Charged during period / year to the income statement	**102,660,778**	86,400,000
Release during the period / year	**(35,000)**	(24,141,455)
Used during the period / year	**(12,014,126)**	(30,464,145)
Balance at the end of the period / year	**390,225,267**	294,301,885

	30 June 2023	31 December 2022
	L.E.	L.E.
Provision for legal claims	**9,855,773**	9,840,365
Provision for other claim	**146,378,216**	66,392,342
Provision for tax claims	**2,576,098**	2,576,098
Provision for contingent liabilities	**231,415,180**	215,493,080
Balance at the end of the period / year	**390,225,267**	294,301,885

29. Capital

Authorized capital

The authorized capital amounted to USD 800,000,000, or its equivalent in EGP.

Issued and paid up capital

The issued and paid up capital amounted to USD 499,502,252 (equivalent to EGP 5,005,000,001 EGP) represented in 499,502,252 shares at par value of USD 1 each.

30. Reserves and retained earnings

30.A Reserves during the year as follows

	30 June 2023	31 December 2022
	L.E.	L.E.
Legal reserve	**575,502,998**	530,933,434
Foreign currencies translation difference reserve	**2,684,997**	2,684,997
Fair value reserve	**(1,147,936,476)**	(969,530,441)
General reserve	**17,529,143**	17,529,143
General banking risk reserve	**12,763,838**	12,003,004
Capital reserve	**13,806,823**	13,443,510
General risk reserve*	**208,750,579**	208,750,579
Balance at the end of the period / year	**(316,898,098)**	(184,185,774)

* According to the Egyptian Central Bank's instructions on February 26, 2019, it is not prejudiced with General risk reserves, and is not disposed of only after returning to the Central Bank of Egypt.

30.A.1 General banking risk reserve

	30 June 2023	31 December 2022
	L.E.	L.E.
Balance at the beginning of the period / year	**12,003,004**	10,127,998
Transferred from retained earnings during the period / year	**760,834**	1,875,006
Balance at the end of the period / year	**12,763,838**	12,003,004

In accordance with the Central Bank of Egypt instructions general bank risk reserve is formed to meet unexpected risks; and this reserve is un-distributable except after obtaining the approval of the Central Bank of Egypt.

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30.A.2 Legal reserve

	30 June 2023 L.E.	31 December 2022 L.E.
Balance at the beginning of the year	**530,933,434**	420,478,666
Transferred from retained earnings 2021/2022 during year	**44,569,564**	110,454,768
Balance at the end of the period / year	**575,502,998**	530,933,434

In accordance with local laws, 10% of the net year's profit is transferred to reserve not available for distribution until this reserve reaches 100% of the capital.

30.A.3 Fair value reserve –financial investments

	30 June 2023 L.E.	31 December 2022 L.E.
Balance at the beginning of the period / year	**(969,530,441)**	145,933,874
NET(losses) / Gain from changes in FV	**(492,198,405)**	(1,220,275,682)
Change in fair value of reclassified debt instruments	**396,718,674**	--
Net gains transferred to the income statement resulted from disposal	**(82,926,304)**	104,811,367
Balance at the end of the period / year	**(1,147,936,476)**	(969,530,441)

30.A.4 Special reserve

Special reserve was formed in accordance with Central Bank of Egypt instruction issued on 16 December 2008 and can't be used but with the approval of Central Bank of Egypt.

30.A.5 Capital reserve

	30 June 2023	31 December 2022 L.E.
Balance at the Beginning of the period / year	**13,443,510**	12,865,030
Transferred from retained earnings 2020-2021 during period/year	**363,313**	578,480
Balance at the end of the period / year	**13,806,823**	13,443,510

30.B Retained earnings

Retained earnings movement

	30 June 2023 L.E.	31 December 2022 L.E.
Balance at the Beginning of the year	**442,107,686**	766,019,868
Net profit for the period	**672,258,846**	845,832,625
Retained for capital increase (stock dividends)	**--**	(904,377,487)
Employees profit share	**(44,623,703)**	(111,153,779)
Board of directors remuneration	**(19,790,894)**	(30,291,583)
Transferred to general banking risk reseve	**(760,834)**	(1,875,006)
Transferred to legal reserve	**(44,569,564)**	(110,454,768)
Transferred to other reserves	**(363,313)**	(578,480)
Banking System Support and Development Fund	**(4,462,371)**	(11,013,704)
Balance at the end of period / year	**999,795,853**	442,107,686

31. Cash and cash equivalents

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

	30 June 2023	31 December 2022
	L.E.	L.E.
Cash and balances with CBE	**8,677,094,263**	8,079,280,348
Due from banks	**21,052,635,884**	12,674,057,637
Treasury bills	**6,972,591,801**	7,907,707,969
Balance with CBE within the limit of statutory reserve	**(9,654,714,682)**	(8,835,429,025)
Due from banks with maturity more than 3 months	**(3,260,240,000)**	(752,112,000)
Treasury bills maturity more than 3 months	**(6,943,438,666)**	(5,117,643,406)
Cash and cash equivalent at the end of the period / year	**16,843,928,600**	13,955,861,523

32. Commitment and contingent liabilities

31.A Capital Commitment

The Bank's total capital commitments related to building and completing new branches and purchase of assets and equipment amounted to EGP 349,804,262which has not been finished as at 31 December 2023.

31.B Commitments for loans, guarantees and facilities

Bank commitments for loans guarantees and facilities are represented as follows:

	30 June 2023	31 December 2022
	L.E.	L.E.
Letter of credit (import & export)	**28,267,000**	399,597,000
Letter of guarantee	**2,400,113,000**	2,156,577,000
Total	**2,428,380,000**	2,556,174,000

33. Loans and advances to related parties

	30 June 2023	31 December 2022
	EGP	EGP
Loans and advances	**231,887,000**	49,796,000
Contingent libility	**--**	--

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

34. Mutual funds

Mutual fund established by the bank - Egyptian Gulf Bank

The Fund is one of the licensed banking activities of the Bank under the Capital Market Law No. 95 of 1992 and its Executive Regulations. The Fund is managed by Hermes Investment Fund Management Company. The Fund has a total investment of 100 million Egyptian pounds. Assigned 50,000 certificates (amounting to Five million Egyptian pounds) to start the activity of the Fund.
The recoverable amount of the certificates as at 30 June 2023 was EGP 432.62 and the Fund's certificates on the same date were 95923 certificates.

The Thraa Fund cash

The Fund is one of the licensed banking activities of the Bank under the Capital Market Law no.95 for 1992 and its Executive Regulations. The fund is managed by Prime Company for mutual fund management, The number of certificates at the initial offering was 34,944,491 million certificates with a total amount of EGP 375 million of which 713359 certificates (amounting to EGP 7,5 million) were designated to the fund operation.
The recoverable amount of each certificate as of 31 March 2023 amounted EGP 25.9016 and the Fund's certificates on the same date were 9769114 certificates.

35. Deferred income tax

	Deferred tax assets		Deferred tax liabilities	
	30/6/2023	31/12/2022	**30/6/2023**	31/12/2022
	L.E.	L.E.	**L.E.**	L.E.
Fixed assets	**7,488,010**	12,316,252	--	--
Provisions (other than loans impairment losses provision)	**87,221,064**	65,638,302	--	--
Total deferred tax assets / (liabilities)	**94,709,074**	77,954,554	--	--
Net tax deffered tax assets	**94,709,074**	77,954,554	--	--

Movement of deferred Assets and Liabilities

	30/6/2023	31/12/2022
	L.E.	L.E.
Balance at the beginning of the periodr	**77,954,554**	47,474,785
Additions during the period	**16,754,520**	30,479,769
Balance at the end of the period / year	**94,709,074**	77,954,554

In accordance with the Central Bank of Egypt instructions and Egyptian Accounting Standards No. (24) “income taxes” deferred tax assets are not recognized if no future benefits are expected and/or the existence of deferred tax liabilities at the same time. Accordingly, tax assets were not recognized during the financial year ended 31 December 2023 as well as the financial year ended 31 December 2022.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED IN 30 JUNE 2023

36. Bank's Tax position

Corporate income tax

Years from starting the operation till 2004:
All disputes have been finalized with the Tax Authority in the committee for the Settlement of tax disputes.
Years from 2005 to 2016:
Tax inspection was performed and all disputes have been finalized for these years.
Years from 2017 to 2019:
Tax inspection was performed, an objection was done on the results and an internal committee is being formed.
Years from 2020 to 2022:
Tax returns were submitted and obligations were paid on the due date and the Tax Authority did not notify the bank to start the inspection for these years.

Payroll tax

Years from starting the operation till 2004:
Tax inspection was performed and the resulted tax was paid for this year.
Years from 2005 to 2014:
Tax inspection was performed in accordance with the new law number 91 of 2005 and all disputes have been finalized and there were no tax liabilities on the bank for these years.
Years from 2015 to 2020:
Tax inspection is being performed for these years.
Years from 2021 to 2022:
Tax settlements have been submitted and raised on the electronic system, and we have not been notified with the start of the tax inspection for these years to date.

Stamp tax

Years from starting the operation till 31/7/2006:
All disputes have been finalized with the Tax Authority in the committee for the Settlement of tax disputes.
Years from 2006 to 2020:
All disputes have been finalized with the Tax Authority in accordance with the new Stamp Law Number 143 of 2006 and its amendments.
Years from 2021 till 30/6/2023:
Quarterly reports are submitted and taxes due are paid on the due date.

Stamp Advertising

Years till 2012:
All disputes have been finalized for these years.
Years from 2013 to 2020:
Tax inspection was performed and it resulted an overestimated amount, an objection was done and an internal committee was formed and it was agreed by the committee to reperform the tax inspection.
Years from 2021 till 30/6/2023:
Taxes due are paid on the due date, and the tax inspection for these years has not been done.

According to the Subsidiaries

Corporate income tax

Tax returns are submitted on the legal period, and taxes due were paid in accordance with the provisions of Law 91 for the year 2005, and the inspection was not performed until the date of preparing the financial statements.

Payroll tax

The company withholds the tax and delivers it to the tax authority on the legal period, and the inspection was not performed until the date of preparing the financial statements.

Stamp tax

The company is committed to applying the provisions of Law 143 of 2006 regarding stamp tax, and the inspection was not performed from the beginning of the activity until the date of preparing the financial statements.